CONSERVATION AND RESOURCE DEVELOPMENT DIVISION

Renewable Resource Grant Program - RRG

Irrigation Development Grants (IDG) Grant Application Guidelines

2026 Application Cycle – At a Glance		
Application Period:	November 14, 2025 to January 9, 2026 at 5:00pm	
Eligible Applicants:	Private individuals and organizations	
Program Focus:	Projects that develop irrigated agriculture and have measurable renewable resource and public benefits	
Maximum Grant Request:	\$50,000	
Match Requirement:	50% Cost Share (50% of Total Project Cost)	
How to Apply:	Online at https://grants.dnrc.mt.gov/	

Program Overview

The Department of Natural Resources and Conservation (DNRC) Irrigation Development Grant (IDG) Program supports irrigation projects that increase or sustain irrigated agriculture in Montana. Projects must address a need that will result in a benefit to irrigated agriculture.

Eligible Applicants

The following are considered eligible applicant types in this grant program:

- Individuals/Private Persons¹
- Associations
- Partnerships
- Corporations

Eligible Projects

Eligible projects are those that:

- Measurably conserve, manage, develop, or preserve resources.
- Provide public benefits. (MCA 85-1-609 (1)(g)))
- Address development or sustainment of Montana's irrigated agriculture.

¹ As defined in MCA 85-1-102(6)(a), "Private Person" means any individual, association, partnership, corporation, or other non-governmental entity that is not eligible for loans and grants under MCA 85-1-605.

- Initiate or increase the applicant's water conservation or measurement efforts.
- Are constructed, developed, and operated within the State of Montana.

Example **ELIGIBLE** project types in this program:

- Advancement of farming practices that reduce agricultural chemical use
- Land leveling
- Planning
- New development
- Repair and upgrades
- Measurement

Ineligible Projects

The following project types are ineligible in this program:

- Irrigation projects for lawns or domestic use.
- Irrigation for alfalfa or hay for personal use (MCA <u>90-9-102</u>, <u>90-9-401</u>).
- Projects resulting in adverse effects to renewable resources.

Eligible Expenses

Eligible expenses must be approved by DNRC, tie directly to a DNRC-approved project scope, and be incurred within the grant period of performance.

Example eligible expenses:

- Contracted technical or engineering services.
- Contracted construction services.
- Purchase of equipment or materials.

DNRC generally cannot reimburse expenses incurred prior to the DNRC grant award date.

DNRC may consider reimbursing project expenses the applicant has incurred prior to the award letter date on a case-by-case basis. Regardless, DNRC cannot reimburse any costs incurred before July 1, 2025.

Ineligible Expenses

Irrigation Development Grant funds cannot reimburse:

- Grant administration costs
- Program costs² and/or indirect costs
- Purchase of resalable or moveable equipment (e.g., pivots or pumps)

 ^{2 &}quot;Program costs" means non-reimbursable costs not directly related to the project. See Appendix A – TERMS for more information.

- Loan payments (not sure if this should "repayment or payment)
- Political lobbying or litigation
- Land or property acquisition
- Food or beverages
- Activities that limit lawful access to property (MCA 85-1-602 (4))

Match Requirement

The maximum grant request is \$50,000 but this program requires a 50% cost share MCA 85-1-614 (b). DNRC will reimburse grant recipients for eligible expenses totaling 50% of the project cost, up to \$50,000.

Match may be in-kind services or cash from local, state or federal sources. However, all match must be directly related to the grant-funded project. The grant recipient must document all matching funds with accounting records (invoices, daily personnel or equipment-use logs, etc.). See **APPENDIX A – TERMS** for more information regarding DNRC's match requirements.

In-Kind Contributions

In-kind contributions may be included as match. Eligible in-kind contributions are those project-specific contributions associated directly with project implementation.

If your budget includes in-kind labor, always reference the source for your labor value estimate. You will be required to provide daily logs substantiating in-kind contributions, as well as calculations performed to determine the value of the contribution.

It may be helpful to use the U.S. Bureau of Labor Statistics website to estimate labor values for Montana: https://www.bls.gov/oes/current/oes_mt.htm.

Project Eligibility and Ranking

DNRC considers the following criteria for project eligibility and ranking:

- The extent and desirability of public benefits.
 - Irrigated acreage impacted by the project.
 - Economic impacts of the project.
- A water-related project that will be used as part of a family farm must be given preference. A
 family farm is one devoted primarily to agriculture under the ownership and operation of a
 resident Montana family.
- A water-related project that will utilize or develop water reserved under 85-2-316 must be given preference.
- Geographic balance in the promotion of renewable resource grant projects.
- The extent to which the project will effectively utilize water resources and promote the conservation and efficient use of the water resource.
- Projects that could not be accomplished without the assistance of a loan or grant must be given preference.

- Financial feasibility. Committed cash match will receive a higher preference than uncommitted match or in-kind match.
- Technical feasibility, the thoroughness and feasibility of the project's implementation plan and schedule.
- If a project is determined to have adverse environmental impacts that cannot be mitigated and does not preserve the state's renewable resources per 85-1-601, MCA, it is ineligible for a grant.

Notification of Award

DNRC will issue an award letter to successful applicants. The applicant will be responsible for providing documentation to DNRC to meet start-up conditions, including a procurement plan, within the timeframe identified in the award letter. Failure to meet start-up conditions within a 12-month period will result in a rescinded award.

DNRC generally cannot reimburse expenses incurred prior to the DNRC grant award date.

Grant Management

See the RRG webpage for information about grant management. Pertinent information is under the Grantee Information section: https://tinyurl.com/RRG-Proj

- **Grant Agreement:** DNRC grant recipients must enter into a grant agreement with DNRC prior to requesting reimbursement for eligible project costs.
- **Reimbursement and Reporting:** Reporting and reimbursement information is available on the RRG website: https://tinyurl.com/RRG-Proj
- **Grant Closeout:** Irrigation Development Grants require a final report and closeout documents to close the grant. DNRC will withhold up to 10% of the total grant amount on the final reimbursement until the grant recipient has submitted an acceptable final report.

