



Providing Natural Resource Leadership

2200 SW 2nd Street
McMinnville, OR 97128

www.yamhillswcd.org | 503-472-6403
admin@yamhillswcd.org

Budget Message for 2021- 2022 Fiscal Year Budget Committee Meeting Scheduled for June 3, 2021

Submitted by Larry Ojua, Budget Officer

Email: larry@yamhillswcd.org

Introduction/Overview and Background Information

The Yamhill Soil and Water Conservation District (District) is a local unit of government established in 1953 under Oregon Revised Statutes Chapter 568. 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, volunteers, and tax revenues. In 1986, voters approved a permanent tax rate for the District, which allowed the District to assess an ad valorem tax within the District's boundaries. This includes all lands within Yamhill County. As a local taxing District, 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 and hold one or more budget committee meetings, use standardized budget detail sheets and budget categories, receive approval from the budget committee, and hold a final budget hearing prior to 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 reviews the presented budget, discusses questions, hears public comment, makes final adjustments and modifications as 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 will hold a budget hearing on June 17, 2021 to receive public comment and make final changes to the budget, if necessary. The District will provide public notice of the budget hearing, and a special board meeting on June 17, 2021, which allows the board to approve the final budget prior to June 30, 2021.

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 ten fund categories. The following funds will be described in further detail later in the budget message.

- | | |
|-------------------------------|-------------------------------|
| 1. General Fund | 6. Muddy Valley Fund |
| 2. Special Projects Fund | 7. Yamhela Property Fund |
| 3. Miller Woods Fund | 8. Turner Creek Property Fund |
| 4. Chegwyn Farm Fund | 9. Yamhill Oaks Property Fund |
| 5. Conservation Easement Fund | 10. Seven H 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. \$2,205,000
- **Restricted Funds** – Potential income and expenditures associated with grants. \$442,000
- **Committed Funds** – Committed to a specific contractual use including resources used to manage and defend conservation easements held by the District. \$53,000
- **Assigned Funds** – Includes funds assigned to specific purposes such as land stewardship, property ownership, and contingency. \$2,264,000
- **Unassigned Funds** – The remaining portion of the General Fund after subtracting Assigned and Non-Spendable Funds. \$652,000

The composition of fund types found in the 2021-2022 budget are detailed in Table 1.

Table 1. Classes of Funds and Budgeted Expenditures for 2021- 2022:

Fund	Non-Spendable Funds	Restricted Funds	Committed Funds	Assigned Funds	Unassigned Funds	Total Funds
General Fund	\$ 130,000	0	0	\$ 100,000	652,000	\$ 882,000
Special Projects	0	442,000	0	0	0	\$ 442,000
Miller Woods	90,000	0	0	319,000	0	\$ 409,000
Chegwyn Farms	170,000	0	0	850,000	0	\$ 1,020,000
Conservation Easement	145,000	0	53,000	0	0	\$ 198,000
Yamhela Property	280,000	0	0	57,000	0	\$ 337,000
Muddy Valley	880,000	0	0	735,000	0	\$1,615,000
Turner Creek Property		0	0	15,000	0	\$ 15,000
Yamhill Oaks Property (formerly Gopher Valley)	0	0	0	111,000	0	\$ 111,000
Seven H Property Fund	510,000	0	0	77,000		\$ 587,000
Total Budget	\$2,205,000	\$ 442,000	\$ 53,000	\$ 2,264,000	\$ 652,000	\$5,616,000

How are District Programs Funded? Programs and services are funded by the following methods:

- **Permanent Tax Rate Collections** See Attachment “A”

- **Grants (Federal, State and Local)**

On average, the District manages between five and eight 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.

- **Revenue Sources and Enterprises**

The District produces revenue from several revenue-generating enterprises. These resources are used to support implementation of the District’s long-range and annual work plans, complete agreed-to work identified in agreements, maintain District property, oversee conservation easement stewardship responsibilities, and to fulfill other obligations: Revenue-generating enterprises include:

- Annual Native plant sale, and sale of other materials
- Miller Woods Nursery (native plant grow-out contracts)
- Forest products and harvest (when scheduled as part of a sustainable forest rotation)
- Rental income from Miller Woods residence
- Rental income from Chegwyn Farm, Muddy Valley Habitat Reserve, and other properties
- Contract management (Yamhela Property, Mt. Richmond, Chegwyn Farm, and others)
- Contract services through Intergovernmental Agreements, landowner agreements, or other contracts.
- Revenue from endowments established by donation and held with Pioneer Trust Bank and McMinnville Community Foundation.

