

Stewardship Endowment Sample

Worksheet to be used to calculate the Costs of Stewardship of a Conservation Easement (CE) and the size of the Endowment needed to Support it

A. Assumptions

1. Staff and Overhead Costs

Annual Salary	\$	39,000
Hours worked per year (52 wks x 40 hours/wk x 8 hrs/day)		2080
Salary per hour (annual salary/hours worked per year)	\$	18.75
Overhead/hour (benefits, rent, etc...)	\$	4.50
Total Hourly Rate	\$	23.25

2. Travel Costs for a Site Visit

Reimbursement per mile	\$	0.325
Avg. miles for a round trip		6
Avg. Vehicular speed		25
Staff time	\$	5.58
Vehicle cost	\$	1.95
Total trip cost	\$	7.53

3. Monitoring Costs

Hard Costs

Camera/Photomonitoring/Film development	\$	10.00
Cost of Annual Supplies	\$	25.00
Avg. Long Distance telephone calls	\$	10.00
Total	\$	45.00

Staff time for monitoring

Avg. pre-monitoring time (hours)	2
Avg. monitoring time (hours)	4
Avg. post-monitoring time/record keeping (hours)	2

4. Frequency of Exercise of Reserved Rights

How often will reserved rights be exercised in a 20 year period?	1
Likelihood of exercise of reserved right in any one year?	5%
Avg. staff hours needed for exercise of reserved rights per time	10
Number of site visits required to review change per time	2

5. Annual Landowner Relations

Staff time needed for annual landowner relations (hours)	2
Likely hard costs per landowner per year (letters, postage, newsletters)	\$ 10.00

6. Easement Violations

Negotiations prior to obtaining counsel

How often will negotiations be anticipated in a 20 year period?	5
Likelihood of negotiations annually?	25%
Avg. Staff hours to head off violation	20
# of site visits required to stop a violation	4

7. Endowment Assumptions

Avg 30 year Treasury Bond rate of return	8.51%
Avg Inflation rate	4.69%
Therefore the Treasury Bond rate less the Inflation rate is:	3.82%

B. Annual Expenses

The following expenses add up to the annual costs of monitoring an easement Refer to Sections A and B above

1. Annual Monitoring Expenses

Pre-monitoring staff costs: hourly staff rate x staff time needed	\$	46.50
Monitoring staff costs: hourly staff rate x staff time needed	\$	93.00
Post-monitoring staff costs: hourly staff rate x staff time needed	\$	46.50
Monitoring hard costs	\$	45.00
Travel costs for each site visit (See Formula #2 above)	\$	<u>7.53</u>
Total Annual Monitoring Expense:	\$	238.53

2. Annual Landowner Relations Costs

Costs of staff time: hourly staff rate x hours needed	\$	46.50
Costs of supplies	\$	<u>10.00</u>
Total Landowner relations costs:	\$	56.50

3. Per year cost of Exercise of Reserved Rights

Staff Costs: hourly staff rate x hours needed	\$	232.50
Travel Costs for each site visit	\$	<u>15.06</u>
Costs per exercise of reserved rights every 20 years	\$	247.56
x percentage likelihood of right being exercised within 20 years		<u>5%</u>
Total per year cost:	\$	12.38

4. Per year Cost of Negotiations Over Violations

Staff Costs: hourly staff rate x hours needed	\$	465.00
Travel Costs for each site visit	\$	<u>30.12</u>
Cost of one negotiation over violations every 20 years:	\$	495.12
x percentage likelihood of negotiations within 20 years		<u>25%</u>
Total per year costs of negotiations:	\$	123.78

Total Annual Expenses:	\$	431.19
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C. Endowment Needed to Fund Annual Expenses

The following calculation gives the size of the endowment necessary to spin off enough interest to pay for the annual monitoring costs and reinvest sufficient monies so the endowment will grow sufficiently to compensate for inflation.

Total Annual Costs (See Above)	\$431.19
divided by the difference between the Treasury Bond Rate and the interest rate	<u>3.82%</u>
Total Stewardship Endowment Needed:	\$11,287.64

D. Legal Defense Fund

This Fund is a voluntary Fund that helps the Medina County SWCD ensure protection of the conservation values granted in the said conservation easement. This Fund is kept separate from the Stewardship Endowment and is designed to accrue interest in the event it is needed to defend the easement.

Suggested Legal Defense Fund Donation: **\$ 5,000.00**

E. Program Costs

These funds are requested to cover staff and volunteer hours associated with general program development, maintenance, and administration.

Staff Hours (20 hours x hourly rate)	\$ 465.00
Volunteer hours (10 hours x \$10.00/hr)	\$ 100.00
Total Program Costs:	\$ 565.00

F. Easement Review Costs

These funds are requested to cover staff hours associated with the review and research of proposed conservation easements on a case-by-case basis.

Staff Hours (25 hours x hourly rate) **\$ 581.25**

G. Total Funds Requested From the Grantor:

\$ 17,433.89

(Easement Review Costs + Program Costs + Legal Defense Fund + Endowment Fund)