**SAN JUAN ISLANDS CONSERVATION DISTRICT**

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

**August 24, 2021**

**Location:** Zoom Meeting

**In Attendance**

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

Carson Sprenger, Angie Freeman-Shephard (absent)

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

Linda Lyshall (absent)

**Staff:** Paul Andersson, Tony Fyrqvist, Matt Claussen

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

**Public:** None

**MEETING SUMMARY - Final**

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

1. **Agenda Approval:**

David made a motion to approve the Agenda and was seconded by Lynn. During discussion Agenda item #6 referring to “Board member elections” was modified to refer to “Election of officers”. The motion carried.

1. **July 27th Meeting Minutes Approval:**

Lynn moved to approve the July 27th Regular Meeting Minutes and was seconded by David. The motion carried without discussion.

1. **District Manager’s Report:**

The District Manager covered the following items in his report:

* Enduris – which provides the liability and property insurance for the District - will provide a short presentation in next month’s BOS meeting. Joe Davis, who is the Risk Manager, has communicated with District Manager about continued coverage for district.
* Planners – A job posting has been developed for a Senior Resource Planner to replace the current Senior Planner who is planning to retire by June 2022. The District is looking for an employee who has farm planning experience and is able to become a VSP Coordinator on a full-time (32-40hrs/wk) basis.

1. **July 2021 Financial Officers Report:**

The Financial Officers Report commenced with comments on the July 31, 2021 Statement of Revenue & Expenses:

* Due the fact that several staff members were on vacation during July 2021 the invoicing of time against District grants was somewhat curtailed resulting in some of the reduction in total income from $145,891.40 to $50,339.55. However, the main reason was the fact that the District did not invoice for any Cost Share projects during July.
* July was the first month of the new fiscal year, and many of the Commission grants were not fully implemented yet to allow for invoicing.
* This was further impacted by the slowing down of CCC work and combining some of YCC July hours into August invoicing.
* A large Commerce Invoice was processed in June and none in July.
* YCC Invoicing amounted to $13,014.87 amounting to 26% of total revenues. The BLM grant to YCC was fully depleted during the month.
* During July the District incurred all standard expenses such as rent, while also paying the annual liability and property insurance payment to Enduris.
* The only unusual expense was the $2,396.00 under Licenses and Permits, which included a 2-year renewal of District’s Federal SAM registration, but also included an overcharge for $1,797 which is also explained on the Credit Card Detail report for July 2021. This amount will be refunded back to the District in August 2021.

7/31/21 Balance Sheet

* The total Deposit account balances amounted to $219,058.81 – down by $16,723.38 from month end June 2021.
* However, this was prior to the District receiving reimbursement for the Shellfish and NRI cost share invoices of $27,489.73 and $32,642.19, respectively, which arrived in early August. The current balance in the Banner Bank checking account is $239,230.15. Along with the $10,000 reserve account balance the total liquid balances of 8/24/21 is $249,230.15.
* Accounts receivable includes a $7,955.59 invoice to King CD for June 2021 hours under the Regional Forest Stewardship grant. The District has followed up on this older receivable and received a reply that King CD is currently processing it. From July 2021 the management of the grant has been transferred from King CD to Snohomish CD.
* The enclosed Grant Tracking Spreadsheet demonstrates the CCC prepaid grant balance at the end of July at $98,629.40 which would have left the District with operational liquidity of $120,429.41 at 7/31/21.

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

* The Financial Statements
* Credit Card Detail
* Bank Reconciliation

The motion was seconded by Vicki. The motion was approved.

1. **Old Business Reserve Fund Policy (discussion)**

A recommendation was made to include a date and a signature line on the Reserve Fund Policy. Copy of the Policy is enclosed.

The District is planning on moving $10,000 into the reserve account in the near future while retaining the target of $40,000 over the next 3 years.

The Policy contains detailed depictions of:

* The Purpose
* Definitions and Goals
* Investing Reserves
* Shortfalls
* Accounting for Reserves
* Using Reserves
* Review of the Policy

David made a motion to approve the policy. It was seconded by Lynn. The discussion entailed investing funds to earn a higher rate of interest as the current Community Checking Account at Liberty Bank has an Annual Percentage Yield of 0.30%. It was mentioned that this deposit rate is among the highest available with commercial banks and the deposit amount is liquid and secure as it is fully insured by FDIC. However, in order to stay abreast with the rate of inflation the District will be looking for alternate investments such as mutual funds, but will be cognizant of the associated risks and transaction costs.

The motion passed.

1. **New Business**

Election of Officers - discussion: The roles of the members of BOS were discussed at length with the current Chair expressing interest in establishing a regular time schedule of role changes, with her personal interest in moving into a Treasurer/Auditor position.

