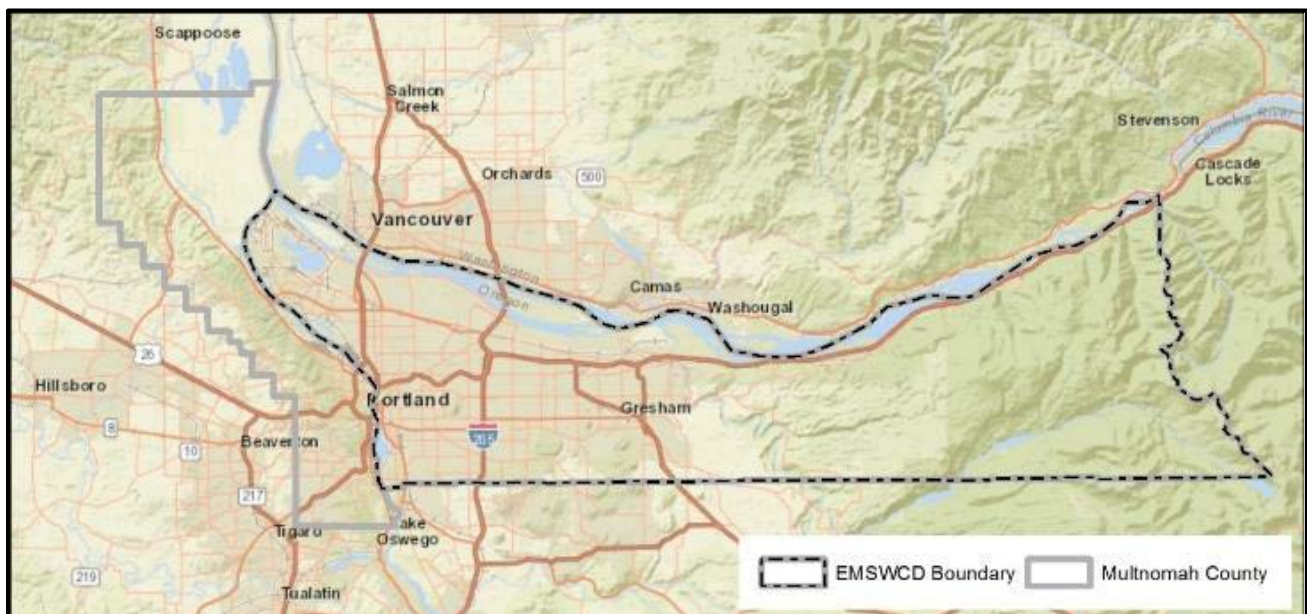


TSCC Budget Review 2020-21

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 \$58 billion, over half of Multnomah County in both area and value). Assessed value increases have averaged 4.2% 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 is miniscule. The district's compression loss has dropped from \$250,000 in 14-15 to an estimated \$183,950 for FY20.

East Multnomah Soil & Water CD	2016-17	2017-18	2018-19	2019-20
Assessed Value in Billions	\$51.576	\$53.975	\$56.141	\$58.314
Real Market Value (M-5) in Billions	\$97.382	\$109.603	\$119.787	\$122.165
Property Tax Rate Extended: Operations	\$0.1000	\$0.1000	\$0.1000	\$0.1000
Measure 5 Loss	-\$162,545	-\$170,394	-\$174,791	-\$183,950
Number of Employees (FTE's)	20	21	21	21

Strategic Plan/Performance Objectives

The District is developing a new strategic plan, but has been unable to complete its strategic plan due, in part, to changes in staff. The budget document does not include any information about this plan.

The draft shows six broad strategic goals and dozens of finely tuned performance measurements. The broad goals are:

- 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.

