

# Budget Review 2023-24

## East Multnomah Soil & Water Conservation District



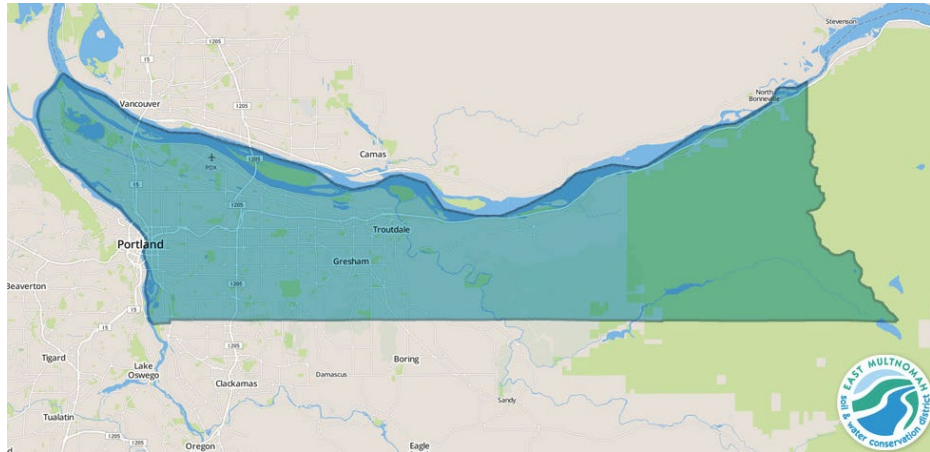
### BUDGET HIGHLIGHTS

- The district's FY 2023-24 total approved budget is \$19 million, an increase of 3% over the current year budget.
- The General Fund makes up over 50% of the total budget and is \$10 million, an increase of just over 8% (\$746,934) from last fiscal year. Increases are primarily due to increased support for programs through materials and services and capital outlay for two projects: improving the district's headquarters building on North Williams and the Headwaters farm office replacement.
- The district has a new strategic plan. Planning begun in early 2022 and was adopted in December 2022. The plan is built on three pillars: Soil & Water Health, Climate Action, and Equity & Inclusion.
- A significant change this year is a reorganization to better focus on outreach:
  - The Conservation Legacy (CL) program is dissolved and components of the program (as well as two FTE formerly assigned to the program) are moved to Rural Lands; Headwaters Farm program also receives some of the work. The CL program supported conservation projects through financial assistance and grant programs (budgeted at \$648,352 last fiscal year).
  - A new Community Outreach and Engagement program is created to coordinate and expand on outreach work currently done on an individual program level. The program totals \$635,315 for FY 24 and does not add additional FTE; instead existing employees will move, and in some cases, change their focus.
  - The net result of the program shift on FTE is a decrease of 0.5 (from 23 FTE last year to 22.5 FTE in FY 23-24), since one vacant position currently in Conservation Legacy will be eliminated. Additional funds will be budgeted in contracted services to support the CL work.
- The Grants Fund increases by 26% to \$1.9 million. The additional money will be distributed to the variety of grant programs supported by the fund, with the Partners in Community (the largest grant program) receiving the largest share.
- The budget includes just under \$137,000 in funds for an anticipated USDA grant, a \$2.4 million grant to be split over 5 years. These dollars will be used for start up costs, and higher grant amounts will be budgeted for subsequent years. The grant will fund projects to improve farm access and farm transition programs.

## INTRODUCTION & BACKGROUND

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 County.

The East Multnomah Soil and Water Conservation 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. The district recently completed a strategic plan that further refines their mission (see budget overview section next page).

## Key Priorities for Our Work



A survey of Board and staff identified a set of priorities across our work areas. These include: **Water Quality, Soil Quality, Climate Change Impacts, Equity and Inclusion, Farmland Access, Water Conservation, Fish and Wildlife Habitat, and Local Food Production.**

Therefore, our key work areas will focus on the following:

### Agriculture and Working Lands

**People work land in both rural and urban settings.**

- We will strive for economic resiliency of farmers, helping with access to land, and sharing resources for urban gardening.
- We promote sustainable practices that support soil and water health, and mitigate climate impacts by creating strong networks for sharing information and best practices.

