

DRINKING WATER SOURCE PROTECTION PROGRAM MANUAL



OWEB Drinking Water Source Protection Grant Program

September 2024



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Drinking Water Source Protection Grant Program

Overview

Background

In June 2023, the Oregon Legislature passed House Bill (HB) 2010 that, combined with other legislation, allocates \$5 million to establish the Drinking Water Source Protection (DWSP) Grant Program at the Oregon Watershed Enhancement Board (OWEB). Through the DWSP Grant Program, OWEB will provide grants to eligible public Water Suppliers to protect, restore, or enhance sources of drinking water through land conservation. The program focuses on Water Suppliers that serve rural communities and/or lower-income populations but is not limited to these communities. Detailed program direction is provided by [ORS 448.370-448.380](#) and [Oregon Administrative Rules Chapter 695, Division 48](#).

There is \$5,000,000 available in funding for the DWSP Grant Program for the fall 2024 solicitation with a \$3,000,000 cap for individual grant requests. **Given that only \$5,000,000 is available in the DWSP Grant Program, we encourage applicants to be conservative with their funding requests and attempt to leverage other funding sources.** Five percent cash or in-kind match from non-OWEB sources is required.

Applications are due December 12, 2024 at 5pm. Please see below for additional details regarding application submission. Applications will be evaluated and ranked by DWSP staff and a technical review team and then presented to the OWEB Board for approval.

Program Purpose

The purpose of the DWSP Grant Program is to provide land acquisition grants to Water Suppliers (defined as any person, group of persons, municipality, district, corporation, or entity that owns or operates a Water System as defined in ORS 448.115) to **protect, restore, or enhance sources of drinking water through:**

1. The acquisition of lands from willing sellers;
2. Entering into covenants, easements, or similar agreements with willing landowners; or
3. Repaying a loan used to finance a project as described in (1) or (2) above.

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DWSP Grant Offering

OWEB encourages applicants to carefully review the following guidance and associated information to facilitate the submission of complete and competitive applications, and to understand what will be expected of successful applicants. The purpose of this document is to aid program participants in developing, applying for, and managing DWSP projects. Please note that in the case of unintended conflicts between the OWEB-provided guidance and applicable statutes and rules, applicable statutes and rules will control. All documents referred to below are available on the [DWSP webpage](#) on the OWEB website. **Please make sure to use the forms and guidance materials that are specific to the DWSP program and not those that are specific to OWEB's other programs, such as Land Acquisition or Oregon Agricultural Heritage Program.**

Eligibility

Eligible Applicants

Eligible applicants for DWSP Program Grants are Water Suppliers with service populations at or below 25,000 users as described in [OAR 695-048-0040](#). Applicants described in [OAR 695-005-0040](#)(2) that are typically eligible for OWEB grants are not eligible for DWSP Grants unless they otherwise qualify as Water Suppliers.

Partnerships

A Water Supplier may form a partnership with an eligible Holder other than a state agency (“Holder” is defined in [ORS 271.715](#); for example, a land trust or soil and water conservation district) to carry out the project. The partnership is a collaboration between an eligible Water Supplier and a Holder that have agreed in writing to coordinating funding, expertise, materials, labor, or other assistance to a proposed project. A Water Supplier may form a partnership for the acquisition of any Protective Instrument.

Protective Instruments

A “Protective Instrument” is a term developed for the DWSP Grant Program to define the suite of acquisition and legal agreement options eligible for inclusion in this program, including a legal document conveying an estate in fee simple absolute (subsequently referred to as “Fee Simple”), granting a conservation easement, creating a real covenant or an equitable servitude, or establishing similar agreements for the purposes of protecting, restoring, or enhancing lands where doing so will benefit a drinking water source. A Conservation Easement is defined in DWSP administrative rules as “a nonpossessory interest in real property that imposes limitations or affirmative obligations for the purposes of protecting, restoring, or enhancing lands where doing so will benefit a source of drinking water.”

Eligible Water Systems

Water Suppliers must operate one of the following Public Water Systems to be eligible:

- Tribal Public Water Systems
- The following owned by a local government or non-profit Water Supplier:
 - Community Water Systems

- Transient Non-Community Water Systems
- Non-Transient Non-Community Water Systems
- Oregon Very Small Water Systems

The following Water Systems are not eligible for the DWSP Grant Program:

- Federal-owned Water Systems
- State-owned Water Systems
- Water Systems operated for profit

Eligible Properties

Eligible properties for DWSP Grants are lands for which the acquisition of a Protective Instrument will result in the protection, restoration, or enhancement of those lands for the benefit of a drinking water source used by the Water Supplier.

Eligible properties must be partially or fully within a delineated Drinking Water Source Area. The definition of a “Drinking Water Source Area” can be found in [OAR 695-048-0020](#).

Application Process

OWEB will solicit project applications to the [DWSP Grant Program](#) in fall 2024 in order to grant out funding that was allocated to the program in the 2023 legislative session. Applications are designed to solicit such information as OWEB determines necessary for staff, the technical review team, due diligence contractor(s), and the OWEB board to complete a project review and make a funding decision using the established evaluation criteria in [OAR 695-048-0110](#).

Pre-Application Consultations

DWSP grant applicants are required to consult with OWEB staff before applying to discuss the project’s opportunities, benefits, potential challenges, and schedule, and the grant application and review processes. An OWEB funding decision is not made during the pre-application consultation.

The pre-application consultation is an informal conversation and an opportunity for applicants to gain feedback on successfully competing for grant funds and an understanding of what to expect if funds are awarded. Applicants should review this document (DWSP Grant Program Manual) and the Oregon Administrative Rules ([OAR 695-048-0010 to 695-048-0190](#)) and Oregon Revised Statute ([ORS 448.370 to 448.380](#)) applicable to the grant type before the consultation and be prepared to ask any questions regarding the grant application and review processes. To schedule a pre-application consultation, please contact Audrey Squires, Drinking Water Source Protection Specialist, at audrey.l.squires@oweb.oregon.gov or 503-798-6337.

Applicants should send the following to OWEB at least three business days before the scheduled consultation:

- A map of the property, prepared from an aerial photo and including the property boundaries and the proposed Protective Instrument boundaries
- A map of the applicant’s Drinking Water Source Protection Area (which can be found on [Oregon Explorer Map Viewer](#))

Consultation topics will include:

- DWSP Program Overview
 - Templates, forms, guidance materials
 - Long-term management plan requirements and expectations
 - OWEB’s administrative role and project material review
 - OWEB funding sources and funding timelines
 - Q&A
- Applicant’s Proposed Project
 - Transaction and long-term protection
 - Significance to the protection of drinking water
 - Protective Instrument intended for purchase
 - Intended long-term holder
 - Match funder(s) and timing of match
 - Project budget, including estimated purchase price
 - Project team and expertise
 - Project partners
 - Due Diligence
 - Preliminary title report
 - Historic and current property uses including but not limited to property improvements, known or suspected contamination issues, and/or tenants
 - Future management of property including restoration or stewardship objectives, if any
 - Property boundaries
 - Use of adjacent properties
 - Access
 - Rights intended for reservation by the landowner, if any
 - Deed of trust and other liens
 - Water rights

Application Submittal

OWEB strongly recommends that applicants submit their grant applications at least three working days in advance of the application deadline in case the applicant has any issues with the online system. All applications must be successfully submitted through [OWEB’s online grant application system](#) before 5 pm on the application due date.

Application Instructions

All information submitted in association with the application (maps, title reports, partnership agreements, etc.), whether required or optional, must be submitted with the online application, by the application deadline. Once submitted, the applicant cannot modify or add to the application unless requested by OWEB staff. A template of the application questions is available on the [DWSP webpage](#). The template is for planning purposes and cannot be submitted in lieu of an online application. Please reach out to OWEB staff with any questions.

Budget

This section provides detailed information about grant budgeting specific to the DWSP grant program. In addition, applicants should review *OWEB's Guidance on Budgeting in Grants (GoBig)*, available on the [OWEB Manage Your Grant](#) webpage, for guidance on OWEB budgeting requirements, definitions, and examples of items for inclusion in various budget categories. Please also review the *DWSP GoBig Appendix*, located on the [DWSP webpage](#).

Applicants are encouraged to carefully consider all cost factors associated with the project before submitting an application. A *Budget Worksheet* is included on the [DWSP webpage](#) to assist applicants with preparing budget information for the online application. During the application process, applicants will enter the budget in the online grant application. The worksheet is for reference only and will not be accepted in lieu of, or in addition to, the budget in the online application.

There is \$5,000,000 available in funding with a \$3,000,000 cap for individual grant requests. Given the limited funding, we encourage applicants to be conservative with their funding requests and attempt to leverage other funding sources. Five percent cash or in-kind match from non-OWEB sources is required.

DWSP Grant Program Funding Sources

The DWSP Grant Program is funded by two sources of state funds: General Funds (\$1,000,000) and Lottery Revenue Bonds (\$4,000,000). Due to the restrictions of the two funding sources and the legislative intent for these funds, there are distinct requirements and eligible costs for each source. The following table provides an overview of the basic differences of the two funding sources.

Quick Reference Comparison of DWSP Grant Program Funding Sources

	FUNDING SOURCE OVERVIEW	
	General Funds	Lottery Revenue Bonds
Amount of Funding Available	\$1,000,000	\$4,000,000
Eligible Project Types	All project types described in the guidance materials	Only Fee Simple, Conservation Easement, or other perpetual agreements that run with the land
Loan Repayment	Allowed	Not allowed
Lookback Period for Expenses	18 months before DWSP application deadline <i>(with exception to 60 months for first grant cycle)</i>	60 days prior to issuance of Lottery Revenue Bonds <i>(will likely occur in April 2025)</i>
Lookback Period for Match	18 months before DWSP application deadline <i>(with exception to 60 months for first grant cycle)</i>	18 months before DWSP application deadline

Lottery Revenue Bonds have more restrictions than General Funds because all costs with Lottery Revenue Bonds must be tied to capital expenditures for federal income tax purposes as defined by federal regulation in 26 C.F.R. § 1.150-1(b). This term includes both capitalized and capitalizable expenditures. Applicants are not expected to indicate to which funding source they are applying. That determination will be made by OWEB if the grant is awarded. Funding source detail is provided here so that applicants are aware of available funding for different eligible costs. Grant budgets will be reviewed per program guidance and to ensure alignment with

requirements in [OAR 695-048-0100](#). **General Funds will be prioritized for loan repayment projects and thus there may not be funding available to cover other project expenses that are only eligible with General Funds, such as the cost of developing a long-term management plan or applicant indirect costs.**

The following table provides detailed information on what DWSP grant funds can be used for per [OAR 695-048-0100](#). OWEB's *GoBig* document and the *DWSP GoBig Appendix* provide additional budget guidance.

DWSP Eligible Costs by Funding Source

	FUNDING SOURCE		Budget Category in Online Application
	General Funds	Lottery Revenue Bonds <i>(all expenses must be capitalizable to the asset)</i>	
Staff and Contractor Costs <i>(related to acquisition of Protective Instrument)</i>	Eligible	Eligible	Salaries, Wages, and Benefits and Contracted Services
Due Diligence Activities <i>(related to Proposed Project)</i>	Eligible	Eligible	Contracted Services
Baseline Inventory Preparation	Eligible	Eligible	Contracted Services
Legal Costs incurred by Water Supplier <i>(related to Proposed Project)</i>	Eligible	Eligible	Contracted Services
Purchase of Protective Instrument	Eligible	Eligible	Other
Interest on Bridge Loans	Eligible	Not Eligible	Other
Closing Fees	Eligible	Eligible <i>(no pre-payments)</i>	Other
Cost of Developing Long-Term Management Plan	Eligible*	Not Eligible	Salaries, Wages, and Benefits or Contracted Services
Indirect Costs of Grantee <i>(calculated on the modified direct costs less loan interest and capital asset costs such as land rights)</i>	Eligible* <i>(at maximum 15%)</i>	Not Eligible	Other
Purchase of Equipment, Supplies, and Materials	Not Eligible	Not Eligible	-
Restoration and Forest Management Activities	Not Eligible	Not Eligible	-
Stewardship Fund	Not Eligible	Not Eligible	-
Contingencies	Not Eligible	Not Eligible	-
Post-Grant Costs	Not Eligible	Not Eligible	-
Legal Fees incurred by Seller	Not Eligible	Not Eligible	-

**Due to the limited funding available that can cover indirect costs, applicants are encouraged to limit their indirect cost requests if possible. Similarly, the cost of developing long-term management plans is only eligible under General Funds. If requests on General Fund dollars exceed funding available, funding will be prioritized for expenses directly associated with Protective Instrument purchase price, especially loan repayment. As such, OWEB may reduce or eliminate indirect cost and long-term management plan development line items in application budgets in consultation with applicants.*

Eligible Costs – General Funds

- Per [OAR 695-048-0100\(4\)](#), eligible costs include:
 - The purchase price associated with the Protective Instrument.
 - The purchase price shall be based on an appraisal and review appraisal completed in accordance with applicable appraisal standards, including but not limited to the Uniform Standards of Professional Appraisal Practice for Fee Simple and Conservation Easement acquisitions.
 - Other methods of substantiating the purchase price conducted by an independent third-party entity may be accepted at the discretion of OWEB for all other Protective Instruments.
 - The interest on bridge loans needed to close on the Protective Instrument prior to when funding will be available for distribution through the program.
 - The staff and contractor costs incurred as part of the Protective Instrument acquisition process related to the property.
 - The cost of due diligence activities, including appraisal or other method of substantiating the purchase price, environmental site assessment, survey, title review, consultant fees, and other customary due diligence activities related to the acquisition of the Protective Instrument.
 - The cost of baseline inventory preparation documenting the natural and human characteristics and conditions of the specific property at the time of the acquisition of the Protective Instrument.
 - The legal fees incurred by the Water Supplier related to the specific Project proposed for funding. General in-house legal costs that are related to the overall management or policy of the entity are not eligible.
 - The closing fees, including recording and title insurance costs.
 - The cost of developing a long-term management plan to meet program requirements.
 - Indirect costs of the grantee, dependent on available funding.
 - Indirect is calculated as a percentage of the grantee’s modified total direct cost (MTDC), as that term is defined in 2 C.F.R. § 200.1. Loan interest and capital asset costs such as land rights must be excluded from the MTDC calculation. **See the *DWSP GoBig Appendix* on the [DWSP webpage](#) for details on calculating indirect rate.**
 - Costs must have been incurred no earlier than 18 months before the applicable Drinking Water Source Protection Grant application deadline.