- **Local Contributions, Donations, and Stewardship Resources**

The District receives revenue from donations provided by various individuals and entities. Revenue, donations and other contributions may be received for general use, specific uses such as education programs or volunteer support, dedicated land stewardship on specific protected parcels, administration of conservation easements, or other dedicated purposes. Line items are included in each Resource Section (*Local Sources and Donations*) to allow for receipt of donations, grants and other contributions.

- **Volunteer Resources**

The District receives 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 for grants, but are not considered revenue in the budget. Costs to support volunteers are accounted for in budget categories of the General Fund, Miller Woods Fund, and other related funds. 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:

- General Fund
- Special Projects Fund
- Miller Woods Fund
- Chegwyn Farm Fund
- Conservation Easement Fund
- Muddy Valley Fund
- Yamhela Property Fund
- Turner Creek Property Fund
- Yamhill Oaks Property Fund
- Seven H Property Fund

Budget Detail Sheets provide a financial history of actual income and expenses for two prior years, the adopted budget amounts for the current year, and the proposed budget for 2021-2022.

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 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 is generated from the District's permanent rate limit (property tax levy). Other revenue includes a small grant from the Oregon Department of Agriculture used to cover a percentage of costs associated with the financial audit, board meetings and annual meeting, public notices, minutes, insurance, and other operational costs. The resource section of the General Fund also provides for previously levied taxes, interest income, local income and donations, administrative income, and transfers from other funds.

GENERAL FUND – RESOURCES

The projected cash carry-over in the General fund is estimated at \$125,000. The carryover is much lower than the previous year because of a \$300,000 transfer made to the Muddy Valley Property Fund as a short-term internal loan. The funds were used in combination with other resources to purchase the Dupee Valley Reserve property. This property acquisition was approved for Willamette Wildlife Mitigation Program funding. The District will receive reimbursement from Bonneville Power Administration in 2021-2022; a transfer from the Muddy Valley Property Fund will be made to the General Fund to restore the \$300,000 internal loan.

A transfer from the Seven H Fund to the General Fund will also be made to reimburse the General Fund for contract expenses associated with appraisal and survey costs for Seven H Reserve. This property acquisition was also approved for Willamette Wildlife Mitigation Program funding. The ending balance in the general fund represents:

- Unexpended funds budgeted in Contingency (\$50,000)
- No transfer out of \$30,000 to the Yamhill Oaks Fund for work on the Gopher Valley home
- Savings in rent expense (carryover of \$20,000)
- Saving in Personal and Materials and Services line items

The District receives the majority of tax revenue in November when landowners typically begin paying property taxes to the county. The District will use cash carryover, income from transfers, and other revenue 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 2021-2022 is estimated at \$350,000, an increase of \$20,000 from 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 \$24,868. Interest income is reduced because of the low rates being paid by the Oregon Local Government Investment Pool. Other line items in Resources section are similar to the previous budget year, except for the transfer being made for reimbursement.

Transfers from the other funds are budgeted as follows, to allow for the transfer of administrative earnings and for other charges allowed for in grants or intergovernmental agreements.

Special Projects Fund	\$ 3,000
Muddy Valley Property	\$300,000
<u>Seven H Property Fund</u>	<u>\$ 50,000</u>
Total	\$ 353,000

Total resources budgeted in the General Fund total \$882,000.

