



# Oregon Water Resources Department

## Water Resources Development Program

### Budget Procedures and Allowable Costs



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## **INTRODUCTION**

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For Applicants and Grantees, the Oregon Water Resources Department (Department) offers the following guidance, definitions, and policy regarding Grant budget procedures, categories, and allowable costs for its three funding opportunities: Place-Based Planning, Feasibility Study Grants, and Water Project Grants and Loans. This information is intended to help Applicants as they develop their proposed budgets for their applications and to help Grantees properly manage grant funds. The Department grant funds received for the purposes stated in your grant agreement are subject to the following policies.

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## **FISCAL REQUIREMENTS**

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Awards funded with state dollars must adhere to Generally Accepted Accounting Principles (GAPP). Grantees must ensure sub-grantees and sub-contractors comply with these requirements. Awarded funds shall be used solely for the Project as described in your Grant Agreement. Any change to any budget category or key task in the Grant Agreement Budget that is greater than 10% requires Department approval.

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## **REQUESTS FOR RELEASE OF FUNDS**

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The Department reimburses expenditures for goods and services that are: 1) actual and allowable, 2) included in the approved grant budget, and 3) incurred during the grant period. The Department may withhold funds for any expenditure that is not budgeted or is in excess of approved budget amounts. As specified in the grant agreements, Grantees may not obligate funds, order goods, enter into contracts, or request purchase orders prior to the start of the grant period.

Any request for Release of Funds shall be submitted on the form provided by the Department ([http://www.oregon.gov/owrd/Pages/Water\\_Resources\\_Development\\_Program\\_Forms\\_and\\_Guidance.aspx](http://www.oregon.gov/owrd/Pages/Water_Resources_Development_Program_Forms_and_Guidance.aspx)). The Department requires accurate, clear, and verifiable documentation of expenses incurred prior to reimbursement. Copies of receipts, invoices and other supporting documentation must be submitted with the correlating Request for Release of Funds itemizing the expenses. Release of Funds requires compliance with applicable reporting as required in your Grant Agreement.

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## **GRANT PROGRESS REPORTS AND FINAL REPORT**

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Grantees must submit complete progress reports to the Department in accordance with the schedule as stated in your grant agreement. Failure to submit timely reports can affect reimbursements, and future funding opportunities. In addition, missing progress report timelines may result in the suspension and/or termination of the grant. Grantees should use the appropriate progress report form(s) provided by the Department and found at [http://www.oregon.gov/owrd/Pages/Water\\_Resources\\_Development\\_Program\\_Forms\\_and\\_Guidance.aspx](http://www.oregon.gov/owrd/Pages/Water_Resources_Development_Program_Forms_and_Guidance.aspx)

Progress reports are due no later than 45 days after the end of each reporting period. Reporting periods for the Department funding opportunities are:

- Feasibility Study Grants – Jan 1-Mar 31, Apr 1-Jun 30, Jul 1-Sept 30, Oct 1-Dec 31
- Place-Based Planning Pilot Grants – Jan 1-Jun 30 and Jul 1-Dec 31
- Water Projects Grants and Loans - Jan 1-Jun 30 and Jul 1-Dec 31

Final reports are due no later than ninety days past the project completion date. Please note that ten percent of the total grant award will be retained by the Department until receipt and approval of the Final Report.

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## **ALLOWABLE COSTS BY BUDGET CATEGORY**

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Direct Costs: Direct Costs are those that are assigned to the project tasks identified in your Grant Agreement. Direct Costs are broken into six categories: 1) salary, wages, and benefits, 2) contracted services, 3) materials and supplies, 4) travel, 5) equipment, and 6) other. Each is explained below.

### 1. Salary, Wages and Benefits

This budget category pertains specifically to the grantee's in-house staff direct project costs directly attributable to grant award project and accrued within the grant period. Costs include: Gross wages, payroll taxes, and fringe benefits.

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to salary. Fringe benefits may include health insurance, retirement benefits, workers' compensation insurance, accrued leave time and unemployment benefit plans.

