

Purpose and Structure of the Budget Message

This Budget Message explains the budget proposed for fiscal year 2016-2017 (July 1, 2016, through June 30, 2017). Sections 1 and 2 provide background information for a better understanding of the budgeting process and the conservation district's programs. Section 3 provides a detailed discussion of the proposed budget and the assumptions used. Abbreviations used throughout this document include: District (for West Multnomah Soil and Water Conservation District); FY (for Fiscal Year); and ORS (for Oregon Revised Statute).

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SECTION 1: BUDGET PROCESS AND BUDGET COMMITTEE

Requirements of a Special District with a Voter-Approved Tax Base

The West Multnomah Soil and Water Conservation District is a special district of the State of Oregon. The District is a local unit of government formed under the authority of, and with the powers and duties described under, ORS chapter 568.

District voters approved a tax base in 2006, ensuring a stable revenue source for programs delivered to west side citizens beginning in FY2007-2008. The permanent rate limit is set at 7.5 cents per \$1,000 of assessed value. The District's classification as a public taxing entity requires compliance with Oregon Local Budget Law.

The District is required to establish a Budget Committee, hold public meetings, and approve the proposed budget (normally in March, with the option to extend deliberations into April if necessary). All meetings of the Budget Committee are subject to Oregon's Public Meetings Law (ORS 192.610 through ORS 192.690).

The Budget Message and accompanying worksheets and supporting data are provided to the Budget Committee and the public for review and are intended to explain the proposed budget and highlight any significant changes in the District's financial position. These documents will be available at the District office and on the District website (www.wmswcd.org) throughout the budget process.

Budget Committee

The Budget Committee (see table below) consists of the District's governing body (seven-member Board of Directors) and an equal number of local registered voters (electors) appointed by the governing body. Electors are appointed by the District's Board of Directors to serve three-year terms. Terms of Electors are staggered to help provide continuity from year to year, and to allow new ideas and perspectives to be part of the Committee's deliberations.

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 West Multnomah Soil & Water Conservation District
 Michele Levis, Controller and Budget Officer

Name	Position	Status
Finlay Anderson	Elector	Appointed in 2015, in second year of term
Karen Garber	Elector	Re-appointed in 2014, in third year of term
Jan Hamer	Elector	Appointed in 2015, in second year of term
Xuan Sibell	Elector	Re-appointed in 2016, in first year of term
Susan Weedall	Elector	Appointed in 2015, in second year of term
Patrick Willis	Elector	Re-appointed in 2014, in third year of term
Edward Woods	Elector	Re-appointed in 2014, in third year of term
Jane Hartline	Board	Serves while a Board member
Brian Lightcap	Board	Serves while a Board member
Shawn Looney	Board	Serves while a Board member
Weston Miller	Board	Serves while a Board member
Kim Peterson	Board	Serves while a Board member
Terri Preeg Riggsby	Board	Serves while a Board member
George Sowder	Board	Serves while a Board member

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.

The Budget Committee must have a quorum or majority of the total membership of the committee present in order to hold a meeting or to take any formal action. A majority is one more than half the number of the membership, not a majority of those present.

After the Budget Committee has approved the budget, set the maximum property tax levy and submitted the Approved Budget to the governing body, their work as the Budget Committee is done.

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
6. Approves the property taxes to be levied

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 levy 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, and imposes a tax levy is June 30th.

SECTION 2: DISTRICT

Mission

The District's mission is to conserve and protect soil and water resources for people, wildlife, and the environment. The District operates around six goals: (1) improve water quality in our watersheds; (2) minimize erosion and build healthy soils; (3) enhance habitats, biodiversity and ecosystem function; (4) enhance the productivity and sustainability of working lands; (5) cultivate land stewards of all ages; and (6) ensure that the District is a vibrant agency.

Vision

The District provides educational, technical and financial conservation assistance to private landowners, businesses, schools, non-governmental education and conservation organizations, residents and other members of the public within its service area, which consists of Multnomah County west of the Willamette River and all of Sauvie Island (including the Columbia County portion). Specific programs include conservation planning, healthy streams, urban habitats, neighborhood demonstrations, invasive weeds, canopy weeds, rural farms, working forests, conservation education, oak habitat restoration, wetland conservation, and other conservation efforts funded through our Financial Incentives for Sustainable Habitat (FISH) grants and other partner funding agreements. The District's signature project is the multi-million dollar Sturgeon Lake Restoration Project on Sauvie Island, in partnership with the U.S. Army Corps of Engineers. Working with our primary fundraising partner, Oregon Wildlife,

the District is responsible for 25% of the total operating budget as well as future maintenance of the project, which should break ground in 2017.

