

The Natomas Basin Conservancy
FY 2017 Draft Mid-Year Budget Revision

Budget line item information

| I. Revenue | | | |
|--|--|--------------------------|--------------------|
| Line item | Discussion | Proposed M-Y Rev 2017 | Approved 2017 |
| Mitigation fees | Estimate 15 acres for City of Sacramento mitigation in 2017. Revision reduces from 15 acres to 3 acres. | \$94,800 | \$474,000 |
| Mitigation fees | Estimate zero acres for Sutter County mitigation in 2017. | - | - |
| Mitigation fees | Estimate 25 acres for Metro Air Park mitigation in 2017. Revision reduces from 25 acres to 1.2 acres. | \$37,920 | \$790,000 |
| 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. Revision includes PG&E pipeline project of 56 acres. | \$1,794,600 | \$50,000 |
| 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 \$540,000</i> <i>Supplemental Fund \$90,000</i> | \$630,000 | \$630,000 |
| 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 \$100,000</i> <i>Restoration & Enhancement Fund \$30,000</i> <i>Land Acquisition Fund \$60,000</i> | \$190,000 | \$190,000 |
| 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. Revision anticipates no second rice rent payment due to low rice prices. | \$535,000 | \$709,124 |
| Miscellaneous income | Gross rent from residences, SAFCA contract payments, and various reimbursements. | \$90,000 | \$90,000 |
| SAFCA Projects | Investment and interest income based on 2% projected real rate of return | \$20,000 | \$20,000 |
| SAFCA Projects | Non-HCP income - SAFCA's Natomas Levee Improvement Project Contract | \$69,160 | \$69,160 |
| Total revenue | | \$3,461,480 | \$3,022,284 |
| Gross operating income | HCP-related income and investment income from all funds with the exception of the Endowment Fund and the SAFCA funds. | \$2,117,320 | \$1,504,000 |
| Total non-fee revenue | Includes investment income, farm rent and miscellaneous income with the exception of the Endowment Fund and SAFCA funds. | \$815,000 | \$989,124 |

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| II. Expenditures | | | |
|--|---|----------------------------------|--------------------------|
| Line item | Discussion | Proposed M-Y Rev 2017 | Approved 2017 |
| Program Expenditures | | | |
| Biological monitoring | Pertains exclusively to biological monitoring as required by the 2003 NBHCP. | \$315,316 | \$315,316 |
| Land Management | This is an estimate of land management labor costs based on 2016 costs and anticipated workload for 2017. | \$400,000 | \$400,000 |
| SSMP Preparation and Revision | Estimated amount for SSMP revision finalization. | \$25,000 | \$25,000 |
| 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 | \$57,500 |
| Property taxes | This is an estimate of property taxes for TNBC real property based on actual tax bills. This excludes RD 1000 assessments. | \$186,584 | \$186,584 |
| 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. | \$456,607 | \$456,607 |
| 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. | \$432,000 | \$432,000 |
| 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. | - | - |
| Administration | | | |
| Administrative | | | |
| 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 | \$402,982 |
| 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 | \$158,648 |
| 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 |

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| II. Expenditures (cont.) | | | |
|--|---|--------------------------|--------------------|
| Line item | Discussion | Proposed M-Y Rev 2017 | Approved 2017 |
| Office expense | | | |
| Rent | Includes basic office space at 2150 River Plaza Drive, Suite 460 (\$5,477 per month plus expense recoveries for 2,806 square feet). Revision includes slight increase in expense recoveries. | \$68,000 | \$67,269 |
| Telecommunications and Media | For basic telecommunications service, including telephone, internet connection, email, web design and webhosting. | \$44,500 | \$44,500 |
| Copying & printing | For oversize photocopying, surveys, aerial photos, associated printing, electronic media, archives and copies. | \$22,000 | \$22,000 |
| Office supplies | Essential and common office supplies, including publications, subscriptions and membership dues. | \$18,000 | \$18,000 |
| Postage | General postage. | \$2,000 | \$2,000 |
| Equipment | For basic office equipment, furniture. Revision includes cyber security and equipment upgrades. | \$25,000 | \$20,000 |
| Vehicle expense | For vehicle allowance and mileage expenses. | \$25,200 | \$25,200 |
| Miscellaneous expense | | | |
| Insurance | Basic business insurance which includes; Directors & Officers (D&O), general liability, crime, non-hired auto, and umbrella. | \$52,000 | \$52,000 |
| Accounting | For general accounting work and fiscal year-end audit. | \$38,000 | \$38,000 |
| Legal | General legal work. Revision includes funds for legal services covering Board-related issues. | \$250,000 | \$75,000 |
| Fees | For general corporation fees and investment management fees. | \$100,000 | \$100,000 |
| Contingency | 5% contingency on all above administration items. | \$60,691.48 | \$51,655 |
| Subtotal TNBC expenditures | | \$3,186,028 | \$2,996,261 |
| SAFCA Projects | Less Non-HCP - SAFCA's Natomas Levee Improvement Project Management | \$50,000 | \$50,000 |
| Total expenditures | | \$3,236,028 | \$3,046,261 |
| Total revenue over expenditures | | \$225,452 | (\$23,977) |
| Modified revenue over expenditures | This line excludes Endowment Fund investment income. | \$225,452 | (\$23,977) |