Compensation for employees will be considered reasonable to the extent that it is consistent with that paid for similar work comparable in the labor market. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

When requesting reimbursement, include only actual costs incurred (not billing rates). Grantees must provide invoices, receipts or reports to justify actual costs. The Department will only reimburse for actual costs for the project; no estimates of salaries or administrative rates are allowed in this category. Documentation may be in the form of time sheets or payroll reports and must, at a minimum, include: employer information, name of employee, position title, number of hours directly working on the project, date(s) of work, hourly rate, payroll taxes, and itemization of fringe benefits.

### 2. Contracted Services

This budget category pertains to all costs associated with hiring consultants, construction firms and any other contracted service from an outside organization, unrelated to the grantee, which are directly applicable to the grant award project. Labor, supplies,

materials, and travel are included in this category. All costs must follow state rates and policies (<http://www.oregon.gov/das/Financial/Acctng/Pages/Travel.aspx>). All work for which reimbursement is requested must occur within the grant period.

Contracted Services must follow current prevailing wage rates as established by the Oregon Bureau of Labor and Industries (BOLI) for any covered occupations per the current "Definition of Covered Occupations for Public Works Contracts in Oregon." Compensation for employees not covered under BOLI will be considered reasonable to the extent that it is consistent with that paid for similar work comparable in the labor market. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

When requesting reimbursement, do not lump all contract costs together except where a contractor bids a lump sum amount for a discrete deliverable. Contract cost must be itemized and match the Statement of Work as described in the grant agreement. Invoices must be submitted on letterhead, identify the grantee as recipient of services for project work, include an invoice date, and description and date of work performed.

### 3. Materials and Supplies

This budget category pertains to consumable items used during the course of the project and may include but are not limited to: Concrete, sand/gravel, equipment rental, field kits, monitoring supplies and gasoline.

The Department will not pay for clothing that would normally be used by one person, but may cover the costs of items shared among numerous staff such as waders, safety glasses, hard hats, etc.

When requesting reimbursement, invoices shall include the number of units and unit cost wherever appropriate.

### 4. Travel

This budget category pertains to grantee expenses incurred traveling to and from the project location or grant specific meetings. Contractor travel expenses are charged within the Contracted Services category and should be included in contractor invoices rather than under this "Travel" category.

The Department will reimburse travel expenses including mileage, meals and lodging at a per diem rate in accordance with current rates in effect and approved by the Oregon Department of Administrative Services (<http://www.oregon.gov/das/Financial/Acctng/Documents/40.10.00.pdf>). 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 (1) the Oregon Financial Responsibility Law (ORS 806.060) or (2) the jurisdiction in which the vehicle is being operated, whichever is greater.

Ineligible travel costs for reimbursement request include, but are not limited to; alcoholic beverages, entertainment, vehicle maintenance, tips/gratuuity (per State policy), lunch for one day travel (per State policy) and Out of State travel.

When requesting reimbursement, a detailed statement shall identify the starting location and project location, the unit cost per diem using the most direct and usually traveled route. Travel logs must document travel dates, times, destinations and mileage. Commercial airfare travel is only reimbursable when based on prior Department approval. Department approval will be based on situations where calculated automobile travel, per diem expenses and hourly rates total in excess of airfare costs and hourly rates.

#### 5. Other

This “Other” budget category pertains to grantee expenses which do not fit in another budget category. The Department will not reimburse for any costs associated with an individual’s license or permit, such as Oregon Professional Engineers stamp.

Costs may include project permit costs (with the exception of Water Resources Department permit/authorization fees), rental for meeting rooms, and project specific printing costs.

#### 6. Equipment

Equipment is defined as portable, nonexpendable items with a useful life of generally more than two years. Equipment is not an allowable grant expense unless it is specifically approved in writing by the Department prior to purchase. The Grantee must submit a written request for an exception and to request approval from the Department. When reviewing a request for equipment purchases, the Department may add conditions to the approval of equipment purchases. Equipment rental is allowed under the Material and Supplies category.

