BUDGET CATEGORIES: DEFINITIONS & POLICIES

Contents

Footnote Symbols Used in This Document

[OC] Eligible activity in Operating Capacity grants.

[SG] Not an eligible activity in Small Grants.

★ These items may also be placed in the "Other" category based on the individual Grantee's preference; however, once assigned and spent, they cannot be placed in another category.

* Insurance coverage that may be purchased as a stand-alone policy or included as an endorsement on a commercial general liability policy.

♦ See "Process to Determining the Insurance Amount" for more information.

▪ DAS Risk Assessment Required.

General Approach to Funding When Applying for a Grant

All application budgets must justify line item costs. This is done by including appropriate unit costs with each item. For all budget categories and associated line items, OWEB reserves the right to make adjustments. The budget categories and guidance (pages 3-13) and policies (pages 14-17) contained in this document apply to all OWEB grant types unless otherwise specified. Contact your OWEB Project Manager with questions.

Please visit OWEB's website for additional information, including a series of instructional videos on commonly asked fiscal questions.

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 accounting software report.

OWEB reserves the right to review expenses under $250 and may request receipts, timesheets, payroll, travel logs, or other documentation. The intent of this review is to ensure the Grantee billed OWEB for actual costs.

The grant becomes effective on the award/start date and ends on the Grant Completion Date in the Grant Agreement. 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 those specified in Acquisition Grant Agreements, and land use signature costs; OWEB will also not reimburse items received after the Grant completion date.

Payment requests may be billed as an advance or reimbursement; receipts are required within 120 days of the date of the payment 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 bill for costs incurred up to 18 months before the application deadline. Refer to the Land Acquisition program administrative rules (OAR 695-045) 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 695-046) 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; the Grantee is not required to submit copies of receipts, invoices, or supporting documentation to OWEB, but must keep them on file. These grants do not include the Indirect Cost budget category; costs must be distributed among the remaining budget categories. Any expense eligible in other OWEB grants is also an eligible expense for Operating Capacity grants. OWEB may ask for additional documentation for certain expenses.

Budget Categories Guidance

Salaries, Wages, and Benefits

The Salaries, Wages, and Benefits category refers to in-house staff of the Applicant (i.e., Applicant employees for whom payroll taxes are paid) performing work on the proposed project. Non-Applicant project partners whose employees are also performing work on the proposed project should be included in Contracted Services.

Billing for Actual Salary, Wages, and Benefits Costs

At the time of application, Grantees should include the estimated number of hours, cost per hour, and position title for all staff assigned to the project.

When billing OWEB for Salary, Wages, and Benefits, Grantees must use actual costs incurred. OWEB accepts a list of expenses on a Grantee's letterhead or a detailed accounting software expense transaction sheet as the receipt. Timesheets and payroll records shall be maintained to provide documentation to support actual costs billed; these records should include position titles correlating to the staff listed in the application.

Following are examples of eligible Salary, Wages, and Benefits. This is not a complete list; refer to the Policy section (pages 14-17) of this document for additional ineligible costs.

- Gross wages
- Payroll taxes
- Health insurance
- Retirement benefits
- Accrued leave liability (or a proportion of vacation time if accrued leave liability is not used by the Grantee)
- Workers' compensation insurance

Salary, Wages, and Benefits not eligible for reimbursement:

- Payroll processing fees
- Contract workers
- Interns working under a contract
- Volunteer reimbursements

Contracted Services

This budget category should be used for non-Grantee employee labor and travel. Materials and supplies purchased by a contractor should also be listed here. Landowners performing work for the grant are also to be paid from this category. Remember to place match or reimbursement for partner agencies or collaborators in this category (refer to Match Guidelines, page 12.)

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. In other words, please list contractor services, travel, and supplies on separate lines in the budget and on invoices submitted for reimbursement. Contract costs should be broken out and should match the scope of work described in the application.

Equipment items will not be reimbursed if purchased by a contractor and then billed to the Grantee. For example, the contractor purchases a laptop for the project and includes it as a line item expense on the bill. 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.

Following are examples of eligible Contracted Services. This is not a complete list; refer to the Policy section (pages 14-17) of this document for additional ineligible costs.

