**SAN JUAN ISLANDS CONSERVATION DISTRICT**

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

**July 28, 2023**

**Location:** at 530 Guard St., Friday Harbor, WA 98250, and via Zoom

**In Attendance**

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

Carson Sprenger, Claire Crawbuck

**Associates:** James Skoog, Thom Pence (absent)

**Staff:** Paul Andersson, Tony Fyrqvist, Cathi Winings

**Partners:** Jean Fike, WSCC Puget Sound Regional Manager (absent); Alan Chapman, WACD NW Region Representative; Cathy Smith, NRCS, Ryan Baye Director of Member and Legislative Services, WACD

**Public:** None in attendance

**MEETING SUMMARY – Final**

Vicki Heater convened the regular meeting held in person and via Zoom at 8:30am.

**Welcome and Introductions**

Ryan Baye from WACD mentioned his goal of personally visiting each Conservation District this year.

1. **Agenda Approval:**

The agenda was approved by consensus without any changes.

1. **June 23rd 2023 Regular Meeting Minutes Approval:**

Lynn made a motion to approve the 6/23/23 regular meeting minutes. The motion was seconded by David. The minutes were approved without discussion or changes.

1. **Financial Officers Report – June 2023 Financials**

The Financial Summary Report of 6/30/23 (included as an addendum with complete District Financial statements) provides a synapsis of the financial condition and trends of the District.

The Financial Manager made the following note on the SJICD 12 month Running Account and Equity Balances graph:

* The yellow accounts receivable line is a “leading indicator” as to what to expect the District to have on deposit in the operating account which is represented by the blue line.
* The significant current uptick in receivables will translate to higher account balances within the next month or two.

Balance Sheet

The main items discussed on the balance sheet included:

* 6/30/23 and current account balances were slightly lower than during the previous month due to:
  + Higher payroll costs as YCC summer Crew Leaders were hired.
  + The District made Cost Share payments which have not been reimbursed yet.
* The un-invoiced receivables amounting to $72,290 as of 6/21/23 were fully cleared with the June WSCC-SRF invoice.

Statement of Revenue and Expense

Total accrual basis revenues of $222,015 and surplus of $62,367 were at record levels primarily reflecting the end of the biennium:

* Invoicing $91,097 under WSCC-SRF grant.
* Invoicing the following Cost Share recovery:
  + $23,943 under WSCC-NRI grant.
  + $10,500 under WSCC-Shellfish grant.
  + $18,750 under VSP total invoice of $23,046.
  + $9,042 under DNR-Shovel Ready grant.

In addition to the revenue matched cost share expenses, the following larger expenditures were highlighted:

* $16,849 in Consultation Fees which included amount paid in conjunction with the prepaid Lummi Guardians grant and the WSCC-SRF grant.
* $7,925 in rent expense with included the final rent stipends to ICC members in addition to the standard $1,850 lease payment on District premises. A brief discussion followed regarding possibly moving the rental stipends under a separate chart of accounts in order to improve financial statement clarity and tracking of stipends paid.

District Payroll Cost

The District is currently employing up to 19 staff members due to the hiring of 5 YCC summer Crew Leaders, the corresponding monthly payroll increase was $11,353 to $79,777.

Credit Card Detail report reflected standard activity.

Lynn made a motion to approve the financial documents containing:

* The Balance Sheet
* Statement of Revenues and Expenses
* Credit Card Details
* Bank Reconciliation
* Adjusting Journal Entries
* Payroll

Claire seconded the motion which carried.

1. **Old Business:**

Office and property acquisition – discussion of potential property purchase; Motion to approve filing of loan application(s)

The County Manager has agreed to retain the former Public Works Building at 915 Spring St. in Friday Harbor for potential purchase by the District. He has requested confirmation that the District will apply for loans over the next 90 days. There has been conversation about a discount in the previously appraised value due to several factors:

* Increase in the interest rates increasing the expected capitalization rate (cap rate) of the project which would lower the market value.
* Nationwide decline and weakness in the commercial real estate market.
* High degree of office space vacancy in Friday Harbor.
* The District’s capacity to make the down payment and monthly payments.

A new or updated Commercial Appraisal Report is likely to be required for any loan approvals.

The District has been in communication with a local commercial bank to finance the acquisition and will contact 2 additional banks to compare terms. It has also been in communication with USDA Rural Development Loan Program.

No grant funds are available for the purchase at this time.

