

Tennessee Energy Efficiency and Conservation Block Grant

Program Guidelines

Department of Economic and Community Development
Energy Policy Office
Wm. Snodgrass Tennessee Tower
312 Rosa L. Parks Ave., 10th Floor
Nashville, TN 37243-1102

Toll Free: 1-800-342-1340

E-mail Questions: ecd.energypolicy@tn.gov

Subject: TN EECBG Questions

www.tnecd.gov/recovery

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INTRODUCTION

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) was enacted. As a result of this new law, the State of Tennessee was allocated \$ 13,818,200 in economic stimulus funds for the Energy Efficiency & Conservation Block Grant Program (EECBG). This funding has been allocated to the Energy Policy Office of the Tennessee Department of Economic and Community Development (ECD) from the U.S. Department of Energy (DOE). The Energy Policy Office will distribute \$9,300,000 to eligible cities and counties for the purpose of energy conservation and greenhouse gas emission reduction activities.

DOE has established guidelines for the use of ARRA Energy Efficiency & Conservation Block Grant program funds. In accordance with these guidelines, the results achieved with this program will be assessed using the following performance metrics:

- Jobs created
- Energy saved
- Renewable energy capacity installed and generated (annually)
- Greenhouse gas emissions reduced
- Energy cost savings
- Funds leveraged

PROGRAM PURPOSE

The purpose of the Tennessee Energy Efficiency & Conservation Block Grant Program is to provide funding to assist local governments in creating and implementing strategies to improve energy efficiency and reduce fossil fuel emissions in a manner that is environmentally sustainable and that maximizes benefits to the local and regional communities. Each local government is required to use the funds in a cost-effective manner that is of maximum benefit to the population of the city or county and in a manner that will yield continuous benefits over time in terms of energy and emission reductions.

The Energy Policy Office expects the EECBG program to be highly competitive and anticipates that all proposals may not receive funding due to high demand. In order to make proposals more competitive, applicants are encouraged to reference the desired 'program outcomes' and to consider activities that yield continuous benefits over time. The activities should benefit and serve residents, businesses, not-for-profit organizations within the applicants' jurisdiction and utilize innovative financing to promote energy efficiency and renewable energy.

Applicants are strongly encouraged to leverage the funds beyond a one-time use. Applicants who demonstrate that they plan to extend the impact of the funds beyond a single project will be rated higher than applicants that cannot demonstrate leverage. The Energy Policy Office will give priority to programs and projects that leverage EECBG funds with other public and private resources, including coordinated efforts involving other federal, state, and local programs targeting energy efficiency.

PROGRAM PRINCIPLES

DOE developed core principles to guide local governments during the program and project planning process. Applicants should encompass these principles, to the extent possible, in their EECBG proposal. Core principles include:

- Prioritize energy efficiency and conservation first as the cheapest, cleanest, and fastest ways to meet energy demand.
- To maximize benefits over the longest possible terms, entities should look for ways to link their energy efficiency efforts to long-term priorities (especially community economic development, community stabilization and poverty reduction efforts).
- Invest funds in programs and projects that create and/or retain jobs and stimulate the economy while meeting long term energy goals.
- Target programs and projects that will provide substantial, sustainable and measurable energy savings, job creation and economic stimulus effects.
- Give priority to programs and projects that leverage federal funds with other public and private resources, including coordinated efforts involving other Federal programs targeting community development funded through the Recovery Act such as the Community Development Block Grant program and job training programs.
- To the extent possible, develop programs and strategies that will continue beyond the funding period.
- Ensure oversight, transparency, and accountability for all program activities.
- Enact policies that transform markets, increase investments, and support program goals.
- Develop comprehensive plans that benchmark current performance and set aggressive goals.

PROGRAM FLEXIBILITY

EECBG is a flexible program allowing local governments to choose among a variety of activities in order to address local priorities and needs. The Energy Policy Office encourages the full use of this flexibility by allowing applicants to apply for a range of eligible EECBG activities under this competitive grant opportunity. Note that regardless of the activity or activities chosen by the applicant, the application must compete against other applications with similar activities and objectives.