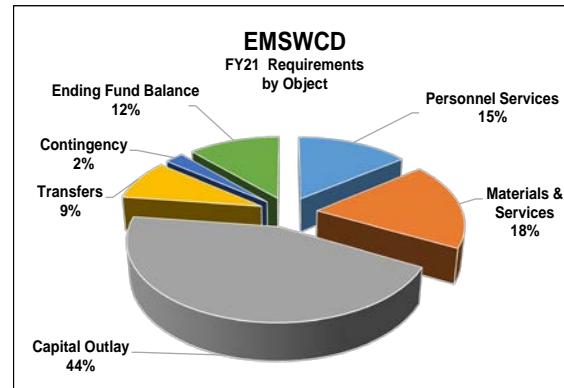
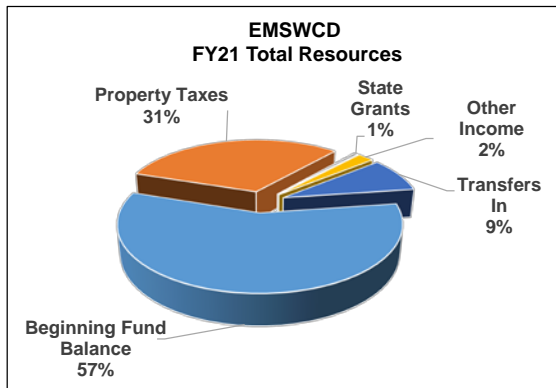
The District is also developing a five-year financial forecast. However, until the district has a new Executive Director on board this is on hold.

3. Budget in Total

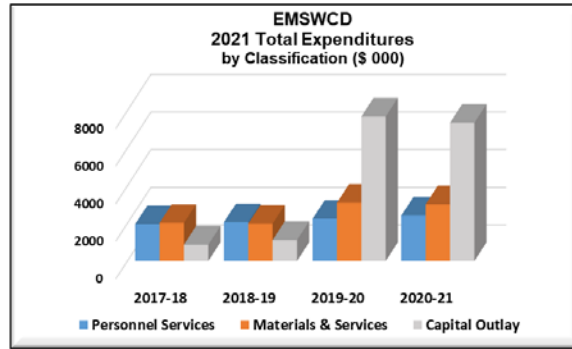
East Multnomah Soil and Water’s FY21 total budget is \$16.6 million, a 3% in increase over the current year budget. All revenue sources are increasing with the largest dollar amount coming from property tax increases (+\$144K).

ESMSWCD Total Resources				
(Thousands)				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Rev. Budget	App. Budget
Beginning Fund Balance	8,897	9,120	9,532	9,521
Property Taxes	4,705	4,975	5,051	5,195
State Grants	78	96	83	98
Other Income	273	1,154	318	369
Transfers In	2,204	1,579	1,179	1,424
Total Resources	16,158	16,924	16,163	16,608

All resources are stable year-to-year for FY21. The beginning fund balance is 57% of district resources which is consistent with prior years. Property taxes increasing about 3%. As seen in the graph at the left below, property taxes are the largest revenue source. In the current year, FY20, the district’s loss due to Measure 5 compression was \$184K and FY21 compression is expected to be about \$189K. Interest earned on investments is \$200K.



The graph to the right above shows the district’s FY21 requirements by object classification. Capital spending is 44% of the total budget. Most of this expenditure is attributed to the \$7.3 million set aside for conservation purchases: either land easements or outright purchases of land. This would be land of high agricultural value to be held by the district or by partners to ensure farmland is protected for current and future generations. If there is nothing purchased these dollars are carried forward in the ending fund balance. As you can see by the following chart, which shows two years of actual spending and two years of budgeted expenditures, capital expenses are budgeted opportunistically. Spending is considerably lower in the actual years



Personnel Services Costs (\$2,320,181)

All personnel services costs are budgeted in the General Fund. The district has 20.3 full time equivalent (FTE) positions. Employee wages have been adjusted to market over the last few years. The district is not in PERS, but it offers a 457(b) retirement plan and matches employee contributions up to 6 percent. The district offers health insurance and in 2019 broadened coverage to include family members.

The average cost per FTE for Personnel Services for FY21 will be \$113K.

East Multnomah S&WCD Personnel Services Costs				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Revised	Approved
Wages	1,472,210	1,529,016	1,637,480	1,668,145
Statutory Benefits	161,161	165,704	171,976	176,822
Employee Benefits	326,173	369,780	410,927	448,856
Total Personnel Services Costs	1,959,544	2,064,500	2,220,383	2,293,823
Benefits as a % of Total PS Cost	24.9%	25.9%	26.3%	27.3%
Full Time Equivalent Postions (FTE)	20.7	20.9	20.8	20.3
Total PS Cost per FTE	94,664	98,780	106,749	112,996

Statutory Benefits include mandated programs such as social security and workers' compensation

4. Analysis of the General Fund

Resources

General fund revenues are consistent year over year, with a steady annual increase due to increases in assessed value for property taxes. Other income includes grants, rentals, plant sales, interest and miscellaneous income.