### Natural Spaces

**Natural spaces are prevalent in our region in both urban and rural settings.**

- We promote soil and water health in these systems, including access to people historically excluded.
- We will partner with organizations that focus on building healthy and accessible spaces throughout our District.

### Urban and Built Environment

**Our built environment requires a unique approach to addressing soil and water health.**

- Our focus needs to span residential, commercial, industrial, community, and open spaces.
- We will develop innovative approaches to addressing the ways in which the built environment can support healthy habitat for all people and wildlife.

East Multnomah Soil & Water CD	2019-20	2020-21	2021-22	2022-23
Assessed Value in Billions	\$53.698	\$56.373	\$57.911	\$60.264
Real Market Value (M-5) in Billions	\$122.165	\$128.012	\$136.825	\$149.376
Property Tax Rate Extended: Operations	\$0.1000	\$0.1000	\$0.1000	\$0.1000
Measure 5 Loss	\$-183,950	\$-200,196	\$-202,315	\$-192,279
Number of Employees (FTE's)	21	22	23	23

## BUDGET OVERVIEW

The district’s FY 2023-24 total approved budget is \$19 million, 3% over the current year budget. Budget increases are aligned with the district’s new 2023-2027 strategic plan, approved in December 2022. The last version of the strategic plan was created to guide work from 2012 to 2017 and was updated in 2015.

The last several budget years were primarily status quo as the district worked towards a plan update. This year sees an organizational restructure and related budget alignment to increase emphasis on outreach. During the strategic planning process the district identified a need for greater visibility, transparency and accountability with public audiences and partners. The newly created Communications and Engagement team is introduced in this budget as a means of doing so.

The strategic plan identifies a focus on three specific areas (see graphic below), rather than individual programs. Supporting these three areas is how the district meets their mission of soil and water health. The mission is supported by two important lenses: equity and inclusion and climate action.

### Agriculture and Working Lands

Lands utilized for farming and grazing.



### Natural Spaces

Areas of land and water managed for healthy fish and wildlife habitat.



### Urban and Built Environment

Human-dominated spaces that include both the built and natural environment.



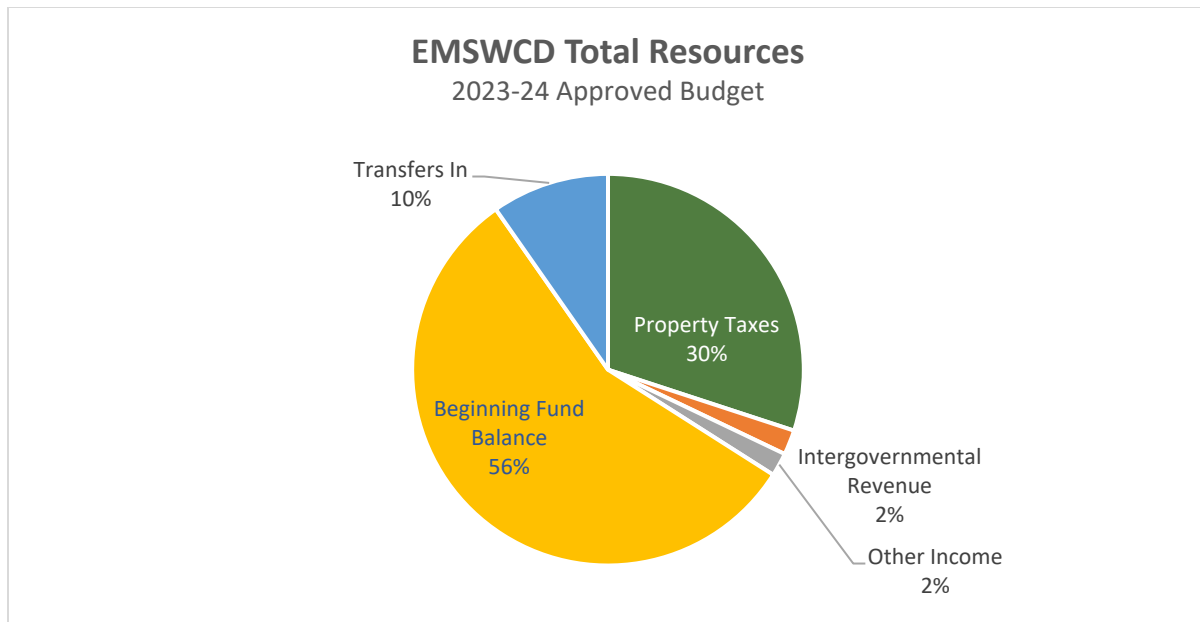
The strategic plan process explored questions of the organization’s future direction, including:

