



Connect Oregon

GUIDELINES FOR GRANTEES

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Disclaimer

These guidelines are intended as a resource for Connect Oregon grant fund recipients beginning with Connect Oregon VIII — they should not be treated as legal advice. They do not cover all details in the agreement or all circumstances, nor do they replace the agreement between the grantee and the Oregon Department of Transportation (ODOT). The agreement remains the binding legal document. The Connect Oregon program is governed by Oregon Revised Statutes 367.080 – 367.089 and Oregon Administrative Rules Chapter 735, Division 35. As there have been statutory changes with each of the Connect Oregon cycles, this will be a living document as future changes are made.

Purpose

These guidelines were developed to assist Connect Oregon grant recipients in administering their awarded projects. While not all-inclusive, the guidelines touch on the most commonly-asked questions from grant recipients and should serve as a quick reference to ensure grant funds are spent according to the applicable policies and rules. Grantees are responsible to ensure expenditures are reasonable and necessary for their project.

Overview

The Connect Oregon program provides grant funding for public, non-profit and private entities through a reimbursement process for investments in air, rail, and marine , and in earlier programs, bicycle/ pedestrian and transit (non-highway) infrastructure projects. Projects that could be funded with state highway funds are not eligible for Connect Oregon funding. The Connect Oregon program has historically been funded by tax-exempt lottery-backed bonds, authorized by the legislature. The legislature authorized \$427 million for the first six cycles of the program; projects have been awarded after a competitive grant application process to both public and private entities.

In 2017, the legislature designated four projects to be funded through the program. They provided \$30 million in lottery bond proceeds and provided additional funding through a new vehicle dealer privilege tax and a bicycle excise tax that will be used solely for bicycle/pedestrian projects. These guidelines are meant to address the new privilege tax revenue funded grants only.

Roles

The Connect Oregon program manager and program staff are available as a resource for questions. The program staff will process reimbursement requests, review monthly reports, audit project expenditures, monitor the terms of your agreement, and process project change orders and amendments to agreements.

Eligible Expenses

Generally, Connect Oregon funds are to be used for capital expenditures, not working capital (i.e. operating expenses). Eligible project costs generally include the actual costs expended that are reasonable, necessary and directly related to the project and are considered capitalized to an asset that is part of the project. They do not include indirect, administrative costs, working capital or operating costs.

Capital expenditures or capital costs generally means costs to acquire, construct, or improve property (land, buildings and equipment), or to adapt the property to a new or different use.

Eligible Expenses, cont.

The list below provides some examples of eligible and ineligible expenditures.

Examples of Eligible Capital Expenditures
Land acquisition
Capital construction costs
New or Renovation of existing buildings
Equipment with a 20-year useful life (must remain with the project)
Design and engineering professional services

Examples of Ineligible Expenditures
Ongoing operations, maintenance and repair costs
Personal services (accounting, HR, IT, etc.)
Training and conferences
Lease payments
Maintenance agreements for copiers or computers
Disposable items or items that can be depleted
Moving costs
Aesthetic furnishings (pictures, coffee pots, etc.)
Office supplies
Travel expenses ¹ not directly related to the project
Equipment or materials that could be used for work beyond the project
Employee benefits (for Grantee only)

Things to remember.

Connect Oregon grant recipients are responsible to ensure that expenditures are reasonable and necessary to deliver their project.

If you are unsure of whether a cost is eligible to be reimbursed, contact the Connect Oregon program manager with specific questions.

¹ Travel expenses shall be reimbursed to grantee in accordance with the current State of Oregon Department of Administrative Services' rates found at: <https://www.oregon.gov/das/Financial/Acctng/Documents/40.10.00.pdf>

Reimbursements

Connect Oregon is a reimbursement program; you may only request reimbursement after you have expended funds (paid bills). You must submit a reimbursement request, made out to ODOT, requesting reimbursement of expenses to the Connect Oregon program manager. Requests may be submitted monthly, but not more frequently and must include both a summary and detailed breakdown of expenses. Submit your request as close to incurring costs as possible; don't wait until the end of the project to send in reimbursement requests. Each request shall be submitted on ODOT's Reimbursement Request form <https://www.oregon.gov/odot/Forms/2ODOT/7345217.docx>

Your reimbursement request must include the following.

Invoice Requirements
Project name
Agreement number
Agreement execution date
Request date
Reimbursement period (start and end dates)
Reimbursement number (#1, 2, 3,...)
Total amount requested
Itemized breakdown of expenses paid
Connect Oregon grant funds reimbursed to date
Connect Oregon grant funds remaining to be disbursed

You must reimburse your consultants/contractors/vendors before seeking reimbursement from ODOT. Reimbursement requests should include supporting documentation. ODOT may request evidence of payment to contractors at any time.