GENERAL FUND – REQUIREMENTS

Personnel Services

The Personnel Services category increased by \$18,000. The District hired an Operations Manager in July 2020, which increased requirements in the Personnel Services category. It is the intention of the District to fund this position from the General Fund, along with the Office Administrator, Office Assistant, part-time Webmaster, and the Executive Director. The District intends to begin shifting a percentage of costs for the Executive Director position to other funds as responsibilities shift to the Protected Lands Program and special projects. The amount of fund-shifting depends on the timeline for a transition and the availability of other fund sources. For the coming year, the General Fund provides adequate funding to cover costs for both the Operations Manager and Executive Director positions. The General Fund (and grants) provide adequate resources to accommodate cost of living adjustments and performance awards for personnel, subject to recommendations of the Employee Relations Committee, and board approval.

The District renewed its contract for health insurance in November 2020, securing a new premium rate, effective January 1, 2021 to December 31, 2021. In May 2019, the board changed its policy and increased the District-paid insurance contribution for health insurance premiums. The annual costs for employees covered under the new policy could range between \$9,000 to \$14,400 per year depending on dependent status. The budget includes adequate resources to cover insurance costs for employees who qualify for insurance. Currently, over 50% of employees are covered by alternate insurance coverage, which provides significant savings. The District will continue to monitor requirements and potential fiscal impacts relating to health reforms. There are no changes to District-paid contributions rates in the 401 (a) retirement plan.

Materials and Services

The total category of Materials and Services increased by \$68,000. The budget includes increases in Contract Services to allow for payment of appraisals, surveys, legal fees, and other costs associated with property purchases. Most of these costs will be reimbursed by Bonneville Power Administration.

With the restoration of the \$300,000 transfer, the budget will have adequate resources to cover all costs in the category. Rent costs and computer support continued to be paid by the USDA Natural Resources Conservation Service (NRCS) this past year, although USDA has informed the District that support will eventually be eliminated. The continued support allowed the District to forego rent charges and other IT charges, which contributed to a stronger cash carryover position. USDA continues to advise the District of a future change in rent support. Therefore, rent is budgeted at \$20,000 for this potential expense. Vehicle expense is increased to cover the repairs needed on the aging fleet of vehicles. Other line items in the category are increased slightly to cover rising costs. The District will continue to explore ways to reduce General Fund expenses by covering operational costs, with grants, when feasible.

Capital Outlay

Capital Outlay is increased by \$43,000 this year to provide for purchase of equipment or vehicles, should the board deem the purchases necessary. The District is establishing its own computer system, which has increased equipment costs. The funds in this category provide resources for additional computer equipment, survey equipment, or other equipment the District may need. The District could benefit from an additional heavy-duty truck. Funds in this category could be paired with grant funds, should a grant become available for this purpose.

Transfers Out

The budget provides for several transfers as follows:

- \$ 5,000 from General Fund to Special Projects Fund to support cost-share for erosion control practices associated with USDA conservation programs.

- \$ 1,000 from General Fund to Turner Creek Property Fund to support potential legal or transaction costs associated with a possible property donation.
- \$ 6,000 from General Fund to Miller Woods Fund to support new bathroom construction (if needed).
- \$35,000 from General Fund to Yamhill Oaks Fund to provide resources for the repairs and upgrades to the Gopher Valley home (this transfer was not implemented in 2020-2021).

Contingency

Contingency is increased by \$50,000 from the previous year to \$100,000. This reverses the reduction needed in 2020-2021 to accommodate the transfers previously mentioned for real estate purchases. Through board action, the District may transfer budget authority from Contingency to other categories for unanticipated expenses or requirements. The District can legally transfer up to 15% of the total amount appropriated within the fund; the recommended level of \$100,000 is within the limits allowed per the Oregon Revised Statutes and Oregon Department of Revenue's administrative rules.

Unappropriated Ending Balance

The unappropriated ending balance is restored to \$100,000, slightly above the 2019-2020 level. The reduction in 2020-2021 was needed to accommodate \$300,000 transfer previously mentioned. The Unappropriated Ending Balance provides dedicated funds for the subsequent budget year, in advance or receipt of tax revenues.

Total General Fund resources and requirements are \$882,000, down from \$893,000 the previous year.

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), using the QuickBooks accounting system, within the Special Projects Fund. The jobs are used to track grants and projects and facilitate grant management. The Special Projects Fund utilize revenues from federal, state and local sources. Carry-Over for the Special Projects Fund is estimated at \$20,000. The decrease is due to:

- Completion of grant-funded projects and depletion of previous carry over
- Pending receipt of grant funds that are approved by grant agreement, but not yet received.