- What are next steps in designing a new collaborative approach to critical work?
- What role can the district play in supporting farmers at different stages in their careers?
- With the new lenses of Climate Action and Equity & Inclusion, how do we continue to evolve and improve?
- What could be accomplished if the district leveraged additional dollars?
- How does the strategic planning work translate into doing things differently than in the past?

**RESOURCES**

**EMSWCD BUDGET SUMMARY – RESOURCES**

<b>RESOURCES:</b>	<b>2021 Actuals</b>	<b>2022 Actuals</b>	<b>2023 Revised</b>	<b>2024 Approved</b>	
Property Taxes	5,294,637	5,405,791	5,511,306	5,720,418	3.8%
Intergovernmental Revenue	97,315	87,907	178,462	389,881	118.5%
Other Income	239,891	157,895	216,520	368,000	70.0%
<i>Subtotal Revenues</i>	<i>5,631,843</i>	<i>5,651,593</i>	<i>5,906,288</i>	<i>6,478,299</i>	<i>9.7%</i>
Beginning Fund Balance	10,271,108	10,713,421	11,018,472	10,715,182	-2.8%
Transfers In	1,424,319	1,214,085	1,626,815	1,849,435	13.7%
<b>TOTAL RESOURCES</b>	<b>17,327,270</b>	<b>17,579,099</b>	<b>18,551,575</b>	<b>19,042,916</b>	<b>3%</b>



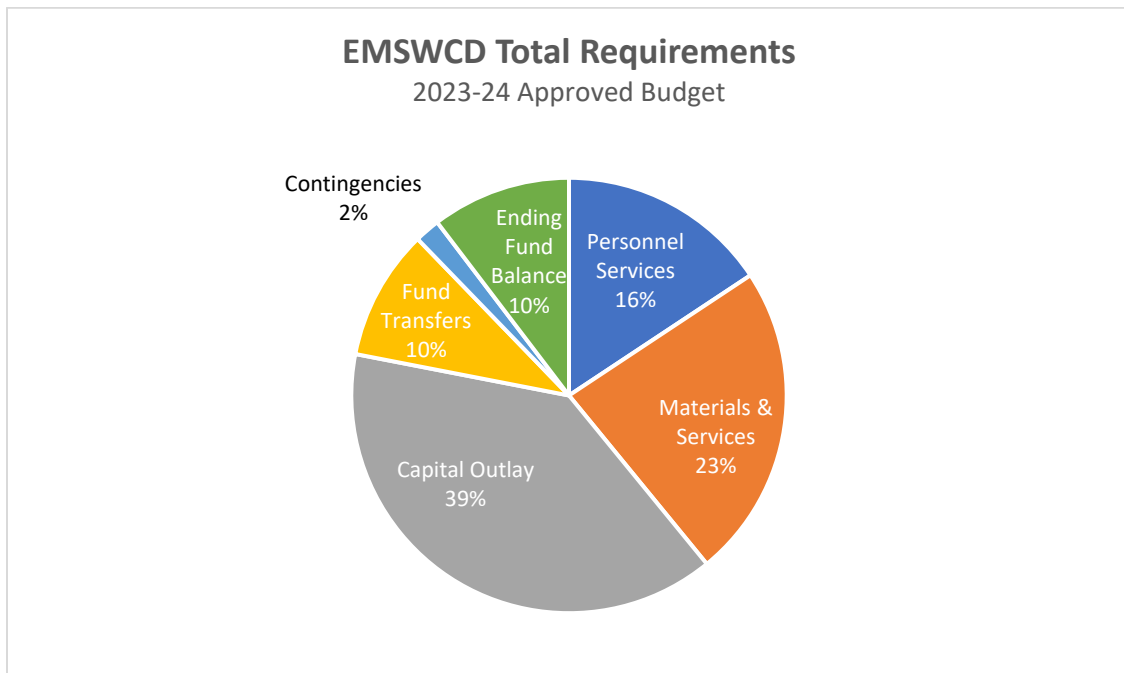
The district’s total resources increased by approximately \$490,000, a 3% increase from the revised budget. The district also carries a large fund balance which it maintains for large capital conservation purchases such as conservation easements.

