

To: Clackamas County SWCD Budget Committee
From: Tom Salzer, Budget Officer
Date: March 27, 2013
Re: FY 2013-2014 Budget Message



Budget Message Summary

The Clackamas County Soil and Water Conservation District has grown substantially since receiving support from voters in 2006 to fund the District through a property tax levy. The District has grown from a staff of three with an annual budget of \$140,000 to a staff of 12 and a budget of more than \$3 million.

Stable funding has allowed the District to increase the quantity and quality of services delivered to Clackamas County residents, without a recent increase in staffing. We are helping more people, and we're doing the things we promised voters we would do. We are investing more funds than ever before in on-the-ground conservation actions.

Audits of the District have been clean. Our internal control systems are functioning well, assuring the safety of public funds. The District has achieved a new level of transparency and accountability in the way it conducts business on behalf of the citizens of Clackamas County.

The combination of stable funding, dedicated professional staff, solid management, and a deeply engaged Board of Directors assures continued improvement in the services we provide.

Economic conditions impact the availability of large grants we could use to leverage local taxpayer dollars. We plan to continue seeking more stakeholder involvement and gathering data that demonstrates the effectiveness of conservation actions. These steps will enhance our future grant applications.

Last year, we simplified the way we describe anticipated expenditures. The District has three funds: the General Fund, the Conservation Fund, and the Building Reserve Fund. That simplified structure is retained in the proposed budget for fiscal year 2013-2014. Expenditures from the Conservation Fund are categorized by expected benefit to natural resources, making the District's conservation priorities more obvious.

The budget proposed for fiscal year 2013-2014 supports the continued improvement of service delivery to our customers, expanded involvement by stakeholders, and more efficient implementation of meaningful conservation actions. The budget shows what it costs to operate the District and what it costs to deliver services to our residents. It shows where we plan to invest funds in on-the-ground conservation actions, and it does so in a way that demonstrates our conservation priorities.

On behalf of the Clackamas County Soil and Water Conservation District, I'm pleased to present the budget proposed for fiscal year 2013-2014.

A handwritten signature in blue ink that reads "Tom Salzer".

Purpose

This Budget Message is provided to help Clackamas County Soil and Water Conservation District Budget Committee members and the general public understand the basis for the District's proposed budget for fiscal year 2013-2014 (July 1, 2013 through June 30, 2014). This document is a supplement to the proposed budget.

Structure of the Budget Message

Sections 1, 2, and 3 provide background information necessary for the budget explanation in Section 4. Additional background information about the District is provided in Appendix A. Abbreviations used throughout this document include: District (for Clackamas County Soil and Water Conservation District); FY (for Fiscal Year); and ORS (for Oregon Revised Statute).

SECTION 1: BUDGETING

This section identifies the Budget Officer and talks about why we have a Budget Message, including what must be included in the Message. Budget Committee members and functions are described. An overview of the Committee's duties is provided.

SECTION 2: POLICIES AND PERFORMANCE

The District's financial policies and program performance are discussed in Section 2.

SECTION 3: ECONOMIC CONDITIONS AND MANAGEMENT

Section 3 describes the economic conditions faced by the District as the proposed budget was being developed, and discusses management strategies for dealing with those conditions.

SECTION 4: BUDGET SCENARIO FOR FISCAL YEAR 2013-2014

This will be our second year with a simplified budget structure in which we consolidate all activities into three funds. We provide an overview of programs and describe the basis for assumptions in the proposed budget. More detailed descriptions of each fund are presented.

SECTION 5: PAGE-BY-PAGE BUDGET NOTES

Each page of the proposed budget is discussed.

APPENDIX

Appendix A provides background information about the District, land uses in Clackamas County, and existing District programs.

Section 1: Budgeting

THE BUDGET OFFICER

As a taxing entity subject to Oregon Local Budget Law, the District must appoint a budget officer to prepare (or supervise the preparation of) the budget document, as described in Oregon Revised Statute (“ORS”) chapter 294.331:

... The budget officer...shall prepare or supervise the preparation of the budget document. The budget officer shall act under the direction of the executive officer of the municipal corporation, or where no executive officer exists, under the direction of the governing body.

For the fiscal year 2013-2014 budget, the District appointed District Manager Tom Salzer to serve as Budget Officer.

Overview

- ✓ Budget Officer appointed
- ✓ This Budget Message communicates the proposed budget
- ✓ Budget Committee established
- ✓ Budget Committee approves (or modifies and approves) proposed budget
- ✓ Board of Directors adopts (or modifies and adopts) approved budget

THE BUDGET MESSAGE

A cornerstone of the public budgeting process is communicating the annual budget to the Budget Committee and the public. The budget message provides an analysis of significant changes from the previous year’s budget and identifies significant new initiatives and changes in District programs and operations. The budget message also communicates how the District will continue to implement the District’s Master Plan in the coming fiscal year.

According to ORS 294.403:

A budget message shall be prepared by or under the direction of the executive officer of the municipal corporation or, where no executive officer exists, by or under the direction of the presiding officer of the governing body. The budget message shall be delivered at a meeting of the budget committee as provided in ORS 294.426 (1). The budget message shall:

- (1) Explain the budget document;*
- (2) Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year or ensuing budget period;*
- (3) Describe in connection with the financial policies of the municipal corporation, the important features of the budget document;*
- (4) Set forth the reason for salient changes from the previous year or budget period in appropriation and revenue items;*
- (5) Explain the major changes in financial policy; and*
- (6) Set forth any change contemplated in the municipal corporation’s basis of accounting and explain the reasons for the change and the effect of the change on the operations of the municipal corporation.*

THE BUDGET COMMITTEE

Oregon Revised Statute chapter 294 requires public taxing entities to prepare a budget consistent with Oregon Local Budget Law.

District is a special district with a voter-approved tax base

The Clackamas County Soil and Water Conservation District is a special district of the State of Oregon and a local unit of government, formed under the authority of Oregon Revised Statute chapter 568, and with the powers and duties described in that law. In 2006, Clackamas County voters granted a permanent property tax rate limit to the District, making the District a public taxing entity that must comply with Oregon Local Budget Law.

District must establish a Budget Committee

The District must establish a Budget Committee and must hold at least one public meeting to review and approve the upcoming year's budget. The Budget Committee consists of the District's governing body and an equal number of local registered voters appointed by the governing body.

Budget Committee members

Name	Board or Citizen-Elector	Status
Dave Albrecht	Elector	Newly appointed in 2013
Jeff Becker	Elector	In second year of three-year term
John Borden	Elector	Re-appointed in 2013
Mike Dillard	Elector	In second year of three-year term
Rennie Squier	Elector	Re-appointed in 2013
Jim Toops	Elector	In second year of three-year term
Roger Fantz	Board	Serves while a Board member
Don Guttridge	Board	Serves while a Board member
Jan Lee	Board	Serves while a Board member
Jesse Nelson	Board	Serves while a Board member
Ron Oberg	Board	Serves while a Board member
Joan Zuber	Board	Serves while a Board member

Terms of service

Citizen members are appointed by the District Board of Directors to serve three-year terms. Terms of citizen members are staggered to help provide continuity from year to year, and to allow new members to bring their ideas and perspectives to the Committee.

Duties of the Budget Committee

The role of the Budget Committee is to review the proposed budget submitted by the Budget Officer, and either approve it as proposed or modify it. The Committee elects a presiding officer to help the Committee reach an affirmative vote in approving the budget.

Specifically, the Budget Committee:

1. Receives the budget document;
2. Hears the budget message;
3. Considers public comment;
4. Discusses and revises the budget as needed;
5. Approves the budget; and
6. Approves the property taxes to be levied.

All meetings of the Budget Committee are subject to Oregon's Public Meetings Law (ORS 192.610 through ORS 192.690). A quorum of the Committee is required to conduct business and a majority of the Committee members is required to take action. This year, for this Budget Committee, a quorum and simple majority are the same: seven Committee members.

The Committee may request and receive additional information from District officials.

Duties of the Board of Directors

Following approval of the budget by the Budget Committee, the District's Board of Directors holds a budget hearing on the budget as approved by the Committee. Any person may comment on the approved budget at the hearing.

After the hearing, the Board of Directors can change the budget estimates and the tax levy approved by the Budget Committee. However, if the Board increases the tax by any amount, or if the Board increases expenditures in any fund by 10% or more, the District must republish the amended budget summary and hold another budget hearing.

The deadline for the Board of Directors to enact a resolution that adopts the budget, makes appropriations, imposes tax levies, and categorizes each tax is June 30, 2013.

