

To: Clackamas SWCD Budget Committee
From: Christopher Lapp, Budget Officer
Date: March 25, 2021
Re: FY 2021-2022 Budget Message



Budget Message Summary

Clackamas Soil and Water Conservation District is funded by a property tax levy. In 2006, voters authorized a property tax levy to fund our services to Clackamas County constituents.

We are doing the things we promised voters we would do. We are helping people conserve our vital natural resources in many different landscapes in Clackamas County.

We are recognized as a regional leader in conservation. Our work is widely recognized throughout the region by citizens, elected officials, agencies, and partners. Our people participate at all levels in Oregon's conservation delivery system.

Our financial operations are sound and transparent. Audits of the District have been good, and our internal controls assure the safety of public funds under our care. We operate transparently and welcome public participation.

Budgeting balances revenue and expenditures to meet the District's goals. The budget shows what it costs to operate the District, to deliver services to our constituents, and to invest in long-term conservation actions. It shows how we plan to invest funds in on-the-ground conservation actions that align with the District's conservation priorities.

Large investments continue to challenge our flexibility. Recent land acquisitions and capital improvement projects have made us take a more conservative approach in budget management, but those investments will help chart the future direction of the District to offer high quality services and conservation engagement opportunities for county residents for years to come.

Current staffing levels are reassessed to assure high-quality programmatic delivery. Additional staff will be added to address a programmatic shift and need while maintaining existing staff levels to ensure service delivery.

We continue to diversify our approach to support long term viability. In other areas of the budget, we maintain support for the technical help we provide while continuing to seek grant dollars to leverage our property tax revenue for important conservation actions.

On behalf of the Clackamas Soil and Water Conservation District, I am pleased to present the proposed budget for fiscal year 2021-2022 (July 1, 2021 through June 30, 2022).

A handwritten signature in black ink, appearing to read "Chris Lapp".

Contents

Contents.....	2
Purpose	4
Summary of Significant Changes.....	5
Structure of the Budget Message	7
Abbreviations and Phrases	7
Appendices.....	7
Specific appendices.....	7
Budget Scenario for Fiscal Year 2021-2022	8
A – Priorities.....	8
A.1 – Top Priorities.....	8
A.2 – Other Priorities	9
B – Budget Has Five Funds	9
B.1 – Overview	9
B.2 – General Fund.....	10
B.3 – Conservation Grants Fund	11
B.4 – Conservation Loans Fund.....	11
B.5 – Working Lands Legacy Fund.....	12
C – Changes for Fiscal Year 2021-2022	12
C.1 – General Fund.....	12
C.2 – Conservation Grants Fund	12
C.3 – Conservation Loans Fund.....	13
C.4 – Working Lands Legacy Fund.....	13
D – Tax Rate Determination and Amount to Levy	13
D.1 – Tax Rate Proposed in Budget.....	13
D.2 – Method for Estimating Tax Revenues.....	13
D.3 – Property Tax to Levy	15
E – Budget Detail Sheets	15
F – Recent Programs Shown	15
G – General Fund	15

G.1 – Resources.....	16
G.2 – Other resources	16
G.3 – Requirements	16
G.4 – Personnel services	17
G.5 – Cost of living adjustment (COLA).....	17
G.6 – Pay matrix.....	18
G.7 – Merit raises.....	19
G.8 – Materials and Services.....	20
G.9 – Capital outlay.....	20
G.10 – Debt service	20
G.11 – Transferred to other funds	20
G.12 – Contingency	21
G.13 – Unappropriated ending fund balance and Reserved for Future Expenditure.....	21
H – Conservation Grants Fund	21
I – Conservation Loans Fund	22
J – Working Lands Legacy Fund.....	23