- Contracted watershed council coordinator
- Contracted project management
- Project-specific website development
- Landowner work for the grant
- Landowner equipment time
- Engineering and technical consulting
- Appraisal (Acquisition grants only)
- Environmental site assessment (Acquisition grants only)
- Transaction negotiation (Acquisition grants only)
- Legal services for non-standard contract development and reviews needed for project implementation (e.g. contracts to address water rights issues)
- Up to $2,500 for cost of non-monitoring well that demonstrates clear ecological benefit (see Costs of Wells on page 15) [SG]

Contracted Services not eligible for reimbursement:

- Costs associated with portable items that are purchased and intended to reside with the landowner after the grant is complete
- Audit and tax preparation costs [OC]
- General IT support [OC]
- Contracted grant administration. (Contract grant administration is defined as staff or contractor time preparing and mailing grant contract documents or performing other administrative grant 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) [OC]

[OC] Eligible activity in Operating Capacity grants.

[SG] Not an eligible activity in Small Grants.

Materials and Supplies

Materials and Supplies are defined as consumable items, **purchased by the Grantee**, which are normally used up during the course of the project. This Materials and Supplies category also includes equipment that costs less than $2,500.

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 personal protective equipment, waders, and rain gear. On the application budget form, indicate the number of units and the unit cost wherever appropriate.

Equipment items will not be reimbursed if purchased by a contractor and then billed to the Grantee. For example, the contractor purchases a laptop for the project and includes it as a line item expense on the bill. 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.

Vehicle, watercraft, UTV, and ATV purchases are not eligible for reimbursement 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 are also not eligible.

Following are examples of eligible Materials and Supplies. This is not a complete list; refer to the Policy section (pages 14-17) of this document for additional ineligible costs.

- Items purchased by the Grantee (not a contractor) such as culverts, rocks, logs, fencing, mulch, electrical supplies, etc.
- Small equipment such as cameras or chain saws that are less than $2,500 each and necessary for the completion of the project
- Signs for funding partners
- Gas/oil for Grantee-owned equipment in lieu of usage rate (see Other category definitions for usage rate information)
- Permanent solar panels/pumps (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.)
- Monitoring supplies SG

- Hach kits SG
- Office supplies, direct mail, or postage purchased solely for the grant (e.g. write-in-the-rain paper) SG
- First Aid kits, refills, and personal protective equipment (e.g. hard hat, safety vest, safety glasses) SG
- Survey supplies SG
- Miscellaneous tools/hardware
- Project-specific printing costs ★
- Food or room rental expenses for meetings and working lunches (not staff meetings.) SG ★
  - Sign-in sheets and agenda are required.
  - For expenses totaling less than $250, OWEB will not ask for submission of these materials at payment request, but may ask for documentation at a later date.

Materials and Supplies not eligible for reimbursement:

- General office materials and supplies (e.g. paper, pens, toner, office furniture, computers, laptops, etc.) OC
- Donations
- Flower bouquets

- Greeting cards
- Gifts
- Prepaid or gift cards
- Prizes

OC Eligible activity in Operating Capacity grants.

SG Not an eligible activity in Small Grants.

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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 should be charged to the Contracted Services budget category. No mileage reimbursement will be paid for the use of motorcycles or mopeds.

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 Grant Project Manager.

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.

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 of travel. DAS periodically updates rates. Current approved rates for determining a unit cost estimate may be found on the OWEB website.

Travel logs must be maintained for all travel expenses. Travel logs must document travel dates, times, destinations, miles, etc. See OWEB's website for an example of a travel log. Grantees should maintain travel logs for all travel; however, OWEB will not require travel log submission for line item costs less than $250. Per the grant agreement, at any time OWEB can ask for additional information about requested reimbursement, including at payment request or after the grant has closed. Council Capacity grants do not require travel log submission.

Following are examples of eligible Travel costs. This is not a complete list; refer to the Policy section (pages 14-17) of this document for additional ineligible costs.

- Vehicle mileage reimbursement at current state rates. Rate includes costs for insurance, gas, oil, maintenance, etc.
- Meals and *per diem.* 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. [SG]

- Conference and workshop registration [SG]
- Training or education seminar fees [SG]
- Commercial rental car charges for vehicle rental and gas (must be less than vehicle mileage reimbursement for same trip) [SG]
- Motor pool/fleet charges for vehicle rental and gas [SG]
- Parking [SG]
- Project specific training [SG]
- Lodging (at current State rates) [SG]
- Lodging taxes [SG]

Travel costs not eligible for reimbursement:

- Tips/Gratuity (per State policy)
- Lunch not reimbursed on one day travel (per State policy)
- Out-of-state travel (allowed only with OWEB Project Manager's prior approval)

- Airfare (allowed only if cheaper than mileage reimbursement plus staff travel time)
- Gas, prepaid, or gift cards
- General training [OC]

[OC] Eligible activity in Operating Capacity grants.