BUDGETING

Oregon Revised Statute chapter 294 requires public taxing entities to prepare a budget consistent with Oregon Local Budget Law. The budget is a one-year financial plan that balances needs and resources to help accomplish the District's mission and goals. Appropriations identified in the adopted budget are spending limits.

The budget is prepared by fund. The District has three funds: General Fund, Conservation Fund, and Building Reserve Fund. The General Fund has two organizational units within it: the District Operations department and the Conservation Services department.

Section 2: Policies and Performance

POLICIES

District operates on a cash basis

The District operates on a cash basis. Revenue is recorded when received, and expenses are recorded when money is spent.

Funds held in approved institutions

All District funds are held in Qualified Public Depositories approved by the Oregon State Treasury.

Expenditures monitored

The District Manager, Financial Administrator, and Board Treasurer regularly monitor accounts and compare expenditures to limits authorized in the budget. Each month, the Board of Directors reviews proposed expenditures to make certain that expenditures are necessary and appropriate.

District audited annually; internal controls protect public funds

The District is audited by a Certified Public Accountant once each year. Audits of the District have been issued without qualifying statements. A robust system of internal controls is employed to protect the public funds entrusted to the care of the District.

PROGRAM AND SERVICE CHANGES

Over the past two fiscal years, the District has been successful in expanding District services and programs. The number of people receiving service has increased and more investments have been made in on-the-ground conservation actions compared to prior years.

More transparency

Like many local governments, the District regularly posts meeting minutes online. The District also posts the list of expenditures authorized by the Board of Directors so citizens can see where public funds are being spent.

To help citizens stay informed about the activities of their soil and water conservation district, the District's revised website was launched in FY 2011-2012 and continues to be maintained.

Find our website at <http://conservationdistrict.org>

Overview

- ✓ *Our accounting and controls are robust*
- ✓ *We've expanded our services and programs*
- ✓ *Technical assistance and financial assistance have increased*
- ✓ *Staffing has remained level*
- ✓ *We completed a large streambank restoration project*
- ✓ *Our partnerships remain healthy and productive*

More focus on technical assistance

The District refocused efforts in FY 2011-2012 to engage more customers, and continued to invest in this activity in FY 2012-2013. A vacancy in our urban conservation position was filled. Service and implemented projects both increased dramatically. Last year the District focused on shifting toward a team approach to providing conservation services, and this year, we propose continuing that practice.

More focus on providing financial assistance

Additional financial assistance options were developed and delivered:

- A temporary easement model was developed to facilitate installing conservation practices on private land that protect and restore public natural resources, while simultaneously reducing the financial impact on private landowners of such work.
- A loan program was initiated to help alleviate cash-flow challenges faced by many landowners. Combining outright grants with loans has been well received by a number of customers.
- Small grants of up to \$2,500 were made available for some water quality practices and for treating priority invasive weeds. These small grants require less formal conservation planning and increase the timely implementation of practices.

More focus on reaching customers

The District invested more heavily in reaching specific communities facing high-priority conservation issues, and in gathering feedback from constituents.

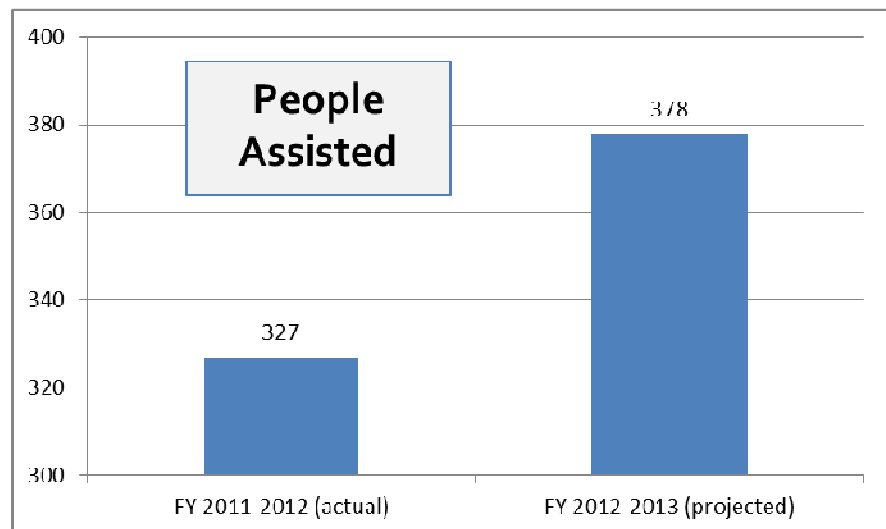
PERFORMANCE

Operating costs controlled

Budget-to-actual reports demonstrate the District has effectively managed the rising cost of operating the District during FY 2012-2013.

Technical assistance increased

At this writing, the District had provided technical assistance to 222 people during FY

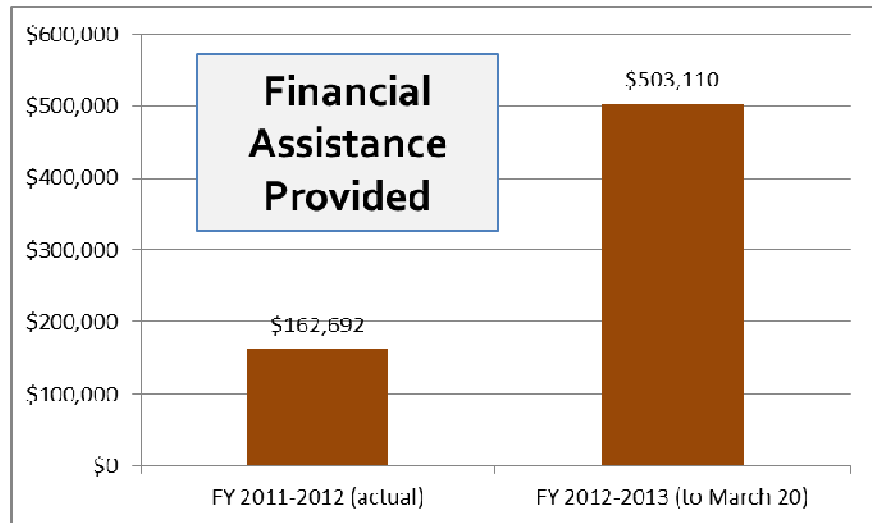


2012-2013. At this rate, we project assisting approximately 378 people this year, compared to 327 people in FY 2011-2012.

Technical assistance includes farm visits by conservation planners, site visits by WeedWise program staff, and more comprehensive conservation planning with landowners.

Financial assistance increased

At this writing, the District had provided financial assistance in FY 2012-2013 to 23 landowners, 18 nonprofit partners, 10 farmers markets, and 9 watershed councils. For comparison, in FY 2011-2012 the District provided financial assistance to 24 landowners, 8 nonprofit partners, 9 farmers markets, and 10 watershed councils. With three months left in FY 2012-2013, we will end the year by assisting more landowners than in the prior year.

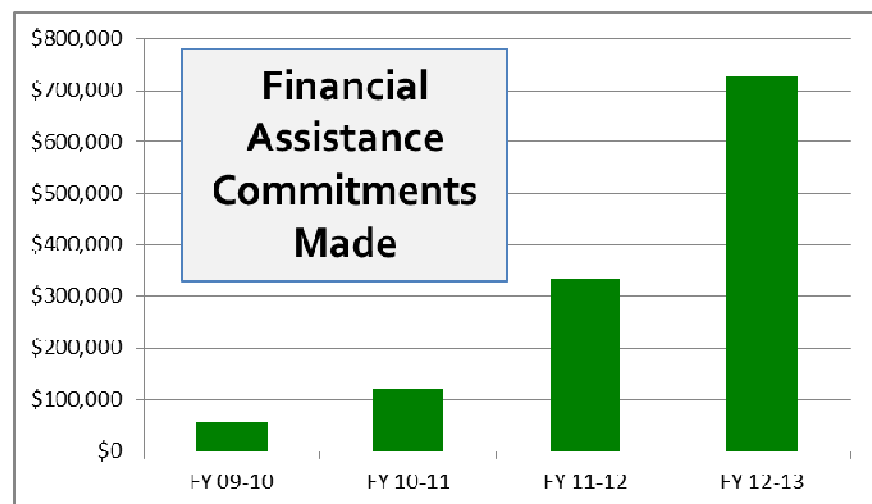


Financial assistance provided through the Conservation Fund

The Conservation Fund is the primary vehicle for providing funding to landowners to implement conservation practices and fund for partners to implement conservation programs.

