

Oregon Watershed Enhancement Board
BUDGET CATEGORIES: DEFINITIONS and POLICY
(Updated July 2015 for OMB Uniform Administrative Guidelines)

General Approach to Funding

For applicants and Grantees, the Oregon Watershed Enhancement Board (OWEB) offers these definitions for eligible budget categories and associated line item costs to OWEB. Application budgets must justify line item costs by including the appropriate unit costs shown. For all budget categories and associated line items, OWEB reserves the right to make adjustments. The budget categories below apply to all OWEB grant types unless otherwise specified. If you have questions or seek clarification, contact your OWEB Project Manager.

OWEB Operating Capacity grants for watershed councils and soil and water conservation districts allow some additional items in certain budget categories that are not allowed in OWEB project grants. These are costs formerly included in the Operating Costs budget category that no longer exist. The “Operating Capacity Grants” section at the end of this document clarifies what is allowed in each budget category.

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

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

Receipt Requirement

Copies of receipts, invoices or supporting documentation, for amounts \$250 or more, including grant administration (see budget category for clarification), will be required by OWEB. However, copies of all receipts, invoices or supporting documentation for costs charged to an OWEB grant must be retained by the Grantee for 6 years (from the project completion date) and provided to OWEB upon request. All expenses charged to an OWEB grant must be listed on the Grantee’s Expense Tracking Spreadsheet.

Once a grant is closed, OWEB may request the Grantee submit receipts that are under \$250 (see grant administration budget category), timesheets and payroll reports (to support salaries/wages/benefits and grant administration) for review. The intent of this review is to ensure the Grantee billed OWEB for actual costs. Grantees will submit the requested information to OWEB, which will be reviewed in the same manner OWEB reviews payment requests and receipts \$250 and over.

Salaries, Wages and Benefits

Refers to *in-house staff* (i.e., applicant employees for whom payroll taxes are paid) performing work on an OWEB grant. Costs include: gross wages, payroll taxes, health insurance, retirement benefits, accrued leave liability, and workers compensation insurance. Note: for the application budget these costs are estimates only. However, when billing OWEB, use actual costs incurred. OWEB accepts a Grantee letterhead or detailed QuickBooks expense transaction sheet as the receipt (see OWEB billing instructions). Following are examples of eligible staff. The examples listed are not all-inclusive, nor are all examples applicable to every OWEB grant type:

Assessment coordinator	Crew leader	Monitoring coordinator	Outreach coordinator
CREP technician	GIS technician	Monitoring technician	Project manager
Tech assistant biologist	Tech assistant engineer	Tech assistant geologist	Tech assistant hydrologist
Volunteer coordinator	Watershed coordinator	Transaction negotiator (ONLY Acquisition grants)	Stewardship planner (ONLY Acquisition grants)

IMPORTANT: On the application budget form, show the estimated number of hours, the cost per hour and position title for all staff assigned to the project. Timesheets and payroll records shall be maintained to provide documentation to support actual costs billed for Salaries, Wages and Benefits upon request by OWEB. Go to OWEB’s Grant Billing Instructions on the Forms page of the OWEB website (<http://www.oregon.gov/OWEB>); section 6 provides for receipt requirements regarding Salaries, Wages and Benefits.

Salaries, Wages and Benefits not allowed:

Work performed prior to the grant award date (standard procurement and contracting policies) except for Land Acquisition.	Work performed after the grant completion date (standard procurement and contracting policies).		
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Contracted Services

This budget category should be used to pay for all acceptable costs, as described below, (e.g. labor, supplies and materials and travel) associated with hiring consultants, construction firms, or other outside firms. Landowners performing work for the grant are to be paid from this category. All costs must follow state rates and policies. Do NOT lump all contract costs into one row, except when a contractor bids a lump-sum amount for a discrete deliverable, such as an appraisal for a land Acquisition project. Contract costs should be broken out and should match the scope of work described in the application.

