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POLK SWCD BUDGET MESSAGE FOR 2023-2024 BUDGET YEAR

May 10, 2023

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 2023-2024. The budget is in balance and complies with Oregon law, state statutes, and general accepted accounting principles. The Directors of the Polk SWCD instructed the Budget Officer and District Manager 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 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 14, 2023.

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 10, 2023. The budget overall includes: a General fund, a Special Projects Fund, and two Reserve Funds. All funds have a Resources and Requirements section that must balance and include a variety of categories and line items specific to the needs of each fund.

Sincerely,

Chad Woods, Budget Officer

District Program

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

District Mission: Promote conservation and the wise use of natural resources in Polk County.

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 two native plant sales, 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 \$1,250,000 grant was awarded to the District in 2020. It offers cost share payments to landowners for implementing restoration practices to restore oak savanna and upland prairie ecosystems. Our partners in this RCPP include the Confederated Tribes of Grand Ronde, the Institute for Applied Ecology, the US Fish and Wildlife Service, and Joel Geier of Clearwater Hardrock, a local ornithologist. The second, the Conservation Reserve Enhancement Program (CREP), provides cost share incentives to people who are willing to retire a portion of their agricultural land along stream systems to protect water quality to establish vegetative buffers and blocking livestock from trampling stream banks.

Also this year, with funding through the Oregon Department of Agriculture (ODA), the District will continue to promote voluntary compliance with our county's agricultural 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 hired a Resource Conservationist in April to fill a vacant staff position that is substantially involved in agricultural water quality work, and is funded by OWEB grants to the District for that work. This position will also be tasked with agricultural outreach and technical support, working with the Small Grant Program, and BLM RAC II grants for woody debris placement projects largely on forest lands.

As of April, the District is back to full staffing levels, which has not been the case for over a year. As has been reflected in past budgets, ODA operations and scope-of-work grants cover part of District expenses. Technical assistance funds for CREP and RCPP work, agricultural water quality scope-of-work, Small Grants, BLM projects, and other grants and programs administered by the District are also sources of income.

All these various revenue sources, 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.

Districts 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 2022-2023 budget was used.

The 2022-2023 approximate Assessed Value (AV) is 7,491,970,374.00

2022-2023 Estimated Assessed Value: \$7,491,970,374.00 X \$0.05 Permanent Tax Rate = ~\$374,599.00 Estimated 2022-2023 Taxes

2021-2022 Estimated Taxes	\$374,599.00
Less Estimated Un-Collected Taxes @ 6%	<u>\$-22,476.00</u>
Total Anticipated Tax Collection 2021-2022	\$352,123.00 **

**When developing the budget, \$350,000.00 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.

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 program and activities including: General Overhead, Community Outreach, Personnel Services, and Contracted Services, The General fund consists of the Administration Department and the Conservation Service Department.

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

The projected beginning fund balance in the General Fund is estimated at \$335,000.00. Funds in this balance comprise the unappropriated ending balance from the prior fiscal year, savings, and any carryover 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 the landowner approved plans. This is a biennial agreement (2023-2025), ODA has committed to funding these at 2021-23 levels, at minimum.

NRCS—RCPP 2020—2025 Polk Co Oak Habitat Restoration— This is the third year of a five-year award to help qualified landowners cost share to restore Oregon White Oak woodland and upland prairie ecology.

OWEB CREP Technician—This is a biennial award (2023-2025) to fund cost share to create or restore streamside vegetative buffers in agricultural land.

(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 vineyards.

(Proposed) New Project Grants—This is money budgeted for the District to use as we pursue new grants available with Inflation Reduction Act funding, and other new federal programs.

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 one full time equivalent (1FTE) Manager, and one (1FTE) Administrative Assistant position. Considerations for developing this year's personnel budget include: longevity of staff, increasing PERS rates for the 2023-2024 period and increased benefits cost.

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 administration 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 administrative, technical, and education programming, separate from general programming. The goal with this department is to have most of the expenditures here supported by non-tax based programmatic funding. Non-tax based programmatic funding allows more projects and 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 moved to the *Special Project Fund*. Only the *Personnel Services* section will remain in the departments breakdown.

Line item descriptions

Personnel Services (beginning on Line 1)

There are a total of 3.0 (FTE) staff that carry out the District's conservation services. One Senior Resource Conservationist (1FTE), one Resource Conservationist (1FTE), one Outreach Coordinator (1FTE). Together they provide project management of grants, technical assistance, project funding opportunities, and outreach and education surrounding farming, forestry, riverine, and ecological restoration.

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

This section attempts to breakdown funds not allocated to a General Fund organizational unit, ending balance, contingency, and inter-fund 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 conservation properties' upkeep.

4. Smithfield Oaks Property Reserve Fund (page 8)

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 conservation properties' upkeep.

5. Capital PROJECT Fund (Smithfield Oaks) (page 9)

This fund is temporary and only included for historical reference.

CONCLUSION

In developing this budget, the Polk SWCD is working to respond to the natural resource issues in Polk County. The 2023-2024 budget was created with the input from the SWCD/NRCS Local Working Group Meeting, annual and long-range planning works sessions, and follows the guidance of our Directors, a process that continues throughout the year.