RESOURCES

The Special Projects Fund will be used to manage several grants in the coming year, including:

- USDA Regional Conservation Partnership Program (RCPP)
- USDA Conservation Innovation Grant
- Oregon Watershed Enhancement Board Grants (various)
- Oregon Department of Agriculture Noxious Weed Grants
- US Fish and Wildlife Service Grants for native plant grow-outs and restoration projects
- Other grants from tribes, Yamhill County, and other conservation partners

Income from grants could exceed \$250,000, depending on the timeframe of projects, and timeframe for reporting and grant reimbursements. Because of the uncertainty of timing, revenue and expenditure categories are budgeted adequately to accommodate receipt of grant funds, donations other resources, and for needed expenditures within the fiscal year. A transfer of \$5,000 from the General Fund to the Special Projects Fund is budgeted to support a local cost-share incentive for the USDA Conservation Program.

REQUIREMENTS

Personnel Services is budgeted similar to last year at \$259,000 to fund personnel costs for the Habitat Conservationist, Conservation Planner, and for partial support of the Protected Lands Steward and other temporary positions that may assist with stewardship and special projects.

Total **Materials and Services** is budgeted at \$165,000. The line item for contract services is increased to provide for contract services associated with noxious weed grants, RCPP grant, and for support of a CREP technician employed by Clackamas SWCD, who provides service in Yamhill County.

The interfund Services line item is included in Materials and Services and within the Resources Section (revenue) for accounting purposes. The District's accountant recommended using Interfund Services to document journal entries associated with closing out grants and moving administrative earnings and internal charges to other job classes within the Special Projects Fund.

Capital Outlay remains at \$15,000 for possible purchase of a conservation equipment. However, purchases are subject to available grant funding. The District will continue to pursue grants and donations and utilize purchasing options through state and federal surplus avenues as a method to reduce costs.

Transfers from the Special Project Fund to the General Fund are budgeted at \$3,000 to allow for transfer of administrative earnings or other qualified reimbursements. A total of \$442,000 is budgeted in the Special Projects Fund for resources and requirements.

C. MILLER WOODS FUND

This fund is used to manage resources related to the Miller Woods (MW) property, a 130-acre parcel owned the District. The property is managed for multiple uses including sustainable forestry, 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 from "grow-out" contracts with partners and agencies. Revenue supports the nursery and MW operations including labor costs, upkeep and maintenance, supplies, portable restroom facilities, costs of educational activities, and property improvements. The District employs one part-time employee who oversees operations at the property, manages the native plant nursery, and coordinates volunteers.

The District continues to explore additional opportunities to produce native plants for other agencies and partners, with the goal of maintaining the property and nursery as a self-sustaining enterprise. The District has completed "grow-out" contracts for the US Fish and Wildlife Service, local conservation Districts, and other conservation partners for the past several years. The nursery also produced plants for grant-funded conservation projects, the annual native plant sale, and the annual Earth Day event. The residence at Miller Woods generates rental income and is currently rented to the part-time property caretaker.

The District completed a Forest Management Project in 2015 which generated a positive margin and improved cash carryover at the end of fiscal year 2015-2016. The financial position of the fund remains strong because of the past Forest Management Project revenue, successful plant sales over the past five years, increased revenue from "grow-out" contracts, donations, and cost savings from volunteer worker contributions. The fund is projected to have beginning balance of \$192,000. The increase from the previous year is attributed to deferred income from the previous year (native plant grow-outs), strong grant revenue and donations. However, expenses associated with grants and other projects will likely reduce the amount of cash carry over at the end of fiscal year 2021-2022.

RESOURCES

Going forward, revenue is anticipated from several sources, including the 2022 Native Plant Sale, "grow-out" contracts, donations, sale of materials (shirts, books, etc.), and grants. Revenue from the 2021 Native Plant Sale declined this year, because of limitations associated with Covid-19. The District only provided plants through on-line orders and did not hold an "in-person" sale. Revenue from agreements with federal conservation partners for "grow-out" contracts increased; future increases are also anticipated this year.

