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## POLK SWCD BUDGET MESSAGE FOR 2019 -2020 BUDGET YEAR May 16, 2019

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 2019 - 2020. 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 2019 - 2020 fiscal year is \$2,752,960.00. This amount includes resources such as grants, service fees, income from sales, operations and maintenance funding from BPA for our conservation easements, 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 12, 2019.

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 16, 2019. The budget over all includes: a General fund, a new Special Projects Fund, two Reserve funds, and two Special Capital Project 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: To promote the conservation and wise use of natural resources in Polk County.

District Purpose: To find available technical, financial, and educational resources to meet the needs of the local resource user.

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 us 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 agreed upon services.

For instance, this year again, we will aid landowners by participating in a variety of partner programs. We collaborate with the Natural Resource Conservation Service (NRCS) on several programs. One with our partners at the Yamhill SWCD called the Regional Conservation Partnership Program (RCPP). Now in its final year, 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 new grant with NRCS to continue assistance with helping landowners restore oak habitat that will run through the fiscal year.

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 to work with landowners to try and resolve concerns around flooding, water quality and quantity issues. This funding allows the District to promote, educate, and provide technical assistance for implementing best management practices for landowners and operators on the rules and practices involved with Senate Bill 1010.

Lastly, we will continue to work through some larger state grants. One with OWEB to remove a culvert barrier and restore off channel freshwater habitat in the Luckiamute Watershed, and one from the Oregon State Weed Board to further minimize a noxious weed, *Ludwigia grandiflora* (Water Primrose), in the Baskett Sleugh Wildlife Refuge.

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. According to Polk County Assessor the anticipated growth and new construction rate for the county is ~4.88% for the 2019-2020 fiscal year. The following method for estimating tax revenues for 2019-2020 budget was used.

The 2019-2020 approximate Assessed Value (AV) is \$6,260,389,263.00 *This estimate includes the ~4.88% increase and anticipated growth.*

2019-2020 Estimated Assessed Value: \$6,260,389,263.00\*\* X \$.00005 Permanent Tax Rate = ~\$313,019.00 Estimated 2019-2020 Taxes

2019-2020 Estimated Taxes	\$313,019.00
Less Estimated Un-Collected Taxes @ 5%	\$ -15,650.00
Total Anticipated Tax Collection 2019-2020	\$297,368.00

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

\*\*\*When developing the budget, \$297,368.00 was used for Taxes Estimated to be Received.

### Budget Categories and Detail Work Sheets

The budget is categorized by a General Fund, two new Reserve Funds (Cornerstone Property Fund and the Smithfield Oaks Reserve Fund), and two Special Capital Project Funds, one is being allowed to expire, the other is new for closing costs for the Smithfield Oaks Conservation Property. 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 \$624,000.00. 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 2) are estimated trailing taxes from previous years that trickle in as they are paid by landowners.

*B. Other Resources (beginning on line 6)*

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

Some grants we have been awarded for 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 (2017-2019). We will apply for the 2019-2021 grant during this fiscal year.
-  **Oregon Department of Fish and Wildlife's Willamette Wildlife Mitigation Fund Program**- Money from this program is scheduled to be given to the district to use for the operations and maintenance of a conservation property that will protect rare native plant and animal species associated with Oregon White Oak woodland and upland prairie ecology.
-  **NRCS North Willamette Valley Upland Oak RCPP**- This is the fifth 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.
-  **OWEB CREP Technician**- This is a biennial award (2019-2021) 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.
-  **OWEB Plant Establishment Grant**- Smithfield Oak Restoration Grant- this is the 3rd year of a project that works to restore open oak woodland and savanna habitat structure by removing non-native invasive species, thinning of the woodlot, and enhancing understory herbaceous plant communities.
-  **OWEB Restoration Grant**- We have been awarded a restoration grant that follows an OWEB Technical Assistance grant. The T.A. grant sought professional assistance in designing barrier removal to seven miles of off channel habitat along a portion of Jont Creek, in the Luckiamute watershed, that harbors ESA-listed steelhead, Chinook salmon, Oregon chub, Pacific lamprey, and coastal cutthroat trout. We now have engineered plans for a fish passable road crossing (bridge) and an OWEB restoration grant to implement engineered designs. The bridge installation is scheduled to happen this fiscal year.

*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 (1) full time equivalent (1.0 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 2017-2019 period and possible continued increases over the next 10 years due to budget shortfalls within the PERS retirement system payout calculations; as well as slightly increasing health insurance rates.

##### Materials and Services (beginning on line 14)

Bookkeeping is performed by the District Manager and is 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. We will be upgrading our computers this year as it is recommended to update computer hardware every 5 years and Outlook 2007 is no longer being updated after January 2020. We are looking for a new auditor and may hire an accountant in the 2019-2020 FY.

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 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 (FTE) staff that carry out the District's conservation services. One Resource Conservationist (1 FTE), and one Farm Specialist (1 FTE). Together they provide technical assistance, funding opportunities, and outreach and

education surrounding farming, forestry, riverine, and ecological restoration. *The District may decide to hire another (1 FTE) position this fiscal year. We added in the cost for this potential position.*

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

This page attempts to breakdown funds not allocated to an organizational unit, ending balance, contingency, and interfund transfers.

**2. (New) Special Projects Fund** (page 6)

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

**3. Capital Project Fund (The Cornerstone Project)** (page 7)

This fund is temporary and is being closed out.

**4. Cornerstone Property Reserve Fund** (page 8)

This special revenue fund is being changed to a reserve fund and 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 9)

This fund is temporary and will be used for closing costs for purchasing the Smithfield Oaks conservation property.

**6. Smithfield Oaks Property Reserve Fund** (page 10)

This special revenue fund is being changed to a reserve fund and 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 2019 – 2020 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.