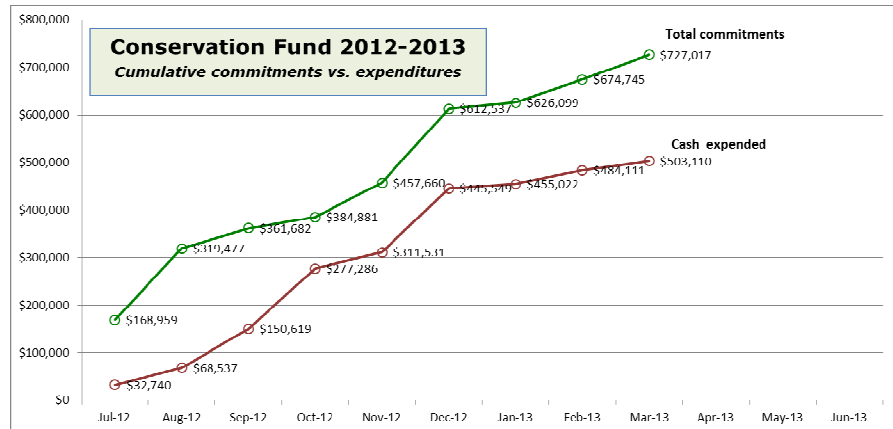
Over the past several years, the District has successfully directed more funding to helping people implement conservation practices. Our commitments of grant and tax dollars for conservation actions are growing:

- FY 2009-2010: \$56,418
- FY 2010-2011: \$120,778
- FY 2011-2012: \$335,084
- \$727,017 committed at this writing



Expenditures trail Conservation Fund commitments

Fund expended from the Conservation Fund lag behind our commitment of funds. Planning, design of certain practices, permitting, contracting, and purchase of materials must occur before practices can be built or installed.



Payment is made after completion of practices that meet the District's standards.

Increases achieved with little change in staffing

Increases in financial assistance commitments have been achieved without a net increase in staffing in fiscal year 2012-2013.

In September 2011, we added part-time staff to better address invasive weed issues. This position was expanded to a full-time position in March 2013. In May 2013, a full-time position will be reduced to less than one-half time.

Our water quality program has been assisted in FY 2012-2013 by a student enrolled at Clackamas Community College who volunteers time for our monthly water sample collections.

Large project completed on Milk Creek

A large project initiated in fiscal year 2011-2012 on Milk Creek (a tributary to the Molalla River) was completed in FY 2012-2013. The photos below show the eroding streambank at the site before construction and the protected bank after construction was completed.





More than 300 feet of vegetated log matrix structure was constructed to protect an eroding streambank, improve water quality, and restore fish habitat. This project sustained no damage in a high-flow event that occurred in November 2012. Planting of native trees and shrubs was completed in March 2013. This is the largest single project the District has completed in many years, and it is being used as a positive example by other conservation organizations.

Outreach and education efforts continued

At this writing, the District had delivered 18 workshops during fiscal year 2012-2013. This does not include our involvement in helping to develop and deliver the first annual Small Farms School for new and small farmers.

The District developed and produced seven new educational videos. These videos can be found at <http://vimeo.com/ccswcd>

The District also shifted more resources than in prior years to reaching out to specific communities about particular conservation issues. At this writing, the District had mailed more than 14,000 outreach items in fiscal year 2012-2013:

- 500 rain garden postcards
- 2,000 False brome flyers
- 2,000 Tansy ragwort flyers
- 2,000 Knotweed flyers
- 3,000 Early Detection and Rapid Response brochures
- 372 Milk Creek project postcards
- 2,000 Garlic mustard postcards
- 2,564 Ripple Press newsletters

Partnerships maintained

We work with a variety of partners to achieve positive conservation outcomes. Two years ago, the District began meeting quarterly with representatives of the ten watershed councils in Clackamas County. This work has helped coordinate resources, bring forward additional resources for projects, and increase knowledge among participants. We plan to continue this effort.

We provide limited support funding to several organizations that help advance our conservation goals, particularly watershed councils and farmers markets. Watershed councils pursue actions that directly improve watershed health and water quality. Farmers markets support local farmers who are directly responsible for management of prime agricultural land in Clackamas County.

Board Directors, Associate Directors, and District employees also participate at various levels in a wide variety of other organizations.

Section 3: Economic Conditions and Management

ECONOMIC CONDITIONS

The District is not immune from the economic factors that have affected our region, state, and country. Costs for services, fuel, and goods continue to rise, as do costs for employee benefits such as health and dental insurance.

Recently, growth in the assessed valuation of real property in Clackamas County has started to rebound.

For a tax-based public entity such as the District, opportunities to increase revenue are limited. The District's permanent tax rate is capped at five cents per thousand dollars (5¢/\$1,000) of assessed property value.

Increasing the District's efforts in seeking grants could increase revenue, but many funders have reduced the amount or availability of grant funds. Competition for this shrinking pool of grant funds has increased.

The District is caught in a slowly developing financial squeeze consisting of rising costs, relatively flat revenue, and reduced availability of external grant funds. Reducing costs would be a normal short-term response to these conditions. We believe strong management and normal attrition will allow us to hold the line on our overall cost of operating the District.

We plan to continue development of a loan program so local tax dollars can be re-used to install conservation practices.

Overview

- ✓ *Economy creates funding challenges*
- ✓ *Increase use of temporary employees and contractors*
- ✓ *Make more loans*
- ✓ *Invest in efficiency*
- ✓ *Save for permanent facility*
- ✓ *Seek more grants and donations*

MANAGEMENT RESPONSES TO ECONOMIC CONDITIONS

Growth in property values

We assume the value of assessed real property will continue to increase. Increases in assessed values are limited. Our challenge is to manage cost increases so they don't exceed the growth in tax revenue received by the District.

Managing costs while increasing services

The District carefully manages expenditures and seeks more efficient service delivery methods to improve service and reduce cost. Staffing is our greatest single cost center, but it is also the source of our ability to provide technical assistance to residents. Using temporary help and seeking efficiency improvements will help us achieve more without incurring additional year-round expenses.

- ***Use seasonal employees and contractors.*** Rather than hire full-time staff, the District may shift some seasonal workload to short-term project positions. Costs for contractors and project employees are short-term in nature.

- **Utilize data-driven decision making.** In FY 2012-2013, we began development of a knowledge management system to help us work more efficiently with customers. We anticipate this system will streamline our conservation planning steps and allow us to serve more people without hiring more technical staff.

Sustaining future funding

- **Lend more money.** The District has access to funds from the Department of Environmental Quality, awarded for us to address water quality and water quantity issues using loans. Loan repayments from landowners can be used to fund new loans to other landowners, sustaining growth of the Conservation Fund.
- **Continue to invest in property.** Our savings accounts are currently yielding less than 0.60% interest. The District is prohibited from directly investing in stocks.

Real estate prices are beginning to rebound after a period of value declines. The District should remain alert to opportunities to invest funds in real estate. We assume that our constituents would prefer we leverage opportunities to create more resources that can be used to improve our service and to implement more conservation actions.

The District did purchase one commercial property in FY 2012-2013 at a steep discount. Over the next few years, the District will demonstrate some conservation practices on that visible, easily accessible parcel.

- **Continue saving toward a District-owned office.** The District renegotiated key lease terms at renewal in 2013, including an option to cancel our lease early without penalties. Lease payments are ongoing costs that do nothing to build the financial resources of the District. The District will continue to save for the time when a facility can be built or purchased. This strategy is expected to reduce our operating costs.
- **Seek donations and bequests of farm and forest land.** We expect to see more situations in which there are no inheritors of farm and forest land. Donations to the District are tax deductible if made for a public purpose. The District can also accept bequests. Lands received by gift or bequest could be preserved, improved, leased, harvested, or sold, depending on the wishes of the parties involved and the characteristics of individual parcels.
- **Gather meaningful data to support grant applications.** As grant funds have become more difficult to obtain, we believe that data-driven funding requests are more likely to be funded in the future. The District proposes to continue building a water quality monitoring program to help the District produce competitive grant applications.

Section 4: Budget Scenario for Fiscal Year 2013-2014

The District's budget for fiscal year 2013-2014 (July 1, 2013 through June 30, 2014) reflects the continued commitment of the District to implement core components of the Master Plan, maintain and adopt program strategies consistent with the Master Plan, and perform tasks and activities as directed by the elected Board of Directors.

