

TSCC Budget Review 2017-18

East Multnomah Soil & Water Conservation District

1. Introduction to the District:

The East Multnomah Soil & Water Conservation District (EMSWCD) encompasses all of Multnomah County east of the Willamette River centerline, approximately 355 square miles with a population of over 700,000 residents who live, own, or manage land in east Multnomah County.



The mission of the East Multnomah Soil and Water Conservation District is to help people care for land and water. To carry out that mission, the district provides educational, technical and financial assistance to landowners, land managers, and other residents so they may engage in ecologically sound land management practices. Originally intended to serve primarily farmers in response to the 1930's dust bowl, Soil and Water Conservation Districts now serve both rural and urban land owners. The EMSWCD promotes conservation objectives using a variety of programs.

- Providing conservation-related technical assistance;
- Monitoring water quality;
- Restoring riparian areas;
- Controlling noxious weeds;
- Helping new farmers establish their businesses;
- Hosting workshops on naturescaping and rain gardens;
- Implementing large-scale collaborative demonstration projects;
- Organizing conservation-related events;
- Protecting agricultural, natural, and access lands; and
- Providing grants for conservation and environmental education projects.

2. History:

The District was formed under the auspices of the Oregon Department of Agriculture by a March 1, 1950 referendum of people living within the proposed District. In November of 2004, District voters approved a permanent property tax rate of \$0.1000 per \$1,000 AV by a margin of 63% to 37%.

The EMSWCD is governed by a five member Board of Directors. Directors are elected to four year terms and serve without compensation. Three positions are elected by zones and two are elected at-large.

The district, like other soil and water conservation districts works together with other county and state conservation programs on projects. Practically every undertaking is done in partnership with any number of: other public entities, e.g., Metro; non-profits, e.g., Nature Conservancy; and for-profit businesses.

The district has a large tax base (an assessed value of \$50 billion, over half of Multnomah County in both area and value). Assessed value increases have averaged 4.3% over the last three years. With total tax rates in east county levy code areas ranging as high as \$21, the district's \$0.10 rate miniscule. The district's compression loss has dropped from \$250,000 in 14-15 to an estimated \$150,000 for 2017-18.

| East Multnomah Soil & Water CD | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|----------------|----------------|----------------|----------------|
| Assessed Value in Billions | \$47.3 | \$49.2 | \$51.5 | |
| Real Market Value (M-5) in Billions | \$75.2 | \$82.9 | \$97.3 | |
| Property Tax Rate Extended: Operations | \$0.1000 | \$0.1000 | \$0.1000 | \$0.1000 |
| Measure 5 Loss | -\$249,330 | -\$182,921 | -\$162,545 | |
| Number of Employees (FTE's) | 17.5 | 20.2 | 20.2 | 20.7 |

3. Strategic Plan/Performance Objectives

The District is in the final year of its five-year strategic plan. It has six broad strategic goals.

- Protect and improve water quality and quantity
- Protect and improve soil quality and quantity
- Protect and improve natural habitats
- Protect agricultural lands
- Increase the sustainability of agriculture
- Provide equitable access to nature.

Within those goals are over 200 action items and performance goals. It is a comprehensive plan, portions of which are based in science, portions of which respond to community demographics and needs, and many of which involve collaboration with other agencies. The district maintains a quarterly reporting system, documenting progress on each item, a single page extract of the 19-page document is attached as Exhibit A.

The district will hold a retreat in the fall to begin the process of updating its strategic plan. The new plan is scheduled to be completed in 2017-18.

4. Budget in Total

East Multnomah Soil and Water's 2017-18 budget is \$16.4 million, an increase of \$1.4 million (9.5%) over the 2016-17 budget. Capital Outlay, the purchase of land conservation easements and similar conservation efforts, is the main driver of the increase and the district's largest expenditure.

