BUDGET CATEGORIES: DEFINITIONS & POLICY

GENERAL APPROACH TO FUNDING

Application budgets must justify line item costs by including appropriate unit costs shown. For all budget categories and associated line items, OWEB reserves the right to make adjustments. The budget categories (pages 1-10) and policies (pages 12-14) contained in this document apply to all OWEB grant types unless otherwise specified. If you have questions or seek clarification, contact your OWEB Project Manager.

RECEIPT REQUIREMENT

Copies of receipts, invoices or supporting documentation, for amounts $250 or more, will be required by OWEB for all grants except Operating Capacity grants. All expenses charged to an OWEB grant must be listed on the Grantee’s Expense Tracking Spreadsheet or QuickBooks.

At any time, OWEB may request the Grantee submit receipts that are under $250 and timesheets and payroll reports for review. The intent of this review is to ensure the Grantee billed OWEB for actual costs. Grantees will submit the requested information to OWEB, which will be reviewed.

OWEB expects grantees to adhere to standard procurement and contracting policies. OWEB will not reimburse grant expenses incurred (received) prior to the award date, except for Acquisition Grants and land use signature costs, or after the completion date of the Grant Agreement. The grant becomes effective on the award date and ends per the Grant Completion Date or by an amendment to the Grant Agreement.

Payment requests may be billed as an advance or reimbursement; receipts are required within 120 days of payment processing for all advances.

RECORDS RETENTION REQUIREMENT

Copies of all receipts, invoices or supporting documentation for costs charged to an OWEB grant must be retained by the Grantee for six (6) years (from the project completion date) and provided to OWEB upon request.

ACQUISITION GRANTS

OWEB Land Acquisition grant funds are used for various project-related costs, in addition to the purchase price of the property interest. In all eligible budget categories Acquisition grants may incur costs up to 18 months before the application deadline. Refer to the Land Acquisition program administrative rules (OAR 695 Division 045) and application guidance materials for more information.

Allowable uses of OWEB Water Acquisition grant funds will follow guidance to be adopted by the OWEB Board and implemented as part of a coordinated funding partnership process with other funders. Refer to the Water Acquisition program administrative rules (OAR 695 Division 046) for more information.

OPERATING CAPACITY GRANTS

OWEB Operating Capacity grants for Watershed Councils (WCs) and Soil and Water Conservation Districts (SWCDs) are billed on a quarterly basis; copies of receipts, invoices or supporting documentation are not required to be submitted to OWEB, but kept on file with the grantee. These grants do not include the Indirect Cost budget category; those costs must be distributed among the other OWEB budget categories. Any expense eligible in other OWEB grants is also an eligible expense for Operating Capacity grants. For certain expenses OWEB may ask for additional documentation.
SALARIES, WAGES AND BENEFITS

Refers to in-house staff (i.e., applicant employees for whom payroll taxes are paid) performing work on an OWEB grant. Costs include: gross wages, payroll taxes, health insurance, retirement benefits, accrued leave liability, and workers compensation insurance.

Note: For the application budget these costs are estimates only. When billing OWEB, use actual costs incurred. OWEB accepts a Grantee letterhead or a detailed QuickBooks expense transaction sheet as the receipt.

Following are examples of eligible staff. The examples are not an exhaustive list, nor are all examples applicable to every OWEB grant type:

- Assessment coordinator
- Monitoring coordinator
- Volunteer coordinator
- Watershed coordinator
- Outreach coordinator
- Project manager
- Crew leader
- CREP technician
- District manager
- Employee time spent operating equipment, including grantee-owned equipment
- GIS technician
- Monitoring technician
- Tech assistant biologist
- Tech assistant engineer
- Tech assistant geologist
- Tech assistant hydrologist
- Transaction negotiator (ONLY Acquisition grants)
- Stewardship planner (ONLY Acquisition grants)

IMPORTANT: On the application budget form, show the estimated number of hours, the cost per hour and position title for all staff assigned to the project. Timesheets and payroll records shall be maintained to provide documentation to support actual costs billed for Salaries, Wages and Benefits upon request by OWEB.
CONTRACTED SERVICES

This budget category should be used to pay for labor, supplies and materials, and travel associated with hiring consultants, construction firms, or other outside firms. Landowners performing work for the grant are to be paid from this category. All costs must follow state rates and policies. Remember to place match or reimbursement for partner agencies or collaborators in this category (refer to Match Guidelines, page 11.)