DESIRED PROGRAM OUTCOMES

The EECBG Program is a crosscutting program. There are many possible outcomes that could result from successfully implementing programs, projects and activities at the state and local level. These desired outcomes help clarify the broad purposes stated in the legislation and can assist implementation, including overall development and administration of state and local programs. They can be used to help evaluate potential programs and projects, as well as understand the factors that affect the success of different activities, programs and projects.

Desired outcomes of the EECBG Program, as outlined by DOE include:

- Increased energy efficiency, reduced energy consumption and reduced energy costs through efficiency improvements in the building sector and other appropriate sectors;

- New jobs and increased productivity to spur economic growth and community development;
- Accelerated deployment of market-ready distributed renewable energy technologies, including wind, solar, geothermal, hydropower, biomass and hydrogen technologies;
- Improved air quality and related environmental and health indicators associated with the reduction of fossil fuel emissions;
- Improved coordination of energy-related policies and programs across jurisdictional levels of governance and with other local and community level programs in order to maximize the impact of this program on long-term local priorities;
- Increased security, resilience, and reliability of energy generation and transmission infrastructure;
- Leveraging of the resources of federal, state and local governments, utilities and utility regulators, private sector and non-profit organizations to maximize the resulting energy, economic and environmental benefits; and
- Widespread use of innovative financial mechanisms that transform markets.

ELIGIBILITY

Eligible Entities

Under this program, funding is provided to the following entities:

- Cities with populations less than 35,000 or cities excluded from DOE's "formula allocation list";
- Counties with populations less than 200,000 or counties excluded from DOE's "formula allocation" list; and
- Consolidated city-county governments excluded from DOE's "formula allocation" list.

Cities and counties receiving direct allocations from DOE under the EECBG program may not apply to ECD to receive additional EECBG funds from the Energy Policy Office. However, if a city has a population of less than 35,000 and it is located within a county that has received direct EECBG allocation from DOE, then the city is still considered eligible to apply for funding, assuming that the city is excluded from DOE's "formula allocation list for EECBG.

Applications must be signed by the highest ranking elected representative of an eligible city or county. School boards, internal departments, government agencies, regional commissions, and consulting firms are not eligible to apply for funding on behalf of a city or county, though they can be written into an applicant's funding request.

Ineligible Entities

The following cities may receive direct allocations from DOE and are ineligible to receive EECBG funding from ECD: Memphis, Metro Nashville, Knoxville, Chattanooga, Clarksville, Murfreesboro, Jackson, Johnson City, Franklin, Kingsport, Bartlett, Hendersonville, Cleveland, Germantown, Smyrna, Brentwood, and Collierville.

The following counties may receive direct allocations from DOE and are ineligible to receive EECBG funding from ECD: Davidson County, Knox County, Hamilton County, Blount County, Wilson County, Shelby County, Rutherford County, Sevier County, and Maury County.

PROGRAM ACTIVITIES

Program activities and proposals should reflect the desired outcomes and program principles of the EECBG program. The Energy Policy Office expects the EECBG program to be highly competitive and anticipates that all proposals may not receive funding. Activities reflecting the program purpose and desired outcomes are listed below.

ELIGIBLE ACTIVITIES

Applicants may request funds to undertake multiple activities within their proposal. Tennessee has selected and prioritized for funding, four of the categories developed by DOE. Other eligible activities are described on the US Department of Energy's web link listed below under the category *Other Activities*. Communities are encouraged to propose projects that produce quantifiable energy savings.