The district has built an \$8 million reserve for conservation purchases. The current year budget for these purchases will be carried over to next year, as the planned purchases have not yet been consummated.

| East Multnomah Soil & Water Conservation District | | | | |
|--|------------------|------------------|------------------|------------------|
| Total Requirements All Funds | | | | |
| \$000 | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Personnel Services | \$ 1,378 | \$ 1,534 | \$ 1,807 | \$ 1,990 |
| Materials & Services | 2,213 | 1,887 | 3,422 | 3,269 |
| Capital Outlay | 1,105 | 180 | 6,578 | 7,786 |
| Fund Transfers | 1,997 | 2,088 | 2,044 | 2,204 |
| Contingencies | - | - | 295 | 298 |
| Ending Fund Balance | <u>7,546</u> | <u>8,440</u> | <u>831</u> | <u>850</u> |
| Total Requirements | \$ 14,239 | \$ 14,129 | \$ 14,976 | \$ 16,398 |

The district's normal revenues (property taxes, state funding, and misc. income) grow by about 5% per year. Of the normal revenues, 95% are property taxes. Next year's budget includes an additional \$700,000 in revenues from the potential sale of property. That sale and a \$400,000 increase in fund balance accounts for the revenue increase in excess of the normal 5% increase.

| All Funds Combined: Total Resources | | | | |
|--|------------------|------------------|------------------|------------------|
| \$000 | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Beginning Fund Balance | \$ 7,954 | \$ 7,546 | \$ 8,158 | \$ 8,551 |
| Property Taxes | 4,092 | 4,293 | 4,547 | 4,678 |
| Sale of Assets | - | - | - | 700 |
| State Revenue | 71 | 73 | 98 | 98 |
| All Other Revenues | 125 | 129 | 129 | 167 |
| Transfers In | <u>1,997</u> | <u>2,088</u> | <u>2,044</u> | <u>2,204</u> |
| Total Resources | \$ 14,239 | \$ 14,129 | \$ 14,976 | \$ 16,398 |

The district historically underspends its revenues, and uses the surplus to fund the conservation program reserve. The chart on the following page shows this operating program savings.

| East Multnomah Soil & Water Conservation District | | | | |
|--|----------------|----------------|----------------|----------------|
| Operating Budget Gain/(Loss) | | | | |
| \$000 | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Operating Revenues | \$ 4,288 | \$ 4,495 | \$ 4,774 | \$ 4,943 |
| Operating Expenditures | <u>3,591</u> | <u>3,421</u> | <u>5,228</u> | <u>5,259</u> |
| Operating Gain/Loss | \$ 697 | \$ 1,074 | \$ (454) | \$ (316) |

Since the district consistently underspends, that will likely eliminate the operating losses budgeted for the current and next year.

Personnel Services Costs

The district has 20 full time equivalent (FTE) positions. Employee wages have been adjusted to market over the last two years. The district is not in PERS. It offers a 457(b) retirement plan and matches employee contributions up to 6 percent. The total district contribution was \$61,796 in FY16. The district offers health insurance and has broadened coverage to include family members this year. The cost per FTE for Personnel Services for 2017-18 will be \$96,127¹.

| East Multnomah Soil & Water Conservation District | | | | |
|--|----------------|----------------|----------------|----------------|
| Personnel Services Costs | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Wages | \$ 1,032,751 | \$ 1,193,264 | \$ 1,353,186 | \$ 1,471,077 |
| Statutory Benefits | 112,737 | 123,922 | 147,637 | 161,213 |
| Employee Benefits | <u>232,243</u> | <u>217,254</u> | <u>305,923</u> | <u>357,530</u> |
| Total Personnel Services Costs | \$ 1,377,731 | \$ 1,534,440 | \$ 1,806,746 | \$ 1,989,820 |
| Health Insurance as a % of Total | 17% | 14% | 17% | 18% |
| Full Time Equivalent Positions (FTE) | 17.5 | 20.2 | 20.2 | 20.7 |
| Cost per FTE | \$ 78,727 | \$ 75,962 | \$ 89,443 | \$ 96,127 |
| Annual Increase | | -4% | 18% | 7% |
| Statutory Benefits include mandated programs such as social security and workers compensation. | | | | |
| The district does not offer a retirement program. | | | | |
| Above includes 0.2 FTE temporary employee in FY16, 17, & 18 and 0.5 FTE interns in FY18 | | | | |

5. Analysis of the General Fund

All personnel services and operational costs are budgeted in the general fund and it averages about \$6.6 million annually. The district's three other funds have dedicated uses: one is for large conservation project purchases (\$8 million), one is for allocating grants (\$2 million), and one is for pass through funding (\$25,000).

