



## **Budget Message for Fiscal Year 2016-17**

### **East Multnomah Soil and Water Conservation District**

**Lissa Adams, Budget Officer**

#### **INTRODUCTION**

The East Multnomah Soil and Water Conservation District (EMSWCD) is a local unit of government managed by an elected Board of five Directors. In November 2004, the voters of the district approved the establishment of a permanent property tax rate limit for the EMSWCD. The rate limit is a maximum of 10 cents per \$1000 assessed value. By law this rate cannot increase. This secure funding source has enabled EMSWCD to better pursue our mission “to help people care for land and water.”

As a taxing district, the EMSWCD is required to establish a Budget Committee, hold one or more public meetings for the review of the upcoming year’s budget, publish the budget in a newspaper of general circulation in the district, and hold a public budget hearing through the Multnomah County Tax Supervising and Conservation Commission (TSCC). In keeping with Oregon Local Budget Law for a district with a population of over 200,000, the EMSWCD Board of Directors serves as the Budget Committee. The Budget Committee is required to meet, review the budget, hear public comment and approve the budget. After the TSCC public hearing, the budget is presented for adoption at a district board meeting.

This Budget Message is presented at the first Budget Committee meeting, and is intended to explain the proposed budget and outline any significant changes in the EMSWCD’s financial position. The Budget Message and the accompanying worksheets and supporting data are provided to the Budget Committee and public for their review. These documents will be available for review at the EMSWCD office throughout the budget development process. As the budget is revised, the older drafts will be replaced with the latest.

The budget includes a General Fund and three special funds. All funds have a Resources and Requirements section that must balance and include a variety of categories and line items specific to the needs of each fund. The structure of the budget is designed to meet the requirements of Oregon Local Budget Law.



Significant changes that are reflected in the proposed FY 2016-2017 budget include:

- General Fund Capital expenses are increasing from \$160,400 in the adopted FY 2015-2016 budget to \$395,700 proposed in FY 2016-2017 due to expenses associated with improving three culvert passages at the Dianna Pope Natural Area located within the Headwaters Farm at 28600 SE Orient Drive.
- Total General Fund personnel services costs have increased slightly (just under 3%), due to annual wage and benefit adjustments and the requested addition of two temporary, part-time staff positions. The Rural Lands Unit has requested temporary help to fill in for staff members who will be taking family leave in the coming year, and the Headwaters Farm Incubator Program has requested a seasonal, temporary position to help with farm duties during the busy growing season.
- Total General Fund materials and services costs have decreased by approximately 7% mostly due to a projected decrease in contracted services in the Conservation Legacy and Grants Unit. As staff has gained more experience in land transactions, we have become more adept at predicting the time and costs associated with finalizing those transactions.
- General Fund Contingency fund is increasing from \$328,265 in the adopted FY 2015-2016 budget to \$375,180 proposed in FY2016-2017 as part of a continuing strategy to ensure the EMSWCD is prepared to take advantage of unpredictable opportunities, meet unforeseen increases in costs, and adapt to uncertainties related to global climate change (e.g., catastrophic storms, floods, drought and fire).

Please note that this budget is prepared on a modified accrual basis.



## **COMPONENTS OF THE BUDGET**

### **RESOURCES (The EMSWCD's Funding Sources)**

EMSWCD activities are funded using a combination of tax revenues and state, federal and local grants and contracts as well as interest, rent, workshop sponsoring organization fees (Naturescaping program) and the EMSWCD's annual native plant sale. The EMSWCD also typically receives several Oregon Watershed Enhancement Board (OWEB) small grants on behalf of landowners in the district. The EMSWCD may pursue additional funding through grants and contracts. For most of these funding sources, the amount that will be received is unknown at this time and is estimated based on past experience and the most current information available.

### **EXPENDITURES (Anticipated costs)**

Budgeted expenditures are grouped and tracked by fund. Each fund is described below.

#### **General Fund**

The purpose of the General Fund is to account for all activities which are not funded by specifically designated and restricted funds such as special funds or reserve funds.

Expenditure categories in the General Fund include personnel, materials and services, capital outlay, contingency, transfers, and unappropriated ending fund balance. The General Fund accounts for many of the normal expenses associated with operating the EMSWCD and its programs, as well as those activities not associated with a special grant commitment. The unappropriated ending fund balance is the allocated carryover of funds from FY 2015-2016 for meeting FY 2016-2017's costs until the tax revenue is available.

The General Fund budget includes a line for contingency. The purpose of this funding line is: a) to take advantage of unpredictable opportunities, b) to cover unforeseen expenses, and c) to cover budgeted expenses if anticipated revenue (such as grant or contract income) is not received.

The General Fund resources and expenditures sheets are accompanied by worksheets detailing the budget expenses for each of the EMSWCD's programs.

### **RESERVE FUND**

#### **Building Reserve Fund**

The Building Reserve Fund was used for the purchase of the EMSWCD's Headquarters. It is no longer needed and was dissolved in FY 2009-2010. Remaining funds were transferred to the general fund.



## **SPECIAL FUNDS**

### **Land Conservation Fund**

The EMSWCD is concerned about the future of agriculture in the district as well as the health and continued function of key ecosystem processes and access to nature for residents of the district. We are therefore pursuing land conservation through a variety of avenues. Resources budgeted in this fund are for the purchase of easements, development rights, or property with high agricultural and/or conservation value. The EMSWCD intends to work with partners to accomplish our land conservation goals. By so doing, we can avoid administrative duplication and devote more funds directly to land conservation. In keeping with EMSWCD's philosophy of voluntary conservation action, all of our land conservation work will be on a voluntary (willing seller, willing buyer) basis.