PRIORITIES ADDRESSED BY THREE FUNDS

The proposed budget reflects a simplified structure that revolves around three funds: the General Fund, the Conservation Fund, and the Building Reserve Fund.

The District's top priority is to assure consistent, professional service to residents of Clackamas County. We work cooperatively with private landowners to conserve natural resources for today and for future generations. This work is funded from the General Fund.

The District's second highest priority is to provide financial assistance to help install or implement conservation practices that improve natural resources. This assistance is provided through the Conservation Fund.

Our third highest priority is saving for a facility that will better serve the needs of our organization and our customers. The Building Reserve Fund is the savings account for this priority.

Overview

- ✓ *We have three funds*
- ✓ *Conservation Fund investments shown in categories*
- ✓ *Initiatives similar to last year*
- ✓ *Proposed budget calls for levying maximum tax rate*
- ✓ *Conservation Fund level increased*
- ✓ *Building Reserve Fund contribution reduced*

Fund (department)	Characteristics
General Fund (District Operations department)	Supports the cost of operating the District organization and facilities, including administration
General Fund (Conservation Services department)	Supports the cost of providing services to customers
Conservation Fund	Provides for financial assistance to private landowners and partner organizations. This is a <u>special revenue fund</u> .
Building Reserve Fund	This is where the District saves money toward land and facilities. This is a <u>reserve fund</u> .

1 - General Fund

The District is a service organization. Clackamas County voters approved a permanent tax levy to ensure that District services would be provided without interruption. First and foremost, the District seeks to improve the quantity and quality of technical assistance provided to the public. The budget reflects this commitment to service delivery, funded by the General Fund.

According to the Oregon Department of Revenue: "A *general fund* contains the estimates of the revenues and expenditures needed to run the daily operations of the local government such as wages, supplies, rent, and utilities."

Within the General Fund are two departments: District Operations and Conservation Services.

- The District Operations department includes the cost of operating the District, supporting our work as a public entity, holding meetings of the Board of Directors, maintaining an office and associated infrastructure, and other administrative costs. Four full-time-equivalent ("FTE") positions are budgeted in the District Operations department.
- The Conservation Services department represents costs associated with providing services to customers and partners. We propose budgeting 8.5 FTEs in the Conservation Services department.

2 - Conservation Fund

The District also invests funds in conservation actions that address the District's conservation priorities. Our top three priorities are: water quality and quantity, wildlife habitat, and invasive weeds. The District focuses on installing conservation practices so natural resources are available now and for future generations. The combination of public support, a non-regulatory basis for providing services, and a focus on conserving natural resources on private lands makes the District unique among public and private entities.

The Conservation Fund is the vehicle the District uses to fund conservation actions on private lands and to support programs of organizations that align with our mission.

The Conservation Fund is a special revenue fund focused on the financial assistance we provide to others. Some grant funds the District receives are restricted to specific projects and uses, so those revenue sources should not be mixed into our General Fund. According to ORS 294.311(39), a special revenue fund is "...a fund properly authorized and used to finance particular activities from the receipts of specific taxes or other revenues."

The General Fund is focused on costs spent internally for the operation of the organization and the delivery of services. The Conservation Fund is externally focused, investing in on-the-ground conservation actions, and supporting organizations with conservation projects and programs that support the District's mission.

3 - Building Reserve Fund

The third fund is the Building Reserve Fund. It is a reserve fund in which the District saves money toward property or a facility that will allow the District to provide better service to our customers. ORS 294.346 says, in part: "Any municipal corporation, by ordinance or resolution of its governing body, may establish one or more reserve funds to hold moneys to be accumulated and expended for the purposes specified in ORS 280.050..."

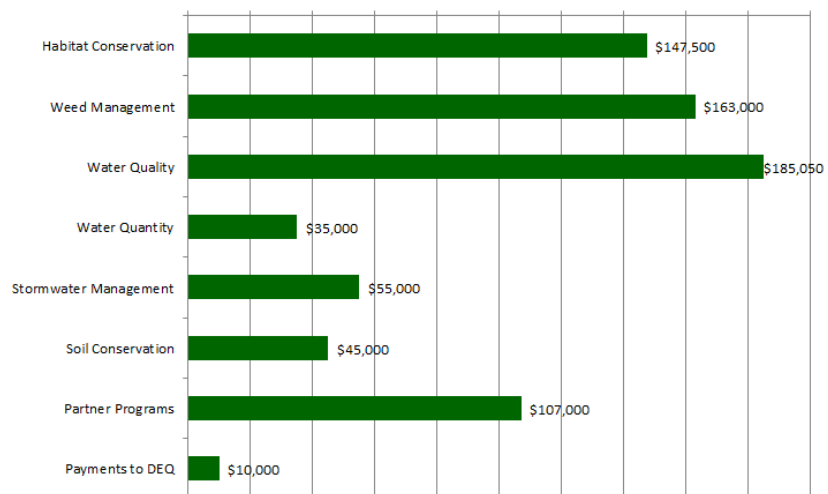
Money in the Building Reserve Fund may be appropriated and spent for any purposes established when the Fund was formed. The purposes are: leasing, acquiring, construction, remodeling, or making capital improvements to property of the District.

Conservation Fund rolled up into categories

For the FY 2013-2014 budget, we show Conservation Fund expenditures rolled up into categories. In prior budgets, it was difficult to see how much the District planned to invest in particular conservation priorities. We intend to remedy that condition by showing Conservation Fund expenditures grouped in categories to reflect the most significant benefit expected from those investments.

Anticipated investments from the Conservation Fund should echo the conservation priorities of the District. The District's top three priorities are: water quality and water quantity; wildlife habitat; and invasive weed management. In most cases, activities in one category also yield benefits in one or more other categories.

Several partners also provide services and pursue programs that advance the goals of the District. Investments in urban conservation practices are reflected primarily in the Stormwater Management category.



INITIATIVES FOR FISCAL YEAR 2013-2014

Program changes initiated FY 2012-2013 are continued in the coming fiscal year.

1 – Expand the District's water quality testing program

For FY 2012-2013, the District proposed increasing work to monitor water quality. For FY 2013-2014, we anticipate continued growth in this area of work. This is a long-term investment to help improve the District's ability to compete regionally and nationally for grant funds.

2 – Convene focus groups to obtain customer guidance

Late in FY 2012-2013, the District began holding meetings with small groups of customers to find out how best to help them. The first two focus groups were very well received by participants, and the feedback provided by customers has been helpful. We plan to continue this work in FY 2013-2014.

3 – Continue to seek a permanent headquarters location and facility

The District currently leases office space in Oregon City. In February 2013, the District signed a lease amendment renewing our lease from 2014 through 2019. However, the District also negotiated several changes in lease terms, including a cancellation clause after three years. The District could terminate the lease without penalty by June 2017. This timeframe establishes the maximum window of time to acquire property and obtain facilities suitable for the District's needs. The alternatives are to renew the lease or lease a different facility.

The Building Reserve Fund continues in the proposed budget. This fund acts as a restricted savings account to help the District develop a more effective conservation education presence to the community, as well as provide a District office facility and a meeting facility available for use by the public. The Building Reserve Fund has a designated life of ten years and must be reviewed by 2017.

TAX RATE DETERMINATION AND AMOUNT TO LEVY

Current law allows taxing districts to establish their property tax revenue for a given budget period by either requesting a specific dollar amount or by certifying a rate to be levied. If a specific dollar amount is requested, the maximum the district can receive for that budget period is that dollar amount, even if new growth exceeds expectations and the assessed value of real property rises. If the district certifies a rate, the district is allowed to receive the total amount generated by that rate.

Maximum tax rate approved by voters

The District's permanent rate limit was established by voters in 2006 at five cents per thousand (5¢/\$1,000) of assessed value of property in Clackamas County. The law allows a maximum of 3% growth in assessed value in the county, not including new construction. Therefore, the District may receive an increase in property collections by a maximum of 3%, plus the value of new construction multiplied by the permanent rate, as determined by the Clackamas County Assessor.

For fiscal year 2013-2014, the proposed budget uses a tax levy rate of five cents per thousand dollars of assessed valuation (5.0¢/\$1,000), which is the maximum levy rate allowed for the District.

Method for estimating of tax revenues for 2013-2014 budget

For fiscal year 2013-2014, the Clackamas County Assessor estimates growth in assessed property value of 3.0% to 3.5% over assessed value for fiscal year 2012-2013. The actual assessed value of property subject to the District's tax levy – after adjustments – was \$37,052,656,130 for fiscal year 2012-2013.