^ indicates not an eligible activity in Small Grants

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

Watershed council coordinator	Project management	Mobilization	Seeding
Concrete work	Excavation	Mowing/herbicide application	Technical assistance
Controlled burning	Fencing	Off-stream watering	Technical consulting
Culvert replacement/installation	Juniper removal	Pipe/trough installation	Tidegate construction/installation
Electrical hookup	Log loading/hauling	Pond construction	Planting
Engineering	Log placement	Road/bridge work	Work crew labor
Invasive species control		^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 in drilling costs per non-monitoring well that demonstrates clear ecological benefit – See Budget Categories Policies at the end of this document
Installation of irrigation delivery (conveyance) mainline (including to center pivot corner(s)).	Appraisal (only Acquisition grants)	Environmental site assessment (only Acquisition grants)	Transaction negotiation (only Acquisition grants)

Contracted Services not allowed:

Work performed prior to the grant award date (standard procurement and contracting policies) except Land Acquisitions.	Work performed after the grant completion date (standard procurement and contracting policies).	Costs of a dry well or a well that does not produce expected ecological benefits - See Budget Categories Policies on page 13.	Costs of wells for domestic use – See Budget Categories Policies at the end of this document
Costs associated with portable items that are purchased and intended to reside with the landowner after the grant is complete. See * on the Equipment and Software budget category page		IT support costs must be included in the Grant Administration budget category	General website development
Contract administration is defined as staff or contractor time preparing and mailing contract documents or performing other administrative contract work. If “Contract Administration” is listed under Contracted Services as a line item on the budget application page OWEB will ask for clarification of the tasks.			

Materials and Supplies

Materials and Supplies are defined as consumable items that are normally used up during the course of the project, and include equipment costing less than \$300 (e.g. small portable electronic equipment). OWEB will not pay for clothing that would normally only be used by one person, but may cover the costs of items that will be shared among numerous staff such as waders and rain gear. On the application budget form indicate the No. of Units and the Unit Cost, wherever appropriate.

^ indicates not an eligible activity in Small Grants

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

Bridges/culverts/tidegates	Fencing (posts, wire, etc.)	Herbicides, pesticides	Pipe, fittings, troughs
Concrete, sand, gravel	Funding partner signage materials	Tree protectors	Plants, shrubs, trees ¹
Direct mail/postage (purchased solely for the project)	Gas/oil for small equipment	Lumber	Rocks, boulders, logs ¹
Portable equipment less than \$300	Grass seed	Waders and wading boots and their repair (will be used by multiple people) ²	Permanent solar panels/pumps ³
Electrical supplies	Ground cover fabric	^Monitoring supplies	Mulch, bark dust
^Hach kits	^First Aid Kits and refills	^Office Supplies purchased solely for the grant (e.g. write in the rain paper) ²	^Rain gear and its repair (will be used by multiple people) ²
Work gloves, shovels ²	^Safety gear (e.g.: hard hat, safety vest) ²	Miscellaneous tools/hardware ²	^Survey supplies

Materials and Supplies not allowed:

Items received or installed prior to the grant award date (standard procurement and contracting policies) except Land Acquisitions.	Items received or installed after the grant completion date (standard procurement and contracting policies).	Personal use clothing bought for and used by one individual (e.g. pants, hiking or work boots).	Used or inventoried materials (e.g. culverts, fence posts, pipe, etc.). May be used as match.
The following items are never considered essential for project implementation and are not allowed: donations, flower bouquets, greeting cards, gifts, and prizes.			

¹ See billing instructions on the Forms page of the OWEB website (<http://www.oregon.gov/OWEB>); section 5B provides documentation required for reimbursement of natural resource materials.

² These items will not be reimbursed if purchased by a contractor and then billed to the Grantee. These types of costs are considered to be included in the contractor's costs of doing business and should be included in a contractor's billing rates and are not reimbursed by OWEB as additional costs.

³ Permanent means they are intended to remain in the place where installed, but may be removed from time to time for maintenance and/or winter protection. OWEB will not pay for pump/panel maintenance.