Washington Association of Conservation Districts (WACD) membership and annual dues - discussion: Lynn made a motion to pay the annual WACD dues of $3,488.89, the motion was seconded by David. The discussion covered:

* WACD was instrumental with obtaining $117,823 for District Implementation funding for FYE 6/30/2022, which represents an increase of $22,223 over the previous Fiscal Year of $95,600, making it an effective use of funds.
* WACD plays a significant role in representing Conservation Districts on a national scale, driving positive policy changes in Washington D.C..
* Commission has legislative limits on what it can do to represent districts.
* Overall, it was stated that WACD lobbying efforts on behalf of the Conservation Districts have been beneficial.

There was a brief discussion that historically the amount of the dues assessed to Districts have varied. At times smaller districts have paid lesser dues reflecting their smaller total budgets. However, it was also mentioned that all Districts receive the same amount of Implementation funding.

The motion passed.

District Manager performance review - discussion: The performance review process has been refined by the District including:

* Standardized review form
* Regular annual schedule for reviews

The District Manager has completed several performance reviews and an exit interview. The board will complete the District Manager’s 6-month performance review in an Executive Session within a Special Meeting in accordance with RCW 42.30.110.

The Special Meeting will be scheduled for September 14, 2021 at 10:00am. The District Manager will join in the meeting after the first 45 minutes.

Prior to the meeting the District Manager will complete a self-evaluation covering the 4 questions at the end of the Performance Review Form:

* What are employee’s short/long term career goals
* What is employee’s vision for program development
* What resources are being requested from employee
* How can management or the organization be of greater assistance to the employee and program at his time

Evaluation forms are to be completed by all BOS members and District Manager by the 8th and returned to Vicki.

It was determined that in a small organization such as SJICD with sufficient communication the actual performance review is ongoing and the annual review should only emphasize what is already known, and should not contain any surprises. Also it was mentioned that the Board’s objective is to assisst and assure the success of the District Manager.

SJICD Policy Manual review - discussion – The conflict of interest policy was discussed and it was agreed that clarity should be established, and the SJICD Policy should mirror State Guidelines as explained on the District Operations Brief DO Brief #2 – 2008 (enclosed) and by RCW 42.23.020. District Supervisors are not subject to the provisions of RCW 42.23.020.

The current District Policy does not allow for Cost Share funding to the District Board or Staff Members. It was determined that the purpose of the Policy Manual should be more of an Employee Handbook instead of trying to govern state-wide rules and regulations which are subject to change. As shown on the enclosure references to Cost Share funding are to removed from the Policy Manual.

Lynn made a motion to make changes to the District Policy Manual as discussed. The motion was seconded by David.

The discussion continued at length and the importance to be consistent with state RCWs was emphasized. Further conversation covered the intent to assure objectivity through a ranking hierarchy of Cost Share Projects and the establishment of an equal playing field from the very inception of the Cost Share Application.

Another area of concern was the appearance of a conflict of interest. While not receiving preferential treatment BOS members might appear to know more than the general public and it is the District’s responsibility to educate the public.

The objective of SJICD Policy is to be fully transparent and to abide with all regulations and not address in detail state level concerns.

The motion passed.

A housing offer by the District Manager to ICC (Islands Conservation Corps) was briefly discussed which would access a $350 stipend per person – or $700 total for 2 people. The stipend will be paid directly to the landlord. The severe housing shortage in San Juan County has constrained ICC operations and the offer was deemed to be at below market rate and provide no benefit to the District Manager, thus not presenting a conflict of interest. The District Manager has the option of leasing out the property as vacation rental to the general public at equal or higher rate.

1. **Subcommittee Updates**

None.

1. **Staff and Program Reports – Cost Share Updates Presentation, other discussion as needed.**

WSCC Cost Share funding for the Conservation Districts is awarded through 2 primary grants (Enclosure):

* NRI (Natural Resource Investments)
* Shellfish

NRI funding has been extended to all conservation districts in the amount of $78,666. SJICD has allocated approximately 25%, or $15,685, to Technical Assistance. The Districts have additional flexibility during the biennium ending 6/30/23. Three Cost Share Projects have been identified:

1. New Hannah Farm - $24,093 for subsurface drainage
2. Supernatural Farm - $26,000 for fencing and subsurface drainage
3. Charles Beadnall - $12,888 for fencing and prescribed grazing

The projects must be completed by May 1, 2023.

Shellfish funding is still in process of being developed with two identified properties:

1. Preservation Trust – Redmill Property - $50,000 for livestock pipeline
2. Free Horse Farm $10,000 for drainage

WSCC meets on the first of each month to review all Shellfish funding projects.