Administrative or Indirect Costs: Administrative costs include costs incurred for a common purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically assignable to the project identified in your Grant Agreement.

Administrative costs are costs relating to grant reporting and management, as well as, indirect related costs such as accounting, payroll preparation, facility, communication, and other related “over-head” expenses. Administrative costs may not exceed 10% of the total grant award. Grant preparation activities may not be included in this category. Grant funds may not be used to pay for program activities that the recipient is already obligated to pay or has already funded such as contractual agreements unrelated to grant activities, lobbying, membership subscriptions, fines and penalties. Documentation of actual costs is not required for this category.

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## **INELIGIBLE ACTIVITIES AND COSTS**

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Ineligible activities and costs may not be subject to reimbursement by the Department or used for matching funds, unless expressly permitted by the Department. These activities and costs may include but are not limited to:

1. Any costs associated with routine project maintenance;
2. Repayment of debt held by grantee and/or co-applicant or partnering organizations;
3. Fines and penalties against the grantee, co/applicant or partnering organizations;
4. Costs included in the grantees normal financial business plan and not specific to the grant project;
5. Personal licenses or certifications;
6. Legal fees;
7. Student tuition and fees;
8. Airfare (unless approved);
9. Equipment (unless approved);
10. Department fees associated with processing Water Rights;
11. Any costs incurred to prepare applications for funding to the Department or other entities;
12. Long-term monitoring costs (outside of grant agreement period);
13. Advertising and public relations expenses (unless project specific);
14. Costs related to capital improvements are ineligible (specific to Feasibility Grants).

Requests for release of funds for these activities and costs will not be approved by the Department, though periodic exceptions may apply. Exceptions must be approved by the Department prior to expenditure. This will help Grantees avoid costs that are ineligible for reimbursement.

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## **COST MATCH**

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Cost-match (or matching funds) are the Grantees' or other partner's investment in a study or project. The purpose of matching funds is to augment the amount of resources available to the project from grant funds and to foster the dedication of state, local, and community resources to the purposes of the project. The costs of activities counted as match must be directly related to the project goals and objectives. Cost match can take two forms: cash-match and in-kind match, which are explained below. Grantees must maintain records that clearly show the source, amount, and period during which the match was allocated. Grantees must ensure that match is identified in a manner that guarantees accountability during an audit. The amount of match required is included in your Grant Agreement.

Cost match funds expended prior to the Grant Agreement but within the grant biennium may be approved upon request by the Department prior to submission of the first grant Request for Release of Funds.

1. Cash Match

Cash match may include, but is not limited to grantee contribution, funds from state and local units of government sources (not including OWRD), and including any related interest earned on that program income. Cash match must be spent on allowable program-related costs consistent with the Grant Agreement, and must be included in the grantee’s financial records and progress reports.

When cash match funds are included in progress reports, ensure that the source of funds is identified, the date of contribution, and amount specific to the grant funded project.

2. In-Kind Match

In-kind match may include donations of equipment, monetary value of time contributed by professional and technical personnel and other skilled and unskilled labor if the service provided is an integral and necessary part of the grant-specified project.

The value placed on loaned or donated equipment may not exceed its fair rental value. The value placed on donated services must be consistent with the rate of compensation paid for similar work in the organization or the labor market. Fringe benefits may be included in the valuation. Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient organization for its own employees.

When in-kind match is included in progress reports the source, dates and nature of donation should be identified.

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**ADDITIONAL INFORMATION AND QUESTIONS**

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Questions about grant funds should be directed to the contacts listed below.

<b>Funding Opportunity</b>	<b>Email</b>	<b>Phone</b>
Place-Based Planning	<a href="mailto:placebasedplanning@wrd.state.or.us">placebasedplanning@wrd.state.or.us</a>	503-986-0875
Feasibility Study Grants	<a href="mailto:fsgrants@wrd.state.or.us">fsgrants@wrd.state.or.us</a>	
Water Project Grants and Loans	<a href="mailto:waterprojects@wrd.state.or.us">waterprojects@wrd.state.or.us</a>	