Travel

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

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

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

On the application budget form, the unit cost for per diem must be calculated using the most direct and usually traveled route, and must be based on rates approved by the Department of Administrative Services (DAS) that are in effect at the time the application is submitted. Reimbursement, however, is based on rates at the time the travel occurs. DAS periodically updates rates. Current approved rates for determining a unit cost estimate may be found on the Forms page of the OWEB website (<http://www.oregon.gov/OWEB>). Be sure to use the most current “Travel Rates Effective MM/DD/YYYY” link

Travel logs must be submitted. The travel logs must document travel dates, times, destinations, miles, etc. See OWEB’s billing instructions for an example of a travel log.

^ indicates not an eligible activity in Small Grants

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

^Meals and per diem: If Grantees are seeking reimbursement for per diem, including meals and lodging , they must use the most current rates found at the link above. If Grantees are seeking reimbursement for actual meal and lodging costs receipts must be kept and costs cannot exceed the current per diem rates, found at the link above.			
Vehicle mileage reimbursement at State rates. Rate includes costs for car insurance, gas, oil, maintenance, etc.	^Conference and workshop registration	^Commercial rental car charges for vehicle rental and gas	^Motor pool/fleet charges for vehicle rental and gas
^Parking	^Project specific training	^Lodging taxes	

Travel costs not allowed:

Travel prior to the grant award date except Land Acquisitions	Travel after the grant completion date	Lunch not reimbursed on one day travel (per State policy)	Out-of state travel (only allowed with OWEB manager prior approval)
Tips/Gratuity (per State policy)	General training	Airfare (allowed only if cheaper than mileage reimbursement plus staff travel time)	

Equipment and Software

Equipment and software are defined as portable, nonexpendable items with a useful life of generally two years or more, and a per unit cost of \$300 or more (any items less than \$300 belong in supplies and materials) . List only equipment and software where the cost to OWEB is \$300 or more per unit. Indicate the No. of Units and the Unit Cost (wherever appropriate).

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

Only include the purchase of computers, printers, scanners and software of \$300 or more here that are specifically necessary for the project.

Otherwise these items should be included in the Grant Administration Budget Category.

Following are examples of eligible equipment and software. Information on repair and maintenance of equipment can be found on page 7. The examples are not all-inclusive, nor are all examples applicable to every OWEB grant type:

Auger	Specialized computer/laptop	Specialized printer	Specialized scanner
Specialized software	Digital cameras	Posthole digger	Thermograph, plotter
Chain saw	GPS unit	Weed trimmer	Data logger
Brush cutter			

Equipment and Software not allowed:

Items received prior to the grant award date (standard procurement and contracting policies) except Land Acquisitions.	Items received after the grant completion date (standard procurement and contracting policies).	In Small Grants (OWEB rules).	Accounting staff, executive director, office support staff, etc. Equipment accounted for in the Grant Administration budget category. (only allowed in Grant Administration budget category).
Vehicle and ATV purchases (not allowed because of the perception of misuse of public funds for private benefit).	Portable items that are purchased and intended to reside with the landowner after the grant is complete. See *above.		

Other

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

^ indicates not an eligible activity in Small Grants

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

^Meeting refreshments (agenda and sign-in sheets required)	^Rental for meeting rooms	^Business meetings (not staff meetings) lunch reimbursements only allowed if attendance is required and the agenda documents the meal period is designated as a work session. Sign-in sheets and agenda are required.	Land use signature costs. May be incurred prior to the start date of the grant agreement.
^Project onsite rent and utilities only if project requires separate office space and utilities at the project site.	Storage facility rental required for the project.	^Liability insurance specifically required for the project	Commercial equipment rental and insurance
^Grantee-owned and landowner-owned equipment rental. Hourly rate includes all operating costs and cannot exceed NRCS hold-down rates (generally 60% of commercial rates).	Small equipment repair and maintenance (chainsaws, weed eaters, augers, etc.).	Project Permit costs, and regulatory agency fees.	Purchase price of fee simple interest in land
Purchase price of a conservation easement	Project specific printing costs	Repair and maintenance of spray equipment, non-contract service related (Only Weed Board Grants)	

Other not allowed:

Costs incurred prior to the grant award date (standard procurement and contracting policies) except land use signature cost and Land Acquisitions.	Costs incurred after the grant completion date (standard procurement and contracting policies).	Individual’s license or permit such as pesticide application license (may be allowed in State Weed Board grants; see Weed Board grant guidance), Oregon engineering stamp, Boater or ATV safety education cards (not allowed because of the perception of misuse of public funds for private benefit).	Repair of rental equipment.
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Post-Grant

This budget category refers to costs incurred after the grant has been completed and generally include:

- Post-Implementation Status Reporting (required for most restoration grants). Costs up to \$3,500 that are associated with the post-implementation status reporting requirements (complying with the terms and conditions of the grant agreement) and defined in Exhibit D of OWEB grant agreements. **Costs for post-implementation status reporting are not allowed in Weed Board grants.**
- Effectiveness Monitoring in Restoration Grants. Costs up to \$3,500; (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 Post Implementation Status Reporting to the effect in the ecosystem.)
- Plant Establishment in Restoration Grants. Costs up to \$3,500; (Plant establishment activities occur after site preparation and planting and include activities necessary for long-term survival of the plantings, including, but not limited to: regular and ongoing control of invasive weeds (e.g. mulching, weed treatment, etc.); regular and ongoing control of animal damage to the plantings (e.g. maintaining/replacing caging, fencing or other methods of animal control); regular and ongoing watering or irrigation.
- Small Grants:
 - Year Two Status Reporting in Small Grants. Costs up to \$200.
 - Plant Establishment in Small Grants. Costs up to \$1,000 for two years.

Grant Administration

As of December 26, 2014, the Federal Government released the Uniform Administrative Requirements that combines eight grant related circulars into one document (2 CFR). This document applies to federal agencies that make federal awards to non-federal entities which can flow down to sub recipients. Non-federal entities must comply with the Uniform Administrative Requirements whether they are recipients or sub recipients. OWEB has worked with its primary federal agency, NOAA, to clarify the Circular, as it relates to OWEB and its grantees, for the treatment of indirect costs as they are applied to modified total direct costs (MTDC). See below for definition of MTDC.

Federally negotiated indirect and 10% *de minimis* rates

The Circular requires OWEB to accept all federally negotiated indirect rates for its grantees. If this method is selected, the grantee must submit proof of the approved federally negotiated indirect rate prior to the release of the grant agreement.

The Circular also establishes a 10% *de minimis* indirect rate on MTDC that grantees can elect if they have never received a federally negotiated indirect cost rate. Grantees that select this method are not required to submit receipts for Grant Administration costs.

OWEB negotiated indirect cost rate up to 15%

The Circular also allows OWEB to negotiate an indirect cost rate with grantees. OWEB will negotiate up to a 15% indirect cost rate on MTDC. This rate will be negotiated for each grant and will be based on actual costs submitted either on a receipt basis or on a cost allocation basis. If this option is chosen, the grant applicant will indicate on the "OWEB Grant Administration and Indirect Cost Rate Agreement" form which one of the following billing methods will be used to bill for Grant Administration costs.:

1. If the rate is below 10%, OWEB will allow the billing to follow the *de minimis* rules (no receipts required for Grant Administration costs.)
2. Receipt Billing: Grantees would select this billing method when their grant administration costs are charged to projects on an item-by-item basis. These Grantees must submit receipts for items \$250 and over. All receipts must be kept and provided to OWEB on request.
3. Cost Allocation: Grantees that select this billing method must have accounting practices in place that support charging costs to a cost allocation pool, and must submit cost allocation supporting documentation for allocations \$250 and over. Most agencies divide administration costs either on FTE , time worked, or as a percentage of their MDTC. An example of a Grantee's cost allocation documentation can be found in the OWEB Billing Instructions on the Forms page of the OWEB website (<http://www.oregon.gov/OWEB>).

If a grantee has negotiated an indirect cost rate with OWEB, any unspent Grant Administration funds cannot be moved to another budget category, the unspent funds will be recaptured by OWEB at the conclusion of the grant.

