**SAN JUAN ISLANDS CONSERVATION DISTRICT**

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

**May 25, 2021**

**Location:** Zoom Meeting

**In Attendance (Via Zoom)**

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

Carson Sprenger, Angie Freeman-Shephard (absent)

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

Linda Lyshall (absent)

**Staff:** Paul Andersson, Tony Fyrqvist, Bruce Gregory

**Partners:** Jean Fike, WSCC Puget Sound Regional Manager; Ryan Baye, WACD Legislative and Membership Lead; Alan Chapman, WACD NW Region Representative, Tom Salzer, E.D., WACD; Kathy Smith NRCS Representative

**Public:** Andrew Borner

**Location:** Zoom Meeting and physical location at Midnight’s Farm, 3042 Center Rd, Lopez Is, WA

**MEETING SUMMARY - Final**

Vicki Heater convened the regular meeting at 10:05 am via Zoom.

1. **Agenda Approval:**

David made a motion to approve the Agenda, the motion was seconded by Carson. The motion carried without discussion.

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

David moved to approve the April 17th Regular Meeting Minutes and was seconded by Lynn. This motion carried without discussion.

1. **April Financial Officers Report:**

David made a motion to approve the following items:

* Financial statements
* Bank reconciliation

The motion was seconded by Carson. David modified his motion to include approval of credit card details. Seconded by Carson.

According to the Financial Manager the overall financial condition of the District continues to be satisfactory with no major financial events. The Financial Manager’s review of the financial statements consisted of the following comments:

4/30/21 Statement of Revenue and Expenses

* The 4/30/21 Statement of Revenue and Expenses showed a Surplus of $30,461.33 which was due to the CCC invoicing of $46,763.35 under the Commerce Grant. This amount included the $9,457.11 originally invoiced in February 2021 which was initially rejected. The entire $46,763.35 has now been collected and deposited to District checking account.
* VSP Income of $8,663.08 represented the final VSP invoicing for the biennium.
* The Implementation Invoice for $14,434.62 was used as an example of the inner workings of District finances. It was explained that this amount was derived by taking the monthly total staff hours at the Composite Rate (which is approximately double the pay rate and includes the total cost of the staff member to the District including salary, benefits and payroll taxes) plus the 25% Indirect compensation to the District. The corresponding Implementation Payroll item amount was only $6,813.99.
* It was noted that the total salaries and benefits paid amounted to $44,103.60 which emphasizes the importance of retaining sufficient liquidity.
* It was noted that as the rent for the District premises is $1,750/mo the $3,740 amount represented 2 month rent along with rental payments of storage unit on Lopez Island. The rental payments were automatically deducted monthly from the Islanders Bank operating account; as their conversion to Banner Bank the automatic payment was discontinued which resulted in two manual payments.

4/30/21 Balance Sheet

* The total Deposit account balances amounted to $263,666.35 which was a $74,362.38 improvement over the previous month. The Grant Tracking Spreadsheet shows $107,218.74 in CCC prepaid grants from Orcas Island Community Foundation and $3,461.80 from Seacology leaving $152,985.81 for District liquidity. Of this balance $10,000 is in District reserve account at Liberty Bay Bank.
* It was mentioned that on 5/21/21 the District deposit balance in the Banner Bank account reached $325,634.30 which was an all time record – emphasizing the District’s ability to generate substantial cash flow.

The District currently has 2 credit cards: one with a $10,000 limit at the District office and another with a $3,000 limit designated for CCC use. Due to larger purchase the CCC card reached its limit during the month which blocked further use. To remedy this situation, and enable the efficient use of the CCC card for fuel purchases, in the future the District office card with the larger limit will be used for all larger equipment purchases.

Other discussion included the cost share projects and possible extension due to the pandemic, and return of funds to Commission. These funds can be made available to other conservation districts. Early identification of funding is highly desirable.

The Grant Pipeline Report was discussed briefly along with the movement of information from the Pipeline Report to the Tracking Report.

YCC reported a new grant for $40,000 from RCO.

The motion was approved unanimously.

The Annual Report was submitted to the State Auditor’s Office on 5/11/21.

