



Providing Natural Resource Leadership

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## **Budget Message for 2016/2017 Fiscal Year Budget Committee Meeting Scheduled for May 19, 2016**

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### **Introduction/Overview and Background Information**

The Yamhill Soil and Water Conservation District (District) is a local unit of government established under Oregon Revised Statutes Chapter 568, and has been in existence since 1953. The District is governed by seven directors who serve four-year terms, and are elected by county voters at the General Election in even-number years.

The District implements its annual work plan utilizing a variety of resources, including grants, revenue from its permanent tax rate, income from plant sales and other enterprises, and with help of volunteers and conservation partners. In 1986, voters approved a permanent tax rate, which allowed the District to assess an ad valorem tax within the District's boundaries, which includes all lands within Yamhill County. As a local taxing district that levies local property taxes, the District is required to develop, present, and administer its budget in compliance with Oregon Local Budget Law. This requires the District to provide public notice of its budget meeting, hold one or more budget committee meetings, use standardized budget detail sheets and budget categories as stipulated by the Oregon Department of Revenue, receive budget approval from the budget committee, and to hold a final budget hearing, open to the public, prior to the District board adopting the final budget.

The District budget committee consists of the seven elected directors and seven citizen members. The committee has the responsibility to review and approve the budget. As part of this process, all committee members have the ability to ask questions, request clarification or additional information if needed, and suggest deletions, additions, and changes to the proposed budget. All committee members have the same voting authority. The 14-member committee must obtain a minimum of eight affirmative votes (simple majority) to approve the budget.

The committee typically reviews the budget presented by the budget officer, discusses questions, hears public comment, makes final adjustments and modifications if necessary, and takes final action to approve the budget and certify a tax rate or budget amount. Once the budget is approved by the budget committee, a *Notice of Budget Hearing and Financial Summary* is published in the newspaper and presented for adoption at the District Budget Hearing. The District must hold the budget hearing and approve the final budget prior to June 30, 2016.

### **Budget Message Purpose and Structure**

The purpose of the budget message is to explain the proposed budget, outline significant changes in the District's financial position and programs, and provide information about anticipated revenues, expenses, and other budget requirements such as transfers, contingency, reserve funds, and unappropriated ending balances.

The budget is structured and managed using seven fund categories. Each fund will be described in further detail later in the budget message.

1. General Fund
2. Special Projects Fund
3. Miller Woods Fund
4. Chegwyn Farm Fund
5. Conservation Easement Fund
6. Yamhela Property Fund
7. Muddy Valley Property Fund

### Compliance with GASB 54

The Oregon Governmental Accounting Standards Board issued Statement 54 (GASB 54) which impacts how special districts in Oregon must maintain and present their accounting records. Districts in Oregon are required to present their books according to GASB 54 requirements.

### Budget Classification

GASB 54 requires fund balances to be reported in five classifications as follows:

- **Non-Spendable Funds** – Amount budgeted for unappropriated ending balances. **\$1,540,000**
- **Restricted Funds** – Potential income and expenditures associated with grants. **\$ 630,000**
- **Committed Funds** – Committed to a specific contractual use including resources used to manage and defend conservation easements held by the District. **\$ 132,100**
- **Assigned Funds** – Includes funds that are assigned to specific purposes such as land stewardship, equipment purchases, building or infrastructure development, and contingency. **\$ 410,800**
- **Unassigned Funds** – The remaining portion of the General Fund after subtracting Assigned and Non-Spendable Funds. **\$ 505,000**

The composition of fund types found in the 2016-2017 budget are detailed in Table 1.

Table 1. Classes of Funds and Budgeted Expenditures for 2015- 2016:

Fund	Non-Spendable Funds	Restricted Funds	Committed Funds	Assigned Funds	Unassigned Funds	Total Funds
General Fund	\$ 60,000	0	0	\$ 75,000	\$ 505,000	\$ 640,000
Special Projects	0	\$ 630,000	0	0	0	\$ 630,000
Miller Woods	70,000	0	0	198,500	0	\$ 268,500
Chegwyn Farm	175,000	0	0	38,100	0	\$ 213,100
Conservation Easement	125,000	0	132,100		0	\$ 257,100
Yamhela Property	260,000	0	0	34,700	0	\$ 294,700
Muddy Valley Property	850,000	0	0	64,500	0	\$ 914,500
<b>Total Budget</b>	<b>\$1,540,000</b>	<b>\$ 630,000</b>	<b>\$ 132,100</b>	<b>\$ 410,800</b>	<b>\$ 505,000</b>	<b>\$ 3,217,900</b>

## How are District Programs Funded?

Programs and services are funded through the following methods:

### 1. Permanent Tax Rate Collections See Attachment “A”

### 2. Grants (Federal, State and Local) See Attachment “B”

On average, the District manages between 6 and 12 grants and agreements each year. Grants and agreements range in size and duration and can be for specific projects that are completed within one year, or support programs and projects over several years. The Special Project Fund and other funds in the budget provide adequate budget authority for all anticipated revenue and expenditures. Details are provided in Attachment B.

