



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: Cathy Little
Executive Director

Chris Alford
Interim Executive Director/Consultant

Re: Approve the Fiscal Year 26/27 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 18, 2026

REQUESTED ACTIONS:

1. Approve the Mitigation Fee Fund, Grant Fund, Other Revenue Fund, Mitigation Trust Account, Pre-Permit Endowment Fund, and Post-Permit Endowment Fund Budgets for Fiscal Year 26/27 (Attachment A)
2. Approve the Budget Resolution for Fiscal Year 26/27 (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 \$1,239,923 in mitigation fees will be deposited into the Mitigation Fee Fund during Fiscal Year 2026-27 (FY26/27), based on the current projects that are in the processes of obtaining Yolo HCP/NCCP permit coverage. This is a conservative estimate that does not include larger development projects that are anticipated to seek permit coverage within the next two years. It is possible that the actual amount of mitigation fees collected could be significantly higher or lower depending on a

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.

variety of factors that are outside of the Conservancy's control. Staff estimate approximately \$1.2 million in expenditures from the Mitigation Fee Fund in FY26/27, including \$106,500 for easement acquisitions and approximately \$335,000 for the County to provide a 1.0 FTE Executive Director, up to a 0.5 FTE Financial Analyst, as well as human resources, legal, fiscal, accounting, and IT support services.

- **Mitigation Trust Account:** This fund was initially set up to accept non-HCP/NCCP mitigation fees such as funds collected as part of the Yolo County Interim Swainson's Hawk Foraging Habitat Mitigation Program and burrowing owl mitigation fees imposed on projects within the City of Davis prior to Yolo HCP/NCCP permit issuance. The balance of the funds previously in this account was fully expended on conservation easement acquisitions specific to the respective mitigation fund requirements. As of May 18, 2026 there is at least one development project that had its environmental documentation completed prior to the issuance of the Yolo HCP/NCCP permits and is required to pay the Yolo Habitat Conservancy Swainson's hawk foraging habitat mitigation fees. It is anticipated that approximately \$147,220 in Swainson's hawk foraging habitat mitigation fees will be paid during FY26/27.
- **Grant Fund:** The Conservancy tracks all grant revenues and expenditures through this fund. The Conservancy was awarded two grants during FY25/26. Both grants provide reimbursement for qualified expenditures. In FY26/27, the Conservancy anticipates expending approximately \$196,250 in funds attributed to these grants to conduct burrowing owl and pollinator species habitat enhancements.
- **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 may include 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 and formally approved by the Board. Currently these funds are being held in case any unexpected expenses or situations arise that warrant their use. No expenditures from this fund anticipated to occur during FY26/27.

The proposed FY26/27 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 FY26/27 is included as Attachment B.

Overall, the Conservancy expects to end Fiscal Year 26/27 with approximately \$3.1 million in total fund balance with an estimated fund balance of over \$1.9 million in the Mitigation Fee Fund (operational fund). The Mitigation Fee Fund balance is largely driven by permit revenue.

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 Fiscal Year 26/27

Attachment B. Budget Resolution for Fiscal Year 26/27