Do NOT lump all contract costs into one row, except when a contractor bids a lump-sum amount for a discrete deliverable, such as an appraisal for a Land Acquisition project. Contract costs should be broken out and should match the scope of work described in the application.

Following are examples of eligible contracted services. The examples are not an exhaustive list, nor are all examples applicable to every OWEB grant type:

- Watershed council coordinator working under contract
- Contracted project management
- Mobilization
- Seeding
- Concrete work
- Excavation
- Mowing/herbicide application
- Technical assistance
- Controlled burning
- Fencing
- Off-channel water development
- Technical consulting
- Culvert replacement/installation
- Juniper removal
- Pipe/trough installation
- Tidegate construction/installation
- Electrical hookup
- Log loading/hauling
- Pond construction
- Planting
- Engineering
- Log placement
- Road/bridge work
- Work crew labor
- Invasive species control
- Landowners performing work for the grant and any landowner equipment time
- Installation of irrigation delivery (conveyance) mainline (including to center pivot corner(s))
- Up to $2,500 for cost of non-monitoring well that demonstrates clear ecological benefit (see Costs of Wells on page 13)
- Appraisal (only Acquisition grants)
- Environmental site assessment (only Acquisition grants)
- Transaction negotiation (only Acquisition grants)
- Legal services for non-standard contract development and reviews needed for project implementation (e.g. contracts to address water rights issues)

Contracted Services not allowed: This is not a complete list, refer to the Policy section (pages 12-14) of this document for additional ineligible costs.

- Costs associated with portable items that are purchased and intended to reside with the landowner after the grant is complete
- General website development+
- Audit and Tax preparation costs+
- General IT support+
- Contracted Grant Administration (Contract administration is defined as staff or contractor time preparing and mailing contract documents or performing other administrative contract work. If “Contract Administration” is listed under Contracted Services as a line item on the budget application, OWEB will ask for clarification of the tasks)+

MATERIALS AND SUPPLIES

Materials and Supplies are defined as consumable items, purchased by the grantee, that are normally used up during the course of the project and include equipment costing less than $1,000 (e.g. small portable electronic equipment).

OWEB will not pay for clothing that would normally only be used by one person, but may cover the costs of items that will be shared among numerous staff such as waders and rain gear. On the application budget form indicate the number of units and the unit cost, wherever appropriate.

Following are examples of eligible materials and supplies. The examples are not an exhaustive list, nor are all examples applicable to every OWEB grant type:

- Bridges/culverts/tidegates
- Fencing (posts, wire, etc.)
- Herbicides, pesticides
- Pipe, fittings, troughs
- Concrete, sand, gravel
- Funding partner signage materials
- Tree protectors
- Plants, shrubs, trees (see Natural Resources at the end of this document)
- Direct mail/postage (purchased solely for the project)
- Gas/oil for grantee-owned equipment
- Lumber
- Rocks, boulders, logs, root wads (see Natural Resources at the end of this document)
- Portable equipment less than $1,000 (such as digital cameras, weed trimmers, GPS unit, or chain saw)
- Grass seed
- Computer tablets necessary for the completion of the project
- Waders and wading boots and their repair (will be used by multiple people) ¹
- Permanent solar panels/pumps²
- Electrical supplies
- Ground cover fabric
- Mulch, bark dust
- Monitoring suppliesSG
- Hach kitsSG
- First Aid Kits and refillsSG
- Office Supplies purchased solely for the grant (e.g. write-in-the-rain paper) ² SG
- Rain gear and its repair (will be used by multiple people) ¹ SG
- Work gloves, shovels¹
- Safety gear (e.g.: hard hat, safety vest)² SG
- Miscellaneous tools/hardware¹
- Survey suppliesSG
- Survey suppliesSG