### 3. Income Generating Enterprises

The District produces revenue from several income-generating enterprises. Funds from these enterprises are used to support implementation of the District’s long-range and annual work plan, conduct agreed-to work identified in grant agreements, maintain District property, oversee conservation easement stewardship responsibilities, and fulfill other legal and contractual obligations: Income-generating enterprises include:

- Native plant sale and sale of other materials
- Miller Woods Nursery (native plant grow-out contracts)
- Forest products and harvest
- Rental income from Miller Woods residence
- Rental income from Chegwyn Farm and other properties
- Contract management (Yamhela Property, Mt. Richmond, Chegwyn, and others)
- Contract services through Intergovernmental Agreements, landowner agreements, or other contracts.

### 4. Local Contributions and Donations

The District receives revenue from donations provided by various individuals and entities. Revenue is used to support District programs and services, volunteer involvement and expenses, and other purposes such as administration of conservation easements. Each fund includes a line item in the Resource Section (*Local Sources and Donations*) to allow for receipt of donations, grants and other contributions.

### 5. Volunteer Resources

The District receives a significant volunteer support for projects at Miller Woods, the annual native plant sale, educational and outreach events, and for on-the-ground conservation projects. Volunteer contributions are often considered match funding for purposes of grant reporting and accounting. The value of volunteer resources is not considered in this budget document. The costs of supporting volunteers are accounted for in budget categories of the General Fund, Miller Woods Fund, and Special Projects Fund. Typical costs include insurance, food, supplies, training, travel, and staff oversight.

## Budget Detail Sheets (LB 10)

The budget document includes budget detail sheets for the following funds:

- |                               |                               |                          |
|-------------------------------|-------------------------------|--------------------------|
| A. General Fund               | B. Special Projects Fund      | C. Miller Woods Fund     |
| D. Chegwyn Farm Fund          | E. Conservation Easement Fund | F. Yamhela Property Fund |
| G. Muddy Valley Property Fund |                               |                          |

*Budget Detail Sheets* provide a history record of actual income and expenses for two prior years, the adopted budget amounts for the current year, and the projected budget for 2016-2017 proposed by the Budget Officer.

## A. GENERAL FUND

The General Fund accounts for revenue generated from property tax, grants, administrative income, and other sources that do not require the use of a special or specific fund. Requirements and expenditures in the General Fund are used to support various costs and programs that are difficult to fund with special grants, such as District operations and management, administrative and legal costs, materials and services for general programs, rent, computers and infrastructure, and other expenses not typically charge to grants.

The primary source of revenue in the General Fund comes from the District's permanent rate limit (property tax levy). The General Fund also accounts for small operational grants from Oregon Department of Agriculture that pay a portion of the District's legal requirements including the financial audit, board meetings and annual meeting, public notices, minutes, insurance, and other costs relating to District operations. The resource section of the General Fund provides for previously levied taxes, interest income, local income and donations, administrative income, and transfers from other funds.

### **General Fund – Resources**

This section of the General Fund is similar to last year's budget. The projected cash carry-over in the General fund is estimated at \$252,000. The carryover represents:

- Unexpended funds budgeted in Contingency (\$80,000)
- Estimated remaining balance from various categories for the current budget year (\$122,000)
- Funds budgeted for Unappropriated Ending Balance in the 2015-2016 budget (\$50,000)

The projected ending balance will be lower than the previous year because the District spent funds for equipment purchases (capital outlay), and therefore did not carry over funds in this line item as in previous years.

The District begins to receive the majority of tax revenues in November of the budget year, when landowners typically begin paying property taxes to the county. The District will use cash carryover, income from transfers, and other revenues that become available during the first four months of the fiscal year to cover budget requirements in the General Fund until tax revenues are received.

Property tax revenue for 2016-2017 is estimated at \$274,000; this is up \$15,000 from the estimate of \$259,000 in the previous year's budget (see Attachment "A").

The District anticipates continuation of the District Operations grant from the Oregon Department of Agriculture (ODA) for a total of \$20,930, and accounts for this revenue and associated expenditures in the General Fund.

Transfers from other funds are budgeted for administrative earnings from grant and agreements as follows:

Special Projects	\$50,000
Miller Woods	5,000
Conservation Easement	5,000
Yamhela Property	2,000
<u>Muddy Valley Property</u>	<u>\$10,000</u>
Total	\$72,000

No other significant changes are anticipated for the resources section of the General Fund.

