



Yolo Habitat Conservancy

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

To: Lucas Frerichs, Chair
Members of the Board

From: Chris Alford
Interim Executive Director

Re: Approve the 2025/26 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 19, 2025

REQUESTED ACTIONS:

1. Approve the FY2025-26 budget (Attachment A)
2. Approve budget resolution (Attachment B)

BACKGROUND:

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

- **Mitigation Fee Fund:** The Conservancy places the majority of revenue collected from mitigation fees in this fund¹ and tracks expenditures of mitigation fees. The majority of Yolo HCP/NCCP implementation costs are paid from this fund, including: administration, reserve system establishment, natural community restoration, and management, monitoring, and habitat enhancement of reserve lands. Staff estimate that approximately \$1.06 million in mitigation fees will be deposited into the Mitigation Fee Fund during Fiscal Year 2025-26, based on the current projects that are in the processes of obtaining Yolo HCP/NCCP permit coverage and the assumption that two of the four largest projects will submit final applications and fee payments within the next year. It is possible that the actual amount of mitigation fees collected could be significantly higher or lower depending on a variety of factors that are outside of the Conservancy's control. Staff estimate approximately \$2.7 million in expenditures from the fund in Fiscal Year 2025-26, including \$1.5 million for easement acquisitions and approximately \$463,000 for the County to provide key staff positions, including a fulltime Executive Director, as well as human resources, legal, fiscal, accounting, and IT support services.

¹ A small portion (2.6%) of every Yolo HCP/NCCP land cover fee payment that is collected is transferred to the Post-Permit Endowment Fund.

- **Mitigation Trust Account:** This fund currently contains mitigation fees collected specifically to mitigate for impacts to burrowing owl. The Conservancy intends to use the current fund balance of approximately \$158,700 in FY25/26 for the acquisition of a conservation easement on lands that have occupied burrowing owl habitat.
- **Grant Fund:** The Conservancy tracks all grant revenues and expenditures through this fund. The Conservancy does not have any grants, so this fund is currently idle. The FY24/25 budget included both assigned and unassigned fund balances that appear to be amounts that were erroneously carried over from prior years in the Conservancy's account ledger and do not reflect the actual funds attributed to the Grant Fund. Conservancy staff are working with County finance staff to address this within the County's accounting system. Conservancy staff aim to apply for at least one land acquisition grant and one habitat restoration grant in FY25/26. If any grants are awarded, Conservancy staff will return to the Board with an updated budget and budget resolution for this fund.
- **Pre-Permit Endowment Fund:** This fund contains endowment funds collected to monitor conservation easements established prior to the official start of Yolo HCP/NCCP implementation (January 11, 2019). Revenue to this fund consists of interest accruals. Expenses to this fund include fund management fees from the Sacramento Regional Community Foundation, annual compliance monitoring expenses, and funding losses due to changes in the economic market that result in negative interest rates.
- **Post-Permit Endowment Fund:** The Conservancy places 2.6% of all HCP/NCCP mitigation fees collected as well as all stewardship donations collected into this fund to save for management and monitoring of the reserve system once the 50-year permit term ends. The Conservancy deposits these funds into an account held by the County at the time they are received and subsequently transfers the funds to a long-term endowment fund held by the Sacramento Regional Community Foundation on a semi-regular basis. Revenue to this fund consists of mitigation fee contributions to the fund as well as interest accruals. Expenses to this fund include fund management fees from the Sacramento Regional Community Foundation and funding losses due to changes in the economic market that result in negative interest rates.
- **Other Revenue Fund:** The Conservancy places contribution to recovery fee revenue collected from Special Participating Entities and other non-mitigation fee revenue in this fund. These funds do not have the same funding restrictions that the other funds have and may be used for special projects or other expenditures deemed appropriate by the Board. Currently these funds are being held in case any unexpected expenses or situations arise that warrant their use.

The proposed Fiscal Year 2025-26 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. The Budget Resolution for Fiscal Year 2025/26 is included as Attachment B.



Overall, the Conservancy expects to end Fiscal Year 2024-25 with approximately \$3.6 million in total fund balance with an estimated fund balance of over \$2.5 million in the Mitigation Fee Fund (operational fund). This fund balance is largely driven by permit revenue. Overall, the Conservancy has a stable fiscal outlook and anticipates approximately \$1.1 million dollars in fee revenue anticipated in Fiscal Year 2025-26.

ATTACHMENTS:

Attachment A. Mitigation Fee Fund, Grant Fund, Other Revenue Fund, Mitigation Trust Account, Pre-Permit Endowment Fund, and Post-Permit Endowment Fund Budgets for FY25/26

Attachment B. Budget Resolution for Fiscal Year 2025/26