Each activity should fall under one of the categories identified below. These categories should be referenced in the narrative, the budget, and the budget narrative. Partial funds may be allocated to applicants. Funds may be used for any of the following activities:

- *Development of Energy Efficiency and Conservation Strategy and Technical Consultant Services:* Entities may use the grant award to develop and/or implement a community strategy for energy efficiency and conservation and to carry out activities to achieve the purposes of the program. Entities may utilize technical consultant services to develop such a strategy. Entities may develop methods to measure progress in achieving the goals. The U. S. Department of Energy offers an EECBG Sample Strategy at this Web Link:
http://www.eecbg.energy.gov/Downloads/Project_Activity_1.pdf
- *Energy Efficiency Retrofits:* Grants may be made to nonprofit organizations and governmental agencies for the purpose of retrofitting existing facilities with cost effective energy efficient measures or implementation of energy conservation devices to improve energy efficiency and a reduction in energy costs.
- *Renewable Energy Technologies on Government Buildings:* Applicants may develop, implement, and install on or in any government building renewable energy technology that generates electricity from renewable resources, including solar energy, wind energy, fuel cells, and biomass.
- *Traffic Signals and Street Lighting:* Applicants may replace traffic signals and street lighting with energy efficient lighting technologies, including light emitting diodes; and any other technology of equal or greater energy efficiency.
- *Other Activities:* Applicants may propose other activities from the list of eligible activities developed by the U. S. Department of Energy. Proposing additional activities from the DOE list may slow the review process. DOE's complete list of eligible activities can be found at:
<http://www.eecbg.energy.gov/PrintableVersion/solutioncenter/eligibleactivities/default.htm>

EECBG funds may not be used for gambling establishments, aquariums, zoos, or swimming pools. The DOE has not approved the use of any Tennessee EECBG funds for projects that would require an Environmental Impact Statement (EIS) under the National Environmental Policy Act (NEPA).

PARTNERSHIPS

Tennessee's Energy Policy Office encourages applicants to undertake strategic partnerships that will extend the reach and impact of the EECBG funding. Applicants are encouraged to consider, identify and incorporate other local, state, and federal program energy initiatives into their energy efficiency strategies for this application. Federal program partners may include the EPA ENERGY STAR or the Department of Labor green job training initiatives as examples. State and local programs may include initiatives such as the Weatherization Assistance Program, the Tennessee Energy Efficiency Schools Initiative, Tennessee Clean Energy Technology Grant and others.

APPLICATION WORKSHOP

The Energy Policy Office will hold two Application Workshops on November 2, 2009 in Nashville, Tennessee at the Ellington Agricultural Center to assist communities with the development of their EECBG grant application. The first workshop session will run from 9:00 AM – 12:00 PM, the second will run from 1 PM to 4PM.

The workshops will focus on the guidelines and the application process and will offer suggestions for making an application more competitive. Space is limited in each session. To reserve your spot, please contact the Energy Policy Office at 1-800-342-1340. If you are unable to attend the meeting, a recorded version will be published on ECD's web site within one week of the application workshop.

MAXIMUM AWARD AVAILABLE

Tennessee has allocated \$9,330,000 for grants to eligible cities and counties in Tennessee through the EECBG program. For eligible cities and counties, the maximum grant amount allowed under the EECBG program is \$100,000. ECD anticipates awarding ninety-three (93) grants under this program. Partial funding may be awarded. The Energy Policy Office reserves the right to restrict applicants to specific activities within their project proposal.

MATCH REQUIREMENT

There is no match requirement. However, applications will be scored additional points for leverage provided through financial, technical and volunteer resources pledged as activity support.

TIMELINE

| Milestones | Anticipated Dates |
|---|-----------------------------|
| Guidelines and Application Available to Prospective Applicants: | October 20, 2009 |
| Public Meeting: | November 2, 2009 |
| Application Deadline: | December 30, 2009 |
| Application Review Period: | January 1 -January 31, 2010 |
| Final Awards Announced: | TBD |
| Issue Contracts to Local Governments | TBD |

The Energy Policy Office reserves the right to adjust this timeline as necessary and will notify applicants of any changes.