East Multnomah S&WCD General Fund Total Resources (\$000)				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Revised	Approved
Beginning Fund Balance	\$2,036	\$1,686	\$1,923	\$2,268
Property Tax	\$4,705	\$4,975	\$5,051	\$5,195
All Other Income	\$235	\$279	\$257	\$323
Total Resources	\$6,976	\$6,939	\$7,231	\$7,786

The General Fund Operating budget as shown below is more than adequate to keep up with expenditures in the General Fund. However, the General fund is the only source of revenue for two of the district's other funds. The chart below shows General Fund Operations Gain/Loss as well as when transfers are added how they deplete the General Fund gain.

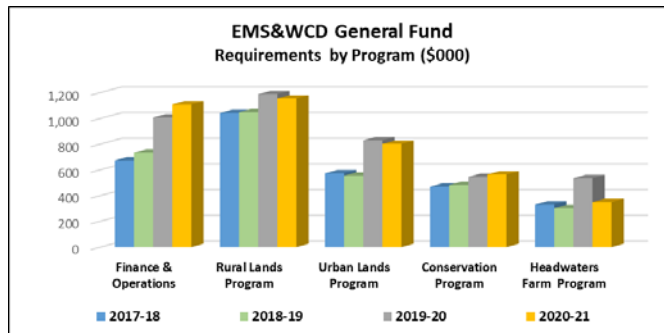
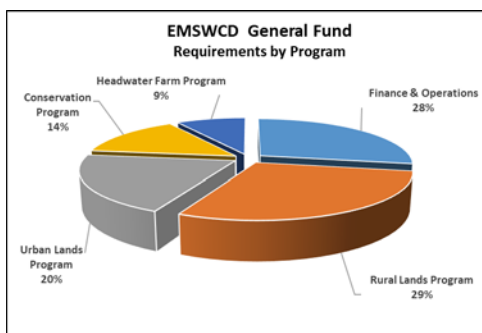
East Multnomah SWCD General Fund Operating Budget Gain & (Loss) \$000				
	2017-18	2018-19	2019-20	2020-21
Operating Revenue	4,940	5,253	5,308	5,518
Operating Expenses	3,086	3,120	4,101	3,836
Operating Gain/Loss	1,854	2,133	1,207	1,682
Transfer to Other Funds	2,204	1,579	1,179	1,499
Gain/Loss Including Transfers	(351)	554	28	183

Requirements

Expenditures in the General Fund are decreasing \$128K driven by a decline in capital spending which went from \$399K in the current year to \$93K in the ensuing year. Materials and services will also decrease due to an additional \$100K payment from Urban Lands funds included in FY20 for a demonstration project that is not included in FY21. General Fund requirements will increase \$554K with transfers to support other funds increasing; contingency being replenished; and ending fund balance increasing.

East Multnomah SWCD General Fund Total Requirements (\$000)				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Budget	Budget
Finance & Operations	673	733	1,007	1,107
Rural Lands Program	1,041	1,047	1,187	1,153
Urban Lands Program	572	554	829	801
Conservation Program	470	483	544	563
Headwaters Farm Program	330	302	534	349
Subtotal Expenses	3,086	3,119	4,101	3,973
Transfers Out	2,204	1,579	1,179	1,424
Contingencies	0	0	228	402
Ending Fund Balance	1,686	2,240	1,724	1,987
Total Requirements	6,976	6,938	7,232	7,786

General fund requirements are budgeted by program. Three of the four programs' budgeted expenses for the next year are decreasing slightly, mainly due to the completion of projects in the current year. The exception is in the Conservation Program. It is increasing slightly from \$544K to \$563k. This increase is personnel services (\$14K) for increased compensation and contracted services (\$27K) set aside for anticipated additional real property surveys and a more accurate estimate on the cost of each survey.



