



580 Main Street Suite A ~ Dallas, OR 97338 ~ 503-623-9680

POLK SWCD BUDGET MESSAGE FOR 2020-2021 BUDGET YEAR

May 13, 2020

Members of the Budget Committee and Citizens of Polk County:

Today, the Polk Soil and Water Conservation District (Polk SWCD) is pleased to submit the proposed budget for 2020-2021. The budget is in balance and complies with Oregon law, state statutes, and generally accepted accounting principles. The Directors of the Polk SWCD instructed the District Manager and Budget Officer to prepare a budget that would effectively implement the SWCD's Annual Work Plan. This document was created with input from the SWCD/NRCS Local Working Group Meeting, annual and long-range planning work sessions, and follows the guidance of our directors, a process that continues throughout the year.

The Polk SWCD is a local unit of government managed by an elected board of seven directors. The Polk SWCD implements an Annual Work Plan utilizing a variety of resources, including grants, collaborating partnerships, and tax revenues. The Polk SWCD overall budget for the 2020-2021 fiscal year is \$2,030,379.00 This amount includes resources such as grants, service fees, income from sales, savings, and projected revenue from the SWCD's permanent tax rate. It also includes requirements such as overhead, administration, community outreach, and special projects.

As a taxing district, the Polk SWCD is required to hold an annual Budget Committee Meeting for the review and approval of the upcoming year's budget. The Budget Committee meets to review the budget, hear public comments and approve the budget. The budget message is intended to explain the proposed budget and outline any significant changes in the Polk SWCD's financial position. The budget is then published in the newspaper and presented for adoption at the District Budget Hearing June 10, 2020.

The following budget message, worksheets, and annual work plan are provided to the Budget Committee and public for their review. Please do not confer with each other before the first budget committee meeting on May 13, 2020. The budget over all includes: a General fund, a Special Projects Fund, and two Reserve funds. All funds have Resources and Requirements sections that must balance and include a variety of categories and line items specific to the needs of each fund.

Sincerely,

Chad Woods, Budget Officer and Karin Stutzman, District Manager

District Program

The Polk Soil and Water Conservation District program is described by the following:

District Mission: Enhance quantity and quality of soils, water, and wildlife habitat.

District Vision: To deliver natural resource conservation education and technical assistance programs that affect positive, measurable improvements to the environment and instill stewardship ethics in individuals.

Goals of the District's Annual Work Plan are to provide:

1. Technical assistance and conservation planning to natural resource users.
2. Education and outreach related to natural resource issues within Polk County.
3. District operations that are effective, economical, and efficient to meet legal and grantor requirements.

District Program Funding

Every year the District collects a property tax that helps bring land use planning and education to our county's residents. We also procure state and federal grants, hold a native plant sale, rent our educational display Claudia the Chinook Salmon out to events for income, collect charges for in-house technical and educational speeches and services, and contract for payment with various partners to perform work for services.

This year we will aid landowners by participating in a variety of partner programs. We are collaborating with the Natural Resource Conservation Service (NRCS) on several programs. One is called the Regional Conservation Partnership Program (RCPP). This grant was newly awarded to the District in April of 2020. It offers cost share payments to landowners for implementing restoration practices to restore oak savanna and upland prairie ecosystems. The second, the Conservation Reserve Enhancement Program (CREP), provides cost share incentives to people who are willing to retire a portion of their ag land along stream systems to protect water quality by establishing vegetative buffers and blocking livestock from trampling stream banks. We have a third grant with NRCS to continue assistance on an expired RCPP that ran from 2014-2019 that will run through December 2020.

Also this year, with funding through the Oregon Department of Agriculture (ODA) the District will continue to promote voluntary compliance with our county's ag water quality rules and continue work in the Salt Creek Watershed as our focus area. This funding allows the District to promote, educate, and provide technical assistance to landowners for implementing rules and practices involved with Senate Bill 1010. We are partnering with Oregon State University Extension to hire a Small Farms Outreach Coordinator, and we have two ENVIROTHON teams based out of West Salem high schools. Lastly, we will continue to work in Baskett Slough Wildlife Refuge with a third phase of funding through the Oregon State Weed Board to eradicate *Ludwigia grandiflora* (Water Primrose).

All these various revenue sources and others, help to pay for staff, materials, equipment, and project administration.

District funds are budgeted at levels high enough to allow for receipt and administration of unanticipated grant funding. The uncertainties of the level of grant funding may necessitate budget adjustments. Resource estimates are made with the best information available at the time the budget is created.

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

Current law allows taxing Districts to collect a property tax by an amount or a permanent rate. If a set dollar amount is certified, that is the maximum the District can collect. So, for instance if new growth exceeds expectations and the tax generated by the county is more than expected, the District could not collect it above the set amount. By certifying a permanent rate, the District will be allowed to collect the total amount generated by the established assessed property value. It is recommended that the budget committee again levy the permanent rate when approving the budget.

District Tax Revenue Calculation

Polk SWCD's Permanent Rate is 0.05/ \$1000 of assessed property value in the county. The following method for estimating tax revenues for 2020-2021 budget was used.

The 2019-2020 approximate Assessed Value (AV) is \$6,254,358,054.00

2019-2020 Estimated Assessed Value: \$6,254,358,054.00** X \$.00005 Permanent Tax Rate = ~\$312,897.69.00 Estimated 2019-2020 Taxes

2019-2020 Estimated Taxes	\$312,898.00
Less Estimated Un-Collected Taxes @ 5%	<u>\$ -14,080.00</u>
Total Anticipated Tax Collection 2019-2020	\$298,818.00

** 2019-2020 Assessed Value is after Urban Renewal Value removed.

***When developing the budget, \$280,000.00 was used for Taxes Estimated to be Received.

Budget Categories and Detail Work Sheets

The budget is categorized by a General Fund, a Special Projects Fund, and two Reserve Funds (Cornerstone Property Fund and the Smithfield Oaks Reserve Fund). The following is an overview and recommendations for each fund type.