Eligible Costs – Lottery Revenue Bonds

- Must be only “capital expenditures” for federal income tax purposes as defined by 26 C.F.R. § 1.150-1(b). This term includes both capitalized and capitalizable expenditures.
- Per [OAR 695-048-0100\(3\)](#), eligible costs include:
 - The purchase price associated with the Protective Instrument.
 - The purchase price shall be based on an appraisal and review appraisal completed in accordance with applicable appraisal standards, including the Uniform Standards of Professional Appraisal Practice for Fee Simple and Conservation Easement acquisitions.

- Other methods of substantiating the purchase price conducted by an independent third-party entity may be accepted at the discretion of OWEB for all other Protective Instruments.
 - The staff and contractor costs incurred as part of the acquisition process related to the Protective Instrument. Staff and contractor costs (labor hours) must be documented and tracked to the Project and capitalizable to the asset.
 - The cost of due diligence activities associated with acquisition of the Protective Instrument after the specific property has been identified and that are capitalizable to the asset, including appraisal or other method of substantiating the purchase price, environmental site assessment, survey, title review, consultant fees, and other customary due diligence activities.
 - The cost of baseline inventory preparation documenting the natural and human characteristics and conditions of the specific property at the time of acquisition. The cost of the baseline inventory must be capitalizable to the asset.
 - Discrete legal costs incurred by the Water Supplier that are specific to the acquisition of the asset, and capitalizable to the asset. Legal costs (labor hours) must be documented and tracked. General in-house legal costs that are related to the overall management or policy of the entity are **not** eligible.
 - Closing fees, including recording and title insurance costs. Pre-payments, such as those that fund the escrow account for insurance, taxes, or interest payments, are **not** eligible.
 - Costs must have been incurred no earlier than 60 days prior to the issuance of the Lottery Revenue Bonds.
- **Costs paid during the process of determining which property to pursue and whether to purchase a Protective Instrument are not allowable expenses. In other words, costs incurred prior to the selection of the final property are not allowed.**

Budgeting Guidance

The budget should include all project costs regardless of funding source (i.e., OWEB or external cash or in-kind). Within the online application, the applicant can designate the funding source for each line item (i.e., OWEB or external). The applicant can then decide which external funding should be applied toward the required five percent match.

Allowable costs identified in [OAR 695-048-0100](#) may be reimbursed if included in the application’s project budget. Items not included in the application’s project budget as OWEB costs cannot be added at a later date, so it is imperative that the applicant include anticipated project costs at the time of application. **Lookback windows for expenses are as follows:**

- General Funds, first grant cycle (Fall 2024): 60 months prior to application deadline
- General Funds, subsequent grant cycles: 18 months prior to application deadline
- Lottery Revenue Bonds: 60 days prior to issuance of Lottery Revenue Bonds, which will likely occur in April 2025

Applicants are not expected to identify which OWEB DWSP Grant Program funding source they are applying to in their application budget. However, during the pre-application consultation, OWEB staff can help the

applicant understand which funding source their project is eligible for, and thus which lookback window will likely be applicable.

OWEB strongly encourages applicants to provide information that is as complete as possible regarding the approximate cost of the Protective Instrument proposed for purchase. An acquisition cost estimate relating to a Conservation Easement, covenant, equitable servitude, or other similar agreement to be placed on part or all of a property has to reflect the loss attributable to the property rights relinquished by the property owner. Therefore, the applicant must have a reasonably complete understanding of the rights the agreement will restrict, such as specific development, timber cutting, or agricultural rights. If an applicant opts to obtain an appraisal report prior to the grant application, they should consider incorporating future appraisal fee cost estimates for updating the initial appraisal report into the appraiser's engagement agreement.

Additional grant application budget guidance that applicants must follow is contained in OWEB's GoBig document, available on the [OWEB Manage Your Grant](#) webpage, and in the DWSP GoBig Appendix, available on the [DWSP webpage](#).

Match

A grant recipient shall provide **at least five percent** of the total OWEB Grant request as a match. Match contributions must be from non-OWEB sources.

The following funds and activities qualify as match:

- In-kind contributions to activities listed under [OAR 695-048-0100](#), including indirect rate (as described in the *DWSP GoBig Appendix* on the [DWSP webpage](#));
- Funding commitments made by others as a result of grant applicant efforts related to the proposed project;
- The forgiven portion of a loan used to acquire the Protective Instrument;
- Interest paid on a loan used to acquire the Protective Instrument; and
- A donated portion of a sale.

Match contributions qualify if they were incurred no earlier than 18 months before the applicable DWSP Grant application deadline. If a project is funded by General Funds in the first grant cycle, match contributions are eligible dating back 60 months from the grant application deadline. (Given the first cycle's application deadline of December 12, 2024, 18 months prior falls on June 12, 2023 and 60 months prior falls on December 12, 2019.)

The OWEB Director retains the discretion to determine whether specific proposed match contributions not specifically identified in [OAR 695-048-0080\(2\)\(a\)-\(e\)](#) can be recognized as qualifying match.

The grantee must secure the match before OWEB's first payment of Grant Funds. (See [Match Source Documentation](#) in this document for guidance on documenting your secured match.) At the time of OWEB's final payment on a grant, the grantee is required to submit a final accounting of expended match. Records that support any cash match costs must be maintained in the grantee's accounting system and be available for audit and review.

Project Schedule

Applicants are required to prepare a project schedule for key actions associated with the proposed acquisition. It is important that the schedule incorporate realistic timeframes for actions such as the purchase agreement, appraisal or other third-party demonstration of market value, survey, and title review to ensure the transaction is completed, with OWEB's funding conditions met, within a timely manner. The schedule may reflect project activities that occurred prior to the grant application deadline, but only qualified costs that were incurred within 18 months prior to the application deadline (for line items that receive General Funds) or 60 days prior to the issuance of the Lottery Revenue Bonds (for line items that receive Lottery Revenue Bonds) are eligible for reimbursement. Project timing and the nuances of OWEB's funding sources and their timing will be discussed at the pre-application consultation.

Documentation to Provide at Application Stage

The online application will prompt the applicant to upload documents. All documentation must be submitted online. Incomplete applications will not be considered for funding. When uploading documents to the online application system, select the upload type specified in the application prompts for each document to ensure that your information is properly identified and kept as confidential as applicable. Expectations and further description of those documents are detailed below.

If due diligence materials exist and are referenced in the application, the applicant should submit them with the application or provide justification for not submitting the materials.

Provided the documents are uploaded correctly into the online application system, the following items *will not* be maintained in OWEB's public-facing grant database: landowner acknowledgment forms, transaction agreements, loan agreements, title documentation, appraisals and appraisal information, purchase price documentation, surveys, environmental site assessments, baseline inventory documentation, water rights documentation, organizational documents, and financial and sensitive business information. Refer to the section on confidentiality, below, for related information.

The following table lists the documentation to include at the application stage and the scenarios when it is required or optional. Descriptions of the documentation and scenarios are provided below the table.

CATEGORY	DOCUMENT <i>(Bolded items are required for all projects)</i>	REQUIRED?
Maps	Threats map	Yes
	Watershed map	Yes
	Service area map	Yes
	Hydrologic/soil map	Only for groundwater projects
	Wildfire map	Only if recent wildfire impacts are present
	Protected lands map	Optional
Title Documentation, Protective Instrument Details, and Transaction Details	Vesting deed	Yes
	Preliminary title report	Yes
	Title analysis sheet	Optional
	Landowner acknowledgement form	Only for prospective projects (i.e., not reimbursement or loan repayment)
	Warranty deed	Only for reimbursement/loan repayment of prior purchase of Fee Simple
	Title insurance policy	Only for reimbursement/loan repayment of prior purchase of Fee Simple
	Draft or final Protective Instrument	Only for all non-Fee Simple projects
	Fully executed loan agreement / or draft	Only for loan repayment projects
	Purchase price documentation and/or appraisal	If available
	Contract/other agreement in place for purchase of Protective Instrument	If available
	Boundary survey	If available
	Environmental site assessment	If available
	Baseline inventory documentation	If available
	Water right certificate and map for proposed property	Only if project results in a new water right for the Water Supplier or the Holder
Water System Information	Source Water Assessment	Yes
	Documentation of Water System ownership	Yes
	Documentation of authority to use water	Yes
	Well log	Only for groundwater projects
Applicant & Partner Capacity	Authorization by applicant's governing body	Yes
	Documentation of formal partnership commitment	Only for partnership projects
	Holder by-laws	Only for partnership projects
	Land Trust Alliance (LTA) Accreditation Letter	Only if partnership is proposed and Holder is accredited by LTA
	Long-term management plan	If available
Other	Outreach materials	Optional
	Letters of support	Optional
	Secured match documentation	If available

Maps

THREATS MAP

Required for all projects

The Threats Map shows the location of current and anticipated future threats to water quality and/or water storage capacity within your Drinking Water Source Area, as well as other potentially sensitive areas for the drinking water source. Examples of threat considerations include potential timber harvest, erosion from roads, land use changes that could increase erosion, 303(d) listed streams, and other known sources of pollution. Your Source Water Assessment from the Department of Environmental Quality (DEQ) ([found at this webpage](#)) will help inform this map. Please use a topographic map as your basemap. For threats that are more regional in nature (e.g., drought), you do not need to place it on this location-specific map.

WATERSHED MAP

Required for all projects

The Watershed Map provides context to intersection of the hydrology and Protective Instrument details of your project. On this map, please include the following:

- The location of the point of diversion (POD) for the Water System’s drinking water intake and/or well location(s);
- The location of the proposed Protective Instrument;
- The legal and physical access to the proposed Protective Instrument;
- A stream layer;
- The boundary of your Drinking Water Source Area; and
- Satellite imagery as the basemap.

Please make sure that polygon boundaries are just lines and not shaded in. [Oregon Explorer Map Viewer](#) has layers for streams and Drinking Water Source Areas. To find Drinking Water Source Areas in the layers, select “Water and Air” --> “Water Quality --> “Drinking Water Source Areas” --> “Groundwater Drinking Water Source Areas” or “Surface Water Drinking Water Source Areas”.

SERVICE AREA MAP

Required for all projects

The Service Area Map helps reviewers understand the community served by the project. Please include the Water System’s service area boundary with jurisdictional labels of towns, cities, and counties. Include communities served and neighboring communities. If you do not already have a service area map, you can create one with [this mapping tool from the Environmental Protection Agency](#).

HYDROLOGIC AND SOIL MAP

Required if the Water System is supplied by groundwater

Include in this map the hydrologic and/or soil characteristics of the Drinking Water Source Area that potentially allow for the transport of contaminants to the well or spring which supplies water to the Water

System. Your original Source Water Assessment may have a map that you can use. Otherwise, [Oregon Explorer Map Viewer](#) offers soil and hydrology layers that you can use to create this map.

WILDFIRE MAP

Required if wildfires have recently impacted the Drinking Water Source Area

In this map, please include recent wildfire perimeters within your Drinking Water Source Area. If you don't already have a map of wildfires, you can create one using this [this Oregon Department of Forestry interactive mapping tool](#). To do so, click on the layers button on the left side of the map. Turn off "Active Incidents", "Satellite Fire Detections", and "Weather Stations". Leave on "Basemap" and "Current Year Wildland Fire Perimeters to Date". Turn on "Fire History - Current Decade." Then zoom into your watershed and take a screenshot of that view.

PROTECTED LANDS MAP

Optional

Consider including this map if there are other protected lands within your source area or plans for future protection. The Protected Lands Map will help reviewers understand how the proposed project fits into the conservation context in your watershed. On this map, please include the boundaries of other protected lands, whether owned or conserved by the Water Supplier or another entity, within your Drinking Water Source Area and any plans for future land protection. Examples of other entities whose land ownership or conservation (e.g., Conservation Easement) may protect the Drinking Water Source Area would be a Water Supplier, a land trust, a soil and water conservation district, a Tribe, or the local, state, or federal government.