Property taxes are the district’s primary source of income and are budgeted to grow by 3.8%. The district levies its full rate of \$0.1000 per \$1,000 of assessed value. Those taxes account for over 70% of district revenues. Grants increase this year by 119% due to an anticipated new grant from the USDA Land and Capital Access Pilot Project which increases budgeted federal revenue by nearly \$137,000.

**REQUIREMENTS**

**EMSWCD BUDGET SUMMARY – REQUIREMENTS BY OBJECT**

Expenditures	2021	2022	2023	2024	
	Actuals	Actuals	Revised	Approved	
Personnel Services	2,358,936	2,414,532	2,944,616	2,987,500	1.5%
Materials & Services	2,029,508	2,387,416	3,499,769	4,455,767	27.3%
Capital Outlay	863,941	233,075	7,763,247	7,420,154	-4.4%
<i>Subtotal Expenditures</i>	<i>5,252,385</i>	<i>5,035,023</i>	<i>14,207,632</i>	<i>14,863,421</i>	<i>4.6%</i>
Fund Transfers	1,424,319	1,214,085	1,626,815	1,849,435	13.7%
Contingencies	0	0	350,000	359,000	2.6%
Ending Fund Balance	10,650,566	11,329,991	2,367,128	1,971,060	-16.7%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>17,327,270</b>	<b>17,579,099</b>	<b>18,551,575</b>	<b>19,042,916</b>	<b>3%</b>



The \$19 million FY 2023-24 budget includes \$14.9 million in expenditures, 78% of the total budget. This is 5% higher than the current year budget expenditures, driven largely by increased materials and

services of \$956,000. The General Fund sees a \$558,998 increase in materials and services, which includes a new focus on outreach and associated costs, including a new Customer Relationship Management software, and website redesign. Part of the increase is also related to the potential USDA grant. Materials & Services also increase in the Grants fund by \$397,000 as most grant programs are increased.

Capital Outlay is comprised primarily of funds for Land Conservation projects, which accounts for \$7 million of the \$7.4 million total budgeted in capital outlay. The upcoming budget also includes \$150,000 to replace the Headwaters Farm office and \$202,000 for upgrading the conference room at the EMSWCD offices building. Actual expenditures for prior years have been significantly less than budgeted (over \$6 million annually for FY 21 and FY 22) as most of the money budgeted for capital spending on conservation easements has not been spent. The district budgets the funds so they are available should any potential projects arise (see Land Conservation Fund on p.9 for more details).

## SIGNIFICANT FUNDS/PROGRAMS

<b>EMSWCD BUDGET SUMMARY - BY FUND</b>					
	<b>2021 Actuals</b>	<b>2022 Actuals</b>	<b>2023 Revised</b>	<b>2024 Approved</b>	
General Fund	8,440,755	9,137,575	9,253,828	10,000,762	8.1%
Grants Fund	1,668,798	1,531,664	1,535,000	1,932,000	25.9%
Land Conservation Fund	7,217,717	6,909,860	7,737,747	7,085,154	-8.4%
Partner Grants Mgt Fund	-	-	25,000	25,000	0.0%
<b>TOTAL ALL FUNDS</b>	<b>17,327,270</b>	<b>17,579,099</b>	<b>18,551,575</b>	<b>19,042,916</b>	<b>2.6%</b>

### General Fund

The FY 2023-24 General Fund budget is \$10 million, an increase of just over 8% (\$746,934). The General Fund makes up over 50% of the budget and is home to the programmatic functions of the district.

