

To: Clackamas SWCD Budget Committee
From: Christopher Lapp, Budget Officer
Date: March 23, 2023
Re: FY 2023-2024 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.

Strategic Planning will allow us to manage resources effectively. Having a solid framework will drive how we allocate the District budget to reach long term priorities. It will make it easier to differentiate essential tasks from distractions, maximizing the utilization of relevant resources.

Current staffing levels are reassessed to assure high-quality programmatic delivery. Additional staff will be added to address strategic programmatic shifts 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 2023-2024 (July 1, 2023, through June 30, 2024).

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

Contents

Contents.....	2
Purpose	4
Summary of Significant Changes.....	5
Strategic Planning	5
Pay Administration Program.....	5
Site Planning for Conservation Resource Center and Farm.....	5
WeedWise Department Staffing.....	5
Website Development	6
Diversity, Equity, and Inclusion Training.....	6
Partner Support	6
Maintenance Shop Building	6
Financial Reserves.....	6
Tenant Lease Payment Process with USDA	6
Structure of the Budget Message	7
Abbreviations and Phrases	7
Appendices.....	7
Specific appendices.....	7
Budget Scenario for Fiscal Year 2023-2024	8
A – Priorities.....	8
A.1 – Top Priorities.....	8
A.2 – Other Priorities	9
B – Budget Has Four 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 2023-2024	12
C.1 – General Fund.....	12
C.2 – Conservation Grants Fund	13

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 – Materials and Services.....	17
G.7 – Capital outlay	18
G.8 – Debt service	18
G.9 – Transferred to other funds	18
G.10 – Contingency	18
G.11 – Unappropriated ending fund balance and Reserved for Future Expenditure.....	18
H – Conservation Grants Fund	19
I – Conservation Loans Fund	20
J – Working Lands Legacy Fund.....	20

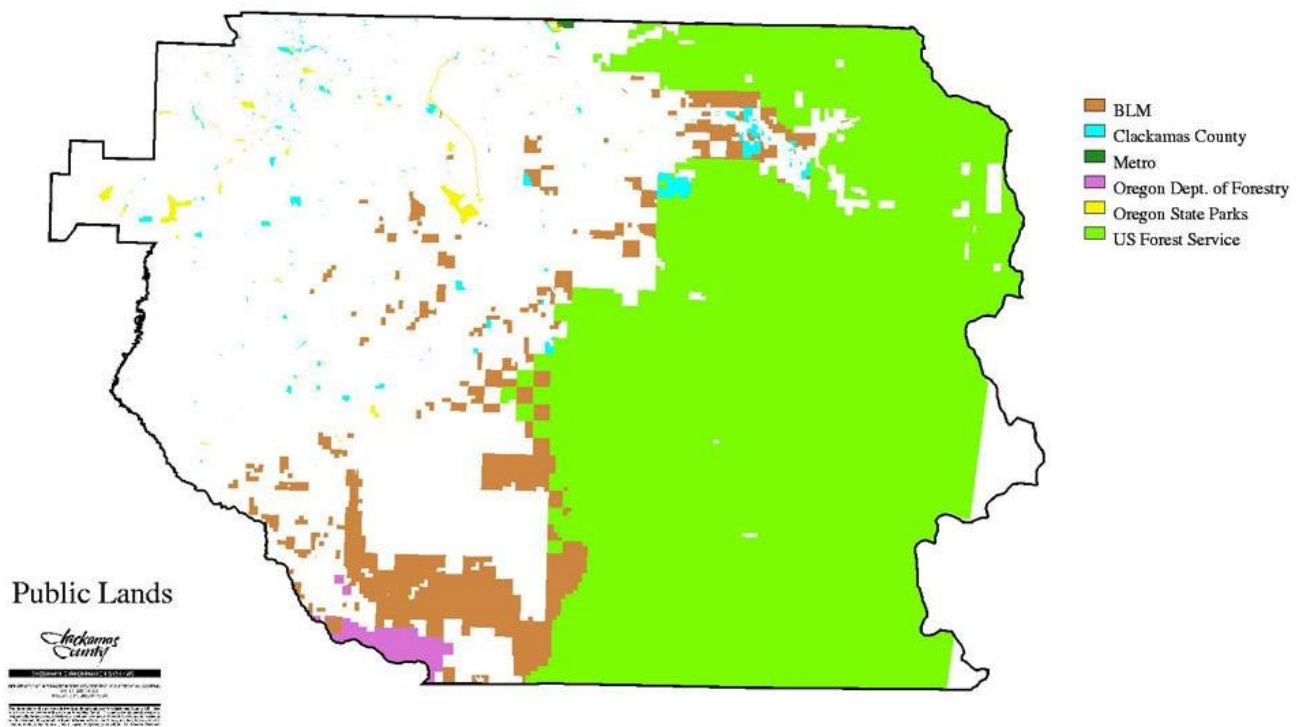
Purpose

This budget message is provided to explain the Budget Officer's proposal for a fiscal year 2023-2024 budget, covering the period from July 1, 2023, through June 30, 2024.