1. **Old Business**

2021-2022 Annual Plan and Budget (Discussion/Action)

The final modifications to the Annual Plan were discussed briefly, then the conversation was directed to establishment of a weather station - In order to receive drought relief funding the county needs to have a USDA certified weather station. An appropriate location and funding for a station is being developed in partnership with WSU Extension.

David made a motion to approve the Annual Plan with changes as discussed. Carson seconded. Additional discussion included real time tracking of tasks and task prioritization within the Annual Plan, and possibly implementing a mid-point review of objectives and activities. The motion was approved unanimously.

1. **New Business**

Regional Forester ILA (Action). The discussion centered around the $83,992.00 PSCD Caucus ILA funding for Regional Forester who is tasked to produce 13-15 forest plans by 12/1/22. The District is participating in the effort with our regional partners. Bruce will be the point person, as Lead Forester, with support from Matt and Cathi.

The ILA requires signature by Vicki Heater, Chair. David made a motion to approve District participation and was seconded by Lynn. The contract has been examined by appropriate members of District BOS and deemed to be acceptable. The discussion covered the number of landowners expected to participate and potential incentives for them. There was detailed discussion about taxation of DFL and what constitutes appropriate use for the property to maintain the tax status.

Motion was approved unanimously.

WSCC Contract 2021-2023 (Action). Lynn made a motion to approve the contract. Carson seconded. The motion was approved unanimously.

Policy – Employee Purchasing Policy (Action). The Policy Subcommittee had met on 5.20.21 and recommended a modification in the District purchasing policy adding a minimum threshold of $250 for which a purchase must be pre-approved by the District Manager or the Financial Manager.

David made a motion to approve the recommendation of the subcommittee which was seconded by Carson. The discussion entailed examination of the sufficiency of the amount. A larger amount such as $500 was considered but the $250 level was considered to be a more prudent level to support District operations. Also, discussed the possibility of a fuel card and vendor accounts. Additional accounts would increase administrative/tracking costs and would not alleviate risk. The motion passed unanimously.

1. **Subcommittee Updates**

The discussion in the Policy Subcommittee meeting of 5.20.21 included the template for a Reserve Fund which will be modified to fit with the District requirements. The initial Reserve Fund was established with Liberty Bank on 3/26/21 in the amount of $10,000. The current interest rate on the deposit is 0.30%.

The Subcommittee also discussed a change in Personnel Policy regarding the payout of accrued vacation at termination of employment. The current Policy states that: “Upon termination of employment employees will be paid for vacation leave that has accrued through their last day of work; provided that accrued vacation will not be paid if an employee fails to give at least two weeks prior notice in the event of a voluntary resignation”. The total amount paid to the previous 4 employee departures amounted to over $18,000. The negative impacts of the District include:

* Sudden depletion of cash.
* Staff incentive to terminate with substantial accrued vacation.

Paying for accrued vacation was deemed not have any impact on attracting qualified future staff, and the impact to existing staff would be minimal as they would only need to plan to take their allowed vacation.

Ryan from WACD commented that they have survey data available from 21 Districts regarding vacation payout policies. 52.9% of the districts offer a cash payout of annual leave upon separation from the district – which offers the conclusion that 47.1% of the district do not. Some of the Districts offering payout have established a cap amount. Results of the Survey have been sent to the District.

The board will review a final policy proposal on this topic, from the Policy Subcommittee, likely at the June 2021 meeting.

Forest Health Collaborative. Wisewood will give a presentation and an update of their woody biomass electricity generation feasibility study at the end of the Board Meeting.

Other conversation included development of a model to calculate biomass; and a comment was made that island forests resemble the forests on the east side of the Cascades due to more limited precipitation.

1. **Staff and Program Reports, Including Elections Update.**

The election results were confirmed by WSCC and Angie Freeman-Shephard is now officially on the BOS. Director onboarding procedures were discussed which included training with District Manager and Financial Manager as well as adding her on the District website and providing her with a district email address.

David made a motion to officially recognize Deanna as an Associate Supervisor. Lynn seconded and the motion was approved.

