

# **SAN JUAN ISLANDS CONSERVATION DISTRICT**

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

**November 18, 2020**

**Location:** Zoom Meeting

### **In Attendance (Via Zoom)**

**Supervisors:** Deanna Eltinge, Vicki Heater

David Bill, Lynn Bahrych, Carson Sprenger

**Staff:** Tony Fyrqvist, Matt Claussen, Kai Hoffman-Krull, Erin Licata

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

**Public:** None

**Location:** Zoom Meeting

## **MEETING SUMMARY - Final**

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Vicki Heater convened the regular meeting at 10:03 am via Zoom.

### **1. Agenda Approval:**

According to "Robert's Rules of Order" the meetings are conducted and governed by an Agenda. One of the first actions at any meeting is to approve, amend, and motion to adopt the Agenda. Before the meeting can begin, the Agenda must be "adopted", which results from: • A member of the body making a motion to approve the agenda; • That motion receiving a second; • A simple majority voting to approve the Agenda.

Lynn made the motion to approve the agenda, the motion was seconded by David. The motion carried.

## **2. October 21<sup>st</sup> Meeting Minutes Approval:**

David moved to approve the October 21<sup>st</sup> Meeting Minutes. It was seconded by Deanna. The discussion covered the amount of mundane detail reported in the Meeting Minutes and a preference to reduce the detail to improve conveyance of the message of the meeting, as well as to encourage Board Member participation in conversation. Motion carried.

## **3. October Financial Statements Review – Action Item:**

Tony presented highlights from the October 2020 Financial Statements.

### Balance Sheet:

- Bank account balance at 10/31/20 amounted to \$213,158.63 which - after factoring out the prepaid balance of \$93,908.80 remaining in the CCC Prepaid Grant Proceeds (and the \$1,731.34 in Seacology Grant Proceeds) - amounted to \$117,518.49. This compares favorably to account balances from previous years from 2012 through 2017.
- The District has established the liability account “Prepaid Grant Proceeds” to appropriately account for, and track CCC and Seacology Grants which paid in a lump sum up front instead of using the standard reimbursement methodology.
- Overall, the 10/31/20 numbers convey a healthy Balance Sheet.
- Tony stated that the account balances at \$38,261.37 for the same date in 2019 was a clear warning signal of the impending financial distress as the balance continue to erode all the way to \$399.12 on 12/26/19. The District ended 2019 with a deposit account balance of \$12,566.28 which was insufficient to cover monthly expenses.

### Income Statement:

- The District continued to show a surplus for October, however, it was mentioned that during months with high activity receipt from grant invoicing lags and the District can show a temporary deficit.
- Assessment income for the month at \$21,825.80 was slightly below the 2019 level of \$23,713.82. It is anticipated that this is due to the slower than normal property tax payments due to the impact of the national pandemic.
- Implementation income at \$9,547.19 was running still running above the approximately \$7,000 budgeted for the month (which was computed by equally dividing implementation over remaining months). For practical purposes Implementation has been depleted for the year with the exception of \$1,000 - \$2,000 which can be transferred from the Orca Recovery Outcome after all Orca Day Expenses have been taken into account.
- The Orcas island CCC Grant Income of \$14,498.72 represented payroll and other expenses deducted from the funds received as a lump sum from Orcas Island Community Foundation.
- Tony made a statement that the finances of the District for the current month continue to be acceptable.

### Grant Tracking Sheet:

- The Grant Tracking Sheet demonstrates the double verification system the District is employing to confirm available grant balances. R&R Accounting through Quickbooks is in charge of the data marked under the GREEN columns while the District tracks information under the BLUE columns.
- Grant Tracking will be enhanced with a “Grant Pipeline” report in the future.
- There was discussion of a Gantt Chart representing grant date in a visual format.
- It was mentioned that the Grant Tracking sheet does not represent all income particularly from agency partners and other contracts (and donations) for YCC and CCC programs.

Deanna made a motion to approve the financial statements, Lynn seconded. There was discussion emphasizing the importance of sufficiently invoicing the OPALCO grant for administrative costs. The motion carried.

David made a motion to approve the bank reconciliation, seconded by Deanna. Motion was approved.

David made a motion to approve the credit card details, seconded by Lynn. Short discussion about the District currently having 3 outstanding credit cards. However, we are in process of consolidating automatic payments under 1 card which would reduce the number to 2 cards. Motion carried.