For the first several years of the fund, little staff capacity was dedicated to land conservation; most of the work was accomplished by the Board's Land Conservation Committee and the Executive Director. The Fund to date has been used for several land conservation transactions. A full time staff position was added in the 2012-2013 FY; it is expected that this great increase in capacity will lead to an acceleration in the pace of land conservation beyond FY 2015-2016.

The Land Conservation Fund is made up of dollars transferred from the General Fund.

### **Projects and Cost Share Fund**

This fund contains resources set aside to support conservation projects. These projects include on-the-ground installation of conservation practices as well as outreach and educational efforts in support of the EMSWCD's mission. With the intention of being flexible and responsive and at the same time ensuring accountability and the strategic investment of public funds, projects are funded through several mechanisms.

First, the EMSWCD has a cost share program that provides financial assistance to landowners who are installing such conservation practices as fencing, manure storage sheds, and trees and shrubs for wildlife habitat. This is called the "Cooperative Landowner Incentive Program" or CLIP. Second, we have a competitive grants program for conservation projects undertaken by partners. This is called "Partners in Conservation" or PIC. Third, smaller projects (under \$1,500) may be funded through the "Small Project and Community Events" or SPACE program.

Finally, all of the EMSWCD's program areas are involved with partner organizations in various types of project work. Where staff is involved in projects closely aligned with our core work, the EMSWCD is sometimes called on to cover project costs. An amount is budgeted in the Strategic Conservation Investments line to support projects of this nature that are not specifically known at the time of budget development. Support for general operations of Watershed Councils located in the district as well as support for Outdoor School participation in the district is also included in this fund. Additional



projects are budgeted for in the General Fund under the program responsible for the work.

Dollars to support this Fund will be transferred from the General Fund.

### **Agency Fund**

This fund is designed to be used for projects in which the EMSWCD is simply the fiscal agent. There are no anticipated projects of this type projected for FY 2016-2017.

### **Partner Grants Management Fund**

This Fund is used to hold grants made to the EMSWCD on behalf of partners. This is how OWEB small grants are configured. Funds budgeted here are not a net cost to the EMSWCD. The sum budgeted for this year is an estimate based on past experience intended to cover grants received on behalf of partners in FY 15-16.

### **Debt Services Fund**

This fund was added for the 2008-2009 Fiscal year. It is not required by Local Budget Law but has been used to clearly set aside (unappropriated) funds toward early repayment of the building loan. The building loan was paid off completely in FY 11-12 and the remaining cash balance in this fund was transferred to the General Fund.

### **Budget Committee Approval – Tax Rate Levy or Amount of Total Tax**

Oregon law allows taxing districts to approve the budget by an amount (dollar figure) or rate. Prior to FY 2009-2010, EMSWCD levied an amount rather than a rate. Since FY2009-2010, the Budget Committee has decided to levy at the full rate. The Budget Officer recommends that the EMSWCD again levy at the full rate.

## **PROGRAMS (General Fund)**

Funds are tracked by program as well as by fund; General Fund appropriations are made by program.

### Rural Lands Program

This program protects natural resources by providing property owners/managers with technical, resource, labor, and financial assistance to help them identify opportunities for conservation and install conservation practices on their land. The primary focus is water quality and soil conservation including invasive species management.

### Urban Lands Program

This program includes Naturescaping, the annual native plant sale and the EMSWCD's Low Impact Development (stormwater) work. The primary goals of the program are to reduce soil and water pollution, reduce the volume and rate of storm water runoff, and reduce water consumption by urban residents.



### Conservation Legacy and Grants Program

This program supports on-the-ground conservation projects and conservation education by providing financial assistance to landowners, partner organizations, and community groups. It also uses conservation easements and land acquisition (to be held by EMSWCD or by partners) to further the EMSWCD's mission.

### Headwaters Farm Incubator Program (HIP)

This program provides land, water, infrastructure and other support for qualified individuals wanting to start a sustainable agricultural business who would otherwise not be able to do so. The program began operation in FY 2013-2014 with a small number of farms and will increase gradually.

### Finance and Operations (formerly District Operations and Administration)

This budget center supports and oversees all of the EMSWCD's work. Finance and Operations provides administrative support, web services, bookkeeping services, and supervision to the other program areas as well as support to the Board of Directors. The Finance and Operations budget contains a wide range of items such as contracted legal and other professional services, telecommunications and most costs associated with our Headquarters.

## **SUPPORTING DOCUMENTS**

This Budget Message is accompanied by the following:

- **RESOURCES:** General Fund: Resource Description (revenues) (Form LB 20)
- **EXPENDITURE SUMMARY:** By Fund, Organizational Unit, or Program (Form LB 30)
- **DETAILED EXPENDITURES:** General Fund: Expenditure Description (Form LB 31)
- **DETAILED EXPENDITURES:** An LB 31 worksheet for each program and for District operations & administration
- **SPECIAL FUNDS:** Land Conservation Fund: Resources and Requirements (Form LB 10)
- **SPECIAL FUNDS:** Projects and Cost Share Program: Resources and Requirements (Form LB 10)
- **SPECIAL FUNDS:** Partner Grants Management Fund: Resources and Requirements (Form LB 10)