[SG] Not an eligible activity in Small Grants.

Equipment

Equipment is defined as portable, nonexpendable items with a useful life of generally two years or more and a per-unit cost of $2,500 or more (any items less than $2,500 belong in Materials and Supplies.)

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

> IMPORTANT:
> OAR 695-005-0050 (6)
> Following project completion, equipment purchased with Board funds shall reside with the Grantee or another approved entity. These entities will make the equipment available to others at no cost, other than nominal operation and maintenance costs.

List only equipment where the cost to OWEB is $2,500 or more per unit. Include only the equipment that is specifically necessary for the project. Indicate the number of units and the unit cost wherever appropriate.

A unit of equipment is defined as an item and all necessary parts to make it usable. For example, a camera and its accessories (such as lens, filters, and tripod) would be included as a single item of equipment. On the other hand, a tractor and trailer might be two different pieces of equipment, based on whether the tractor could be used separately from the trailer.

Vehicle, watercraft, UTV, and ATV purchases are not eligible for reimbursement 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 are also not eligible.

Other

This category refers to items that do not fit in the other budget categories, including the price of property for Land Acquisition projects.

Following are examples of eligible Other costs. This is not a complete list; refer to the Policy section (pages 14-17) of this document for additional ineligible costs.

- Land use signature costs. May be incurred prior to the award date of the grant agreement
- Storage facility rental required for the project
- Purchase price of a conservation easement
- Purchase price of fee simple interest in land (Acquisition grants only)
- Grantee-owned equipment repair (chainsaws, weed eaters, augers, mowers, spray equipment, etc.)
- Grantee-owned equipment usage rate (uncommon). Hourly rate includes all operating costs. OWEB reserves the right to question usage rates and request documentation proving usage rates do not exceed actual costs (see Appendix 1: Equipment Usage Rates)
- Project permit costs and regulatory agency fees

- Insurance costs specifically required for the project (see page 14 and Appendix 5 for additional information)
- Project onsite rent and utilities (if project requires separate office space and utilities at the project site) [SG]
- Rental for meeting rooms [SG]
- Commercial equipment rental and insurance (for equipment rented by Grantee)
- Software or software subscription, fee, or lease (such as for GIS access) [OC]
- Website domain fee
- Project-specific printing costs [★]
- Business meeting meals and working lunches (not staff meetings); meeting refreshments, food, or catering. Sign-in sheets and agenda are required. For expenses totaling less than $250, OWEB will not ask for submission of these materials at payment request, but may ask for additional documentation at a later date. [SG] [★]

Other expenses not eligible for reimbursement:

- Individual's license or permit, Oregon engineering stamp, boater or ATV safety education cards (not eligible for reimbursement because of the perception of misuse of public funds for private benefit)
  - Weed Board grants pesticide application license is an explicit exception to this
- Repair of rented commercial equipment

- General office rent [OC]
- Utilities, janitorial, yard maintenance, copier lease, P.O. box rent [OC]
- Insurance (workers comp insurance is a payroll cost and belongs in Salaries, Wages and Benefits) [OC]
- Banking fees, payroll service fees, business license fees, dues [OC]

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[SG] Not an eligible activity in Small Grants.

[★] These items may also be placed in the "Materials & Supplies" category based on the individual Grantee's preference; however, once assigned and spent, they cannot be placed in another category.

Post-Grant

This budget category refers to costs incurred after the grant has been completed. Post-grant costs are not 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 the OWEB grant agreement. OWEB covers costs up to **$3,500** that are associated with the PISR requirements. Consult with the Project Manager on the extent of PISR required for a proposed project.

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

Costs for post-implementation status reporting are not eligible for reimbursement 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 Small Grants

Plant stewardship (mentioned as plant establishment in older grants) 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 **$1,000** that are associated with plant stewardship in Small Grants only. For all other grants, the costs should be included in the overall budget.

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. OWEB allows Grantees to charge indirect costs on all grant types except Operating Capacity grants. The following table shows the allowable indirect cost rates. Indirect cost rate options are determined by OWEB staff based on the fund source for the grant type.

	NO Indirect Costs Allowed	10% or less *de minimis* indirect rate	Federally Negotiated Indirect Cost Rate	OWEB Negotiated Indirect Cost Rate up to 15%
Restoration		X	X	X
Technical Assistance		X	X	X
Monitoring		X	X	X
Effectiveness Monitoring		X	X	X
Stakeholder Engagement		X	X	X
Acquisition (Indirect costs are calculated on the modified direct costs less capital assets costs such as land and water rights)		X	X	X
Small Grants		X		
Weed Grants		X		
Operating Capacity Grants	X			

Federally-negotiated indirect Cost rate

The Federal Uniform Administrative Requirements require OWEB to accept all federally negotiated indirect rates (FNIR) for its Grantees. If FNIR is selected as the indirect cost method, then an approved plan must be on file at OWEB before funds for indirect costs will be released; the plan must be approved as of grant application due date or later.