Program Contact

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Legal Authority

Montana Code Annotated:

MCA <u>85-1-602</u>, <u>605</u>, <u>608</u>, <u>609</u>, <u>610</u>

Administrative Rules of Montana:

ARM 36.17.6

CONSERVATION AND RESOURCE DEVELOPMENT DIVISION

Renewable Resource Grant Program - RRG

Irrigation Development Grants (IDG) Grant Application Worksheet

Applications must be submitted online through Submittable, DNRC's grant management platform: https://grants.dnrc.mt.gov

Applications are due January 9, 2026, by 5:00pm.

Please read the Program Application Guidelines before applying.

Use this Worksheet as a Guide

Applications must be submitted online in Submittable. This document depicts the application form and is intended as a worksheet. DNRC recommends applicants use this worksheet to compose their application responses and collect supporting documentation in advance of submitting an online application.

Grant Application Worksheet

The pages that follow show the application form as it will appear in Submittable.

DNRC will primarily communicate with all grant applicants through Submittable, DNRC's grant management platform. The grant applicant MUST hold the primary Submittable account for the application. The applicant can then add "Collaborators" to an application to view and edit the application form.

Do you need to add a collaborator to help complete the application? Find the "Invite Collaborators" link in the upper right-hand corner of the application form. Add email addresses to invite anyone you'd like to work with on your submission or application. They will receive an email invite to collaborate with you. Be sure to check your spam folders for emails from "Submittable".

Help with adding "Collaborators" in Submittable.

Project Title (required)

Project title must include the project owner or entity name. Example: "Johnson Open Ditch to Pipeline Conversion"

Please review the Grant Application Guidelines before completing this application.

Key Grant Requirements:

- Private individuals and organizations are eligible applicants.
- Projects must develop irrigated agriculture and have measurable renewable resource and public benefits.
- The maximum grant request is \$50,000. There is a 50% match requirement.

Applicant Information

Applicant Name (required)

This is the private individual or entity applying for this grant.

- Individuals: Provide first and last name. Example: John Johnson
- Organizations: Provide Business Name as appears in Montana Secretary of State registration. Example: Miller Family Farm, LLC.

Applicant Mailing Address (required)

Country (required)	
Address (required)	
Address Line 2	
City (required)	
State, Province, or Region (required)	Zip or Postal Code (required)

Applicant Phone Number (required)
Applicant Email Address (required)
Applicant Linan Address (required)
Additional Project Contacts
List full name, affiliation, phone number, and email address for others working on this project. For example, list engineers and/or consultants.
Is the applicant partnering with or sponsoring another person/entity on this grant application? (required)
□ No
Yes
Ductional constant
Project Location
Project Location Latitude/Longitude (required)
Example: 43.1234, -105.1236 (must be in decimal format)
Instructions for using Google Maps to find latitude and longitude:
Locate the project area in Google Maps.
2. Right click on the project location. A pop-up should appear that includes the latitude and
longitude numbers at the top.
3. Click the numbers at the top of the pop-up to automatically copy them.
4. Paste the numbers in this field. You can also manually type them in.
County (required)
Primary Montana County where project activities will occur.

Upload Project Location Map (required)
Choose File
Upload map(s) of project area and project components. Map sources may include Google Maps, USDA farm maps, etc.
 The maps MUST include: A north arrow and scale. Identification of new construction/rehabilitation areas Identification of project planning area, points of diversion, and places of use. Identification of water sources. Ensure an individual unfamiliar with the property can identify the project location and components using the maps provided.
Is project site owned or leased? (required)
Owned Leased
Water Rights Status (required)
Does the project require a new water right or a change of use authorization? Please describe. Do you need to look up Water Rights? Montana Water Rights Query System
Project Information
Is this a Resident-Family-on-Farm Project (required) Yes No
Resident-Family-on-Farm projects are given grant funding preference. A family farm is one devoted primarily to agriculture under the ownership and operation of a resident Montanan Family. MCA-85-1-610(2)

The USDA classifies family farms as any farm organized as a sole proprietorship, partnership or family corporation. This excludes farms organized as nonfamily corporations, or cooperatives as well as farms with hired managers.

Project Type (required)
Construction of New Irrigation Systems Repair/Replacement of Existing Irrigation Systems Planning/Engineering/Design Only Flow Measuring and/or Monitoring
Select all that apply.
Project Activities (required)
Land Clearing/Leveling Distribution Systems Work (Canals, Ditches, and/or Pipelines) Power Installation Pump/Sump Site Installation Headgate Installation Measurement and/or Flow Monitoring Equipment Installation Other
Select all that apply. Ineligible Activities: Purchase of sprinkler systems such as wheel lines and pivots Purchase of pumps
Total Acres Expected to be Impacted by Completed Project (required)
30-100 Acres 100-250 Acres Over 250 Acres
Project Information What problem will this project address? (required)
Provide a 1-3 sentence answer. Limit 100 words.

Example: The existing monitoring system is failing. Accurate water-use measurements cannot be obtained, leading to inefficient water management. The current system does not have capability to remotely manage pumps, which further limits the collection of timely and accurate water-use data.

What is the goal of the project? (required)
Provide a 1-2 sentence answer. Limit 100 words.
Example: Replace and upgrade the SCADA system and valves for the farm's irrigation supply and sprinkler system. The project is expected to better conserve and manage surface water supply and increase the acres of irrigated crops by 400 acres.
What are the project steps? List project steps using bullets. (required)
Use bullets to list the steps of this project.
 Example: Complete project design. Obtain specifications and cost estimates from three vendors. Install SCADA and valves.
What is the timeline for major project milestones? (required)
Provide a detailed project schedule including the estimated times for project start, design, installation, and completion.
Example:
 Finalize Project Design: Summer 2026 Procure Services and Purchase Materials: Summer 2026 Installation: Fall 2026
Project Closeout: December 2026
How will the project's success be measured? (required)

Provide a 1-2 sentence answer. Limit 100 words.

Example: The improvements to the irrigation system will be measured by collection of accurate, timely water-use data with the SCADA system, as well as the increased acreage of irrigated crops.

Financial Information

Procurement

Grant recipients are responsible for ensuring contracted services, purchases or goods or services are procured in compliance with the Montana Procurement Act (Title 18, Chapter 4) and local procurement laws, rules, or policy.