Materials and Supplies not allowed:

- Personal use clothing bought for and used by one individual (e.g. pants, hiking or work boots).
- The following items are never considered essential for project implementation and are not allowed:
  - Donations
  - Flower bouquets
  - Greeting cards
  - Gifts
  - Prizes
  - Gifts
  - Prizes
- General office supplies (e.g. paper, pens, toner, office furniture, etc.)+

+Indicates an eligible activity in Operating Capacity Grants. SG Indicates not an eligible activity in Small Grants.

¹ These items will not be reimbursed if purchased by a contractor and then billed to the Grantee. These types of costs are considered to be included in the contractor’s costs of doing business and should be included in a contractor’s billing rates and are not reimbursed by OWEB as additional costs.

² Permanent means they are intended to remain in the place where installed, but may be removed from time to time for maintenance and/or winter protection. OWEB will not pay for pump/panel maintenance.
TRAVEL

Travel refers to the Grantee expenses incurred getting to and from the project location. These include mileage, meals, per diem, and lodging. Contractor travel expenses are charged to the Contracted Services budget category. In a few cases, where an applicant can establish a compelling need for conference or training workshop attendance related to the project, OWEB may pay for related expenses. Out-of-state travel for which the Grantee intends to seek reimbursement must be pre-approved by OWEB’s Fiscal Manager. No mileage reimbursement will be paid for use of motorcycles or mopeds.

On the application budget, travel costs must be estimated in the “Unit Number” Column (e.g. estimated number of miles to be traveled, estimated number of meals, estimated number of nights of lodging).

The Grantee must hold a valid, current driver’s license for the class of vehicle to be driven and carry automobile liability insurance in the amounts not less than those required by (i) the Oregon Financial Responsibility Law (ORS 806.060) or (ii) the jurisdiction in which the vehicle is being operated, whichever is greater.

On the application budget, the mileage must be calculated using the most direct and usually traveled route. All travel costs must be based on rates approved by the Department of Administrative Services (DAS) that are in effect at the time the application is submitted. (Reimbursement, however, is based on rates at the time the travel occurs.) DAS periodically updates rates. Current approved rates for determining a unit cost estimate may be found at on the OWEB web site.

Travel logs must be submitted for all grants except Operating Capacity grants. The travel logs must document travel dates, times, destinations, miles, etc. See OWEB’s web site for an example of a travel log.

Following are examples of eligible travel costs. The examples are not an exhaustive list, nor are all examples applicable to every OWEB grant type:

- Vehicle mileage reimbursement at State rates. Rate includes costs for insurance, gas, oil, maintenance, etc.
- Meals and per diem\(^{\text{SG}}\): If Grantees are seeking reimbursement for per diem costs, including meals and lodging, they must use the most current State rates. It is a good idea to keep receipts for actual meal and lodging costs; costs cannot exceed the current per diem State rates, even if actual costs (as shown by receipt) exceed those rates
- Conference and workshop registration\(^{\text{SG}}\)
- Commercial rental car charges for vehicle rental and gas\(^{\text{SG}}\) (must be less than vehicle mileage reimbursement for same trip)
- Motor pool/fleet charges for vehicle rental and gas\(^{\text{SG}}\)
- Parking\(^{\text{SG}}\)
- Project specific training\(^{\text{SG}}\)
- Lodging taxes\(^{\text{SG}}\)

Travel costs not allowed:

- Tips/Gratuity (per State policy)
- Lunch not reimbursed on one day travel (per State policy)
- Out-of-state travel (only allowed with OWEB manager prior approval)
- Airfare (allowed only if cheaper than mileage reimbursement plus staff travel time)
- General training\(^{+}\)

\(^{+}\)Indicates an eligible activity in Operating Capacity Grants. \(^{\text{SG}}\) Indicates not an eligible activity in Small Grants.
EQUIPMENT AND SOFTWARE

Equipment and software are defined as portable, nonexpendable, items with a useful life of generally two years or more and a per unit cost of $1,000 or more (any items less than $1,000 belong in supplies and materials.) List only equipment and software where the cost to OWEB is $1,000 or more per unit. Indicate the number of units and the unit cost (wherever appropriate.)