10% or less *de minimis* rates

The Federal Uniform Administrative Requirements establish a 10% or less *de minimis* 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 indirect costs. At application, check the *de minimis* box and insert the desired rate (between 0-10%).

OWEB negotiated indirect cost rate: 10% to 15%

The Federal Uniform Administrative Requirements also allow OWEB to negotiate an indirect cost rate with Grantees. OWEB will negotiate a 10-15% indirect cost rate on MTDC. This rate will be negotiated for each grant and will be based on actual costs submitted either on a receipt or cost allocation basis.

If this option is chosen, the Applicant will indicate which of the following billing methods will be used for Indirect Costs:

- **Receipt Billing:** Grantees select this billing method when their indirect costs are charged to grants and programs on an item-by-item basis. Receipts for items $250 and over must be submitted for reimbursement and tracked individually. All receipts must be kept according to the Grantee's retention policy. Receipts must be provided to OWEB on request.

- **Cost Allocation:** Grantees that select this billing method must have accounting practices in place that support charging costs to an indirect pool and dividing those costs equitably between all grants and programs. Most agencies divide indirect costs based on time worked or as a percentage of their MTDC.

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, 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. These expenses may be billed under Salary, Wages, and Benefits.

- Occupancy, rent, property insurance (see page 15 and Appendix 5 for additional information on insurance)
- Utilities such as electricity, natural gas, or water
- Janitorial services
- Communication, telephone, internet, fax, cell phone
- General office supplies such as 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
- Newspaper ads, solicitations, and announcements for contract bid postings and job postings
- Copying and printing costs associated with general grant administration
- Banking and fiscal transaction fees
- General liability insurance (risk, bonding, liability, D/O, and other) (see page 15 and Appendix 5 for additional information on insurance)
- 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

  - NOTE: If requesting a usage rate, these costs must be included in the rate and should not appear in the indirect category

Indirect costs not eligible for reimbursement:

- 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/tablets required for project implementation.
    NOTE: Computers/laptops/tablets necessary for the project should be included in the Materials and Supplies budget category.

- Vehicle insurance (covered by mileage reimbursement rate)

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 (2). 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. Contact your Project Manager with questions about match eligibility.

> IMPORTANT: Match claimed for one grant may not be claimed for any other grant. (e.g. Grantee has a $50,000 grant from U.S.F.W.S. Grantee may either claim a portion up to $50,000 to match a single OWEB grant, or 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; however, they may not match each grant with $50,000 from the same, single grant.)

Match Definitions

Cash Match: Actual cash paid by the Grantee for a service or product. This includes any cash funds that were donated to the Grantee to offset the costs of a specific item.

In-Kind Match: Services or goods that are donated to the project by the Grantee or a third party

Leverage: Cash or in-kind contributions the Grantee does not want to dedicate as OWEB match. 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 & 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
Match funding does not have to be secured at application; however, Applicants must document that the required match has been sought. Contributions not dedicated as match can be identified as leveraged resources.

First Fund Request
The Grantee must provide proof that the required match is secured prior to disbursement of 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 state type of 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 OWEB's Online Project Completion Reporting. 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 541.932 (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. 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 fish screen projects, OWEB requires Applicants to consult with ODFW about eligibility and design 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 costs are never allowed in Small Grants (OAR 695-035-0060 (2)(d)).

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 Materials and Supplies budget categories, the contingency amount can be no more than 10% of the line 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 project components 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 for when its publicly funded grants can be used for constructing wells.

Ineligible well costs

Wells will not be paid for independent of other components within a restoration project.

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 that does not produce water for the intended purpose. Once drilled, it either does not produce water or produces less than the desired amount. OWEB funds may only be used for the costs of a well that meet 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:

- The well is part of a larger project that has a clear ecological or conservation benefit.
- 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. 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 or 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;
- 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.

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

OWEB does not reimburse Grantee for used 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 Grantees.
- Specialized insurance refers to 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 the Other budget category.

See Appendix 5 for more information about OWEB Insurance Requirements.

