

Red River Valley Conservation Service Area - TSA 1 Policy  
Committee Meeting – Fee Schedule & Project Billing  
Tuesday, January 7, 2014

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The committee meeting to discuss the TSA 1 Fee Schedule and Project Billing Policy for the RRVCSA was held at the Red Apple Café in Mahanomen, MN. Those present were Peter Mead – Becker Administrator, Bryan Malone – Pennington District Manager, Jim Hest – TSA 1 Engineer, Gary Lee – East Polk Administrator, Jen Wentz – Becker District Admin Assistant, Darren Newville – East Ottertail District Manager, Jeff Haverland – TSA 1 Civil Engineering Technician, and Chad Severts – BWSR Board Conservationist.

The meeting was called to order at 10:12 a.m. and a brief overview was given.

**Overview –**

The committee was formed to update the current fee schedule based on more accurate figures of Clean Water Fund grants. In the past, some project engineering fees have been upwards of 65% of the total project cost. A maximum limitation would be beneficial in this situation. However, accurate engineering cost estimates should be in place prior to the project startup. Clean Water Fund project specifications state, no dirt work can be initiated until design plans are in place.

Documenting all time towards a project will increase our costs. However, we shouldn't use CWF money to supplant additional time on a project. There are 3 components to the fee schedule: survey, design, and construction inspection. Currently, an hourly rate is charged while actually performing the work (on Clean Water funded projects). This doesn't include drive time. Our in-kind match, provided by the state subsidy, is used for drive time, idle time, etc.

Grant application costs must be decided at time of submission but can be amended if justified. Problems can occur when dividing money between the four components on each grant: project development, administrative, technical & engineering, and project costs. Chad mentioned the fact that more T&E dollars can be appropriated as project development. For instance, survey can be considered project development. Everyone agrees that projects evolve after the grant money and percentages are in place.

Jim noted that project cost estimates are supplied if requested.

Smaller projects can produce engineering costs that are near 50% of the total project costs. The current fee schedule is not and was not established as a profit-builder but needs to be adequate to keep our current staff on hand. Project work efficiency must be a priority where local staff can fill-in when needed. The possibility of future training sessions was discussed as well.

**Project Billing Policy –**

It has been a recent concern of the RRVCSA - TSA 1 to have charges for services paid in a timely manner in order to comply with basic accounting principles as well as to allow for timely reporting of grants. Budgeted Charges for Services are looking good for this fiscal year. We are within about \$15,000 from our targeted amount. Discussion.

Lately, work orders have been supplied when certain project areas have been completed; this seems to be functioning well. Invoices are then generated based on the work order.

Timely payment of invoices can be somewhat difficult, depending on whether board approval is necessary.

**Decision of the Committee** – *Work orders shall be supplied when project components are completed: design, survey, construction inspection, etc. Invoices will then be mailed within one week of receipt of the completed work order. Invoices shall be paid within 90 days, unless prior arrangements have been made.*

**Fee Schedule –**

Many projects are finished with higher than expected engineering costs. We need to remain solvent yet don't want to price ourselves out of work. The initial site visit and general cost estimate are conducted at no charge. The hourly rates are justified but most everyone agrees that a maximum should be set.

Setting a maximum could cause problems when changes to the original cost estimate occur. Discussion and examples were given. However, we need to reduce or eliminate the amount that exceeds our grant money causing a decline to the fund balance every year. With a maximum fee or "not to exceed rate," we should alleviate this issue. Maximums via a percentage of total project costs were discussed.

**Decision of the Committee** – *Update the current fee schedule by adding "Not to Exceed 20% of the Total Project Cost Estimate including Design and Construction Inspection." Adjust the format by adding Cost-Share and Clean Water sections. Add a disclaimer: For specific project based rates, contact engineering staff. We encourage you to work with your Engineer and Engineering Technician to arrive at the most cost-effective rates. Continue to use a set fee for survey costs, in common with current cost-share rates. NOTE: Not to be revisited within five years....good until 2019.*

**Additional Comments –**

Grant applications are funded based on the writer's thoroughness which should paint a picture of the projects to be completed. Using Jeff and Jim to assist in this process is a best practice for now and into the future.

Jeff and Jim should be making visits to District boards during winter months, or at least to report recent accomplishments and their plans or ideas for the future.

Being no further business, the meeting adjourned at 12:10 p.m.

**Approved: Pete Revier, RRVCSA TSA-1 Secretary**

**Date: March 17, 2014**