Note: The Small Grant program does not have a category for equipment; equipment purchase is strongly discouraged.

IMPORTANT: Under OAR 695-005-0050(6) equipment purchased with OWEB funds must “reside with a watershed council, SWCD, tribe, local government, state agency, institution of higher learning or school district. These entities will make the equipment available to others at no cost, other than nominal operation and maintenance costs.” The intent of this rule is that the entities listed above will retain ownership of the purchased equipment and use the equipment for future conservation purposes. OWEB will not pay for portable equipment that is purchased for the grant and intended to be owned by a landowner after a grant is completed.

Only include the purchase of computers, printers, scanners and software of $1,000 or more here that are specifically necessary for the project. Otherwise these items should be included in the Grant Administration Budget Category.

Following are examples of eligible equipment and software. The examples are not an exhaustive list, nor are all examples applicable to every OWEB grant type:

- Specialized equipment necessary for the successful completion of the project (i.e. tablet for field data collection)
- Brush cutter
- Data logger
- Thermograph, plotter

Equipment and Software not allowed:

- Vehicle, watercraft, and ATV purchases (not allowed because of the perception of misuse of public funds for private benefit)
- Portable items that are purchased and intended to reside with the landowner after the grant is complete
- Office equipment (e.g. copiers, printers, scanners)+
- Equipment for accounting staff, executive director, office support staff, etc. +
- Equipment accounted for (and only allowed in) in the Grant Administration budget category+

+Indicates an eligible activity in Operating Capacity Grants.
This category refers to items that do not fit in the other budget categories, including the price of property for Land Acquisition projects. Please note that OWEB will not reimburse any costs associated with an individual’s license or permit such as pesticide application license or Oregon engineering stamp.

OWEB will reimburse grantee for actual costs (such as minor repairs) for operating grantee-owned equipment.

Following are examples of costs appropriate for the Other budget category. The examples are not an exhaustive list, nor are all examples applicable to every OWEB grant type:

- Project-specific printing costs
- Land use signature costs. May be incurred prior to the start date of the grant agreement
- Storage facility rental required for the project
- Purchase price of a conservation easement
- Grantee-owned equipment repair (chainsaws, weed eaters, augers, mowers, spray equipment, etc.)
- Grantee-owned equipment "rental." Hourly rate includes all operating costs. OWEB reserves the right to question "rental" rates and request documentation proving actual costs do not exceed "rental" rate
- Project Permit costs, and regulatory agency fees
- Purchase price of fee simple interest in land (ONLY Acquisition grants)
- Insurance costs specifically required for the project (see page 14 for additional information)
- Project onsite rent and utilities (if project requires separate office space and utilities at the project site)
- Rental for meeting rooms (agenda and sign-in sheets required)
- Commercial equipment rental and insurance (for equipment rented by grantee)
- Software subscription
- Business meetings (not staff meetings) meal reimbursements only allowed if attendance is required and the agenda documents the meal period is designated as a work session. Sign-in sheets and agenda are required

Other not allowed:

- Individual’s license or permit such as pesticide application license, Oregon engineering stamp, Boater or ATV safety education cards (not allowed because of the perception of misuse of public funds for private benefit)
- Repair of rented commercial equipment
- General office rent+
- Utilities, Janitorial, Yard Maintenance, Copier Lease, PO Box Rent+
- Insurance (workers comp insurance is a payroll cost and belongs in Salaries) +
- Banking fees, Payroll Service fees, Business license fees, Dues+

POST-GRANT

This budget category refers to costs incurred after the grant has been completed. Post-grant costs are no eligible in Operating Capacity grants.