Another requirement of financing is that the building be owner occupied. The estimated down payment and monthly loan payments have been deemed to be manageable by the District.

On Friday 6/30/23 representatives from NRCS and USDA - along with District board and staff members - met to have lunch at the building. The guests were impressed by the building, and it was deemed to be suitable to facilitate District operations and foster improved collaboration with agency partners.

Motion to file the loan applications with 3 local commercial banks and with USDA Rural Development Loan Program was made by Lynn and seconded by David. The motion passed.

Discussion of Cost Share program and policy updates

The Policy Subcommittee met on 7/20/23 to consider implementing changes made on the state level into the District’s Cost Share Policy. Each district maintains its own policy.

The primary changes included:

* Increase the maximum cost share award for private landowners to $100,000 (from $50,000) per year.
* Increase the reimbursement for private landowners to 100% (from 75%) while retaining the reimbursement to public landowners at 50%.
* Increase the value of in-kind labor from cooperators to $25/hr (from $22/hr).
* Grant staff approval authority for projects at or below $50,000, while requiring majority of the Board approval for all projects over $50,000.
* Grant staff approval authority for projects receiving 75% reimbursement, while requiring majority of the Board approval for projects receiving 100% reimbursement.
* Require full Board approval for Supervisor Cost Share Projects.

Lynn made a motion to adopt the changes to the Cost Share Policy, David seconded the motion.

During discussion the benefits and owner commitment to the project with owner financial participation were emphasized. Also, the project scoring matrix and criteria were mentioned briefly which have been developed for ag projects, and which will be developed for forestry and riparian projects as these are also expected to increase over time.

At this point there was a question about how, and where, can a private landowner go to obtain a simplified version of services offered by the District ie. what a Farm/Forest plan will cover and the possible costs. The District’s Cost Share website maintains all relevant information and is updated by staff on a rolling basis: <https://www.sanjuanislandscd.org/cost-share-program>. It was mentioned that the district continues to strive to engage in greater landowner outreach on these topics and many others, resources allowing.

Lynn amended the motion to state that the approval would provide a first round of policy updates as work is still required to finalize more details of the policy, yet this approval would help staff start working with these significant changes.

The amended motion was passed.

1. **New Business:**

Resolution 2023-002 approving Cost Share maximum landowner reimbursement and hourly pay rates for 2023-2025 Biennium.

The resolution mirrors the changes in the policy with:

* The allowable rate of reimbursement for allowable BMPs paid by SCC funds will not exceed 100% of BMP costs for private landowners and 50% for public landowners.
* Maximum amount payable to a private landowner within a year is $100,000.
* Participant labor rate set a maximum of $25/hr – for minors of 17 years old or younger it will be Washington’s established minimum wage.

David made a motion to adopt the Resolution, Lynn seconded the motion.

It was emphasized again that landowner contribution increases their commitment and keeps them fully invested in the project.

The motion was approved.

Motion to accept WSCC Implementation funding in the amount of $128,935 for FY24, NRI funding in the amount of $81,222 for FY24-25, and other anticipated WSCC funding to be received in FY24.

David made the motion to approve:

* Implementation funding in the amount of $128,935 for FY24.
* NRI Funding for $81,222 for FY24-25
* All other anticipated WSCC Funding to be received in FY24.

During the discussion it was mentioned that the District’s see a great need to increase Implementation funding to cover overhead, training, outreach and onboarding of new staff.

Claire seconded the motion.

The motion passed.

1. **Staff and Program Reports:**

Staff and Program Reports – Document attached

In addition to the comprehensive Staff program report, which covers District activities in detail, the following items were mentioned:

* Additional funding for forestry is in the horizon.
* District is finalizing a new hire to manage the eelgrass program. Well qualified candidates for the job have come forward.
* The District is hiring an ICC Field Supervisor.
* Currently planning for the Ag Summit and Farm Tours.
* Discussed interns and the GIS technician and the advantages brought forth with energetic young environmentalists.
* Discussed the proactive stance the District can, and has adopted, with landowners in the County. Potential candidates are identified as ag operators, farmers, large landowners, and through GIS mapping. Landowners, with suitable parcels, have been contacted as potential sites for the endangered Island Marble Butterfly (IMB) plots. Many larger private landowners have property designated as open space or in conservation easements and could be receptive to housing IMB plots.

Staff Presentation: Carbon Farm Plan Template by Cathi Winings.