## **General Fund – Requirements**

### **Personnel Services**

No major changes are proposed to the Personal Services category. The Personnel Services category for the 2016-2017 General Fund is increased to accommodate a cost of living adjustments and performance awards for personnel, subject to the recommendations of the Employee Relations Committee, and approval of the District board. Health insurance costs are estimated to increase annually by less than 5% and can be covered by the proposed budget in Personnel Services. The District continues to monitor requirements and conditions of the Affordable Care Act and related insurance reforms to anticipate financial impacts. The budget continues to provide for a part-time employee administrative assistant for up to 32 hours per week, and a part-time technical support position to assist the District with the maintenance of the website.

The District established a new 401(a) retirement plan in 2015-2016. The new plan was implemented to provide two avenues for deferred savings. All District-paid contributions are deposited to the new 401(a) plan, and all employee-paid retirement deferrals are deposited to the 457 deferred compensation plan. The changes in plans incurred no additional cost to the District.

### **Materials and Services**

Minor adjustments are made to line items in this category and the total budget for the category. Contract Services is budgeted at \$22,000 even though actual expenditures in this line item have been traditionally low. Funds are budgeted under Contract Services to cover potential costs associate with IT, should the District need to establish its own computer network and/or upgrade equipment. Funds may also be used to pay for professional services associated with property ownership, conservation easements, and various legal costs.

As discussed in previous years, the Natural Resources Conservation Service (NRCS) is no longer able to maintain the same level of support and provide office space for all District employees. Going forward, NRCS will still provide computers, telephones, and IT services, but the District will need to cover a percentage of office rent effective July, 1, 2016. The line item for rent is budgeted at \$20,000 to cover this increased cost. The District will to continue to explore ways to reduce General Fund expenses by covering a portion of rent expense from grants.

### **Capital Outlay**

Capital outlay is budgeted at the same level as the previous year to provide for the purchase of vehicles, equipment, real property, or other capital expenditures.

This following provides additional information regarding capital outlay and the District's strategy to fund equipment purchases in the future. The information relates to the General Fund and other Special Funds in the budget, and is provided in this section to provide background and context for the remaining budget message:

### **Capital Outlay: Strategies for Funding Equipment Purchases**

In 2015-2016, the District purchased a track loader, mower, and grapple using resources from the General Fund, Special Projects Fund, Conservation Easement Fund, and Miller Woods Fund. It also purchased a tunnel sprayer to use in field trials and demonstrations with resources from the General Fund and Special Projects Fund.

Equipment is used for restoration and management activities on properties owned and managed by the District, including Miller Woods, Mt. Richmond, Yamhela Oaks, Muddy Valley, and Chegwyn Farms. The District may also provide restoration and mowing services to landowners who request assistance and enter into landowner agreements (primarily on oak and prairie restoration projects). This type of contract work is authorized under

Oregon Revised Statutes Chapter 568, which allows conservation districts to own and manage land, implement projects, provide technical assistance, and charge for services (including land management activities).

Going forward, the District will utilize grants and dedicated stewardship funds to pay for restoration work and cover costs of equipment purchases. When developing a grant or agreement proposal, the District will establish a rate for restoration work and equipment use at a level that provides adequate revenue to cover variable costs, amortize equipment costs (debt service), and generate revenue for future reserves earmarked for capital outlay. The District will establish QuickBooks “jobs” in its Special Projects Fund, the Conservation Easement Fund, and the Yamhela and Muddy Valley Property Funds to track revenue and expenditures associated with mowing and other restoration work.

### **Transfers**

The budget provides ability to transfer funds from the General Fund if the District board determines the need to do so. If adequate funding is available in the other funds, the District may forego the transfers.

- \$ 500 from General Fund into Conservation Easement Fund.
- \$ 5,000 from General Fund to Special Projects Fund to support Noxious Weed Programs.
- \$ 500 from General Fund to Miller Woods.

### **Contingency**

Contingency is budgeted at \$75,000 to provide a safety net should the District face unanticipated expenses or requirements. The District can legally transfers up to 15% of the total amount appropriated for the fund. The total appropriation in the General Fund is \$640,000; therefore, a transfer from Contingency of \$75,000 is within the limits allowed per the Oregon Department of Revenue statutes and administrative rules.

### **Unappropriated Ending Balance**

The unappropriated ending balance is budgeted at \$60,000. In 2015-2016, the Budget Committee supported an Unappropriated Ending Balance of \$50,000, an increase of \$5,000 from the previous year. The proposed Unappropriated Ending Balance is increased by \$10,000 from last year to continue the trend of increasing the dedicated year-end balance. Total General Fund resources and requirements are budgeted at \$640,000.