See	e <u>DNRC's Procurement Guidance Document</u> for more information.
	By checking this box, the Grant Applicant acknowledges that Grant Administration is not eligible
	for reimbursement through the IDG Program, (required)

Budget Table (required)

	This DNRC IDG Grant			Grants or		
Task	Request	Applicant/Owner Cash	Applicant/Owner In-Kind	Loans	Other	Total
Grant Administration – Personnel Costs	N/A					
Grant Administration – Professional Services	N/A					
Contracted Engineer or Technical Services						
Construction						
Total						

- Projects with committed cash match will receive higher preference than uncommitted match or in-kind match
- Eligible in-kind contributions are those project-specific contributions associated directly with project implementation. If your budget includes in-kind labor, reference must be made to the source for your labor value estimate. A good resource for labor values can be found on U.S. Bureau of Labor and Statistics website for Montana: U.S. Bureau of Labor and Statistics

Summary of Matching Funds

Funding Source	Amount and Commitment Type
Applicant/Owner Cash	
Applicant/Owner In-Kind	
Grants or Loans	
Other	
Total Matching Funds	

Indicate whether the matching funds are:

- Committed Upload documentation of committed funds in field below.
- Applied Indicate the date the funds were applied for.
- Not Committed

Total Irrigation Development Grant Request (required)
Enter the amount of Irrigation Development Grant funds requested in this application. Maximum request is \$50,000.
Total Match Funds (required)
Please enter the amount of match funds for this project. Match (cash or in-kind) is required.
Match funds must be equal to or greater than the requested grant amount.
Fotal Project Cost (required)
Enter the total project cost.
Total project cost must equal the grant request plus match amount.
Jpload Documentation of Committed Match (required)
Choose File
Grant applicants must submit a Letter of Match Commitment for their match, including cash
and in-kind funds.
 If additional funding sources are included in the budget spreadsheet, upload letters or documentation of commitment from each funding source.
Awarded applications will not move to the agreement stage without a complete funding package. DNRC
will not enter into an agreement with the recipient until all sources of funding are committed.
Check below to certify the Grant Applicant understands that: (required)
DNRC grant recipients are required to enter into an agreement with the DNRC prior to requesting reimbursement for eligible project costs.
Grant recipients must follow state procurement law for expenses to be eligible for reimbursement.
Project expenses incurred prior to the receipt of a Grant Award Letter are not eligible for reimbursement.

Renewable Resource and Public Benefits

Eligible projects must have clear, verifiable metrics for renewable resource and public benefits. $\underline{\text{MCA 85-}}$ $\underline{\text{1-602}}$

Select each Renewable Resource that will be impacted by the project. (required)
Surface Water Quality and Quantity
Groundwater Quality and Recharge
Soil Health and Conservation
Vegetation and Ecological Function
Energy Consumption
Only one selection is required. Select all that apply.
For each renewable resource you select, you will be asked the following question:
How will the project benefit the renewable resource selected? Describe the current condition and expected change. (required)
3 (34 - 37
nclude data, if possible.
Select each Renewable Resource that will be impacted by the project. (required)
Local, Regional, or Statewide Economy
Public Health and Safety
Recreation
Only one selection is required. Select all that apply.
For each public resource you select, you will be asked the following question:
How will the project benefit the public resource selected? Describe the current condition and expected change. (required)
nclude data, if possible.

Montana Environmental Protection Act (MEPA)

Construction of NEW irrigation systems ONLY—You will be asked to provide a MEPA Checklist here:
(required)
Choose File
Upload a file. No files have been attached yet.
Acceptable file types: .pdf, .jpg, .jpeg
Download the MEPA Checklist Form, complete and upload. Checklist located here: Checklist
Describe how this project will move forward if a grant is not awarded. (required)
Projects that could not be accomplished without the assistance of a loan or grant must be given preference. MCA 85-1-610(6)
Certify - The Grant Applicant acknowledges that all required permits must be acquired prior to the start of construction activities. (required)
Authorizing Statement
I have signed and submitted the Authorizing Statement. (required)
Your application will not be accepted without this document. Download the Authorizing Statement, complete and attach to this application.

Before you Submit

- The verification of receipt will only go to the email address associated with the person that registered for the Submittable account.
- Once you have completed your application, please click "Save" and "Submit". Can't Submit? Go back and look for missing information in the required fields "*".
- No confirmation email? Please log in to your Submittable Account and verify the email address on the account and check your junk mail folder.

Save Draft

Submit Form

Appendix A: Terms

Amendment

An amendment is a formal modification to a grant agreement. It is written, signed by both DNRC and the subrecipient, and legally incorporated into the Grant Agreement.

Applicant

"Applicant" means the following who submit an application under the act, meeting the purposes and policies of the act pursuant to <u>85-1-601</u>, MCA:

- (a) a local governmental or state governmental entity eligible under 85-1-605, MCA;
- (b) a tribal government eligible under 85-1-605, MCA; or
- (c) a private person that is an individual, association, partnership, corporation, or other governmental entity that is not eligible for loans and grants under 85-1-605, MCA.

Application

"Application" means an application for a renewable resource grant or loan submitted by an applicant in accordance with the act and the rules adopted pursuant to the act.

Authorized Person

The Authorized Person is the individual authorized to enter into a grant agreement with the State of Montana on behalf of the applicant entity. DNRC requires that applications be signed by an authorized representative of the applicant entity (for example, a mayor, county commissioner, board chair, district supervisor, etc.). Application forms CANNOT be signed by a different representative (for example the City Manager or Town Clerk), even if that representative has signing authority within the local government. This is because DNRC has no way of knowing who has signing authority within the local government entity. Additionally, DNRC needs to be confident that the authorized signatory can enter into a grant agreement in the future should the application be successful.

Awards

DNRC will issue an award letter to an applicant that contains information on the amount of the award as well as program requirements. DNRC may only authorize reimbursement of eligible project costs once a Grant Agreement has been executed. See Appendix C Award Letter Example. Award letters will detail:

- Total Grant Award
- Eligible Project Costs (Dates)
- Startup Requirements
- Match Requirements
- Procurement Requirements
- Program Specific Requirements/Limitations

Budget Categories

Budget categories for direct costs in a DNRC Grant Agreement may include Personnel Costs, Equipment, Contracted Services. Please see guidance on writing a budget narrative online:

https://dnrc.mt.gov/_docs/conservation/ARPA/Tools-and-Resources/How-to-Write-a-Budget-Narrative-ARPA.pdf

Personnel Costs

Personnel Costs, also referred to as payroll charges, include compensation paid to employees as wages or salaries and related fringe benefit costs for services provided for the benefit of the grant award project during the term of the grant agreement. As with any cost attributed to the grant agreement, personnel costs must meet the general test of allowability in that the costs must be necessary, reasonable, and allocable to the award.

