

One Day Cost Allocation Workshop

Montana Transit Association

RLS Senior Associate Richard Garrity conducted training via webinar on the practice of full cost allocation techniques, as embodied in Fully Allocated Cost Analysis, and Comprehensive Financial Management Guidelines for Rural and Small Urban Public Transportation Providers, developed by AASHTO/MTAP. This course provided intensive training on cost allocation and applications. A general outline of the scope of training services that were provided follows:

- I. Introduction
- II. Overview and Purpose
 - A. Workshop Objectives
 - B. Developing a Standard Approach to “Cost Allocation” Definition
 1. Financial Based Cost Allocation
 2. Service Based Cost Allocation
 - C. Embracing the Concept of Full Cost Recognition
- III. Developing the Fully Allocated Cost Model
 - A. Assemble Data
 1. Issues in Data Collection
 - a) Historical data
 - b) Projections
 2. Sources
 - B. Assigning Costs to Fixed and Variable Categories
 1. Rules
 2. Examples
 - C. Calculating Unit Costs
 - D. Applications
 1. Calculating Agency Participating Costs
 2. Estimating the Cost of Service Changes
 - E. Issues in Cost Allocation for Coordinated Systems
- IV. Using the Cost Model to Set Prices for Transit Services
 - A. Different Pricing Mechanism
- V. Automating the Cost Allocation Process