

# 2017 Draft Budget

October 5, 2016

# The Natomas Basin Conservancy

## Draft FY 2017 Budget

Fund detail

	Projected 2016	Draft FY17 Budget						Budget Totals
		Admin- istration	Restoration & Enhancement	Land Acquisition	Endowment (restricted)	Supp. Endow. (restricted)	SAFCA NLIP (restricted)	
<b>Revenues</b>								
Mitigation Fees								
City of Sacramento	\$ 8,065	\$ 176,265	\$ 19,305	\$ 180,000	\$ 100,065	\$ 8,250	\$ -	\$ 483,885
County of Sutter	-	-	-	-	-	-	-	-
Metro Air Park	2,105,222	293,775	32,175	300,000	166,775	13,750	-	806,475
Other	333,558	50,000	-	-	-	-	-	50,000
Investment Income								
Restricted	600,000	-	-	-	480,000	-	21,763	501,763
Unrestricted	100,000	110,000	30,000	40,000	-	80,000	-	260,000
Rent revenue	520,000	517,014	-	-	-	-	-	517,014
Miscellaneous income	234,160	90,000	-	-	-	-	69,160	159,160
Total revenues <sup>1</sup>	\$ 3,901,005	\$ 1,237,054	\$ 81,480	\$ 520,000	\$ 746,840	\$ 102,000	\$ 90,923	\$ 2,778,297
<b>Expenditures</b>								
<b>Program Expenditures</b>								
Biological Monitoring	\$ 298,196	\$ 298,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,196
Land management	375,000	375,000	-	-	-	-	-	375,000
SSMP Preparation & Revision	63,000	25,000	-	-	-	-	-	25,000
Contract work	55,000	57,500	-	-	-	-	-	57,500
Property tax	214,085	214,085	-	-	-	-	-	214,085
Water & drainage	446,139	446,139	-	-	-	-	-	446,139
Property maintenance	400,000	408,000	-	-	-	-	-	408,000
Electricity	36,000	36,000	-	-	-	-	-	36,000
Restoration & enhancement	-	-	-	-	-	-	-	-
Land acquisition, not capitalized	-	-	-	-	-	-	-	-
Loan repayment	-	-	-	-	-	-	-	-
Subtotal	1,887,420	1,859,920	-	-	-	-	-	1,859,920
<b>Administration</b>								
Administrative	556,807	571,630	-	-	-	-	-	571,630
Office expenditures	176,820	198,969	-	-	-	-	-	198,969
Miscellaneous expenditures	349,181	\$283,655	-	-	66,000	12,000	25,000	386,655
Subtotal	1,082,808	1,054,253	-	-	66,000	12,000	25,000	1,157,253
Total expenditures	\$ 2,970,228	\$ 2,914,173	\$ -	\$ -	\$ 66,000	\$ 12,000	\$ 25,000	\$ 3,017,173
Capital outlay	-	-	-	-	-	-	-	-
Reduction for purchase of assets	-	-	-	-	-	-	-	-
Total expenditures	\$ 2,970,228	\$ 2,914,173	\$ -	\$ -	\$ 66,000	\$ 12,000	\$ 25,000	\$ 3,017,173
Excess (deficiency) of revenues over (under) expenditures	\$ 930,777	\$ (1,677,119)	\$ 81,480	\$ 520,000	\$ 680,840	\$ 90,000	\$ 65,923	\$ (238,876)
Fund balance, beginning of period <sup>2</sup>	\$ 30,331,643	\$ 5,030,735	\$ 1,858,612	\$ 3,524,790	\$ 17,906,363	\$ 2,903,403	\$ 910,692	\$ 32,134,595
Fund balance, end of period	\$ 32,134,595	\$ 3,353,616	\$ 1,940,092	\$ 4,044,790	\$ 18,587,203	\$ 2,993,403	\$ 976,615	\$ 31,895,720

<sup>1</sup> Distribution of fee income applied across the five funds at current NBHCP rates. Unrealized income is excluded.