District staff are working with other conservation Districts and partners to explore possibilities of more grow-out contracts in the future. Adequate revenue should be generated to cover operational costs and modest property improvements.

Installation of new restroom facilities remains a priority. The District is securing final plans for the bathroom design and hopes to construct a facility in 2021-2022. It will actively seek grants, donations, and other sources of support to offset costs of construction. It will use funds including, previously collected donations, grants, and donations, to complement the District's investment in the project. A transfer of \$6,000 from the General Funds is budgeted, should the District Board choose to allocate General Fund resources for this project.

REQUIREMENTS

Personnel Services is budgeted at \$73,000 to fund the part-time position at Miller Woods and support other temporary or seasonal employees working on the native plant sale, nursery grow-outs, and other projects.

Materials and Services is budgeted at \$226,000 for expenses associated with the annual native plant sale and grow-out contracts, including purchase of nursery stock, potting soil, supplies, and costs of nursery maintenance and improvements. The Contract Services line item is budgeted at \$110,000 to support installation of new restrooms and other contract work.

Capital Outlay is budgeted at \$20,000 for potential equipment purchases such of a trailer, (subject to grant funding or available donations).

An **Unappropriated Ending Balance** is budgeted at a slight increase from the previous year at \$90,000. The dedicated carryover is reserved from revenue generated through the past Forest Management Project. A total of \$409,000 is budgeted in the Miller Woods Fund for resources and requirements.

D. CHEGWYN FARM FUND

Chegwyn Farm is owned by the District, subject to a life estate arrangement with Charles Chegwyn. Under the arrangement, Mr. Chegwyn 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. As the owner of Chegwyn Farm, the District is party to lease agreements and helps facilitate the renter/landowner relationship to ensure all liability issues are properly addressed. The fund majority of dedicated resources in the fund were received from a previous long-term lease agreement between the District and McMinnville Parks Department, for the land developed as Chegwyn Park.

Projected cash carryover is \$58,500, down significantly from the previous year's level of \$198,000. The decrease was due to a \$150,000 transfer made in the current year as a short-term loan to the Muddy Valley Property Fund. The funds were used for the purchase of the Dupee Valley Reserve. These funds will be restored in the 2021-2022 year through a budgeted transfer.

RESOURCES

The District anticipates rental income, interest income, and potential revenue from grants. A transfer of \$150,000 from the Muddy Valley Fund is budgeted to restore the internal loan mentioned previously.

The District may consider trading or selling a land holding of approximately three acres located adjacent to Chegwyn Park. The board secured legal counsel and contracted for an appraisal in preparation for a potential transaction. The Resources section includes a line item to accommodate revenue from a property sale, should it occur, for \$800,000. The board has indicated its interest in utilizing proceeds from a property sale for future purchase of real estate that could accommodate a service center. The budget includes an offsetting line item in the Requirements section for a property purchase consistent with the board's interest and recommendation.

REQUIREMENTS

Personnel Services is budgeted at \$11,400 to fund personnel costs associated with stewardship, weed control, homestead and farmstead maintenance and orchard clean-up, and staff time to work on a potential real estate sale, trade, or other negotiation.

Materials and Services is budgeted at \$38,600, an increase of \$14,900. The increase is to provide resources for legal and professional service, repairs and maintenance on the property, additional clean-up of an old walnut orchard, weed control, irrigation development, water rights transfers, and other projects as needed.

Capital Outlay is budgeted at \$800,000, to provide the option for the District to utilize proceeds from a property sale to purchase other lands. There are no definitive plans to do so currently.

The **Unappropriated Ending Balance** is budgeted at \$170,000 to be available for carryover and future purposes on Chegwyn Farm. A total of \$1,020,000 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 are 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 \$155,000, similar to the previous year. Sources of revenue include interest income of \$1,000, Local Sources of approximately \$5000, (\$4,000 rental income from the Mt. Richmond, \$1,000 for CREP program payments), and approximately \$5,000 for payment of conservation services performed by the District (mowing and spraying). Grant sources may be available to support restoration or project work on protected lands, or to provide funding to compensate landowners for the purchase of new conservation easements. \$32,000 is budgeted for potential grant revenue (various).

