**SAN JUAN ISLANDS CONSERVATION DISTRICT**

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

**January 27, 2023**

**Location:** Online via Zoom and 530 Guard Street, Friday Harbor

**In Attendance**

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

Carson Sprenger, Claire Crawbuck

**Associates:** None

**Staff:** Paul Andersson, Tony Fyrqvist

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

**Public:** Thom Pence, Jim Skoog

**MEETING SUMMARY – Final**

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

**Welcome and Introductions:**

Welcome was extended to Kathy Smith from NRCS, and to Thom Pence and Jim Skoog who expressed interest the associate board member discussion.

1. **Agenda Approval:**

The meeting times were adjusted under the agenda items to reflect the change from previous meeting times. The agenda was approved by consensus.

1. **December 27th, 2022 Regular Meeting Minutes Approval:**

Lynn made a motion to approve the 12/27/22 regular meeting minutes. The motion was seconded by Carson.The minutes were approved without any changes.

1. **Financial Officers Report:**

The Financial Manager reviewed the:

* Balance Sheet
* Statement of Revenues & Expenses
* Credit Card Details
* Journal Entries

12/31/22 Balance Sheet

While not currently demonstrating long-term growth, the District balance sheet continues to express stability.

The operating account balances are up by $55,010.60 over the November 2022 statement, while accounts receivable show a $67,539.59 reduction. October through December account balances are as follows:

12/31/22 11/30/22 10/31/22

Banner Bank Operating $242,804.27 $187,793.67 $191,864.56

Liberty Bank Reserve $100,000.00 $100,000.00 $100,000.00

Accounts Receivable $160,146.07 $227,685.66 $239,458.17

It was mentioned that the financial statements being reviewed provide month-old data. The District monitors operating account balances on a weekly, if not daily basis, reconciling bank balances with collected and outstanding receivables and payables.

The Banner Bank operating account deposit balance **as of the board meeting date of 1/27/23** was $277,108.59 which is $35,862.70 higher than at the board meeting date of 12/27/22. However, $77,485.32 in checks have been written and not yet cleared the account.

12/31/22 Statement of Revenue & Expense

As demonstrated on the monthly “Grant Tracking Report” the District invoices 22 grants on a monthly basis, with the exception of any grants for which the final invoicing details might be outstanding. A total Ordinary Income of $79,821.14 was invoiced in December.

The amount and justification of revenue from a subset of grants was discussed in greater detail, though no inconsistencies of concern were identified at this time. A brief discussion of expenses focused on recurring line items and identified no major issues at this time.

In conjunction with the Salaries and Benefits it was mentioned that the new Composite Rates (Comp Rates) for staff were computed for 1/1/23. Staff hours under grants are invoiced at Comp Rates which basically cover the loaded costs of each staff member including:

* Wage paid
* District paid health insurance
* District paid retirement
* District paid Social Security and Medicare
* District paid State Unemployment
* L&I based on Office vs. Field hours
* Paid vacation days
* Paid sick leave
* Paid holidays

Also discussed was the improved financial tracking of Indirect Income which amounted to $91,180.59 for the year ending 12/31/22.

The total Assessment income (SJC property tax assessment) for the year is $99,664.09.

The net surplus for the year on accrual basis was $123,703.02.

Credit Card Detail:

The credit card detail report reflected again mainly standard monthly operating expenses incurred by the District with the following exceptions:

* Fraudulent items of:
  + 12/4/22 $20.45 with a $0.04 international fee to HC HC Middletown DE
  + 12/7/22 $91.56 with a $0.18 International fee to HC HC Middletown DE
  + The District has reported the items to Banner Bank and the course of action includes vendor stop payments and Bank investigation. The District has paid the full bill and will be reimbursed by the bank after the bank’s investigation of the vendor has been concluded.

Bank Reconciliation Report

The Bank Reconciliation Report was not reviewed in detail. It is prepared by R&R Accounting and is in compliance with all District and SAO guidelines.

Adjusting Journal Entries Report:

This report is prepared by R&R Accounting and any unusual entries outside of the standard payroll related tax, wage and benefit related entries would require further examination under the District’s double control of finances.

A motion was made by Lynn to approve the financial packages for December 2022 consisting of:

* The Financial Statements
* Adjusting Journal Entries
* Credit Card Detail
* Bank Reconciliation

The motion was seconded by Carson and carried.

Grant Progress and Pipeline Report

This report was briefly discussed with pending grants amounting to $2,123,985.40 and potential indirect amount of $213,289.40.