Title Documentation Protective Instrument and Transaction Details

VESTING DEED

Required for all projects

A copy of the deed that vested title in the party identified in the preliminary title report (PTR) or status of record title (SORT) and listed as the landowner in the application.

PRELIMINARY TITLE REPORT OR STATUS OF RECORD TITLE

Required for all projects

A recent preliminary title report (PTR) or status of record title (SORT) should be submitted with your application. Include legible copies of recorded documents for the exceptions listed in the PTR or the SORT. Do not rely on hyperlinks within the PTR or the SORT. Examples of exceptions that may pertain to the property include easements and other encumbrances, fixture filings, leases, licenses, permits, rental agreements, rights of first refusal, security interests, financing statements, among others. Some of these exceptions may not be recorded on title and must be provided to the applicant by the Seller.

For reimbursement and loan repayment projects, a title insurance policy will fulfill this requirement.

TITLE ANALYSIS SHEET

Optional

The *Title Analysis Sheet* is optional but recommended for complex projects that have numerous exceptions. This worksheet allows the applicant to provide detail on exceptions to title, potential impacts to conservation purposes, and the anticipated path to resolution if needed. The *Title Analysis Sheet* can be found on the [DWSP webpage](#) under the Forms tab.

LANDOWNER ACKNOWLEDGEMENT FORM

Required for all prospective projects (i.e., not reimbursement or loan repayment)

The DWSP *Landowner Acknowledgement Form* must be signed by the seller or the seller's representative. The form, which must state the estimated value of the Protective Interest being acquired, is available on the [DWSP webpage](#). This form includes a space for the landowner (seller) to fill in their obligations that will be included in the Protective Instrument.

WARRANTY DEED

Required for projects requesting reimbursement or loan repayment of the prior purchase of Fee Simple

Please provide the warranty deed for the property.

TITLE INSURANCE POLICY

Required for projects requesting reimbursement or loan repayment of the prior purchase of Fee Simple

Please provide the title insurance policy for the property.

DRAFT OR FINAL LANGUAGE FOR PROTECTIVE INSTRUMENT

Required for all non-Fee Simple projects

A draft of the Protective Instrument (Conservation Easement, covenant, equitable servitude, or other agreement) must be submitted with the application. The draft of the Protective Instrument should be specific to the property in the application, demonstrate a reasonably complete understanding of the rights the property owner will relinquish and retain, such as specific development, timber management, and level of agricultural use. The applicant and landowner should be aware that revisions may be required to the Protective Instrument based upon OWEB's review. The OWEB grantee is responsible for negotiating with the landowner to make any revisions required by OWEB.

FULLY EXECUTED OR DRAFT LOAN AGREEMENT

Required for all loan repayment projects

If you are requesting loan repayment, please upload a copy of the fully executed loan agreement. If the loan is not yet incurred, please include a draft of the loan agreement.

PURCHASE PRICE DOCUMENTATION AND/OR APPRAISAL

If available

A current appraisal is not a required component of the application; however, the applicant must provide support for the acquisition value identified in the application. This support may be in the form of a preliminary or complete appraisal, or a detailed estimate for the anticipated cost of the acquisition, and material to support the valuation estimate, including an understanding of the rights the property owner will relinquish under the proposed Protective Instrument, such as specific development, timber cutting, or mineral rights. Include a description of the supporting data or document. An appraisal or third-party valuation that conforms to the requirements of the DWSP Grant Program (see [Appendix A: Appraisal Guidelines and Supplemental Standards](#)) will be required and must be approved by OWEB prior to closing if the project is awarded funding. A third-party demonstration of market value of the Protective Instrument is not required for reimbursement or loan repayments during this first grant solicitation cycle.

For reimbursement and loan repayment projects, purchase price documentation is required at the time of application as well as an explanation or documentation as to how that value was reached. For all other projects, purchase price documentation is required prior to closing.

CONTRACT/OTHER AGREEMENT IN PLACE FOR PURCHASE OF PROTECTIVE INSTRUMENT

If available.

If a transaction agreement exists at the time of application, it must be submitted as an upload with the application. If a letter of intent, memorandum of understanding, or other documentation evidencing commitment and terms agreed upon by the applicant and the landowner exists, it must be submitted at the time of the application.

BOUNDARY SURVEY

If available

Any survey material that exists at the time of the application should be submitted by the applicant. This includes maps, legal descriptions of the property boundary or proposed Protective Instrument boundary, or surveyor opinions on boundary discrepancies or errors in the legal description of the underlying fee.

ENVIRONMENTAL SITE ASSESSMENT

If available

An Environmental Site Assessment (ESA) is not required at the time of application, but if one exists for the property or Protective Instrument at the time of application, it should be submitted for review. If the OWEB Board awards conditional funding for a Fee Simple project, the grant agreement will require the grantee to employ all appropriate inquiries to determine if the real property in question, including any improvements, is subject to environmental hazards known as recognized environmental conditions. The inquiries must also be sufficient to determine if and how any recognized environmental conditions can be remediated and ensure that the purpose of the OWEB grant can be met. An ESA performed in compliance with the American Society for Testing and Material (ASTM) standards will satisfy these requirements.

BASELINE INVENTORY DOCUMENTATION

If available

Baseline Inventory Documentation (“Baseline”) records a property’s existing physical conditions, natural and human-made, at the time the Protective Instrument is executed. The information provides the baseline for measuring changes in the condition of the property’s conservation values and other features. A Baseline is not required at the time of application, but if one exists for the property or Protective Instrument at the time of application, it should be submitted for review. A Baseline will be required prior to closing for all non-Fee Simple Protective Instruments. The level of depth for the report will be reflective of the level of depth of the agreement and will be described as a condition within the grant agreement for successful applicants. Please see [Appendix B: Baseline Inventory Documentation Guidance](#).

WATER RIGHTS DOCUMENTATION

Required if project results in new water rights for the Water Supplier or the Holder

If the property to be acquired has appurtenant water rights, including any surface, instream, stored, or groundwater rights, **attach the following information as applicable:**

- Water rights applications, permits, certificates, transfers, and claims;
- The status of each right; and
- A map of the area of use and point of diversion or point of appropriation for each right. This information is typically available from Oregon Water Resources Department (OWRD) [Water Right Information Search \(WRIS\)](#). For assistance, please contact your [local watermaster](#).

Water System Information

SOURCE WATER ASSESSMENT

Required for all projects

Please provide both the original Source Water Assessment and any updates as hyperlinks in your application. You can find your surface water Source Water Assessment on DEQ’s [Assessment and Water Quality Monitoring webpage](#) under Statewide assessment reports, results and methods. Groundwater Source Water Assessments are not available online and can be obtained from Oregon Health Authority (OHA). Contact information for OHA is provided at the above linked DEQ webpage.

DOCUMENTATION OF WATER SYSTEM OWNERSHIP AND AUTHORITY TO USE WATER

Required for all projects

The application must include a demonstration of Water System and/or well ownership and authority to use the water (i.e., holds pertinent water right or has legal access to pertinent water right). If you need assistance finding this documentation, please contact the [DEQ Drinking Water Protection Program](#) for Water System documentation; visit [OWRD’s WRIS](#) or contact your [local watermaster](#) for water right documentation.

WELL LOG

Required for all groundwater projects

A copy of the well log will provide confirmation of well depth and also provide information about aquifer sensitivity due to vadose zone materials and aquifer characteristics. You can download your well log from [OWRD's WRIS](#); or contact your [local watermaster](#) for assistance.

Applicant and Partner Capacity

AUTHORIZATION BY APPLICANT'S GOVERNING BODY

Required for all projects

The application must include an ordinance, order, or resolution by the applicant's governing body authorizing the applicant to fulfill the obligations proposed in the applicant's grant application.

DOCUMENTATION OF FORMAL PARTNERSHIP COMMITMENT

Required for all partnership projects

Documentation of a formal commitment between the Water Supplier and the Holder must be included with the application. This agreement should include a description of Partnership resources to assist with the long-term protection, restoration, or enhancement of drinking water sources; clearly defined roles and responsibilities; and whether the Partnership's mission supports the protection or restoration of natural resources and/or drinking water.

If the project is selected for funding, the partnership agreement will need to be amended with required flow-down terms from the grant agreement between OWEB and the Water Supplier.

HOLDER BY-LAWS

Required for all partnership projects

Documents demonstrating the partner's eligibility as a Holder must be submitted with the application, including Articles of Incorporation and by-laws documenting the principal charitable or public purposes of the nonprofit organization.

LAND TRUST ALLIANCE ACCREDITATION LETTER

Required for all partnership projects in which the Holder is accredited

If the Holder is accredited by the Land Trust Alliance, attach a copy of the accreditation letter.

If the property interest will be transferred to a long-term holder, and the long-term holder is accredited by the Land Trust Alliance, attach a copy of the accreditation letter.

LONG-TERM MANAGEMENT PLAN

If available

For the purposes of the DWSP Grant Program, a Long-Term Management Plan means "the planned future management and stewardship of the land for the benefit of drinking water pursuant to a Protective

Instrument and that is intended to carry out the purposes of ORS 448.370 and is consistent with guidance established by OWEB. The term includes, but is not limited to, proposed restoration activities, strategies for monitoring, maintaining, managing, and improving the property, including providing signage, controlling access, enforcing use restrictions, and resolving violations.”

According to [OAR 695-048-0090](#), applications must include documentation of an existing Long-Term Management Plan or the intent to develop a Long-Term Management Plan that incorporates measures targeted at maintaining or enhancing drinking water quality and/or quantity. Furthermore, [OAR 695-048-0130](#) provides provisions that a Long-Term Management Plan must be developed for all Fee Simple acquisition projects. For other Protective Instruments, the need for a Long-Term Management Plan is dependent on the nature and complexity of the Protective Instrument. If a Long-Term Management Plan does not exist or is not proposed, justification and rationale must be provided in the application about why a Long-Term Management Plan is not necessary given the type of Protective Instrument proposed. OWEB staff will work with applicants/grantees to determine long-term management requirements for their proposed project. An example of a project that may not require a Long-Term Management Plan would be an agreement with a landowner that provides solely for a certain width of a riparian no-cut buffer and no other terms.

Please see [Appendix C: Long-Term Management Plan Guidance](#) for more information.

Other

OUTREACH MATERIALS

Optional

If outreach materials for the project exist, please upload those to demonstrate community engagement.

LETTERS OF SUPPORT

Optional

While not required, a letter of support for the project from other organizations, government entities, or community groups can help to demonstrate the value of your project.

MATCH SOURCE DOCUMENTATION

If available

For any secured match included in the project budget, provide individual documentation from an authorized representative of the match source describing the amount and allowable uses for the match. Examples of documentation can be a signed letter or grant agreement denoting the match amount and allowable uses. If not available at the time of application, for those awarded funding, documentation of secured match will be required prior to OWEB’s first payment of grant funds to the grantee.

Additional Application Guidance

Due to limitations of OWEB’s online application system, some questions are not pertinent to the DWSP Grant Application. Specifically, in the Budget Development section, contingencies and materials/supplies are not allowed in DWSP and so you should **select “no” to this question**. Additionally, the second and third Match

Questions that are asked after the Budget section do not apply to the DWSP Grant Application. **Please select “no” for these questions:**

- *Do you need state OWEB dollars (not Federal) to match the requirements of any other federal funding you will be using to complete this project?*
- *Does the non-OWEB cash funding include Pacific Coast Salmon Recovery Funds?*

Evaluation Criteria

Drinking Water Source Protection applications will be evaluated by the evaluation criteria detailed in [OAR 695-048-0110](#), which are equally weighted. A graphic of the evaluation criteria is provided on the [DWSP webpage](#). In addition, project readiness will be evaluated for Lottery Revenue Bond funding given the expiration date of that funding source.

Project Review Procedures

After applications are submitted, they will be reviewed by OWEB staff to confirm eligibility and completeness. Once applications have been determined complete and eligible, the applications will be evaluated and ranked by the technical review team. The role of the technical review team is to provide feedback on the technical components of the project presented in the application. OWEB staff will then consult with OWEB’s due diligence contractors and draft staff evaluations and funding recommendations to be presented to the OWEB Board who will make a formal funding decision.

Virtual Site Visits

Applicants will be required to present virtually for the technical review team during the application review period in January or February 2025. OWEB staff will provide applicants with expectations for the presentation once applications have been determined eligible and complete. Applicants can only use their application materials in the presentation and cannot present new information. Given this, if there are maps, photos, or other materials you expect to use in your presentation, please include them in your application. The virtual site visit provides applicants with the opportunity to clarify any outstanding questions that OWEB staff and reviewers have about the grant application. The property owner or property owner representative is welcome to attend, but at the discretion of the applicant and not required by OWEB.

Soundness Review

Due diligence contractors will be provided all application materials to review for project soundness and organizational capacity concerns. Review will include analysis of the transaction structure, title materials, proposed timeline, and due diligence needs. Due diligence reviewers will assist OWEB staff in determining whether any clarification of application information is needed, and OWEB staff will provide the applicants an opportunity to respond to any requests. Applicant responses to requests for clarifications are optional.