For the FY 2013-2014 budget, we project the assessed value of property, and add back \$551,773,186 resulting from the expiration of a large urban renewal project. We use estimates provided by the Tax Assessor: 3.5% as the rate of growth in adjusted assessed value of real

property; a loss of about \$2,250 from Measure 5 tax compression; and an uncollectible rate of about 6%.

Estimated tax revenue calculations for proposed budget

In estimating tax revenue necessary to meet requirements, we evaluated the impact of several factors on tax revenue.

CCSWCD Tax Estimates for FY 2013-2014	4.9 cents/\$1,000 3.0% growth in AV	4.9 cents/\$1,000 3.5% growth in AV	5.0 cents/\$1,000 3.0% growth in AV	5.0 cents/\$1,000 3.5% growth in AV
FY 1213 adjusted Assessed Value	\$37,052,656,130	\$37,052,656,130	\$37,052,656,130	\$37,052,656,130
Add back Clackamas Town Center urban renewal amount	\$551,773,186	\$551,773,186	\$551,773,186	\$551,773,186
New adjusted AV	\$37,604,429,316	\$37,604,429,316	\$37,604,429,316	\$37,604,429,316
Multiply AV x anticipated growth for FY 13-14	3.00%	3.50%	3.00%	3.50%
Updated AV for FY 13-14	\$38,732,562,195	\$38,920,584,342	\$38,732,562,195	\$38,920,584,342
CCSWCD tax rate	0.000049	0.000049	0.00005	0.00005
Amount to be billed in taxes	\$1,897,896	\$1,907,109	\$1,936,628	\$1,946,029
Measure 5 compression loss	\$2,250	\$2,250	\$2,250	\$2,250
Taxes after compression	\$1,895,646	\$1,904,859	\$1,934,378	\$1,943,779
Assumed "collectible" rate	94.0%	94.0%	94.0%	94.0%
Estimated total tax revenue to be received by CCSWCD in FY 1314	\$1,781,907	\$1,790,567	\$1,818,315	\$1,827,152

Raising the tax levy rate to five cents per thousand dollars of assessed property value, in combination with the Tax Assessor's higher estimate of growth in assessed value of 3.5%, yields sufficient tax revenue to meet the requirements in the proposed budget.

Assessed value, adjusted, 2012-2013 = \$37,052,656,130

Add back urban renewal amount = \$551,773,186

New adjusted assess value, 2012-2013 = \$37,604,429,316

Assumed growth rate = 3.5%

Assessed value for taxation , projected, 2013-2014 = \$38,920,584,342

District tax levy rate = 5.0¢/\$1,000 of valuation

Gross tax revenue to District = \$1,946,029

Loss due to Measure 5 compression = \$2,250

Gross revenue after compression = \$1,943,779

Loss rate due to uncollected taxes = 6.0%

Net anticipated tax revenue to District = \$1,827,152

BUDGET DETAIL SHEETS

Budget documents are provided to the Budget Committee and public for their review. The District is required to submit the final budget on standardized budget forms prescribed by the Oregon Department of Revenue.

The proposed budget for fiscal year 2013-2014 is categorized by a General Fund containing two departments, one special revenue fund (the Conservation Fund) to hold resources for implementing conservation actions, and a reserve fund (the Building Reserve Fund) established to help the District develop a permanent, sustainable conservation education and office center.

All funds have a budget that includes a resources (revenue) section and a requirements (expenditures) section, and the totals for both sections must balance for each fund. This budget data is organized using the following Local Budget (LB) forms:

- General Fund: LB-20 form (resources) and LB-30 form (requirements)
- Conservation Fund: an LB-10 form listing that fund's resources and requirements on the same page
- Building Reserve Fund: an LB-11 form listing resources and requirements

Budgets include a variety of categories and line items specific to the needs of each fund.

RECENT PROGRAMS SHOWN

We are required to show programs and funds from the past few budget years, even when those programs or funds have been eliminated or superseded. This helps show enough history to identify changes between budget cycles. For FY 2012-2013, we combined entire programs into two departments and eliminated an unused fund in order to simplify the budget.

GENERAL FUND

The primary source of revenue for the General Fund is the District's permanent taxing authority established by voters in the 2006 General Election. Other anticipated revenue sources include grants and contracts from federal, state, and local entities, as well as interest earned from funds in the District's accounts.

Within the General Fund are two departments (Oregon Local Budget Law uses the term "organizational units," and our usage of departments means the same thing). The District Operations department and Conservation Services department cover all of the District's activities except the direct cost of financial assistance to install or implement conservation practices on property owned or managed by others.

Resources

The LB-20 Resources page of the General Fund begins with the projected cash carry-over from FY 2012-2013, conservatively estimated to be \$1,474,800. This figure is made up of: the unappropriated General Fund ending fund balance projected in the FY 2012-2013 budget and income we hadn't anticipated receiving; and money that was budgeted in the General Fund but not spent.

Other resources

Other revenue comes from a variety of grants and contracts, as well as District-earned income, administrative fees (from grants), fiscal agent fees, and interest generated from investment accounts. Generally, the District applies for grants to leverage its tax revenue and bring in supplemental funds to provide technical services and outreach to residents and landowners. Increasing the District's efforts to implement conservation actions, staff time has been unavailable to increase the development of grant applications.

Requirements (Expenditures)

The detailed department pages (District Operations department and Conservation Services department) are combined into a program-based summary (LB31 form) and then are rolled up into a General Fund Expense Summary (LB30 form) to meet public budget reporting and GASB category requirements.

Categories for requirements in the General Fund include:

- Personnel services;
- Materials and services;
- Capital outlay;
- Contingency;
- Transfers to other funds; and
- Unappropriated ending fund balance

Personnel services

The budget for salaries and wages reflects 12.5 full-time employees. The total for Personnel Services, which includes gross wages, benefits, and payroll liabilities, is budgeted at \$1,169,500 for fiscal year 2013-2014. For comparison, Personnel Services was budgeted at \$1,222,428 in fiscal year 2012-2013. The observed cost reduction is primarily due to a reduction in FTE count from 13.0 FTE employees to 12.5 FTEs as well as more stringent analysis of personnel costs.

The District's health insurance plan is managed by Clackamas County under an intergovernmental agreement (IGA). Benefits (and costs) remain consistent with those of Clackamas County employees. Medical and dental insurance plan costs have risen about 10% a year for the past few years. The District pays 90% of the premiums for the plans selected by employees, and employees pay 10% of the premiums.

For each of the past two fiscal years, health and dental insurance premiums increased about 10%, on average. Insurers will tell the District about rate changes in fall 2013, and those changes will take effect in January 2014.

The proposed budget includes increases in the employer-paid portion of employee health and dental insurance premiums.

Cost of living adjustment (COLA)

Last year, the District's Board of Directors chose to use a consumer price index (CPI) figure developed by the Local Government Personnel Institute (LGPI) as the basis for considering a cost-of-living adjustment to be applied to employee wages. Specifically, the Board of Directors chose to use CPI-W for the Portland-Salem area as the basis for discussing a COLA.

The consumer price index (CPI) is based on retail pricing for goods and services, and such purchases generally are made using after-tax dollars. Since a COLA is applied before the eroding effect of taxation on usable income, a COLA must be greater than the CPI for wages to keep pace with inflation.

Last year, the COLA provided for employees was 3.0%, matching the CPI-W published for the Portland area for calendar year 2011. As noted above, CPI is an after-tax measure, so awarding a COLA equal to the CPI means employee wages do not keep pace with inflation.

For calendar year 2012, the calculated CPI-W Portland rate is

Portland-Salem, OR-WA						
	CPI-U Portland			CPI-W Portland		
	2012	2011	2010	2012	2011	2010
1st half	2.5%	2.6%	1.6%	2.2%	2.7%	2.5%
2nd half	2.1%	3.1%	0.9%	1.8%	3.3%	1.2%
Annual	2.3%	2.9%	1.3%	2.0%	3.0%	1.8%

2.0%. In consideration of this rate, and taking into account that the COLA rate awarded last year did not keep up with inflation, we propose a COLA of 3.0% for FY 2013-2014 employee wages.

For comparison, the prior COLA published by the U.S. Social Security Administration for social security recipients was 3.6%, and the current rate is 1.7%. When viewed against rates calculated by LGPI, the 3.6% rate is too high and the 1.7% rate is too low; the average of those values is 2.65%.

The proposed budget includes a cost-of-living adjustment for all employees of 3.0% of wages.