REQUIREMENTS

The budget includes allocation of \$11,000 for **Personnel Services**, and \$42,000 for **Materials and Services**. Modest spending in these categories is expected unless grants become available to offset higher levels of expenditures. The District tracks income and spending in this fund according to specific properties and/or grant. The District's goal is to increase resources in the fund to ensure it has the capacity necessary to monitor, manage, and defend the easements it holds into the future. No funds were budgeted for transfer to the General Fund this year.

No **Capital Outlay** is budgeted for this year. Other funds will be utilized to fund equipment purchases. Resources in this fund will be used to cover annual inspections, reporting costs, and costs of operations and maintenance on the Mt. Richmond property, utilizing funds previously received from Bonneville Power Administration. Resources in this fund may also be used to cover costs associated with defending provisions of, and enforcing conditions of conservation easements held by the District. **Unappropriated Ending Balance** is budgeted at \$145,000, similar to the previous year. A total of \$198,000 is budgeted in the Conservation Easement Fund for all resources and requirements.

F. 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 secured the property through a grant award from the Willamette Wildlife Mitigation Program (WWMP). Bonneville Power Administration (BPA) funded the purchase and allocated stewardship funding. The transaction was completed on September 30, 2016. Through the closing process, BPA compensated the previous landowners directly for the purchase of the property. Therefore, no resources were included in the District's budget for the property purchase.

At closing the District received \$867,870 of stewardship funding from BPA, for future property operations, maintenance and stewardship. The District also received a donation of \$162,000 from the former owners to support the District's long-term lands protection program, and future stewardship of the Muddy Valley Habitat Reserve. The stewardship funding and donation, along with interest earnings, represent the majority of carryover. The estimated beginning balance of \$900,000.

RESOURCES

Revenue is anticipated from rent on the hay field (\$3,500) and interest earning (\$4,500). The budget provides for additional grant income and donations from conservation partners who support restoration and land protection and for grants and donations, sale of materials, and potential administrative earnings. The most significant change in revenue will be from the infusion of funds associated with the purchase of 137-acre conservation parcel in the Dupee Valley area. The estimated \$555,000 will be used to repay the internal loans made by the District (discussed in Requirements section). Revenue is also budgeted for grants that may be received for restoration work on the Muddy Valley Reserve (state grants), or receipt of stewardship funding or grants associated with the Dupee Valley Reserve property.

REQUIREMENTS

The budget includes allocation of up to \$40,500 for **Personnel Services** and \$219,000 for **Materials and Services**. These increases are associated with potential work that would be completed on the property with receipt of a large restoration grant. Without the grant, annual expenditures will be much lower than budgeted levels. However, if grants become available, the District will have the budget authority to complete the work.

A **transfer** up to \$150,000 is budgeted to the Chegwyn Fund to reimburse for the previous year's internal loan. A transfer of \$300,000 is budget to the General Fund to reimburse for the previous year's internal loan.

Capital Outlay includes a budget of \$25,000 for potential purchase of equipment that may be needed for property management and maintenance.

The **Unappropriated Ending Balance** is budgeted at \$880,000. A total of \$1,615,000 is budgeted in the Muddy Valley Property Fund for all resources and requirements.

G. YAMHELA PROPERTY FUND

The Yamhela Property Fund (Yamhela Oak Conservation Overlook Property) was established in 2014-2015 to manage finances associated with a property the District acquired through the Willamette Wildlife Mitigation Fund, 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 on March 31, 2016. The District received revenue of \$276,000 from BPA, which established the initial stewardship fund. These funds are used for stewardship and maintenance on the property.

RESOURCES

The beginning fund balance is estimated at \$333,000. The increase from the previous year resulted from income receive from a forest thinning operation. Modest revenue is budgeted for grant funds that might be obtained through cooperative agreements with US Fish and Wildlife Service or other grant sources.