The District is still waiting to hear back from the Community Wildlife Defense Grants:

* $97,970.00 Planning – 10% indirect
* $1,009,250.00 Implementation – 10% Indirect

Due to the scale of the grant requests (over $500 million) and this being a first ever program of its size, award announcements are delayed.

1. **New Business:**

Action item to establish 2023 Supervisor Election details – Resolution #2023-001 – SJICD Board Supervisor public election date, time and polling location. Details attached.

This is the first resolution of 2023 and refers to CRC 89.08 and WAC 135-110 and basically states that that:

* The election is to be held on March 30, 2023 from 9:00am to 3:00PM
* Carson Sprenger occupies an elected position expiring in May 2023
* Lynn Bahrych occupies an appointed posting position expiring in May 2023
* Paul Andersson is named as the Elections Supervisor
* The conversation also covered:
  + Hosting the public polling location
  + Filing deadlines for other potential candidates
  + Posted public notices
  + Main-in-ballots
  + Election calculator.

Carson made a motion to adopt Resolution #2023-001 and was seconded by Lynn. The motion passed unanimously.

Action item to establish Claire Crawbuck and remove Deanna Eltinge as signers on District’s Banner Bank operating account; add Claire Crawbuck as Authorized Signer on BI 19-21 Form for WSCC, removing Matt Claussen and Angie Shephard.

Due to the double verification procedures within District finances all District checks require 2 signatures. As they are written and processed through the District office in Friday Harbor it is advantageous to have additional signers in Friday Harbor to cover vacations and other absences.

Lynn made a motion to approve Claire Crawbuck as a signer, and to remove the other parties as stated. The motion was seconded by Carson and passed.

Action item to increase SJICD credit card spending limit – Motion to approve an increase in SJICD Credit card limit above $10,000, not to exceed $20,000.

This motion was driven by growth of District programs and spending on grants such as:

* Islands Conservation Corps (ICC)
* Youth Conservation Corps (YCC)
* Salmon Recovery Funding (SRF)

In order to cover all required purchases, the district card balances have been at the maximum limit several times over the past year.

A motion to increase the credit limit to $20,000 was made by Lynn was seconded by Claire. The motion passed.

Action item to increase SJICD Purchase Order requirement threshold – Motion to increase PO requirement threshold from $250 to $500.

Also reflecting the growth in district programs and related purchases, an increase in the limit would enable staff to spend more time in actual conservation work, while spending less time completing paperwork. The District has sufficient controls in place to monitor smaller purchases. This change will necessitate updating the Employee Policy Handbook by inserting the new amount in place of the old.

Carson made a motion to approve the increase in the requirement to complete a purchase order from $250.00 to $500.00 and was seconded by Lynn. The motion was passed.

Action item to renew District Line of Credit – motion to approve two-year renewal of LOC with Liberty Bank.

The current line of credit is maturing on 3/25/23 and in order to sustain liquidity covering potential monthly cash flow fluctuations related to payroll, accounts receivable, and possible cost share expenses (which tend to be larger items prior to recovery through invoicing), it is recommended that the District renews the Line of Credit with Liberty Bank:

* $50,000 amount.
* 2-year term.
* Interest rate Wall Street Journal Prime + 2.00%
* Persons authorized to request advances (according to SJICD Line of Credit Policy)
  + Paul Andersson, District Manager
  + Tony Fyrqvist, Financial Manager

A motion was made by Carson to approve the request for a Line of Credit extension, which was seconded by Lynn. The motion carried.

Action item to modify staff sick leave policy language – motion to approve new language related to staff sick leave.

In order ensure District compliance with Federal and State labor related rules and regulations it is recommended that the District mentions Washington State Department of Labor & Industries (L&I) regulations and provides a link to the L&I website in the Employee Policy Handbook. L&I specifies current policies related to staff sick leave and keeps the information up to date.

A motion to approve the reference to L&I rules and regulations and include the L&I website address in the Employee Policy Handbook was made by Lynn and seconded by Claire. The motion passed.

1. **Old Business:**

Discussion of Associate Supervisor membership – SJICD policy, application form and (re)introduction to potential new and existing members.

In accordance with RCW 89.08 the following sections of the “SAN JUAN ISLANDS CONSERVATION DISTRICT ASSOCIATE SUPERVISOR POLICY” (full copy is enclosed) were discussed:

* Purpose
* Application Form
* Appointment by Board at February Board Meeting
* Powers and Duties of Associate Supervisors
* Minimum Requirements
* Selection Process & Term Length

The District acknowledges that community members serving as Associate Supervisors have resources and expertise to help guide the district into the future. They will also present the District with an opportunity for succession planning.