## **B. SPECIAL PROJECTS FUND**

The Special Projects Fund accounts for District programs that require little or no General Fund money, and for grants or projects that require separate budgets and independent tracking. The District maintains several categories (jobs) in the QuickBooks accounting system that are within the Special Projects Fund. The categories (jobs) are used to track grants and/or projects, and facilitate grant management. The Special Projects Fund utilize revenues from federal, state and local sources. A summary of current and anticipated grants can be found in *Attachment “B”*. Carry-Over for Special Projects is estimated at \$68,000.

### **Resources**

A \$5,000 transfer is proposed to fund noxious weed control activities. The budgeted amount is consistent with previous years. The transfer will be made if the board determines grant funds are inadequate to fund the weed program activities through grants. A minimum of \$400,000 in grant revenue is expected in 2016-2017. Information on Specific grants is provide in Attachment “B”. The budget allows for receipt of additional grant funds, donations or other resources if available.

### **Requirements**

Personnel Services is budget at \$316,000 to fund the personnel costs for three full-time employees (Habitat Conservationist, Conservation Planner, and Riparian Specialist), and the costs of additional part-time or temporary employees who on grant-funded projects.

Total Materials and Services is budgeted at \$239,000 with significant percentages of this category allocated to Contract Services and Project Supply costs associated with the proposed Enhance CREP grant, the RCPP grant, and the regular CREP Technical Assistance Grant. Capital Outlay is budgeted at \$25,000 for purchase of the equipment needed to manage District properties and projects, including a heavy duty equipment trailer, tow vehicle (truck), and tree shear; purchases subject to available funding and board approval. The District will continue to pursue opportunities to purchase equipment through state and federal surplus as a method to keep costs down.

Transfers from the Special Project Fund to the General Fund are budgeted at \$50,000. The District has accumulated resources in this fund from grant administration and project management work that may be used for general operations. A total of \$630,000 is budgeted in the Special Projects Fund for resources and requirements.

### **C. MILLER WOODS (MW) FUND**

This fund is used to manage resources for the Miller Woods property, a 130- acre parcel owned the District. The property is managed for multiple uses including, sustainable forest management, hay production, environmental education, demonstrations, studies and research, and outdoor activities. The property includes a small native plant nursery that generates income from native plant sales and contracts with partners and agencies. Revenue supports the nursery and MW operations, and is used to pay for labor, upkeep and maintenance, supplies, portable restroom facilities, costs of educational activities, and property improvements. The District employs one part-time employee who serves oversees operations at the property and manages the native plant nursery.

The District continues to explore additional opportunities to grow native plants for other agencies and partner, with the goal of keeping the nursery a self-sustaining enterprise. The District completed “grow-out” contracts for the US Fish and Wildlife Service, local conservation districts, and other conservation partners in 2015-2016. The nursery also produces plants for grant-funded conservation projects, the annual native plant sale, and for the annual Earth Day event. The residence on the property is rented to generate income. However, because of inconsistent occupancy the rental income was less than anticipated in 2015-2016. The home is currently rented to the part-time property caretaker (as of February 2016).

The District completed the Forest Management Project in 2016 generating approximately \$314,000 in gross revenue. Revenue generated from the project was higher than anticipated and budgeted. Because of the duration of the project, expenditures also exceeded projections, creating a potential for overspending in the Contract Services category. The District addressed this by providing notice for a Supplemental Budget Hearing in May 2016, and by approving budget modifications (pending May 18<sup>th</sup> board meeting).

The gross revenue of \$314,000 was offset with associated expenditures of \$212,000 in contract services, supplies and services, and District personnel cost, leaving a positive margin of approximately \$102,000. This margin is reflected in the projected cash carryover estimated at \$120,000. Revenues from the Forest Management Project, a successful 2016 Native Plant Sale, and several grow-out contracts all contributed to the improved financial position of the Miller Woods Fund, which had a modest beginning balance of \$1,838 at the beginning of fiscal year 2015-2016. Over the past year, operational costs for regular maintenance at Miller Woods have also been reduced due to changes in staffing levels (full-time to part-time).

### **Resources**

Going forward, the District anticipates income from the 2017 Native Plant Sale, grow-out contracts, donations, sale of materials (shirts, books, etc.), and possible grant income. No additional income is anticipated from timber harvest in the coming year.

## **Requirements**

**Personnel Services** is budgeted at \$39,500 for continuation of the part-time position at Miller Woods, and for additional part-time employment needed for short-duration projects (e.g., the native plant sale, nursery grow-outs, special projects, etc.).