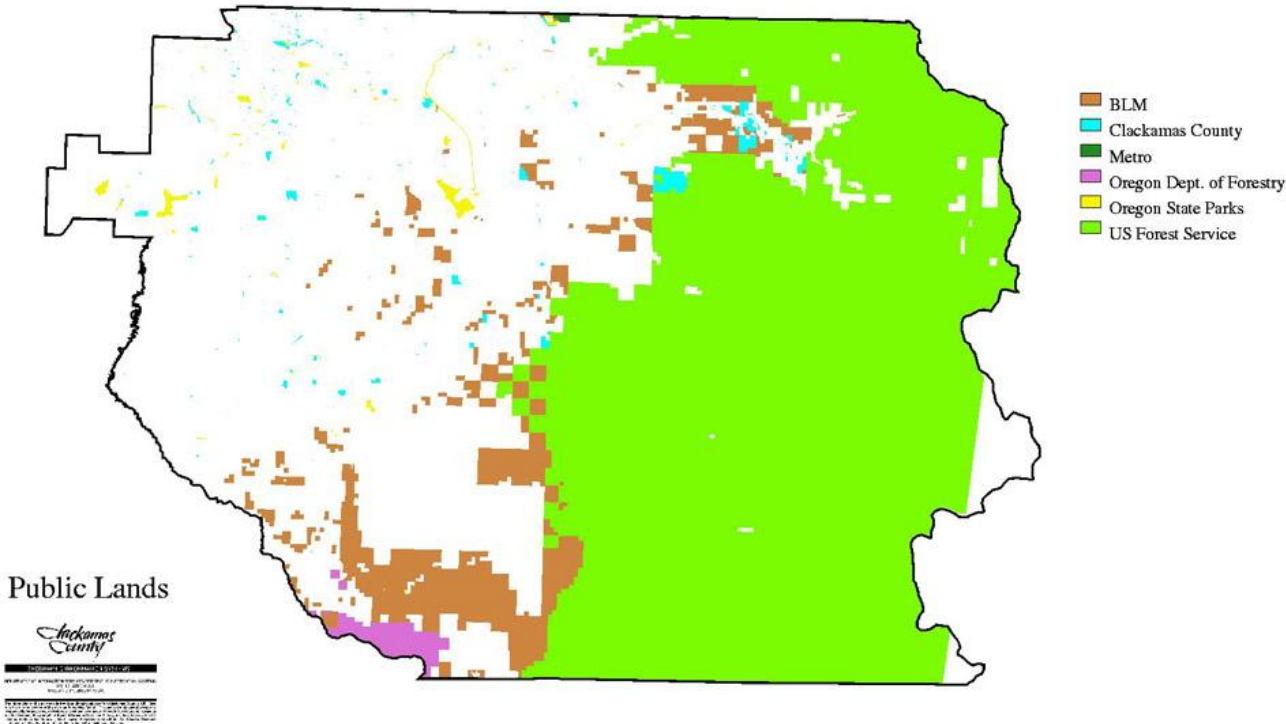
Purpose

This budget message is provided to explain the Budget Officer’s proposal for a fiscal year 2021-2022 budget, covering the period from July 1, 2021 through June 30, 2022. The board has appointed General Manager to fulfill the role of Budget Officer for the FY 2021-2022 budget.

The Clackamas County Assessor provides a good summary of what the District does:

Clackamas County Soil and Conservation - Oregon’s Soil and Water Conservation Districts provide technical assistance, educational outreach, and other conservation services to landowners, managers, and citizens. The district provides leadership in delivery of state water quality programs, watershed enhancement programs, and local conservation efforts that contribute to the Oregon Plan for Salmon and Watersheds. The Districts coordinate and partner with state and federal natural resource agencies, private organizations, and local governments.

The Clackamas Soil and Water Conservation District’s legal boundary is identical to that of Clackamas County. Because the eastern part of the County is primarily public land, most of the District’s work occurs on private lands in the western half of the County.



Summary of Significant Changes

Established Department Structure

The department structure in the General Fund is as follows:

- District Operations
- Conservation Planning
- Weed Wise
- Education and Outreach
- Land Management
- Not Allocated to Any Department

The first four departments (District Operations, Conservation Planning, Weed Wise, and Education and Outreach) each have a departmental manager to help maintain progress towards achieving the District's goals.

Covid-19 Impacts

It would be an understatement that Covid-19 had a challenging impact on our operations. From establishing and supporting a remote work culture for our employees, restructuring contractor services while absorbing those additional costs, to supporting employees under the paid sick leave and family leave systems, it was a different way of doing business. It will continue to have a ripple effect on District's operations into next year as we approach what a post-pandemic world may look like and how we approach conservation to the communities we serve.

Strategic Planning

The District is at a point to reassess how it will best align itself with its mission and core values in the next 3-5 years. A strategic planning effort is needed to accomplish this. To be successful in the effort, it will need engagement from staff, board members, and stakeholders to craft guidance for managing programs and services. The planning process will also provide a basis for development of future budget requests for District operations, maintenance, and capital improvement needs. We have provided fiscal support next year to ensure the planning process is a successful endeavor.

Conservation Resource Center and Community Forest Management

Funding has been directed to support a conceptual site plan for the Resource Center Farm and to accomplish preventive maintenance for the Community Forest.

Land Management Department Structure

As we move into a programmatic evaluation associated with our Strategic Planning outcomes for next year, a focus will be on how we approach the expanding needs of the Land

Management Department. To be best situated for that outcome, the District has budgeted for a departmental manger position to address the capacity needs of the program.

Elimination of Building Reserve Fund

The Building Reserve Fund was established to save money towards construction of the Conservation Resource Center, which is now substantially complete. The fund account now carries no funds, and its explanation will be removed from the message. The Fund will remain a part of the budget's historical record through fiscal year 2023-2024.

Partner Support

A gradual increase in support has been provided for our established partnerships with the District that includes the Watershed Councils, Farmer's Markets; Backyard Habitat Program; and the CreekCare Program in Johnson Creek.

Conservation Investments

A gradual increase in support has been provided to continue our commitment in providing quality services in Conservation Planning and Weed Wise to landowners and partners.

Financial Reserves

We continue our commitment to manage for adequate reserves due to ensure the adequate delivery of conservation services into the future.