It was mentioned that, unlike regular Supervisors, Associate Supervisors cannot participate in the District’s Cost Share programs.

Action - Motion to approve SJICD Associate Supervisor Policy.

Carson made a motion to accept the SJICD Associate Supervisor Policy and was seconded by Lynn. The motion passed.

Two interested Associate Supervisors attending the meeting introduced themselves:

Thom Pence:

* Retired Forester with 30 years of experience with U.S. Forest Service.
* Worked in various states ranging from Kentucky to Alaska
* Most recently spent 8 years as the caretaker of Redmill Farm for San Juan Preservation Trust on San Juan Island.
* Former Associate Supervisor with the Conservation District.
* Interested in active participation in restoration work.
* Likes to evaluate and troubleshoot current programs, and look for ways to improve, expand the project while ensuring a smooth operation.

Jim Skoog

* Long-term Estate Manager and Land Steward of a large forested estate on San Juan Island.
* Retired after 14 years as the Finance Officer on Land Bank Board of Commissioners.
* 9 years on San Juan Island Community Foundation Board.
* Board Member of San Juan Public Schools Foundation
* Founding Board Member on San Juan County Economic Development Board.
* Co-founder of Leadership San Juan Island.
* 28-year resident of San Juan Island.
* Also worked as Financial Consultant for a large wealth management corporation.
* Event planning experience, and interest in outreach to improve knowledge of District operations in the local community – it was mentioned that the District could have used an experienced event planner for the 75th Anniversary event.

Legislative Updates – discussion of priority legislation status.

* House Bill 1567 – Relating to commissioning a study on conservation district election costs. This bill is attempting to provide a projection of the costs that would be expected to be incurred by each county and each conservation district if the district were to hold its supervisor elections on general election ballots. The study is to be completed by 12/1/23. It is believed that elections on the general ballot within small districts would significantly drain district funds used for preservation purposes.
* House Bill 1215 – Relating to the protection and restoration of riparian areas. Within this bill a $100 million budget was created for riparian habitat protection and restoration. In addition to the Conservation Commission other agencies are currently proposing to share in the funding.
* House Bill 1538 –Relating to the special purpose district malfeasance. It would provide the county legislative authority the power to suspend a member of a special purpose district board for misconduct and appoint a person to fill the vacancy as necessary. Due to the county councils being highly political positions - while board members of nonregulatory conservation districts tend not to be political – passing of this bill would tend to increase the political risk to conservation districts.
* House Bill 5484 –Relating to supporting Washington’s food production system by providing technical assistance in support of improved voluntary environmental stewardship. Realizing the importance of Washington’s farmers and food processors this will impact VSP and Sustainable Farms and Fields grant funding.

February 8th 2023 has been designated for “Conservation on the Hill” for WACD, Conservation Districts, and other related agencies for meeting legislators and for participating in legislative processes.

CD office space - Progress report on search for office options

As the current lease for District premises expires on 6/30/23, District management has visited and evaluated several potential spaces within the Town of Friday Harbor, and other possible properties outside of Friday Harbor, but still on San Juan Island. Nothing tangible has materialized yet. Management has also contacted the owner of current premises.

The concept of a “Conservation Campus” was discussed again in context of a farm for sale at 3501 Beaverton Valley Rd. consisting of a 4 bd 3ba 3,095 sq ft farm house, outbuildings and an office on 16.18 acres. The property was listed at $1,150,000. However, shortly after a visit to the property it went under contract. The realtor will keep the District updated as to the status of the purchase. Initially this property was considered as a match for the mission of the District as it could:

* Provide an office facility and build up of long-term equity for the district
* Provide a showcase of farming practices
* Provide temporary housing for crews
* Provide a focal point for a capital campaign
* It is 1/3 of the price of a previously considered property
* The major drawbacks include cost, district capacity to manage, and distance to Town of Friday Harbor services and ferries.

SJICD Capital fundraising campaign – discussion of long-term fundraising campaign.

There was general conversation about running an effective capital fundraising campaign and the need to provide a targeted effort with a clear vision.

A subcommittee “brainstorming” session coordinated by District Management was recommended to further examine other capital fundraising opportunities for infrastructure projects such as the utilization of forest byproducts and excess biomass for power generation. The feasibility study for this has been spearheaded by OPALCO.