Technical Review Teams

Technical review teams are selected by OWEB staff to review grant applications each funding cycle. The individual team members are different for each OWEB grant program. The DWSP review team may comprise experts from federal, state, and local agencies, academic institutions, Tribes, nonprofits, and others with expertise that OWEB determines beneficial to the review process, such as expertise in drinking water, water quality, hydrology, hydrogeology, land acquisition, and other relevant disciplines.

The review team will evaluate applications according to criteria described in [OAR 695-048-0110](#). Reviewers will review applications as submitted.

Review team feedback and rankings of grant applications will be provided to OWEB staff. OWEB staff will evaluate review team recommendations and provide a funding recommendation to the OWEB Board.

Funding Determinations

The OWEB Board shall review and consider the recommendations of OWEB staff and shall make funding decisions based on the availability of funding in the DWSP Grant Program. If needed to fully allocate the \$5,000,000 available for the DWSP Grant Program, the Board may fund a grant application in part.

Public Engagement

OWEB staff will notify affected tribes through OWEB's tribal liaison and provide them with the opportunity to review and comment on grant applications prior to the Board meeting at which the Board will consider the applications.

In a manner consistent with requirements in [OAR 695-048-0150](#), OWEB shall provide the public with meaningful opportunities to comment on grant applications being considered by the Board. OWEB will provide written notice to the governing bodies of cities and counties with jurisdiction in the area of the proposed Protective Instrument, as well as affected governmental agencies and tribes, of the Board's intent to consider written comments received by OWEB prior to the Board meeting at which the Board will consider the application; comments made at public hearings held by the applicant in accordance with ORS 271.735; and comments made at the Board meeting at which the grant application is considered.

Notice will also be posted in OWEB's GovDelivery email notification system.

Project Requirements and Due Diligence Expectations for Funded Projects

Due Diligence

A funding award will be conditioned on certain transaction requirements being fulfilled prior to closing. OWEB will require review of all appropriate due diligence information relevant to the Protective Instrument being purchased, which may include but is not limited to: appraisals, title reports, environmental site assessments, surveys, water rights documentation, transaction agreements, leases, licenses, rental agreements, permits,

easements, security instruments, UCC financing statements, fixture filings, documents pertaining to litigation, encroachments, disputes (including boundary line disputes), prescriptive rights, a description of any work performed on or use made of the property by parties other than the seller, and other documents and information that OWEB determined are reasonably necessary to review before disbursing grant funds.

Grantees are strongly encouraged to seek the assistance of experienced attorneys and to work closely with OWEB staff throughout the due diligence phase of the acquisition. Applicants are encouraged to consider OWEB due diligence review needs when establishing timelines in purchase agreements and contracts for due diligence items to ensure all project requirements are reviewed and completed within the 18-month time period for closing. Once an application is submitted, the applicant must inform OWEB of any changes to the title or the agreement with the seller.

Protective Instrument Requirements

Protective Instruments acquired with DWSP Grant Program funds must be consistent with OWEB's requirements, rules ([OAR 695-048-0030](#)), and policies. A Protective Instrument purchased with DWSP Grant Program funds must result in the protection of drinking water sources.

All DWSP Protective Instruments will require OWEB review and approval prior to the release of funds for the purchase. OWEB review, with assistance from the Department of Justice, is intended to ensure that the Protective Instrument language is consistent with sound Protective Instrument drafting principles; DWSP statutes and rules; the grant application for the Protective Instrument; and the grant agreement for the project. Revisions may be required based upon OWEB's review. OWEB will also require language regarding subsequent conveyances of the Protective Instrument that requires prior approval by OWEB, and the Department of Administrative Services if the project is funded with Lottery Revenue Bonds, and that the conveyance comply with the requirements of [OAR 695-048-0180](#).

The following items shall be included in all DWSP Protective Instruments other than Fee Simple. Fee Simple will require a Notice of Grant Requirements ([described below](#)).

- A legal description of the land subject to the Protective Instrument acquired;
- The objectives of the grant and terms demonstrating how the Protective Instrument will meet those objectives;
- **Specific obligations of the grantee including, but not limited to:**
 - A requirement that the grantee will monitor the property, at least annually, and enforce the terms in the Protective Instrument;
 - A requirement that the grantee will repay the grant funds to OWEB if grantee fails to enforce the terms of the Protective Instrument;
 - A covenant that the grantee will not modify, assign, transfer, or convey the Protective Instrument without the consent of OWEB and, if applicable, the Department of Administrative Services; and

- Terms that provide for the obligations to run with the land and bind any successor in interest or permitted assignee.
- A requirement that OWEB and its designees will be provided sufficient legal access to the land protected, restored, or enhanced for the benefit of a drinking water source accomplished by the Protective Instrument acquired with Drinking Water Source Protection Grants, given reasonable notice, for the purpose of compliance inspections.
- **The duration of the protection of land for the benefit of a drinking water source accomplished by the Protective Instrument:**
 - A Conservation Easement shall last in perpetuity.
 - The duration of the protection of land for the benefit of a drinking water source accomplished by any other Protective Instrument, other Fee Simple, may last for a term unlimited in duration unless the instrument creating it otherwise provides. A real covenant term shall be set at 12-month increments only and not partial years.

If the Project includes a Partnership with a Holder, and the grantee will not hold the Protective Instrument, the Holder will be required to execute any Protective Instrument so that it meets the requirements described above.

Applicants should review state and local recording requirements with their county clerk to make sure the proposed Protective Instrument and its requirements will be accepted for recording.

The draft Protective Instrument submitted with the online application should be specific to the property in the application, demonstrate a reasonably complete understanding of the rights the property owner will relinquish and retain, such as specific development, timber harvest, and level of agricultural use. Where differences between the draft submitted for OWEB review and approval and the draft submitted with the application exist, OWEB will request that the Protective Instrument holder provide an evaluation of the reserved rights to ensure that the proposed changes will not detrimentally impact the property's conservation values. ***The applicant and landowner should be aware that revisions may be required based upon OWEB's review. The OWEB grantee is responsible for negotiating with the landowner to make any revisions required by OWEB.***

If zones are used to separate farming, ranching, and forestry activities from areas designated exclusively for source water protection, the document should state the allowed and prohibited activities for each zone, and clearly define the location of each zone in the Protective Instrument or make reference to a clear description in the baseline inventory documentation.

The use of building envelopes is encouraged for structures to identify the footprint within which buildings are located or may be constructed in the future. Grantees should work closely with landowners to identify appropriate locations for buildings to minimize disruption to the land's identified source water protection values. In general, OWEB encourages building envelopes to be near property edges and roads, where they won't degrade long-term viability of the source water protection. Grantees should identify in the Protective Instrument the locations of building envelopes and allowed improvements and be identified on a site map, preferably by survey, that will become an exhibit to the Protective Instrument.

When negotiating the terms of a Protective Instrument, the applicant and landowner should consult with their own attorneys and other technical and financial advisors to ensure that all legal requirements and any applicable Internal Revenue Service requirements are met as OWEB makes no representations and will not provide advice regarding the tax implications of these transactions.

Notice of Grant Requirements for Fee Simple

For Fee Simple acquisition projects, the bullet point list of Protective Instrument requirements in the above section must be recorded on title as a “Notice of Grant Requirements (NOGR)”. If the Fee Simple purchase has already been completed, then the NOGR must be amended to the title. OWEB will provide a NOGR form to grantees to ensure they include the appropriate information. This requirement applies both to properties purchased by the grantee or by a Holder in partnership with the grantee.

Applicants should review state and local recording requirements with their county clerk to make sure the Notice of Grant Requirements will be accepted for recording.

Compliance and Enforcement

Per [OAR 695-048-0170](#), the ongoing use of the land addressed in the Protective Instrument acquired with DWSP Grants shall be consistent with the purposes specified in ORS 448.370. OWEB may initiate any and all legal remedies available to OWEB to address compliance issues, including but not limited to recovery of the OWEB grant funds used to purchase the Protective Instrument, and reasonable interest and penalties at the option of the OWEB Director.

A grantee is responsible for fulfilling the terms and conditions of any agreement:

- Between the grantee and the Board;
- Between the grantee and a landowner, or other person or entity, necessary for the grantee to carry out the Project for which a grant has been awarded; and
- If a Partnership is proposed, between the grantee and the Holder.

OWEB and the Board are not liable to any landowner, person, or entity for the failure of a grantee to fulfill the terms or conditions of any agreement between the person or entity and the grantee.

Grant Agreement

Applicants conditionally selected to receive funding will be required to sign a standard form grant agreement soon after the Board awards funds. The release of the grant funds will be conditioned on the grantee meeting the requirements specified in the grant agreement and requirements for the distribution of funds detailed in [OAR 695-048-0160](#). A grant agreement template is provided on the [DWSP webpage](#).

Good Standing Requirement

Any grantee that has not met reporting requirements or other obligations of any grant agreement it has with OWEB must become compliant with the obligations prior to executing a grant agreement for a new DWSP Grant Program funding award. Delays in executing a grant agreement caused by outstanding reporting obligations may jeopardize a grantee’s ability to close a transaction within the required 18 months from the

date of the Board award. OWEB will not release grant funds to close a transaction if the grantee is not in compliance with all terms of the grant agreement and any outstanding management planning and reporting requirements under all grant agreements it has with OWEB.

Availability of Grant Funds

If the OWEB Board makes a conditional funding award for a project, the funds will be held and made available for that project, consistent with the terms of the grant agreement, while the grantee fulfills the funding requirements.

Budget Amendments

The Project budget may be revised after an award of grant funds if approved by the OWEB project manager, who, in consultation with OWEB's Business Operations staff, will assess the reasonableness of revision requests and their consistency with OWEB's established requirements, guidance, and policies. Formal budget amendments requests must be completed on the [Budget Amendment Request Form](#). This document is also located under [Manage Your Grant](#) on the OWEB website.

At Closing

Grantees have 18 months after the award of grant funds to fulfill funding conditions related to the purchase of the Protective Instrument and to close the transaction. Grant funds for purchase of the Protective Instrument will be distributed only if the grantee meets all related grant requirements, and only if the purchase closes.

Grantee Insurance Requirements

DWSP grantees are required to carry, at a minimum: (i) general liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 in aggregate; and (ii) auto liability insurance in the amount of \$1,000,000 for a combined single limit. The grantee must continue this coverage throughout the project and require that all contractors, consultants, or sub-grantees hired to develop or implement the project also carry these insurance types and amounts.

If requested by OWEB, grantees must provide OWEB with certificates of insurance for all required insurance. As proof of insurance, OWEB has the right to request copies of insurance policies and endorsements relating to the insurance requirements. Grantees or insurers must provide at least 30 days' written notice to OWEB before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

Binding Commitment to Sell

The binding transaction agreement between the grantee and landowner must be submitted to OWEB for review. If the grantee is seeking compensation for a completed acquisition which qualifies for reimbursement or loan repayment, the transaction agreement for the completed transaction must be submitted to OWEB for review. OWEB encourages applicants to use contemporary option or purchase and sale agreements when negotiating the purchase of the Protective Instrument.

The purchase agreement must be consistent with OWEB's requirements for all other due diligence items. It must also demonstrate an understanding that the landowner must not play a role in the selection of the appraiser for an OWEB-funded project, or otherwise be involved in the appraisal process except to the limited extent described in OWEB's appraisal guidance ([Appendix A](#)).

Appraisal

The purchase price for Fee Simple and Conservation Easement acquisitions acquired with DWSP Grant Program funds shall be based on an appraisal and an OWEB appraisal review, completed in accordance with applicable appraisal standards, including the Uniform Standards of Professional Appraisal Practice (USPAP). For projects funded by General Funds, appraisal standards other than USPAP may be accepted at the discretion of OWEB. For all other Protective Instruments, other methods of substantiating the purchase price conducted by an independent third-party entity may be accepted at the discretion of OWEB. Please follow OWEB's appraisal guidance ([Appendix A](#)), and if required by another funding entity, the Uniform Appraisal Standards for Federal Land Acquisitions. A third-party demonstration of market value of the Protective Instrument is not required for reimbursement or loan repayments during the first grant solicitation cycle (Fall 2024).

OWEB will only reimburse funds for an appraisal that is approved by the state and used for the completed acquisition.

The grantee is responsible for selecting and hiring the appraiser and must be the sole client of the appraisal. OWEB must be listed as an Intended User of the Appraisal Report. Any appraiser preparing a report for use by OWEB after the grant application deadline may coordinate with OWEB staff to contact the OWEB review appraiser before beginning work to discuss any initial issues related to the appraiser's adherence to the DWSP appraisal guidelines.

Applicants are strongly encouraged to use the *DWSP Appraisal Contracting Worksheet* when completing the scope of work for the appraisal (worksheet available on the [DWSP webpage](#)).

Environmental Site Assessment

Grantees are required to determine if the real property in question, including any improvements, is subject to environmental hazards known as recognized environmental conditions. The inquiries must also be sufficient to determine if and how any recognized environmental conditions can be remediated and ensure that the purpose of the OWEB grant can be met. An Environmental Site Assessment (ESA) performed in compliance with the American Society for Testing and Material (ASTM) standards specified below will satisfy these requirements. For non-Fee Simple Protective Instruments, other methods may be accepted at the discretion of OWEB.

