

BROWNFIELDS STUDY GROUP
GRANTS & REIMBURSEMENTS SUBCOMMITTEE
November 11, 2008

I. Attendees

Eric Ballas, DNR
Loren Brumberg, DNR (via telephone)
Darsi Foss, DNR
Shelley Fox, DNR
Maureen Hubeler, DNR
Bruce Keyes, Foley & Lardner (phone)
Kate Juno, NRT (phone)
Dan Kolberg, DNR
Tory Kress, City of Milwaukee (phone)

Jessica Milz, DNR
Michael Prager, DNR
Al Rabin, Department of Commerce
Andrew Savagian, DNR
John Stibal, City of West Allis (phone)
Kristin Kurzka, Sigma Env. Services
Sam Tobias, Fond du Lac County (phone)
Paul Zovic, Shaw Environmental (phone)

II. Welcome, Introductions, Agenda Repair

III. Issues Overview & Discussion

Shelley Fox gave a brief overview of the issues related to reimbursements for Remediation and Redevelopment (RR) Program grants and loans, including Brownfield Site Assessment (SAG) grants, Green Space and Public Facilities grants and Ready For Reuse grants and loans

Subcontractor Mark-ups on Invoices

Bruce Keyes: How many SAG grants did you look at?

Shelley Fox: 146; I pulled one contract from each different DNR region, and in several cases the markups by one contractor varied from region to region

John Stibal: We don't allow our contractors to markup more than 10%

Tory Kress: We [Milwaukee] don't allow any mark up at all

Michael Prager: Many of the contractors didn't have markups either

Stibal: I would just go with a maximum of 10% for markups

Kristin Kurzka: We also don't mark up on subcontractors for muni clients

Darsi Foss: Basically, we've evolved as a program and now have a few programs for funding and we've got some experience; so we'd like to be doing things more consistently and efficiently, especially from an audit perspective, and that's really our goal here

Tobias: Are there other state or federal grant programs that put a limit on their markups, say Commerce?

Al Rabin: I can't speak for all the Commerce programs, but as far as the Commerce BEBR grants, we do carefully patrol markups

Maureen Hubeler: We don't monitor the reimbursements for the mark ups; we do monitor the loan contracts closely for markups; if the markup language hasn't been approved, we don't pay for the reimbursement

Tobias: I think it's a good idea; so how did this issue even come up?

Fox: It came from us looking at reimbursement requests, looking at various regions and the differences; for example, some regions have no markups compared to others that might have a mark up as high as 20 percent

Dan Kolberg: So this would all be built right into the system and it wouldn't be a reimbursement issue:

Foss: First, this would be a policy implemented from this point forward, and so we'll need to figure out how the change SAG and Greenspace grant contract language; we also need to figure out how to deal with existing reimbursements

Administrative Costs -- Mileage

Shelley Fox gave a brief overview; for some reimbursements, there are different charges for mileage within the same document; some times there are meal expenses charged without any travel

Foss: There are lots of examples we can follow; there's a state rate for mileage, and the feds have a rate of 58.5 cents/mile that some model their rates after; so we can look at those and figure out what's the best option, and we're thinking of having some kind of standard rate published every year on the web

Stibal: West Allis uses the federal rate

Tobias: Fond du Lac County also uses the federal rate

Foss: Again, as our grant and loan programs evolve, we want to stay consistent and efficient and, from an audit standpoint, if there are any other standard, accepted rates out there, please let us know; we'll take a look and then make our decision

Stibal: The federal rate is 58.5 cents

Andrew Savagian: State rate is less than that

Kress: Our city rate is also less than that; not sure what we require from contractors

Kristin: We use the federal rates and adjust when the feds adjust

Kolberg: We need to make sure that these standards and changes are explained on the front end of the process, so I would recommend this has to be clarified up front, again that's more of an implementation issue

Administrative Costs -- Meals

Foss: It seems to me we can agree that if you don't make a trip out of town, the meal should not be charged against the grant; if you want to charge the client, and you had that agreement and it's a match, that's understandable, but I think we can agree we are not reimbursing meals if you're not traveling

Hubeler: For the contracts that we get, some contracts don't even include those miscellaneous expenses, if we get a contract for \$50,000, if they bill us for administrative expenses within that \$50,000 we pay them; but that's for a loan, so they're repaying it with interest

Rabin: From a Commerce standpoint, we are really making an active effort to limit reimbursements of administrative costs; in a perfect world, we'd be moving toward strictly reimbursing for remediation and demo expenses

Foss: Now for the dry cleaning fund [DERF], that does not pay for travel or meals, correct?