1. **Staff and Program Reports:**

Staff and Program Reports – Document attached.

The attached document summarizes the activities performed by the District. Special emphasis was made on the following:

* VSP effort continues to produce approximately 1 ISP/mo.
* Staff will present progress on VSP to SJC Council on 2/7/23.
* Interest in Agriculture Cost Share program remains high in the community.
* The District hired a part time (10-20hrs/wk) staff member from Lopez to manage the Island Marble Butterfly project. A temporary habitat plot fence was constructed at the Lopez Island School District.
* There was a question about what is the Career Connect program and request to learn more about it at a future meeting. It was explained that it is an Employment Security Department (EDS) administered work-based and academic program for young people to explore, learn and earn money and college-level credit.

Recap of SJICD presentation to VSP Joint Meeting on 1/12/23 – Slide deck attached

* At the VSP Joint Meeting in Lacey, WA on 1/12/23 staff presented an annual VSP progress report which was well received. A copy of the slides was enclosed outlining VSP components including:
  + Outreach
  + Monitoring
  + Training
  + Implementation
  + Reporting

There was also technical conversation determining that the genus Ulva found fermenting in False Bay is actually a form of green (macro) algae.

1. **Subcommittees:**

Forest Health Collaborative Subcommittee – Meeting on 1/5 discussed the many moving parts and pending funding opportunities related to forestry efforts at the District. An outline of a Forest Health Strategic Plan was developed and its discussion briefly covered 7 key components:

1. Landscape Scale Restoration
2. Forestry Cost Share
3. Forest Management Planning and Education
4. Community Wildfire Protection Plan and Hazard Planning
5. Workforce Development
6. Woody Biomass Utilization
7. Research

Further discussion covered projects falling under the forest health collaborative umbrella such as:

* Utilization of excess woody biomass by OPALCO for heat and power generation.
* San Juan County Wildfire Protection Plan and San Juan County Comprehensive Emergency Management Plan.
* Research and public outreach.
* Need for education such as chainsaw training on the local level.

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

* Ag Listening Sessions – January 26 (Orcas), 27 (San Juan), 30 (Lopez). The event at Orcas Firehall was attended by staff and by 20+ representatives from the farming community.
* SJICD Presentation to SJC Council (VSP, General Updates) – Feb 7
* WACD Legislative Day – February 8.
* Ag Summit – March 3-4, 2023, at Friday Harbor Labs, SJI with recommendation to attend due to outstanding list of presenters and topics.
* Terrestrial Manager’s Group Retreat – March 28-29; 2-day retreat at Moran State Park for multi-agency staff and board members.
* March 2023 – WSCC Conservation Month.

1. **Idea Pot:**

The potential new District associate supervisors proposed that Forest Management Practice guidelines be related to overall Climate Change with emphasis within Best Management Practices (BMPs) and with new plantings.

The Land Bank evaluates their projects through the lens of climate change with appropriate outreach and communication with the public. This has resulted in increased public awareness and private conservation efforts.

The conversation covered:

* Carbon sequestration.
* Biochar.
* Possible changes in specific species to plant in order to adapt to predicted changes in the climate, particularly as Douglas Fir might no longer present best long term survival rate.

Due to the importance of climate change it was generally agreed that repeated articles in local papers, and other means of communication, would be most effective to increase public awareness of the potential adverse trends.

1. **Partner Reports:**

Alan Chapman from WACD, provided the following information:

* The Plant Materials Center (PMC) is running at 12% above projected sales.
* PMC has run out of supply to cover all Salmon Recovery Funding related requests for product.
* PMC is run as a business (501(c)6 non-profit corporation) with 40% of sales to Conservation Districts.
* In order to assure future supply of product PMC may request that a CDs sign a contract participating with the risk of tree and plant rearing.
* WACD is updating the priority list of current legislative events.
* The Governor’s housing plan may impact conservation funding.

There was conversation about supporting Island Based nurseries to supply local demand for product in concurrence with the Riparian Plant Propagation Program (RPPP).

Cathy Smith from NRCS discussed:

* Environmental Quality Incentives Program (EQIP)
* No applicants so far from San Juan County for Conservation Stewardship Program (CSP).

1. **Public Comments:**

None.

1. **Adjourn:**

Briefly discussed the possibility for a Board Retreat – tentatively in March 2023.

Meeting adjourned by Vicki Heater at 10:30am.

**Next Regular Monthly Meeting: Friday, February 24, 2023, 8:30 am to 10:30 am.**