POST-IMPLEMENTATION STATUS REPORTING

Post-Implementation Status Reporting (PISR) is necessary to comply with the terms and conditions of the grant agreement; requirements will be defined in Exhibit D of OWEB grant agreements. OWEB covers costs up to $3,500 that are associated with the PISR requirements. Post-Implementation Status Reporting (PISR) is required for most grants.

For small grants, Year Two Status Reporting is capped at $200.

Costs for post-implementation status reporting are not allowed in Weed Board grants.

EFFECTIVENESS MONITORING IN RESTORATION GRANTS

Effectiveness monitoring involves gathering data to determine whether the project is having the expected biological or physical effects. Effectiveness monitoring involves more rigorous data gathering and specific hypothesis testing that looks beyond PISR to the effect in the ecosystem.

OWEB will cover costs up to $3,500 that are associated with Effectiveness Monitoring.

PLANT STEWARDSHIP IN RESTORATION GRANTS

Plant establishment activities occur after site preparation and planting and include activities necessary for long-term survival of the plantings, including, but not limited to:

- Regular and ongoing control of invasive weeds (e.g. mulching, weed treatment, etc.);
- Regular and ongoing control of animal damage to the plantings (e.g. maintaining/replacing caging, fencing or other methods of animal control);
- Regular and ongoing watering or irrigation

OWEB will cover costs up to $3,500 that are associated with Plant Stewardship.

For small grants, Plant Establishment is capped at costs up to $1,000 for two years.
OWEB’S APPROACH TO INDIRECT COSTS

Indirect costs are overhead or administrative costs that cannot be readily identified to a specific project or function, but are actually incurred by an organization. The following table indicates which grant types OWEB allows grantees to bill in the indirect cost category and the allowable indirect cost rates. Indirect cost rate options are determined by OWEB staff based on the fund source for the grant type.

<table>
<thead>
<tr>
<th>Grant Type</th>
<th>NO Grant Administration Allowed</th>
<th>10% de minimus indirect rate</th>
<th>Federally Negotiated Indirect Cost Rate</th>
<th>OWEB Negotiated Indirect Cost Rate up to 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restoration</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Monitoring</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Effectiveness Monitoring</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Outreach</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Acquisition</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
  
  Indirect costs are calculated on the modified direct costs less capital assets costs such as land and water rights.
| Small Grants             |                                 | X                            |                                       |                                             |
| Weed                     |                                 | X                            |                                       |                                             |
| Operating Capacity Grants| X                               |                              |                                       |                                             |

FEDERALLY-NEGOTIATED INDIRECT RATE

The Federal Uniform Administrative Requirements require OWEB to accept all federally negotiated indirect rates (FNIR) for its grantees. If this method is selected the grantee must submit proof of the current approved federally negotiated indirect rate prior to the release of the grant agreement. If a current FNIR is being negotiated, the grantee must submit proof of submission and may have to wait for administration to be paid until the new FNIR agreement is provided.

10% OR LESS DE MINIMUS RATES

The Federal Uniform Administrative Requirements establish a 10% or less de minimus indirect rate on Modified Total Direct Costs (MTDC) that grantees can elect if they have never received a federally negotiated indirect cost rate. Grantees that select this method are not required to submit receipts for Grant Administration costs. Check the de minimus and insert the desired rate (between 0-10%).

OWEB NEGOTIATED INDIRECT COST RATE UP TO 15%

The Federal Uniform Administrative Requirements also allow OWEB to negotiate an indirect cost rate with grantees. OWEB will negotiate up to a 15% indirect cost rate on MTDC. This rate will be negotiated for each grant and will be based on actual costs submitted by either on a receipt basis or on a cost allocation basis.
If this option is chosen, the grant applicant will indicate which of the following billing methods will be used to bill for Indirect costs:

- **Receipt Billing:** Grantees would select this billing method when their indirect costs are charged to projects on an item-by-item basis. These Grantees must submit receipts for items $250 and over. All receipts must be kept and provided to OWEB on request.
- **Cost Allocation:** Grantees that select this billing method must have accounting practices in place that support charging costs to a cost allocation pool and must submit cost allocation supporting documentation for allocations $250 and over. Most agencies divide administration costs either on FTE, time worked, or as a percentage of their MDTC. An example of a Grantee’s cost allocation documentation can be found on the OWEB web site.