Fox: That's right, it's explicit in their description of ineligibles

Kolberg: I think it's a legitimate cost of doing business

Kress: I don't know how to weigh in on a cap for a meal, but if you're having meals without travel, I can see how you wouldn't reimburse for that; we're coming up a list of things we'll have to put up front with application materials, e.g. mileage at the state rate, can't have a meal without travel, etc.

Bruce Keyes: As we're talking about all these ideas, I do wonder if we're trying to reinvent the wheel, and after today's call maybe we should look at any pre-existing guidelines to use and not re-create something that's already out there; I mean it does sound like to some extent we have to create it, but if we can make these simpler vs. more complex that would be the better way to go

Foss: I think we can pick and choose from different options, there isn't something out there that's 100 percent what we're looking for

Administrative Costs -- Miscellaneous

Fox: Some consultants have markups solely for leasing equipment, mailing, etc., and some times it's outside of the obvious administrative costs/hour; it's basically another markup and again it's taking away from spending money for actual work at the site

Juno: I think those charges should be overhead and be consistent like PECFA reimbursements, that would be easier on everyone

Kristin: I agree, typically we bill for hard costs, so if we have a Federal Express, for example, we invoice for that; for plotter costs, too, those are pretty expensive, so there's a fee associated with that

Reimbursement Problems/Checklists & Documents

Fox: Once I get the packet, I do an initial preview, then a copy gets sent to our regional project manager and they go over it; the average time for follow up and to get more info is three months, some times longer; often times it's due to inaccurate or incomplete information, no copies of cancelled checks, requests for reimbursements that are outside the grant period, etc., etc. All of which requires a significant amount of additional work by RR staff; so how can we cut down on our time to do follow up? Do we just send back the multiple problem grants and give reasons and ask to re-send when complete?

Foss: Also, maybe there is some way we can re-do the reimbursement, maybe on-line; we keep getting requests for reimbursement for preparing the SAG application, for example, so is there a way we can change how we do business to avoid these easy pitfalls?

Loren Brumberg: I think these things are all correctable, some communities and firms are more detailed than others, but I agree the more we make this “idiot proof” the better off everyone will be

Foss: We’ll continue to look at ways to improve the process; that’s our goal; we might even want to talk to other states or other programs and see what they do

Tobias: Don’t you do trainings every now and then around the state?

Savagian: Correct; we are talking about possibly holding web-based trainings in 2009

Kolberg: When you look at the review of the reimbursement requests, more than 50 percent of the submittals have serious deficiencies to them, so when you look at the follow-up time it’s substantial

Hubeler: I’ve processed the loan dispersal for Clean Water and Safe Drinking Water funds for 17 years, and we still haven’t come up with a fool proof way to get the first one right; the second one is fine, but it’s that first one that we have a lot of the problems, and we are not allowed to send them back, though we do deny costs if we can’t get the information we need

Prager: On Green Space grants, there are also reimbursement issues we want to improve; for example, on some projects they’re also doing construction, landscaping, riverwalks, etc., and some times we explanation and documentation in the invoices what some of the work specifically entails; some times they’re bills for construction costs, or for installing the cap or ballfield, and only some of this work is grant eligible; so to get a \$200,000 invoice from a construction company with a whole bunch of expenses, often we don’t know what is covered by the grant and what is not

Rabin: We try to have requests submitted with a spreadsheet that defines the different costs, so we can what’s included not included; we monitor that pretty carefully

Sam: Is there a model reimbursement request that you guys give people with a grant application or reimbursement package, or can you create one and post it on the Internet? Personally that works for me, if I can see what you’re after

Group agreed a model request would help, more web-based assistance on a more regular basis with tips and reminders would also be helpful

DNR will take these suggestions and create some draft guidelines for review

Adjourn