REQUIREMENTS

The budget provides for \$13,500 in **Personnel Services**, similar to the previous year for stewardship activities. **Materials and Services** was reduced substantially since the forest thinning operation was completed in the current year. The funds budgeted in Materials and Services are available to implement additional clean up, weed control, and restoration work following the thinning operation. Funds are also budgeted for property taxes, and other expenses associated with the management plan.

Unappropriated Ending Balance is budgeted at 280,000, up \$30,000 from the previous year. A total of \$337,000 is budgeted in the Yamhela Property Fund for all resources and requirements.

H. TURNER CREEK PROPERTY FUND

The District continues to assist property owners in the Yamhill area who have expressed interest in donating land to the District. The Turner Creek Property Fund was established to accommodate receipt of potential donations and grants dedicated towards future property stewardship, and to allow for potential expenditures associated with due diligence requirements or other property transactions.

RESOURCES

No changes have been made. The budget provides for donations and grant revenue should it become available. The District continues to work with several conservation partners and seek resources to support the acquisition. Total revenue is budgeted at \$15,000. A transfer of up to \$1,000 is budgeted from the General Fund, subject to board approval.

REQUIREMENTS

Total expenditures in **Personnel Services, Supplies and Contract Services** are budgeted at \$15,000 to cover potential costs associated with the planned donation and property transfer.

I. YAMHILL OAKS PROPERTY FUND

The **Yamhill Oaks Property Fund**, (formerly the Gopher Valley Property Fund) is used to manage finances and stewardship funding associated with two properties transferred to the District from The Nature Conservancy (TNC) in January 2019. The two properties transferred included:

- 318 acres located on Gopher Valley Road, approximately seven miles north of Highway 18.
- 310 acres located adjacent to Masonville Road and Muddy Valley Road.

Both properties were transferred to the District at no cost. TNC provide a donation of \$1,000,000 for long-term stewardship of the two properties. Upon closing of the property transfers, a donation agreement was exercised, naming the District as the beneficiary of two endowments: 1) a \$900,000 endowment established with Pioneer Trust Bank in Salem, Oregon, and 2) a \$100,000 endowment established with McMinnville Area Community Foundation, in McMinnville, Oregon. The District receives earnings and distributions from the two endowments as stipulated in the endowment agreements. Funds received by the District are managed within the **Yamhill Oaks Property Fund** for the benefit of both donated properties.

RESOURCES

The beginning fund balance of the **Yamhill Oaks Property Fund** is estimated at \$23,000. Annual revenue from endowment earnings and distributions is conservatively estimated at \$50,000. The District continues to implement stewardship and restoration work on the protected lands, and various clean-up, repairs and renovation work on the home located on the Gopher Valley parcel.

A Transfer of \$35,000 from the General Fund is budgeted to provide resources for repairs and upgrades, subject to board approval. Line items for grants and local donations are included should funding become available for restoration and conservation work on the two properties, or for home renovation. Future revenue

from rental income will be realized when the home is leased or rented, which isn't likely until 2022. Therefore, rental income is budgeted for the fiscal year at \$6,000. Total revenue is budgeted at \$111,000.

REQUIREMENTS

Expenditures for **Personnel Services** are budget at \$26,400 to cover costs of stewardship work on the two properties, and personnel costs to oversee repairs and maintenance on buildings and infrastructure. Expenditures of up to \$84,600 in **Materials and Services** are budgeted for repairs, contractor work, maintenance, land stewardship work, property tax liability, insurance, and other related expenditures. The total requirements for the fund are \$111,000. The budget includes no Unappropriated Ending Fund Balance. However, it should be noted that revenue from recurring quarterly endowment payments provides assurance the District will have regular cash flow to carry on annual operations and stewardship work. In the coming years as the annual budget becomes normalized, the District will have a better understanding of regular annual expenses and rental income potential and be better positioned to consider unappropriated ending fund balances.

J. SEVEN H PROPERTY FUND

The **Seven H Property Fund** is a new fund that will be used to manage finances and stewardship funding associated with a new conservation property that will be purchased and funded through the Willamette Wildlife Mitigation Program (WWMP). The fund will be similar in purpose and use to other property funds.