### EXAMPLES OF INDIRECT COSTS (NOT APPLICABLE FOR OPERATING CAPACITY GRANTS)

- Staff or contracted bookkeeping, accounting, clerical and financial services, audit services, tax preparation, tax/corporate filing fees, and administrative personnel
- Staff or contractor time preparing and mailing contract documents or performing other administrative contract work. This does not include staff or contractor time acting as project manager on a contract both before (RFP development, bid tours, questions from bidders, selecting contractor, etc.) and after the execution of the contract
- Occupancy, rent, utilities, property insurance, janitorial
- Communication, telephone, internet, fax, cell phone
- General office supplies, paper, folders, toner, and related items
- Office equipment purchase or depreciation, lease and maintenance for copiers, faxes, printers and scanners.
- Legal expenses for review of standard contracts and agreements necessary for the grant
- Solicitations and announcements for contract bid postings and job postings
- Copying and printing costs associated with grant administration
- Banking and fiscal transaction fees
- Grantees insurance (risk, bonding, liability, D/O, and other)
- Technology (computer, IT service, maintenance, software, etc.)
- Postage
- Costs associated with the ownership of equipment (excluding passenger vehicles, to be included under travel) including depreciation, storage, maintenance (tune-ups, oil changes, etc.), and insurance

Indirect costs not allowed:

- Overdrafts, late fees, finance charges, penalties and interest (accountability of public funds)
- Costs that are charged to Operating Capacity Grants – do not double bill
- Computers/laptops required for project implementation
  - Note: Computers necessary for the project should be included in the Equipment budget category.
- Vehicle insurance (covered by mileage reimbursement rate)

### MOVEMENT OF INDIRECT COSTS TO A DIFFERENT BUDGET CATEGORY

Grantees may move funds into the Indirect Cost budget category up to 15% of the grant subtotal; however, Indirect Cost funds cannot be moved to another budget category. Any unspent funds will be recaptured by OWEB at the conclusion of the grant.
GENERAL MATCH GUIDANCE

All OWEB grants have match requirements. Match is defined as additional resources expended to further the grant objectives, as required by OAR 695-005-0060(3). Records must be maintained that support the cash match costs within the grantee’s accounting system and be available for audit and review. For third party contributions, the support for the value must be verifiable from grantee records or the item must be maintained by the grantee, including documentation of the methods used to determine the value. General guidelines for eligible and ineligible types of match are provided below. If you have questions about match eligibility, contact your Project Manager.

IMPORTANT: Match claimed for one OWEB grant may not be claimed for any other grant. (e.g. Grantee has a $50,000 grant from U.S.F.W.S. You may either claim a portion up to $50,000 to match a single OWEB grant, or you may claim a portion of the $50,000 to match one OWEB grant and another portion of the $50,000 to match a second OWEB grant.)

Many projects include more than OWEB funds and the required match; resources not claimed as match are leveraged resources. Leverage is defined as resources that further the grant objectives and are necessary to achieve the proposed outcomes, but are above and beyond what the grantee is claiming for OWEB required match.

ELIGIBLE MATCH

- Cash and in-kind resources dedicated specifically for the project
- Cash and in-kind resources that are integral to the successful completion of the project and align with the proposed ecological objectives

INELIGIBLE MATCH

- ODA Weed Grants
- Other OWEB Grants (except Watershed Council and Soil and Water Conservation District operating capacity grants)
- Mitigation funds (see Ineligible Activities for Grants)
- Cash and in-kind resources that are not necessary to the successful completion of the project and do not complement the proposed ecological objectives

AT APPLICATION

At application, match funding does not have to be secured; however, you must document at least the required match has been sought. Cash or in-kind contributions the applicant does not want to dedicate as OWEB match can be identified as “leveraged resources”.