#### **4. Cost Share Projects Review – Action Item:**

Not many changes occurred with cost share projects during October. It is expected that the activity will pick up again in the Spring/Summer 2021.

The highlighted areas in yellow on the WSCC Funding Cost Share Program Report for 2019-2021 outline the status changes. As noted, Adam Greene composting facility has been completed and is awaiting a field check. Redmill Farm has been submitted for review.

#### **5. District Manager Update – Discussion Item:**

Up to this point the District has received a total of 14 applications. The volume of new applications has most recently slowed down.

A discussion ensued about should the posting be left open, or should it be closed. The following issues were considered:

- The current posting states: “Open until filled”.
- The posting should be left open until an ideal candidate is hired.
- Closing the posting would allow the District to process the applications received.
- Of the 14 applications received approximately 4-5 have acceptable qualifications for further review.

- Limited number of applicants have sufficient natural resources background.
- The District should establish a timeline for hiring.

All applicant qualifications will be input into a standardized matrix for further evaluation. The entire Board will be involved in the hiring process.

There was an agreement that each Board member will return their candidate evaluations to Matt (the Acting Director) by 11/23/20 (Monday) morning.

The Board will conduct an Executive Session per RCW 42.30.110 (g) to evaluate the qualifications of an applicant for public employment on Wednesday 11/25/20 from 10:00am to 12:00 noon.

#### **6. Salary Survey – Discussion Item:**

An extensive discussion was held about the components of staff compensation. The picture is more complicated and far reaching than just adjusting staff salaries. The following topics were emphasized.

- Major District events that are currently in progress, or will soon be initiated, which will have an impact on compensation such as:
  - Hiring process of new District Manager.
  - Development of District Budget.
  - Work plan reporting and development.
  - Current and future grant evaluation impacting District Budget.
  - New District programs.
  - Bob Brunkow (financial consultant) recommendation at the 9/23/20 BOS meeting to hold off any significant decisions until January 2021.
- The District does not currently have:
  - Established annual pay increase guidelines.
  - An established pay scale per job position or grade assignment.
  - Sufficient job descriptions taking into account certification and training requirements.
  - A HR staffing specialist.
- Compensation also includes, and the District is in process of determining the consistent application of:
  - Health benefits.
  - Retirement benefits.
  - Paid annual leave accrual.
  - Sick days accrual.
  - Paid holidays.
  - Hours worked.

The District is in building a summary spreadsheet outlining the current components of compensation for staff members. This will be updated for 2021 and the Compensation Rates for grant invoicing will be recomputed with the new pay rate and benefit cost data.

The purpose of the Salary Survey is to assure that District employees are adequately compensated while promoting staff retention.

Some of the conversation concerned the timing of making sure that the compensation details are worked out prior to adoption of the Budget. There was general agreement that it is important to get this completed.

The conversation flowed into evaluation of grants and the indirect component which covers district expenses. Commission grants have a 25% indirect while some grants are limited to 10% while others have no indirect component at all.

#### **7. Line of Credit – Action Item:**

David made a motion that the Conservation District should apply for a Commercial Revolving Line of Credit of \$50,000 from a Commercial Bank. This motion was seconded by Carson. The discussion entailed:

- The Signer of the Loan Documents will be The Chair of the District, Vicki Heater.
- The persons authorized to draw funds under the Line of Credit will be Vicki Heater, Chair, Matthew Claussen, District Manager and Tony Fyrqvist, Finance Manager.
- The general terms of the loan shall be acceptable to District Management. However, the District realizes that a Commercial Bank cannot commit to specific terms until the complete application is received and the Bank has had the opportunity to evaluate the strength of the borrowing entity.
- Generally the discussion about the Line of Credit conveyed an expectation of a variable interest rate at around Prime Rate (which is currently at 3.25%): loan term of 24 – 48 months with the longer term being preferable; legal fees ranging from approximately \$1,000 to \$1,500 and a loan fee to the Bank of approximately ½%. The loan could be structured as a Limited General Tax Obligation Bond, with no prepayment penalty.
- The monthly payments would be for interest only calculated on outstanding principal.

The purpose of the Commercial Revolving Line of Credit is to cover - if needed - the funding time lag between paying monthly payroll and other expenses and receiving reimbursement of the costs from grant proceeds. While the District has recently received prepaid grants, historically most of the District grants have been structured on cost reimbursement basis.