Personnel costs can be checked for reasonableness by comparing compensation with other organizations' pay for similar work, or if no similar work exists, with market salary standards. The charges must be consistent with other payroll charges and organizational policies, and they must not be charged elsewhere to another award or function.

Fringe benefit costs associated with payroll charges (such as the employer's portion of payroll taxes; health insurance premiums; workers' compensation insurance; contributions to retirement programs; and compensated absences such as vacation, holiday, military, and sick leave) are also allowable, provided the benefits are reasonable and required by law, employee agreement, or established policy of the grant recipient.

All salaries, wages, and benefits claimed as direct costs to grant awards must be based on the recipient's documented payroll records. Time and attendance records (including work schedules, calendars, and time sheets) may be used to document payroll charges. Please see DNRC CARDD Grant Reimbursement for Personnel Expenses Guide online: https://dnrc.mt.gov/_docs/conservation/CARDD-Training/DNRC-Reimbursement-for-Personnel-Services-Guide-Final.pdf

Equipment

Equipment is defined as tangible property having a useful life of more than one year and a per-unit acquisition cost. Not all DNRC grant programs allow for the purchase of equipment. If it is permitted by the grant program, Program Managers will work with the applicant during the application process to determine the eligibility of equipment purchase. If the purchase of equipment is determined to be an allowable cost, it will be clearly noted in the grant agreement's budget table, and the grant recipient will be required to follow all state and local guidance related to the acquisition and disposition of the equipment.

Materials or Supplies

Materials or supplies are defined as purchases necessary to support the grant activities that do not meet the definition of equipment above and are generally less than \$5,000. Materials and supplies are not expected to have a useful life beyond the immediate needs of the project.

Contracted Services

The Contracted Services budget category includes costs incurred for services provided under contract in support of the award-funded project. Contracted services represent an actual **procurement**, or purchase, of services.

DNRC can allow reimbursement for local governments to provide their own labor, equipment, or materials under specific circumstances. Please see https://dnrc.mt.gov/docs/conservation/ARPA/Tools-and-Resources/Non-DEQ-Project-Guidelines-FINAL.pdf

The State of Montana requires that projects must be designed and inspected during construction by a Montana registered engineer and all land surveying projects must be performed by a Montana registered land surveyor Montana Code Annotated (MCA) 18-2-121.

Local Government Provides Labor and Equipment for Construction. Local governments must request authorization to use their own labor and equipment for construction projects.

Common types of these projects are canal/ditch conversion to pipe and canal lining.

- Procurement of materials must follow federal, state and/or local procurement laws, rules, and regulations.
- The entity must provide DNRC with documentation of similar projects constructed or must provide DNRC with the manpower and machinery available to complete the construction according to plans and specifications.
- Accurate expense records of labor and machinery used for construction must be kept and provided to DNRC for reimbursement.
- A licensed engineer or surveyor registered in Montana must be present for inspection and completion of the project (MCA 18-2-121).
- DNRC requires As-Builts that are certified by a licensed P.E. as part of the Final Reporting Requirements.

Grant Agreement

The Grant Agreement is a legally binding contract between DNRC and the Grant Recipient to allow DNRC to reimburse the Grant Recipient for approved project activities.

Grant Recipient

A Grant Recipient is the entity legally allowed to carry out project activities as part of a DNRC Grant Program.

Eligible Expenses (Allowable Costs)

To be considered allowable under a grant award, a project cost must, at a minimum, be allocable, reasonable, and necessary.

- 1. **Necessary** to accomplish the project objectives as described in the Grant Agreement and applicable industry or program standards.
- Reasonable for proper and efficient performance and administration of the grant award. A cost
 is "reasonable" if, in its nature and amount, it does not exceed that which would be incurred by
 a prudent person under the circumstances prevailing at the time the decision was made to incur
 the cost.
- Allocable to the grant award. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to the cost objective in accordance with the relative benefits received.

Additional general criteria for allowability of costs require that the cost also:

- Be authorized or not prohibited under state or local laws or regulations.
- Conform to any limitations or exclusions set forth in cost principles established by federal or state laws, terms and conditions of the grant agreement, or other governing regulations as to types or amounts of cost items.

- Be consistent with policies, regulations, and procedures that apply uniformly to both state grant awards and other activities of the grant recipient
- be accorded consistent treatment. A cost may not be assigned to the grant agreement as a direct
 cost if any other cost incurred for the same purpose in like circumstances has been allocated to
 another grant agreement or subaward;
- be determined in accordance with the grant recipient's accounting records;
- be adequately documented.

Ineligible Expenses

DNRC cannot reimburse expenses for:

1. Program Costs or Indirect Costs:

These are non-reimbursable costs not directly related to the project. Program costs include, but are not limited to:

- a. Office rent that will be incurred whether or not the project is implemented;
- b. Salaries of existing fully funded staff positions unless the work-hours associated with the project are accounted for; or
- c. Any other costs that pay for ongoing or general services of the applicant. These costs are incurred for a common or joint purpose benefitting the organization and are not readily assignable to the project objectives. These costs tend to be necessary for the operation of an organization as a whole and benefits are shared across all programs. Examples include:
 - Utilities
 - Operations and maintenance
 - Routine compliance monitoring expenses
 - Licenses, memberships, and subscriptions
 - Communications
 - Office equipment
 - Costs of recurring/regular meetings
 - Organizational newsletters,
- 2. Other ineligible project costs include:
 - a. Costs incurred outside the eligible term in the grant agreement
 - b. Political lobbying or litigation
 - c. Land or property acquisition
 - d. Food or beverages
 - e. Travel expenses that exceed the State of Montana Travel Policy
 - f. Activities that limit lawful access to property (see MCA 85-1-602 (4))
 - g. Repayment of loans
 - h. Prepayment of anticipated costs of future activities

Match

Match is the portion of project costs not paid with grant funds. It is usually the recipient's contribution or a third party's donated services or supplies. For grant awards that require match, the recipient must document, according to the terms of the Grant Agreement, that the match requirement has been met. Costs used to meet a match requirement must be allowable under the applicable cost principles and must meet program guidance and documentation requirements. Failure to properly record match expenses may result in the termination of the Grant Agreement or the withholding of grant reimbursements by DNRC until appropriate documentation is provided.