The District's budget is guided by its annual work plans, which are consistent with the long range plan and mission of the District, as well as with state law and cooperative agreements with the Oregon Department of Agriculture. Equity and inclusion awareness and practices are incorporated into our work process and programs. Our budget supports the following outcomes:

- More urban and rural landowners will be knowledgeable about invasive weeds and will be diligent about controlling them on their property.
- Horses, cows, goats and llamas will enjoy lush pastures and their feces won't pollute our streams and rivers.
- Our streams, rivers and watersheds will be healthier and support endangered fish species such as salmon and steelhead.
- Wildlife will thrive with ample food and shelter, and will co-exist with people on farms and in suburban backyards.
- Rare habitats, such as oak savannahs, ash swales and wet meadows will be appreciated and restored.
- Forests and small woodlots on private land will be stewarded thoughtfully and knowledgeably.
- Residents and communities will enthusiastically tackle small scale conservation projects like rain gardens, meadowscapes, and hedgerows.
- We'll enjoy more locally-grown food, farmed with methods that contribute to the long-term health of the land.
- Underserved communities will be safe, comfortable and rich in healthy soil, clean water and diverse habitats.

Our work will only be successful if we are able to truly partner with all facets of the community, engage with respect, authentically listen, and have the courage to share decision making, control and resources with others. The District is committed to continuously evaluating and updating our programs to better serve communities of color. Our goal is to welcome, engage and integrate people of color in all facets of our organization.

Partners

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West Multnomah Soil & Water Conservation District
Michele Levis, Controller and Budget Officer

The District achieves our Vision by working with people, communities, landowners, agencies, organizations and businesses. Partners (with example references to shared areas of work) include, but are not limited to:

- Audubon Society of Portland (Backyard Habitat Certification Program)
- Center for Diversity and the Environment (diversity, equity and inclusion)
- City of Portland, Bureau of Environmental Services (invasive species, habitat restoration, volunteer support, funding support, stormwater management)
- City of Portland, Parks and Recreation (forestry, canopy weeds, habitat diversity)
- Clackamas Soil and Water Conservation District (shared programs)
- Clarian Homeowner Association (conservation planning)
- Columbia Land Trust (Backyard Habitat Certification Program)
- Columbia Soil and Water Conservation District (shared programs)
- East Multnomah Soil and Water Conservation District (Soil School, shared programs)
- Forest Heights Homeowner Association (stormwater, habitat restoration)
- Forest Park Conservancy (forestry, habitat diversity, invasive species)
- 4-County Cooperative Weed Management Area (invasive species, education and outreach, mapping, technical collaboration)
- Friends of Tryon Creek (education and outreach)
- Lower Columbia River Estuary Partnership (wetland conservation)
- Linnton Neighborhood Association (invasive species, native landscapes)
- Metro (Nature in Neighborhoods, forestry, oak mapping, strategic planning, habitat restoration, invasive species education)
- Oregon Association of Conservation Districts (administrative)
- Oregon Department of Agriculture (capacity, governance, authorities, water quality, Asian gypsy moth)
- Oregon Department of Forestry (forestry, wildfire protection)
- Oregon iMap Invasives (invasive species, mapping)
- Oregon Parks and Recreation Department (invasive weeds, conservation education)
- Oregon State University Extension Service (Master Gardeners, Forestry, Agriculture, Soil, Master Naturalists, Oregon Integrated Pest Management Website)
- Oregon Wildlife Heritage Foundation (Sturgeon Lake fundraising)
- Pinchot Institute of Conservation (forestry)
- Riverview Cemetery (forests, healthy streams, native habitats)
- Sauvie Island Center (education, organic farming)