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

Strategic Planning

A primary focus for the District has been for staff and board to chart a course for the District for the next 5 years. Building upon an existing foundation of strong conservation work the District already does we listened to our stakeholders and created an updated vision for the District to mirror the changing conservation landscape and growing demographics of Clackamas County. We will be crafting a strategic action plan to realize our goals for the coming years, which will contribute to our budget decisions moving forward.

Pay Administration Program

The District will be developing a pay administration program using policy, pay equity, market analysis, and compensation structure. This program will be supported by a new performance review process that is tied to our strategic action plan. This result will be to provide employee longevity incentives based on performance and tenure.

Site Planning for Conservation Resource Center and Farm

As the District now manages a 10,000 square foot multi-faceted facility with supporting outbuildings along with 15 acres of open and wooded areas, we now need to look how best to utilize these assets to support, educate, and provide services in natural resource conservation to the surrounding communities. A conceptual site plan of the area needs to be developed to identify gathering places to engage people in various conservation activities, showcase demonstration practices for both working lands and urban areas, and restore native habitat. Having such a site will garner appreciation of the unique expertise of the District and ultimately help accomplish our natural resource conservation mission.

WeedWise Department Staffing

Recruitment actions for one WeedWise specialist and two seasonal WeedWise technicians will be completed to assist in conducting post wildfire invasive species control work, especially in remote areas to improve upon program efficiency and staff safety. The specialist and 75% of the seasonal technicians will be supported by funds from the U.S. Forest Service obtained through wildfire recovery and infrastructure redevelopment efforts on Mt. Hood National Forest. The remaining 25% of the seasonal technician cost will be supported through the District tax base to increase employee safety when working on remote sites occurring off forest.

Website Development

The District website needs upgrading. We need to make it more efficient and easier for the public to navigate to access needed information, display our educational videos and serve as a filter to reduce the amount of inquiries to staff so they can dedicate their time to implementation of conservation practices.

Diversity, Equity, and Inclusion Training

The District will continue its commitment to focusing on additional learning and awareness centered around DEI work for both Board and staff. We will continue with having Yee Won Chong to provide an equity assessment and help facilitate the development of decision-making processes to assist the strategic planning efforts through an equity lens.

Partner Support

We have brought our support levels back up to their full funding levels 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.

Maintenance Shop Building

As the District moves towards active land management and the expansion of the Equipment Rental Program, there exists a need to focus on improving our existing buildings to be in line with our programmatic functions. Having a maintenance building in which we can support habitat management and maintain equipment is an immediate need. The current building provides maintenance staff a suitable work area to store tools and equipment to perform preventive maintenance and repairs to extend the useful life of District real property. Further upgrades will provide additional office and storage space to improve operational functions.

Financial Reserves

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

Tenant Lease Payment Process with USDA

The District will continue generating lease revenue from the occupancy of the West Annex of the Conservation Resource Center by USDA. These funds equate to an annual rent of **\$105,390** payable at the rate of **\$8,782.50** per month.

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 2021-2022 “**this year**” means FY 2022-2023, and “**next year**” means FY 2023-2024.

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 2023-2024

The District's proposed budget for next year (FY 2023-2024, which is July 1, 2023, through June 30, 2024) reflects the commitment of the District to implement core components of the District's recently established five-year Strategic Plan 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 show loan-based activities of the District more clearly. 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-program>

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 restructuring as climate change brings additional challenges to our work. For now, we are pulling back from the expansion of 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. The Fund has *quasi* endowment funds for the Camp Adams Easement and continues to earn interest as a source of funding for monitoring activities.

C – Changes for Fiscal Year 2023-2024

C.1 – General Fund

Trend

General Fund spending next year (FY 2023-2024) will see a modest increase due to personnel costs and an investment in infrastructure maintenance. In addition, the WeedWise Program is taking on an initiative to address wildfire rehabilitation work with the support of U.S. Forest Service supplemental funding.

Employment

Our employment capacity is increasing from 19 full-time equivalents (FTEs) to 20 FTEs having the addition of another full-time WeedWise Specialist, and two seasonal WeedWise technicians. These positions will support the U.S. Forest Service wildfire rehabilitation initiative and provide additional capacity for WeedWise staff working in remote locations within the District.

Materials and services

Materials and services costs increased from last year to address maintenance needs for real property, support our strategic planning, and DEI training initiatives.

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 approximately 30% 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 support the U.S. Forest Service support funding in addressing resource and infrastructure damage from the wildfire, and an increase in Conservation Planning initiatives.

C.3 – Conservation Loans Fund

We begin next year with a lower beginning fund balance, due to the closure of DEQ loan R22406, but retain DEQ loan R22407. The loans are made available from DEQ's Clean Water State Revolving Fund to address local water quality issues occurring within the District.