Drones

Drones are an increasingly popular method for restoration practitioners to survey restoration project locations and plan restoration projects, track progress during implementation, and monitor results post-implementation. OWEB funds are eligible for drone-related expenses based on the guidelines outlined in this document. See Appendix 3 for information on the use of OWEB funds for drone-related expenses.

Appendix 1: Equipment Usage Rates

Prior to budget category changes in 2014, the Oregon Watershed Enhancement Board (OWEB) did not allow Grantee-owned equipment costs as an allowable expense in our grants (ATVs were an exception.) As the restoration economy has grown, Grantees have requested OWEB adjust its policy and accept usage rates for Grantee-owned equipment. As a result, beginning January 1, 2014, OWEB began allowing Grantees to charge for equipment usage as a reimbursable cost in the Other category.

Following federal guidance for Grantee-owned equipment, OWEB will reimburse Grantees for actual equipment costs incurred on grants. (An OWEB grant cannot reimburse depreciation for equipment purchased with an earlier OWEB grant.) This can be calculated in two ways. First, a Grantee can submit receipts for **actual costs** for the use of the equipment. The second approach is called an **equipment usage rate**. Applications submitted after July 1, 2017 must either provide documentation of actual costs, or must have a procedure in place for reimbursement through an equipment usage rate. This process must include a justified and documented rate calculation system, as outlined below.

Equipment Usage Rate Procedure and Calculation

Grantees who wish to charge OWEB an equipment usage rate must develop a procedure for calculating usage rates for their equipment (purchase cost must be $2,500 or greater). This procedure must be compliant with Generally Accepted Accounting Principles (GAAP) and will indicate that once a procedure for calculating equipment usage rates is established, the procedure will be applied consistently to all grants. **The procedure must be provided to OWEB prior to release of a grant agreement and must provide enough information to demonstrate that the procedures are accurate and not intended for undue gain**.

As a part of the procedure and calculation, actual costs included in the equipment rate may include: insurance, taxes, fees, licenses, storage, depreciation, maintenance, repair, fuel, and training on a specific piece of equipment. Actual costs may **not** include operator costs (these belong in Salaries, Wages, and Benefits), interest expense (unallowable in any budget category), or costs for donated items (including depreciation because no funds were expended in its acquisition.)

Grantees may estimate equipment usage rates in the application budget. For the first year, billing may be based on estimates; however, billings after year one must either be for actual costs or be calculated with an equipment usage rate based on actual costs.

OWEB Review

Grantees will indicate on the application budget that they wish to use an equipment usage rate. If the application is selected for funding, the Applicant will submit, and OWEB fiscal staff will review, documentation of the Grantee's equipment usage rate procedure prior to the release of the Grant Agreement to ensure it includes the required elements and does not include ineligible costs.

Once approved, a copy of the procedure will be kept in the grant file. Once per year, OWEB will request a copy of some or all of the documentation that is being used to support the actual costs used to calculate the rate.

Exceptions

OWEB's Small Grant and Weed Grant programs are exempt from the requirement of documenting equipment usage rates. This aligns with OWEB's current approach of not implementing federal indirect cost requirements within these programs. OWEB reserves the right to question costs and request further information about requested reimbursements.

Appendix 2: Budget Amendments

The Application Budget and Exhibit A of the Grant Agreement are the Grantee's statement of how OWEB funds will be spent on the project. The Application Budget shows budget categories and the various line items under each budget category; Exhibit A shows only the budget categories, which mirror those in the final, approved Application budget.
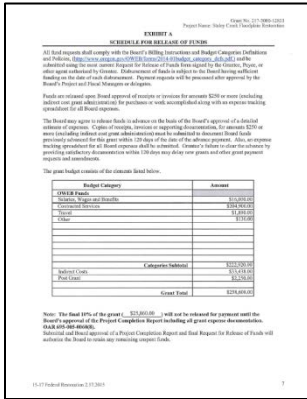
Example 1 – Exhibit A of the Grant Agreement

OWEB recognizes that projects can undergo change during the course of implementation, which might impact the budget. Grantees must receive prior permission from OWEB to change either line items or budget categories.

Budget Category Amendment Requirement Thresholds

Grantees are required to communicate with their Project Manager about any project changes. Grantees must inform the Project Manager of any project changes that impact the Budget, regardless of amount. OWEB Project Managers may request additional information, even if a formal Budget Amendment is not required. Prior approval from the Project Manager is required for formal Budget Amendments.