The program reports were included as addendums in the Board Meeting packet of information.

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

Paul will be attending the San Juan County Agricultural Resources Committee retreat held June 9-12.

Discussed projects within The San Juan Preservation Trust Phelps Preserve - which consists of 40 acres of pastoral farmland, wetland, and remnant forest on San Juan Island. It is home to one of the three Island Marble Butterfly habitat patches that SJPT is managing, and Western bluebirds have been seen on the preserve in recent years.

1. **Idea Pot**

The discussion centered mostly around the addition of biochar to livestock feed, which is currently not permissible by FDA regulation. This is common practice in Europe and approved in California at the state level. The medicinal qualities of biochar have even been recognized over a long term in treatment of human ailments.

With livestock the health benefits are long lasting and result even in methane emission reduction from manure. The plan can start locally with addition of biochar to chicken feed as long as this is for private stock use. The assistance of WACD for legislative engagement may be very beneficial. Ryan Baye and Lynn will continue the communication. It was also mentioned that a pyrolysis project to produce biochar is already under way in Methow Valley, with funding being provided by Washington State Department of Commerce.

1. **Partner Reports**

Jean Fike reported on the following items:

* Election certifications.
* New processes concerning NRI and Shellfish.
* TA Budget – Approval of $2,000,000 resulting in $22,000 per district.
* Implementation funding of $117,000 with reassignment of Orca Recover Funds.
* Livestock TA is still under conversation for the upcoming biennium.
* Cultural Resources – on 4/7/21 Gov. Inslee released a new Executive Order regarding Archeological and Cultural Resources which is being clarified by SCC as to adjustments to existing SCC policies or procedures.

Ryan Baye reported on WACD:

* Goal to visit each District during 2021 mostly virtually and listed to details of what is going on within the District.
* TA funding within the Districts.
* Wildfire recovery funding – which has been particularly important in the eastern part of the state.
* Commission budget.

Forward looking comments included work done by WACD committees:

* Committee on District Elections is examining the pros and cons how elections are conducted in other states, particularly in Oregon where the candidates appear on the general ballot.
* The DEI – Diversity, Equity and Inclusion – Committee is working on developing recommendations by September 2021 for consideration by WACD’s member conservation districts.

Kathy Smith reported on NRCS on various subjects such as:

* Software.
* Personal Visit to San Juan Islands.
* Farm Bill.
* Forest Program Equipment.
1. **Public Comments**

Andrew Borner discussed the success he experienced with the District’s No-Till Drill program and importance of the 80-90 acres planted over the past few years using the drill. He also emphasized the capacity, and the positive environmental impact, of the drill to utilize biochar as fertilizer.

1. **Guest Presentation - Wisewood Energy Bioenergy Facility Feasibility Study**

The Wisewood presentation was primarily conducted by Meagan Harman who is their Project Development Manager - but Andrew Haden, President and Georgia Reed, Project Development Coordinator also participated in the conversation.

The slide presentation consisted of:

* Project background and cooperation with OPALCO.
* General goal of providing a biomass energy solution to attain local energy resilience, preparedness and independence through establishment of a controllable energy asset – while also achieving a goal of forest management.
* The project would consist of
	+ A central wood processing facility
	+ Energy substation
* The evaluation of appropriate technologies took into account fuel supply, energy demand, residual products, biochar production, replicability, redundancy and economics.
* The energy generation equipment was narrowed down into two alternatives:
	+ Holz 125 KW unit – higher labor cost, 8 units to produce 1MW.
	+ Syncraft 500 KW unit – automated, more complex, 2 units for 1MW.
* Based on the economics Wisewood offered 3 options for Orcas Island which would arrive at a cost of $0.05-$0.16 per KWH with an approximate payback time (without grants) of 15 to 25 years:
	+ OPTION 1 - $11.0 Million Holz system with automatic fuel feed.
	+ OPTION 2 - $10.5 Million Holz system with manual fuel feed.
	+ OPTION 3 - $13.1 Million Syncraft system.
1. **Adjourn**

Meeting adjourned at 1:00PM.

**Next General Meeting via Zoom: Tuesday, June 22, 2021.**

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