Merit raises

To provide recognition of exemplary service and assure uninterrupted service to District customers, merit raises are included in the proposed budget at 3.0% of employee wages. Not all employees may receive merit raises this year.

Materials and Services

Materials and Services is the broad expense category that supports District operational and program requirements. The proposed budget increases the amount available for materials and services, from \$355,409 in fiscal year 2012-2013 to \$368,800 in FY 2013-2014. This cost increase is attributable to allocating more funds for contracted services in lieu of hiring additional staff.

Contracted services

Generally, this category is intended to retain and utilize professional contracted services in support of District operations and administration (e.g. legal, accounting, audit), program technical services (e.g. design, permitting, engineering, implementation), and marketing (e.g. web, advertising, media), as well as outreach and training needs.

For fiscal year 2013-2014, the proposed budget includes \$90,000 for contracted services. The budget for contracted services in FY 2012-2013 was \$74,000. For FY 2013-2014, we decreased contracted services cost for the District Operations department, and increased contracted services for the Conservation Services department, reflecting the desire to provide more service through the use of contractors.

Capital outlay

Capital Outlay typically describes larger purchases of \$1,000 or more with a useful life past one year. Purchases generally become listed as assets of the District. Capital outlay requirements are divided into office equipment, field equipment, and vehicles.

The District purchased a vehicle in FY 2012-2013. Since we don't plan to purchase a vehicle in FY 2013-2014, the total budget for capital outlay has been reduced.

Contingency

The Contingency category is supported by Oregon Local Budget Law to manage for unforeseen or unexpected operating situations. Contingency funds can be used to cover shortfalls in any of the General Fund budget categories described above. We don't expect to use contingency funds, but we have budgeted a small amount to offset unforeseen events.

Transfer to other funds

In order to allocate resources from the General Fund that are needed by another fund (such as a special fund or a reserve fund), a transfer of money is budgeted from the General Fund to the receiving fund. The transfer is shown as a requirement of the General Fund.

Unappropriated ending fund balance

This category denotes the amount of money the District needs to cover expenses from July 1, 2014 until tax revenue is received in November and December 2014. It is called "unappropriated" because it will not be spent during FY 2013-2014.

The unappropriated ending fund balance for a given fiscal year is carried forward as a Resource (cash on hand or working capital) to begin the following fiscal year. The unappropriated ending balance for FY 2013-2014 is budgeted at \$1,094,871 based on cash flow requirements and anticipated rate of expenditure; this amount slightly more than in the FY 2012-2013 budget.

CONSERVATION FUND

The Conservation Fund is a special revenue fund focused on the financial assistance we provide to others.

The Oregon Department of Revenue says, *"A special revenue fund accounts for money that must be used for a specific purpose. You must set up a special revenue fund when required by law, or by other agreement. If you receive a special purpose grant or impose a special purpose local option tax, you probably need a special revenue fund."*

The District receives grants that can only be used for restricted purposes. Rather than mix those revenues into the District's General Fund, the District uses a special revenue fund named the Conservation Fund to hold these resources.

Expenditures from the Conservation Fund are investments in conservation actions. Examples include installing conservation practices, supporting the programs of other organizations that help the District achieve its mission, and making conservation action loans. Grants and cost-sharing awards to landowners are paid out on a reimbursement basis after the work is completed to the District's standards.

The District makes commitments to perform actions like install conservation practices, and those commitments are made out of the Conservation Fund. When work is completed to our standards, the District pays expenses from the Conservation Fund.

We also make commitments that may extend into future years. In the budget, we include amounts needed to fulfill those promises of future financial assistance from appropriate sources (local taxes, grants, and loan proceeds).

For FY 2013-2014, we group anticipated expenditures from the Conservation Fund into categories that reflect the most significant benefits expected from those investments.

Habitat Conservation

The District's top three conservation priorities are wildlife, weeds, and water. The habitat conservation category is about improving, restoring, and protecting fish and wildlife habitat.

Anticipated activities include:

- Enhancing fish passage
- Streambank restoration
- Riparian zone restoration
- Establishment of native trees and shrubs
- Establishing hedgerows and plants that support pollinators
- Increasing diversity of native plant species

Weed Management

Controlling invasive species was one of the focal points of voter approval of the District's property tax base. We have increased staffing over the past two years to reflect this commitment. We also have several vegetation management contracts that allow us to accomplish more weed control than our staffing could directly support.

Anticipated activities include:

- Manual control of priority or abundant weed species, including mowing, hand pruning, and hand pulling
- Chemical control of priority or abundant weed species

Water Quality

Water quality is the third item in our short list of top conservation priorities. Our goal is fishable, swimmable, drinkable water suitable for use by people and animals.

Anticipated activities include:

- Soil erosion management, including streambank protection
- Pesticide reduction, including pesticide "round up" events and reducing usage on farms
- Well decommissioning and wellhead protection
- Septic system repairs to detect, correct, and prevent system failures
- Establishing filter strips, grassed waterways, and streamside buffers
- Installing heavy use areas to allow appropriate management of animal waste
- Fencing livestock out of surface waters
- Developing off-channel watering facilities for livestock and other animals

Water Quantity

Conserving existing water resources means that water will be available for other important uses, today and for future generations.

Anticipated activities include:

- Developing rainwater harvesting facilities
- Improving the efficiency of irrigation watering systems
- Promoting groundwater recharge

Stormwater Management

Developed landscapes change the way water moves. Stormwater management activities are aimed at restoring as much natural function as possible in the urban or developed environment.

Anticipated activities include:

- Installing bioswales and rain gardens (may include disconnecting downspouts from stormwater systems)
- Converting impermeable surfaces to permeable surfaces
- Redirecting gutters and downspouts
- Installing green roofs

Soil conservation

Soil conservation is at the heart of our mission. This is true on farm fields as well as along streambanks.

Anticipated activities include:

- Conservation tillage
- Streambank shaping and associated protection
- Planting cover crops
- Improving irrigation water delivery to reduce erosion
- Relocating farm roads and drainage away from streams

Partner support

The Master Plan identifies the District's ongoing commitment to lead and support conservation, restoration, innovation, and sustainability efforts with local partners.

Anticipated activities include:

- Conservation projects by partners
- Sponsoring activities that promote conservation actions on the landscape

Payments to DEQ

Our loan program is expected to be partly funded by a grant received from the Oregon Department of Environmental Quality. That grant requires the District to pay back funds received, but if we fully comply with the contract, 30% of the amount we receive will be forgiven.

BUILDING RESERVE FUND

The Building Reserve Fund is a reserve fund in which the District saves money toward property or a facility that will allow the District to provide better service to our customers.

The Oregon Department of Revenue says, *"A reserve fund accumulates money to pay for any service, property, or equipment that your local government can legally perform or acquire. It functions as a savings account. A resolution or ordinance of the governing body is needed to set up a reserve fund. The reserve fund must have a specific purpose, such as the purchase and repair of road maintenance equipment. Once money is placed in a reserve fund, it can only be spent for the*

specific purpose of the fund. Purchases are made directly out of the reserve fund. At least every 10 years, the governing body must review the fund and declare whether or not the fund is still needed. "

Established in 2007, the District's Building Reserve Fund is used to accrue monies for the benefit of leasing, acquiring, constructing, remodeling or making capital improvements to real property of the District. This reserve fund may enable the District to purchase a building for its use in future years instead of renting office space. The Building Reserve Fund is due to be reviewed by 2017.

For FY 2013-2014, contributions to the Building Reserve Fund are reduced, in favor of transfers to maintain the Conservation Fund.

For the District to be able to respond quickly should an appropriate opportunity or need arise, the funds in the Building Reserve Fund have been fully appropriated in FY 2013-2014.

Section 5: Page-by-page budget notes

Sections 1 through 4 provide context for the budget proposed for fiscal year 2013-2014 (July 1, 2013 through June 30, 2014). The proposed budget is arranged with final sheets on top (pages 1 through 9), followed by worksheets for page 1 and pages 6 through 9. Each of the final sheets is discussed below.

We have three funds: the General Fund, the Conservation Fund, and the Building Reserve Fund. Under Oregon Local Budget Law, each fund's resources (income) and requirements (expenses) must balance.

PAGE 1 – GENERAL FUND: RESOURCES

The District operates on a cash basis. Line 1 shows the unrestricted cash we expect to have available on July 1, 2013. Other resources include interest income from savings, and grants we expect to receive from the Oregon Watershed Enhancement Board and the Oregon Department of Agriculture.