SECTION II: CRITERIA FOR PROJECT SELECTION

APPLICATION REQUIREMENTS

To participate in the Tennessee EECBG competitive grant opportunity, all applications must be submitted to the Energy Policy Office no later than **December 30, 2009, 5:00 p.m. CST**. Applications that fail to meet this deadline will not be considered. ECD requests that applications be submitted electronically. Hard copies can be submitted only in the event that an electronic submission is not possible. Applications sent by mail should include one (1) original application and three (3) copies (set of four). **Paper copies must be received by the DUE DATE and TIME to be eligible.** Applications submitted by facsimile and with handwritten narratives will not be accepted. **It is strongly recommended that any mailed applications are sent by certified or registered mail.**

E-mail Address: ecd.energypolicy@tn.gov **Subject:** TN EECBG

Mailing Address:

**Tennessee Energy Policy Office
ATTN: EECGB Grant Program
312 Rosa Parks Ave., 10th Floor
Nashville, TN 37243-1102**

*You should receive e-mail confirmation within one business day of submitting your application electronically. Applicants may contact the Energy Policy Office to confirm receipt of mailed applications.

As part of the application process, applicants must submit the following information found in the appendix of this document:

- 1) Program Narrative and Cover Sheet
- 2) Application Form
- 3) Program Narrative (not to exceed five pages, not including cover template)
- 4) Budget and Budget narrative
- 5) DUNS number
- 6) Confirmation of Central Contractor Registry
- 7) Davis Bacon Wage Agreement
- 8) ARRA Section 1605 - Buy American Certification
- 9) State Compliance Forms
- 10) Letter of Assurance

SCORING CRITERIA

Applicants will be scored on how thoroughly the application addresses the categories identified in this section: program strategy, program feasibility, program readiness, program impact as well as partnerships, and the ability to extend the funding impact beyond one time use. Applications will be scored on a 100 point scale.

| Category | Maximum Points |
|--|-----------------------|
| Project Strategy | 20 |
| Project Feasibility | 20 |
| Project Readiness | 25 |
| Project Impact | 35 |
| Maximum Total Points | 100 |
| Bonus for Energy Code Assurance | 15 |

Project Strategy

The following factors will be considered when reviewing the applicant's Program Strategy:

- 1) Capacity, expertise, and contribution of partner(s), if applicable, and expected benefit from partnership in terms of expanded impact and effectiveness; and
- 2) Activity or activities yield an increase in adoption of renewable energy or energy efficient products, services, and best practices or technology transfer such that the entities increase verifiable utilization of renewable energy and energy efficiency;
- 3) Analysis of the ongoing financial effort that the applicant has made or will make to maintain and operate the proposed project, facility, or program; with the support from community or neighborhood energy conservation initiatives and the degree of resident's support, involvement, and benefit.

Points for strategy will be awarded, in accordance with the levels below, by a review panel based on how well the applicant, compared to others, and addresses the strategy factors.

| | |
|-------------------------|----|
| Level One (No Strategy) | 0 |
| Level Two (Poor) | 5 |
| Level Three (Average) | 10 |
| Level Four (Good) | 15 |
| Level Five (Excellent) | 20 |

Project Feasibility

The following factors will be considered when reviewing the applicant's Program Feasibility:

- 1) Budget and budget narrative provides clarity and reasonableness of cost;
- 2) Organizational capacity including, where applicable, review of any proposed recipient or sub-recipient's ability to provide administrative capacity or to undertake an approved activity; and compliance with applicable state and federal laws; and
- 3) Descriptive professional experience by participants responsible for implementation;

- 4) Project timetables reflect reasonable planning and include monitoring of deliverables or milestones.

Points for feasibility will be awarded by a review panel, in accordance with the levels below, based on how well each applicant, compared to others, addresses the feasibility factors.

| | |
|--------------------------|----|
| Level One (Not Feasible) | 0 |
| Level Two (Poor) | 5 |
| Level Three (Average) | 10 |
| Level Four (Good) | 15 |
| Level Five (Excellent) | 20 |

Project Readiness

Applicants should present “shovel ready” projects. The following factors will be considered when reviewing the applicant’s Program Readiness:

- 1) Documentation that preliminary energy assessments, audits or plan of actions have been prepared to support the proposed project, if applicable;
- 2) Measured and identified energy cost-savings (\$) and annual energy savings in kWh and / or mm BTUs;
- 3) Documentation that any additional project financing sources for the project will be available, where applicable; (letters of support, memorandum of understanding or other related service contracts between entities);
- 4) Implementation of policy or financial incentives that promote energy efficiency & renewable energy and
- 5) Documentation of in-kind service or technical assistance by utility, technology center, university, college or non-profit agency for leveraging of program objectives.

| | |
|--------------------------|----|
| Level One (Not Prepared) | 0 |
| Level Two (Poor) | 5 |
| Level Three (Average) | 10 |
| Level Four (Good) | 15 |
| Level Five (Excellent) | 25 |

Project Impact

The following factors will be considered when reviewing the applicant’s Program Impact:

- 1) Direct job creation and retention, including descriptions and estimated position duration;
- 2) Ability to impact a significant portion of the community’s residents and / or businesses;
- 3) Degree to which the project stimulates in-state capital investment and economic development, including the creation of indirect jobs and the future development of a commercial market for energy efficiency and / or renewable energy technologies;
- 4) The extent to which a project increases the capacity of Tennessee’s current and future workforce to support energy efficiency and renewable energy industries in the state;

- 5) Ability of applicant to extend the funding impact beyond a single short-term use and
- 6) Effective outcomes resulting in energy savings programs that save a minimum of 10 *million* BTU *per* \$1000 spent.

Points for impact will be awarded by a review panel, in accordance with the levels below, based on how well each applicant, compared to others, addresses the impact factors.

| | |
|------------------------|----|
| Level One (No Impact) | 0 |
| Level Two (Poor) | 7 |
| Level Three (Average) | 14 |
| Level Four (Good) | 21 |
| Level Five (Excellent) | 35 |

Energy Code Assurance

Applicants who provide a signed letter of assurance from the city or county mayor that they will pursue or are pursuing community-wide energy efficiency initiatives, including but not limited to minimum standards for new home construction either through the state's upcoming residential building code program or through locally administered codes enforcement efforts will receive fifteen (15) additional points on the final score of their application.

SECTION III: REQUIREMENTS FOR APPROVED PROJECTS

REPORTS, INSPECTIONS & MONITORING

Applicants must permit the Energy Policy Office and/or any agent of theirs including but not limited to the U.S. Department of Energy and the U.S. General Accounting Office to inspect the physical location of a project at any time during the project period. Inspections will be conducted during regular business hours.

Transparency and accountability are core principles of ARRA. Activities carried out and results achieved with ARRA funds will be tracked carefully, reported clearly and quantifiably. In an effort to meet this requirement, Governor Phil Bredesen ordered the creation of a state web site to help track the use of Tennessee stimulus funds. This site will provide the citizens of Tennessee access to clear and concise information about the federal stimulus initiative. Project information will be posted on <http://tnrecovery.gov>.

Applicants will be responsible for submitting financial reports and project status reports to the Energy Policy Office on a monthly, quarterly and annual basis. Other reporting may also be required depending on the project activity, and such requirements will be clearly articulated in any agreements between the Energy Policy Office and the awardees before work is to begin. Recipients of funding appropriated by the Recovery Act shall comply with requirements of applicable federal, state and local laws, regulations, DOE policy and guidance.

PROCUREMENT

Procurement of project contracts, project services, materials, and equipment in financed projects should be public, open, and competitive, as defined by both state law and the procurement requirements of State of Tennessee funding contracts. Applicants may be required to provide additional information regarding procurement processes if deemed necessary by the Energy Policy Office.

TIMELINESS REQUIREMENTS

Projects selected for funding through this program must begin implementation within 60 days of receiving an award from the Energy Policy Office. Contract length may vary by project depending on the scope of work and timetable. All projects must be complete by June 30, 2011.

The Energy Policy Office reserves the right to terminate an EECBG contract at any time if the recipient fails to adhere to the contract timetable. In the event that an applicant appears unable to spend the funds within the given time period, the Energy Policy Office will make every attempt to work with the applicant to find a solution and the applicant will be given a minimum of 30 days notice that the contract may be terminated. For long-term financing programs and other projects designed to generate revenue and/or provide continuing benefits beyond this date, the full award must be used at least once before March 31, 2012.