AT GRANT AGREEMENT

If the awarded a grant, the applicant must provide proof that the required match is secured prior to disbursement of Board funds. Document secured match by submitting the OWEB Match Form signed and dated by authorized match representatives, or by attaching signed letters of support, agreements, or e-mails that specifically state the nature of the match (cash or in-kind) and the dollar value.

AT PROJECT COMPLETION

At project completion reporting, the grantee must document the actual match. Grantee will also be expected to report total project costs, including actual leveraged resources. This reporting is done through the Online Project Completion Report Match Section and Final Total Project Funding. If there are deviations greater than 25% from either the proposed match or the total project costs, including leveraged resources, the grantee must explain those changes in the project completion report.
Policies

Ineligible Activities for Grants

Any costs for a watershed improvement project that consist solely of construction of a water storage structure for an out-of-stream use not related to watershed restoration or protection. ORS 541.375(8), OAR 695-010-0040(1)

Projects required as a condition of a local, state, or federal permit. Any costs related to a watershed improvement project constructed solely to comply with a state or federal agency enforcement order, legal judgment or mitigation requirement. OAR 695-010-0040(3)

Any costs associated with routine project maintenance costs. Maintenance does not include those activities necessary to establish the improvement. OAR 695-010-0020(2)

Any costs related to a water conservation project, unless there is a measurable in-stream flow benefit, groundwater benefit or water quality improvement. OAR 695-010-0040(5)

Other than as proposed and approved as part of a Special or Focused Investment Partnership, any costs for a fish screening project eligible for funding through the Oregon Department of Fish and Wildlife’s fish screening program. OAR 695-010-0040(2). For all projects, OWEB requires applicants to consult with ODFW about the eligibility and design of fish screening projects before submitting an application to OWEB. Applications to OWEB should be accompanied by a letter from ODFW regarding the proposed design and stating whether the fish screening project is eligible or ineligible for ODFW funding. OWEB will not release funds from grant awards for fish screening projects until it has received a letter from ODFW confirming the project is not eligible for ODFW funds. For Special or Focused Investment Partnerships, applicants must still coordinate with ODFW and explain in their application how funding will be coordinated between the two agencies’ funding sources. Fish screening projects are never allowed in Small Grants.

Contingencies

OWEB will allow contingencies as a line item in Restoration and Acquisitions grants only (not Small Grants) and only under the “Contracted Services” and “Materials and Supplies” budget categories. The following conditions must be met:

• Within the “Contracted Services” and “Supplies and Materials” budget categories the contingency amount can be no more than 10% of the item within the budget category identified for the contingency.
• The budget narrative in the grant application must explain the specific reasons a contingency is needed. If there is no justification in the budget narrative the contingency amount will be denied.
• If the contingency is not used, the funds will be recaptured. The contingency cannot be moved to another line item if not used.

Levees and Dikes

Note: For the purpose of this document, a levee or dike is defined as a structure intended to contain a body of water including a river, lake, stream or wetland.

If a project proposes to build or repair a levee or dike, OWEB will not consider funding the levee or dike unless it is essential to other project components that provide significant ecological benefit addressing watershed limiting factors. Because levees and dikes restrict natural watershed process and function, OWEB prefers not to fund such structures and requires applicants to show they have sought other funding to pay for levees or dikes.

Applications that request OWEB funding for levee or dike construction or repair must be accompanied by a letter from project partners that are providing cash funding for the project, stating whether the levee or dike component of the project
is eligible or ineligible for funding by the partners. OWEB will not release funds from grant awards for levee or dike construction or repair until it has received such letters from all project partners that are providing funding for the project.

### COSTS OF WELLS

Because the construction of wells for the purpose of providing water has a significant private benefit, and has the potential to adversely affect water resources, OWEB has the following restrictions when its publicly funded grants can be used for constructing wells.