Line 19 shows the tax revenue required to meet all proposed expenditures.

PAGE 2 – GENERAL FUND: SUMMARY OF EXPENDITURES – BY DEPARTMENT, SHOWING TOTALS

Page 2 is a roll-up of expenditures from the General Fund, shown by department. We have two departments: the District Operations department, and the Conservation Services department.

Lines 1 and 2 show the cost of personnel for each department. The commitment of the District to provide technical service to residents is evident by the amount shown on line 2.

Also shown are transfers to other funds. Specifically, line 12 shows the proposed transfer from the General Fund to the Conservation Fund. Line 14 shows the proposed transfer from the General Fund to the Building Reserve Fund.

PAGE 3 – GENERAL FUND: SUMMARY OF EXPENDITURES – BY OBJECT CLASSIFICATION, SHOWING DETAILS

Page 3 shows more detail about proposed expenditures from the General Fund. Costs for both departments are combined into broader categories. Where page 2 showed salaries and wages for all employees by each department, page 3 line 1 shows the salaries and wages for all employees.

Line 1 shows a decrease in salaries and wages for FY 2013-2014 compared to FY 2012-2013. Reducing one position to less than one-half time resulted in a cost reduction.

Similarly, payroll liabilities (line 2), employee benefits (line 3), and deferred compensation (line 4) all decreased. These costs (except for benefits such as health insurance) are directly related to the amount of salaries and wages paid.

Line 6 addresses cost-of-living adjustments (COLAs) and merit raises for employees. In FY 2012-2013, COLAs and merit raises were held down as we launched a focus on working in functional teams. That effort has resulted in substantially more work achieved. For FY 2013-2014, COLAs and merit raises are budgeted at a higher level in response to increased achievements.

In the Materials and Services section, note that contracted services (line 11) is increased for FY 2013-2014. This is a management response to increased workload.

Insurance costs rose (line 16) because we added a fourth vehicle in FY 2012-2013, and because District management increased protection levels on several coverages.

Lines 17 and 18, taken together, show relatively little change between FY 2012-2013 and FY 2013-2014.

We are performing more outreach, so mailing costs are increased (line 19). We scaled back on printing and production costs based on actual experience (line 20).

Dues, subscriptions, and licenses (line 22) are higher in FY 2013-2014. This category covers software licenses, and in fall 2013 we renew our Google Apps for Government license for another three years.

Staff training expenses are reduced to reflect recent history (line 23).

Scholarships (line 29) are doubled, in response to recent Board action to award two \$2,000 scholarships in FY 2012-2013. For budget purposes, we assumed the same level of scholarship awards would be made in FY 2013-2014.

In the Capital Outlay section, line 33 reflects the purchase of a vehicle in FY 2012-2013. No vehicle is expected to be purchased in FY 2013-2014, so a zero expense proposed for the next fiscal year results in a reduction in planned capital outlay.

Lines 24 and 26 address proposed board director costs. These costs are assigned to the District Operations department as a general cost of doing business.

PAGE 4 – GENERAL FUND: DETAILED EXPENDITURES – DISTRICT OPERATIONS DEPARTMENT

Where page 3 shows costs for both departments, page 4 shows costs for just the District Operations department.

Compared to FY 2012-2013 costs for Personnel Services, proposed costs for FY 2013-2014 are very similar.

In Materials and Services, line 22 shows a substantial increase. We have assigned the cost of agency-wide software licenses to the District Operations department, so renewing our Google Apps for Government software and expanding the District's website result in higher costs.

PAGE 5 – GENERAL FUND: DETAILED EXPENDITURES – CONSERVATION SERVICES DEPARTMENT

Page 5 shows costs for the Conservation Services department.

As on page 4 for the District Operations department, projected costs for Personnel Services in the Conservation Services department is similar in FY 2013-2014 as in FY 2012-2013.

Decreased costs are attributable to changing the status of one employee.

We added additional funding for temporary employees and interns (line 5) in anticipation of hiring a few college students for summer 2013.

PAGE 6 – SPECIAL REVENUE FUND – CONSERVATION FUND

Resources (income) and requirements (expenses) for the Conservation Fund are detailed on page 6. This is a special revenue fund, so resources in the Conservation Fund are restricted to certain purposes.

We expect to transfer more into the Conservation Fund in FY 2013-2014 than we did in FY 2012-2013, reflecting our commitment to continue investing in conservation improvements.

For FY 2013-2014, we increased the amount of revenue from the Oregon Department of Environmental Quality (DEQ) grant to the District (line 6).

New for FY 2013-2014 is loan principal payments and loan interest payments, shown on lines 7 and 8, resulting from lending more funds for local conservation actions.

For FY 2013-2014, expenditures (requirements) are categorized according to expected conservation benefits (lines 19 through 24). Partner support such as grants to farmers markets and watershed councils is shown on line 25.

DEQ-funded loans also require repayment by the District, and those payments are shown on line 26.

Line 38 shows how much we expect to hold back to make good on commitments that extend into future fiscal years.

PAGE 7 – RESERVE FUND – BUILDING RESERVE FUND

The District's "savings account" for District-owned properties and facilities is the Building Reserve Fund, described on page 7 of the proposed budget.

We expect to transfer less into the Building Reserve Fund than what was approved in the FY 2012-2013 budget. By transferring less unrestricted funds now into the Building Reserve Fund, the District will be able to fully fund the Conservation Fund in FY 2013-2014.

The proposed budget contemplates a transfer from the General Fund to the Building Reserve Fund at a level close to actual transfers made in FY 2010-2011 and FY 2011-2012.

The entire fund is appropriated so the District has the flexibility to respond quickly to acquisition opportunities and other property and building needs.

PAGE 8 – SPECIAL FUND – EQUIPMENT RESERVE FUND

Page 8 details the Equipment Reserve Fund. This fund has been dissolved, so the proposed budget shows zero expenditures. Funds previously held in the Equipment Reserve Fund were transferred into the General Fund in FY 2012-2013; find this detail on page 1, line 13.

PAGE 9 – SPECIAL FUND – AGENCY FUND

Page 9 details another defunct fund. This was previously used when the District acted as a fiscal agent for another organization. After ceasing that activity, the District discontinued this fund.

Appendix A: About the Clackamas County SWCD

Governed by seven-member Board of Directors

The District is governed by a seven-member Board of Directors. Individual directors are publicly elected in county-wide elections administered by Clackamas County. Five directors are elected to represent specific zones in the District, and two directors are elected “at large,” meaning they do not represent a particular zone.

The District boundary is identical to that of Clackamas County, Oregon. The District office is located in Oregon City in an attempt to balance easy access by the majority of Clackamas County citizens with proximity to active farming areas.

Twelve people employed

The District employs twelve people in two fundamental areas of work: district administration, and delivery of conservation services.

The majority of the District’s employees are engaged in providing conservation services to the public, with specialized skills addressing large and small farms, streams and the health of streamside vegetation, conservation in the urban environment, wildlife needs, outreach and education services, and invasive plant species.

Three employees provide management and administration of the organization: a contracts specialist, a financial administrator, and a district manager.

All work occurs under the supervision of a district manager who reports to the Board of Directors.

Some work is contracted

The District also utilizes specialized contractors to provide additional service. For example, vegetation management contractors are used to treat invasive species, and an engineering technician is utilized a few days a week to assist District staff in serving customer needs.

How much land?

The District covers all of Clackamas County, with a total area of 1,879 square miles. Land covers 1,868 square miles and surface water covers 11 square miles. The 11 square miles of water exists as wetlands, ponds, lakes, creeks, streams, and rivers.

Ten feet of precipitation in mountains, four feet in lowlands

The eastern part of the District is bounded by the Cascade Mountains where luxuriant forests help to capture snow and rain. Water is an abundant resource, but it is not evenly distributed, with some areas receiving far more than other regions. Some places end up with too much water and some have too little.