The General Fund is primarily funded by property tax, and all property tax revenue for the district is budgeted here. Expected federal grants for operating programs, such as the USDA grant, are also budgeted in the General Fund.

The expenditure portion of the General Fund budget is increasing by 19%, with the largest percentage increases in materials and services as funds are added to contracted services to support various program work. Capital outlay increases (177% from \$175,000 to \$485,000) for Headwaters farm projects. Building modifications to the Board room at the district’s headquarters also contribute to the budget increase.

Ending fund balance is budgeted to decrease, in part due to additional funds transferred to the Grants programs this year.

**General Fund Expenditures by Program**

	<b>2021 Actuals</b>	<b>2022 Actuals</b>	<b>2023 Revised</b>	<b>2024 Approved</b>	
Conservation/Land Legacy	528,354	491,235	648,352	0	-100.0%
Finance and Operations	816,611	1,016,153	1,406,860	1,599,130	13.7%
Headwaters Farm Incubator	332,613	412,133	500,274	899,118	79.7%
Rural Lands	1,156,424	1,044,580	1,419,150	1,766,904	24.5%
Urban Lands	710,715	667,008	935,249	920,800	-1.5%
Community Engagement				635,315	100.0%
<b>Subtotal</b>	<b>3,544,717</b>	<b>3,631,109</b>	<b>4,909,885</b>	<b>5,821,267</b>	<b>18.6%</b>
Transfers Out	1,424,319	1,214,085	1,626,815	1,849,435	13.7%
Contingencies	-	-	350,000	359,000	2.6%
Ending Fund Balance	3,471,719	4,292,381	2,367,128	1,971,060	-16.7%
<b>Total</b>	<b>8,440,755</b>	<b>9,137,575</b>	<b>9,253,828</b>	<b>10,000,762</b>	<b>8.1%</b>

The most significant change in the General Fund is the elimination of the **Conservation Legacy** program and the introduction of the **Community Outreach and Engagement** program. The new program will consolidate and enhance outreach efforts. This team will leverage what is done at the program level to design smarter, more efficient cross-team outreach and engagement efforts. As described in a memo to the budget committee:

“This new team will develop and implement communication and outreach strategies that increase public awareness of the District and ensure that people in our district connect with our mission, find our programs and resources accessible and relevant, and benefit from our investments. The team will work across all of the District’s programs supporting partnerships and engagement with residents, nonprofit organizations, landowners, and land managers to improve soil health and water quality, preserve farmland, reduce climate impacts, support more sustainable agriculture, provide outdoor and garden education programs, and restore fish and wildlife habitat.”

Personnel and materials and services from the former Conservation Legacy program are split out to other General Fund programs:

- Contracted Services of \$233,225 formerly budgeted in Conservation Legacy (CL) are moved to Rural Lands and Headwaters Farm programs.
- Two existing CL FTE move to the Rural Lands program.
- One vacant FTE (former Conservation Legacy Supervisor) is eliminated.
- Two existing FTE from Rural Lands and Urban Lands will be moved to Community Engagement to consolidate outreach functions from across the organization.

The new Community Outreach and Engagement program will be a new district-wide resource coordinating and supporting increased outreach efforts. In the first year, the new program will focus on inventorying program needs, creating a strategic communications plan, and updating the engagement

and outreach infrastructure. Implementation of activities will take into consideration the district’s Equity Action Plan.

**Finance and Operations** includes new expenditures for a website redesign (\$80,000), customer relationship management software (\$45,000) and upgrades/modifications to the Board room at the home offices (\$202,000).

**Headwaters Farm Incubator** sees an 80% increase to a total of \$899 thousand due to higher contracted services related to the dissolved Conservation Legacy program moving programmatic aspects to the Headwaters program and capital outlay increases to relocate the Headwaters Farm Office. The current facility poses a conservation liability with an aging septic system in close proximity to a creek. The district plans to procure a double-wide farm office and to remove the existing office and decommission its septic system; related capital outlay and contracted services are budgeted at \$263,000. The budget also includes \$45,000 in funds for famer stipends related to the USDA grant.