Grantees with an OWEB Negotiated Indirect Cost Rate may request to move funds from other categories into the Grant Administration budget category up to 15% of the grant subtotal; however, they must have the receipts to prove these additional costs and overall grant totals will not be increased to allow this change.

No grant administration requested

If a grantee does not request grant administration they must still submit an OWEB Grant Administration and Indirect Cost Rate Agreement form, check the OWEB Negotiated Box and insert a "0" rate.

Calculation of Indirect Costs on Modified Total Direct Costs:

Direct costs are those costs which can be identified and assigned to a specific project or grant activity. These include:

- Salaries and wages of employees
- Employee benefits
- Consulting services and engineering fees
- Travel costs
- Materials, supplies, printing, postage, telephone and messenger services
- Other

“Post-grant” costs are not included in the calculation of direct costs. Also, some kind of costs, such as the cost of purchasing land or water right for acquisition grants, will be removed from the direct cost total. Because of this, the total amount you can use to calculate indirect on is called the Modified Total Direct Cost.

An indirect cost rate is a tool for determining the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base. Indirect cost rates (no matter the amount or rate) will not increase or decrease the amount of indirect you actually receive for your organization.

The following table indicates the allowable grant administration rates by grant type

	NO Grant Administration Allowed	10% <i>de minimis</i> 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
Outreach		X	X	X
Acquisition *		X	X	X
Small Grants		X		
Council and District Capacity	X			
Weed		X		
CREP Cost Share	X			

*Indirect costs are calculated on the modified direct costs less capital assets costs such as land and water rights.

Examples of Grant Administration costs:

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

Grant Administration costs not allowed:

Costs incurred or items received prior to the grant award date (standard procurement and contracting policies).	Costs incurred or items received after the grant completion date (standard procurement and contracting policies).	Computers/laptops required for project implementation. Should be included in equipment budget category.	Vehicle insurance (covered by mileage reimbursement rate).
Overdrafts, late fees, finance charges, penalties and interest (accountability of public funds).	Costs that are charged to Operating Capacity Grants – no double billing.		

Operating Capacity Grants for Watershed Councils and Soil and Water Conservation Districts

OWEB Operating Capacity grants for watershed councils (councils) and Soil and Water Conservation Districts (districts) help fund costs such as staff, contractors and operating costs of these Grantees. The costs listed below are eligible **only** in OWEB Operating Capacity grants for councils and districts in the following budget categories: “Contracted Services;” “Other;” “Materials and Supplies;” and “Equipment and Software.” Examples are provided below. For a council and district whose OWEB Operating Capacity grant does not fully fund the operating or facilities and administration costs of the council or district, the council or district may charge operating costs to the Grant Administration budget category in any OWEB project grant. If a council or district with an OWEB Operating Capacity grant also acts as its own Fiscal Agent and charges a portion of its operating costs to both the Operating Capacity grant and to “Grant Administration” in project grant(s) then the receipts submitted must clearly document the pro-rated share allocation of costs to “Grant Administration” and to the budget categories in the Operating Capacity grant.

In addition, grantees receiving operating capacity grants must ensure accounting controls are in place to prevent double charging an expense to the capacity grant and the grant administration budget category in a project grant. Also, if the Grantee charges Grant Administration using the 10% *de minimis* option in other OWEB grants, the grantee cannot collect more funds than expenses between the Operating Capacity grant operating costs and the other OWEB project grants grant administration costs. Upon request of OWEB, grantees receiving operating capacity grants will furnish expenditure and revenue reports, payroll records, timesheets and receipts documenting the total operating revenues collected and total operating expenses charged for the council or district for the period requested..

Allowable Costs for council and district Operating Capacity Grants

Salaries, Wages and Benefits

- Hours worked that cannot be readily assignable to a project grant

Contracted Services:

- IT support costs and general website development
- Audit and Tax prep costs
- Contracted grant administration

Materials and Supplies:

- General Office supplies (e.g. paper, pens, toner, etc.)
- Postage, copy and printing costs

Equipment and Software:

- Office equipment (e.g. copiers, printers and scanners)
- Computers, laptops and software for non-project activities (e.g.: accounting staff, executive director, office support staff, etc.)