Tenant Lease Contract Established with USDA

The District received an approved tenant lease from the US Department of Agriculture to occupy the west annex of the Conservation Resource Center. NRCS and FSA staff from Oregon City will occupy the space. A construction contract was also established to build out the space to accommodate the tenant's office and operational needs. Construction should be completed, and the tenants should be in place by next year providing lease revenue to the District.

Structure of the Budget Message

Abbreviations and Phrases

Abbreviations used in this document and appendices include:

- **AV** – for Assessed Valuation
- **District** – for Clackamas Soil and Water Conservation District
- **FY** – for Fiscal Year
- **ORS** – for Oregon Revised Statute

When used in this document, “**last year**” means FY 2019-2020, “**this year**” means FY 2020-2021, and “**next year**” means FY 2021-2022.

Appendices

In previous versions of the Budget Message, contextual and explanatory information was provided before the discussion of the proposed budget. While this presented a logical sequence to help prepare readers to better understand the Budget Message, it also contributed to a rather voluminous document. In this Budget Message, those topics are relegated to appendices to help make the core Budget Message less overwhelming.

Specific appendices

The appendices to this Budget Message are:

- Appendix 1 – Budgeting Processes and Requirements
- Appendix 2 – Policies and Performance
- Appendix 3 – Economic Conditions and Management
- Appendix 4 – About the Clackamas SWCD

A convenient starting point for budget documents and related information is the District’s website at this link: <https://conservationdistrict.org/tag/budget>

Appendix 1: Budget Processes and Requirements

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

Appendix 2: Policies and Performance

The District’s financial policies and program performance are discussed in Appendix 2.

Appendix 3: Economic Conditions and Management

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

Appendix 4: About the Clackamas SWCD

Appendix 4 provides background information about the District, land uses in Clackamas County, and existing District programs.

Budget Scenario for Fiscal Year 2021-2022

The District's proposed budget for next year (FY 2021-2022, which is July 1, 2021 through June 30, 2022) reflects the continued commitment of the District to implement core components of the District's annual and five-year conservation priorities adopted by the Board of Directors. The latest annual plan was developed within a five-year context and is available on the District's website at: <http://bit.ly/CSWCD-Plans>

A – Priorities

A.1 – Top Priorities

Conserve Key Natural Resources

The District's top priority is to implement policies and programs that lead to the conservation of natural resources in Clackamas County. In particular, the District focuses on:

- Water quality
- Water quantity
- Wildlife habitat
- Invasive species
- Working lands
- Soil health

The District's projects often impact more than one of the District's natural resource priorities. For example, an irrigation efficiency project will reduce water consumption and may improve water quality and soil health.

Due to the continuing fragmentation and conversion of working lands in Clackamas County, the District seeks to preserve our best farms, fields, and forests so that they are available for future generations. We focus on educating constituents and decision makers, supporting actions by elected officials and agencies that protect working lands, and occasionally acquiring land and conservation easements to protect specific parcels of land.

Maintain Service to Constituents

The District strives to deliver timely, consistent, fair, and professional service to residents of Clackamas County. We work cooperatively with willing landowners to assure that natural resources are available for use today and tomorrow.

We provide assistance in two forms: technical assistance/consultation, and when warranted and available, financial assistance to help with implementing conservation practices that protect or improve natural resources.

To better serve the needs of our organization and our customers for the foreseeable future, we moved into our new base of operations in Conservation Resource Center in November 2019. This facility enables us to provide onsite services such as consultations, demonstrations, equipment rental, tool checkout, and workshops while providing better accessibility to our customers.



A.2 – Other Priorities

The District also works on other priority concerns. We call these the District W's. Find them at:

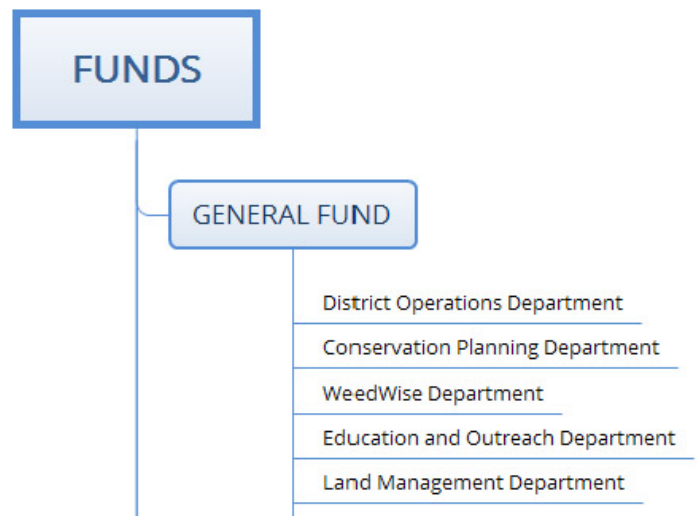
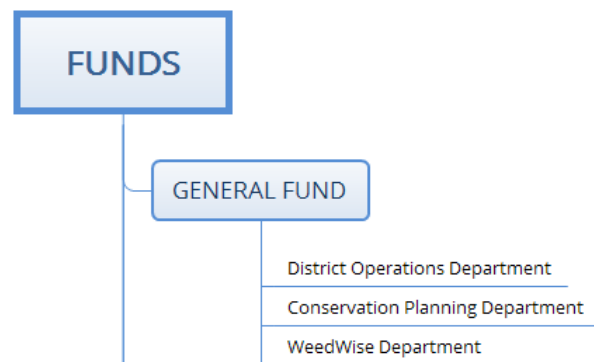
<https://conservationdistrict.org/about/the-district-ws>

B – Budget Has Four Funds

B.1 – Overview

The proposed budget is structured around four funds:

- General Fund
- Conservation Grants Fund
- Conservation Loans Fund



- Working Lands Legacy Fund

The District's projects often impact more than one of the District's natural resource priorities. Accordingly, funding of projects and activities may come from more than one fund.