ESAs should be conducted by qualified third parties in compliance with ASTM E1527-21 or ASTM E2247-16. The grantee or the consultant must provide a rationale to OWEB for the use of the ASTM E2247-16 standard *prior* to the completion of the report if the report is to be completed after the funding award. For reports completed prior to the award, the grantee should expect to provide the rationale for the choice of standard in the application or as a condition of funding. The findings of a Phase 1 ESA may result in the recommendation

of additional investigations, including, but not limited to, a Phase 2 ESA, to further assess environmental conditions. Applicants must consult with OWEB before proceeding to a Phase 2 ESA.

If an ESA is conducted for more property than is proposed for OWEB funding: 1) the contractor must make a reasonable effort to inspect the area proposed for OWEB funding; 2) the report's text must clearly explain which findings pertain to the area proposed for OWEB funding; 3) the report's maps and figures must clearly delineate the area proposed for OWEB funding; and 4) the report's text and maps must clearly indicate if and how.

Encumbrances

A Protective Instrument acquired with OWEB funds must be free of encumbrances (e.g., reserved mineral rights or incompatible easement rights) that conflict with the purpose of the grant. Furthermore, mortgages and liens must be subordinated or paid off when a Protective Instrument is acquired.

Mineral Rights

If the OWEB Board awards conditional funding for the purchase of a Protective Instrument in which mineral rights are held by a party other than the proposed seller of the property (i.e., there is a split estate), the grant agreement will require the grantee to make reasonable efforts to extinguish (see [ORS 517.180](#)) or acquire the mineral rights before OWEB funds are released. If a mineral reservation is suspected, in addition to obtaining an OWEB-required preliminary title report, grant applicants are encouraged to review property records maintained by the Bureau of Land Management and the Oregon Department of State Lands, as applicable.

If OWEB's grantee demonstrates that extinguishing or acquiring the mineral rights is not feasible due to the specific circumstances associated with those rights, OWEB may allow the grantee, at the grantee's expense, to contract for the services of an Oregon-licensed professional geologist or engineering geologist whose license is in good standing and who possesses the skills and experience necessary to assess the likelihood that the mineral resources, if any, associated with the mineral rights will be developed; and describe the likely impacts, if any, of the mineral resource development on the conservation values intended to be protected by the OWEB-funded acquisition project. Upon review and approval of the geologist's assessment, OWEB may reimburse the grantee for the cost of the assessment, if the assessment is included in the approved project budget.

The objective of the geologist's assessment is to conclude that:

- The probability of surface mining on the property that is the subject of the OWEB grant is so remote that it is negligible; and
- The exploration or extraction of subsurface resources associated with the mineral rights (e.g., oil, gas, coal bed methane or geothermal resource) through means other than surface mining (e.g., extraction wells) either: (i) is of such remote probability that it is negligible; or (ii) would likely be limited to activities that would not materially affect the drinking water source protection values that are intended to be protected by the OWEB-funded acquisition project.

The geologist's assessment must contain and consider the following information at a minimum:

- The specific mineral right(s) severed from the surface estate as identified in the preliminary title report for the property that is the subject of the OWEB grant, including the current holder of the right(s);

- The aerial extent of the severed mineral rights on, and as applicable, adjacent to, the property that is the subject of the OWEB grant;
- The geologic characteristics of the overall geographic area considered by the assessment, along with the mineral commodities (fuel and non-fuel) typically associated with that geologic environment;
- The known presence of non-fuel mineral commodities (e.g., aggregate, gold, etc.) and fuel mineral commodities (e.g., oil, gas, coal bed methane) in the general vicinity of the property that is the subject of the OWEB grant;
- The most recent activity, if any, related to the mineral rights (e.g., title transfer, lease activity) or to the mineral commodities associated with those rights (e.g., seismic exploration);
- Historic and current exploration, mining and extraction activities near the property that is the subject of the OWEB grant, or elsewhere in the region, if relevant;
- Infrastructure that is available to develop and market the mineral resources or plans to develop the necessary infrastructure;
- The feasibility of obtaining permits and any other authorizations necessary to exercise the mineral right(s);
- Mitigation and restoration actions that will likely be required in association with the mineral resource development and how those requirements will relate to the conservation values intended to be protected by the OWEB grant; and
- Other reasonably necessary information to determine the probability of mineral resource development affecting the property that is the subject of the OWEB grant, and the likely impacts of the resource development on the conservation values intended to be protected by the OWEB-funded acquisition project.

The report format can be flexible. The report:

- Must include a clear and concise conclusion regarding the probability, type, and extent of impacts from mineral development on or under the property that is the subject of the OWEB grant; and
- Should incorporate information obtained from reasonable literature reviews, as well as from consultation with knowledgeable individuals relative to the key matters addressed in the assessment (e.g., real property, economic, ecological and permitting matters).

Title Insurance and Report

A Protective Instrument acquired with DWSP Grant Program funds must be insured in a manner and for an amount which sufficiently insures OWEB's investment. For loan repayment and reimbursement projects, the title insurance policy must be provided at the time of application. For prospective projects, the title insurance policy must be provided to OWEB by the closing date. Considering the wide range of Protective Instruments allowed within the DWSP Grant Program, the title insurance requirement may be waived for uncomplicated agreements at the discretion of the OWEB project manager.

If an applicant is seeking DWSP Grant Program funds as a reimbursement or loan repayment for a prior purchase of a Protective Instrument, OWEB expects the title company will update the applicant's existing title insurance policy to address any OWEB requirements, such as the removal of a lien at the time OWEB's funds are released. If the title company will not update the applicant's existing title insurance policy, the applicant may be required to purchase a separate policy for OWEB. The applicant should consult with their title company for an understanding of the company's procedures and fees. For information about allowable closing-related costs for projects that include a prior purchase of a Protective Instrument, please refer to the [budget section](#) of this manual, as well as OWEB's *GoBig* document, available on the [OWEB Manage Your Grant](#) webpage, the *DWSP GoBig Appendix*, available on the [DWSP webpage](#).

In addition, the grantee must provide an updated title report, title documentation (exceptions), and rights of others to OWEB 60 days prior to closing.

Relocation of Displaced Persons

OWEB has certain responsibilities under the Relocation of Displaced Persons statutes (ORS 35.500-35.530) and the federal Uniform Relocation and Real Property Acquisitions Policies Act of 1970 (Uniform Act). Specifically, business and residential tenants that are displaced as a result of an OWEB-funded acquisition may be eligible for advisory services and relocation benefits. **Landowners are not eligible for relocation services or benefits in association with OWEB-funded acquisitions, which are voluntary transactions.**

Lawful tenants will be eligible for relocation services and benefits when the property is purchased or upon receiving a notice to vacate the property, whichever occurs sooner. **Relocation-related costs incurred by tenants prior to the eligibility date may not qualify for reimbursement by OWEB.**

The grant applicant is required to:

- Submit a fully executed Landowner Acknowledgement Form with the grant application. The form is structured to meet the requirements of the Uniform Act and applicable State law related to voluntary acquisitions. Specifically, to qualify as a voluntary acquisition, the seller must: (i) be advised in writing that the property will not be acquired if negotiations fail; and (ii) be provided with a written estimate of the property value and the basis of that estimate.
- Inform OWEB, in the grant application, of any tenants on the property and cooperate with OWEB to determine the estimated time, effort and cost that will be associated with OWEB fulfilling relocation obligations, if any, to tenants if the grant is awarded.
- If the grant is awarded, agree to a condition in the grant that requires the grantee to allow any tenants to remain on the property until OWEB has fulfilled its statutory obligations, if any, regarding relocation of displaced persons.

Prior to closing, OWEB grantees must not act independently of OWEB on any matters pertaining to tenants on a property for which OWEB has granted land acquisition funds. If tenants exist on the property, or the potential exists for tenants on the property before the property is purchased (or conservation easement is purchased on the property), **the grantee must cooperate with OWEB's efforts to:**

- Determine whether existing tenants may be eligible for relocation advisory services or benefits;

- Provide initial information to tenants who may be eligible for relocation advisory services or benefits;
- Advise existing tenants not to vacate the property until OWEB has fulfilled its statutory obligations, if any, regarding relocation of displaced persons;
- Avoid relocation obligations under any new tenancies; and
- Complete other efforts necessary to comply with relocation laws.

If OWEB's grantee is a local government that has demonstrated the experience and capacity to provide relocation benefits to tenants, OWEB, subject to approval by the grantee and the Oregon Department of Justice, may elect to delegate all or a portion of relocation duties to the grantee. Details of any such arrangement would be specifically provided in the OWEB grant agreement.

Access

If the OWEB Board awards conditional funding for the purchase of a Protective Instrument, the grant agreement will require that both the grantee and OWEB are provided legal and sufficient access to the property encumbered by the Protective Instrument. Access must be in a form acceptable to OWEB and include the right of access over other land owned by the seller of the Protective Instrument if the encumbered area does not have direct legal and sufficient access.

If the preliminary title report for the property reflects a lack of legal and sufficient access, the exception to title must be removed prior to closing, unless otherwise agreed by OWEB.

A grant application may be submitted if legal and sufficient access does not exist at the time of application, subject to the applicant having a reasonable plan for securing legal and sufficient access prior to closing.

Legal Description and Survey

All Protective Instruments will require a legal description of the Protective Instrument boundary. For Protective Instruments that cover the entire property, the legal description included in the title report is sufficient. For those that do not cover the entire property, the boundary of the Protective Instrument must be legally described and easily demarcated on the ground. The necessity of a survey will be determined at the time of grant award and, if deemed necessary, included as a condition in the grant agreement.

Survey matters must be completed in accordance with applicable law and in a manner that is acceptable to OWEB. Applicants are encouraged to discuss survey matters with OWEB staff before initiating survey actions. Survey costs are allowable costs and should be included in the grant application, detailing the amount the grantee is requesting from OWEB.

Water Rights

If an applicant is proposing to acquire a Protective Instrument with the authority to use appurtenant water rights, the use of those rights shall be consistent with the terms of the Protective Instrument. Grantees may be required to take specific actions necessary to comply with this expected outcome as a condition of a grant award, including but not limited to, providing current water rights information to OWEB.

Organizational Financial Documents

The grantee will be required to submit organizational financial documents such as year-end financial statements and recent audit reports for both the grantee and, if applicable, the Holder to OWEB upon grant award to ensure both entities have the fiscal capability to carry out the project and manage the Protective Instrument.

Confidentiality

OWEB understands that much of the information provided in support of a DWSP grant application will contain sensitive details. In recognition of this, OWEB will endeavor to restrict access to the documents listed in the [Documentation to Provide at Application Stage section](#) of this program manual. Applicants should consider that Oregon Public Records law provides that, in general, any document used or retained by a public agency is a public record subject to disclosure in response to a public records request unless an exemption applies. In general, OWEB will make all its public records, not otherwise exempt from disclosure by law, available for inspection and copying during regular business hours as described in [OAR 695-003-0020\(3\)](#). Many of the exemptions to disclosure in Oregon Public Records law are conditional exemptions where, when presented with a public record request, the public agency must weigh the public interest in disclosure against the agency and public interest in nondisclosure. ORS 192.345 lists the categories of public records conditionally exempt from disclosure in a particular instance. In the event of a public records request related to any of these documents, OWEB will inform the applicant of the request and will analyze whether public records law requires disclosure.

Any questions should be referred to Audrey Squires, Drinking Water Source Protection Specialist, at 503-798-6337 or audrey.l.squires@oweb.oregon.gov.

Appendix A

Appraisal Guidelines and Supplemental Standards

Introduction

These appraisal guidelines and supplemental standards are meant to ensure high quality appraisals that provide a sound basis for OWEB grants for the acquisition of Protective Instruments. They provide information about the appraisal process as well as OWEB-specific requirements which the OWEB grantee and the appraiser must follow. OWEB requires that all appraisal reports for Fee Simple and Conservation Easement projects that are funded with Lottery Revenue Bonds adhere to the current version of the Uniform Standards of Professional Appraisal Practice (USPAP) as published by the Appraisal Foundation and in certain cases, to the current version of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) a.k.a. “The Yellow Book” as well. For all other Protective Instruments, OWEB staff will work with the grantee to determine the appropriate valuation method and related requirements for these situations.

Appraisal Guidelines

1. Intended User and Intended Use

OWEB must be an intended user of any appraisal submitted to support an OWEB grant. Any other public entity that will fund the acquisition should also be an intended user of the appraisal. Intended users of the appraisal must be limited to OWEB and other funders of the acquisition. The appraisal’s intended use must be limited to valuation support for the appraisal client’s OWEB grant and grants of other funders, as applicable.

If other public funders are possible but not confirmed at the time of the appraisal, the OWEB grantee should inquire whether the appraiser is willing to include “other public funders, if any, later identified” as intended users of the appraisal.