- Sauvie Island Community Association (education and outreach)
- Sauvie Island Drainage Improvement Company (habitat restoration, water quality)
- Sauvie Island Habitat Partnership (invasive weeds, canopy weeds, habitat restoration, strategic planning)
- Scappoose Bay Watershed Council (wetland restoration)
- Skyline Ridge Runners (forestry, invasive plants, canopy weeds)
- SOLVE (invasive species, native plants)
- Southwest Watershed Resource Center (habitat restoration, stormwater management, volunteer and neighborhood support)
- Special Districts Association of Oregon (administrative)
- Tax Supervising and Conservation Commission (fiscal operations)
- The Intertwine Alliance (education and outreach, citizen science, oak habitats, strategic conservation planning, urban and residential programs)
- Tryon Creek Watershed Council (healthy streams, restoration, invasive species)
- Tualatin Soil and Water Conservation District (Soil School, shared programs)
- U.S. Army Corps of Engineers (Sturgeon Lake)
- U.S. Department of Agriculture, Natural Resources Conservation Service (forestry, agriculture, wetlands and other rare habitats)
- Verde (workforce development)
- West Willamette Restoration Partnership (invasive species, habitat restoration, volunteer and neighborhood support)
- Wisdom of the Elders (diversity, equity and inclusion; workforce development)
- Xerces Society (pollinator monitoring)

Partners having a significant impact on the budget are discussed in more detail in Section 3.

Summary of Programs

The District provides technical and, in some cases, financial assistance for a variety of programs and projects, including the following:

1. Conservation Planning

Conservation professionals work with landowners to develop individualized conservation and restoration plans that refine their conservation goals in the context of their overall goals for

their property and identify practices to best protect soil and water quality, enhance plant and animal health, restore and maintain diverse natural habitats and to financially benefit landowners. The conservation planning process offers a number of tools landowners can use to meet these ends, whether they have forests, farms, or other types of properties.

2. Healthy Streams

Funding and technical assistance is provided to landowners for streamside (aka “riparian”) restoration to improve water quality and fish and wildlife habitat and to minimize streambank erosion. Current target areas include canals and ditches on Sauvie Island and rural watersheds in the north Tualatin Mountains (McCarthy, Abbey and Rock). In the rural and urban realm, priority is given to larger properties or projects involving multiple adjacent properties (e.g. those covering a 1/4 mile of stream) to optimize conservation results.

3. Urban Habitats

The District promotes the development of homeowner meadows, hedgerows and backyard habitats as an alternative to lawns and pavement through the planting of native plant species. These meadowscaping or naturoscaping projects not only benefit pollinators and other urban wildlife, they greatly contribute to improved water quality by reducing stormwater runoff and increasing sub-terrain water infiltration and recharge.

4. Neighborhood Demonstrations

Neighborhood demonstration projects provide assistance to groups of engaged neighbors and neighborhood associations focused on using innovative ways to conserve soil and water resources and/or restore wildlife habitat health and connectivity so as to improve the livability of their neighborhoods. Examples include demonstration stormwater control projects, pollinator hedgerows and invasive weed removal projects that also serve as education and outreach tools to the larger community.

5. Backyard Habitat Certification

The District serves as a funding partner for Portland Audubon and the Columbia River Land Trust in the delivery of the Backyard Habitat Certification Program to urban landowners with less than an acre of land. This program certifies that landowners have successfully controlled invasive weeds and restored native plants habitat on their land.

6. Invasive Weeds

This program promotes early detection and rapid response to invasive, noxious weeds through invasive plant surveying and timely control measures. This management strategy is designed to limit the spread of new infestations while populations are small so as to prevent new infestations from becoming established. If prevention isn't possible, the most time and cost-effective way to manage new invasive weeds is through targeted control efforts of newly discovered and localized invasive species infestations. The District maintains and updates an "Early Detection, Rapid Response (EDRR) list" of species prioritized by this program. Staff coordinate this program with landowners, community members and contractors, and actively collaborate with local and state partners to evaluate priority species lists and best management practices.

7. Canopy Weeds

Another emphasis area is the District's canopy weeds program that targets aggressive, climbing invasive vines such as ivy and clematis. Reducing canopy weeds is known to greatly reduce the seed source of these weeds and therefore reduce the spread to uninfested areas. Partner funding helps local non-governmental groups and neighborhood associations combat canopy weeds on individual trees and properties in residential areas. The District works cooperatively with the Forest Park Conservancy, Portland Parks and Recreation, and Metro to remove or kill canopy weeds within focus treatment areas in and around Portland's Forest Park. Canopy weed removal is also a component of the District's working farms and forest programs; in many cases canopy weed removal projects provide a means for the District to develop a lasting stewardship relation with the landowner. The District works cooperatively with the Sauvie Island Habitat Partnership to remove and control canopy weeds on priority habitats on Sauvie Island.