We focus on encouraging landowners to utilize the funds to address critically failing septic systems and implement conservation practices that protect or improve water quality.

C.4 – Working Lands Legacy Fund

The Working Lands Legacy Fund will largely remain unchanged, although a small investment of resources will be utilized to support working land initiatives.

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 2023-2024), 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

With economic uncertainty continuing from the impacts of the Covid-19 pandemic and increased upward inflationary pressure going into next year (FY 2023-2024), the District will continue to take a conservative approach to estimating property tax revenue.

Assessed valuation growth estimated at 3.0%

This year, we projected a 3.0%-percent growth in the assessed valuation (AV) of taxable property. For next year’s proposed budget, we repeated the assessor’s estimated percent growth in AV from prior years. 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 2023-2024 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 2022-2023) as reported to us by the County Assessor, except we increased the assessed valuation of property by 3.0 percent. We also estimated a conservative collectible rate of 95%, which is on par with historical collection rates.

From assessor's letter dated 10/10/22:	FY 21-22 from Assessor	FY 22-23 from Assessor	FY 22-23 @ 3.0% growth
Assessed value	\$58,193,913,225	\$60,910,162,198	\$62,737,467,063.94
Nonprofit housing value	\$4,774,797	\$4,918,028	
Subtotal	\$58,198,688,022	\$60,915,080,226	
Urban renewal increment	(\$2,501,384,727)	(\$2,797,840,508)	
Value to compute tax rate	\$55,697,303,295	\$58,117,239,718	
CSWCD tax rate	\$2,784,865.16	\$2,905,862	
UR division of tax rate truncation	\$6,546	\$3,139	
Actual tax extended for district	\$2,791,411.40	\$2,909,001	
District's compression loss	(\$864)	(\$861)	
CSWCD tax imposed	\$2,790,547.11	\$2,908,140	
Add'l taxes rcvd	\$5,683	\$7,809	
Total to be levied for CSWCD	\$2,796,230.52	\$2,915,949.30	\$3,003,428
Collectible rate @ 95%	\$2,656,419	\$2,770,152	\$2,853,256

D.3 – Property Tax to Levy

The amount of collectible property tax for Clackamas SWCD for next year (FY 2023-2024) is projected to be \$2,853,256.

The projected revenue calculation used these assumptions:

- Three percent growth in assessed valuation of taxable property in Clackamas County
- Same tax rate (five cents per \$1,000)
- Collectible rate (95%)

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 2023-2024) 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 2023-2024) proposed budget begins with the projected working capital carry-over from this year (FY 2022-2023). This is an estimated figure that may change between now and July 1, 2023.

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 2023-2024), the District proposes to maintain employment with 21 people working 20 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 \$ 2,182,626.

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.

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://www.lcog.org/lgps/page/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 2022, that rate averaged 8.5 %. With the District going through a salary survey for FY 2023-2024, we are recommending applying a 4.5% cost of living adjustment to augment that process.

G.6 – 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 2023-2024) and the adding of additional staff, the proposed budget amount available for materials and services will increase slightly.

G.7 – Capital outlay

Capital Outlay typically describes larger purchases of \$10,000 or more with a useful life of more than one year. Purchases generally become listed as assets of the District. For next year, to support additional staff capacity for the WeedWise Department, a capital expenditure in the form of a District vehicle is planned for the General Fund budgeted from the U.S. Forest Service grant funds. Additionally, the District proposes infrastructure investment by increasing available office space for staff and construction of a chemical storage facility, and creating an equipment wash station. In support of the Equipment Rental Program (ERP), the District proposes building a suitable parking/storage facility for the rental equipment. Finally, the District proposes to purchase a small utility vehicle for use on District properties, by multiple programs. There are no capital expenditures planned for the Conservation Grants Fund, the Conservation Loans Fund, or the Working Lands Legacy Fund.

G.8 – Debt service

Debt service means repayment of loans received by the District. Next year (FY 2023-2024), 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.9 – 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. Such a transfer is shown as a requirement of the General Fund. Interfund transfers from the General Fund to the other funds are detailed on the “Not Allocated to Any Department” sheet on [page 9](#).

G.10 – 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.

G.11 – 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, 2024 (after the end of FY 2023-2024) until tax revenue is received in November 2024. 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 2024 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 2023-2024) 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 [page 2](#) and [page 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 2023-2024), 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 \$110,928 represents the total estimated cost of cost-sharing and grants to constituents next year.

The Weed Wise entry of \$551,467 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 2023-2024) we project a beginning fund balance in the Conservation Loans Fund on page 11 of \$91,744 on July 1, 2023.

Additional resources for the fund are shown from the Oregon Department of Environmental Quality (DEQ) and from repayments expected during FY 2023-2024 from borrowers.

Please note the “Reserved for Future Expenditure” has an anticipated value of \$135,985 for future loan activity and benefit to the District’s 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 ensure 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 2023-2024).