The district's general fund programs commonly operate on small scale projects and educational 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:

- Finance and Operations: This center supports and oversees all the district's work providing administrative support, web service, fleet and facilities management, budget preparation and financial management, supervision to other program areas as well as support to the Board of Directors.
- Rural Lands: Works east of the Urban Growth Boundary on weed control, riparian restoration, landowner consultations and assistance. The primary focus is improving and increasing irrigation efficiency, improving soil health, reducing erosion, restoring native habitat including invasive species management.
- Urban Lands: Works west of the Urban Growth Boundary primarily on residential, industrial, and business lands. Common activities include public workshops, annual native plant sale and demo projects. The goal is to improve natural habitat in the urban area by the reduction of: soil & water pollution; stormwater runoff; and water consumption by urban residents (primarily through workshops and promotional events).
- Conservation Legacy: Supports on-the-ground conservation projects and education by providing financial assistance through various grant programs. The program uses conservation easements and land acquisition to ensure farmland is protected for farmers.
- Headwaters Farm: Implements the Headwaters Farm Incubator Program (utilizing district property to teach and "incubate" fledgling farmers) providing land, water, infrastructure, training and other support for individuals wanting to start an agricultural business.

Total General Fund materials and services expenditures are reduced 2% from \$1,457K to \$1,422K in the FY21 budget due to:

- 1) Elimination of the cost associated with lease of two electric vehicles (-\$13,400) because the district purchased these vehicles in the current year
- 2) Reduction in contracted services (-\$100K) with the completed multi-year demonstration project in the Urban Lands Program

In contrast the Rural Lands Program increased both contracted services (+\$18K) and program supplies (+\$6K) in anticipation of increasing activity for weed control and stream care.

General Fund capital allocations are decreasing considerably from \$399,040 in the revised FY20 budget to \$92,800 in approved FY21 budget with the current year completion of:

- 1) Renovation projects to the district headquarters
- 2) Extensive improvements to Headwaters Farm.

General Fund Contingency will reach \$402,430 after reduction in FY 20. Maintaining contingency at this level is part of a continuing strategy to ensure the District is prepared to take advantage of unpredictable opportunities, meet unforeseen increases in costs, and adapt to uncertainties related to global climate change.

5. Analysis of other Funds

The three other funds are used to promote conservation through various means. The Land Conservation Fund and the Grants Fund are supported through transfers from the General Fund. The third fund, Partner Grants Management Fund is supported entirely through grant funding. The district budgets only expenditures (no transfers, contingency or ending fund balance) in these funds.

- 1) Land Conservation Fund (Expenses \$7.4 Million)
 - This fund budgets for purchase of easements, development rights or property with a high agricultural and/or conservation value
 - District has budgeted \$\$7.3 for purchase of easement & real property
- 2) Grants Fund (\$1.4 million)
 - Supports conservation and environmental education projects including on the ground installation of conservation practices as well as outreach education efforts
 - Within this fund projects are supported through specific mechanisms:
 - Partners In Conservation (PIC) with \$ 892K budgeted for competitive grants
 - Cooperative Landowner Incentive Program (CLIP) with \$175K allocated to cost share assistance to provide landowners who are installing conservation practices
 - Small Projects & Community Events (SPACE) \$62K reserved for smaller conservation and education projects under \$2,000
 - Strategic Partnership Awards (SPA) is regulated by a 5 year agreement with the three watershed councils operating within the district to provide funding not to exceed \$100K per year. The district has set aside \$253K for this.
- 3) Partner Grants Management Fund (\$25K)
 - The district anticipates receiving \$25 thousand from Oregon Wastewater Enhancement Board (OWEB) grants on behalf of partners.
 - This is a pass through type of expenditure since there is no net cost to the district.
 - The amount budgeted is based on past experience.

6. Debt Status:

The District has no debt.

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

As mention in Section 3 above, the District is working through their strategic business plan; however it is on hold awaiting the signing of a new Executive Director. It has been the district's plans to develop larger scale performance measures tied to budgets.

8. Local Budget Law Compliance

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

9. Highlights of the 2020-21 Budget to be published in TSCC Annual Report:

- The district's FY21 budget is \$16.6 million, an increase of \$445 thousand (3%) over the current year revised budget made possible by increasing property tax revenue and is retained in contingency and ending fund balance.
- The General Fund budget will increase from \$7.2 million in the current year to \$7.8 million in FY21. The increase is due to increases in contingency, ending fund balance and transfers to other funds. The Fund's total expenditures are decreasing slightly from \$4.1 million to \$4.0 million.
- Many of the district's plans are on hold as they await the hiring of the new Executive Director.