8. Rural Farms

The District partners with the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS), the Oregon Department of Agriculture and Oregon State University Extension Service to provide farmers the education, technical and financial assistance they need to prevent soil erosion, improve soil health and maintain water quality while operating their farm. Most large, working farms in the District are on Sauvie Island. Oregon State University Extension provides specific cover crop recommendations, while the District helps farmers get connected to NRCS Farm Bill conservation programs as a means to provide the financial assistance for getting started. Farm owners also host District conservation projects implemented through Healthy Streams and Healthy Habitats programs.

9. Working Forests

The District is the lead management planning, technical and financial assistance provider to private non-industrial forest landowners with the overall goal of helping landowners understand their goals and responsibilities in owning forestland and encouraging them to actively manage their forests to these ends so as to keep forests healthy and working for conservation. Specific programs focus on canopy weed removal, managing unhealthy overcrowded tree stocking through selective thinning that promotes the development of larger trees, the development of important structural wildlife habitats through dead and down wood and standing dead trees as well as practices that remove hazardous wildfire fuels and create defensible space in case of a wildfire. An emerging priority emphasis area in the north Tualatin Mountains – the Greater Forest Park Conservation Initiative – is centered around partnerships with NRCS, the Forest Park Conservancy, Metro, Oregon Department of Forestry, Oregon State University Extension and other non-governmental forestry conservation organizations.

10. Conservation Education Programs

Educational efforts include installing demonstration gardens and habitats in high visibility areas at schools and community centers as well as delivering conservation education through workshops, training, and other events such as Soil School, Rural Living Field Day, Weed Watchers Training, and Open Houses such as the recent Asian Gypsy Moth Eradication Open House event. Other conservation education programs include Urban Watershed Mentors training and the Stormwater Stars program which provides residents and businesses a menu of simple-to-implement practices to reduce stormwater runoff.

11. Oak Habitat Restoration

The District helps landowners enhance and expand regionally significant habitats such as Oregon white oak woodlands, savanna and prairie. The District is working with partners through the Intertwine Alliance to map Oregon white oak across the region, develop a strategic plan for conservation, and educate the public about the value of this declining habitat. Oak habitat restoration work includes removing competing vegetation such as mature Douglas-fir, controlling invasive weeds and planting native species.

12. Wetlands and Ponds

Much of the lowland areas within the District was originally wetland, wet prairie and other lowland off-channel habitat that was converted to farmland, industrial and residential use. Fragments of these important habitats still play a key role in protecting water quality, controlling floodwaters, and providing habitat for a wide range of wildlife. Wet meadows are an increasingly rare feature that can be host to uncommon native wildflowers, grasses and

pollinators. Ponds and ditches compensate for some of the lost emergent and open water wetland habitat and provide homes to native amphibians (frogs and salamanders) and turtles. The District works closely with private landowners who own these types of habitats so as to maintain and enhance them. The District has entered into a five-year cost-share agreement with the U.S. Department of Agriculture's NRCS to implement fish passage and restoration of riparian and other native vegetative habitats on surrounding private land where McCarthy Creek enters the Multnomah Channel.

13. Financial Incentives for Sustainable Habitat (FISH) Grants

This program advances the mission of the District by leveraging funds through conservation-related work carried out by partner organizations and cooperating landowners. This program provides cost-share funds (up to \$10,000 per project) to support conservation projects, conservation education, and community events that promote natural resource conservation.

14. Sturgeon Lake Restoration

Dedicated funding has been allocated for the restoration of this 3,200-acre wildlife refuge on Sauvie Island, owned and managed by Oregon Department of Fish and Wildlife (ODFW). Sturgeon Lake is a critical habitat for endangered salmon, sturgeon and lamprey and is an integral part of the Pacific flyway for pacific coast migratory waterfowl. It is one of the premier natural and biologically significant aquatic and wildlife habitats in the state. The District and its Sturgeon Lake Restoration partners are actively engaged in a multi-year effort to restore this area. The lake is threatened with sediment infill due to the lack of sediment flushing during tidal floods and other high flow events. The District's role is to sponsor the restoration effort, which centers on reconnecting Sturgeon Lake to the tidal, high winter and spring runoff flows of the Columbia River by removing a blockage where Reeder Road crosses Dairy Creek and restoring the Dairy Creek inlet and channel to accommodate both high and low flows into Sturgeon Lake. The Dairy Creek inlet and channel is surrounded by five cooperating private landowners. Sturgeon Lake is identified in the Oregon Conservation Strategy as a "conservation opportunity area" and restoring flushing flows to the lake for salmon habitat restoration is specifically named as a state strategy.