<sup>2</sup> Fund Balance, beginning of period, based on projected December 31, 2016 balances. Land Acquisition only includes cash or cash equivalent assets.

# The Natomas Basin Conservancy

## FY 2017 Draft Budget

Budget line item information

### I. Revenue

Line item	Discussion	Proposed 2017	Estimated YE 2016
Mitigation fees	Estimate 15 acres for City of Sacramento mitigation in 2017.	\$483,885	\$8,065
Mitigation fees	Estimate zero acres for Sutter County mitigation in 2017.	-	-
Mitigation fees	Estimate 25 acres for Metro Air Park mitigation in 2017.	\$806,475	\$2,105,222
Mitigation fee - other	Additional one-time projects surface from time-to-time and this is a budgeted project placeholder. One such project could exceed this amount or no such funds could be received.	\$50,000	\$333,558
Investment income - Restricted	Investment and interest income expected from Endowment and Supplemental funds, based on 3% projected real rate of return. This item also includes interest income on the SAFCA endowment fund.  <i>Endowment Fund \$480,000</i> <i>Supplemental Fund \$80,000</i>	\$560,000	\$600,000
Investment income - Unrestricted Funds	Interest is accrued on account balances. The total investment income varies depending on the date available funds are used for various expenditures as well as interest rate changes. Allocation to each of the Conservancy's unrestricted funds is based on the fund balance at the time interest is accrued. Based on 2% projected real rate of return.  <i>Administration Fund \$110,000</i> <i>Restoration &amp; Enhancement Fund \$30,000</i> <i>Land Acquisition Fund \$40,000</i>	\$180,000	\$100,000
Farm rent	Gross rent from farmable acres under contract. This is an estimate of base rent acres and not inclusive of a second rent payment. This also estimates approximately 347 acres of rice to be fallowed in 2017.	\$517,014	\$520,000
Miscellaneous income	Gross rent from residences, SAFCA contract payments, and various reimbursements.	\$90,000	\$150,000
SAFCA Projects	Investment and interest income based on 2% projected real rate of return	\$21,763	\$15,000
SAFCA Projects	Non-HCP income - SAFCA's Natomas Levee Improvement Project Contract	\$69,160	\$69,160
<b>Total revenue</b>		<b>\$2,778,297</b>	<b>\$3,901,005</b>
Gross operating income	HCP-related income and investment income from all funds with the exception of the Endowment Fund and the SAFCA funds.	\$1,520,360	\$2,546,845
Total non-fee revenue	Includes investment income, farm rent and miscellaneous income with the exception of the Endowment Fund and SAFCA funds.	\$787,014	\$770,000