**Rural Lands** increases by nearly 25% to a total of \$1.8 million. The increase is nearly all in materials and services - contracted services increase by just over \$250,000, the majority of which is related to work coming over from the dissolved Conservation Legacy program. Contracted Services also includes \$65,474 to support the USDA grant. This budget also adds a \$22,500 part-time position to support the USDA grant for Q3 and Q4 for FY 23-24.

Spending in the **Urban Lands** program decreases slightly overall as staff are transferred to the new community engagement program. Contracted services increase by \$75,000 to expand and initiate Urban Lands Demonstration & Large Scale Partnership projects.

### Grants Fund

The Grants Fund contains dollars sent directly to the community. Overall, the fund increases to \$1.9 million, a 26% increase from the \$1.5 million budget last year. All money in the fund is budgeted to be spent.

The Grants Fund supports conservation and environmental education projects. Awards are given through several programs and all see increases in this year’s budget (increases in the table below are a combination of budget for both new awards and prior year outstanding awards):

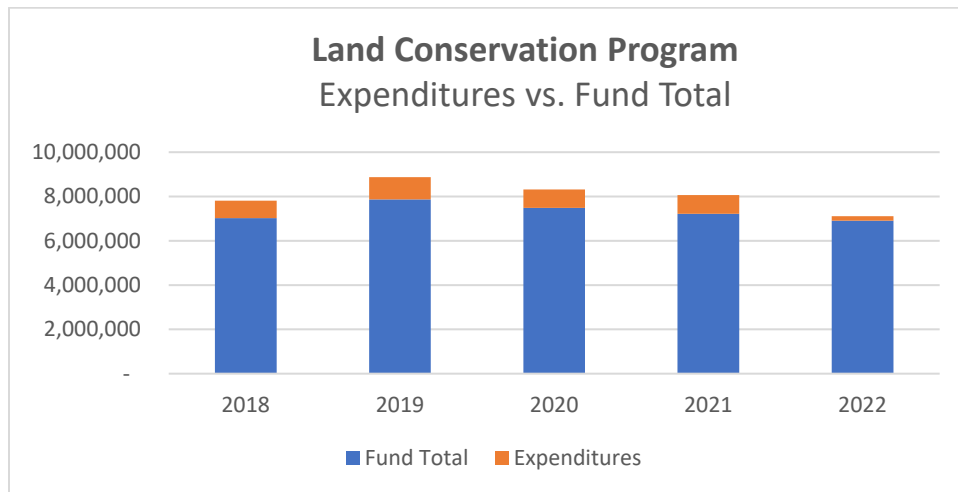
Grant	Purpose	FY 2023-24 Budget	Increase from Prior Year
Partners in Conservation (PIC)	The largest grant program, supports projects related to the organization’s mission	\$1.2 million	\$127,000
People’s Garden Initiative	New grant category this year for improving or establishing community gardens	\$100,000	\$100,000
Cooperative Landowner Incentive Program (CLIP)	Provides cost share for conservation practices on private properties	\$250,000	\$90,000



SPACE	Supports people growing health food, protect water quality and soil health, and connect to nature	\$102,000	\$40,000
Equity focused strategic opportunity	New grant category introduced two years ago to provide dollars for strategically focused equity opportunity for marginalized and disadvantaged folks that may not otherwise be eligible for grants	\$75,000	\$25,000
Strategic Partnerships	Direct funding to active Watershed Councils within EMSWCD boundaries	\$205,000	\$15,000

### Land Conservation Fund

This fund holds money for use in the pursuit of land conservation by buying easements, development rights, or real property. The district transfers property tax revenue from the General Fund to the Land Conservation Fund annually. The transfer is \$550,000 in the FY 24 budget, the same as last FY, and is a slight increase over the \$500,000 budgeted in the three years prior. Expenditures have been limited historically to less than a million dollars annually (see chart below), and the fund balance has been between \$6 to \$8 million for the last five years of actuals.



The district is actively seeking conservation projects to fulfill the goal of this fund, and budgets the full fund amount to allow for purchase of easements or real property if the opportunity arises.