Funded by the WSCC – Sustainable Farms and Fields (SFF) grant the Carbon Farm Plan Template was developed “to facilitate site-specific carbon farm plans that recommend climate smart practices to increase carbon sequestration and reduce greenhouse gas emissions. Some of the processes included review of other plans which were all from California.

The Outline of the plan is as follows:

* 1. Introduction
  + 1.1. Greenhouse gases and Carbon Equivalents
  + 1.2. What is Carbon Farming
  + 1.3. Steps in the Carbon Farm Planning Process
* 2. Farm Information
  + 2.1. Property Description
  + 2.2. Carbon Farming Goals
* 3. Existing Site Conditions/Inventory
  + 3.1. Climate
  + 3.2. Soils
  + 3.3. Vegetation
  + 3.4. Water Resources and Hydrology
  + 3.5. Wildlife
* 4. Current/Potential Carbon Farm Practices
  + 4.1. Farm System Types
  + 4.2. Fuel and Electric Use
* 5. Summary
* References
* Appendix A – Maps
* Appendix B – COMET Report
* Appendix C – Planner/Landowner Resources

Phase 2 of SFF Funding will cover review by CDs, edits and creation of additional materials.

There was extensive discussion on how to apply the plan to Forest Plans, taking into account biochar and how to maximize carbon sequestration in a forest. Current forest plans have a section on climate and this could be integrated with it.

Other discussion included the potential use of a carbon template in conjunction with the forest tax designation with the Current Use Tax Committee which is undergoing revitalization by the County Council. Forests with high performance in carbon sequestration could receive disparate tax treatment from forests with low performing carbon sequestration.

1. **Subcommittees**

Policy Subcommittee – meeting notes attached, discussion covered under Old Business – Cost Share policies.

Forest Health Collaborative Subcommittee – did not meet

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

San Juan County Fair: August 16-19

* District will have a booth in the Green Village
* No-Till Drill will be on exhibit
* The booth will not have to be consistently supervised.

Farm Tours of San Juans: SJI 9/22-24; Orcas 9/30-10/1; Lopez 10/6-10/8

The District is actively recruiting farm participants on each island.

Staff Training

* Planner NRCS Ag Planning Training - Pullman
* Planner Riparian Training - Pullman
* Planner Online Carbon Training
* Attending future soil health workshop in Mt. Vernon

Sustainable Agriculture and Research (SARE) offers funding for additional training.

There was discussion about offering pollinator seed packets at the fair. The District received approximately 100 packets from WSCC and is eligible to receive up to 300 packets.

1. **Partner Reports:**

Ryan Baye from WACD reported that:

* Reffet Associates - a professional firm specializing in executive recruitment – has been hired to partner with WSCC and the search committee to conduct a comprehensive search for the next Executive Director.
* WACD is engaging with the Legislature in 2024 to obtain $10 million in additional TA funding.
* As 2 of the 10-member governing board of WSCC are appointed by the Governor a proposed statute change is put forth to make one of the appointed members a representative of the local Tribes. Only current active Supervisors are eligible to serve on the board.
  + There was a question about the time commitment with the answer including the mandatory attendance at the monthly evening board meeting for 2-3 hours, but as with any public service commitment the answer also mentioned the clause: “The more you will put into it, the more you will get out of it”.
* WACD is hiring a Director of Development of and Engagement as the 3rd full time staff member.
* A law firm in Bellingham has been contracted to provide free or reduced legal services for conservation districts. The first 2-3 hours will be free, with reduced rates for the following hours.

Alan Chapman from WACD briefly discussed:

* Memorandum of Understanding from Department of Ecology on water quality issued.
* Legislative updates and Plant Materials Center operations.

Kathy Smith from NRCS mentioned:

* NRCS/USDA aquatic plants webinar.
* Staffing at the NRCS office.

Final comments during the meeting concerned the possibility of a drought declaration in San Juan County. It was mentioned that despite being in the “red zone” for possible wildfire, San Juan County has not been included as experiencing a drought.

The Department of Ecology drought declaration would take into account:

* Projection to receive less than 75% of normal water supply from:
  + Rainfall
  + Stream flow – which is impact by the mountain snowpack.
* Political conditions were also deemed to have an impact.

At the moment it does not seem likely for San Juan County to receive this designation.

1. **Public Comments:**

None.

1. **Adjourn:**

Meeting adjourned by Vicki Heater at 10:30am.

**Next Regular Monthly Meeting: Friday, August 25, 2023 from 8:30 am to 10:30 am.**