#### **8. Reserve Fund**

There was a short discussion of establishing a reserve fund. In the past the District has had sufficient liquidity to contribute to a Reserve Fund. Also, the current liquidity position could justify a contribution. The District has recovered from the exception time

period of late 2019/early 2020 when District finances were constrained with insufficient periods of liquidity.

The reserve fund concept will be further evaluated and finalized in light of the budget, but a contribution of \$10,000/yr was considered as a reasonable contribution in order to start building the account.

A question surfaced concerning placement of the funds in an account earning higher interest than just a plain bank savings account. However, Jean Fike mentioned that reserve funds cannot be held in an account which might present a risk to the principal

### **9. Conflict of Interest Policy – Action Item**

The District already has a Conflict of Interest Policy in the Employee Policy manual. Discussion ensued of the conflict of interest provision as it relates to participation in grant proposals particularly by Board Members.

### **10. CD Elections**

The Conservation District has not paid the WA Association of Conservation District (WACD) dues of \$3,888.89 as they represent a substantial increase over the previous year's dues. San Juan Islands is a small District and it does not seem appropriate that the dues are the same as for large districts, such as King County. The District is emerging from a constrained financial position in 2019, is operating under restrictions placed by the State's response to COVID-19, and feels that the amount is excessive.

Alan Chapman stated that all but 2 districts in the State have paid their dues. While appreciating the lobbying and other work WACD has done on behalf of the District the question arose about the relevance of paying the full installment this year as there will be limited local personnel attending the annual meeting. Payment of the dues would enable the District to vote, but at this point the District has other concerns outweighing the importance of the voting capacity.

Lynn made a motion to pay WACD \$2,000 which would be sent along with a letter addressing the District's concerns. Deanna seconded. The discussion entailed a comment by Jean stating that the urgency to modify the appearance of transparency and format of running the elections is dissipating as the Legislature has been involved with the State's COVID response. The motion carried.

### **11. Grant Application Updates**

- a. RCPP – due at the end of the month. A 2 year riparian related grant for approximately \$117,000 of which 80% will be for cost share and 20% for technical assistance.
- b. DOH – 2 year term from mid-January 21 to 11/30/23.
- c. Beginning Farmer/Rancher Grant – fell through.

Kai is also working on several grants and has provided a preliminary copy the Grant Pipeline Report.

**12. Program Reports:**

- a. **CCC** – Kai stated that CCC is up and running and provided a synopsis of work over the past month. Zoey has been leading the crews in an exemplary fashion and has developed appropriate safety protocols and procedural write ups. He is working on multiple grants as outlined on the Grant Pipeline Report and briefly mentioned a 5-year grant from National Parks and work being done on the OPALCO grant. The Director and Assistant Directors of the Huxley College of the Environment at Western Washington University will be visiting our region 3rd-4th of December 2020.
- b. **YCC** – Erin gave an outline of the work that was completed by YCC during the Summer of 2020. She has uploaded the 43-page 2020 Season Report on the District website which details the total of 7,300 youth and staff stewardship hours representing their most successful year yet. It also discusses the role of our 14 agency partners and work done compiling a new “YCC Educational Curriculum Binder”. The program has received compliments from the youth participants, their parents, the community as a whole and from the agency partners. YCC is currently in the fundraising stage and contacting past and present donors.

**13. Partner Report:**

Jean Fike encouraged everyone to reach out to their legislators to support the 2021-23 Biennium Capital and Operating Budget Requests by the Washington State Conservation Commission. She also mentioned that she expects the Commission – in their meeting of 12/3/20 – to release in full the balance of the budgeted Implementation funds of \$47,800 for the remaining 6-months of the fiscal year ending 6/30/21.

Alan Chapman reminded us of the 2020 Annual Conference which takes place 11/30/20 – 12/2/20. The fee for the organization is \$150.00 and registration is available on [www.wadistricts.org](http://www.wadistricts.org). He specifically mentioned that the Wednesday morning (12/2/20) curriculum offers a class in supervisor development.

**14. Public Comments:**

None. No members of the public attended the meeting.

**Meeting Adjourned at 12:00 Noon.**

**Next Executive Session via Zoom: Wednesday, November 25, 2020  
From 10:00AM to 12:00NOON**

**Next General Meeting via Zoom: Wednesday, December 16, 2020.  
From 10:00AM to 12:00NOON**