

Amended

Approved

Date June 1, 2011

Recorder Susan Ortiz

Chair Zach Diehl

## Marion Soil and Water Conservation District Budget Committee Meeting

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Location: Salem USDA Service Center Conference Room  
650 Hawthorne Ave SE, Ste # 130 - Salem, OR 97301  
Date: May 10, 2011  
Time: 7:03 PM to 9:18 PM

*Actions and follow-up items (notes) are italicized.*

### ATTENDANCE:

SWCD Directors	Citizen Committee Members
Emily Ackland	Ken Palke
Jayne Miller	Paula Bauer
Darin Olson	Bob Dettwyler
Doug Krahmer	Ralph Fisher
Carol Storke	Val J. Tancredi
	Zach Diehl
Others	Absent
Jane Keppinger, SWCD Budget Officer	David Keasey, SWCD Director
Susan Ortiz, SWCD Administrative Coordinator	Paul Stormo, Citizen Committee Member

### CALLED TO ORDER:

Jane Keppinger, Budget Officer, called the Budget Committee meeting to order at 7:03 pm.

### Introductions

Everyone introduced themselves. Ortiz announced that the meeting was being recorded.

### Role of Budget Committee

Keppinger reviewed the purpose and flow of the meeting. The budget message will be presented and the budget reviewed. Next any public questions and comments would be heard. Finally, the proposed budget would be voted on, as well as the recommended taxation rate. The budget hearing will be held on June 1, 2011 to approve the final budget and the tax rate resolution.

### Elect Officer (Chair)

Jane Keppinger asked the prior year's Chair, Ralph Fisher, to lead the election of the Budget Committee Chair for the 2011-2012 Budget Meeting and Budget Hearing. Fisher opened the floor for nominations for the budget committee chair position. Keppinger noted that the elected chair would also need to chair the Budget Hearing which will be held on June 1, 2011.

### ACTION:

*Krahmer nominated Paula Bauer seconded by Bob Dettwyler; she declined the nomination. Darin Olson nominated Zach Diehl. Doug Krahmer seconded the nomination. No further nominations were heard. Ralph Fisher closed the nominations and asked the committee to cast a unanimous ballot for Zach Diehl as Chairman for the Budget Committee. The motion was passed by a unanimous vote.*

## **Historical Background Reviewed**

Keppinger provided the Committee a quick overview of the history behind the tax base, which helps to support the District financially. In **2000** Myron Harper and Dan Goffin worked hard to gain voter support of a Tax Base for the Marion Soil and Water Conservation District. The voters within the district approved allocating a portion of the tax dollars collected each year, to support Marion SWCD. The vote received was a 60/40 split. At that time, Marion SWCD was the second Conservation District in the State, to receive voter approval for a Tax Base. Since that time several other Districts have followed suit, obtaining voter approval granting them revenue from tax dollars. Keppinger then went on to explain how these tax dollars actually drive 90% of the budget, how and when the monies are collected, distributed and ultimately received by the District. She also advised how the monies are invested, and allocated for use to support a large variety of projects, programs and grants. Keppinger noted that collection rates have been between 97-98% since the inception of the district tax base.

Keppinger stated that the district has a staff of eight (8) people at this time. She stated that the staff is very capable and skilled at their jobs, and works together with partner agencies to bring in funds for conservation; however, grant funding has been very tight due to the current economic recession. The district works very closely with NRCS and FSA, along with various other partners to assist landowners to put conservation projects out. Keppinger said that the tax rate the district has allowed staff to pursue other funding opportunities and leverage the tax dollars for additional funding.

The tax rate has provided the district with a modest increase in funding each year, with funds from previous tax year's still trickling in. Keppinger noted that the budget projections have been right on for the last several years with the district collecting 100% or more of the budgeted tax rate, while the current fiscal year collection will probably fall just under 100%.

She then reviewed some of the internal controls the district has in place, and the process for an annual financial audit.

She noted that she provided two budget options for this fiscal year, with Draft 1 leaving all funds in the Building Reserve Fund, and Draft 2 moving those funds out into another fund; the budget committee will determine what action to take with the Building Reserve Fund later in the meeting.

## **Receive the Budget Message and Review the Budget**

Keppinger presented the budget message which led the committee through the budget section by section. She pointed out how the budget is set up and explained how and why any alterations were being made to last year's figures. Attention was given to each budget line item providing clarification of what expenses are represented. Keppinger reviewed the General Fund (pages 1 through 3) portion of the budget.