### DEBT STATUS

The district has no debt.

**BUDGET PROCESS & COMPLIANCE**

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
N/A		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district was in compliance with budget law?

**LOCAL BUDGET LAW COMPLIANCE**

The FY 2023-24 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

Staff reviewed the FY 2021-22 audit and there were no findings.

**CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

TSCC staff did not find any deficiencies in the district's FY 2023-2024 budget or budget process, and we recommend the Certification Letter contain no recommendations or objections.

## East Multnomah Soil & Water

### Budget Summary

	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
	Actual	Actual	Revised	Approved	Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	5,294,637	5,405,791	5,411,306	5,720,418	5.7%
Prior Years Property Taxes	0	0	100,000	0	-100.0%
<b>TOTAL PROPERTY TAX</b>	<b>5,294,637</b>	<b>5,405,791</b>	<b>5,511,306</b>	<b>5,720,418</b>	<b>3.8%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	10,271,108	10,713,421	11,018,472	10,715,182	-2.8%
Property Taxes	5,294,637	5,405,791	5,511,306	5,720,418	3.8%
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Other Income	239,891	157,895	216,520	368,000	70.0%
Transfers In	1,424,319	1,214,085	1,626,815	1,849,435	13.7%
<b>TOTAL RESOURCES</b>	<b>17,327,270</b>	<b>17,579,099</b>	<b>18,551,575</b>	<b>19,042,916</b>	<b>2.6%</b>
<b>REQUIREMENTS BY FUNCTION:</b>					
Administrative Services	816,611	1,016,153	1,406,860	1,599,130	13.7%
Environmental and Conservation Services	4,435,774	4,018,870	12,800,772	13,264,291	3.6%
Transfers Out	1,424,319	1,214,085	1,626,815	1,849,435	13.7%
Contingencies	0	0	350,000	359,000	2.6%
Ending Fund Balance	10,650,566	11,329,991	2,367,128	1,971,060	-16.7%
<b>TOTAL REQUIREMENTS BY FUNCTION</b>	<b>17,327,270</b>	<b>17,579,099</b>	<b>18,551,575</b>	<b>19,042,916</b>	<b>2.6%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	2,358,936	2,414,532	2,944,616	2,987,500	1.5%
Materials & Services	2,029,508	2,387,416	3,499,769	4,455,767	27.3%
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<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	8,440,755	9,137,575	9,253,828	10,000,762	8.1%
Land Conservation Fund	7,217,717	6,909,860	7,737,747	7,085,154	-8.4%
Partner Grants Management Fund	0	0	25,000	25,000	0.0%
Grants Fund	1,668,798	1,531,664	1,535,000	1,932,000	25.9%

<b>GRAND TOTAL ALL FUNDS</b>	<b>17,327,270</b>	<b>17,579,099</b>	<b>18,551,575</b>	<b>19,042,916</b>	<b>2.6%</b>
<b>DETAIL OF GENERAL FUND</b>					
<b>RESOURCES:</b>					
Beginning Fund Balance	2,875,535	3,534,574	3,432,540	3,822,463	11.4%
Property Tax	5,294,637	5,405,791	5,511,306	5,720,418	3.8%
Federal Revenue	14,000	0	19,500	151,974	679.4%
State Revenue	83,315	87,907	109,462	87,907	-19.7%
Local Revenue	0	0	49,500	50,000	1.0%
Other Income	173,268	109,303	131,520	168,000	27.7%
Transfers In	0	0	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>8,440,755</b>	<b>9,137,575</b>	<b>9,253,828</b>	<b>10,000,762</b>	<b>8.1%</b>
<b>REQUIREMENTS:</b>					
Administrative Services	816,611	1,016,153	1,406,860	1,599,130	13.7%
Environmental and Conservation Services	2,728,106	2,614,956	3,503,025	4,222,137	20.5%
Transfers Out	1,424,319	1,214,085	1,626,815	1,849,435	13.7%
Contingencies	0	0	350,000	359,000	2.6%
Ending Fund Balance	3,471,719	4,292,381	2,367,128	1,971,060	-16.7%
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