B.2 – General Fund

The District is a service organization

Clackamas County voters approved a permanent tax levy in 2006 to ensure that District services would be provided.

The District is committed to fulfilling promises we made to voters in Measure 3-221. The services described in this voter-approved measure are the reason for the District's property tax levy. Program delivery costs come primarily from the General Fund which is largely funded by the District's tax levy.

Measure 3-221 said:

This permanent rate limit will enable Clackamas Soil and Water Conservation District to provide education and technical assistance to urban and rural residents, farmers, businesses, municipalities, and others to meet rising legal and public expectations for healthy and sustainable management of our land, air and water. The District does not make or enforce regulations.

The permanent rate limit will support current District programs including conservation technical assistance, help for landowners navigating regulations, and cost-share funding for conservation projects to improve the quality of our streams, working lands and natural habitat for fish, wildlife, and people. The District is also responding to citizen demands to implement a countywide weed program focused on education and sustainable control methods.

This measure establishes a permanent rate limit of \$0.05 per \$1,000 assessed valuation. It will cost a property owner a maximum of \$10.00 per year on property valued at \$200,000 and yield an estimated \$1,400,000 to the District. The District may levy a lower rate. This permanent rate is an upper limit that by law can never be raised.

What is a 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."

Revenues are described in Oregon Local Budget Law as resources. Expenditures are described as requirements. Once the budget is adopted, requirements represent the maximum expenditures that can be made from a fund. In the simplest possible terms, budgeting balances resources available against requirements of the District.

To help in connecting discussion items with the proposed budget spreadsheets, individual spreadsheet page numbers are shown in this format: page X.

Resources (revenues) for the General Fund are shown on [page 1](#) of the proposed budget. Requirements (expenditures) are summarized in two ways: by department on [page 2](#) and by object classification on [page 3](#).

B.3 – Conservation Grants Fund

This fund was established as the Conservation Fund in fiscal year 2012-2013 to help the District support conservation actions on private lands and to support other programs that aligned with the District’s mission. In FY 2016-2017 this fund was renamed the Conservation Grants Fund and conservation loans were moved to a separate fund to show loan activities more clearly.

The Conservation Grants Fund ([page 10](#)) is a special revenue fund focused on projects that implement conservation practices where the District is managing all or part of the project, usually in coordination with the landowner. Some grant funds the District receives are restricted to specific projects, so those revenue sources should not be mixed into the 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.”

While the District’s General Fund is primarily focused on costs spent internally for the operation of the organization and to enable the delivery of services, the Conservation Grants Fund is externally focused, investing in on-the-ground conservation actions with our primary customers. Another way to view this difference is that the General Fund covers the cost of fulfilling our primary commitment to voters: providing technical assistance and consultation throughout Clackamas County. While providing technical assistance is required, providing financial assistance is a more discretionary activity.

Anticipated investments from the Conservation Grants Fund echo the conservation priorities of the District.

B.4 – Conservation Loans Fund

In FY 2016-2017 the District created the Conservation Loans Fund ([page 11](#)) to more clearly show loan-based activities of the District. Sources of loan funds could include: (a) repayments of earlier loans; (b) interest earned; (c) new funds provided by the Oregon Department of Environmental Quality; and (d) property taxes. In FY 2017-2018, the District launched a loan program in association with Oregon Department of Environmental Quality to provide funds to repair or replace failing septic systems in the Clackamas River watershed. Failing septic systems threaten people, pets, and wildlife, and can significantly impact water quality. The Clackamas River is the primary source of drinking water for more than 300,000 people.

Learn more about the septic system loan program at <https://conservationdistrict.org/programs/septic-system-repair-loans>

The Fund does fill a niche in providing an additional way to provide support for conservation

efforts for some customers, especially the Septic Loan Program. Looking into the future the program could even undergo a restructure as climate change brings additional challenges to our work. For now, we are pulling back from the expansion on loan funding as we focus our efforts on addressing debit services of the District.

B.5 – Working Lands Legacy Fund

The Working Lands Legacy Fund ([page 12](#)) is a special revenue fund used to save money for the long-term conservation of farms, fields, and forests that are at risk of permanent loss, as well as the wildlife habitat components associated with such lands. This fund is focused primarily on acquiring land and conservation easements.

