



Yolo Habitat Conservancy

County of Yolo • City of Davis • City of Winters • City of West Sacramento
City of Woodland • University of California, Davis

To: Gary Sandy, Chair
Members of the Board

From: Alexander Tengolics
Executive Director

Re: Approve 2022-23 budget and budget resolution for the Mitigation Fee Fund, Grant Fund, Other Revenue Fund, Mitigation Trust Account, Pre-Permit Endowment Fund, and Post-Permit Endowment Fund

Date: May 16, 2022

REQUESTED ACTIONS:

1. Approve FY 2022-23 budget (Attachment A)
2. Approve budget resolution (Attachment C)

BACKGROUND:

The Conservancy financial structure has six funds, with a separate budget for each fund, as follows:

- **Mitigation Fee Fund.** The Conservancy places revenue collected from mitigation fees in this fund and tracks expenditures of mitigation fees.
- **Grant Fund.** The Conservancy tracks all grant revenues and expenditures through this fund.
- **Other Revenue Fund.** The Conservancy places revenue from Special Participating Entities contribution to recovery fees, landowner contributions, and other non-mitigation fee revenue in this fund.
- **Mitigation Trust Account.** The fund contains Swainson's hawk mitigation fees collected prior to permit issuance on January 9, 2019. This Conservancy will exhaust these funds by purchasing conservation easements and close the account.

- **Pre-permit Endowment Fund.** This fund contains revenue from endowments to monitor conservation easements collected prior to issuance of the permits on January 9, 2019. As of 2022, these funds are managed by the Yolo/Sacramento Community Foundation.
- **Post-permit Endowment Fund.** The Conservancy places a portion of every mitigation fee in this fund to save for management and monitoring of the reserve system after the permit term ends in 50 years. As of 2022, these funds are managed by the Yolo/Sacramento Community Foundation.

The proposed FY22-23 budgets for the Mitigation Fee Fund, the Grant Fund, the Other Revenue Fund, the Mitigation Trust Account, and the Pre-Permit Endowment Fund and Post-Permit Endowment are presented in Attachment A. A report on current grant balances is included in Attachment B. The budget was reviewed by Yolo County's Chief Financial Officer.

The Conservancy expects to end the FY21-22 with almost \$3.4 million in fund balance. This fund balance is largely driven by permit revenue. Overall, the Conservancy has a strong fiscal outlook. Highlights of the FY22-23 budget include:

Continued emphasis on easement acquisition. The Conservancy continues with easement acquisitions and completed a solicitation for interested landowners in 2021. Staff and consultants will focus on closing out the 2020 Section 6 grant and expending the remaining \$550,000 in the Mitigation Trust Account to acquire easements for the benefit of the Swainson's Hawk before acquiring sites with permit fee revenue. There are currently nine sites in various stages of acquisition due diligence.

Continuation of current administrative model. The FY22-23 budget anticipates a continuation of the County providing administrative services and the majority of the existing consultant contracts being renewed. FY22-23 will be the third year of county administration of the Conservancy. In that time, the Conservancy's financial outlook has dramatically improved providing the Board the opportunity to reevaluate the current administrative model, should it so choose. Staff will work with the Chair and Vice-Chair in the following months to discuss any need to reevaluate the current administrative model and the Conservancy's long-term resource needs.

Based on these budget highlight, staff proposes the following organizational and budget goals for FY22-23. Outcomes of the FY21-22 organizational and budget goals are included in Attachment D.

FY22-23 Organizational and Budget Goals

- Close at least five easements and fully expend and close the Mitigation Trust Account
- Reevaluate current administrative model and long-term resource needs



ATTACHMENTS:

Attachment A. Mitigation Fee Fund, Grant Fund, Other Revenue Fund, Mitigation Trust Account, Pre-Permit Endowment Fund, and Post-Permit Endowment Fund Budgets

Attachment B. Grant Balances

Attachment C. Budget Resolution

Attachment D. FY21-22 Organization and Budget Goals Outcomes

