**SAN JUAN ISLANDS CONSERVATION DISTRICT**

**Regular Monthly Meeting of the Board of Supervisors**

**January 25, 2022**

**Location:** Zoom Meeting

**In Attendance**

**Supervisors:** Vicki Heater, Lynn Bahrych, David Bill,

Carson Sprenger

**Associates:** Deanna Eltinge (absent), Jerry Rasmussen (absent),

Linda Lyshall (absent)

**Staff:** Paul Andersson, Tony Fyrqvist, Kai Hoffman-Krull

**Partners:** Jean Fike, WSCC Puget Sound Regional Manager (absent); Alan Chapman, WACD NW Region Representative

**Public:** Dr. Jessa Madosky

**MEETING SUMMARY – Final**

Vicki Heater convened the regular meeting held via Zoom at 10:00 am.

**Welcome and Introductions:**

The District welcomed Dr. Jessa Madosky as a representative of the public. Board and staff members introduced themselves.

COVID-19 updates and impacts on staff were discussed. The District ordered a few COVID that have been made available to staff members as needed.

1. **Agenda Approval:**

Due to time conflicts the Agenda was rearranged allowing for the presentation of District Forest Health Manager Kai Hoffman-Krull to present the ICC updates on the Masters Program and the Forestry Biomass Study item 6. on the Agenda, prior to item 5. New Business.

Lynn moved to approve the Agenda and the motion was seconded by David. The motion carried without discussion.

1. **December 28th Meeting Minutes Approval:**

Lynn moved to approve the December 28th Regular Meeting Minutes and was seconded by David. The motion carried without discussion.

1. **Financial Officers Report:**

The Financial Manager provided the following summary of the December 31, 2021 Financial Statements commencing with the Balance Sheet (as is customary in Financial Statement presentation):

12/31/21 Balance Sheet

The District continues to demonstrate stable liquidity:

* The total deposit account balances:
  + $299,753.81 at 12/31/21
    - $259,753.81 in Banner Bank Operating Account
    - $40,000.00 in Liberty Bank Reserve Account

Compared favorably with previous total balances:

* + $267,335.72 at 11/30/21
  + $240,281.01 at 10/31/21

The current deposit balance (as of 1/25/22) of $272,661.75 in the Banner Bank operating account again confirmed that the liquidity position has not deteriorated since the end of the previous month.

The actual liquidity position of the District is determined by deducting the prepaid grant proceeds shown on the Grant Tracking Spreadsheet from the bank balances:

* + $299,753.81 Bank Balances
  + <$12,265.69> Prepaid CCC-OICF Grant Proceeds
  + <$11,000.00> Prepaid Grant Balances moved to Lummi Guardians from

CCC-OICF

* + <$ 9,250.00> Prepaid new WAFAC Lummi Grant Proceeds
  + $267,238.12 DISTRICT LIQUID FUNDS (compared to $229,249.15 at

11/30/21 – $37,988.97 increase)

In light of the continuing improvement in the District’s liquidity position there was a recommendation to move additional funds to the Reserve Account.

It was also mentioned that the interest rate yields in bank accounts are still low at:

* 0.02% Banner Bank Operating Account
* 0.30% Liberty Bank Reserve Account

But as inflationary pressures grow in the economy as a whole (per [www.usinflationcalculator.com](http://www.usinflationcalculator.com)) – 7.0% in December 21 – 6.8% in November 21 - 6.2% in October 21, within the increasing interest rate environment at this moment it would not be advantageous to the District’s to tie down the funds for a specific time period in a CD account. Bank CD rates are still relatively low with the Banner Bank rate sheet of 1/28/22 stating yields from 0.18% for a term of 3-5 months, to 0.40% for a term of 60-119 months. The District will be evaluating other investment opportunities.

The District will also start evaluating tracking of the grant indirect component on the balances. SCC grants are currently at 25%, VSP is at 20% RCO at 10% and Federal grants such as BLM at 10%.

The District maintains a Revolving Line of Credit of $50,000 at Liberty Bank which has not been used and which matures on 3/25/23.

12/31/21 Statement of Revenue & Expense

District invoicing volume continued at a steady pace during December with 23 invoices sent as compared to 25 sent in November. The usual number of monthly invoices has ranged between 9 and 18.

Total Revenues amounted to $69,235.59 (compared with $166,473.75 during November. The invoices were generally smaller.