#### INELIGIBLE WELL COSTS

Wells will not be funded through OWEB if any portion of the well will be for domestic use. For example, if a 4 inch pipe is needed for livestock use, this size must be justified in the design and OWEB will not fund an 8 inch pipe that would allow additional water use for home or other purposes. The criteria used for determining pipe size should be clearly described in the application.

“Dry wells,” including wells unusable due to water quality problems, will not be compensated. A dry well is generally described as a well drilled that does not produce water for the intended purpose - one that does not produce any, or the desired amount of water when drilled. OWEB funds may only be used for costs of a well that meets the water needs of the project.

#### ELIGIBLE WELL COSTS

OWEB will reimburse up to $2,500 in drilling costs per operating well if the application demonstrates all of the following are met:

- The well is part of a larger project that has a clear ecological or conservation benefit.
- Wells will not be paid for independent of other components within a restoration project.
- The application must clearly demonstrate:
  - The well is part of a project that provides direct riparian, in-stream flow, or upland benefits. For example, an application that proposes wells for livestock watering clearly demonstrates that the watering facilities are part of a project to fence stream corridors to improve riparian conditions and water quality, or are part of a grazing management strategy to improve associated native vegetation and wildlife habitat.
  - The well will not adversely impact the connections in the watershed between ground and surface water to the detriment of other restoration needs, and meets any appropriate Water Resources Department regulations.
  - Any proposed irrigation wells are for land that is already under irrigation, and the proposed project will not bring additional acres under production. Examples of irrigation well projects may include conversion from a surface to a groundwater source for irrigation. As noted above, the Water Resources Department must concur with the proposed source switch.

This policy does not apply to wells constructed for monitoring or research projects; however, proposals for monitoring or research wells should be developed in consultation with OWEB staff. Applications for monitoring or research wells will be reviewed to ensure that wells are needed for the identified research or monitoring purpose, and must meet any appropriate Water Resources Department regulations.
NATURAL RESOURCE SUPPLIES

OWEB may reimburse Grantee for natural resource supplies, which are provided by the project landowner and which were extracted /obtained from the landowner’s property where the project is taking place. Prior to such reimbursement:

- Grantee must verify that payment to a landowner for natural resource supplies does not exceed fair market value;
- Fair market value will be documented by the Grantee providing quotes from three separate local vendors. OWEB recommends that two of the three quotes be from vendors not affiliated with the landowner; Note: this is not a requirement only a recommendation. Payment will be made unless the OWEB Project Manager determines a quote from a vendor not affiliated with the landowner is necessary to establish fair market value.
- OWEB will consider accepting quotes from just two separate local vendors if Grantee provides a justification for why a third quote could not be obtained;
- The amount OWEB will reimburse will not exceed the average of all the quotes; and
- Grantee must either provide copies of any issued licenses, approvals, or permits that are required for the landowner to extract or remove the natural resource, or provide written documentation that permits, approvals or licenses are not required.

OWEB does not reimburse Grantee for uses or inventoried landowner materials (i.e., used or inventoried fence posts, wire, gates, pipe, culverts, etc.), unless prior approval is received from the Grant Program Manager and the approval is documented in Exhibit B (Conditions of Agreement) of the Grant Agreement.

Used or inventoried items may be used as match.

INSURANCE COSTS

OWEB requires grantees to have insurance commensurate with the grantee’s activities. Insurance requirements are split into two categories, 1) general and 2) specialized.

- General insurance refers to coverage considered best practices for organizations conducting activities often implemented by OWEB grantees.
- Specialized insurance refers coverage types and amounts which fall outside the normal operations of an organization conducting activities normally funded by OWEB.

The premiums for general insurance types should be charged to OWEB’s “Indirect Cost” budget category for all grants except Operating Capacity grants, which should charge these costs to the “Other” budget category. If additional insurance coverage is required for a project the costs may be charged to OWEB’s “Other” budget category.