Financial Oversight

The District Manager, Controller, and Board Treasurer regularly monitor accounts and compare expenditures to limits authorized in the budget. Each month, the Board of Directors reviews the District's financial statements and obtains explanation for any variances from

budget or changes in financial position. Financially, the District has done a good job of substantially increasing activity while controlling costs.

All District funds are held in Qualified Public Depositories approved by the Oregon State Treasury: the Oregon State Treasury's Local Government Investment Pool (LGIP) and US Bank. In general, long-term savings are held in the LGIP account, while short-term operating capital is held in the US Bank account.

The District's financial statements are audited annually. The audit report is filed with the Oregon Secretary of State, Division of Audits. A strong and effective system of internal controls is employed to protect the public funds entrusted to the care of the District.

SECTION 3: BUDGET AND ASSUMPTIONS

Budget Preparation

The proposed FY2016-17 budget is in balance and complies with Oregon Local Budget Law, state statutes, and generally accepted accounting principles. The budget supports implementation of the District's annual work plans for FY2016-17 and is consistent with the District's mission, vision, and priorities. It is prepared on a modified accrual basis (recognizing revenues when they become available and measurable, and recognizing expenditures when liabilities are incurred).

Budget Documents

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 prescribed by the Oregon Department of Revenue.

The Local Budget (LB) forms contain FY2013-14 and FY 2014-15 audited financial results, FY2015-16 Adopted Budget, and FY2016-17 Proposed Budget. The District has a General Fund and one Special Fund for the Sturgeon Lake Project. The purpose of the General Fund is to account for operations and general services of the District; it can be used whenever a specific type of fund is not required. The Special Fund for Sturgeon Lake is used to record revenue dedicated for the specific expenditures related to the Sturgeon Lake Restoration Project.

Specific forms submitted by the District are: General Fund Resources (Form LB-20); General Fund Requirements (Form LB-30); Special Fund (Sturgeon Lake) Resources and Requirements (Form LB-10). Each is described below.

General Fund Resources (Form LB-20)

The LB-20 Resources page of the General Fund begins with the projected cash available on 7/1/16, conservatively estimated to be \$925,462. This figure is calculated by taking cash balances on 3/15/16 and adding projected revenue and subtracting estimated spending from 3/15/16 through 6/30/16. From the expected cash balances at 6/30/16, the portion allocated specifically to Sturgeon Lake (\$27,400) is subtracted to arrive at the amount expected to be in the General Fund at 7/1/16.

Additional resources added to the beginning cash balance are property tax revenues levied in earlier years of \$44,000, which are estimated to be received only in FY2016-17, and interest of \$4,000 earned on LGIP funds.

Other resources are (1) a grant of \$72,674 from the Oregon Department of Agriculture to support water quality programs, including riparian habitat enhancements, urban technical projects and administrative costs; (2) a grant of \$24,800 from the Oregon State Weed Board to fund Garlic Mustard control programs; (3) a grant of \$25,000 from the Metro Nature in Neighborhoods program for forestry programs and \$30,000 for Urban programs; (4) a new three-year grant from the Oregon Department of Forestry, resulting in projected first year revenues of \$38,250; (5) revenues of \$11,450 from a \$131,511 Contribution Agreement (for the period 8/1/2016 through 12/31/2019) with NRCS to fund the District's implementation of practices under the federal Wetland Reserve Program (WRP) for the lower McCarthy Creek WRP easement property; (6) an Oregon Watershed Enhancement Board Small Grant of \$8,547 for Forestry programs, and (7) projected reimbursements totaling \$11,200 from workshops and trainings provided by the district and also from contributions from partners for the West Willamette Restoration Partnership.

The primary source of revenue for the General Fund is the District's permanent taxing authority established by voters in the 2006 General Election. The permanent rate limit is set at 7.5 cents per \$1,000 of assessed value. Assessing the maximum rate allowed would provide approximately \$1,463,000 in property taxes to be received in FY2016-17 as calculated in the table below. Although taxes imposed would result in \$1,586,811, this amount is reduced for estimated Measure 5 tax revenue compression (due to Portland's expansive urban renewal program costs and increases in other local government spending) and a presumed delinquency

rate of 4%. All assumptions are consistent with prior years and have been reviewed by Multnomah County’s Tax Supervising & Conservation Commission (TSCC).

