



State of Oregon
Department of
Environmental
Quality

Invoicing for Cleanup Program Costs

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Who pays and why?

Owners and operators of facilities or property contaminated by hazardous substances are responsible, under Oregon law, for cleaning up the site. The Oregon Department of Environmental Quality ensures that the cleanup is done in a way that protects human health and the environment. Oregon law requires that those responsible for the contamination reimburse DEQ's costs of carrying out this responsibility.

What DEQ costs are charged to responsible parties?

Cleanup and hazardous waste laws authorize DEQ to charge all reasonable costs *attributable to or associated with* cleanup or hazardous waste activities at a particular site. DEQ accounts for these costs as *direct* and *indirect* costs.

Direct costs are expenditures made specifically for the site, such as cost to travel to the site, and DEQ staff time directly associated with the site including time spent to:

- Consult with the owner and/or environmental consultants;
- Review data and reports describing the type and extent of contamination;
- Review proposed cleanup actions;
- Provide information about the site and opportunities for the public to comment on the cleanup; and
- Provide comments and/or direction on the preferred cleanup method or remedy.

Indirect costs are those that support the operation of the program in general, but are not directly related to specific projects. Examples of indirect costs are:

- Office space, equipment and supplies;
- Non-site-specific activities of project staff, such as training and program administrative activities;
- Clerical, computer network, time accounting, invoicing and grants management;
- Management and supervision;
- Development of technical guidance and policies; and
- A share of DEQ centralized services, such as accounting, budgeting, human resources, and information systems.

DEQ charges for two types of indirect charges. One is costs incurred by the DEQ Land Quality Division and the other is Land Quality's share of DEQ-wide costs. Both the Land Quality and DEQ agency indirect rates are designed to charge each project its share of all indirect costs.

How are indirect rates established?

DEQ establishes the **Land Quality rate** by calculating the pool of program costs and dividing by the wages and benefits charged to site cleanup work. This produces a factor that can be applied to the salary and benefit charges for each project invoiced.

The **DEQ agency indirect rate** is negotiated annually with the federal Environmental Protection Agency, so that indirect costs can be charged against federal grants and cooperative agreements. EPA requires that this indirect rate be charged to all DEQ activities regardless of funding source.

Rates as of January 2024 are:

Land Quality indirect rate: 206%

DEQ agency indirect rate: 24.76%

As of May 2017, the estimated average hourly rate for employee time, including indirect costs, is \$204.

How are individual site costs calculated?

DEQ's accounting systems record the time each employee works on a project. Staff time is charged to the project using the actual hourly cost of the wages and benefits (such as taxes and health insurance) for each employee. Indirect costs are then added to this hourly rate as a percent of directly-charged personnel costs. Separate costs incurred specifically for that cleanup project, such as supplies and travel expenses, are also recorded and invoiced as direct costs.

Oversight cost estimates

Individuals and businesses cleaning up property with DEQ review or oversight typically enter into some type of agreement with DEQ. The agreement varies depending on the nature of the cleanup or the statutory authority under which the cleanup is carried out. The document specifies the type of oversight or technical assistance to be provided by DEQ and the terms of payment for that oversight.

A written estimate of oversight costs is available for a specified timeframe or phase of a project to responsible parties in the Voluntary Cleanup, Site Response and Hazardous Waste programs. DEQ will also provide, on request, a written explanation when actual costs exceed projected costs by more than 20 percent.

What do invoices look like?

Employee wages, benefits and indirect charges are combined on one line called "personal services." Direct charges for costs such as supplies and travel are listed separately. Current and past due amounts are detailed.

A report that shows the number of direct hours charged by each employee and the nature of the work performed is available from DEQ on request.

The back of the invoice contains a general description of costs and a name and number to call if there are any questions.

When are payments due?

Payments are due 30 calendar days from the date of the invoice. Interest will be charged on past due amounts. DEQ is required by law to pursue collection of unpaid balances by assignment of the debt to the Oregon Department of Revenue or an independent collection agency or directly by recording liens on property owned by the responsible party.