OREGON WATERSHED ENHANCEMENT BOARD

FORM for BUDGET AMENDMENTS   GRANT NUMBER_____

Grant Budget Categories	Original Budget	Change #1	Change #2	Change #3	Change #4	Revised Budget
Salary, Wages and Benefits	$16,572.00	$0.00	$0.00	$0.00	$0.00	$16,572.00
Contracted Services	$204,500.00	-$32,300.00	$0.00	$0.00	$0.00	$172,200.00
Travel	$1,890.00	$0.00	$0.00	$0.00	$0.00	$1,890.00
Materials and Supplies	$1,500.00	$32,300.00	$0.00	$0.00	$0.00	$33,800.00
Equipment and Software	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other	$130.00	$0.00	$0.00	$0.00	$0.00	$130.00
** Grant Admin / Indirect Costs	$22,459.00	$0.00	$0.00	$0.00	$0.00	$22,459.00
Post-Grant	$2,250.00	$0.00	$0.00	$0.00	$0.00	$2,250.00
GRANT TOTAL	$249,301.00	$0.00	$0.00	$0.00	$0.00	$249,301.00

JUSTIFICATION FOR CHANGE: Please provide a comprehensive justification below.

Example 2 – Budget Amendment Form

Changes to budget category amounts require a Budget Amendment (form available on the OWEB website) whenever a Grantee seeks to:

1. Shift 10% (cumulative) of the overall grant award between budget categories, and/or
2. Add a budget category (in other words, adding funds to a budget category that did not contain funds in Exhibit A of the Grant Agreement.)

When making a Budget Amendment, Grantees must be sure to copy their Payee about changes (if the Payee is different from the Grantee.)

Small Grant Program: Budget Amendments are only required when adding funds to a budget category that did not contain funds in Exhibit A of the Grant Agreement.

Justification for Budget Amendments

On the Budget Amendment form, Grantees will be asked to answer the following questions:

1. What needs to be changed?
2. Why is the change necessary?
3. How do the changes enhance the original intent of the project?
4. How are you able to accomplish the line item(s) from which funds are shifted?

Line Item Changes

Line item changes that have no impact to the overall amount of their budget category require prior approval from the OWEB Project Manager in the form of a written justification (email will suffice) answering the same questions outlined above.

Tracking Cumulative Changes

The Request for Release of Funds (RRF) form is a valuable tool to use, in conjunction with the other examples listed on this page, for keeping track of cumulative budget changes.

Budget Category	Current Budget Amount	Total of All Amounts Previously Paid	CURRENT Request Amount	TOTAL Requested to Date	Remaining Budget
Salary, Wages and Benefits	16,572.00	5,422.53	2,736.35	8,158.88	8,413.12
Contracted Services	204,500.00	26,321.00	145,876.00	172,197.00	32,303.00
Travel	1,890.00	25.57	5,731.57	5,757.14	(3,867.14)
Materials and Supplies	1,500.00	956.00	31,793.00	32,749.00	(31,249.00)
Equipment and Software				0.00	0.00
Other	130.00	0.00		0.00	130.00
Grant Admin / Indirect Costs	22,459.00	3,176.90	0.00	3,176.90	19,282.10
Post Grant	2,250.00	0.00		0.00	2,250.00
TOTALS	249,301.00	35,902.00	186,136.92	222,038.92	27,262.08

Example 3 – Request for Release of Funds (RRF)
Note the final column (marked Remaining Budget) shows negative amounts in excess of 10% of the total grant amount, indicating a Budget Amendment is required.

Grantees are required to communicate with their Project Manager about any project changes.

Appendix 3: Drone Policy

> NOTE: For the purpose of this document, a "drone" is defined as an unmanned aerial vehicle (UAV) and all equipment attached to it for safe and efficient operation. The combination of UAV and equipment is also known as an unmanned aerial system (UAS).

Drones are an increasingly popular method for restoration practitioners to survey restoration project locations and plan restoration projects, track progress during implementation, and monitor results post-implementation. OWEB funds are eligible for drone-related expenses based on the guidelines outlined in this document.

Grantees using OWEB funds to purchase a drone are required to follow the Federal Aviation Administration (FAA) Part 107 rules and regulations at: https://www.faa.gov/uas/getting_started/. Grantees must also be in compliance with any state, county, local, or tribal laws and regulations related to the use of drones.

For additional information, see the FAA document: "Summary of Small Unmanned Aircraft Rule (PART 107)".

Language must be included in landowner agreements or public land agreements for projects involving drones. Landowner agreements are required for any landowner whose property is being directly flown over and/or recorded. The landowner agreement shall demonstrate that the landowner and Grantee mutually agree when a drone may be flown over the property and record images; shall include a description of where resulting photos, videos, or other products will be stored; and shall include how this data will be used.