Assumptions	FY2016-17	Source
Actual Prior Year Assessed Value	\$ 20,149,976,638	Multnomah Co. Assessor
Assumed Growth	5 %	Multnomah Co. Assessor
Calculated Assumed Assessed Value	\$ 21,157,475,470	
Taxes Extended	1,586,811	\$0.075/\$1,000 AV
Assumed Measure 5 Compression	61,923	10% growth per TSCC
Calculated Taxes Imposed	1,524,887	
Assumed Discount and Delinquency Rate	4 %	96% collection per TSCC
Property Taxes Estimated to be Received	\$1,463,892	

General Fund Requirements (Form LB-30)

Categories in the General Fund requirements and their increase from prior year’s budget are reflected in the table below and discussed in detail within each section.

Category	FY2015-16	FY2016-17	Increase / (Decrease)	%	Reason for Change
Personnel services	887,722	985,721	97,999	11	1.2% COLA, 2.5% merit/parity, 5% health insurance; 5% pay differential for supervisors; expansion of Office Manager to full-time
Materials and services	874,809	915,538	40,729	5	
- Operations	181,741	227,022	45,281	25	Additional rent for former NRCS space, new DEI initiative; office upgrades
- Conservation Programs	693,068	688,516	(4,552)	(1)	See detail by conservation area in table below

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Capital outlay	20,000	35,000	15,000	75	Vehicle purchase planned for FY16 delayed to FY17, server replacement needed
Contingency	30,000	50,000	20,000	67	Based on unused amount in FY16, proposed amount for FY17 deemed adequate
Unappropriated ending fund balance	625,000	672,124	47,124	8	Factors in increase of \$10,000/mo. in future spending

Personnel services

Personnel services of \$985,721 include salary and wages (\$661,362), health and workers' compensation insurance (\$166,259), retirement plan contributions (\$91,633), and payroll taxes (\$66,467). Currently the District has six full-time and four part-time staff, and has planned for expanding the position of Office Manager to full-time. As the organization grows, applies for more grants, reaches out to new communities within our District and takes on more projects, the need for administrative assistance by the conservation staff has increased, and expanding the Office Manager position to full-time was deemed critical. This change, as well as three seasonal part-time conservation interns, will result in 9.8 full-time equivalent employees for purposes of the budget.

The majority of the District's employees (Senior Conservationist, Urban Conservationist, Invasive Species Coordinator, Rural Conservationist, Forestry Conservationist, Conservation Technician and Education Coordinator, and Seasonal Interns) are engaged in providing conservation services to the public, with specialized skills addressing large and small farms, forest lands, streams and the health of streamside vegetation, conservation in the urban environment, wildlife needs, outreach and education services, and invasive plant species. The seasonal conservation interns assist staff with planting and weed eradication work in the spring and summer and geographic information systems (GIS) data, database management and technical analyses in the fall. The budget anticipates continuing with two summer interns and adding a third position that would focus on EDRR work.

The remaining four employees (District Manager, Controller, Office Manager, and Communications Coordinator) provide management and administration of the organization, ensuring that the organization is fully compliant with all laws and regulations pertaining to public funds, including having a comprehensive system of fiscal and budgetary controls and reporting functions; additional support services include creating marketing and educational materials.

All work occurs under the supervision of the District Manager, who reports to the Board of Directors and supports the District's conservation mission by working directly with a wide variety of organizations and individuals, such as local, regional, state and federal government

agencies, non-profits, citizens, community groups, elected officials, and private businesses, to move forward the goals and initiatives of the District. In particular, this position is instrumental in all fundraising goals and overall program management related to the multi-year Sturgeon Lake /Dairy Creek Restoration project. The District Manager also contributes directly to all program areas (conservation programs and services as well as administrative and operational areas).

As the basis for determining a cost of living adjustment (COLA), we used a consumer price index (CPI) figure developed by the Local Government Personnel Institute (LGPI); specifically, we used the calendar year 2015 CPI-U for the Portland-Salem area, which is 1.2%. In addition to COLA, the budget includes a discretionary fund of 2.5% of all employee wages to allow for merit/step increases and market and/or parity adjustments to be made for affected employees. Two District positions now have direct supervisory functions assigned to them: the Budget Officer and Controller, who supervises the Office Manager, and the Rural Conservationist, who supervises the Seasonal Interns. In recognition of this added responsibility, a supervisory pay differential of 5% has been added to these positions. For the Rural Conservationist, this pay differential only applies during the months the Seasonal Interns are working for the District.