A third source for Cost Share Funding has been a grant from the Puget Sound National Estuary Program Shellfish Strategic Initiative administered through the State of Washington Department of Health. This grant for $250,000 will be completed after the final approval and disbursement of $55,972.07 for a waste storage facility to Blacktail, Bass and Beef, LLC – Phil and Angie Shephard.

The general conversation regarding Cost Share included:

* Cost Share Policy which was last updated in 2019
* CPDS State database for projects which includes:
  + Landowner information
  + Amount
  + BMP
  + Additional information
  + Has a check box to denote if the applicant is a member of BOS
* The multi-step process of project evaluation including:
  + Estimated benefits of funding
  + Has the project been funded before
  + Is the project shovel ready or still under development
  + $50,000 maximum
* Possible changes to policy:
  + Supervisor participation
  + Is the property under litigation for example due to water rights, boundaries, marital dispute and should the project be put on hold.

Several examples of potential exceptions to Cost Share Policy were also discussed:

* The standard practice is for a cooperator to have a completed farm plan prior to participating in the Cost Share Program. However, the San Juan County Health Department has alerted the District to a possible fecal contamination in Squaw Bay on Shaw Island potentially due to inadequate fencing of the livestock operations of Our Lady of the Rock. In order to minimize the level of contamination an emergency situation might warrant cost share participation prior to taking the time to develop a full farm plan. In the particular Shaw Island case the District will conduct a site visit to better appraise the situation.
* Another potential exception discussed regarded the $50,000 limit on Cost Share projects. Would this apply to a specific parcel or specific landowner. Some landowners have multiple parcels and even multiple farms. Also, the SJICD has applied this a lifetime limit, while other districts have construed it to be an annual limit.

The discussion also covered the applicability of VSP to small cost share projects in order to protect critical areas. This was deemed to be under the intent of VSP.

The Policy Subcommittee will convene at a later date to assess the effectiveness of the Cost Share Policy.

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

* WSCC has free online training available on their website.
* The following farm tours have been scheduled:

San Juan Island: September 23-26, 2021

Orcas Island: October 1-3, 2021

Lopez Island: October 15-17, 2021

* NFPA has training available on “Assessing Structure Ignition Potential”. Zoey will be participating as this will further the District’s Forest Health Collaborative efforts.

1. **Idea Pot**

Despite the fact that the District was established in 1947 it does not own its premises in Friday Harbor or any real estate in San Juan County. Purchasing an appropriate building could yield the following benefits:

* Serve as a long-term investment with building-up of equity.
* Enable the District to provide much needed housing for summer ICC and YCC crews.
* Eliminate rental payments for both office and storage space.
* Enable future expansion.
* Solidify the position of the District in San Juan County.

A property was identified in Town of Friday Harbor close to the ferry terminal which contained sufficient office and storage space, living quarters, meeting space and room for expansion. The property was listed for $679,000.

District staff entered into discussion with the real estate agent about possible owner financing as the conventional commercial real estate financing requires 25% down payment which would amount to $169,750. This would deplete district liquidity. The District should be able cover the loan payments from elimination of rent and inclusion of potential housing related income. It was also mentioned that the District’s current commercial lease term ends on 6/30/23.

However, due to the current strength of the local real estate market the agent advised us that the property had already gone under contract. But she will continue to keep the District advised of other potentially suitable properties.

1. **Partner Reports**

Alan Chapman from WACD briefly reported that the Northwest Area Association meeting of 10/14/21 will be hosted by Skagit CD.

The WACD annual meeting will be held the 1st Tuesday in December.

He commented on the effectiveness of WACD to obtain additional funding, and stated that generally the districts “will get out from WACD what they put in”.

The WACD website contains updated information on the mission and events. Tom Salzer, the Executive Director, maintains the website.

Sales from PMC (Plant Materials Center) are ahead of last year.

(A side note of PMC for informational purposes from WACD website - as the better than expected performance of PMC during last year resulted in a $400 reduction in WACD annual dues from $3,888.89 to $3,488.89: “The WACD Plant Materials Center, established in 1993, is owned and operated by the Washington Association of Conservation Districts. It is a 501 (c) 6 non-profit corporation. The mission of the WACD Plant Materials Center is to grow high quality conservation plants, and provide customer service for the benefit of Natural Resources throughout the state of Washington, and beyond.  The 60 acre conservation-grade bareroot nursery, located in Skagit County, WA, produces more than 80 species of quality 1 and 2-year-old conservation grade seedlings and cuttings--over 1.5 million plants annually. The plants are propagated from source-identified, wild-collected seeds and are utilized for conservation projects throughout the northwest.”)

Annual Meeting will be held in person in Tacoma the 1st Tuesday in December.

1. **Public Comments - None**
2. **Adjourn**

Meeting adjourned at 12:00 Noon.

**Next General Meeting: Tuesday, September 28, 2021.**

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