Description of the Funds

1. The General Fund

The purpose of the General Fund is to account for all resources the District expects to receive over the fiscal year, as well as all District requirements or expenses for programs and activities including: general overhead, community outreach, personnel services, and contracted services. The General fund consists of the Administration Department and the Conservation Services Department.

A. Overall Resources (beginning on line 1) (page 1)

The projected beginning fund balance in the General Fund is estimated at \$263,100.00. Funds in this balance comprise the unappropriated ending balance from the prior fiscal year, savings, and any carry over money that has been allocated to specific grants. Previously levied taxes (line 3) are estimated trailing taxes from previous years that trickle in as they are paid by landowners.

B. Other Resources (beginning on line 5)

Resources for conservation services often come from funds awarded to the District through competitive grants.

Some grants awarded this fiscal year include:



ODA (Admin) & (ODA SOW) Grant– The SWCD participates in the implementation of both the Yamhill and Mid-Willamette Ag Water Quality Management Area Plans adopted by local action committees. Implementation involves providing technical assistance and the promotion of voluntary compliance of these landowner approved plans. This is a biennial agreement (2020-2021).



NRCS – RCPP 2020 Polk Co Oak Habitat Restoration - This is the first year of a five-year award to help qualified landowners cost share to restore Oregon White Oak woodland and upland prairie ecology.



NRCS Polk County Habitat Restoration – to provide further technical assistance for landowners who wish to restore Oregon White Oak ecology. This grant was awarded to shore up contracts that extended beyond a prior NRCS-RCPP from 2014-2019.



OWEB CREP Technician- This is a biennial award (2020-2021) to fund cost share to create or restore streamside vegetative buffers in ag lands.



(Proposed) OWEB Small Grants- With landowner participation as match, these grants are used to fund smaller projects less than \$15k; like heavy use area platforms, manure storage facilities, or raptor perches in a vineyard.

C. Overall Requirements (beginning on page 2 through 5)

The General Fund requirements account for all expenses associated with implementing the Polk SWCD's Administrative and Conservation Services Departments. General Fund requirements are comprised of: personnel services, materials and services, contingency, transfers to other funds, and an un-appropriated ending fund balance which cannot be used until the next fiscal year.

General Fund Department Breakdown

A. The Administration Department (page 2 and 3)

Line item descriptions

Personnel Services (beginning on line 1)

The budgeted staff level is (.60) full time equivalent (.60 FTE) Manager, and (1) full time Administrative Assistant position. Considerations for developing this year's personnel budget include: longevity of staff, increasing PERS rates for the 2019-2021 period and possible continued increases over the next 10 years due to budget shortfalls within the PERS retirement system payout calculations; as well as 15% increase health insurance rates.

Materials and Services (beginning on line 14)

Bookkeeping is performed by the District Manager and an accountant, and are regularly audited by members of the fiscal committee. Internal controls are monitored to insure proper levels of separation. Payroll services are outsourced. Monthly and annual meetings are supported by our ODA Administration grant. Advertising, mileage, and training for both departments is accounted for in the admin department's requirements.

Line items in this category as a whole are budgeted appropriately for the year, based on last year's spending trends or accommodating an increase for specific program area needs (i.e. more workshops=more advertising, etc.).

B. Conservation Services Department (page 4)

This department was created to delineate expenditures associated with managed conservation projects; and requirements associated with administrative, technical, and educational programming, separate from general programming. The goal with this department was to have most of the expenditures here supported by non-tax based project funding. Non-tax based project funding allows more services to be provided to our county, but can vary greatly from year to year and are unpredictable. The *Materials and Services* section of this fund is moving to the *Special Project Fund*. Only the *Personnel Services* section will remain in the department breakdown.

Line item descriptions

Personnel Services (beginning on Line 1)

There are a total of 2.4 (FTE) staff that carry out the District's conservation services. One Resource Conservationist (1 FTE), one Farm Specialist (1 FTE), and (.40 FTE) District Manager. Together they provide administration of grants, technical assistance, funding opportunities, and outreach and education surrounding farming, forestry, riverine, and ecological restoration. *The District will hire another (1 FTE) position this fiscal year. We added in the cost for this position.*

D. Unallocated Funds, Interfund Transfers and Total Requirements for the General Fund (page 5)

This page attempts to breakdown funds not allocated to a General Fund organizational unit, ending balance, contingency, and interfund transfers to other funds.

2. Special Projects Fund (page 6)

This fund was created to delineate current projects' resources and requirements, and funding held for future projects.

3. Cornerstone Property Reserve Fund (page 7)

This reserve fund was created to account for monies dedicated solely to operations and maintenance of our conserved property. The money was given to the District as part of an agreement with the Willamette Wildlife Mitigation Fund to be used exclusively for this property's upkeep.

5. Capital Project Fund (Smithfield Oaks) (page 8)

This fund is temporary and is only included for historical reference.

6. Smithfield Oaks Property Reserve Fund (page 9)

This reserve fund was created to account for monies dedicated solely to operations and maintenance of our conserved property. The money was given to the District as part of an agreement with the Willamette Wildlife Mitigation Fund to be used exclusively for this property's upkeep.

CONCLUSION

In developing this budget, the Polk SWCD is working to respond to the natural resource issues in Polk County. The 2020 – 2021 budget was created with input from the SWCD/NRCS Local Working Group Meeting, annual and long-range planning work sessions, and follows the guidance of our directors, a process that continues throughout the year.