**Total Materials and Services** is budgeted at \$139,000 to cover costs of plant materials, potting soil, supplies, nursery improvements, and potential installation of a new septic system and drain field at Miller Woods. The Contract Services category is budgeted at \$60,000 to cover costs of work crews (nursery work and seedling planting), and for a contractor to oversee installation of the septic system. The District will continue to seek grants, donations, and other sources of community support to offset costs of the septic installation.

**Capital Outlay** is budgeted at \$15,000 for potential equipment purchases such as a trailer, small excavator, ATV, or pick-up.

An **Unappropriated Ending Balance** of \$70,000 has been established for this fund to budget dedicated carryover for the subsequent year, and reserve earnings from the past Forest Management Project.

A total of \$268,500 is budgeted in the Miller Woods Fund for resources and requirements.

## **D. CHEGWYN FARM FUND**

This stand-alone fund is projected to have a cash carryover of \$207,000. Funds are carried over from previous years when the District generated revenue from the lease of four acres to the McMinnville Parks Department for Chegwyn Park. The District owns Chegwyn Farms, subject to a life estate arrangement with Charlie Chegwyn. Under the arrangement, Charlie resides on and maintains the property, pays the property taxes, and is responsible for management decisions. He receives the majority of the rental income from the property. The District receives \$3,000 of annual rental income under a 5-year lease agreement approved in 2015.

### **Resources**

Revenue of \$3,000 is budgeted from rental income of farmable land. Additional revenue is budgeted from grants, interest, donations, and grant administration, should grants become available for restoration projects.

**Personnel Services** is budgeted at \$9,500 to fund employee costs associated with a potential grant, and for maintenance work performed on the property. Without additional dedicated revenue from grants or other sources, the projected personnel services costs to assist with regular maintenance activities on the property will be in the range of \$1,000 to \$2,000 for the year. **Materials Services** is budgeted at \$18,600. The District does not anticipate a high level of expenditure in this category unless outside grants can be secured to leverage local funds (e.g., for a special project). Expenditures in these categories are budgeted to cover costs of property maintenance, repairs, weed control, boundary and fencing costs, irrigation development, water rights transfers, and other projects as needed.

**Capital Outlay** is budgeted at \$10,000, should funding become available to purchase irrigation equipment. Unappropriated ending balance is budgeted at \$175,000. The balance will be available for future uses such as future property purchase, District Service Center or future investments on Chegwyn Farms. A total of \$213,100 is budgeted in the Chegwyn Farm Fund for all resources and requirements.



## **E. CONSERVATION EASEMENT FUND**

This stand-alone fund was established in 2001-2002 to manage funds that will be used to conduct monitoring and enforcement of conservation easements. Currently the District holds conservation easements on Crown Hill Farms, Friedman property, Hutchison property, and the Mt. Richmond property.

### **Resources**

Cash carryover is estimated at \$145,000. No significant income is anticipated this year. However the budget provides for the receipt of up to \$100,000 in grant funding if available. Grants may be available to support restoration or project work on lands already protected with easements, or provide funding to compensate landowners for the purchase of new conservation easements.

Existing budget resources will be used to cover the cost of conducting annual inspections and preparing reports, both of which are required on properties where the District holds conservation easements. Resources will be used to cover costs of operations and maintenance on the Mt. Richmond property, utilizing funds received from BPA in 2013-2014.

Resources from the Conservation Easement Fund may also be used to support the District's long-term obligations to oversee and defend conservation easements, and oversee maintenance and stewardship of certain properties under the management of the District (i.e. Mt. Richmond).

### **Requirements**

The budget includes allocation of \$13,000 for Personnel Services, and \$104,100 for Materials and Services. The District tracks spending in this fund according to specific property and grant. The District is slowly building the resources in this fund to ensure it has the capacity necessary to monitor, manage, and defend the easements it holds into the future. Available funds for administration will be transferred to the General Fund (if warranted) for up to \$5,000. Capital Outlay of \$10,000 has been included to allow for the purchase of equipment that supports operation and maintenance of conservation properties. The District allocated funds from this category in 2015-2016 to help with the purchase cost of the track loader and mower.

Unappropriated Ending Balance is budgeted at \$125,000. A total of \$257,100 is budgeted in the Conservation Easement Fund for all resources and requirements.

## **F. YAMHELA PROPERTY FUND**

This fund was added to the budget in 2014-2015. The Yamhela Property Fund (Short for the Yamhela Oak Conservation Overlook Property) was established to manage finances associated with a property the District acquired through the Willamette Wildlife Mitigation Fund, which is funded by Bonneville Power Administration (BPA). The District partnered with the Trust for Public Land (TPL) and received approval of a grant in 2014 for the acquisition of 173 acres in the Yamhill area. The property includes oak savanna, woodland, and other important wildlife habitat. The property transfer was completed this fiscal year and closed on March 31, 2016. At closing, the District received revenue of \$276,000 from BPA for future stewardship and maintenance responsibilities on the property.