Match Requirements

Matching contributions may be in the form of **in-kind** or **cash** from local, state or federal sources. However, all contributions must be targeted for expenditure on the **project specifically identified in the application**.

Costs claimed as match must meet all the following criteria:

- Matching funds must be substantiated by accounting records;
- Be necessary and reasonable for the accomplishment of project objectives;
- Be considered eligible as meeting program requirements.

Cash Match (Hard Match)

Cash Match, also referred to as hard match, is the actual cash outlay contributed to the project by the subrecipient or third parties, such as project partners and beneficiaries.

In-kind Match (Soft Match)

Eligible in-kind contributions are those project-specific contributions associated directly with **project implementation**. In-kind Match, also referred to as soft match, is the value of **non-cash** contributions provided by grant recipients or third parties. In-kind contributions may be in the form of goods, labor, services, facilities, space, personnel, materials, or equipment calculated at **fair market value**. Note that third-party in-kind match contributions count toward satisfying a match requirement only when, if the party receiving the non-cash contributions were to pay for them, the payments would be allowable costs.

Donated Services - Volunteers

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as match if the service is an integral and necessary part of an approved subaward-funded project or program.

Values claimed for volunteer services must be consistent with costs of similar work performed in the subrecipient's organization or in the local labor market. If an entity does not have volunteer service rates readily available, an acceptable Montana-specific average cost per hour for unskilled volunteer services can be found at http://www.independentsector.org/volunteer_time.

Budgets including in-kind labor, always reference the source for your labor value estimate. It may be helpful to use the U.S. Bureau of Labor Statistics website to estimate labor values for Montana: https://www.bls.gov/oes/current/oes_mt.htm.

If volunteer services are approved to be claimed as match, the recipient should maintain documentation on:

- Name of volunteers (who)
- Dates of volunteer work (when)
- Tasks completed by volunteers (what)
- Total hours worked by volunteers (how many), and
- Source of the labor or volunteer rate.

Donated Services

Other examples of donated services may include use of equipment, printing, website maintenance or server space, telephone services, transportation costs, or administrative or accounting services provided in support of the program. These donated services should be valued at the fair market value for the services or what the entity would have to pay for the services if they were not donated.

Donated Goods

A recipient may receive donations of supplies necessary to accomplish project goals, the reasonable value of which may be used for match requirements of the program. The value assessed must not exceed fair market value at the time of the donation. DNRC will require recipients to provide supporting documentation on basis for determining the value of donated goods claimed as match.

Memorandum of Understanding (MOU)

This is an agreement between the eligible entity or grant recipient and a non-eligible entity that must clearly spell out the roles and responsibilities of each party to ensure the success of the project activities as specified in the grant award. It must also clearly define the financial arrangement to ensure that DNRC grant funds are not disbursed to the non-eligible entity. Non-eligible entities may not be a beneficiary of DNRC grant funds. Appendix D: Example Memorandum of Understanding.

Pass-Through Entity

When a grant recipient transfers or subawards funds to another entity to incur project costs and execute the project activities, this is considered a pass-through or subrecipient agreement. DNRC grants generally do not allow for Grant Recipients to pass-through or subaward grant funds to a third party.

Procurement

Grant recipients are responsible for ensuring any procurement using DNRC grant funds, or payments under procurement contracts using such funds are consistent with the procurement standards set forth in the Montana Procurement Act (Title 18, Chapter 4) and local procurement laws, rules, or policy. Grant recipients are responsible for determining the most appropriate instrument of procurement. See Appendix E for State of Montana Procurement Limits and a Limited Solicitation Worksheet.

Procurement Plan

A procurement plan provides for free and open competition, transparency in transactions, comparability, and documentation of all procurement activities to demonstrate compliance with the Montana Procurement Act and local procurement laws, regulations and policies. The procurement plan should cite the steps a grant recipient will undergo to ensure that prior to requesting reimbursement, all project expenditures are eligible.

Procurement Documentation

Grant recipients must maintain records sufficient to detail the history of procurement. Records include, but are not necessarily limited to, the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and basis for the contract price. This documentation may be requested and reviewed by DNRC in the course of grant monitoring activities or by independent auditors during an audit.

Documents must be held for five years after the termination or expiration of the Grant Agreement.

Reimbursement

DNRC reimburses eligible project costs on a **reimbursement basis**. To be eligible for reimbursement, costs must be incurred within the dates specified in the grant agreement. DNRC will only reimburse costs if they are included in the approved scope and budget in the executed grant agreement. Grant recipients must document eligible costs to receive reimbursement, which includes a progress report, copies of vendor invoices, completed budgets, documentation of match (if required) and DNRC may request proof of payment prior to authorizing reimbursement. See DNRC CARDD's Reimbursement Requirements Guide online: https://dnrc.mt.gov/docs/conservation/CARDD-Training/DNRC-Reimbursement-Request-Guide-Complete.pdf

Sponsor

Eligible entities may "sponsor" a grant on behalf of an entity that is not eligible to receive grant funds from DNRC. Eligible entities, or applicants, must have a material connection to the work being performed and are the legal party for purposes of project representation, negotiations, and communications. DNRC will require that a grant applicant sponsoring a grant for ineligible entity provide an executed Memorandum of Understanding (MOU). Appendix D: Example Memorandum of Understanding for example language.

Appendix B: Eligibility and Ranking

The criteria for eligibility and ranking RRGL Grant Applications are established in ARM <u>36.17.610</u>. Private grants have additional ranking considerations outlined in <u>MCA 85-1-609</u> and <u>MCA 85-1-610</u>. For each grant cycle, DNRC will publish the guidelines to the eligibility and numerical points to be awarded for the following criteria:

Eligibility

Applicant Eligibility

- Local Government (MCA 85-1-605) Project, Planning, Emergency, Irrigation Development, Watershed Management, Nonpoint Source Grants.
- Private Person (85-1-606) Private, Irrigation Development, Watershed Management, and Nonpoint Source Grants.

