



Budget Message for Fiscal Year 2023-2024
East Multnomah Soil and Water Conservation District
Dan Mitten, Budget Officer

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1.0 Introduction

This Budget Message is presented at the first Budget Committee meeting and is intended to explain the proposed budget, describe important features within the budget document, and outline any significant changes in EMSWCD’s financial position. As we gear up for our 23-24 fiscal year, we are excited to offer several recommendations for our work now that we have completed our long-awaited strategic planning process. As always, our mission of helping people care for land and water continues to drive the priorities in our budget. That said, we are also focused on ensuring that other priorities identified as a result of our strategic planning are woven into all we do.

Of note, the Conservation Legacy program, one vacant FTE, and one vacant 0.5 FTE are included in the initial proposed budget. However, we will be recommending the dissolution of the Conservation Legacy program itself, the creation of a new Community Outreach & Engagement (CO&E) program, reorganization of four staff, elimination of one vacant FTE and moving one vacant .5 FTE from Rural Lands to the newly formed CO&E. The newly formed CO&E team would provide a resource for all our outreach efforts districtwide allowing us to serve all our constituents more equitably and thoughtfully across our district. This program idea and changes identified above are not included in the proposed budget. We have prepared a memo describing the program in its entirety and subsequent changes to be made that will be publicly available and presented at the first Budget Committee meeting packet for consideration and review. Additionally, yet included in the proposed budget is the building of a districtwide CRM program to track more strategically who we are reaching out to, so as to design smarter, more efficient cross-team outreach and engagement efforts. Also identified in our strategic plan is a need to ensure more of our constituents know what we do and can access information about the extensive projects and programs we run. Redesigning our website will be at the top of this list for this upcoming fiscal year and will comprise a joint effort among multiple programs. That website redesign is included in the proposed budget.



Importantly, the proposed budget, as well as the suggestions in the reorganization recommendation memo not yet included in this proposed budget, provide a more strategically focused opportunity to pursue more agricultural land protection, as well as natural habitat protection by merging our land legacy efforts with our rural land initiatives. We also look forward to launching more work in our urban core at scale by expanding our work with impervious landscapes, expanding, and redesigning our grants offerings and developing pilot programs that allow us to leverage significant federal and state dollars available for carbon sequestration, emissions reductions, and urban farming.

Finally, we have two significant capital improvement projects in our proposed budget. First, we seek to make some long overdue upgrades to our office that improve accessibility as well as technology upgrades for our increasingly hybrid meeting schedules. At Headwaters, we hope to remove our current farm office. Significantly, it is also located in a riparian area with fragile natural habitat. Ultimately, our goal is to locate new office space on adjacent property that we also own, which lends itself to this use. We also plan to upgrade our caretaker housing. These are just a few of the many changes we look forward to launching in the next fiscal year.

Thank you in advance for your review of this proposed budget and the comprehensive set of recommendations it represents.

Nancy J. Hamilton, Executive Director

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 \$1,000 of 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, 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 in May, the budget is presented for adoption at the June EMSWCD Board meeting.

The Budget Message, the accompanying worksheets, and supporting data are provided to the Budget Committee and public for their review. These documents will be available for review by request or on the District website: <http://emswcd.org/about/organizational-resources/budgets-reports-and-plans/>. Should you not have internet access and would like to request your copy by phone, please call 503-222-7645. As the budget is revised, the older drafts will be replaced with the most recent draft.

The budget includes a General Fund and three special funds. All funds have a Resources and Expenditures and/or 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 2023-2024 budget include:

- Total General Fund personnel services costs are increasing by 3.75% from \$2,944,616 in the adopted FY 2022-2023 budget to \$3,055,240 in the proposed FY 2023-2024 budget mostly due to the inclusion of one vacant FTE and the promotion of a FTE to supervisor level. Budget Committee decisions after the first budget committee meeting could change this from an increase to a decrease in personnel services. Additional increased personnel services costs are associated with benefit cost increases.
- Total General Fund materials and services costs are increasing by 10.0% from \$1,789,769 in the adopted FY 2022-2023 budget to \$1,969,197 in the proposed FY 2023-2024 budget mostly due to an increase in contracted professional services, including website redesign and the development of a communications plan, as well as software subscriptions including a CRM system.
- Total General Fund capital outlay is increasing by 99.4% from \$175,500 in the FY 2022-2023 adopted budget to \$ 350,000 in the proposed FY 2023-2024 budget. This increase is due to planned building modifications at the District headquarters for accessibility and to accommodate a hybrid work environment, office improvements and modifications at the Headwaters Farm office. Additional capital outlay is for the purchase of field equipment at the Headwaters Farm.
- The General Fund Contingency fund shows no change and remains at \$350,000 in the proposed FY 2023-2024 budget. This is due to potential needs that may arise and unforeseen circumstances. This is in line with 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 unforeseen catastrophic events (e.g. storms, floods, drought and fire).

In FY 2019-2020 EMSWCD's Board adopted the CPI-W West-Size A index in its salary & wage schedule adjustments to account for inflation. EMSWCD continues to use the CPI-W West-Size A index.

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

2.0 Components of the Budget

2.1 Resources

"New" resources (i.e., funding sources) include a combination of property tax revenues, state/federal/local grants, contract income, fund balance interest, rental income, and income from EMSWCD's annual native plant sale. The aforementioned may also include Oregon Watershed Enhancement Board (OWEB) small grants on behalf of landowners in the district.

Other, "existing" resources are derived from the beginning fund balance, which includes a combination of intentionally unallocated monies ("ending fund balance"), unexpected tax revenues, unspent contingency, and unspent program monies, all from the previous fiscal year.

For most of the above funding sources, the exact amount that will be received is unknown at this time and is estimated based on past experience and the most current information available. During the 2022-2023 fiscal year, EMSWCD had submitted an application to the USDA for a large grant opportunity; however, has not received word about it's status as of this writing. Should EMSWCD receive this grant, it will have an impact as a resource and as an expenditure.



2.2 Expenditures/Requirements

Budgeted expenditures (i.e., anticipated costs) are grouped and tracked by fund. Each fund is described below.

2.3 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 EMSWCD and its programs, as well as those activities not associated with a special grant commitment. The unappropriated ending fund balance includes the allocated carryover of funds from FY 2022-2023 for meeting FY 2023-2024'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.

2.4 Special Funds

2.4.1 Land Conservation Fund

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. EMSWCD is therefore pursuing land conservation through a variety of avenues. Resources budgeted in this fund are primarily for the purchase of easements, development rights, or real property with high agricultural and/or conservation value. The fund can also be used for extraordinary easement enforcement costs. 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 projects. In keeping with EMSWCD's philosophy of voluntary conservation action, all 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.

2.4.2 Grants Fund

The Grants Fund contains resources set aside to support conservation and environmental education projects. These projects include on-the-ground installation of conservation practices as well as outreach and educational efforts in support of 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, as identified below.

- Partners in Conservation (PIC): Annual competitive grants for conservation and environmental education projects undertaken by partners.
- Small Project and Community Events (SPACE): Grants for smaller conservation and education projects (under \$2,500). SPACE grants are provided on a monthly basis throughout each fiscal year.



- Cooperative Landowner Incentive Program (CLIP): A cost-share program that provides financial assistance to landowners who are installing conservation practices such as fencing, manure storage sheds, erosion control measures, bioswales, and stream buffers.
- Strategic Conservation Partnership (SPA): EMSWCD will continue its SPA funding for the Columbia Slough Watershed Council and the Johnson Creek Watershed Council, both of which serve as critical partners for the work we do. Under a continued agreement with the two watershed councils operating within the EMSWCD service area, EMSWCD provides funding per council for work to achieve mutual goals.
- Equity-focused Strategic Opportunity Grants (EFSOG) - Grants to support community organizations and initiatives helping to advance equity, diversity and inclusion related to EMSWCD's mission and programmatic goals. These grants are made as needed when opportunities are identified.
- Strategic Conservation Investments (SCI): Enables EMSWCD to provide grants to partners for priority projects or to help out in urgent or time sensitive situations. These projects are typically not envisioned or planned for during the fiscal year. There are usually no specific regular funds allocated to this grant program. However should an SCI opportunity arise, monies from other grant programs, or from the contingency line item with the adoption of a Board resolution, may be used.
- People's Garden Initiative Grants: Is an agreement between the USDA, NRCS, & EMSWCD. EMSWCD will administer these grants for the purposes of producing vegetables and fruit important to small and large communities and urban neighborhoods lacking access to locally grown produce. EMSWCD will sub-award the funds to grantees meeting the Initiative's requirements.