C – Changes for Fiscal Year 2021-2022

C.1 – General Fund

Trend

General Fund spending next year (FY 2021-2022) will see a modest increase due to Personal costs and Conservation Grant Fund support. In addition, strategic planning will need funding support to ensure the District’s goals and objectives are captured in a usable format.

Employment

Employment is slightly higher, increasing from 17 full-time equivalents (FTEs) to 17.5 FTEs having the addition of a seasonal maintenance worker position to maintain our capital investments.

Materials and services

Materials and services costs increased slightly to support Cooperative Weed Management Activities

Debt service

The District’s debt will remain steady as it continues payments for its acquisition of the Eagle Creek Community Forest property near Estacada and construction of the District’s new headquarters in Beaver Creek. The loan repayment structure is 10-15 years.

Special Payments

Special Payments will be up next fiscal year as we gradually increase the level of support for our partners. Investment in partner support for other conservation and working lands related projects and entities within Clackamas County make up the bulk of the expenses in this object classification. These are valuable investments as they amplify the work of conservation.

C.2 – Conservation Grants Fund

Next year, resources coming into the Conservation Grants Fund and requirements from the Fund will increase moderately, offsetting general fund tax dollars. Much of the requirements are to be used for existing contractual obligations in support of Cooperative Weed

Management Areas and Early Detection Rapid Response focus areas for the Weed Wise department.

C.3 – Conservation Loans Fund

Next year, the resources available to the Conservation Loans Fund will relatively stay constant. We begin next year with a slightly lower beginning fund balance, but a similar level of borrower repayment resources from this year to next.

Requirements have been increased as we continue to encourage landowners to borrow to address critically failing septic systems and practices that protect or improve water quality.

C.4 – Working Lands Legacy Fund

The Working Lands Legacy Fund will focus on paying down debt for capital and real property improvements. As a result, this fund will carry far fewer resources while debt payments are in progress.

A small investment of resources will be utilized to support Strategic Planning efforts.

D – 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 taxing 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 taxing district certifies a rate, the district can receive the total amount generated by that rate. In the past, the Clackamas SWCD has certified a rate, not an amount.

D.1 – Tax Rate Proposed in Budget

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.

For next year (FY 2021-2022), 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. This is the same rate levied annually by the District for the past several years.

D.2 – Method for Estimating Tax Revenues

We have received an estimate of property tax revenue growth from the Clackamas County Assessor for next year. With economic uncertainty due to the impacts of the Covid-19 pandemic and catastrophic wildfires going into next year (FY 2021-2022), the District will take a conservative approach to estimating property tax revenue.

Assessed valuation growth estimated at 3.5%

This year, we projected a 3-percent growth in the assessed valuation (AV) of taxable property. For next year’s proposed budget, we used the bottom end of the growth range estimated by the assessor for the increase in AV. While we expect to see AV increase, estimating revenue conservatively provides some buffering against economic uncertainty as we approach next year.

Calculating property tax revenue

In preparing an estimate of property tax revenue for FY 2021-2022 to be received by the District, we incorporated a variety of factors, including:

- Assessed valuation of property for the prior fiscal year
- Nonprofit housing value
- Urban renewal increment and division of tax rate
- Tax levy rate for Clackamas SWCD
- Urban renewal division of tax rate truncation
- Compression loss
- Additional taxes received
- Collection rate

For the purposes of the proposed budget, we used values for this year (FY 2020-2021) as reported to us by the County Assessor, except we increased the assessed valuation of property by 3.5 percent. We also estimated a more conservative collectible rate than in years past to account for potential increases in tax payment delinquency due to the Covid-19 pandemic.

			<i>AV increased by 3.5%</i>	
Description	Operation	FY 20-21	FY 21-22	
Assessed valuation (AV) of property:	Enter #	\$55,804,009,255	\$57,757,149,579	
Nonprofit housing value:	Add	\$4,635,718		
	RESULT	\$55,808,644,973		
Urban renewal increment:	Subtract	(\$2,343,110,775)		
	RESULT	\$53,465,534,198		
Tax rate of 5 cents per \$1,000 AV:	X by .00005	\$2,673,277		
UR division of tax rate truncation:	Add	\$5,275		
Actual tax extended for district:	RESULT	\$2,678,552		
District's compression loss:	Subtract	(\$787)		
	RESULT	\$2,677,765		
Additional taxes received:	Add	\$7,096		
Estimated revenue at 100% collection:	REST	\$2,684,861	\$2,778,831	
Revenue at collectible rate of 95%:	RESULT	\$2,550,618		
Revenue at collectible rate of 93%:			\$2,584,313	

D.3 – Property Tax to Levy

The amount of collectible property tax for Clackamas SWCD for next year (FY 2021-2022) is projected to be \$2,584,313.

The projected revenue calculation used these assumptions:

- Three and a half percent growth in assessed valuation of taxable property in Clackamas County
- Same tax rate (five cents per \$1,000)
- Same collectible rate (93%)

E – Budget Detail Sheets

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

Budget sheets

The proposed budget for next year (FY 2021-2022) is categorized by a General Fund containing six departments and three special revenue funds to hold resources for restricted purposes.