### **Resources**

The beginning fund balance is estimated at \$276,400, reflecting the past receipt of BPA stewardship funds. A modest amount of revenue is budget for potential receipt of grant funds that might be obtained through cooperative agreements with US Fish and Wildlife Service or other grant sources.

The proposed long-term management plan for the property would allow the District to manage timber resources and use revenue from timber thinning to support restoration work, operations, and maintenance. Revenue categories are included to allow receipt of income from these sources. Other income from interest earnings, state grants, and local sources are also anticipated and provided for in this fund.

### **Requirements**

The budget includes allocation of \$9,000 for Personnel Services, and \$23,700 for Materials and Services. Funding from these categories will be used for property management and maintenance, and for beginning work on the development of a management plan in cooperation with BPA. The District does not anticipate a high level of expenditures in this fund unless outside grants can be secured to leverage local funds. However, the District is likely to begin utilizing \$2,000-\$3,000 of the BPA stewardship funds each year for property maintenance, repairs, weed control, boundary and fencing costs, road maintenance, and other projects as needed.

The budget also allows for a transfer of \$2,000 to the General Fund for administration (if warranted), and \$260,000 as an Unappropriated Ending Balance. A total of \$294,700 is budgeted in the Yamhela Property Fund for all resources and requirements.

### **G. MUDDY VALLEY PROPERTY FUND**

The **Muddy Valley Property Fund** was established in 2015-2016 to manage finances associated with the acquisition of 540 acres in the Muddy Valley area. The District submitted a proposal to the Willamette Wildlife Mitigation Program (WWMP) in 2015-2016, which was ranked highest of all applications, and subsequently selected for funding. The award provides funding to purchase the property and to establish a stewardship fund for future management of the property.

Bonneville Power Administration (BPA) provides funding for the WWMP. The District is currently working with BPA to complete all due diligence requirements, draft a conservation easement, and satisfy other grant requirements in anticipation of closing the property transaction by September 30, 2016. Through the escrow and closing process, BPA will compensate the current landowners directly for the purchase of the property. Therefore, no resources are budgeted in the budget for the property purchase.

### **Resources**

The District will receive \$867,870 of stewardship funding from BPA, which is provided for in the federal grants line item. The budget also provides for additional income from grants and donations from conservation partners who have interest in seeing the property protected. Revenue from grants and donations is budgeted at \$30,000.

**Requirements** The budget includes allocation of \$18,500 for Personnel Services and \$36,000 for Materials and Services. The District anticipates modest expenditures in these two categories with approximately \$6,500 in Personnel Services and \$6,000 for Materials and Services. These expenditures could support the annual costs associated with property management and stewardship, and cover staff costs to develop the management plan in cooperation with BPA. However, if additional resources become available through donations or grants, the budget will allow for increased expenditures in both categories.

A transfer to the General Fund of up to \$10,000 is budgeted to capture administrative costs or other income associated with managing the project.

An **Unappropriated Ending Balance** is budgeted at \$850,000.

A total of \$914,500 is budgeted in the Muddy Valley Property Fund for all resources and requirements.

## SUMMARY

- The District will continue to provide similar services and programs and maintain the existing staff positions as budget resources allow with revenues from the General Fund, grants, and agreements with conservation partners. Personnel Services, Materials and Services and other requirements are budgeted for in the Special Projects Fund, Miller Woods Fund, and other funds established for managing District properties.
- The District will continue to employ staff to support operations at Miller Woods and seek opportunities to expand revenue from nursery operations and plant sales. Anticipated funding sources include the native plant sale, plant grow-out contracts, Miller Woods rental income, state and federal grants, General Fund, administrative earnings, and local donations.
- Explore options for increased staffing and contract services. The District will secure additional part-time employees to assist with specific projects, and explore the feasibility of funding capacity (staff or contractor) to take on responsibilities associated with conservation easements and the District's long-term land protection program.
- Administer existing grants to continue providing services and programs such as agricultural water quality, the Regional Conservation Partnership Program, the Conservation Reserve Enhancement Program, noxious weed control, and US Fish and Wildlife Service Partner Program. The District will also pursue new grants including the Enhanced CREP Program and Willamette Wildlife Mitigation Program funding for conservation easements and long-term land protection.
- Budget funds for stewardship and property management work at the Yamhela Property, Mt., Richmond property, Miller Woods, Chegwyn Farms, and Muddy Valley as needed.
- Begin the next phase of infrastructure development at Miller Woods, including the installation of a septic system, drain field, and permanent restrooms using resources from grants, donations, timber revenues, and local contributions.
- Use available budget resources to fund the District's responsibilities associated with conservation easements.
- Use budgeted transfers to fully realize available administrative income.
- Maintain adequate budget capacity in Contingency and Materials and Services categories in the General Fund to provide for potential increases in rent, upgrades to computer, phone and IT systems, potential legal costs, and other unanticipated expenses.

