



**FY18-19 Budget Committee Meeting #1**  
**East Multnomah Soil & Water Conservation District**  
 5211 North Williams Ave, Portland OR  
 Monday March 5, 2018 @ 6:00 PM  
*(Light dinner will be provided)*

Item #	Time	Agenda Item	Purpose	Presenter	Packet * please read ~ please review
1	6:20	Welcome, get refreshments	Welcome	McAdams	N/A
2	6:25	Appoint Presiding Officer (PO)	Decision	McAdams	N/A
3	6:30	Present Budget Message	Information	Adams	a. <a href="#">FY18-19 Budget Message</a> ~
4	6:35	Big Picture Budgeting	Information	Udelhoven	a. <a href="#">FY18-19 Proposed Budget Summary</a> *
5	7:00	Present and review Draft Budget for FY18-19 <ul style="list-style-type: none"> <li>• Overview of draft budget – major categories and trade-offs analysis</li> <li>• Detailed review and discussion</li> </ul>	Discussion	Adams/ Brown	a. Draft #1 FY18-19 Budget <i>(to be handed out at meeting)</i>
6	7:45	Discuss any requested changes to draft budget	Discussion	PO	N/A
7	7:55	Review, clarify and reach agreement on requested changes to draft budget that are to be made by staff before next Budget Committee Meeting	Decision	Adams	N/A
8	8:00	<b>Announcements and reminders:</b> <ul style="list-style-type: none"> <li>• Additional changes should be made at next BC meeting (no later) if possible to minimize chance of errors.</li> <li>• Others?</li> </ul>	Information	All	a. <a href="#">FY18-19 Budget Calendar</a>
9	8:00	Adjourn	N/A	PO	N/A

**Next Budget Committee and Related Meetings**

**Board and Budget Committee Meeting #2:** Monday, April 2<sup>nd</sup>, 2018, 5:00 PM  
 5211 N. Williams Ave, Public comment will be taken.

**Board and Budget Committee Meeting #3:** Monday, May 7<sup>th</sup>, 2018, 5:00 PM  
 5211 N. Williams Ave. No Public comment will be taken.

**TSCC Budget Hearing:** Tuesday, May 15<sup>th</sup>, 2018, 4:00 PM  
 5211 N. Williams Ave

**Board Meeting:** Monday, June 4<sup>th</sup>, 2018, 6:00 PM  
 5211 N. Williams Ave



## **Budget Message for Fiscal Year 2018-19**

### **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 2018-2019 budget include:

- General Fund Capital expenses are decreasing from \$103,000 in the adopted FY 2017-2018 budget to \$76,500 proposed in FY 2018-2019 due to decreased capital improvement needs at the Main Office and the Headwaters Farm.
- Total General Fund personnel services costs are increasing by approximately 6% in the proposed FY2018-2019 budget due to annual wage and benefit adjustments.
- Total General Fund materials and services costs are decreasing by approximately 14% in the proposed FY2018-2019 budget mostly due to the organization being at capacity, improved budgeting and forecasting measures, and having no major additional events planned.
- General Fund Contingency fund is increasing by approximately 17% in the proposed FY2018-2019 budget 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, 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 2017-2018 for meeting FY 2018-2019'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.

### **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.

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 \$2,000) 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 2017-2018.

### **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 17-18.



### **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

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)



## FY18-19 Proposed Budget Summary

February 26, 2018

East Multnomah Soil and Water Conservation District

**NOTE: All budget numbers in this document are provisional.**

This year we plan to present the draft budget a little differently. We intend to start by showing the Board again the five-year budget projections and, in doing so, emphasize the assumptions and goals we are working under for this coming year's budget. This will be an opportune time to discuss these assumptions and goals. After this, we intend to show the Board the five-year analysis of non-personnel program "under expenditures." As we have discussed before, we are attempting to plan, budget, and spend closer to reality and this year we intend to make significant strides along these lines. Based on historical under-expenditures, this current fiscal year's activities and the budgets necessary to maintain those activities moving forward, and minimal requested new items, each program supervisor established proposed budgets for next year. For several programs, this resulted in reductions in non-personnel costs which we propose to allocate to the Land Conservation Fund, the Grants and Cost-share Fund, contingency, and General Fund Reserves.

Note that:

- The proposed budget is meant to maintain the existing level of program activities while initiating an increase in the General Fund Reserves.
- During the discussion, we will be able to manipulate the numbers real-time to see what ramifications there will be to other parts of the budget.
- While we intend to present the budget to you at a higher level, the line item budget details will be handed out at the meeting should anyone want to dive into them.
- Personnel cost increases are due primarily to adjustments for annual inflation and benefits-related increases (Headwaters is an exception to this, which is explained below).
- Rationales for each decrease or increase are provided below.