All funds have a budget that includes a resources section and a requirements section. The totals for both sections must balance for each fund. Budgets include a variety of categories and line items specific to the needs of each fund. Some funds also have worksheets that provide somewhat more detail about resources and requirements for a particular fund.

F – 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. Prior budget years are shown in three columns on the left side of each budget sheet. When necessary, we provide additional historical detail behind the worksheets in the proposed budget denoted with a trailing “H” in the designated page number.

G – General Fund

The primary source of revenue for the General Fund is the District’s permanent taxing authority established when voters passed Measure 3-221 in the 2006 General Election. Other anticipated revenue sources include grants and contracts from federal and state entities, and from partners. Interest earned from General Fund money is revenue to the General Fund.

Within the General Fund are six departments (Oregon Local Budget Law uses the term “organizational units,” and our usage of departments means the same thing). In general, the General Fund covers the regular activities of the District, including maintaining the District

office, providing technical assistance and consultation to constituents, and producing education and outreach actions.

Expenses not allocated to a department are shown on a budget sheet described as “Not Allocated to Any Department” [page 9](#). This page also shows transfers from the General Fund to other funds.

G.1 – Resources

The LB-20 Resources page of the General Fund on [page 1](#) of next year’s (FY 2021-2022) proposed budget begins with the projected working capital carry-over from this year (FY 2020-2021). This is an estimated figure that may change between now and July 1, 2021.

G.2 – Other resources

Other revenue comes from interest income, a variety of grants and contracts, and from support from partners.

From time to time, the District may apply for grants to support our work. In recent years, the District has invested significant time in seeking grants, and subsequently received awards totaling more than \$500,000. This year and next year we are performing work required by grant contracts.

G.3 – Requirements

The department pages are combined into a program-based summary shown on [page 2](#) of the proposed budget. These same expenditures are rolled up by line category for a different view of proposed expenditures on [page 3](#) of the proposed budget.

Pages 4 through 9 of the proposed budget are essentially worksheets for each organizational unit (department) in the General Fund:

- District Operations ([page 4](#))
- Conservation Planning([page 5](#))
- WeedWise ([page 6](#))
- Education and Outreach ([page 7](#))
- Land Management([page 8](#))
- Not Allocated to Any Department ([page 9](#))

Each organizational unit (department) has a manager responsible for maintaining progress toward the District’s goals and monitoring expenditures.

Categories for requirements in General Fund departments include:

- Personnel services
- Materials and services

- Capital outlay

In addition, the “Not Allocated to Any Department” sheet also includes:

- Debt service
- Special payments
- Interfund transfers
- Operating contingency
- Unappropriated ending fund balance
- Reserved for future expenditure

G.4 – Personnel services

On [page 2](#) and [page 3](#) the totals for personnel costs are summarized. Next year (FY 2021-2022), the District proposes to maintain employment with 18 people working 17 full-time equivalent hours. (A full time equivalent, or FTE, is 2,080 hours worked in a year.) The maximum appropriation for Personnel Services, which includes gross wages, benefits, and payroll liabilities, is budgeted at \$1,834,297.

The District’s health insurance plan is managed by Clackamas County under an intergovernmental agreement. Benefits (and costs) are aligned with those of Clackamas County employees. In recent years, medical and dental insurance plan costs have increased annually or remained level. The District pays 90% of the premiums for the plans selected by employees; employees pay 10% of the premiums.

Last fiscal year, medical and dental insurance premiums increased 1%, on average. We are buffered against large cost increases to some extent by participating in a larger group.

The District has also sought to limit exposure to health care cost increases by providing an incentive to employees who choose to obtain their health insurance elsewhere. The incentive program is beneficial to employees and reduces the overall cost of coverage to the District.

G.5 – Cost of living adjustment (COLA)

The District’s Board of Directors uses a consumer price index (CPI) figure developed by the Local Government Personnel Institute (<https://lcog.org/1107/Consumer-Price-Index-CPI>) as the basis for considering a cost-of-living adjustment (COLA) to be applied to employee wages. Specifically, the Board of Directors uses the CPI-W rate calculated for the Portland-Salem area as the basis for a COLA.

However, the Local Government Personnel Institute stopped tracking the CPI-W for the Portland area in 2018. Instead, they now report the CPI-W for B/C-class cities in the western United States (cities with less than 2,500,000 population in 13 western states). Accordingly, we use the CPI-W “West – Size Class B/C” rate. For calendar year 2020, that rate averaged 1.7%.

G.6 – Pay matrix

In FY 2018-2019, the District completed a pay equity analysis to make certain that wages were provided without regard to membership in a protected class. The District adjusted pay rates for all employees to help assure that pay was being provided equitably, in accordance with Oregon’s Equal Pay law.

The new pay matrix consists of pay bands and steps within each band. Positions that are substantially similar in character are grouped in the same band: Band A = General Labor; Band B = Operations; Band C = Specialist; Band D = Administration; and Band E = Management.

