



# CONSERVATION AND RESOURCE DEVELOPMENT DIVISION

## Renewable Resource Grant Program - RRG

### RRG PRIVATE GRANT GUIDELINES

PRIVATE GRANTS AT A GLANCE	
Eligible Applicants:	Private Citizens, Associations, Partnerships, or Corporations
Eligible Activities:	<ul style="list-style-type: none"><li>• Private septic system replacement, repair, or upgrades</li><li>• Connection to municipal sewer services (municipal connection)</li><li>• Dam inspections or repair</li><li>• Other private water projects that have a public benefit</li></ul>
Maximum Grant Amount:	\$5,000 or \$7,500 for Level 2 Septic Upgrades
Match Requirement:	75% of Total Project Cost
How to Apply:	Online at <a href="https://grants.dnrc.mt.gov/">https://grants.dnrc.mt.gov/</a>

#### Purpose

The Montana Department of Natural Resources and Conservation (DNRC) offers Private Grants to private entities under the Renewable Resource Grant (RRG) Program. These grants support projects that promote the conservation, development, and beneficial use of Montana's water resources to secure maximum economic and social prosperity for its citizens.

#### Eligible Applicants – Private Citizens or Entities

Any individual, association, partnership, corporation, or other non-governmental entity that is not eligible for loans and grants under [MCA 85-1-605](#).

Local government entities may NOT apply for Private Grants.

#### Eligible Projects

- Private septic system replacement, repair, or upgrades.
- Connection to municipal sewer services (municipal connection).
- Dam inspections or repair.
- Other private water projects that have a public benefit, such as:
  - Irrigation system improvements; or,
  - Privately owned public water supply improvement.

#### Additional Project Criteria

- The project must be constructed on a primary residence in Montana.
- The applicant must need a grant or loan to complete the project.
- The applicant must have committed matching funds to carry out the project.
- The project must benefit or develop a water resource.
- The project must provide public benefits.
- Septic projects: The applicant must have a letter from a regulatory agency requiring the project.

### **Ineligible Projects**

- Projects on income/rental properties.
- Projects without committed cash match.
- Projects for new system and/or home construction.

### **Eligible Expense Types**

Eligible expenses categories include the following:

- Contracted technical or engineering services.
- Contracted construction services.
- Equipment or materials.

All project expenses, including match expenses, must be documented with invoices, receipts, etc.

### **Expenses INELIGIBLE for Reimbursement**

- Costs without formal receipts or invoices.
- Grant administration costs.
- Program costs/indirect costs.
- Political lobbying or litigation.
- Land or property acquisition.
- Food or beverages.
- Activities that limit lawful access to property.

### **Match Requirement**

Private grants can reimburse 25% of the total project cost up to \$5,000. The portion of the project NOT reimbursed by DNRC is the grant recipient's matching contribution. See [Appendix A – Terms](#) for more information regarding match requirements.

### **How to Apply**

DNRC accepts all grant applications online through its grant management system:

<https://grants.dnrc.mt.gov/submit/3e39edb5-0eb9-4bc6-85aa-7c2037861fc0/rrg-private-grant>

**Recommended: Before applying online, applicants may draft a grant application using the application worksheet.**

### **Ranking**

See [Appendix B - Eligibility and Ranking](#) for more information. DNRC considers the following criteria for project eligibility:

- The extent and desirability of the renewable resource and public benefits.
- The extent to which the project will promote the conservation and efficient use of the water resource.
- The extent to which the applicant needs financial assistance to complete the project. Projects that cannot be accomplished without a grant or loan will be given preference.

### **Grant Management**

DNRC will send an award letter and IRS Form W-9 to successful applicants via email. The award letter will identify what the grant recipient must do to receive a grant agreement, document project costs, and be reimbursed. DNRC will reimburse the grant recipient in a lump sum upon project completion.

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

Exceptions may be granted on a case-by-case basis.

After receiving an award letter from DNRC, most Private Grants follow the process below.

1. The grant recipient signs and returns the IRS Form W-9.
2. The grant recipient completes the project.
3. The grant recipient documents all project expenses and collects all invoices or receipts.
4. The grant recipient provides a list of project expenses and all supporting invoices/receipts to DNRC.
5. DNRC determines the total project cost and grant award amount. The grant award amount is 25% of the total project cost up to \$5,000 (or \$7,500 for Level 2 Septic System Upgrades).
6. DNRC generates a grant agreement and DNRC Vendor Invoice for the grant award amount. These documents, along with a W-9, enable DNRC to pay the grant recipient.
7. The grant recipient signs the grant agreement and DNRC Vendor Invoice via DocuSign. The grant recipient will receive an email from DocuSign when the documents are ready for signature.
8. The grant recipient receives a lump-sum payment after signing the grant agreement and DNRC Vendor Invoice via DocuSign. The grant recipient will usually receive payment one to two months after signing the documents.