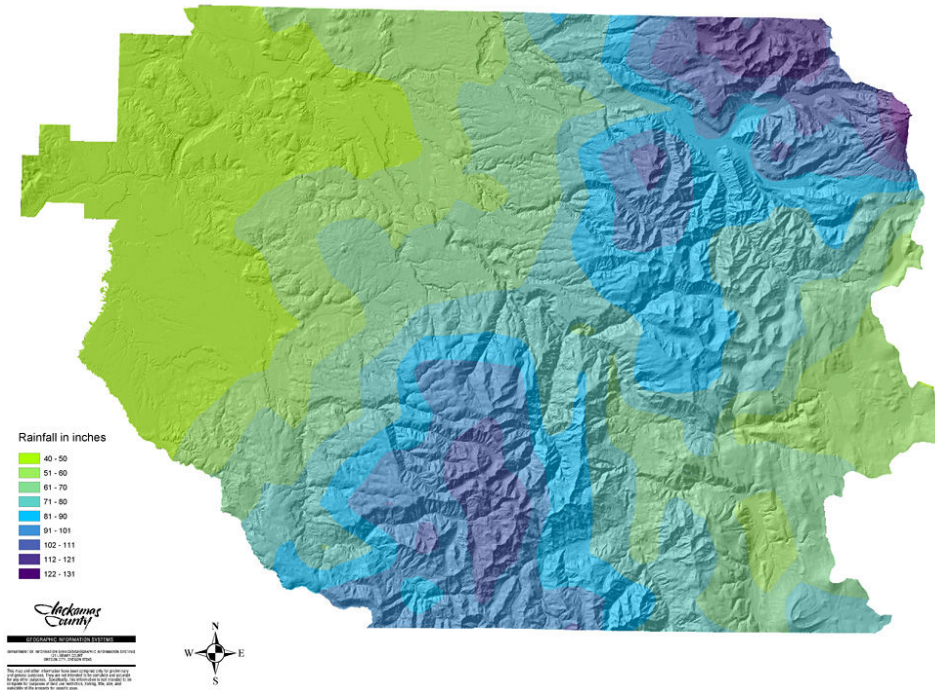


Figure 1: Average rainfall in Clackamas County

More farms than any other county in Oregon

The District is in one of the most favorable farming locations in the United States: the Willamette River Valley. The combination of rich, deep soil with a moderate climate makes it possible for farmers to produce a diverse array of food crops, livestock, nursery products, and Christmas trees.

Farming activity occurs on 285 square miles of land, or 15 percent of the total area of land available in the District. In general, public lands are higher elevation landscapes not suitable for farming activities. It comes as no surprise that most farming activity is centered on fertile valley bottoms and nearby prairies.

Farming often involves disturbing soil for field preparation, weed control, planting, and harvesting. Clearly, farming is a major land disturbing activity, and with land disturbance comes increased potential for soil erosion, loss of native plant communities, invasion of weeds, and impacts to water quality.

Clackamas County also has more farms than any other county in Oregon, with 3,989 farms reported in the 2007 Census of Agriculture. The District contains about ten percent of the total number of farms statewide. Yet, the average size of a Clackamas County farm is only 46 acres, which is about one-tenth of the average size across the state.

Approximately one-quarter of farms in the District irrigate land. About one-quarter of the farms in the District are owned by women.

Farms in the District are important to the local, regional, and statewide economy, generating more total farm sales than any other county in Oregon except for Marion County.

Urban land

Based on the 2010 U.S. Census, the District holds 375,922 people, or nearly ten percent of Oregon's total population. Most people live in the northwestern part of Clackamas County.

2000 Census Population Density

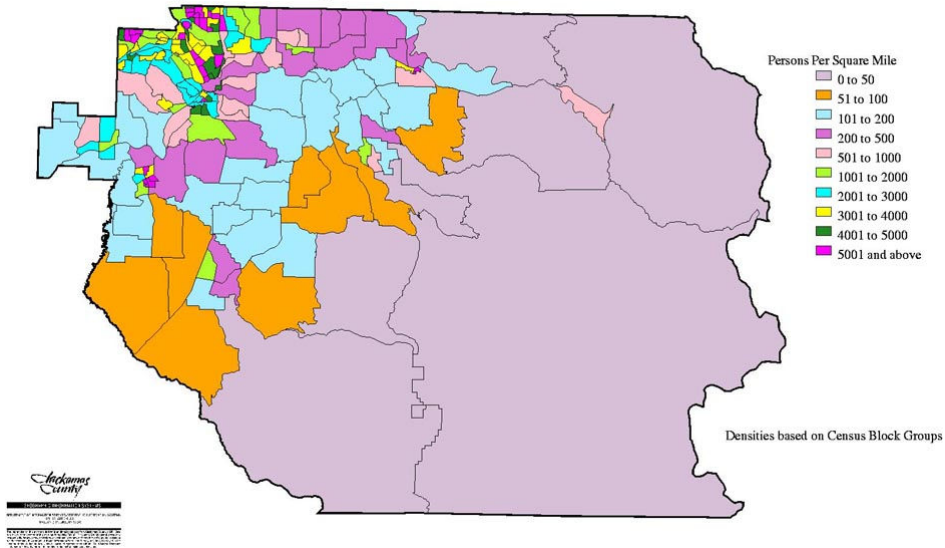


Figure 3: Population density in Clackamas County

Conditions in the urban environment challenge us in helping landowners conserve natural resources. In and around cities, native soil profiles have been disturbed through the building of roads, businesses, and homes. Our traditional conservation practices are based on having native soil profiles, and may not always work as expected in urban conditions. Some conservation practices suitable for urban landscapes are quite expensive compared to working on farm and forest land. Urban areas also present many more potential users of our services in a smaller area, compared to delivering services in our farming and forestry-based communities.

Forest land

Forested land covers a large portion of the District. Figure 4 shows the distribution of public lands in Clackamas County, and in general, public lands are forested lands. In addition, private forest land occurs in a north-south strip between public lands to the east and farms to the west.

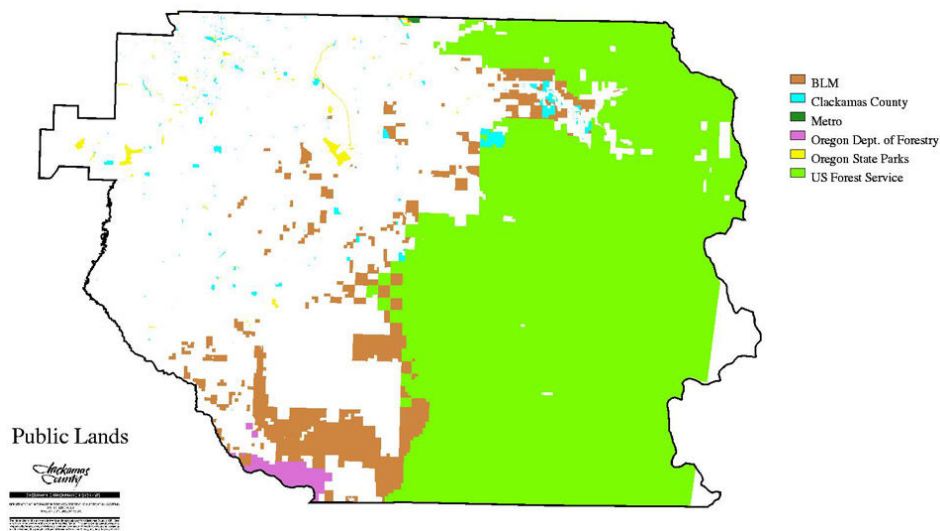


Figure 4: Public lands in Clackamas County

District Programs

We help people use resources responsibly, for current and future generations. Protecting water quality in a non-regulatory, collaborative manner is a core mission of the District. With so much land draining to so little water, small changes in land-based practices can dramatically affect water quality.

Many of the District's core conservation programs revolve around land disturbance. Whenever land is disturbed, the potential increases for soil erosion, disruption of native plant communities, and invasion of foreign species. Whether in the forest, on the farm, or in an urban area, land disturbance is a central factor in determining the activities and support available through the District.

The District's conservation professionals are focused on conservation activities that roughly reflect the gross characteristics of the wide range of land uses on private lands in Clackamas County:

- Four employees are focused on working with farms and fields.
- Two employees deal primarily with invasive plants.
- One employee concentrates on streamside plant communities.
- One employee is focused on conserving resources in the urban environment.

In addition to college-level education in various natural resource fields, and training in conservation planning systems, some of our staff have received training in wildlife conservation and rainwater harvesting. One staff member is certified by Oregon State University as an Oregon Master Naturalist. All staff work in a cross-functional manner, meaning they work not only within their core area but also extend their knowledge, skills, and abilities to other staff members when needed to address diverse natural resource needs and landowner interests on specific parcels of land.

The distribution of District staff skills outlined above occurred in response to the kinds of requests for help received by the District, in combination with the guidelines presented in the District's Master Plan that was developed in 2008, and based on direction from the District's elected Board of Directors. Changes in these skills sets are likely to occur in the future as the District continues to shape how it responds to evolving natural resource conditions and shifting community needs.