The approved wage rate table for FY 2020-2021 is shown below:

BANDS >	BAND A	BAND B	BAND C	BAND D	BAND E
STEP 20	\$20.34	\$29.59	\$38.84	\$48.09	\$57.33
STEP 19	\$19.75	\$28.73	\$37.71	\$46.69	\$55.66
STEP 18	\$19.18	\$27.89	\$36.61	\$45.33	\$54.04
STEP 17	\$18.62	\$27.08	\$35.54	\$44.01	\$52.47
STEP 16	\$18.08	\$26.29	\$34.51	\$42.72	\$50.94
STEP 15	\$17.55	\$25.53	\$33.50	\$41.48	\$49.46
STEP 14	\$17.04	\$24.78	\$32.53	\$40.27	\$48.02
STEP 13	\$16.54	\$24.06	\$31.58	\$39.10	\$46.62
STEP 12	\$16.06	\$23.36	\$30.66	\$37.96	\$45.26
STEP 11	\$15.59	\$22.68	\$29.77	\$36.85	\$43.94
STEP 10	\$15.14	\$22.02	\$28.90	\$35.78	\$42.66
STEP 09	\$14.70	\$21.38	\$28.06	\$34.74	\$41.42
STEP 08	\$14.27	\$20.75	\$27.24	\$33.73	\$40.21
STEP 07	\$13.85	\$20.15	\$26.45	\$32.74	\$39.04
STEP 06	\$13.45	\$19.56	\$25.68	\$31.79	\$37.90
STEP 05	\$13.06	\$18.99	\$24.93	\$30.86	\$36.80
STEP 04	\$12.68	\$18.44	\$24.20	\$29.97	\$35.73
STEP 03	\$12.31	\$17.90	\$23.50	\$29.09	\$34.69
STEP 02	\$11.95	\$17.38	\$22.81	\$28.25	\$33.68
STEP 01	\$11.60	\$16.88	\$22.15	\$27.42	\$32.70

If the Board of Directors approves applying the 1.7% CPI-W rate as the cost-of-living adjustment (COLA) to FY 2021-2022 wages, the wage table for FY 2021-2022 would be:

BANDS >	BAND A	BAND B	BAND C	BAND D	BAND E
STEP 20	\$20.69	\$30.09	\$39.50	\$48.90	\$58.31
STEP 19	\$20.09	\$29.22	\$38.35	\$47.48	\$56.61
STEP 18	\$19.50	\$28.37	\$37.23	\$46.10	\$54.96
STEP 17	\$18.93	\$27.54	\$36.15	\$44.75	\$53.36
STEP 16	\$18.38	\$26.74	\$35.09	\$43.45	\$51.81
STEP 15	\$17.85	\$25.96	\$34.07	\$42.18	\$50.30
STEP 14	\$17.33	\$25.20	\$33.08	\$40.96	\$48.83
STEP 13	\$16.82	\$24.47	\$32.12	\$39.76	\$47.41
STEP 12	\$16.33	\$23.76	\$31.18	\$38.60	\$46.03
STEP 11	\$15.86	\$23.06	\$30.27	\$37.48	\$44.69
STEP 10	\$15.40	\$22.39	\$29.39	\$36.39	\$43.39
STEP 09	\$14.95	\$21.74	\$28.53	\$35.33	\$42.12
STEP 08	\$14.51	\$21.11	\$27.70	\$34.30	\$40.90
STEP 07	\$14.09	\$20.49	\$26.90	\$33.30	\$39.70
STEP 06	\$13.68	\$19.90	\$26.11	\$32.33	\$38.55
STEP 05	\$13.28	\$19.32	\$25.35	\$31.39	\$37.43
STEP 04	\$12.89	\$18.75	\$24.61	\$30.47	\$36.34
STEP 03	\$12.52	\$18.21	\$23.90	\$29.59	\$35.28
STEP 02	\$12.15	\$17.68	\$23.20	\$28.73	\$34.25
STEP 01	\$11.80	\$17.16	\$22.53	\$27.89	\$33.25

A pay parity analysis was completed last year (FY 2019-2020). Where the pay equity analysis was about paying employees without regard to protected classes, pay parity is about paying employees' wages that are competitive with similar enterprises in our region.

G.7 – Merit raises

Unlike the wage table, a structure for this has not yet been decided by the District. The proposed structure would be based on a step increase formula based on tenure in good standing, i.e., a step increase would be awarded after an employee completes a certain number of years, assuming that the performance has been acceptable or better throughout

that period. Next year we have set aside funding to have professional service help us establish a structure.

The District is also in the process of restructuring the Performance Review Plan. The plan will be based on the following tenants:

1. Set performance goals that have quantitative levels of achievement that are relevant to the employee's position.
2. Give employees the information they need to do their jobs effectively.
3. Promote communication between employees and supervisors about job-related matters, so that better and more efficient methods of operation can be developed.
4. Provides a process to recognize employees for good performance and their contributions to the District.

For next year (FY 2021-2022), no merit raises, or performance awards are built into the budget. Such awards are only made when authorized by the Board of Directors.

G.8 – Materials and Services

Materials and Services in the General Fund is the broad expense category that supports District operational and program requirements. Based on a detailed review of actual spending this year (FY 2020-2021), the proposed budget amount available for materials and services remains relatively unchanged.