RESOURCES

The beginning fund balance is zero. The fund includes a line item for \$580,000 for receipt of stewardship funding, that will be provided upon closing. The budget includes authority for the receipt and use small amounts of grant funding as well. Total resources are budgeted at \$587,000.

REQUIREMENTS

The budget provides for \$8,500 in **Personnel Services**, and \$18,500 in **Materials and Services**, to cover costs associated with stewardship, restoration, and property maintenance.

Unappropriated Ending Balance is budgeted at \$510,000. A total of \$587,000 is budgeted in the Seven H Property Fund for all resources and requirements.

SUMMARY

The budget message and detail sheets provide a description of resources and requirements associated with various funds and programs. Resources from local tax revenue, grants, donations, fees for service, and sales of materials will allow the District to:

- Continue delivery of current conservation services and programs and existing staff positions (including agricultural water quality, RCPP, etc.).
- Continue employment of staff at Miller Woods and the Miller Woods Nursery.
- Support completion of two Oregon State Weed Board grants for invasive species management through contract service agreements and/or temporary employment agreements.
- Implement work associated with conservation easements and the long-term land protection program.
- Budget funds for property management and stewardship on the Yamhela property, Mt., Richmond property, Miller Woods, Chegwyn Farm, Muddy Valley Habitat Reserve, and two new conservation properties (Seven H Reserve and Dupee Valley Reserve).
- Provide for repayment of short-term internal loans made available for the purchase of the Dupee Valley Reserve property.
- Budget funds for the Yamhill Oaks (Masonville and Gopher Valley properties) and utilize recurring income from stewardship endowments and other sources.
- Continue assisting landowners of the Turner Creek Property interested in a potential land donation.
- Utilize the District's no-till drill through its equipment rental program for conservation projects.
- Continue production of native plants grown under contract at the Miller Woods Nursery. Increase native plant sales to new customers and partners. Utilize funds generated through "grow-out" agreements with US Fish and Wildlife Service, conservation Districts, and others to support costs of managing and maintaining Miller Woods.
- Implement infrastructure developments at Miller Woods, including the installation of new restroom facilities using resources from grants, donations, timber revenues, and local contributions.
- Maintain adequate budget capacity in Contingency and Materials and Services categories in the General Fund to provide for potential increases in rent, computer, IT systems, legal costs, and unanticipated expenses.
- Utilize grant funding from the Oregon Watershed Enhancement Board, Oregon Department of Agriculture, and other grantors for various conservation projects.
- Provide technical assistance to complement USDA's Conservation Implementation Strategy.

Attachment “A” Permanent Tax Rate Collections

The District established its original tax base with voter approval of a 1986 ballot measure. The “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 boundary, which includes 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. However, total property tax revenue in the county will often exceed 3% growth because properties with new construction or improvements become taxable and increase the overall assessed value in the county.

Current Year Certified Tax Collections

The Yamhill County Tax Assessor certified the District’s actual property tax levy in 2020-2021 as \$352,947, an increase of \$15,736 over the previous year’s certified amount of \$337,21. This represents an approximate increase of 4.6% over the previous year’s levy.

To estimate the property tax for 2021-2022, a 4.00 % increase is assumed over the actual 2020-2021 certified Assessed Value (entire county), and calculated as follows:

Estimating tax revenues for 2021-2022 budget: (numbers rounded)

2020-2021 County Assessed Value (AV)		\$ 9,978,903,641
Multiply by 4.0% to project increase in AV		<u>399,156,141</u>
Total projected 2021-2022 Assessed Value	=	\$10,378,059,782
Multiply by District’s permanent rate (.0354/1000 Assessed Value)	x	<u>0.0000354</u>
Total estimated property tax revenue for 2021-2022	=	\$ 367,383
Less estimated un-collectable taxes for 2021-2022 @ 4.0 %	=	\$ <u>(14,695)</u>
Subtotal		\$ 352,688
Estimated reductions for Urban Renewal (based on previous year)	=	\$ 2,500
 Total anticipated tax collections in 2021/2022 budget	 =	 \$ *350,188

. * \$350,000 is used for Taxes Necessary to Balance

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’s budget committee typically 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 budget.