Generally, ODOT will pay 70% of the total of your reimbursement request, assuming the remaining 30% is coming from your match (see Matching Funds below). In addition, 5% will be withheld for retainage; 80% of the retainage withheld will be released upon project acceptance (see Acceptance below), and the remainder released once your final project report (see Final Project Report below) is submitted at the end of your project (see Retainage below).

Reimbursements, cont.

Your reimbursement request should show this type of calculation to demonstrate the match requirement and retainage withheld.

Example:

\$100.00	Requested Amount
<u>(\$30.00)</u>	Less Match (30%)
\$70.00	Subtotal
<u>(\$3.50)</u>	Less Retainage Withheld (5%)
\$66.50	Amount Reimbursed

If complete information is provided on your reimbursement request, you can expect to receive payment within 45 days of ODOT's approval of the request.

Things to remember.

Grantees are responsible to ensure expenditures are reasonable and necessary for their project.

Services received or costs incurred before the grant was fully executed and notice of execution is given or after the grant expires are not eligible for reimbursement.

Keep good records—ODOT may request proof of payment and backup documentation supporting your reimbursement requests.

Matching Funds

The Connect Oregon program requires that grantees provide a portion of their own moneys toward the project—we refer to this as “match” or “matching funds.” The amount of match has changed over the course of the program; here are the requirements:

Program	Required Match
Connect Oregon I-V	20%
Connect Oregon VI	30%
Future Programs	30% ²

There are a variety of sources that can contribute toward your match. Your match was already identified on your completed application, but may include project costs (the elements for the project to be implemented: design, land acquisition necessary for the development of the project, permits, engineering) incurred prior to agreement execution date. These costs may count toward match, but are not eligible for reimbursement³. Funds from any private or government sources may be used for match, except for state highway funds.

Things to remember.

Non-cash donations toward a project may not be considered part of the match. These may include donated land, labor and equipment.

² The 2017 legislature modified the match requirements so that Class I railroads must provide a 50% match and other grantees a 30% match – ORS 367.082(3). The dedicated projects selected by the 2017 Legislature are not subject to the match requirements.

³ Match may include previous expenditures toward the project which must be approved prior to execution of the agreement. In this case, you may be reimbursed for the total reimbursement request, less retainage.

Retainage/Project Performance Report

ODOT began to withhold 5% retainage with the Connect Oregon V program. This means that with each reimbursement request you submit, we will withhold 5% of the payment due until the end of your project. To trigger the release of 80% of your retainage, your ODOT project liaison will submit a project acceptance form when your project is complete; you must submit a [project performance report](#) to the Connect Oregon Program Manager at LGSConnectOregon@odot.state.or.us to receive the remaining 20% of retainage. The report must be submitted within 18 months of the completion of the project. If you do not submit the report within 18 months, you forfeit the remainder of your retainage, and you are not eligible to apply for a grant during the next competitive process. Once the project performance report has been received and approved, ODOT will process the release of the final retainage amount.

The report demonstrates how you met the measures of success you identified in your application materials around job creation and retention. The measurement will demonstrate how you met the short-term (construction) and long-term jobs projections as a result of the project, and provide a supporting narrative.

The report is critical to demonstrate how the Connect Oregon funds were used to support economic development in the state, and information reported will be used in reporting to the legislature on the benefits from the Connect Oregon program.

Things to remember.

A project performance report is required prior to ODOT releasing final retainage on your project.

Public Works/Prevailing Wages

Since your project is funded with public funds, it is considered a public works project under Oregon Law (regardless of whether you are a public, private or non-profit entity). These projects are regulated by the Bureau of Labor and Industries (BOLI) and are subject to a contract fee paid to BOLI. Public entities pay the fee directly to BOLI. ODOT will coordinate with BOLI to pay the fee for private and non-profit entities out of the grant funds identified for the project.

These projects also require you to pay prevailing wages for work performed on the project and follow all prevailing wage laws.

Things to remember.

Contact BOLI if you have general questions about prevailing wage rate laws. Here's a link to their website:

<https://www.oregon.gov/boli/WHD/PWR/Pages/index.aspx>.

Change Orders

In your agreement you identified key milestone dates for your project. If you anticipate those key milestone dates will be delayed by more than 90 days, you'll need to submit a [Request for Change Order form](#) to the Connect Oregon program manager. In addition, any changes to project scope must be requested through this process.

Changes to the delivery schedule or project scope must be reviewed and approved by ODOT through a change order, then codified in an amendment to your agreement. ODOT will scrutinize any scope changes to ensure they remain within the original intent of the project selected for funding through the competitive process.

Things to remember.

The grant amount you have been awarded will not be increased. You will need to address any increases in project costs with another funding source.

Milestone changes should be reasonable and realistic to deliver a completed project.

Monthly Progress Report

You'll need to report on the progress of your project monthly (due the 1st Wednesday of each month). Your monthly reports help us to determine whether your project is staying on track or whether there are issues that need to be addressed.