## Approval Process and Recommendations

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

Oregon Budget Law allows taxing districts to approve the budget by an amount, or by permanent rate. The District normally certifies the permanent rate. By certifying the rate, the District is allowed to collect the total property tax generated by the Assessed Value certified by the county assessor. If an amount is approved, revenue is limited to the amount approved under the resolution, and the District is not allowed to collect additional revenue that may be available if the Assessed Value is higher than projected. The budget officer recommends the budget committee certify the permanent rate of 0.0354/\$1000 when approving the 2016-2017 budget.

## Attachment “A” Permanent Tax Rate Collections

The District established its original tax base rate under the 1986 ballot measure. This “tax base” was converted to a permanent rate limit in 1997 as a result of ballot measures 47 and 50. The District’s permanent rate limit is 0.0354 / \$1000 of Assessed Land Value within the District boundaries, which include all of Yamhill County.

The law allows a maximum of 3% growth in Assessed Value (AV) on property, assuming the Real Market Value (RMV) remains higher than the AV. Based on current trends, it is probable that property tax collections will be close to the 3% allowed under law, with few properties assessed below RMV. The proposed budget provides for an estimated 3% increase in property tax revenue for 2016-2017. The District is allowed to collect all tax revenue generated by its permanent rate if it certifies its taxing rate in the budget resolution, regardless of the budget

### 2015-2016 Actual Tax Collections

The actual amount of property tax certified by Yamhill County for the District was \$ 281,293.51 in 2015-2016. This is \$17,293.51.17 higher than the District’s conservative estimate of \$264,040.

To estimate the property tax for 2016-2017, a 3% increase is assumed over the actual 2015-2016 certified assessed value. Based on the 3% increase, the total projected tax revenue for this budget is estimated at \$289,304 (see calculations below). After discounting this amount for 5 % estimated uncollected taxes, the District should expect to receive \$274,839 in 2016-2017 (amount rounded to \$274,000 for the budget).

### Method for estimating of tax revenues for 2016-2017 budget: (numbers rounded)

Multiply 2015-2016 Assessed Value x 1.03 = Projected 2016-2017 Assessed Value

*This estimate is based on a 3% increase without adding additional value for new growth.*

2015-2016 Assessed Value (AV)	\$7,934,419.267
Multiply by 3 %	<u>238,032,578</u>
Projected 2016-2017 (AV) =	\$8,172,451,845

Multiplied by SWCD permanent rate (.0354/1000 assessed value)	x	<u>0.0000354</u>
Amount of projected property tax revenue for 2016-2017	=	\$ 289,304
Less the estimated un-collectable taxes for 2016-2017 @ 5.0 %	=	<u>\$ 14,465</u>
Total anticipated tax collections in 2016/2017 budget	=	<b>\$ 274,839*</b>

**\* Note - a rounded estimate of \$274,000 was used for Taxes Necessary to Balance:**

Table 2. Predicted and Actual Revenues from District’s Permanent Rate Levy:

	FY 10/11	FY11/12	FY 12/13	FY 13/14	FY 14/15	*FY 15/16
<b>Predicted</b> <i>Taxes Necessary to Balance the Budget</i>	<b>222,815</b>	<b>229,349</b>	<b>232,142</b>	<b>241,109</b>	<b>247,000</b>	<b>259,000</b>
<b>Actuals</b> Current Taxes	<b>233,535</b>	<b>227,884</b>	<b>232,695</b>	<b>242,121</b>	<b>249,229</b>	<b>257,244*</b>
Previous Taxes	---	<b>8,279</b>	<b>9,307</b>	<b>8,944</b>	<b>10,226</b>	<b>7,457*</b>

(\*FY 2015/16 taxes reported as of 5/12/16)

## **Attachment “B”**

### **Summary of Grants and Agreements (Federal, State and Local)**

#### **1. Cooperative Agreement with the US Fish and Wildlife Service (USFWS).**

The District maintains a Cooperative Agreement with USFWS under the Partners for Wildlife Program. The agreement provides funding to support on the ground conservation projects that help USFWS implement its conservation recovery objectives in the region. The conservation priorities within the District are oak and prairie habitat and restoration work that benefits protected and endangered species (i.e. Fenders blue butterfly). The work performed through this agreement complements the conservation work being implemented under the Regional Conservation Partnership Program, which also focuses on oak and prairie conservation systems. The District anticipates revenue of \$50,000 in the next fiscal year for:

- Purchase of native plants from the Miller Woods nursery (\$35,000). These funds will support personnel, materials and services, and other related costs of producing 26,000 plants.
- Project costs (e.g., mowing and weed control) associated with Oak Restoration Projects (\$15,000).