Eligible Activities MCA 85-1-602

- Feasibility, design, research, and resource assessment studies.
- Preparation of construction, rehabilitation, or production plans.
- Construction, rehabilitation, production, education, or other implementation efforts.

Eligible Projects MCA 85-1-602

- Development of natural resource-based recreation;
- Development of natural, off-stream, and tributary storage;
- Improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113, MCA; monitoring; and development of state, tribal, and federal water projects;
- Water-related projects that improve water quality, including livestock containment facility projects, soil and range health projects, and the maintenance and repair of source watersheds;
- Water-related projects that improve water quantity, including streamflows and water storage in existing natural systems, such as riparian areas, flood plains, and wetlands;
- Advancement of farming practices that reduce agricultural chemical use; and
- Projects that facilitate the use of alternative renewable energy sources, as defined in <u>15-6-225</u>, MCA.

RRGL Eligibility ARM 36.17.610

- Project must have renewable resource benefits see Renewable Resource Benefits Ranking below.
- Project must result in public benefits see Public Benefits Ranking below.
- Project is technically feasible:
 - Adequate alternative analysis.
 - Adequate cost estimate for the potential alternatives.
 - Adequate cost estimate for the preferred alternative. Eligibility evaluates applicant's total project budget including committed cash match. Projects that fail to provide an adequate budget narrative to justify project costs may receive a reduced award or be ineligible for grant funds. Please see the guidance on how to write a budget narrative

online: https://dnrc.mt.gov/ docs/conservation/ARPA/Tools-and-Resources/How-to-Write-a-Budget-Narrative-ARPA.pdf

- Preferred alternative selection.
- Thoroughness and feasibility of the project's implementation plan and schedules.
- Quality of supporting technical data.
- Project Management Plan is adequate and can support the project:
 - Past management problems
 - Other concerns
- Project may NOT reduce, restrict, or prohibit any lawful access to the property that existed prior to the project's implementation.
- Project may NOT result in a long-term adverse impact to pubic benefits: land, air, water, fish, wildlife or recreation opportunities. <u>MCA 85-1-601</u>

Renewable Resource Benefits Ranking ARM 36.17.610

Points must be awarded for renewable resource benefits related to the project. If a project has no renewable resource benefits, it is ineligible for a grant.

Renewable Resources	Comments/Benefit Category: Conserve, Develop, Manage, Preserve	Change Over Current Condition
Surface		
Water		
Quality and		
Quantity		
Groundwater		
Quality and		
Recharge		
Soil Health		
and		
Conservation		
Vegetation		
and		
Ecological		
Function		
Energy Conservation		

Benefit Category:

- Conservation—The promotion of efficient and/or sustainable use of a renewable resource.
- Development—A new beneficial and sustainable use of a renewable resource.
- Management—Activities that improve entities' ability to control a renewable resource.
- Preservation—The protection of a renewable resource from pollution, destruction, or neglect.

Irrigation Development and Private Grants – Additional Consideration

DNRC will give additional consideration for the extent to which the project will effectively utilize water resources and promote the conservation and efficient use of the water resource.

Public Benefits Ranking ARM 36.17.610

Points must be awarded for public benefits. If a project has no public benefits, it is ineligible for a grant.

Renewable Resources	Comments	Change Over Current Condition
Local, Regional, or Statewide Economy		
Public Health and Safety		
Recreation		

Tie Breaker Points

Project Implements State Water Plan:

Project will Mitigate Human Health or Safety Problems*:

Irrigation Development Grants and Private Grants - Eligible Projects

- Water-related project.
- Will promote, enhance, or advance the purpose (85-1-601), policies, and objectives (85-1-602) of the renewable resource grant and loan program; See RRG Eligibility and Renewable Resource Benefits and Public Benefits Ranking.
- Will be constructed, developed, and operated within the state of Montana; Example, private grants are only available for a primary residence for a Montana resident.
- Will be economically feasible. (A project is economically feasible if the project benefits exceed the project costs. The department shall consider only quantifiable benefits and costs in calculating economic feasibility.) See the Public Benefits Ranking below.
- Will be an efficient use of natural resources, including water, energy, land, and air. (An efficient use is one that minimizes waste.)
- Will provide multipurpose facilities to the extent practicable;
- Will comply with statutory and regulatory standards protecting the quality of resources such as air, water, land, fish, wildlife, and recreational opportunities;
- Will provide associated <u>public benefits</u> in addition to any private benefits the project may provide; and
- Is needed to accomplish the purpose for which the project is proposed;
- Applicant has adequate financial resources to construct, operate, and maintain the project. The
 department shall consider financial resources from any source for which the applicant has
 qualified, including a renewable resource grant or loan.
- Applicant holds or can acquire all necessary lands, other than public lands, and interests in the lands and water rights necessary for the construction, operation, and maintenance of the proposed project;
- Applicant is able and willing to enter into a contract with the department for construction or development of the proposed project.
- Applicant has committed match of 50% of total project cost MCA-85-1-614.

Irrigation Development Grants and Private Grants - Additional Ranking

Family Farm Preference:

A water-related project that will be used as part of a <u>family farm</u> must be given preference. A family farm is one devoted primarily to agriculture under the ownership and operation of a resident Montana family.

State Reservation of Waters:

A water-related project that will utilize or develop <u>water reserved under 85-2-316</u> must be given preference.

Geographic Balance:

The department, to the extent practicable, shall attempt to achieve <u>geographic balance</u> in the promotion of renewable resource grant and loan projects through the awarding of loans and grants to private persons. *Example, applicant has not received a DNRC grant in the past biennium.*

Financial Need:

Projects that could not be accomplished without the assistance of a grant must be given preference. Example: the applicant can provide financial information demonstrating the need for the grant funds to complete the project. Additionally, this precludes income properties from receiving private grants for septic replacement or upgrades.

Total Project Score

Applications shall be assigned a net ranking score based on assigned points. Once the applications have been ranked, DNRC creates a priority list of applications.

Appendix C: Award Letter Example

GRANT RECIPIENT ORGANIZATION ADDRESS CITY, MT ZIP

RE: DNRC Renewable Resource Grants Award Letter PROJECT TITLE

Dear AUTHORIZED PERSON:

Congratulations on receiving your RRGL PROGRAM grant for \$AWARD AMOUNT for the PROJECT TITLE.