Grant recipients must sign their grant agreement and DNRC Vendor Invoice, and submit a Form W-9, to be reimbursed for eligible project costs. If a grant recipient fails to respond to DNRC correspondence and/or submit required documents in a timely manner, DNRC may rescind the grant award.

### **Reporting**

Quarterly progress reports and/or final reports are generally not required for this program.

#### **PROGRAM CONTACT**

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#### **LEGAL AUTHORITY**

**Montana Code Annotated:**

MCA [Title 85, Chapter 1 Part 6](#)

**Administrative Rules of Montana:**

ARM [36.17.6](#)

## 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 [85-1-601](#), MCA:

- 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.

### Awards

DNRC will issue an award letter to an applicant. The award letter contains information on the grant award and program requirements. DNRC may only authorize reimbursement of eligible project costs once a Grant Agreement has been executed.

### Budget Categories

Budget categories for direct costs in a DNRC Private Grant Agreement may include Equipment, Materials, and Contracted Services.

### 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.

A local government may provide its own labor and equipment for construction projects. It must request prior authorization from DNRC for such expenses to be reimbursed with grant funds.

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/person 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.
2. **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.
3. **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](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](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 for determining the value of donated goods claimed as match.

## **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 during 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, and documentation of match.

See DNRC CARDD's Reimbursement Requirements Guide online:

[https://dnrc.mt.gov/docs/conservation/RD-Bureau/Bureau-Guidance/01-RDB\\_Reimbursement-Guide\\_4.pdf](https://dnrc.mt.gov/docs/conservation/RD-Bureau/Bureau-Guidance/01-RDB_Reimbursement-Guide_4.pdf)

## APPENDIX B: ELIGIBILITY AND RANKING

The criteria for eligibility and ranking RRGL Grant Applications are established in ARM [36.17.610](#). Private grants have additional ranking considerations outlined in [MCA 85-1-609](#) and [MCA 85-1-610](#).

### PRIVATE GRANTS – ELIGIBLE PROJECTS [MCA 85-1-609](#)

- 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 public benefits 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 to meet or exceed the program requirement MCA-85-1-614.

## PRIVATE GRANTS – RANKING [MCA 85-1-610](#)

### 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	Conserve	Develop	Manage	Preserve
Surface Water	**		**	
Ground Water	**		**	
Wind				
Renewable Energy				
Soil				
Wetlands				
Fish and Aquatic Habitat				
Wildlife Habitat				
Range Land				
Crop Land				
Forests				

**Total Renewable Resource Score:**

#### Definitions

- **Renewable Resource:** A sustainable natural resource including water, wind, renewable energy, soil, wetlands, fish and aquatic habitat, wildlife habitat, range land, crop land, and forests.
- **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 governing entities' ability to control and administer a renewable resource.
- **Preservation:** The protection of a renewable resource from pollution, destruction, or neglect.

#### Additional Points **\*\*Manage and Conserve Water Resources:**

The extent to which the project will effectively **utilize water resources and promote the conservation and efficient use of the water resource must** be evaluated and considered.

Example: Renewable Resource Benefits for Conservation and Management of Water Resources will have higher points than the other renewable resource benefits.

**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. The extent and desirability of the public benefits that will be provided must be considered. [MCA 85-1-610](#)

Citizen Benefits / Extent and Desirability	Common Well-Being (State's Natural Heritage)	Human Health or Safety*	Welfare (Economic)	Recreation
Applicant				
Local				
Regional				
Statewide				
Desirability				

**Total Public Benefits Score:**

**PRIVATE GRANTS - ADDITIONAL POINTS** [MCA 85-1-610](#)

**Family Farm Preference:** 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.

**State Reservation of Waters:** A water-related project that will utilize or develop water reserved under 85-2-316 must be given preference.

**Geographic Balance:** The department, to the extent practicable, shall attempt to achieve geographic balance in the promotion of renewable resource grant and loan projects through the awarding of loans and grants to private persons.

Example: The 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. For 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.

## **PRIVATE GRANTS - TOTAL PROJECT SCORE**

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