Comments were made on the following Income items:

* Assessment income during the month was $981.33 – however, the District has completed the 2022 analysis of the 18,554 parcels for the County Treasurer. Our objective was not to make substantive changes from the Tax Year 2021. The list provided by the Treasurer’s Office raised the following questions:
  + 1,600 parcels were exempted as they were owned by Federal, State, County or other public entities such as the Port or Library Districts. At $5.00 per parcel the potential revenue to the District would be $8,000 and many of these parcels contained substantial additional acreage resulting in additional assessments at the vacant land rate of $0.090/per acre or at the open space rate of $0.100 or the DFL rate of $0.010.
  + RCW 89.08.400 and RCW 89.08.405 quoted on County Ordinance 13-2019, establishing the rates of assessment, specifically states: ‘Public Lands, including lands owned or held by the State are subject to the special assessments of a conservation district.
  + 121 airplane hangar and other improvement parcels were also excluded which at $5.00 per parcel could have resulted in total revenue of $605.
  + Due to time constraints discussion will be moved to a later Board or Subcommittee meeting.
* Orcas Island CCC Income of $9,597.88 included 2 invoices to Land Bank for $4,746.88, $3,711.75 for Washington State Parks and $1,139.25 for Public Works. However, $5,737.25 in CCC-OICF grant depletion was not included which led to a conversation about the feasibility and future direction of depleting prepaid grants vs. recognizing the funds at receipt. According to our conversations with R&R Accounting the District has employed both methods in the past. With immediate recognition the District would experience potential larger monthly swings in revenues, but save time and cost in reporting to R&R Accounting. This methodology is also preferred by the CCC/ICC Manager for his budgeting purposes. This will be evaluated further and implemented by Management and the Statement of Revenue & Expense on file will be adjusted.
* The WRCD Income of $9,250.00 reflects the prepaid ½ of the $18,500 Lummi Guardians Program funding.
* The YCC income of $6,439.40 reflected the continuing success of the “Big Ask”
* We have still not invoiced DNR for November and December hours as the two contracts are being amended to allow for more streamlined monthly invoicing.

Comments were made to explain the following Expense items:

* $1,290.07 under Computer Equipment consisted of expensing a purchase of an Apple laptop computer for our new employee Angie Freeman Shephard.
* $3,287.53 in Office Supplies consisted mainly of the $2,864.40 MS Office 365 License Fee.
* $6,834.10 in Professional Services under Consultation consisted primarily of:
  + $5,000.00 for Billy Metteba which was invoiced under the Career Connect Grant.
  + $1,462.50 for Sandy Wiley-Echeverria which was invoiced under RCO Eelgrass Grant.

In summary, during December 2021 the District recorded a Deficit of $3,146.13 which, after adjusting with not recorded CCC Depletion of $5,737.25 would have resulted in a Surplus of $2,591.12.

Credit Card Detail:

The Board was informed that currently the $10,000 limit on the District Master Card is divided as follows:

* $10,000.00 District Card under Tony Fyrqvist
* $3,000.00 CCC/ICC Card under Kai Hoffman-Krull

In order to facilitate CCC/ICC Operations, including purchases and travel, the District has applied for a new card for:

* $1,000.00 CCC/ICC Card

As the card involves only a division of the existing credit limit, the District is not incurring any new debt and a Board approval is not required. The additional card will have a separate monthly statement which will be added into the future Credit Card Detail Report.

David made a motion to approve the financial package consisting of:

* The Financial Statements
* Credit Card Detail
* Bank Reconciliation

The motion was seconded by Lynn. The motion was approved.

SAO Audit Update:

In compliance with applicable state laws, regulations and policies SAO is conducting a standard Audit of the District covering the years ending 12/31/19 and 12/31/20. The cost of the Audit is expected to be $8,500 and it will be completed in January 2022.

* December 2021 SAO Invoice for $5,564.52 has been paid reflecting:
  + 49.2 hours of work.
  + At SAO billing rate of $113.10.
* Some of the items that were most recently discussed in the periodic meetings with the Auditor assigned to the District, included:
  + Monthly Board review of Journal Entries done by R&R Accounting.
  + Continuous, detailed monthly financial monitoring
  + Updates to District Employee Handbook/Policy Manual including:
    - Verbal approval of travel and training experiences.
    - Detailed Line of Credit Policy.
    - Detailed Credit Card Policy including credit limits and custodians of the cards.
    - Approvals of recurring standard charges exceeding $250.00 not requiring a Purchase Order.
* Pre-exit meeting to be held primarily with District Management will be held on Thursday 1/27/22.
* The final exit meeting with Management and Board is scheduled for Monday 2/7/22.

1. **Old Business**

New board member appointments – Discussion of potential candidates

The board discussion covered the status of several candidates, some of whom were invited to attend the Board Meeting. However, due to the candidates very busy schedules in their applicable fields of fulltime employment they were unable to attend.