Applicants must include a justification for drone-related expenses when submitting an application. This includes explaining why you need to buy a drone and/or why contracting the work is not the better option.

Expensing Drone Costs

The following guidelines indicate to which budget categories applicants and Grantees should assign various drone-related expenses when developing an application budget or submitting payment requests. Applicants and Grantees should contact their OWEB Project Manager or OWEB's Fiscal Department with questions.

- **Salaries, Wages, and Benefits:** Grantee staff time required for drone set-up, flight, and/or post-flight image analysis.
- **Contracted Services:** Contractors that are paid for drone flights, post-flight image analysis, and/or technical assistance. Contractors need to furnish their own drone equipment.
- **Travel:** Travel related to the use of a drone.
- **Materials & Supplies:** Any drone accessories and peripherals under $2,500 purchased by the Grantee. NOTE: If a particular item is necessary for the drone system to run as designed, the cost should be included as part of the drone system.
- **Equipment:** Any drone system (combination of UAV and all equipment to operate it) $2,500 or more purchased by the Grantee. This includes all accessories necessary to run the drone system as designed.
  - For drones not purchased with OWEB funds, Grantees may be reimbursed using an OWEB approved equipment usage rate. See Appendix 1 for more information on equipment rate policy and protocols.
- **Other**:
  - Software related to drone use or analysis of drone products (photography, thermal imaging, etc.).
  - FAA drone registration fee (all drones must be registered with FAA prior to use; see FAA links above for more information).
- **Indirect:** May include drone training, including staff time, workshops, and/or conferences. May also include drone certification, including a drone pilot's certificate through FAA.

Drone costs not eligible for reimbursement:
- OWEB funds cannot be used to pay for any fines or penalties imposed for not following FAA rules and regulations.

NOTE: Drone equipment and training-related expenses are NOT allowed for the Small Grant Program.

Things to Consider

1. **Grantees should consider notifying landowners who may be able to see the drone while in flight.** This consideration is different from a landowner agreement. This refers to notifying landowners who will likely be able to see the drone at times during its flight path, although their property will not be directly flown over and/or recorded during the flight. For example, a notification may include, but is not limited to, speaking to landowners, distributing handouts/postcards and/or a posting on a website or in a newspaper.

2. **Before including drone-related expenses in an application budget, Grantees should balance the cost of drone equipment purchases against the cost of hiring a contractor to do the work.** Be mindful of factoring in the cost of drone-related software, staff technical expertise and time required for post-flight image analysis, and the time required to go through the FAA Remote Pilot Certification process to be legally allowed to fly a drone.

Appendix 4: Applicant and Grantee Requirements

According to OAR 695-005-0040 (2):

> A regular grant applicant may be any tribe, watershed council, soil and water conservation district, not-for-profit institution, school, community college, state institution of higher education, independent not-for-profit institution of higher education, or political subdivision of this state that is not a state agency. A state agency or federal agency may apply for funding under this section only as a co-applicant with one of the other eligible entities. Any of these applicants or co-applicants may also serve as a fiscal agent for grants.

Federal Employer Identification Number (FEIN)

To be able to apply for grants, organization must have an FEIN. OWEB may enter into agreements only with legally established entities.

Starting July 1, 2019, OWEB will require all Grantees to have an active DUNS number that is able to be verified through System for Award Management (SAM) before the Grant Agreement is released. SAM verification expires after 12 months; you must go into the SAM system at least every year to renew your registration.

Data Universal Numbering System (DUNS) Requirement

A DUNS number is a unique nine-character number used to identify your organization. The federal government uses the DUNS number to track how federal money is allocated. Most large organizations, libraries, colleges, and research universities already have DUNS numbers.

How to Register for a DUNS Number

If your organization does not yet have a DUNS number, or no one knows it, visit the Dun & Bradstreet (D&B) website or call 1-866-705-5711 to register or search for a DUNS number.

Registering for a DUNS number is free of charge, so if you encounter any organizations or websites soliciting a fee or charge to acquire a DUNS number, it is likely a scam or fraudulent.

You will need all of the information listed below to obtain a DUNS number:

- Name of organization
- Organization address
- Name of the chief executive officer (CEO) or organization owner
- Legal structure of the organization (e.g., corporation, partnership, proprietorship)
- Year the organization started
- Primary type of business
- Total number of employees (full and part-time)

If your business has multiple locations, you can apply for a DUNS number at one, some, or all locations. Note that you don't have to apply for a DUNS number for all your locations. If you apply for a DUNS number for more than one of your physical locations, each application is only valid for the location specified.