**(Presentation of this agenda item was temporarily ceased in order to take Public Comment, it was continued later in the meeting.)**

**7:54PM Miller arrived.**

## **Public Questions and Comment / Deliberation of the Budget- General Fund**

The Chair then opened the floor for public questions or comments. There were no public questions or comments.

The Budget Committee deliberation / discussion focused on specific line item expenditures.

- Oregon Envirothon is now an independent 501(c)(3), and as such all income from their activities goes directly to that entity; the district continues to provide support in the form of Ron Crouse's time, and various promotional items, in addition, as the team from South Salem won the Oregon competition, the district will likely provide some support for the team to attend the North American Envirothon competition.
- Dettwyler expressed concern that the anticipated tax revenues are less than the anticipated expenditures of the Personnel Services, Professional Services, Contracted Services, and Computer System Monthly Maintenance combined. He questioned this as the District is supposed to be getting conservation on the ground, not keeping the funds in house for administration. Keppinger responded that the District grant programs put nearly \$200,000 in conservation directly on the ground. She also noted that there is an unappropriated ending balance of \$300,000 in order to operate the District between July and November when little to no tax revenues are received.

- Keppinger noted that it costs between \$50,000 and \$60,000 per month to operate the District between July and November; large purchases are delayed until tax revenues are received during each fiscal year.
- Miller voiced concerns regarding the allocation of the monies in Building Reserve Fund. Keppinger responded that that budget review had not yet reached that point, and those funds would be reviewed later in the meeting.
- Palke noted that the time the District's technical staff spends assisting the public should also be considered on the ground conservation. He inquired as to whether that time is tracked separately from other staff expenses. Keppinger responded that it is tracked on employee timesheets, and specifically tracked in the Districts accounting for non-district grants.

The chair then asked for any additional public comment or questions. None were heard.

**The Committee took a brief recess from 8:08 pm until 8:22 pm.**

**Receive the Budget Message and Review the Budget (continued)**

Keppinger resumed the review of the budget and the budget message with the Special Funds – ODA Grant Funds, then the Reserve Funds.

***Building Reserve Fund Discussion:***

Keppinger provided the committee with two options for the Building Reserve Fund, option 1 would continue to keep the funds in the Building Reserve Fund and option 2 would transfer the funds to the Special Projects /Conservation Projects fund. Keppinger reviewed the history of the Building Reserve Fund; Krahmer noted that the monies allocated to the fund were unexpended carryover funds during the years of 2001-2006.

Olson stated that during the past year he had conversations with FSA and NRCS regarding their needs in a building. He also stated his uncertainty regarding the use of property tax funds to purchase a building/property as those purposes were not specified in the initial property tax measure. Keppinger read the District's original property tax measure to the committee.

Krahmer stated that he was on the board when a previous investigation into purchasing property was completed. He noted that earlier findings suggested that a minimally suitable building would cost between \$1.2 and \$1.5 million. He also stated that the current office location is very preferable for landowner access and meetings. It was noted that the \$126,070 for office rent that is paid under the current lease agreement includes water, sewer, heating/cooling, electricity, garbage service, cleaning, security, and all maintenance; and that the more than 5,000 sq. ft. of office space that the district leases includes the conference room.

Miller posed questions regarding the necessity of the district to be housed with NRCS and whether NRCS could move into a district owned building. Keppinger replied that the USDA (NRCS) is required to seek bids when leasing office space. Fisher stated that the collaboration between NRCS and district is greatly enhanced when both entities are in the same Service Center, and this allows landowners to benefit more fully with staff from both entities understanding, able to explain and utilize the programs offered by each entity. Keppinger noted that the current office lease will expire in 2012.

Storke stated that it appears that there is a legal question that needs to be answered prior to the district moving forward in any manner, and that the district should get a legal opinion regarding whether or not the property tax monies can be legally used to purchase a building. Keppinger stated that she was unsure if the Oregon Attorney General would issue a decision on the issue, but that she could contact ODA for assistance in proceeding with obtaining a legal opinion on the matter.

Discussion continued regarding property location and the findings of the original building committee. Miller indicated that she is aware of adequate buildings currently for sale that the district could easily purchase for the equal of one year's rent.

Olson stated that he would like to see the funds made available for on the ground conservation. Discussion followed regarding in what manner, and whether or not, the funds would be available in the various types of accounts available under public budget law, and a suggested fund name change to a "Development Reserve Fund". Keppinger explained the steps necessary to access funds in the different types of accounts, i.e. contingency fund,

reserve fund, and the process of changing the name of a fund (the monies would have to be transferred to a newly named fund).