G.9 – Capital outlay

Capital Outlay typically describes larger purchases of \$1,000 or more with a useful life of more than one year. Purchases generally become listed as assets of the District. For next year, there are no capital expenditures planned for the General Fund budget. Similarly, there are no capital expenditures planned for the Conservation Grants Fund, the Conservation Loans Fund, or the Working Lands Legacy Fund.

G.10 – Debt service

Debt service means repayment of loans received by the District. Next year (FY 2021-2022), the General Fund has significant debt service associated with the Eagle Creek Community Forest acquisition, the construction of the Conservation Resource Center facility, and repayment of State Revolving Fund loans from the State of Oregon.

G.11 – Transferred to other funds

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.

Interfund transfers are detailed on the “Not Allocated to Any Department” sheet on [page 9](#). For next year (FY 2021-2022) transfers from the General Fund are anticipated to help fund the Conservation Grants Fund [page 10](#) and the Working Lands Legacy Fund [page 12](#).

G.12 – Contingency

The Contingency category is allowed 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. The District does not usually budget contingency funds and for next year (FY 2021-2022) no contingency is included in the budget

G.13 – Unappropriated ending fund balance and Reserved for Future Expenditure

The unappropriated ending funding balance is a budget line that may be used to show the amount of money the District needs to cover expenses after the new fiscal year ends, and before substantial tax revenue is received. This period is from July 1, 2022 (after the end of FY 2021-2022) until tax revenue is received in November 2022. It is called “unappropriated” because we cannot appropriate funds beyond the end of the fiscal year, but we know we will need to have those additional funds to meet expenses for the July-through-November 2022 period.

The unappropriated ending fund balance for a given fiscal year is carried forward as a resource that is included in the cash on hand or working capital available at the beginning of the following fiscal year.

Reserved for future expenditure is a line item that identifies funds to be “saved” for use in future fiscal years. It too functions similarly to the unappropriated ending funding balance in that it leaves money unappropriated in the budget so that it may be used in the year following.

The main difference between the lines is that reserved for future expenditure requirements can be revised and appropriated when creating a supplemental budget, while unappropriated ending fund balance requirements cannot.

For next year’s (FY 2021-2022) budget, the unappropriated ending fund balance and reserved for future expenditure lines are shown on [page 2](#), [page 3](#), and [page 9](#). The unappropriated ending fund balance and reserved for future expenditure figures on pages 2 and 3 come from the Not Allocated to Any Department sheet on [page 9](#).

H – Conservation Grants Fund

The Conservation Grants Fund on [page 10](#) is a special revenue fund focused on the financial assistance we provide to help customers implement conservation practices. Fund resources must balance fund requirements.

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."

Some grants received by the District 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 Grants Fund to hold these resources.

Expenditures from the Conservation Grants Fund are investments in conservation actions. Examples include installing conservation practices and contracting with vendors to install or implement practices.

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 complete conservation projects. Sometimes those commitments extend into future years. In general, we capture those commitments in the Unappropriated Ending Fund Balance or Reserve for Future Expenditure line items, and remaining funds are kept in the General Fund until needed in the Conservation Grants Fund.

For next year (FY 2021-2022), requirements (expenditures) for the Conservation Grants Fund include entries associated with the Conservation Planning department and the Weed Wise department. The Conservation Planning entry of \$71,473 represents the total estimated cost of cost-sharing and grants to constituents next year.

The Weed Wise entry of \$611,000 is the total estimated cost of contracting for weed control and to continue actions to implement Clackamas River Invasive Species Partnership activities. Learn more about the CRISP at: <https://weedwise.conservationsdistrict.org/partnerships/crisp>

I – Conservation Loans Fund

For next year (FY 2021-2022) we project a beginning fund balance in the Conservation Loans Fund on page 11 of \$104,661 on July 1, 2021.

Additional resources for the fund are shown from the Oregon Department of Environmental Quality (DEQ) and from repayments expected during FY 2021-2022 from borrowers.

Please note the "Reserved for Future Expenditure" has been left empty as a result of investment in the Conservation Resource Center and Eagle Creek Community Forest. We have typically used these funds, representing the bulk of borrower repayments outside of the loans provided by DEQ, for making loans based upon District priorities outside those of DEQ. We anticipate that most borrowers will qualify for the more restrictive DEQ loan funds, so transferring the reserve funds back to the General Fund provides greater flexibility for the totality of our programs.

J – Working Lands Legacy Fund

As the District looks to the past, we see a pattern of encroachment on good farmland, fields, and forests. Looking toward the future, we see a need to help assure the continued availability of our best working lands. These lands form the core of the character we associate with Clackamas County and they provide substantial economic contributions. Healthy working lands also filter the water that feeds our rivers and groundwater supplies, helping to provide healthy habitat for fish and wildlife.

To support the long-term conservation of working lands in Clackamas County, the District established the Working Lands Legacy Fund in FY 2014-2015.

Shown on page 12 of the proposed budget, we anticipate no activity next year (FY 2021-2022).