Program	Detail	FY17-18 Budget (current)	FY18-19 Budget (proposed)	Difference
1. Finance & Operations	Personnel	\$455,037	\$486,396	\$31,359
	Non-Personnel	\$285,853	\$252,150	(\$33,703)
2. Rural Lands	Personnel	\$662,927	\$697,153	\$34,153
	Non-Personnel	\$424,530	\$358,270	(\$66,260)
3. Urban Lands	Personnel	\$406,872	\$421,374	\$14,502
	Non-Personnel	\$311,050	\$256,500	(\$54,550)
4. Conservation Legacy	Personnel	\$318,607	\$346,127	\$27,520
	Non-Personnel	\$145,568	\$180,950	\$35,382
5. Headwaters Farm	Personnel	\$146,376	\$161,625	\$15,249
	Non-Personnel	\$219,572	\$147,785	(\$71,787)
6. Land Conservation Fund		\$1,058,000	\$755,000	(\$303,000)
7. Grants and Cost-share		\$1,204,380	\$879,000	(\$325,380)
	CLIP	\$75,000	\$75,000	0
	PIC/+	\$760,957	\$750,000	(\$10,957)
	SPA	\$250,000	\$230,000	(\$20,000)
	SPACE	\$62,000	\$62,000	0
	SCI	\$75,000	0	(\$75,000)
	ODS	\$190,000	0	(\$190,000)
8. Contingency		\$298,218	\$350,000	\$51,782
9. General Fund Reserves		\$850,000	\$1,172,531	\$322,531
<b>TOTAL:</b>		<b>\$6,786,991</b>	<b>\$6,464,861</b>	<b>(\$341,994)</b>



## FY18-19 Proposed Budget Summary

February 26, 2018

East Multnomah Soil and Water Conservation District

- Finance and Operations** decrease is due to savings primarily related to CEI contracting costs and capital improvement costs for the headquarters office, neither of which will be needed next year.
- Rural Lands** decrease is due to funds not needed to maintain current activities, primarily related to contracting. The budget does, however, include a \$15,000 increase for additional engineering services that are anticipated to maintain current activities and momentum with technical assistance.
- Urban Lands** decrease is due to funds not needed to maintain current activities, related to numerous small line item amounts, such as for copying, supplies, and communications.
- Conservation Legacy** is the only program area where an increase in non-personnel-related funding is proposed. This increase is anticipated, primarily for attorney and other consultant fees, to maintain current activities and momentum in the Land Legacy Program.
- Headwaters Farm** decrease is due to funds not needed to maintain current activities, primarily related to capital improvements. The budget does, however, include a \$5,000 increase to make the seasonal farm assistant position half-time, to improve the operation of the farm.
- The **Land Conservation Fund** decrease results in a level that is projected to allow for a continuation of current activity levels (i.e., three transactions per year totaling \$1M to \$1.5M/year, excluding revenue from dispositions) for the next five years. This fund includes amounts for actual costs of transactions, potential transfers out for a third-party endowment, and for easement enforcement, if needed.

Land Conservation Fund Parameters	FY17-18 Budget (current)	FY18-19 Budget (proposed)	Difference (current vs. proposed)
# Transactions: Farmland	2	3	1
# Transactions: Access		0	0
# Transactions: Natural	1	0	(1)
Total:	3	3	0
\$ Transactions: Farmland	\$1,571,000	\$1,080,000	(\$491,000)
\$ Transactions: Access		0	0
\$ Transactions: Natural	\$175,000	0	(\$175,000)
Total:	\$1,746,000	\$1,080,000	(666,000)

- The **Grants and Cost-share Fund** decrease results in a level that:
  - Eliminates activities in ODS and SCI
  - Slightly reduces current activities in SPA and PIC/+ (see table below for PIC/+ comparison)
  - Maintains current activities in CLIP and SPACE

PIC/+ Parameters	FY17-18 Budget (current)	FY18-19 Budget (maintenance)	FY18-19 Budget (proposed)	Difference (cur vs. prop)
# Applications received	32	31		(1)
\$ Amount requested	\$1,762,487	\$2,073,110*		\$310,623
Average amount requested	\$55,078	\$66,875		\$11,797
# Applications Approved	18	17	~17	(1)
\$ Amount Approved	\$760,416	\$891,437	\$750,000	(\$10,957)
Average amount approved	\$42,245	\$51,493	\$44,118	\$1,873
% Applications Approved	56%	56%	56%	~0
% Amount Approved	43%	43%	36%	(7%)
% of average requested vs. approved	77%	77%	66%	(11%)

\* Amount reduced by \$97,720 to account for 3-year requests of Depave and BHCP.



## FY18-19 Proposed Budget Summary

East Multnomah Soil and Water Conservation District

February 26, 2018

8. The **Contingency Fund** includes an amount for unanticipated needs related to:
  - Rural Lands CLIP/Erosion Solutions.
  - Urban Lands demonstration project.
  - Urgent headquarters office improvement needs.
  - Urgent Headwaters Farm or other owned-land improvement needs.
  - Restoration-related costs associated with the Gorge fire.
  - Strategic Conservation Investments.
  