ARRA SECTION 1605 – BUY AMERICAN

Under Section 1605 of the ARRA, no funds appropriated by the Act may be used for a public buildings/works project unless “all iron, steel and manufactured goods used are produced in the U.S.”

Exceptions are allowed for cases:

- Where the head of the federal agency concerned determines adherence would be “inconsistent with the public interest”,
- Where iron/steel/manufactures are not produced in the U.S. in sufficient and available quantities, or inclusion of U.S. products would increase overall project cost by 25%
- Notice of a waiver of the ARRA Buy American requirements must be noted and justified in the Federal Register.

FEDERAL WAGE RATE REQUIREMENTS (DAVIS-BACON ACT)

The ARRA requires payment of federal prevailing wages. Specifically, Davis-Bacon Act wage rules apply to all assistance agreements made in whole or in part with ARRA funds. Information on the current wages for Tennessee can be found on the Davis Bacon Wage Determinations website at <http://www.gpo.gov/davisbacon/>

SPECIAL TERMS AND CONDITIONS

Be advised that special terms and conditions may apply to projects funded by the Act relating to:

- Reporting, tracking and segregation of incurred costs;
- Reporting on job creation and preservation;
- Publication of information on the Internet;
- Access to records by Inspectors General and the Government Accountability Office;
- Prohibition on use of funds for gambling establishments, aquariums, zoos, golf courses or swimming pools;
- Ensuring that iron, steel and manufactured goods are produced in the United States;
- Ensuring wage rates are comparable to those prevailing on projects of a similar character;
- Protecting whistleblowers and requiring prompt referral of evidence of a false claim to an appropriate inspector general; and
- Certification and Registration.

These special terms and conditions will be based on provisions included in Titles XV and XVI of the Act. These special provisions are located at: http://management.energy.gov/business_doe/business_forms.htm.

The Office of Management and Budget (OMB) has issued Initial Implementing Guidance for the Recovery Act. See M-09-10, Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009.

OMB will be issuing additional guidance concerning the Act in the near future. Applicants should consult the DOE website, <http://www.energy.gov>, the OMB website <http://www.whitehouse.gov/omb/> and the Recovery website, <http://www.recovery.gov> regularly to keep abreast of guidance and information as it evolves.

Recipients of funding appropriated by the Act shall comply with requirements of applicable Federal, State and local laws, regulations, DOE policy and guidance, and instructions in this announcement, unless relief has been granted by DOE. Recipients shall flow down the requirements of applicable Federal, State, Tribal and local laws, regulations DOE policy and guidance, and instructions in this announcement to sub-recipients at any tier to the extent necessary to ensure the recipient's compliance with the requirements.

Be advised that Recovery Act funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the Recovery Act and related OMB Guidance. Applicants for projects funded by sources other than the Recovery Act should plan to keep separate records for Recovery Act funds and to ensure those records comply with the requirements of the Act. Funding provided through the Recovery Act that is supplemental to an existing grant is one-time funding.

PAYMENT

METHOD OF PAYMENT

The method of payment will be on a cost reimbursement basis. Grant recipients will submit a reimbursement/drawdown form as necessary, but not to exceed one reimbursement request per month. Reimbursement requests must be accompanied with copies of all appropriate documentation of allowable expenses incurred. All reimbursements will be provided to grant recipients via electronic funds transfer.

RELEASE OF GRANT FUNDS

The Energy Policy Office will monitor the project and endorse payments in accordance with observed progress. Payments will be conditional on compliance with grant agreement requirements and applicable project approvals issued by the Energy Policy Office.

COST INCURRED PRIOR TO CONTRACT START DATE

Project costs incurred by an approved applicant before entering into contract with the Tennessee Energy Policy Office, including any feasibility studies, financial analysis or other preparation costs are not eligible for reimbursement.