Project costs incurred (AS OF THE DATE OF THIS LETTER) or (INCURRED AFTER JULY 1, 2023, BUT BEFORE JULY 1, 2024) may be eligible for reimbursement. Before DNRC can reimburse eligible project expenses, GRANT RECIPIENT ORGANIZATION must enter into an executed grant agreement with DNRC. DNRC requires the following Startup Conditions to draft a grant agreement. Startup conditions are due within (12-MONTHS) or (24 MONTHS) of the date of this letter. Failure to meet the deadline to submit startup conditions may result in DNRC rescinding this grant award.

Startup Conditions:

- Updated Scope
- Updated Schedule (PDF Schedule)
- Updated Budget (Uniform Budget Status of Funds Tracker)
- Commitment Letters for Matching Funds
- Grant Management Plan (Document)
- Memorandum of Understanding (if required)
- Procurement Plan (if required)

APPLICANT ORGANIZATION must enter into a grant agreement with DNRC prior to requesting reimbursement for eligible project costs.

OPTIONAL Program Specific Requirements:

- Match Requirements (Private Grants)
- Limited Solicitation Worksheet
- Project Kickoff Meeting
- Progress Meetings
- Eligible Project Cost Limitations

Please contact me if you have any questions. I am looking forward to working with you on your project.

Sincerely, GRANT MANAGER

Cc: PROJECT CONTACT
PROJECT ENGINEER

Appendix D: Example Memorandum of Understanding

Note: This example should not simply be copied. It is only provided as an example to help create an agreement between a local government entity and project partner organization or subrecipient that is to be reviewed and approved by all parties and their attorneys.

THIS CONTRACT is entered into by (Insert Name of LOCAL GOVERNMENT), herein referred to as "LOCAL GOVERNMENT", and the (Insert Name of PARTNER ORGANIZATION), herein referred to as "PARTNER ORGANIZATION".

WITNESSETH THAT:

WHEREAS, the LOCAL GOVERNMENT is the recipient of a DNRC grant to PROJECT NAME (describe the Project) owned and operated by the PARTNER ORGANIZATION; and

WHEREAS, this Contract between the LOCAL GOVERNMENT and the PARTNER ORGANIZATION will enable them to enhance cooperation in implementing the LOCAL GOVERNMENT'S DNRC award to accomplish the above-described project; and

WHEREAS, the LOCAL GOVERNMENT, in its capacity as a DNRC grantee, has determined that the PARTNER ORGANIZATION can better supervise the design and construction phases of the PROJECT NAME; and

WHEREAS, the DNRC has required the LOCAL GOVERNMENT to enter into a contract with the PARTNER ORGANIZATION specifying the terms and conditions of the LOCAL GOVERNMENT's delegation of certain DNRC grant management responsibilities to the PARTNER ORGANIZATION; and

WHEREAS, both parties to this Contract understand that neither local government involved herein has in any way, expressly or implied, abrogated any of its individual powers, and that this Contract does not create any new organization or legal entity.

NOW, THEREFORE, THE LOCAL GOVERNMENT AND THE PARTNER ORGANIZATION MUTUALLY AGREE AS FOLLOWS:

- I. Responsibilities Delegated to the PARTNER ORGANIZATION
- A. The PARTNER ORGANIZATION will, subject to prior approval by the Board of LOCAL GOVERNMENT Commissioners/Directors, retain the services of a consulting engineering firm to design and supervise the construction of the project.
- B. The PARTNER ORGANIZATION will be responsible for all facets of the design and construction phases of the project, including the following:
 - 1. Design engineering;
 - 2. Construction engineering;
 - 3. Except as provided by paragraph IV. Administration below, compliance with all applicable state and federal requirements;

- 4. Except as provided by paragraph IV. Administration below, compliance with all other state and federal requirements as described in the DNRC Grant Agreement;
- 5. Preparation of construction bid documents; and
- 6. Supervision of the bid process, the awarding of construction contracts, and construction of the project. The selection of the project contractor will be subject to the ratification of the LOCAL GOVERNMENT Board of Commissioners/directors and bid solicitation documents will reflect this requirement.
- C. The PARTNER ORGANIZATION and its consulting engineer will receive, review, and approve all requests for payment for the items contained in paragraph B, above, and prepare and submit such requests to the LOCAL GOVERNMENT Board of Commissioners/directors in a timely fashion in accordance with established procedures.
- D. During the term of this Contract, the PARTNER ORGANIZATION will maintain reasonable records of its performance hereunder in a manner consistent with generally accepted accounting principles. The PARTNER ORGANIZATION will allow the LOCAL GOVERNMENT and DNRC and their authorized representatives access to these records at any time during normal business hours. At the request of the LOCAL GOVERNMENT, the PARTNER ORGANIZATION will submit to the LOCAL GOVERNMENT, in the format prescribed by the LOCAL GOVERNMENT, status reports on its performance under this Contract.
- E. The PARTNER ORGANIZATION will provide documentation that the local share of the project that exceeds DNRC funds may be accessed by the LOCAL GOVERNMENT for the project no later than the time of construction bid award.
- II. Payment of Design and Construction Costs Incurred by the PARTNER ORGANIZATION

In consideration of the PARTNER ORGANIZATION's acceptance of the responsibilities described in paragraph I, above, the LOCAL GOVERNMENT agrees to the following:

- A. Upon receipt of a valid claim for payment from the PARTNER ORGANIZATION for allowable project costs as specified in the LOCAL GOVERNMENT's grant agreement with DNRC, a copy of which is appended as Attachment A of this Contract, and which by this reference is made a part hereof, the LOCAL GOVERNMENT will request the required amount of grant funds from DNRC and upon receipt of these funds, the LOCAL GOVERNMENT will honor the PARTNER ORGANIZATION's claim and pay the engineer or contractor accordingly. (Note: Be sure to specify clearly that grant funds can be reimbursed directly to contractors and not to entities ineligible to receive DNRC grant funds.
- B. Each payment for engineering and construction costs will be drawn from DNRC and PARTNER ORGANIZATION funds (if applicable) in amounts that are proportionate to the percentage that such funds represent of the total cost of the project as specified in Exhibit B of Attachment A.
- C. The LOCAL GOVERNMENT will deduct a retainage from each payment request equal to five percent of the request, submitted by the PARTNER ORGANIZATION for construction costs incurred by the project contractor and hold this retainage until construction is completed, the engineer approves final payment, and the project is accepted, all in accordance with the conditions of the construction contract. (Note: A retainage requirement is optional.)