9. The **General Fund Reserves** is targeted at five months of operational reserves. The reserves will become increasingly important over the next five years as our program spending aligns closer to amounts budgeted and as the Land Conservation Fund is spent down.

Any unanticipated unspent funds from this fiscal year can be re-allocated to:

- General Fund Reserves to recover the fund quicker
- Land Conservation Fund
- Any grant program
- Tuition assistance for staff



**Budget Calendar Fiscal Year 2018-2019**  
 East Multnomah Soil and Water Conservation District

1/15/2018

Contact: Lissa Adams, Chief of Finance & Operations; Phone: 503-935-5353; Email: [lissa@emswcd.org](mailto:lissa@emswcd.org)

	Actions	2018						Formal Action Required
		Jan	Feb	Mar	Apr	May	Jun	
1	Draft budget calendar is sent to TSCC	19						<i>There is no requirement for the governing body to formally approve the budget calendar.... Budget Manual for Local Gov'ts. in Multnomah Co., p. 9.</i>
2	<b>Regular District Board meeting, 6:00 PM at 5211 N Williams Ave.</b>		5					1. Board appoints budget officer. 2. Budget calendar is adopted.
3	Budget officer with staff prepares draft budget and budget message for Budget Committee review.	2->		<-4				
4	Legal notice is published of Budget Committee's first meeting. Notice is also posted on website to meet notification guidelines. Includes notice that public testimony will be taken at the second meeting but not the first one and other required information listed in Budget Manual for Local Gov'ts in Multnomah Co., p. 42-43.		14					
5	Legal notice is published of the Budget Committee's second meeting. Notice is also posted on website to meet notification guidelines.			14				
6	<b>First meeting of the Budget Committee at 4:00 PM at 5211 N Williams Ave – Immediately prior to Regular District Board Meeting</b> No public comment will be taken at this meeting. Copies of proposed budget will be made available to public at the meeting and thereafter in the District office.			5 6:00- 8:00 PM				1. Appoint the presiding officer 2. Receive the budget message and draft budget. 3. Establish procedures for receiving public testimony. 4. Review proposed budget and request changes.
7	Budget officer works with staff to revise the budget.			6->	<-1			
8	Legal notice is published of the Budget Committee's third meeting. Notice is also posted on website to meet notification guidelines (notice of the TSCC hearing on May 15 <sup>th</sup> will also be published at this time on the website).				18			
9	<b>Second meeting of the Budget Committee at 5:00 PM at 5211 N Williams Ave. – Immediately prior to Regular District Board Meeting</b> Copies of revised budget will be made available to public at the meeting and thereafter in the District office.				2 5:00- 6:00 PM			1. Public questions and comments will be taken at this meeting. 2. Review revised budget and request any additional revisions.
10	Budget officer works with staff to prepare final budget for Budget Committee approval.				3->	<-6		



**Budget Calendar Fiscal Year 2018-2019**  
 East Multnomah Soil and Water Conservation District

1/15/2018

	Actions	2018						Formal Action Required
		Jan	Feb	Mar	Apr	May	Jun	
11	<b>Final meeting of the Budget Committee at 5:00PM at 5211 N Williams Ave. – immediately prior to Regular District Board Meeting</b> Copies of latest revised budget will be made available to public at the meeting and thereafter in the District office. Public comment will not be taken at this meeting.					7 5:00-6:00 PM		1. Review final changes to budget. 2. Resolution to approve budget. 3. Resolution setting maximum tax levy.
12	Budget officer will submit approved budget to TSCC. Include all documents outlined in Budget Manual for Local Gov'ts. in Multnomah Co., p. 48.					8		
13	Publish legal notice <u>one time</u> announcing the TSCC public hearing and including the budget summary in <u>The Oregonian</u> . Must include the required information listed in Budget Manual for Local Gov'ts. in Multnomah Co., p. 51.					9		
14	<b>TSCC budget hearing at 4:00pm – 5211 N Williams Ave</b>					23		1. The District presents an overview of the budget and responds to questions from the Commissioners and the public. 2. The Commission receives testimony from any persons present.
15	TSCC will send certification letter and any concerns to District Board.					16-31		
16	<b>Regular District Board meeting 6:00 PM at 5211 N Williams Ave.</b>						4 *	1. Consider public testimony given at the TSCC hearing. 2. Respond to TSCC certification letter. 3. Adopt the budget. 4. Make appropriations. 5. Declare and categorize taxes. 6. Approve BC#3 meeting minutes.  <i>* Deadline for Board to adopt the budget is June 30.</i>
17	Adopted budget is sent to TSCC within 30 days of adoption. Adopted budget is sent to Darlene Rabjohn at Multnomah County Tax Assessor's office.						5-30	