However, Dr. Jessa Madosky, a Conservation Biologist and currently Assistant Professor of Biology at University of Tampa attending the meeting expressed interest in being involved with the Conservation District. She presented information on her background and is a resident of San Juan Island.

The open position on the board, which is due to resignation of the previous member, is currently an appointed position to fill the remaining term. Generally Supervisors are elected. A preference for a Supervisor from San Juan Island was expressed due to the need for an additional bank and legal document signer with easy access to the District Office in Friday Harbor.

There was a brief discussion as to the difference between Active and Associate Supervisors, and the additional need for increased Associate Supervisor participation.

Staff will post the Board Supervisor opening online and through other public communicatoins and aim to recruit a pool of potential candidates prior to final selection.

1. **Staff and Program Reports (Agenda Item Changed from 6.)**

Updates on ICC Masters Program and Forestry Biomass Study from kai Hoffman-Krull.

Due to time constraints Kai proceeded to summarize the activities under the ICC Masters Program, while covering the Biomass Study in more detail.

ICC Master of Arts (MA) Program in Environmental Studies through Western Washington University Huxley College of the Environment.:

* Comments were made regarding the maturity and high quality of the current work crews
* The crew has engaged in substantial forestry and planting activities.
* Development of the following program items was emphasized:
  + Retention
  + Culture of the program
  + Skill set:
    - Technical such GIS, Statistical Analysis
    - Business for Contracts and Budgets
    - Management for entry level work to regional agencies

Generally the mission of the Environmental Studies MA Program at Western Washington University is described as follows on their website: “The MA degree in Environmental Studies prepares students to address complex environmental problems using a highly interdisciplinary approach. The program prepares students in the analysis, development, conservation, and management frameworks of environmental resources for careers in business, government, planning, consulting, teaching, and research.”

San Juan County Woody Biomass Study (slide presentation enclosed)

The presentation commenced with historical note on The Badger Fire in Idaho and the significant impact forest management practices can have in case of a forest fire.

The Goals of the Biomass Study were:

1. Estimate the total woody biomass volumes on San Juan, Orcas, Lopez and Shaw.
2. Estimate the volume of woody biomass that could be removed during an initial forest health thinning.
3. Estimate future “sustained yield” of woody biomass.

Standing forest biomass inventory on the islands can be divided into:

* 60% Mature Conifer, 32,894 acres – 7,241,022 tons of total biomass
* 30% Young Conifer, 16,261 acres – 1,082,047 tons of total biomass
* 10% Hardwood, 5,292 acres – 583,926 tons of total biomass

The forest types were vastly different between the study parcel on the 4 major islands with Orcas and Shaw having mature conifer, while San Juan Island has mostly young conifer, and Lopez Island has an even mixture of mature and young conifer with some hardwood.

A Relative Density of 89 signifies that the mature conifer forests are congested. The young conifer density of 38 is more manageable, as is the hardwood relative density of 50.

It was noted that the total biomass of 2,826,265 tons in non-merchantable trees with diameter less than 12” does lend itself for supporting a Combined Heat and Power (CHP) system which is an energy efficient technology that generates electricity and captures the heat that would otherwise be wasted to provide useful thermal energy—such as steam or hot water—that can be used for space heating, cooling, domestic hot water and industrial processes.

The long-term excess biomass strategy will also have to include commercial logging.

In conjunction with forest management strategies forest ownership was also discussed with:

* 25,056 acres being Public Lands
* 7,500 acres being private non-designated forest lands
* 3,206 being private designated forest lands

Wildland urban interface consists of towns and highly developed urban areas which accounted for only 435 acres with Friday Harbor and Eastsound being the primary areas.

Conversation about risks of forest fires covered:

* Logs with higher than 6 inches in diameter require 20 minutes of sustained heat to ignite posing a low fire danger.
* Fallen trees with diameter of 6 inches and under, along with limbs and brush, pose the highest fire danger.

The fire danger is mitigated by:

* Chipping.
* Controlled conservation burns.

Relative humidity level and its impacts to fire risk was also discussed with the conclusion that the risk is highest during late summer when the humidity levels are at below the prevailing 25-30% and can be exacerbated by a wind even (particularly from the east), climate change and drought predictions, and buildup of excess fuel. But it was acknowledged that the ambient moisture levels withing an archipelago have played a role in limiting historical fires.

Another objective of the study was to create a culture of research and a continuing real time “living” study. Data acquisition should continue under the changing climate conditions.