Appendix 5: OWEB Insurance Requirements

OWEB implemented Grantee insurance requirements in January 2017. The OWEB insurance requirements were split into two categories, 1) general insurance requirements and 2) specialized insurance requirements. General insurance refers to coverage considered best practices for organizations conducting activities often implemented by OWEB Grantees. Specialized insurance refers to coverage types and amounts which fall outside the normal operations of an organization conducting activities normally funded by OWEB.

The general insurance requirements apply to all Grantees receiving construction, restoration, technical design, and assessment or monitoring project funds from OWEB. In addition, Grantees must ensure all contractors and consultants hired under these projects to complete construction, restoration, technical design, assessment, or monitoring activities will also carry the minimum insurance types and amounts described below. The minimum insurance requirements do not apply to contractors engaged in the following types of activities: facilitation, data analysis, and website design. Contractor insurance limits do not apply to landowners when the Grantee is contracting with the landowner to perform work on the landowner's property.

The insurance industry offers many types of insurance that can be purchased as add-ons to an organization's existing commercial general liability policy. Other types of coverage need to be purchased as stand-alone policies. Grantees may purchase specialized coverage as either a stand-alone policy or as a rider to an existing policy.

Table 1. Insurance Types and Coverage Amounts required for all construction, restoration, technical design, assessment, or monitoring projects funded through OWEB.

Insurance Type	Minimum Amount
General liability	$1,000,000 per occurrence, $2,000,000 aggregate
Auto liability (maybe included as an endorsement on a commercial general liability policy)	$1,000,000 combined single limit

Specialized Insurance Requirements

Some projects carry a greater risk to the organization, organization's employees, volunteers, and the community. On these more complex projects, Grantees are often contracting the technical work out to experienced contractors. When contracting out the technical work, the Grantee will only be required to meet the minimum OWEB insurance requirements, described in Table 1. The contractor must carry both the minimum insurance requirements plus any required specialized insurance. Specialized insurance requirements are described in Table 2 and the process for determining the insurance level is described below the table.

Table 2. Insurance Types and Coverage Amounts, depending on project type and work. Please note: Different insurance providers may call the insurance types listed below by different names.

Insurance/Project Type	Minimum Amount	When Required
Pesticide or herbicide applicator coverage*	$250,000 per occurrence, $500,000 aggregate	All projects that involve applying pesticide and/or herbicides.
Abuse or Molestation Coverage*	$100,000 per occurrence and $300,000 aggregate	All projects when Grantee employees or volunteers for the grantee are working with children.
Transporting volunteers on water*	Should be explicitly called out as covered under the commercial general liability policy.	When the Grantee transports stakeholders on the water as a part of the grant.
Professional liability	$500,000 per occurrence with $1,000,000 aggregate	All projects when Grantee employees have a professional license and are doing work that falls under that license.
Aircraft Aerial Application Liability	$1,000,000 combined single limit.	All projects that include aerial application of pesticides or herbicides.
Earth moving work around the footprint of a well	♦	■
Working with hazardous materials (not including materials used in the normal operation of equipment such as hydraulic fluid)	♦	■
Removal or alteration of structures that hold back water on land or instream including dams, levees, dikes, tide gates, and other water control devices (this does not include temporary diversion dams used solely to divert water for irrigation)	♦	■

* Insurance coverage that may be purchased as a stand-alone policy or included as an endorsement on a commercial general liability policy.

♦ See "Process to Determine the Insurance Amount" for more information.

■ DAS Risk Assessment Required.

Process to Determine the Insurance Amount

An organization applying for a project which includes a project type from Table 2 will have to upload a completed Risk Assessment Tool with the application. The link is at: https://www.oregon.gov/das/Risk/Pages/CntrctrInsReq.aspx. Once on this page, click the link "Services and goods contracts and grant agreements."

This is a spreadsheet with several tabs; please read the "Instructions" tab first. This tool is not a perfect fit for the types of projects being developed; however, the questions raised in the tool with help the applicant and OWEB determine the potential level of risk the project carries and any additional insurance requirements.

If the completed Risk Assessment Tool shows no additional insurance needed beyond standard insurance requirements, then no additional documentation or action is needed; however, if additional insurance types or coverage amounts are needed, then the Grant Agreement will reference the additionally required insurance if the application is awarded.

In either case, the applicant will fill out the Risk Assessment Tool and sign it to document their understanding of the insurance that may be necessary for the project. If the project is awarded, the applicant must acquire any required additional insurance to comply with the Grant Agreement.