The OWEB grantee’s supplemental assignment instructions must require the appraiser to distribute copies of the appraisal report to the client and intended users and authorize the appraiser to discuss the appraisal with the intended users. If any intended users have specific supplemental standards they expect to have addressed in the appraisal, the grantee and the appraiser should make themselves aware of such supplemental standards and appropriately include them within the appraisal report as intended by such Intended User.

The appraisal must include a copy of the engagement letter and any supplemental assignment instructions in the report addenda.

2. Client of the Appraisal

The OWEB grantee is responsible for selecting and hiring the appraiser and must be the sole client of the appraisal. The property owner may not be involved in the appraisal process, except to the extent allowed under *Involvement of the Property Owner*, below. OWEB grantees are expected to uphold the highest level of professional and ethical conduct during the appraisal process. Grantees must not attempt to influence

an appraiser’s analyses or valuation conclusion, nor encourage any other party to exert such pressure on the appraiser.

3. Appraiser Qualifications and Selection

The appraiser must be an Oregon state-certified appraiser with geographic competency in the area he or she is appraising as well as recent experience appraising similar property types and property interests. If the project entails a partial acquisition, the appraiser should also have experience in “before and after” valuation. In addition, if UASFLA applies, the appraiser should have successfully completed a UASFLA appraisal course from a recognized appraisal education provider within the last 5 years and include a statement in the appraisal certifying which courses(s) the appraiser completed and the date(s) of completion. If the project involves the appraisal of a Conservation Easement, the appraiser must provide documentation of their completion of a Conservation Easement valuation, eminent domain appraisal course, or Yellow Book course.

While not intended to be a specific appraiser qualification requirement, the OWEB grantee is encouraged to request from the appraisers they are considering hiring, statements regarding: (i) Properties similar to the subject property they have appraised in the past three to five years; (ii) Properties in the general locale of the subject property they have appraised in the past three to five years; (iii) UASFLA appraisal assignments they have completed within the past three to five years involving properties similar to the subject property; and (iv) confirmation of the appraiser being in good standing with the Oregon Appraiser Certification and Licensure Board.

The OWEB grantee’s supplemental assignment instructions must require the appraiser to include a copy of their appraiser certification from the State of Oregon in the appraisal report.

Listings of potentially qualified appraisers may be obtained from the following sources:

- Land trusts that have completed similar OWEB-funded land acquisition projects.
- OWEB’s acquisitions staff. The staff will facilitate contact with OWEB’s review appraiser, who can provide names of appraisers who are experienced in the appraisal of rural properties. OWEB’s review appraiser will not recommend a specific appraiser.
- American Society of Farm Managers and Rural Appraisers (ASFMRA) at <http://www.asfmra.org>
- Appraisal Institute at <http://www.appraisalinstitute.org>
- AgWest Farm Credit Services at [Home - AgWest Farm Credit \(agwestfc.com\)](http://www.agwestfc.com)

4. Information from the Client

Responsibilities

It is the responsibility of the OWEB grantee, who is the client of the appraiser, to provide the appraiser with this document and guidance, if any, from other entities that will fund the acquisition. If appraisal guidance of any other party conflicts with OWEB’s appraisal requirements, the appraiser should consult with OWEB’s Review Appraiser to determine an appropriate course of action regarding the inconsistency.

The OWEB grantee is also responsible for providing the appraiser with all pertinent information about the property, including physical, economic, and legal characteristics; property sales and use history; and the property rights to be appraised. Typical items to be provided include a current preliminary title report (PTR);

plot plans, maps, or surveys; water rights information; and signed agreements or contracts. The OWEB grantee should promptly provide new or updated property information to the appraiser.

The [DWSP webpage](#) contains an *Appraisal Contracting Worksheet*, designed to assist grantees in giving information to the appraiser. The worksheet provides a format for organizing relevant information including that pertaining to merchantable timber, mineral estates, and water rights. OWEB expects the grantee to provide all relevant property information to the appraiser at the beginning of the appraisal assignment, including any supplemental appraisal requirements from each funding source, to avoid appraisal cost increases caused by separately incorporating previously overlooked information.

Timber Data

If the property includes merchantable timber of contributory value, a current, complete timber inventory including a qualitative analysis must be provided to the appraiser. The inventory may include raw data collected by the seller. However, the data must be verified and analyzed by an independent third party, free of any involvement by the seller.

Preliminary Title Report (PTR)

An appraisal's title information should be consistent with the current PTR for the property. If the OWEB grantee thinks the PTR is in error, the grantee should obtain corrections from the title company before engaging the appraiser. The grantee should not address errors in the PTR by having the appraiser make an extraordinary assumption or rely on a hypothetical condition that is contrary to the information in the PTR (see [Section 12 – As-is Market Value Appraisals](#)). Preliminary title reports are the most complete account of a property's title condition. OWEB prefers the appraisal's title information to be consistent with a current PTR, rather than a Status of Record Title. However, if a PTR cannot be obtained prior to the commencement of the appraisal, the grantee must require the title investigation include access rights and water rights information. If the grantee is aware of a property condition that is crucial but may not be clarified in the title investigation, it should address these issues before the completion of the appraisal report.

If the legal description in the title documentation does not describe the property or Protective Instrument intended for purchase, then: (1) the OWEB grantee should inform their selected appraiser that the legal description in the title documentation includes additional property owned by the seller; (2) the grantee should provide the appraiser with the legal description of the property or Protective Instrument intended for purchase as prepared by a qualified person or, if such legal description has not yet been prepared, provide the appraiser with sufficiently accurate maps and land sizes to identify the property or Protective Instrument intended for purchase, and in cases of a before and after appraisal, the same information as related to the after condition; and (3) the grantee should provide the appraiser with a comprehensive description of the land use actions that must occur to create a discrete legal parcel for purchase by the grantee if the appraisal is for the purpose of determining the fair market value of a fee acquisition. During the time the appraisal is being prepared, if the legal description becomes available for the property intended for purchase, the grantee should provide the appraiser with the legal description, for inclusion in the appraisal report.

5. Consultation with OWEB Review Appraiser

Any appraiser preparing a report for use by OWEB after the grant application deadline is strongly encouraged to contact the OWEB Review Appraiser before beginning work to discuss the appraiser's approach to the appraisal problem and clarify any issues before beginning the assignment. Appraisers should ask their clients for the Review Appraiser's contact information, which OWEB staff will provide.

It is highly recommended, but not required, that appraisers preparing reports prior to the grant application deadline also consult with the OWEB review appraiser, if the client is certain that they will submit an OWEB grant application.

6. Role of the OWEB Review Appraiser

All appraisal reports submitted to OWEB must be reviewed and approved before they may serve as a basis for the purchase price of a Protective Instrument. Once the appraisal assignment is complete, a copy of the appraisal report will be given to OWEB's Review Appraiser for technical review. Appraisers must agree to work with the OWEB Review Appraiser as needed to obtain an approvable report. In addressing any corrections requested, the report's principal appraiser will be required to communicate directly with the OWEB Review Appraiser.

OWEB may share review appraisals with match funders, if the engagement letter also states that the match funders are intended users of the appraisal.

7. Involvement of the Property Owner

If a UASFLA report is being prepared, the appraiser is required to give the property owner or designated representative of the property owner the opportunity to accompany the appraiser on the property inspection. This practice is also recommended for USPAP reports. The property owner is also invited to present pertinent information regarding property characteristics, history, and current uses as well as relevant area sales if known during the appraiser's interview with the owner.

8. Appraisal Standards

The report must be written to USPAP standards using OWEB's supplemental reporting standard (see [Section 21 – Supplemental Reporting Standard](#)). The supplemental reporting standard applies only to USPAP reports. If federal funds will be used for the property purchase, a UASFLA appraisal may be required. UASFLA specifies its own reporting requirements. Both are aimed at presenting a logical narrative with adequate supporting data. If preparing a UASFLA compliant appraisal report, the appraisal should rely on the market value definition as contained within UASFLA. If the appraisal is not intended to be UASFLA compliant, but instead USPAP compliant, the definition of market value should be that which is recommended in the Oregon Department of Transportation (ODOT) Guide to Appraising Real Property.

9. Scope of Work

The appraiser’s scope of work must result in credible assignment results for the intended use.

10. Date of Valuation

The date of valuation should be the date of final inspection. OWEB grantees are encouraged to ensure that the date of valuation is no more than 60 days apart from the date of the appraisal report. Furthermore, the report delivery date should be no more than 120 days from the date of the report.

11. Property Inspection

The appraiser must make an onsite inspection of the appraised property. Giving the property owner, or property owner’s representative, the opportunity to accompany the appraiser on the property inspection is required by UASFLA and OWEB supplemental standards.

12. “As-is” Market Value Appraisals

OWEB requires that appraisals must be “as-is” market value appraisals using all applicable approaches to value. Therefore, any assignment conditions, or “extraordinary assumptions” or “hypothetical conditions” developed as a part of the appraisal project must be discussed with the OWEB Review Appraiser and preapproved for use in the report. An exception to this rule is that if the transaction involves a non-Fee Simple Protective Instrument valuation, the appraiser must assume a hypothetical condition in the after valuation: that the property is already encumbered with the Protective Instrument (see [Section 15 – Appraisal of Non-Fee Simple Protective Instruments](#)). Preapproval of this hypothetical condition is required only if the project will be funded by the Coastal Wetlands Program.

13. Highest and Best Use

The appraiser must base the highest and best use of the property on an economic use. A non-economic highest and best use, such as *conservation, natural lands, preservation, drinking water source protection*, or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to estimate market value. Nor may a highest and best use be speculative or conjectural. A highest and best use requires showing reasonable probability that the land is both physically adaptable for such use and that there is an economic need or demand for such use in the reasonably near future. A point-by-point highest and best use analysis is required in the report covering the four tests of physically possible, legally permissible, financially feasible, and maximally productive.

14. Partial Acquisition Valuations

For partial acquisition in fee of a larger ownership, identification of the larger parcel is required. OWEB recognizes that the appraiser may or may not determine that the larger parcel is the proposed fee acquisition area. In determining the larger parcel, the appraiser should consider market evidence from the open and competitive market as to how a typical private sector seller and buyer would evaluate the larger parcel. If the appraiser determines that the fee acquisition area is its own larger parcel, then it should be

appraised independently. If, on the other hand, the appraiser determines that the larger parcel is the entire ownership (of which the land being acquired is a portion), then the before and after method is generally the accepted process to use. Elements to be considered in making the larger parcel determination include: 1) the current and potential use and utility of the remaining ownership; and 2) any damages or benefits to the remaining ownership or improvements. It is up to the appraiser to fully explain and support his or her larger parcel determination.

15. Appraisal of Non-Fee Simple Protective Instruments

The following additional guidelines apply to the appraisal of non-Fee Simple Protective Instruments.

- All non-Fee Simple appraisals will be based on the “before and after” methodology. The appraiser may refer to UASFLA or to the Appraisal Institute’s or ASFMRA’s courses on appraising Conservation Easements for further guidance.
- The “substantially agreed upon” or final copy of the Protective Instrument must be provided to the appraiser. Changes in the document will require the appraiser be given an opportunity to consider and address any possible impact to the valuation. The appraiser must assume a hypothetical condition in the after valuation, that the property is already encumbered with the Protective Instrument.
- All other documents pertaining to the property’s conditions and anticipated uses under the Protective Instrument including, but not limited to, wetland inventories if any, draft baseline inventory documentation, the draft management plan or management plan outline, easement zone maps, and zone acreages should be provided to the appraiser.
- Comparable sales used in the “after” valuation should be properties similarly encumbered, if possible. A larger geographic search is typical. (This bullet point applies only to Conservation Easements.)

16. Property Photographs and Maps

Required map exhibits include an aerial photo with parcel boundary overlay, assessor’s plat map, and a topographical map. The appraiser should also include other illustrative maps as appropriate (plot plan, soils, wetlands, floodplain, location/access, proposed Protective Instrument configuration etc.) Color photos taken at ground level should show both the exteriors and interiors of major improvements, views of road access to the property, any significant or unusual features, and views of the property’s land types taken from enough locations to provide an adequate understanding of the property’s physical characteristics to someone who has not visited the property.

17. Data Analysis

The appraiser must include a separate narrative for each comparable sale explaining what value it indicates for the subject, together with an overall summary conclusion. The preferred method of adjusting comparable sales is through supported quantitative adjustments (percentage, \$/acre, etc.); qualitative adjustments (similar, inferior, or superior) are to be used only when the market variables cannot be quantified.

Quantitative adjustments without support cannot be accepted. When the appraiser must resort to qualitative analyses, a discussion of the appraiser’s reasoning why a comparable sale is similar, inferior, or superior to the subject property is required. A summarization of the appraiser’s analysis in an adjustment grid is highly

recommended and may allow for a more concise narrative. The final reconciliation must clearly state which indicators of value are the most reliable and explain how each indicator affects the appraiser's final conclusion of value.

18. Limited Market Conditions

OWEB recognizes that the appraisal assignment may involve a limited or inactive market. To the extent possible, the appraiser should use only private transactions for comparable sales. Valuations based entirely or mostly on government or land trust transactions are not acceptable unless there are no other reasonable alternatives. If it is necessary to base the appraisal on such transactions, their confirmation is subject to the requirements of UASFLA Sections 4.4.2.4 and 4.4.2.4.2(5), (6) and (7). If market data is limited in the market area of the subject property, it may be necessary for the appraisal to include additional market analysis to support the highest and best use conclusion.