#### **2. Regional Conservation Partnership Program**

The District is in the second year of a five-year project under this grant. The grant provides funding to landowners (financial assistance) to implement conservation practices lands with oak and prairie habitat. The grant also provides funding to cover the cost of technical assistance (staffing) and contract services. The District anticipates approximately \$100,000 of technical assistance funds in 2016-2017.

#### **3. USDA Contribution Agreement**

The District receives support through an intergovernmental agreement with USDA-NRCS to provide office space and Information Technology (IT) support in consideration of District staff services that contribute to USDA projects. This current agreement is being reviewed and modified for the coming year. A total of \$20,000 is budgeted in the General Fund for rent.

#### **4. Oregon’s Willamette Wildlife Mitigation Program (WWMP). Funded by Bonneville Power Administration.**

- Funding secured under the WWMP provided \$1.7 million for the purchase of the Yamhela Oak Conservation Overlook (YOCO) property near Yamhill. The property transaction closed this year and the District is the owner of the 173 acre property, effective March 31, 2016. The previous landowners received WWMP funding for the purchase of the property purchase. The District also received \$276,000 as part of the agreement to establish a stewardship fund to support operations and maintenance on the property.
- The District was awarded funding through WWMP for the acquisition of the Muddy Valley Property. This 540 acre conservation property will be acquired by the District and managed for wildlife and conservation purposes. The District is working through the due diligence process and satisfying the grant requirements, with anticipation of closing the real estate transaction by September 30, 2016. The budget provides for receipt of \$867,870 of stewardship funding which was approved as part of the WWMP award.

#### **5. Oregon Department of Agriculture (ODA)- District Operations Grant**

This grant of \$20,930 provides funding to help pay for administrative and legal requirements such as audits, annual meeting costs, legal notices, annual reports, minutes, and legal compliance.

**6. ODA - Technical Assistance Grant**

Annual funding of \$50,000 is available under an intergovernmental agreement to support the District's work in Agricultural Water Quality. Funds are used for personnel costs and other projects costs.

**7. Oregon Watershed Enhancement Board (OWEB) CREP Grant**

The District was awarded a new grant agreement to fund continuation of the technical assistance for the Conservation Reserve Enhancement Program (CREP) through December 31, 2017. The grant of \$149,335 covers the majority of project costs. The District provides an annual cash match of approximately \$5,000 per year to balance the budget. The project is a cooperative effort with the Marion and Polk SWCDs. Marion SWCD provides a \$10,000 cash match for the project, and Polk SWCD provides \$9,200 cash match.

**8. OWEB and ODA Enhance CREP Grant**

The District submitted a grant to OWEB and ODA to request funding for an Enhanced Conservation Reserve Enhancement Program (CREP) project. The grant requests \$177,000 to cover costs of establishing 2.3 miles of riparian area along the Yamhill River. The grant will provide funds for plant materials, contractor services, noxious weed control, five years of maintenance, and financial incentives to landowners who participate.

**9. OWEB Small Grants (4-6 per year)**

OWEB small grants provide funding up to \$10,000 (per applicant) to help landowners fund conservation and restoration work. The District expects to manage 4-6 of the OWEB small grants each year.

**10. OWEB Grant – Trappist Abbey and Trout Mountain Forestry (Fiscal Agent)**

The District is continuing to partner with Trout Mountain Forestry and administer an OWEB grant that was approved for a total of \$138,140 over three years. The project will be concluding in 2016-2017. The District will receive approximately \$2,000 in administrative income in the coming year.

**11. Agreements with Greater Yamhill Watershed Council (GYWC)**

The District continues to partner with the GYWC on a Pesticide Stewardship Program project in the Dayton and McMinnville area. The GYWC will conduct outreach work associated with the project under contract as funding becomes available from the Oregon Department of Agriculture (estimated at \$3000 to \$4,000).

**12. Donations**

The District continues to assist landowners with strategies to protect working lands, wildlife habitat and other conservation lands. Landowners often consider financial to support long-term stewardship of protected lands. The district anticipates receipt of donations in 2016-2017, but does not budget any particular amount. Donations will be used to support stewardship work on specific properties and implementation of the District's long-term land protection program.

**Summary**

The preceding list provides a summary of the major grants and agreements anticipated in 2016-2017. The District has several small grants and agreements that are in process and are nearly complete – they have minor fiscal impact on the budget, and are not described in detail. Information on all grants, agreements, and finances is available to interested citizens upon request.