- D. The LOCAL GOVERNMENT will also withhold one percent of the amount of any claim submitted by the contractor and will forward this amount to the Montana Department of Revenue pursuant to section 15-50-206(2), MCA.
- E. The LOCAL GOVERNMENT may refuse to pay any claim which it deems not valid under the terms of the DNRC grant agreement (Attachment A). Any agreement between a DNRC grantee and a partner organization or subrecipient, such as a water or sewer district, should include a "Scope of Work" which includes a description of the work to be performed, a schedule for completing the work, and a budget. (These items are standard components of any DNRC grant agreement which is referred to here as an attachment.)

III. Duration of the Contract

- A. This Contract takes effect when the following conditions are satisfied:
 - 1. DNRC and the LOCAL GOVERNMENT Board of Commissioners/directors have executed the DNRC grant agreement;
 - 2. The LOCAL GOVERNMENT Attorney and the attorney for the PARTNER ORGANIZATION have approved this Contract as to form and content; and
 - 3. The LOCAL GOVERNMENT Board of Commissioners/directors and the PARTNER ORGANIZATION's governing body have each reviewed this Contract and agreed fully to its terms and conditions.
- B. This Contract will terminate 90 days after the project engineer files a certificate of completion of the project with the Montana Department of Environmental Quality and Department closes out the DNRC project with the LOCAL GOVERNMENT.

IV. Administration

For purposes of implementing the joint undertaking established by this Contract, the LOCAL GOVERNMENT'S Board of Commissioners and the PARTNER ORGANIZATION'S Board of Directors hereby agree to coordinate with the LOCAL GOVERNMENT'S DNRC grant agreement liaison, the project engineer, and a designated representative of the PARTNER ORGANIZATION. These individuals may meet on a regular basis during the term of the DNRC project to provide for the efficient and effective implementation of this project.

V. Management of Real Property or Equipment Acquired

The primary purpose of this Contract is to allow the LOCAL GOVERNMENT to delegate responsibility for the design and construction of the PARTNER ORGANIZATION's project to the PARTNER ORGANIZATION and to define the procedures by which the LOCAL GOVERNMENT will disburse DNRC funds to pay the costs incurred as a result of these activities. The PARTNER ORGANIZATION's facilities will be constructed or improved as described in the DNRC grant agreement (Attachment A) and the PARTNER ORGANIZATION may continue to own and operate those facilities subject to the limitations contained in subparagraph B.

Upon the expiration of this Contract the PARTNER ORGANIZATION will transfer to the LOCAL GOVERNMENT any DNRC funds on hand at the time of expiration and any accounts receivable attributable to the use of DNRC funds.

VI. Indemnification

The PARTNER ORGANIZATION waives any and all claims and recourse against the LOCAL GOVERNMENT, including the right of contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to the PARTNER ORGANIZATION's performance of this Contract except claims arising from the concurrent or sole negligence of the LOCAL GOVERNMENT or its officers, agents, or employees. The PARTNER ORGANIZATION will indemnify, hold harmless, and defend the LOCAL GOVERNMENT against any and all claims, demands, damages, costs, expenses, or liability arising out of the PARTNER ORGANIZATION's performance of this Contract except for liability arising out of the concurrent or sole negligence of the LOCAL GOVERNMENT or its officer's agents, or employees.

VII. Suspension and Termination

The LOCAL GOVERNMENT may suspend or terminate this Contract if the PARTNER ORGANIZATION materially fails to comply with any term of the LOCAL GOVERNMENT's grant agreement with DNRC. In addition, the LOCAL GOVERNMENT may terminate this Contract for convenience with reasonable notice. This Contract has been approved by the LOCAL GOVERNMENT's Board of Commissioners and the PARTNER ORGANIZATION's Board of Directors.

(Name of LOCAL GOVERNMENT) Commissioners
Chairman
Date:
Commissioner
Date:
Commissioner
Date:

Appendix E – Procurement Limits and Limited Solicitation Worksheet

When considering which rules to follow (state, federal or local requirements), grant recipients must comply with the most restrictive requirements. The information below is guidance only and is static. It does not constitute legal advice.

	State of Montana		
	Goods & Services MCA Title 18, Chapter 4	Construction MCA Title 18, Chapter 4	Licensed Professional Services MCA Title 18, Chapter 8
\$250,000 +	Competitive Invitation for Bid (IFB) or Request for Proposals	Competitive Invitation for Bid	
\$100,000 - \$250,000	(RFP) Award to lowest responsive bidder	(IFB) Award to lowest responsive bidder	Request for Qualifications (RFQ) Award to most qualified & negotiate rate
\$50,000 - \$100,000	Limited Solicitation Minimum of 3 Quotes	Limited Solicitation Minimum of 3	
\$10,000 - \$50,000	Award to lowest responsive bidder	Quotes Award to lowest responsive bidder	Direct negotiation Rotate vendors
\$0 - \$10,000	Direct negotiation No Quotes Rotate vendors	Direct negotiation No Quotes Rotate vendors	Notate vendors

^{*}IFB = Invitation for Bid AKA Sealed Bids (Construction)

Direct negotiation, micro purchases = no bidding required

^{*}RFP = Request for Proposals AKA Competitive Proposals (Goods or Services)

^{*}Limited Solicitation AKA Small Purchases = 3 or more written or oral quotes

^{**}RFQ = Request for Qualifications (Professional Services)

Limited Solicitation/Small Purchase Worksheet

Grant Recipient:

Project Name:			_
Grant Agreement #:			_
PRODUCT/WORK DESCRIPTION		BRAND/MODEL (Equipment)	
	Vendor 1	Vendor 2	Vendor 3
Vendor Name	1.	1.	1.
Contact Person	2.	2.	2.
Phone/Email	3.	3.	3.
Date of Outreach	4.	4.	4.
Price Quoted			

Three attempts to contact can be considered a quote price of "no response" and no additional attempts are required.

Vendor Awarded*

^{*}Work should be awarded to the most cost-effective option that can provide the work/supplies required. Items such as shipping charges and travel distances should be included in determination of the most cost-effective option.