## The Natomas Basin Conservancy

### FY 2017 Draft Budget

Budget line item information

<b>II. Expenditures</b>			
<b>Line item</b>	<b>Discussion</b>	<b>Proposed 2017</b>	<b>Estimated YE 2016</b>
<b>Program Expenditures</b>			
Biological monitoring	Pertains exclusively to biological monitoring as required by the 2003 NBHCP.	\$298,196	\$298,196
Land Management	This is an estimate of land management labor costs based on 2016 costs and anticipated workload for 2017.	\$375,000	\$375,000
SSMP Preparation and Revision	Estimated amount for SSMP revision finalization.	\$25,000	\$63,000
Contract work, public education and publications	This item includes general contract work, public education and publications. Includes \$20,000 for the Ag Water Waiver program instituted by regional and state water regulatory agencies.	\$57,500	\$55,000
Property taxes	This is an estimate of property taxes for TNBC real property based on actual tax bills. This excludes RD 1000 assessments.	\$214,085	\$214,085
Water - RD 1000 and NCMWC	This NCMWC's assessment and water usage rates are projected to be approximately \$120 per acre for rice (the Conservancy's largest crop), and RD 1000 assessments of approximately \$60,000. Conservancy farm tenants pay up to \$65.00/acre leased. Item also includes water for marsh watering.	\$446,139	\$446,139
Property maintenance	General property maintenance items, including fences, signs, road maintenance, weed control, security, general repairs, and select field leveling. Channel clearing for Bennett North, Phase 1 planned for 2017 has been deferred to at least 2018 in order to preserve funds.	\$408,000	\$400,000
Electricity	Includes electricity costs for lights and irrigation pumps on various Conservancy properties.	\$36,000	\$36,000
Restoration & enhancement	No restoration and enhancement projects budgeted for 2017.	-	-
Land acquisition	No land acquisitions are budgeted for 2017.	-	-
<b>Administration</b>			
<b>Administrative</b>			
Staff	This includes five staff members: Executive Director, Chief Financial Officer, Manager of Contracts and Compliance, Administrative Assistant and Field Services Assistant. (Included for potential salary adjustments is 2.5%.)	\$402,982	\$393,699
Benefits, taxes and charges	Includes statutory wage payments, employment taxes (Social Security, Medicare, California Unemployment Insurance and Employment Training Tax) and benefits. Includes group health insurance plan that is ACA-compliant at the Silver level (employer-sponsored high deductible health insurance plan with a health savings account net of employee contributions including dependant coverage of 50%; annual out-of-pocket maximum \$4,000 per individual/\$8,000 per family). The retirement plan, Simplified Employee Pension-Individual Retirement Account, involves no on-going liability to the Conservancy after employee separation and can be discontinued in any year by action of the Board. Eligibility for participation in the plan at 13% of gross salary begins after completion of six months employment.	\$158,648	\$153,107
Board expense	Includes a \$100 per meeting fee (covers meeting and Board service expenses). Anticipates 10 Board members for entire year plus Committee meetings. Includes small amount for miscellaneous Board-associated expenses.	\$10,000	\$10,000

## The Natomas Basin Conservancy

### FY 2017 Draft Budget

Budget line item information

<b>II. Expenditures (cont.)</b>			
<b>Line item</b>	<b>Discussion</b>	<b>Proposed 2017</b>	<b>Estimated YE 2016</b>
<b>Office expense</b>			
Rent	Includes basic office space at 2150 River Plaza Drive, Suite 460 (\$5,477 per month plus expense recoveries for 2,806 square feet).	\$67,269	\$49,620
Telecommunications and Media	For basic telecommunications service, including telephone, internet connection, email, web design and webhosting.	\$44,500	\$42,500
Copying & printing	For oversize photocopying, surveys, aerial photos, associated printing, electronic media, archives and copies.	\$22,000	\$20,000
Office supplies	Essential and common office supplies, including publications, subscriptions and membership dues.	\$18,000	\$16,000
Postage	General postage.	\$2,000	\$1,500
Equipment	For basic office equipment, furniture.	\$20,000	\$22,000
Vehicle expense	For vehicle allowance and mileage expenses.	\$25,200	\$25,200
<b>Miscellaneous expense</b>			
Insurance	Basic business insurance which includes; Directors & Officers,	\$52,000	\$49,000
Accounting	For general accounting work and fiscal year-end audit.	\$38,000	\$36,000
Legal	General legal work.	\$75,000	\$70,000
Fees	For general corporation fees and investment management fees.	\$120,000	\$100,000
Contingency	5% contingency on all above administration items.	\$51,655	\$49,181
<b>Subtotal TNBC expenditures</b>		<b>\$2,967,173</b>	<b>\$2,925,228</b>
SAFCA Projects	Less Non-HCP - SAFCA's Natomas Levee Improvement Project Managment	\$50,000	\$45,000
<b>Total expenditures</b>		<b>\$3,017,173</b>	<b>\$2,970,228</b>
<b>Total revenue over expenditures</b>		<b>(\$238,876)</b>	<b>\$930,777</b>
Modified revenue over expenditures	This line excludes Endowment Fund investment income.	(\$238,876)	\$930,777