¹ Assuming full staffing all year.

General fund revenues are consistent year over year, with a steady annual increase due to increases in assessed value for property taxes. Beginning fund balance is budgeted to decrease for the current and next year, but that is unlikely to materialize (see discussion above on operating budget).

| East Multnomah Soil & Water Conservation District | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| General Fund Total Resources | | | | |
| \$000 | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Beginning Fund Balance | \$ 2,367 | \$ 2,338 | \$ 1,819 | \$ 1,880 |
| Property Taxes | 4,092 | 4,293 | 4,547 | 4,678 |
| All Other Revenues | 164 | 163 | 170 | 171 |
| Total Resources | \$ 6,623 | \$ 6,794 | \$ 6,536 | \$ 6,729 |

General fund requirements are budgeted by program. Budget expenses for the current year and next year are stable, increasing by less than 1%.

| East Multnomah Soil & Water Conservation District | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| General Fund Total Requirements | | | | |
| \$000 | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Finance & Operations | \$ 409 | \$ 589 | \$ 637 | \$ 741 |
| Rural Lands Program | 907 | 889 | 1,321 | 1,087 |
| Urban Lands Program | 414 | 388 | 629 | 718 |
| Conservation Legacy Program | 269 | 308 | 426 | 464 |
| Headwaters Farm Incubator Program | 289 | 348 | 354 | 366 |
| Subtotal Expenses | \$ 2,288 | \$ 2,521 | \$ 3,366 | \$ 3,376 |
| Fund Transfers | 1,997 | 2,088 | 2,044 | 2,204 |
| Contingency | - | - | 295 | 298 |
| Ending Fund Balance | 2,338 | 2,185 | 831 | 850 |
| Total Requirements | \$ 6,623 | \$ 6,794 | \$ 6,536 | \$ 6,729 |

The district's general fund programs generally operate on small scale projects and education efforts. Clients are often small property landowners, either urban or rural. Projects can be very site specific. Many projects involve collaboration with other conservation organizations. The programs are divided by purposes in the following way:

- **Rural Lands:** Works east of the Urban Growth Boundary on weed control, riparian restoration, landowner consultations and assistance, and water quality improvement.
- **Urban Lands:** Works west of the Urban Growth Boundary on large-scale demonstration projects, landowner consultations and assistance, adult education (primarily through workshops), and promotional events.
- **Conservation Legacy:** Supports on-the-ground conservation projects and education.
- **Headwaters Farm:** Implements the Headwaters Farm Incubator Program (utilizing district property to teach and "incubate" fledgling farmers).
- **Finance & Operations:** Oversees district-wide administrative functions including marketing, facilities management, office management, budgeting and finance, human resources, IT, and board/committee management

6. Analysis of other Funds

The three other funds are used to promote conservation through various means: the aforementioned conservation fee interests and easement acquisitions, co-sharing costs on conservation projects, and partnering with other agencies on grants.

The original revenue source for two of the funds is a transfer from the General Fund. The third, the Partner Grants Management Fund holds grant receipts for partner organizations.

| East Multnomah Soil & Water Conservation District | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Special Funds ~ Requirements | | | | |
| \$000 | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Land Conservation Fund | \$ 5,177 | \$ 5,172 | \$ 6,185 | \$ 7,683 |
| Projects & Cost Share Fund | 2,439 | 2,163 | 2,230 | 1,961 |
| Partner Grants Mgmt Fund | - | - | 25 | 25 |
| Total Non-General Fund Requirements | \$ 7,616 | \$ 7,335 | \$ 6,956 | \$ 6,536 |

7. Debt Status:

The District has no debt.