In conclusion:

* The 3 million tons of “excess” woody biomass should be removed during an initial thinning to reduce fire risk and improve forest health.
* 540,000 tons of woody biomass should be removed in an initial thinning within the Wildland-Urban Interface (WUI) area.
* After thinning the total biomass would be reduced to approximately 6,000,000 tons. And at 2% annual growth rate the forests could yield 120,000 tons of woody biomass on a sustained basis.

1. **New Business (Agenda item changed from 5.)**

Board officer appointments – Discussion of Chair, Vice Chair, Secretary and Treasurer Roles.

David made a motion to retain the current officer appointments for the next year. Lynn seconded:

* Vicki – Board Chair
* David - Board Vice Chair
* Lynn – Board Secretary

The Discussion covered the fact that currently the Board does not have a Treasurer/Auditor, which will be further evaluated as the Board regains full membership. Vicki also expressed interest in transitioning to become the Board Auditor, which is a position she has held in the past.

The motion passed.

5-Year Plan – Discussion of progress on current plan, updates for next plan.

A three-pronged approach was suggested for preparation of the 5-Year Plan:

1. The Board Retreat would be an ideal venue for discussion of the overall direction of the District.
2. A Subcommittee would then evaluate and provide specific recommendations, plans and changes.
3. Management & Staff would finally implement the plan.

In light of the growth of the ICC and YCC programs it was deemed to be important to integrate an educational component within the 5-Year Plan.

Capital acquisition plan was also deemed to be essential for the Plan. This led into further conversation about:

* Moving additional funds into the District Reserve Account. The fulfilled target was $40,000 during 2021, and this could be increased to $100,000 in 2022. A total reserve of $140,000 could provide a sufficient down payment for a property acquisition.
* Agency partners such as Western Washington University and San Juan County Land Bank would be helpful with property identification and possible joint occupancy and ownership.
* Major donors could be contacted after identification of the project.
* Fundraisers could then be held to achieve funding targets.

The Board discussed briefly the States Inn Ranch property and related conservation easements.

75-Year Anniversary planning

A suggestion was made linking the 75-year Anniversary with fundraising.

1. **Subcommittee Updates -**

Forest Health Collaborative (FHC) – did not meet.

Policy – did not meet.

Diversity, Equity and Inclusion (DEI) - did not meet.

1. **Upcoming Trainings/Webinars/Events**

* WAFAC Conference has been delayed until Fall – possibly until October.
* The 10th Annual Agricultural Summit will take place on March 4th and 5th and the theme this year is “Building Infrastructure for Change”.
* The program will deliver a hybrid of in-person and virtual programming. Friday, March 4th will feature virtual offerings including a keynote speaker and multiple shorter sessions. Saturday, March 5th, will offer longer in-person outdoor workshops, and social gathering on Lopez Island. Inspired by community input it will offer sessions on a range of topics including: on-farm carbon storage, composting, water storage and irrigation management, vet skills, tree fruit care, and more.

1. **Idea Pot**

Ideas for the District were discussed along with other agenda items.

1. **Partner Reports**

Alan Chapman from WACD discussed the two bills relating to Conservation Districts which are currently in the state legislative session:

* HB 1652 – 2021-22 concerning electing supervisors for a 4-year term, instead of the previous 3-year term, is supported by WACD and Conservation Districts.
* HB 1910 – 2021-22 concerning placing District elections on the general ballot with candidate filing and primary elections is opposed by WACD and Conservation Districts due to the prohibitive cost endangering District finances.

WACD Treasurers Report was also discussed with Plant Materials Center (PMC): As of January 27, 2022 sales were $1,509,604 and on February 9, 2021 sales were $962,740, showing a 36% increase from last year. The budget amount for PMC plant sales for the entire fiscal year is $1,200,000 so sales have already exceeded budget by 20% and that number increases by the day. There was discussion about investing the current $1,300,000 cash on hand and there is some resistance against investing in equities. The Investment Policy Committee will explore alternate investments. Feedback was requested from the districts.

A brief discussion followed on the WACD workplan, and on where to focus activities.

HB 1838 was also discussed. Washington State Conservation Commission and WACD have adopted neutral stances on this issue. This bill proposes an expansion of regulations governing riparian management areas has received much heated discussion and conflict particularly between farmers and native populations and other organizations. Many of the regulatory parameters included in this bill are already programmatic goals for voluntary stewardship efforts, where achievable. It was mentioned that the District participates currently in many existing voluntary compliance programs such as VSP, which are well suited to address the prevailing issues.

1. **Public Comments**

Dr. Madosky conveyed her interest in District operations and moving forward in the process of applying for a position as a Board Supervisor.

1. **Adjourn**

Meeting adjourned at 12:00PM.

**Next General Meeting: Tuesday, February 22, 2022**

**From 10:00AM to 12:00NOON**