19. Analysis of Agreements Impacting the Subject Property

The appraiser must analyze and report all listings of the subject property, and all agreements of sale and options, including any such agreements into which a grantee has entered, all as of the effective date of the appraisal. Any contracts with the Natural Resources Conservation Service (NRCS), such as Conservation Reserve Program (CRP) or Conservation Reserve Enhancement Program (CREP) entitlements should also be analyzed.

20. Report Format

For USPAP reports, the narrative may follow the outline published by the Appraisal Institute^[1]. For UASFLA reports, the narrative must follow the outline provided in Part 2, Appraisal Reporting of the current UASFLA. Appraisal reports submitted to OWEB must be in final form and signed by the appraiser.

If a grantee receives an appraisal, and before transmitting it to OWEB, the appraiser changes any of the appraisal's value conclusions, both the original appraisal and the revised appraisal should be forwarded to OWEB.

21. Supplemental Reporting Standard

As a public agency, OWEB requires full explanation and complete analyses to support stated value opinions. Therefore, for USPAP reports, OWEB will continue to require a self-contained report as defined in the 2012-2013 USPAP, Standard 2-2(a) regardless of subsequent reporting definitions in the 2014-2015 USPAP and later versions thereof. UASFLA reports must meet the standards described in Part One (Appraisal Development) and Part Two (Appraisal Reporting). **Areas that are sometimes overlooked but are expected in a UASFLA report include:**

- Title report exceptions and their potential impact on value
- Type and extent of any water or mineral rights and their potential impact on value
- Area/neighborhood description including land use pattern and economic trends
- A detailed description of access to the property, both physical and legal, including directions to the nearest major arterial

- For partial acquisitions, a determination of the larger parcel with consideration given to all three elements of ownership, use, and contiguity
- Point-by-point highest and best use analysis
- Full explanation of exclusion of any approaches to value (per USPAP 2-2 (a) (viii))
- Either a full narrative of how each sale compares to the subject and the value indication thus derived, or a shorter narrative supplemented using Adjustment Grids for the Valuation Analyses (preferred)
- Proper analysis of the sales defining the value components recognized in the marketplace and analyzing the contribution each makes to the entire sales price. For rural properties, components would typically include irrigated cropland, dry cropland, pasture, woodlot, floodplain, or bottomland, etc. Other common allocations include home sites, residences, and outbuildings.

22. Waiver from Reporting Standard for Low-value USPAP Reports

The standard for self-contained reports is waived if the appraisal problem is uncomplicated^[2] and the property is estimated by the OWEB grantee to be worth less than \$100,000 based on current comparable sales within the applicable market area. This waiver only applies to fee acquisitions.

23. Comparable Sales Data

Under both the USPAP self-contained and UASFLA reporting standards, complete comparable sales write-ups are required with analyses/allocations of the contributory value of the various property elements. **Documentation of each comparable sale should include the following information, which should be summarized for each sale on comparable sales sheet and included in the report or in the addenda of the report:**

- Name of buyer and seller
- Date of sale
- Legal description or tax parcel number
- Type of sale instrument
- Document recording information
- Price
- Terms of sale
- Location
- Zoning
- Present use
- Highest and Best Use (intended use)
- Brief physical description of the property
- Allocation of the sales price into appropriate contributory components
- A description of pertinent circumstances surrounding the transaction including buyer motivation
- Photograph (on the ground or aerial with property boundary delineation; aerial is preferred)

- Plat map and/or topo map of the property
- Name and phone number of the party that confirmed the transaction and the party's role in the transaction

24. Comparable Sales Location Map(s)

Sales map(s), showing the relative location of the comparable sales in relation to the property being appraised are required. Either this map or the maps used for each comparable sale should be detailed enough to locate the property on the ground using Google Maps or other digital mapping programs.

^[1] The Appraisal of Real Estate, 15th Edition, Appraisal Institute, 2020

^[2] Definition of "Uncomplicated" is as follows:

- No change of Highest and Best Use.
- No Damages other than "Cost to Cure."
- The property consists of only one land type.
- Cost or Income approach to value not required to estimate value.

Any questions should be referred to Audrey Squires, Drinking Water Source Protection Specialist, at 503-798-6337 or audrey.l.squires@oweb.oregon.gov.

Appendix B

Baseline Inventory Documentation Guidance

Introduction

OWEB requires DWSP grantees to develop baseline inventory documentation (a “Baseline”) for all prospective non-Fee Simple projects in which OWEB invests grant funds. A Baseline is incorporated by reference into a conservation easement, covenant, equitable servitude, or other similar agreement purchased from a private landowner by DWSP grantee. For reimbursement and loan repayment projects, if a Baseline was not conducted prior to purchase, it is difficult to establish original baseline conditions. Therefore, OWEB staff will work with the grantee to determine Baseline requirements for reimbursement and loan repayment projects.

A Baseline records a property’s existing physical conditions, natural and human-made, at the time the Protective Instrument is executed. The information provides the baseline for measuring changes in the condition of the property’s conservation values and other features.

The contents of a Baseline depend on the terms of the Protective Instrument, the property’s features, and the conservation objectives for which OWEB has awarded funding. For example, if a Protective Instrument is relatively simple, such as focused solely on maintaining the current level of riparian buffer and not allowing any structures, then OWEB may allow a less detailed Baseline. If the Protective Instrument includes stipulations about the quality of the ecological and physical conditions, then more a more detailed Baseline will be required. Most Baselines for DWSP projects should include the items below to be approvable by OWEB. OWEB staff and the applicant can discuss potential Baseline requirements during the pre-application consultation. If funding is awarded, then Baseline requirements will be included in the grant agreement. Additional information may need to be included in the Baseline to meet Federal Treasury requirements. Check with the [Land Trust Alliance](#) for additional details regarding Baselines.

OWEB encourages grant applicants to include the cost of preparing a Baseline in their proposed project budget if necessary to ensure that adequate resources are available to produce a document that meets OWEB’s requirements.

Baseline Requirements

While there may be deviations from typical Baseline requirements depending on the complexity of the Protective Instrument, the items listed in this section will generally be required for DWSP Grants. The information in the Baseline should clearly differentiate the Protective Instrument area from the larger property when the Protective Instrument does not encumber an entire property. Where necessary for context and completeness, the Baseline should include information both about the encumbered area and the property when the two differ.

General Contents

- Purpose of the Protective Instrument
- Date Baseline was prepared
- Date of Baseline site visit and photographs, if different than Baseline preparation date
- Baseline authorship and authorship qualifications
- Landowner contact information (name, address, phone numbers)
- Land manager contact information, if different than landowner
- Physical address of the property, including the county
- Directions to the property from the nearest town or major highway

Property Description and Data

- Acreage
- Township, Range, Section, tax lot numbers, and legal description
- Physical setting – a general description of the area surrounding the property, including adjacent land uses
- Historical ownership and use – a description of the history of the property, including past land uses such as agriculture, forest management, wildlife management, and residential
- Present land use – a description of the property’s current zoning and uses such as agriculture, forest management, wildlife management, and residential
- Appurtenances, including any access easements and water rights that benefit the property
- Encumbrances on the property’s title, with descriptions linked to document recording numbers or book and page numbers if document recording numbers were not assigned
- Existing development – a description of all human modifications to the property, such as structures, roads, trails, ditches, fences, and utility lines
- Conservation values – a description of the natural resource and ecological features and conditions that will be protected by the Protective Instrument. The ecological systems, plant communities, and species, and acreages if applicable, should be documented and consistent with those stated in the OWEB grant application and Protective Instrument. The conservation values should be described in objective and specific terms, using quantitative information collected onsite (e.g., biological survey data) as appropriate for tracking changes in conditions over time.
- A description of any observed threats to the conservation values, such as erosion, potential sources of pollution, invasive species, and evidence of trespass. The information should be presented in objective, specific terms, including quantitative data as appropriate for tracking changes in conditions over time.
- In this Baseline guidance, an invasive plant refers to any plant, non-native or native, that may degrade the property’s conservation values. Invasive plants should be mapped as described in the Maps section below. An estimate of the abundance of each species should be provided, either as density

(number of plants per area) or percent cover of each species per mapped polygon. Abundance estimates assist in detecting and responding to an increase in invasive plants.

- Survey and GPS data (e.g., invasive plant surveys, boundary data).
- If a prior assessment of the property (e.g., forest inventory, rangeland assessment, invasive plant survey, wetland delineation) is being relied on, the assessment should be:
 - Prepared no more than 18 months before the Baseline.
 - For forest inventories, if conditions have not changed (e.g., wildfire, harvest, etc.), then older inventories may be accepted at OWEB's discretion.
 - Appended to the Baseline; or at a minimum, incorporated into the Baseline by reference and a statement that the assessment will be kept together with the Baseline (see [Baseline Format](#), below).

Photographs and Drone Images

Photographs and drone images can assist in documenting and understanding baseline conditions, as well as detecting property changes and implementing timely adaptive management strategies. Grantees and/or Holders should consider maintaining in-house capacity, resources for a contractor, or the assistance of a partner organization for obtaining drone images.

Expectations for Baseline imagery are as follows:

- Photographs of features on the property, including all of the following as applicable: houses; barns; other structures; fences; roads; utility lines; trails; areas of potential stewardship/restoration or future land use change (e.g., site of allowed future kiosk construction); threats or impacts present at the time of the Baseline (e.g., an unauthorized trail used by trespassers or a dumping area); and priority ecological systems, plant communities, and other features identified as conservation values in the grant application and Protective Instrument.
- Photographs should be taken at a distance that is appropriate for clearly depicting the features and conditions at the photo point.
- Photographs should be accompanied by directional notations and a label that describes what the photos depict.
- Photographs should be taken in the four cardinal and four ordinal directions when documenting 360-degree conditions.
- All photographs should be accompanied by GPS coordinates and the location of the photographs should be depicted on a map (see [Maps](#), below).
- The amount of photo documentation that is appropriate for a property depends on the size and features of the property. For example, a large property that contains extensive infrastructure and ecological variation will require more photographs than a small property that lacks infrastructure. Grantees should consult with OWEB staff regarding a plan to photograph the property's features. The goal will be to ensure agreement on the extent of photographs that is necessary for the grantee to monitor and enforce Protective Instrument.
- Grantees should consult with OWEB staff regarding organization of the Baseline's photographs. For a

large property with numerous photographs, it may be more effective for the photographs to be grouped by type or by zones or areas of the property, with a map of photo points for each grouping. The goal is to ensure that the photographs are clearly linked to photo points on a map and the scale allows the map to be easily read.

- **Drone images may be included in the Baseline, subject to the following conditions:**
 - Drone images alone are not adequate to capture all features of a property. Ground photographs should be used for features that can only be clearly depicted on the ground, including but not limited to structures, property boundaries such as entrances where trespassing is possible, road conditions, site conditions under dense canopy cover, and any threats visible only at ground level. Drone-based photos may be appropriate for capturing conditions at the landscape scale (e.g., forest thinning).
 - Drone images should be still images. Videos are not accepted.
 - The spatial resolution of drone images should be sufficient to clearly discern features required by this Baseline Guidance.
 - Drone images should be accompanied by a repeatable flight plan that includes GPS points. A screenshot of the flight plan with flight altitude above ground (e.g., 200 ft), photo numbers, and the direction of view of each photo should be included in the Baseline. A map of the property showing the location of each flight plan should also be provided to locate each flight plan relative to the rest of the property. Drone software should be used to document the path, angle, elevation and other important aspects of the drone flight and photography, so that images are repeatable. The grantee should have the capability to store drone images and metadata so further flights can be replicated.
 - All drone images should include captions that describe site features captured by each photo.
 - The grantee should consider maintaining funds to obtain updated drone images for monitoring purposes, such as the cost of a drone contractor, or the cost of the drone, drone-related software, staff technical expertise, time required for flights and post-flight image analysis, time required for staff to complete the FAA Remote Pilot Certification process to be legally allowed to fly a drone.
 - Use of drones requires grantees follow [Federal Aviation Administration \(FAA\) Guidance on Drones](#) and comply with any state, county, local, or tribal laws and regulations related to the use of drones.
 - The Baseline for Protective Instrument projects should include the landowner's agreement to all future drone use that is necessary to replicate drone images (see [Baseline Use and Acceptance and Acknowledgement](#), below).

Maps

- General location map
- An aerial-photo-based map of the property, depicting Protective Instrument boundaries and features listed above, as applicable; (multiple years of aerial photos are useful for understanding the property's history)

- If property features or encumbrances are numerous, more than one map may be necessary for readability. Encumbrances should be labeled by document recording number, or book and page numbers if a document recording number was not assigned.
- Map(s) depicting the location of photo points
- If drone images are included in the Baseline, include a map of the property showing the location of each flight plan, to locate each flight plan in the context of the property
- Map of the Protective Instrument area in the context of the larger property, if the encumbrance does not cover the entire property
- Map of Protective Instrument zones or other areas with special allowances or restrictions, if applicable
- Topographical map
- Soils map
- Map depicting the location and extent (polygons) of priority natural resource and/or ecological resources
- Map depicting the location and extent (polygons) of invasive plants

Baseline Use and Acceptance and Acknowledgment

The Baseline is intended to serve as an initial point of reference for the grantee to determine if they are successfully achieving their goals for the property. OWEB recommends that all Protective Instruments be monitored once per calendar year, using the same methodology as in the Baseline, comparing current property conditions to those documented in the Baseline.

