

December 27, 2017

To: TRWC members

From: Karlene McCabe, Transition Manager

Re: Proposed 2017/18 Program Budget for TRWC

Attached is a program budget for the 2017/18 fiscal year. This programmatic budget reflects the new model TRWC will use going forward. It is important to develop a program budget so you can track how each of your programs is performing. It also allows you to more easily track restricted funds that are received for and must be used for a specific purpose.

Program budgeting allows you to more easily perform your fiduciary responsibility as a member of a non profit organization. Looking at how financial and staff resources are allocated allows you to have a robust discussion about whether resources are being allocated to meet the mission, vision and goals of TRWC and the activities listed in your work plan are being adequately funded in each program area.

I chose program area titles that match up with the merit criteria used by OWEB in evaluating council support grants. This seems like a good place to start. However, over time you may add in additional categories for work that is not funded by OWEB (ie: education). You will note there is also a category for Fiscal Agent-Pass through funds.

For the past couple of years TRWC has served as the fiscal agent for Friends of Bull Mountain, West Multnomah Soil and Water Conservation District and one other organization. I would recommend that the Council review the benefits and costs of serving as a fiscal agent and come up with a process of evaluating when you will serve as a fiscal agent for other organizations.

There is a program category for indirect costs. At the present time the Council has a negotiated federal indirect cost rate with the Bureau of Reclamation. The amount of indirect costs that can be applied to federal grants has averaged 10-12%. These indirect costs must be calculated each year and reviewed by federal government. It is good practice to charge each grant received an indirect overhead amount to cover the costs associated with daily operations of TRWC. The Council can give exceptions for funds received that are not attributable to a federal source.

The amount of time that the Council Coordinator spends in each program area has been estimated. For FY 2017/18 I applied the following percentages for the time spent by the Council Coordinator in each program area:

Community Engagement- 10%, Outreach and Planning-15%, Watershed Restoration- 35%, Effective Council Management- 35%, Effective Council Governance- 5%

My time as transition manger has all been applied to the Effective Council Governance program area. Funding from Clean Water Services and the Joint Water Commission was restricted this year to pay only for work on organizational transition. Funds from other sources have also been applied to the cost of my work.

Notes on Income-

Color coding- Green- Funds secured. Yellow- Funds awarded but are paid to Council on only once they have been expensed. Red- Funds not yet secured but high likelihood of receiving funds in FY 2017/18. **Total projected income for FY 2017/18 is \$ 179,039.**

As you are aware TRWC has chosen in the past to use most of your OWEB Council Support funds to pay for staff costs. TRWC received a total of \$ 60,282 from OWEB for Council Support. In FY 2017/18 total direct staff costs for Council Coordinator are \$ 63,358. As discussed at last months Council meeting OWEB allows TRWC to use these funds to pay for a variety of costs associated with council operations.

CWS 2017 and JWC 2017-18 funds for \$ 30,000 are restricted for use to carry out activities related to organizational development and transition.

OWEB Small Grants- Almost all funds received from OWEB small grants was for hiring of contractors, materials and supplies. Only about \$ 200 was available to pay for the Council Coordinator costs to manage these projects. Coordinator staff costs to manage these projects were paid out of the Council Support grant from OWEB.

OWEB Large Grants- This project has been delayed until Fall of 2018. Therefore, only a small portion of the total grant income will be received in 2017/18.

Bureau of Reclamation Funds- The majority of BOR funds will be used to pay for a large wood placement project at the confluence of Gales Creek/Clear Creek. As implementation of this project has been delayed until fall 2018 only a small portion is included in fiscal year 2017/18.

Pass through funds- Of TRWC's total income of \$ 179,039 for FY 2017/18 approximately \$38,368 are pass through funds that are managed by TRWC for other entities. TRWC does pull 10% of the funds to help cover indirect costs.

Notes on Expenses-

Total expenses for FY 2017/18 are \$ 238,486. The budget shows a negative balance of \$-59,447. The majority of this "deficit" is due to the final payout of all funds for the Friends of Bull Mountain Park. However, TRWC is holding \$ 51,669 in funds for FBMP from last fiscal year that will be applied to this "deficit".

Contracted Restoration Services- Almost all restoration project shown in this budget will be completed in FY 2017/18. The large wood placement project at Gales Creek/Clear Creek confluence will be completed in the fall of 2018 and thus the majority of the costs for that project will be in next years budget.

Contracted Services Non Restoration- As part of the growth of Council services and staffing I have recommended that you contract out your accounting services. The \$ 6,000 shown in FY 2017/18 budget is for the cost of paying someone to set up your accounting system. The goal is to have the system set up by July 1, 2018. The FY 2018/19 budget will contain funding to pay for someone to do data entry and someone to review your QB's on a semi-annual basis.

There are also some funds allocated for legal services. As you hire more staff you should hire your employee handbook that has not been updated since 2003.

A small amount (\$300) is included for other consulting services you may need this year.

Operation costs- The majority of these costs are considered “indirect” expenses and thus are covered by your indirect cost recovery of 10% charged to grants.

Pass Through Funds- TRWC serves as the fiscal agent for two organizations. These entries show funds that are received by TRWC on behalf of these entities. Approximately 10% of these funds will be reserved by TRWC to help with indirect costs of administering the funds.

Notes on Income/Expense-

The budget for FY 2017/18 shows a negative balance of -\$59,447. However, the majority of this “deficit” is created by the costs of the Friends of Bull Mountain Park project. As TRWC has funds in the bank received in the last year for this project your true deficit is only about -\$8,000. However, most of that deficit is alleviated by bringing in funds that were received in prior years.

You show a positive balance of \$ 5,767 for FY 2017/18. However, you should be aware that the funds that make up this positive balance are restricted dollars that can only be used for select purposes.

Two program areas show negative balances (Council Management and Indirect). You can alleviate these negative balances by reassigning staff time in each program area or redirecting financial resources (non-restricted) from one program to another.