10. Local Budget Law Compliance:

The FY21 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purposes shown.

The audit report for fiscal year 2018-19 does not note any expenditures in excess of budget.

11. Certification Letter Recommendations and Objections:

TSCC staff did not find any deficiencies in the district's FY21 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

East Multnomah Soil & Water

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	4,704,593	4,974,571	4,951,238	5,095,372	3%
Prior Years Property Taxes	0	0	100,000	100,000	0%
Total Property Taxes	4,704,593	4,974,571	5,051,238	5,195,372	3%
Resources:					
Beginning Fund Balance	8,896,956	9,120,229	9,531,651	9,520,677	0%
Property Taxes	4,704,593	4,974,571	5,051,238	5,195,372	3%
Intergovernmental Revenue	78,488	95,938	83,315	98,315	18%
Other Income	273,461	1,154,145	318,300	369,226	16%
Transfers In	2,204,380	1,579,000	1,178,523	1,424,319	21%
TOTAL RESOURCES	16,157,878	16,923,883	16,163,027	16,607,909	3%
Requirements by Function:					
Administrative Services	672,860	733,379	1,007,471	1,106,838	10%
Environmental and Conservation Services	4,173,982	4,426,566	12,025,464	11,687,785	-3%
Transfers Out	2,204,380	1,579,000	1,178,523	1,424,319	21%
Contingencies	0	0	227,827	402,430	77%
Ending Fund Balance	9,106,656	10,184,938	1,723,742	1,986,537	15%
TOTAL REQUIREMENTS	16,157,878	16,923,883	16,163,027	16,607,909	3%
Requirements by Object:					
Personnel Services	1,959,544	2,064,500	2,244,866	2,417,507	8%
Materials & Services	2,022,486	1,983,940	3,104,398	3,020,120	-3%
Capital Outlay	864,812	1,111,505	7,683,671	7,356,996	-4%
Fund Transfers	2,204,380	1,579,000	1,178,523	1,424,319	21%
Contingencies	0	0	227,827	402,430	77%
Ending Fund Balance	9,106,656	10,184,938	1,723,742	1,986,537	15%
TOTAL REQUIREMENTS	16,157,878	16,923,883	16,163,027	16,607,909	3%
SUMMARY OF BUDGET - BY FUND					
General Fund	6,975,915	6,939,057	7,231,034	7,786,361	8%
Land Conservation Fund	7,026,864	7,870,313	7,434,631	7,414,196	0%
Partner Grants Management Fund	0	27,172	25,000	25,000	0%
Grants & Cost Share Fund	2,155,099	2,087,341	1,472,362	1,382,352	-6%
GRAND TOTAL ALL FUNDS	16,157,878	16,923,883	16,163,027	16,607,909	3%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	2,036,215	1,685,650	1,923,181	2,268,448	18%
Property Tax	4,704,593	4,974,571	5,051,238	5,195,372	3%
Federal Revenue	0	0	0	15,000	0%
State Revenue	78,488	95,938	83,315	83,315	0%
Other Income	156,619	182,898	173,300	224,226	29%
TOTAL FUND RESOURCES	6,975,915	6,939,057	7,231,034	7,786,361	8%
Requirements:					
Administrative Services	672,860	733,379	1,007,471	1,106,838	10%
Environmental and Conservation Services	2,413,025	2,386,618	3,093,471	2,866,237	-7%
Transfers Out	2,204,380	1,579,000	1,178,523	1,424,319	21%
Contingencies	0	0	227,827	402,430	77%
Ending Fund Balance	1,685,650	2,240,060	1,723,742	1,986,537	15%
TOTAL FUND REQUIREMENTS	6,975,915	6,939,057	7,231,034	7,786,361	8%
BALANCE SHEET AS OF JUNE 30 EACH YEAR					
	2017-18	2018-19			
Assets:					
Cash & Investments	9,458,412	10,383,326			
Receivables	263,184	151,104			
Inventory	1,015	1,157			
Fixed Assets	5,557,870	5,777,742			
TOTAL ASSETS	15,280,481	16,313,329			
Liabilities and Equity:					
Liabilities	472,923	300,827			
Equity	14,807,558	16,012,502			
TOTAL LIABILITIES AND EQUITY	15,280,481	16,313,329			