The Baseline must include a statement of acceptance, signed by the parties to the Protective Instrument. The statement will also be an exhibit to the Protective Instrument.

Include the landowner's agreement to future drone use if the Baseline includes drone images for a Protective Instrument project.

Baseline Format

The Baseline should consist of a single PDF file, with all maps and photographs incorporated as appendices if possible. A single PDF eliminates the need to ensure that multiple Baseline files are organized and kept together as a unified document.

The Baseline PDF file should be 20 MB or less, to allow for transmission by email. It may be necessary to use the file size reduction tool in Adobe. Compressing maps and images before inserting them in the Baseline may help control the size of the document.

OWEB will only accept a Baseline consisting of more than one PDF file if photographs or drone images are too large to include in a PDF file of 20 MB or less. The Baseline should contain a statement identifying and incorporating all other files by reference. **An example of such a statement is:**

“A total of 50 images were captured from photo points 1 through 10 on May 1, 2024. The images, which are incorporated into the Baseline by this reference, are contained in the PDF file named ‘NorthwestPreserveBaselinePhotos.PDF’ which will be stored together with this signed document.”

Any questions should be referred to Audrey Squires, Drinking Water Source Protection Specialist, at 503-798-6337 or audrey.l.squires@oweb.oregon.gov.

Appendix C

Long-Term Management Plan Guidance

General Requirements

OWEB requires the development of a Long-Term Management Plan for Fee Simple projects. The plan must incorporate measures targeted at maintaining or enhancing drinking water quality and/or quantity. For other Protective Instruments, the need for a Long-Term Management Plan is dependent on the nature and complexity of the Protective Instrument. OWEB staff will work with applicants/grantees to determine Long-Term Management Plan requirements for their project. Grantees may partner with other organizations or with the landowner to prepare the Long-Term Management Plan. **Grantees are responsible for obtaining OWEB's approval of the plan prior to closing on the Protective Instrument.**

The Long-Term Management Plan is a planned future management and stewardship of the land for the benefit of drinking water pursuant to a Protective Instrument and that is intended to carry out the purposes of ORS 448.370 and is consistent with guidance established by OWEB. The term includes, but is not limited to, proposed restoration activities, strategies for monitoring, maintaining, managing, and improving the property, including providing signage, controlling access, enforcing use restrictions, and resolving violations.

OWEB is required to ensure that the ongoing use of the property encumbered by a Protective Instrument funded through DWSP be consistent with the purposes specified in the program's enabling statutes (ORS 448.370 – 448.380). The Long-Term Management Plan serves, in part, as a communication tool between the parties.

Management Planning Costs

The costs associated with developing a Long-Term Management Plan are eligible grant expenses, if funding allows. For more information, refer to the [budget section](#) of this DWSP Program Manual.

Management Plan Format

OWEB recognizes the need for flexibility in management plan format and content. Your organization may have its own format, another funding entity may have a required format, or the property may be part of a larger, landscape-scale management plan. Regardless of the format, the plan should contain certain minimum elements. The elements should be augmented and organized as necessary to produce a management plan that best addresses the needs of a property and documents the actions that will be taken to manage it.

OWEB expects that at a minimum, the plan will include the following items:

- Cover Page
- Table of Contents
- Introduction
- Purpose and Goals of the Project
- Inventory
- Desired Future Conditions
- Priority Management Strategies
- Implementation Plan and Schedule
- Monitoring, Maintenance and Adaptive Management
- Plan Term and Updates
- Maps

Cover Page

Include the property name and location, OWEB grant number, and date of the management plan. If the property has been renamed since the time of the grant application, include both names for clarity.

Introduction

The management plan introduction should include the following:

- General description of the property location
- General property description, including any difference between the acreage encumbered by the Protective Instrument and the larger property if applicable
- Date of property / Protective Instrument purchase date (month and year is acceptable)
- The names, organizational affiliations, and qualifications of the person(s) who prepared the management plan
- Summary of source water and natural resource values identified for protection
- Detail on the management implications surrounding prohibited and permitted uses of the property during the management plan timeline
- A brief, general description (1-2 paragraphs) of the intended uses of the property, and a statement that the Protective Instrument is the controlling document in the event of any inconsistencies between the management plan and the Protective Instrument. If the grantee or a Holder in partnership with the grantee will become the landowner, please discuss whether public access will be allowed.
- Adjacent land uses and landscape context: a brief summary (one paragraph), a reference to the section of the Baseline Inventory Documentation (“Baseline”) that provides more information, and a summary of any additional information gathered since the date of the Baseline
- Brief history of the land use and ownership of the property

Purpose and Goals

Describe the purpose and goals for acquiring the Protective Instrument, consistent with your OWEB grant application. Include the approach that will be used to determine and achieve the desired future conditions if any stewardship, restoration, or enhancement work is anticipated. If the Protective Instrument will utilize management zones, use clear commitments and goals for any active management for each zone specified in the easement (Agricultural, Forest Stewardship, Habitat, Building, etc.). Specify the time period covered by the management plan (see [Plan Term and Updates](#), below).

Inventory and Analysis

The purpose of management planning inventories is to collect appropriate natural resource, social, and economic information for identification of resource concerns and facilitation of the planning process. The inventories should be used by the grantee and the Holder, if applicable, to understand management needs and develop actions.

The Baseline may serve as all or a substantial part of the management planning inventories, depending on the level of detail in the Baseline data and the scope of any stewardship or restoration identified to achieve desired future conditions for the property. For example, if you conducted a detailed timber cruise or plant survey when preparing the Baseline, there may be no need to conduct these when preparing the management plan. However, additional inventory data (e.g., forest stand conditions, vegetation communities, agricultural use, hydrology, fish, wildlife) may be helpful to develop sound management actions. For example, if forest stewardship actions will be developed as part of the management plan, an assessment of the species, age, and density of trees may be necessary in order to understand starting forest conditions, develop stewardship actions that will protect and enhance those conditions, and enable effective monitoring of forest conditions over time.

In your management plan, summarize any available and relevant inventory data, describing the property's land type(s) and its condition (forest, wetland, prairie, streams/riparian, range, cropland, etc.); infrastructure (roads, buildings, power lines, dikes, drains, etc.); invasive species; and relevant cultural, educational, recreational, and aesthetic resources. Append appropriate maps, data, and/or imagery and reference them in the plan's text. It is acceptable to refer to the Baseline where appropriate in summarizing inventory data. Analyze the data to identify and prioritize threats to drinking water source protection and natural resource conservation values factoring severity, scope, and /or irreversibility.

Desired Future Conditions

Describe the desired future conditions for the property, specifically what it is expected to look like at the end of the term of the management plan (see [Implementation Plan and Schedule](#), below). Please refer to your [Source Water Assessment \(original and updated\)](#) to identify risks to your water quality and supply, and to develop actions to address those risks.

If management zones are utilized in the Protective Instrument, describe the desired future conditions for each zone. Include a map showing the intended extent of preserved or enhanced land use types accompanied by a descriptive narrative of each type.

If you will maintain the property's current condition as the desired future condition, outline specific threats that may impact your ability to maintain the drinking water source protection and/or other natural resource conservation values (climate, trespass issues, weeds, recreation, etc.).

Priority Management Strategies

Management strategies should serve as a framework for achieving the desired future conditions for the property, including maintaining current drinking water source protection and natural resource values as appropriate. If management zones are utilized, management strategies should be specific to the associated zone in the referenced Protective Instrument.

Identify and describe the preferred management strategies to address the property's drinking water source protection and natural resource conservation values and reach the desired future conditions. If maintaining current forest conditions is the desired future condition, develop strategies to minimize the threats that have been identified.

If sections of the property will undergo large-scale stewardship or restoration, the management plan should state that the stewardship prescriptions or restoration designs will be in line with the purposes of the DWSP Grant Program – to protect, restore, or enhance sources of drinking water. Forest stewardship via thinning to achieve the purposes of the DWSP Grant Program is an acceptable activity. OWEB recommends that forest thinning prescriptions be created by a Forester with an understanding of forest hydrology and wildfire risk reduction. If roads are needed to access forest thinning locations, they must be constructed in such a way to reduce erosion to the greatest possible extent. Decommissioning or hydrologically storing roads after thinning should be a consideration. Large-scale timber harvest, specifically clear-cutting, is not in line with the purposes of the DWSP Grant Program and will not be accepted. If the stewardship prescriptions or restoration designs are complete, they should be included in the management plan.

If public access will be allowed, please address the plan for ensuring that it is properly managed to not negatively impact the drinking water source.

Implementation Plan and Schedule

Prepare a general schedule of management, restoration, and/or stewardship actions to achieve drinking water source protection. Include the timeframe in which each action will be started and finished, who will be responsible for implementation, and funding sources to pay for the actions.

Monitoring, Maintenance and Adaptive Management

A good planning process is dynamic and ongoing. The implementation of management actions should be evaluated for effectiveness on a schedule determined to be appropriate for the actions. The evaluation should determine whether the current management is addressing the resource concerns, and if not, how the management needs to be adjusted. The extent and complexity of monitoring can vary, depending on the management issues facing the property, the complexity of the property's ecological systems, and other factors. **At a minimum, the management plan should include:**

- An explanation of what will be monitored and maintained, including the frequency and duration of field monitoring and photo points;
- The monitoring protocols that will be used, and a description of how monitoring data will be analyzed and summarized;
- Maintenance actions that will be taken;
- Partners that intend to be involved; and
- Process by which management activities will be adapted as needed to ensure success.

Plan Term and Updates

In general, management plans should be long-term documents, containing a framework that is appropriate for approximately ten years of work. However, because of the need for a dynamic approach to management planning, OWEB expects management plans to contain a process for review every five years. The review should take into account monitoring, maintenance, and adaptive management information. The plan should be updated if ownership changes, or conditions of the conservation values change in a manner that requires significant adjustments in the operations of the property. While OWEB will not be involved long-term in your project, you can reach out to [DEQ's Drinking Water Protection Program](#) for ongoing support and consultation.

Include management plan subsections on the following topics as applicable.

Landowner Reserved Rights and Coordination

For non-Fee Simple Protective Instruments, certain activities of the landowner within the boundaries of the Protective Instrument may need to be guided by the management plan to ensure they are carried out in a manner that is consistent with protection, restoration, or enhancement of the property's drinking water source protection values. Any existing plans for timber management, grazing, cropping, fencing, and other applicable management activities of the landowner within the boundaries of the Protective Instrument should be appended or incorporated by reference into the management plan, as applicable and relevant. This section should also include a summary of landowner-reserved rights that require notice to or approval from the holder of the Protective Instrument, a list of the rights the landowner expects to exercise during the first five-year implementation period (see [Plan Term and Updates](#), below), and a plan for coordination between the holder of the Protective Instrument and the landowner. OWEB recommends that the management plan specify an annual meeting between the holder of the Protective Instrument and the landowner, for the purpose of apprising each other of upcoming management actions and other property uses.

Coordination with Third Parties

Some properties are subject to encumbrances (e.g., utility and access easements) that give third parties rights to use the property. In such instances, the management plan should include actions for coordinating with the third parties to ensure their activities are within their rights and obligations, and to minimize impacts to the property's conservation values.

Water Rights

If you acquire a Protective Instrument with the authority to use appurtenant water rights, the use of those rights should be consistent with the management goals and strategies identified in the Protective Instrument. You may be required to take specific actions necessary to comply with this expected outcome as a condition of a grant award.

Items Pertaining to Funding Conditions

If your grant is subject to project-specific conditions pertaining to the management plan, ensure that these items are addressed in the plan.

Appendices

1. Location and Access Map*
2. Existing Forest Use Map* - an aerial photo that depicts the location of recent timber harvests, if applicable
3. Existing Habitat Map* – an aerial photo that depicts priority ecological systems and plant communities
4. Infrastructure Map* –an aerial photo with labeled features such as roads, stream crossing, trails, structures, etc.
5. Future Conditions Map – an aerial photo that depicts desired future conditions, if changes are proposed
6. Monitoring Map – an aerial photo that depicts locations of photo points, in-stream monitoring reaches, vegetation transects and data points, etc.
7. Invasive Species Map - an aerial photo that depicts the spatial extent of invasive species populations, to assist in managing and monitoring changes in the populations over time
8. Allowed Use Map – as applicable, an aerial photo that depicts areas such as agricultural zones, habitat zones and building sites
9. Threats Map – actual and/or potential (the Threats Map submitted for your grant application can be utilized here)
10. Topographic, Geology, Soils Maps – as appropriate
11. Species Lists
12. Others as needed

NOTE: *Required. Each map should be referenced to specific sections in the plan’s text.

Any questions should be referred to Audrey Squires, Drinking Water Source Protection Specialist, at 503-798-6337 or audrey.l.squires@oweb.oregon.gov.