For employee benefits, the budget proposal assumes the health care benefit cost will increase by 8% (based on Insurance Agent's estimates of market factors when our renewal comes up in November 2016 and on estimates of employees enrolled) and a 10% increase in the employer PERS contributions. Payroll taxes increased in proportion to salary and wage increases.

Materials and Services

Materials and Services is the broad expense category that supports general operations and conservation programs and services. The proposed budget increases the amount available for materials and services to \$915,538. Of this amount, approximately 25% goes to covering operations expenses such as rent, computer and IT services, vehicle maintenance, insurance, staff and board training, audits, printing, signage and displays. These costs will remain relatively stable with the exception of rent, which is expected to increase by \$30,000 due to the District taking over the NRCS leased space effective January 1, 2016 and hence having an extra half year at the more expensive rental rate. The other addition to this category of costs is \$10,000 to be spent on our new Diversity, Equity and Inclusion (DEI) initiative. This initiative began in FY2015-16 when the District set up a new cost center and formally recognized the initiative by forming a standing committee to the board of directors and began integrating this core value across all program areas and operations. This amount consists of (i) \$6,000 for obtaining additional demographic data and mapping services, guidance on DEI policy

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development, and assistance to develop culturally relevant programs and materials; and (ii) \$4,000 for staff DEI-related training.

The remaining Materials and Services costs are dedicated to conservation programs and services and represent 75% of the costs in this category. The table below highlights changes from the prior year. See section 2 above for more details about these conservation programs and services.

Conservation Area	FY2015-16	FY2016-17	Increase / (Decrease)	%	Reason for Change
Rural	140,470	131,500	(8,970)	(6)	Reflects decrease in working lands programs, including livestock and cover crop (staff time reallocated to Sturgeon lake), partially offset by new Native American Wisdom of the Elders funding
Urban	110,000	135,500	25,500	23	Primarily due to new \$30K NIN Grant and associated expenditures
Invasives	78,500	94,540	16,040	20	Increase for OSU Ext. IPM website (\$5k) and for grant-reimbursed Garlic Mustard control (\$13k)
Forestry	90,510	87,022	(3,488)	(4)	Change in mix of projects resulted in slight decrease
Education	33,000	29,500	(3,500)	(11)	Slightly less funding of field trips requested based on FY16 spending
FISH Grants	103,288	75,154	(28,134)	(27)	Reflects adjustment to projects expected to be completed and hence reimbursed in FY17
Partner Support	137,300	135,300	(2,000)	(1)	SOLV Team-up Sites program discontinued
Total	693,068	688,516	(4,552)	(1)	Overall decrease in conservation spending is deemed minor

Capital outlay

Capital outlay typically describes larger purchases that are of \$2,000 or more and have a useful life of more than one year. Purchases generally become listed as assets of the District. Capital outlay requirements are divided into office equipment and vehicles. Last year’s budget included a capital outlay of \$20,000 for replacement of one of the District’s vehicles. The purchase was delayed and is now expected to occur in FY2016-17 and be \$25,000 instead of \$20,000. Additionally, our server is at the end of its useful life (in service since 2011) and will need to be replaced at a cost of approximately \$8,500.

Contingency

The Contingency category is supported by Oregon Local Budget Law to manage 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 \$50,000, an amount considered prudent, is included to manage unforeseen events.

Unappropriated ending fund balance

This category represents 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, 2017 until tax revenue is received in November 2017. 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 funds to meet expenses for the July-through-November 2017 period.

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. For the General Fund, the unappropriated ending balance for FY 2016-17 is budgeted at \$672,124, representing cash flow requirements and anticipated expenditures for the first five months of the new fiscal year, assuming spending of approximately \$135,000 per month.

Special Fund (Sturgeon Lake) Resources and Requirements (Form LB-10)

History

This special fund was established in 1993 by a Memorandum of Agreement with the Oregon Department of Environmental Quality, the ODFW and the District for the purpose of completing maintenance and improvements to the Sturgeon Lake/Dairy Creek Project. It has remained a separate fund since then and will continue to be a dedicated fund for this purpose.