Other:

- Rent, Utilities, Janitorial, Yard Maintenance
- Insurance
- Banking fees, Payroll Service fees, Business license fees

Unallowable Costs for council and district Operating Capacity Grants:

- Grant administration

BUDGET CATEGORIES: POLICY

Ineligible Activities for Grants

- Any costs for a watershed improvement project that consist solely of construction of a water storage structure for an out-of-stream use not related to watershed restoration or protection. ORS 541.375(8), OAR 695-010-0040(1)
- Projects required as a condition of a local, state, or federal permit. Any costs related to a watershed improvement project constructed solely to comply with a state or federal agency enforcement order, legal judgment or mitigation requirement. OAR 695-010-0040(3)
- Any costs associated with routine project maintenance costs. Maintenance does not include those activities necessary to establish the improvement. 695-010-0020(2)
- Any costs related to a water conservation project, unless there is a measurable in-stream flow benefit, groundwater benefit or water quality improvement. OAR 695-010-0040(5)
- Other than as proposed and approved as part of a Special or Focused Investment Partnership, any costs for a fish screening project eligible for funding through the Oregon Department of Fish and Wildlife's fish screening program. OAR 695-010-0040(2). For all projects, OWEB requires applicants to consult with ODFW about the eligibility and design of fish screening projects before submitting an application to OWEB. Applications to OWEB should be accompanied by a letter from ODFW regarding the proposed design and stating whether the fish screening project is eligible or ineligible for ODFW funding. OWEB will not release funds from grant awards for fish screening projects until it has received a letter from ODFW confirming the project is not eligible for ODFW funds. For Special or Focused Investment Partnerships, applicants must still coordinate with ODFW and explain in their application how funding will be coordinated between the two agencies' funding sources. Fish screening projects are never allowed in Small Grants.

Policies

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

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

Levees and Dikes: For the purpose of this document, a levee or dike is defined as a structure intended to contain a body of water including a river, lake, stream or wetland. If a project proposes to build or repair a levee or dike, OWEB will not consider funding the levee or dike unless it is essential to other project components that provide significant ecological benefit addressing watershed limiting factors. Because levees and dikes restrict natural watershed process and function, OWEB prefers not to fund such structures and requires applicants to show they have sought other funding to pay for levees or dikes. Applications that request OWEB funding for levee or dike construction or repair must be accompanied by a letter from project partners that are providing cash funding for the project, stating whether the levee or dike component of the project is eligible or ineligible for funding by the partners. OWEB will not release funds from grant awards for levee or dike construction or repair until it has received such letters from all project partners that are providing funding for the project.

BUDGET CATEGORIES: POLICY

Costs of Wells:

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

Ineligible well costs:

- Wells will not be funded through OWEB if any portion of the well will be for domestic use. For example, if a 4 inch pipe is needed for livestock use, this size must be justified in the design and OWEB will not fund an 8 inch pipe that would allow additional water use for home or other purposes. The criteria used for determining pipe size should be clearly described in the application.
- 'Dry wells,' including wells unusable due to water quality problems, will not be compensated. A dry well is generally described as a well drilled that does not produce water for the intended purpose - one that does not produce any, or the desired amount of water when drilled. OWEB funds may only be used for costs of a well that meets the water needs of the project.

Eligible well costs:

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

- 1) The well is part of a larger project that has a clear ecological or conservation benefit. Wells will not be paid for independent of other components within a restoration project. The application must clearly demonstrate compliance with (a) – (c) below:
 - a) 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.
 - b) The well will meet any appropriate Water Resources Department regulations.
 - c) Any proposed irrigation wells are for land that is already covered by existing irrigation rights, and the proposed project will not bring additional acres under irrigated production. Examples of irrigation well projects may include conversion (transfer) from a surface water to a groundwater source for irrigation. As noted above, the Water Resources Department must approve the water source transfer.

*Drilling costs mean costs incurred to physically reach groundwater. Costs associated with permitting, water delivery and water storage are not considered drilling costs and are not subject to the \$2,500 reimbursement limit.

Not applicable to monitoring or research wells:

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.