Additional grant projects are budgeted for in the General Fund under the program responsible for the work. Dollars to support the Grants Fund will be transferred from the General Fund.

2.4.3 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 FY23-24.

3.0 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 FY 2009-2010, the Budget Committee has decided to levy at the full rate. The Budget Officer recommends that the EMSWCD again levy at the full rate.

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

3.1 Finance and Operations

The Finance and Operation's budget supports and oversees all of EMSWCD's work. Finance and Operations provides administrative support, web services, fleet & facilities management, financial oversight and report preparations, budget development and monitoring, 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 that cross all programs, telecommunications, and most costs associated with our Headquarters office.

3.2 Rural Lands Program

The Rural Lands Program protects natural resources by providing property owners/managers of working lands 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 improving water quality, increasing irrigation efficiency, improving soil health, reducing erosion, and restoring native habitat including controlling invasive species.

3.3 Urban Lands Program

The Urban Lands Program works primarily on residential, institutional, and business/industrial lands within the Urban Growth Boundary of EMSWCD. Program services include public workshops (e.g., Naturescaping, Rain Gardens, etc.), technical and financial assistance, annual events (Native Plant Sale, etc.) community projects with partners, and large-scale demonstration projects. The primary goals of the program are to reduce soil and water pollution by reducing the volume and rate of stormwater runoff, reduce water consumption by urban residents, and to improve climate resiliency and natural habitat in the urban area.

3.4 Conservation Legacy Program

The Conservation Legacy Program supports on-the-ground conservation projects and conservation education by providing financial assistance to landowners, partner organizations, and community groups, through various grants programs. And the Land Legacy program uses conservation easements and land acquisition (to be held by EMSWCD or by partners) to ensure farmland is protected for current and future generations of farmers, to protect priority natural areas, and to provide urban access to nature opportunities for marginalized urban communities. This program is included in the proposed budget, and there will be a recommendation for this program to be eliminated for FY 2023-2024.

3.5 Community Outreach & Engagement (not included in proposed budget)

The recommendation will be for this program to be created for FY 2023-2024. This is not included in the proposed budget. We have prepared a memo describing the recommended program in its entirety that will be publicly available and presented at the first Budget Committee meeting packet for consideration and review. Should it be funded and approved, the Community Outreach & Engagement Program works primarily to prioritize EMSWCD's efforts and to direct resources in service of our mission by positioning the District to deliver communications and outreach on a districtwide, increased scale. This program would also be charged with measuring impact, cross-collaborative efforts between programs, and maximizing partnerships, community engagement and service to EMSWCD's constituents.

3.6 Headwaters Farm Program

The Headwaters Farm hosts the Headwaters Incubator Program (HIP), which provides land, water, infrastructure, training and other support for qualified individuals wanting to start a sustainable agricultural business who would otherwise not be able to do so. The HIP program started in the 2013 growing season, and after ramping up with new cohorts every year, the program has been operating at or near capacity for the last few years. 2022 concluded the tenth season of the Headwaters Incubator Program and the sixth cohort of graduating farmers. To date, HIP has graduated 21 growers with over 85% of them still actively farming.



4.0 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: Grants Fund (formerly called Projects and Cost Share Program): Resources and Requirements (Form LB 10)
- SPECIAL FUNDS: Partner Grants Management Fund: Resources and Requirements (Form LB 10)