**ACTION:**

*Emily Ackland moved to recommend to the district board that the monies in the Building Reserve Fund allocated to a building remain as presented, that the District seek a legal opinion regarding the use of property tax funds to purchase a building, and that should the funds be legally available to use for the purchase of a building that the board Building Committee be formed for the purpose of investigating availability and cost of buildings and property. Carol Storke seconded.*

Discussion followed regarding the motion.

*Emily Ackland amended the motion to add “rename the Building Reserve Fund” the “Development Reserve Fund”. Carol Stoke seconded.*

Discussion followed regarding renaming a fund, clarification was provided, and the amended motion reflects the proper action in renaming the funds.

*Amended motion reads “to recommend to the district board that the Building Reserve Fund monies be transferred to a Development Reserve Fund, with the monies allocated to purchase of a building, that the District seek a legal opinion regarding the use of property tax funds to purchase a building, and that should the funds be legally available to use for the purchase of a building that the board Building Committee be formed for the purpose of investigating availability and cost of buildings and property.*

*The MOTION FAILED by a majority vote: YES: Olson, Fisher, Ackland, Bauer. NO: Krahmer, Tancredi, Miller, Storke, Dettwyler, Palke. Diehl did not cast a vote.*

**ACTION:**

*Krahmer moved to recommend to the district board that the monies in the Building Reserve Fund allocated to a building remain as presented, that the District seek a legal opinion regarding the use of property tax funds to purchase a building, and that that the board through a Building Committee provide direction regarding those funds to the Budget Committee for the 2012-2013budget. Emily Ackland seconded.*

*The MOTION PASSED by a majority vote: YES: Krahmer, Fisher, Ackland, Tancredi, Miller, Storke, Dettwyler, Palke. NO: Olson, Bauer. Diehl did not cast a vote.*

Miller requested that she be placed on the Building Committee. Olson responded that Miller is currently on the Program Committee and that he would determine appointments to the Building Committee at a later point in time.

**Vehicle Reserve Fund:**

Keppinger informed the committee that following a discussion with staff regarding the district vehicles it was recommended that the district dispose of the two pickups currently owned by the district and purchase one replacement vehicle, therefore, the budget reflects that recommendation.

**Special Projects Fund:**

Keppinger reviewed the district’s grant programs. She noted that the Conservation Projects/Special Projects Grant Program is approved by the board for funding at \$25,000; however, there is \$30,000 budgeted for the 2011-2012 year in order to assist with costs for a very successful pesticide collection & disposal event/project. She stated that in the past the district has held pesticide collection events in cooperation with Clackamas County SWCD using DEQ 319 funding and the program has collected many pounds of unused pesticides from the community; she encouraged the committee to approve the allocation of \$5,000 of the Conservation Projects/Special Projects Grant Program to specifically support pesticide collection and disposal.

## Approve the Proposed Budget

### ***ACTION:***

*Ralph Fisher moved that the Marion Soil and Water Conservation District Budget Committee approve the proposed FY 2011-2012 Budget as presented. Doug Kraemer seconded. The motion was passed by a unanimous vote.*

### **Recommend Rate of Taxation**

Keppinger stated that the district can ask for a maximum tax rate of \$.05 per thousand, or a lower rate; in alternate, the district could ask for a flat rate amount.

### ***ACTION:***

*Bob Dettwyler moved that the Marion Soil and Water Conservation District Budget Committee to approve the recommended rate of taxation for the 2011-2012 Fiscal Year at the rate of \$0.05 per \$1,000 of assessed value for operating purposes. Doug Kraemer seconded. The motion passed by unanimous vote.*

*ADJOURN: Zach Diehl (Committee Chair) adjourned the Budget Committee meeting at 9:18 pm.*

Next meeting: Budget Hearing-June 1, 2011 at 7:00 pm  
Meeting Location: Marion SWCD – Conference Room  
650 Hawthorne Ave SE, Ste # 130  
Salem, OR 97301-5894

**Minutes submitted by: Susan Ortiz**

### **ACRONYMS**

<b>AWEP</b>	Agricultural Watershed Enhancement Program
<b>CLEAR</b>	Conservation Learning Education and Resource
<b>DEQ</b>	Department of Environmental Quality
<b>FSA</b>	Farm Service Agency
<b>FY</b>	Fiscal Year
<b>NRCS</b>	Natural Resource Conservation Service
<b>ODA</b>	Oregon Department of Agriculture
<b>SWCD</b>	Soil and Water Conservation District
<b>USDA</b>	United States Department of Agriculture