Budgeted Amounts

The proposed budget (Form LB-10) reflects total grants and contributions of \$862,120, representing funds to be received from the diverse sources (described below), including Multnomah County, Metro, and Oregon Wildlife Heritage Foundation. These resources will be used in full to pay for expected FY2016-17 expenditures of \$890,000 (source: Army Corps of Engineers) for the Sturgeon Lake Restoration project. The funds previously appropriated in the FY2015-16 budget were 491,220, however the project has been delayed and is now expected to occur in FY2016-17. If for any reason the anticipated work is not completed, the unused resources would carry over to the next year if appropriated again as part of the FY2017-18 budget process.

Status of Project

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Michele Levis, Controller and Budget Officer

The U.S. Army Corps of Engineers (Corps) has approved the feasibility study for preservation of the 3200-acre Sturgeon Lake located in the middle of Sauvie Island as essential habitat area for Pacific Flyway migratory water fowl including geese, ducks, and cranes plus aquatic wildlife species like sturgeon, salmon and lamprey. As local sponsor, the District has worked closely with the Corps to provide technical support and community outreach particularly with private landowners and the Oregon Department of Fish and Wildlife.

The District has conducted tours over the past five years for the regional scientific review team, natural resource agency leaders, state legislators and local elected officials to build support for local sponsor funding of \$1.7 million. The Bonneville Power Administration (BPA) financial support is also an essential component of the funding needed in order for the District and the project to move forward.

Cost estimates for the feasibility study, design and construction plus ongoing operations and maintenance could exceed \$8 million if materials, property and labor costs increase due to delays or unforeseen circumstances. Replacement of failed culverts on NW Reeder Road at Dairy Creek with the support of Multnomah County is critical to restore connectivity for endangered salmonid species between the lake and the Columbia River.

In early spring 2014, the Corps shared an ambitious timeline for implementation of the Sturgeon Lake / Dairy Creek feasibility study recommendations in FY2014-15, and the appropriate amounts were included in both the FY2014-15 and FY2015-16 adopted budget, but delays have caused the implementations to be pushed to FY2016-17.

The FY 2016-17 budget anticipates the Corps will soon initiate the project permitting and contracting, while the District will be responsible for negotiating and acquiring interests in privately-owned real property along Dairy Creek plus permits for construction and maintenance access.

The Corps and the District have completed negotiations on the project agreement (PPA). It includes a written plan and written verification of the above BPA and County funding commitments plus other external funding sources – public, private and non-profit. The Corps requires that the District pay cash upfront for its local sponsor cost share before proceeding with any of its tasks. The BPA funding will be transferred directly to the Corps pursuant to inter-agency protocol and will not pass-through the District. It is therefore not included as part of the FY2016-17 budget.

The District has also reached out to the informal Sturgeon Lake work group including Multnomah County, BPA, Ducks Unlimited, ODFW, the Department of State Lands (DSL), Metro and scores of groups to fund the Save Sturgeon Lake restoration project. State natural resource agencies entrusted with ownership and management of Sturgeon Lake and adjoining submerged and submersible lands, lake and stream beds and tidally-influenced waterways are expected to participate with required permits.

District staff and board leadership have met on several occasions over the last three years with the senior leadership at ODFW and DSL to request a major contribution. Multnomah County has committed

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to contributing funds of \$300,000 to help replace the failed culverts and crossing at Dairy Creek and Reeder Road while Metro has awarded a \$100,000 grant, ODFW a \$100,000 grant, and Ducks Unlimited a \$40,000 grant.

The Oregon Wildlife Heritage Foundation agreed in mid-2014 to assist with major donors from private sources and paid for a professional produced video with interviews plus on the ground and aerial views of Dairy Creek and the barriers blocking fish passage between the Columbia River and Sturgeon Lake. It was featured at their annual June (2014) fund-raising auction, presented to the interim State Senate Agriculture and Natural Resources Committee (September 2014) and posted online via YouTube and the District's website.

Approximately \$350,000 has been raised thanks to Oregon Wildlife Executive Director, Tim Greseth, and his board members with timely features in 2015 by Oregonian Sports section outdoor columnist Bill Monroe – at the core of this fundraising effort is a \$200,000 award from the Wessinger Family Foundation.

Supporting Documents

This Budget Message is accompanied by the following:

BUDGET DOCUMENTS:

- General Fund Resources (Form LB-20)
- General Fund Requirements (Form LB-30)
- Special Fund (Sturgeon Lake) Resources and Requirements (Form LB-10)

SUPPORTING DETAILS:

- Detailed Resources and Requirements for Current Year Budget
- Assumptions Worksheet for Property Tax Revenue
- Prior Year Tax Collections Worksheet
- Sturgeon Lake Summary