Your report should include any changes to anticipated milestone dates and provide an update on the status of your project. The status must include progress made in the previous month, efforts expected in the coming month, and any obstacles you are encountering in delivering your project.

Here's a link to the [monthly progress report form](#). Submit your report to the Connect Oregon program manager at LGSCoconnectOregon@odot.state.or.us.

Things to remember.

Please remember that you must be in compliance with the terms of your agreement to receive reimbursement of expenditures. Submitting monthly reports is required as part of your agreement.

Project Acceptances

When your project is complete, an on-site review will be conducted to confirm the work completed matches the scope of work in your agreement.

An ODOT representative will complete a [project acceptance form](#) documenting all on-site work is completed and the constructed project matches the project identified in the scope of work. You will be asked to sign the recommended project acceptance form. This action acknowledges all work on the project is complete. At this point, 80% of the withheld retainage may be released.

Other Provisions

Maintenance and Repair

As a condition of your Connect Oregon grant, you must maintain your investment pursuant to your grant agreement after the project is complete. Any maintenance and repair costs are your responsibility; no Connect Oregon grant funds may be used for maintenance or repair costs.

Ownership

You must retain ownership of the property and may not lease or sell unless you have explicit permission from ODOT to do so. Any property successors will be required to abide by these conditions. When accepting a Connect Oregon grant, you are committing to continue to operate the property for its useful life.

Records Retention

Grant recipients and their contractors must keep project and financial records for six (6) years.

Americans with Disabilities Act (ADA)

Your project is subject to the requirements of the Americans with Disabilities Act. Any work on the state highway system must be completed according to ODOT's standards.

Photos

You must submit "before" and "after" photos of your project. "Before" photos must be submitted within 30 days after your agreement is fully executed; "after" photos within 30 days after project completion. Please send your photos to the Connect Oregon program manager at LGSCoconnectOregon@odot.state.or.us and your ODOT project liaison.

Things to remember.

Project photos are a great way to demonstrate the benefits of the Connect Oregon program. We may use your photos in future publications.

Contracting

When you hire a contractor to perform work on your project, you must follow ORS 279C if you are a public body. Although, private and non-profit entities are not subject to ORS 279C (with the exception of ORS 279C.800 through 279C.875), they should use a similar open and competitive process.

All contracts or agreements you have with consultants/contractors/vendors for materials or work on your Connect Oregon project must be in writing. Consultants/contractors/vendors must carry insurance at the limits listed in your agreement with ODOT.

Things to remember.

Make sure that any invoices you pay for materials or services have enough detail to demonstrate they are eligible for reimbursement with Connect Oregon funds. These records may be requested by ODOT as needed.

Self-Performing Work

If you plan to self-perform any portion of the project, you must seek prior approval from the Connect Oregon program manager. Please note that in general, overhead, profit, administrative, project management, and construction management costs incurred directly by the grantee (and not through a contract) are not eligible for reimbursement. Some costs that may be permitted are construction labor, materials and equipment operating costs (rental, fuel, insurance).

Things to remember.

If you are a private entity who self-performs work, be aware that you may need to pay your employees BOLI prevailing wage rates.

Public contracting agencies who intend to self-perform work must comply with the cost analysis requirements of ORS 279C.305.

Resources

Below are a list of resources and forms you may use during the execution of your project:

Connect Oregon website: <https://www.oregon.gov/odot/programs/pages/connectoregon.aspx>
(Includes information about how to apply for future grants.)

Monthly Progress Report form: <https://www.oregon.gov/ODOT/Forms/2ODOT/7342668.doc>

Request for Change Order: <https://www.oregon.gov/ODOT/Forms/2ODOT/7342648.doc>

Project Acceptance: <https://www.oregon.gov/ODOT/Forms/2ODOT/7342649.doc>



Project Performance Report: <https://www.oregon.gov/ODOT/Forms/2ODOT/7342947.doc>

Oregon Revised Statute 367.080-089:

https://www.oregonlegislature.gov/bills_laws/ors/ors367.html

Oregon Administrative Rule Chapter 731, Division 35:

<https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3279>

Title 26—Internal Revenue Code: <https://www.gpo.gov/fdsys/pkg/USCODE-2009->

[title26/pdf/USCODE-2009-title26-subtitleA-chap1-subchapB-partIV-subpartA-sec141.pdf](https://www.gpo.gov/fdsys/pkg/USCODE-2009-title26/pdf/USCODE-2009-title26-subtitleA-chap1-subchapB-partIV-subpartA-sec141.pdf)

Summary

The Connect Oregon program funds critical non-highway infrastructure in the state. When accepting a Connect Oregon grant, you are also accepting the responsibility to follow the laws and rules guiding the use of those funds. ODOT staff stand ready to answer questions and assist you to ensure a successful delivery of your project.

Please contact Cecelia Gilbert, Connect Oregon program manager, for assistance. Cecelia can be reached at cecilia.gilbert@odot.state.or.us or 503-986-3528.