8. Is the Budget in sync with Strategic Plan/Performance Objectives?

As mention in Section 3 above, the district maintains an extensive set of action items and goals, however, conservation work is granular. Success is measured in metrics like invasive weeds removed and native species planted. The district plans to develop larger scale performance measures tied to budgets, soon.

9. Local Budget Law Compliance

| Yes | No | Compliance Issue |
|-----|----|--|
| ✓ | | 1. Did district meet publication requirements? |
| ✓ | | 2. Do resources equal requirements in every fund? |
| N/A | | 3. Does the G.O. Debt Service Fund show only principle and Interest payments |
| ✓ | | 4. Are contingencies shown only in operating funds? |
| ✓ | | 5. Did budget committee approve the budget? |
| ✓ | | 6. Did Budget committee set the levy? |
| ✓ | | 7. Does audit show the district was in compliance with budget law? |

10. Highlights of the 2017-18 Budget to be published in TSCC Annual Report:

- East Multnomah Soil and Water's 2017-18 budget is \$16.4 million, an increase of \$1.4 million (10%) over the 2016-17 budget.
- Capital Outlay, the purchase of land conservation fee interests, easements and similar conservation efforts, is the driver of that increase.
- The district has been building reserves for years in anticipation of large conservation easement purchases. The District has budgeted to spend over \$7 million of that reserve next year on one or more of these projects.
- District staffing does not increase in the 2017-18 budget and operating expenses increase by less than 1%.

Exhibit A

1/27/2017

Quarterly progress Report – FY16-17 Q2, October to December
East Multnomah Soil and Water Conservation District

| RURAL LANDS | Timeframe | | | | Q1 Comments |
|---|-------------|-------------|----|----|---|
| | Q1 | Q2 | Q3 | Q4 | |
| Complete the five-year program plan. | No Progress | In Progress | | | |
| Develop an outreach strategy and calendar. | In Progress | In Progress | | | |
| Use mailings, advertisements, displays, presentations, workshops, demonstrations, social media, and tours to reach rural landowners concerning water quality and soil conservation. | In Progress | In Progress | X | X | Initial target not met. Will be finalized 3rd quarter. Outreach included a workshop on beneficial insects, display at the Women in Sustainable Ag conference, and a tour of the culvert replacement project. An advertisement was run in the Oregon Association of Nurseries magazine, Digger, in conjunction with an article that included quotes from our staff. Helped to promote an upcoming soil health workshop that Clackamas NRCS is hosting. |
| Prioritize outreach in our ODA Ag water quality focus area (Beaver Creek HUC). | In Progress | In Progress | | | |
| Partner with other SWCDs to fund, develop and staff booths at the NW Ag Show and the Far West Show. | In Progress | In Progress | | | Planning for the NW Ag Show display took place during Q2. Far West Show booth was completed in 1 st quarter. |
| Create outreach messaging to tell the water quality story in a compelling way. | No progress | In Progress | | | |
| Collect and analyze monthly samples in upper Beaver and Johnson Creeks. | In Progress | In Progress | X | X | 2 nd quarter activities completed as planned. |
| Install continuous temperature loggers in upper Beaver Creek, upper Johnson Creek, Big Creek and Smith Creek. | In Progress | No progress | | X | All planned installations for the 1 st quarter were completed. Further temperature loggers will be installed in 4 th quarter. |
| Conduct 40 site visits including first-time site visits with 10 landowners. | In Progress | In Progress | X | X | Ten site visits conducted 1 st quarter; 6 of these were first-time visits. Seven site visits conducted 2 nd quarter; 0 of these were first-time visits. |
| Develop 10 technical recommendations and/or conservation plans that include recommendations to address erosion and/or water quality. | In Progress | In Progress | X | X | One set completed during 2 nd quarter, several are in the works. |
| Assist 5 landowners with cost share applications. | No Progress | In Progress | X | X | Two potential projects, one reviewed by CLIP team, but no applications submitted to Board 2 nd quarter. |
| Establish an easily accessed geodatabase of CLIP projects; begin outreach to previous recipients; track | No Progress | No Progress | X | X | Delayed until 4 th quarter. |