

SPOKANE CONSERVATION DISTRICT
 210 N. Havana, Spokane, WA 99202
BOARD MEETING MINUTES
 Tuesday, March 11, 2014

PRESENT

Supervisors: Jerry Scheele, Randy James, Jaki Shrauger, Tom Miller, Mary Sullivan

Absent:

Associate Supervisors: Phil Small

SCD Staff: Vicki Carter, Jilla Loan, Erica VanNatta, Jim Armstrong, Garth Davis
 Ty Meyer, Eric Choker, Walt Edelen,

Guests: Chad Greif, BIAS; Fred Fleming and Dr. Jill Clapperton, Rhizoterra; Rosemary Small; Ray Ledgerwood, WSCC

Chair Scheele called the meeting to order at 5:30 pm. He presented the agenda and noted that there would be an executive session according to RCW 42.30.110 to discuss the performance of a public employee, and a public hearing to discuss the matter of our assessment renewal. Chair Scheele stated that the public hearing would take place first on the agenda.

Motion James/Shrauger to accept the agenda as presented by Chair Scheele. Motion carried.

Public Hearing

The Public Hearing for the Renewal of the Assessment was introduced by Chair Scheele. He gave a brief history dating back to 1989. The Assessment will be renewed at 10 cents per acre per annum for land with soil classification 1-4 (agriculture soil) and 5 cents per acre per annum for land with soil class 5-8 (thin soil, scab rock) according to the soil survey. There is a \$5 per parcel minimum. Chair Scheele opened the floor for public comment and noted that results will be given to the Spokane County Commissioners. Jim Armstrong clarified the purpose of the soil class system and the County's use of GIS. Rosemary Small commented to not raise the rates. Armstrong clarified that the effective rate is unchanged, but the soil type will be used rather than documented land use. Chad Greif commented in favor of renewing the assessment to continue to provide the public with the benefits of conservation. Armstrong also noted that the County Commissioners will hold a public hearing within one of their normally scheduled meetings in the next few months. With no further comment offered, Chair Scheele closed the public hearing at 5:45 pm.

Introductions: Chair Scheele introduced Jill Clapperton and Fred Fleming from Rhizoterra and Rosemary Small.

PREVIOUS MEETING MINUTES

Minutes from the February 11, 2014 meeting had previously been distributed for review.

Motion Shrauger/James to accept the February 11, 2014 Meeting Minutes. Motion carried.

TREASURER'S REPORT

Auditor Jaki Shrauger, presented the Treasurer's Report for February, 2014.

ACCOUNT	BEG. BALANCE	DEPOSITS	WITHDRAWALS	END BALANCE	OUTSTANDING BALANCE	ADJ. BALANCE
Argonne Mit. Fund	65,852.06	0	0	65,852.06	0	65,852.06
NW Pipeline Savings Acct	61,224.32	0	0	61,224.32	0	61,224.32
PayPal Merchant Acct	2,588.86	6,946.68	8,576.33	959.21	-29.26	929.95
Bank of Fairfield Checking	-79,780.46	193,284.92	375,394.53	-261,890.07	340,174.87	78,284.80
Bank of Fairfield MMA	34,152.24	16.56	0	34,168.80	0	34,168.80

LGIP	1,250,054.79	100.81	0	1,250,155.60	0	1,250,155.60
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Auditor Jaki Shrauger noted that last month the accounts were not verified, but were passed "as-is". She verified the accounts for January and February and found a discrepancy of \$8.70 on the January statements, but it resolved itself in February. Everything was verified except for the PayPal account. Erica VanNatta will supply the PayPal statements for Shrauger to complete verification. **February Treasurer's Report: Receipts: 9624-9628, 9630-9636, 9638, 9642-9771, 9795-9838, 9840-9841, 9843-9846; Claims: 41960-42011, 42043-42050; EFTS: 324, 339-351, 526-542, 544, 545; Voids: none. *Check numbers 42012-42042 were out of order and will be used in March. March Accounts Payable: \$177,776.05.**

Motion James/Miller to approve the February TREASURER'S REPORT as presented and March Accounts Payable as presented. Motion carried.

NEW BUSINESS / LINKAGE TO COMMUNITY

Public Comments and Introductions

Chair Scheele introduced Ray Ledgerwood, Washington State Conservation Commission (WSCC). Ledgerwood spoke on the Department of Ecology (DOE) Ag Advisory Committee forming to discuss agriculture water quality issues; Dave Vogel of WACD will be on the committee. There is a WSCC Meeting in Dayton on March 19-20. A Livestock and Water Quality self assessment is forthcoming from WSU Extension. Vicki has been invited to attend. Conditioning of funds issue has been top priority for the WSCC. Ledgerwood described the letter sent to Northwest Indian Fisheries Commission (NWIFC) from WSCC with their position against conditioning funds based on the National Oceanic and Atmospheric Administration (NOAA) streamside buffer tables. Ledgerwood announced an all-district meeting coming up April 23-24 to discuss allocation process and procedures. A two page document will be released regarding cost share and WSCC book keeping. Specific recommendations are welcome at the upcoming all-district meeting. Ty Meyer and Ledgerwood hosted a great meeting for production agriculture at Enduris in February.

Sullivan stated that a WACD staff person is not appropriate as the liaison for the Ag Advisory Committee. He should be involved, but an officer would be more appropriate. Sullivan requests that Tom Miller, our WACD representative voice this opinion at the next opportunity.

Department Report Review

Pat Munts will give part of a National Association of Conservation Districts (NACD) Urban Conservation Webinar next Thursday. Garth Davis will be asking for renewal of the County Wildfire Protection Plan (CWPP) at the next County Commissioner meeting. Armstrong submitted the direct seed and streamside buffer videos to the River Restoration Northwest Film Event (RRNW). If we are selected, we'll be invited to the festival in May, 2014. Our cooperative agreement with PRLCD for \$7,500 to promote buffers will result in more testimonial style media.

Walt Edelen referenced the Water Quality Referral Letters from DOE in his board report. He would like a board prescribed policy of how we react to those letters and he would like to send the policy to the DOE in a formal letter. He distributed to the board a document regarding the On-Site Septic System (OSS) Loan program; we already have 20 people on the waiting list. There are three types: repairs, replacements and connections. Carter thanked Tom Miller for the time he has spent on this program. Carter explained the work yet ahead before our hopeful rollout on May 1, 2014.

Rick Noll was in the Spokesman Review due to his assistance with flooding issues in Spangle, WA. Culvert flooding and rising creeks has allowed for more flood damage. A poorly designed or poorly placed culvert can cause yearly or biannual flooding in the nearby area. Sullivan would like to see the railroad take responsibility for fixing the new culvert.

Phil Small is working with the Food Policy Hub; work is progressing slowly. On March 24 Small will testify in support of the Urban Ag and Livestock ordinances. Plans for a Food Forest are moving forward in Poly Judd Park.

Chair Scheele reported on behalf of RC&D that a free workshop will be held March 25 at EWU. Scheele still receives a few small direct seed drill still inquiries, but it is a very small drill. RC&D might pursue a grant to bring small farm equipment, veterans and skills center students together to make small farm equipment available in our area. The potential for this program is immense and it would meet a need for small farm equipment and small farm operators in the area. There are also opportunities for funding related to AgriMet

data collection technology.

Farmland Preservation

Five-Mile First Farm could take advantage of funding through the RCO and Office of Farmland Preservation. The current owners have not segregated the home from the rest of the property; our recommendation was that this would be the first step. Questions regarding costs associated with easement maintenance are still looming. Inland NW Land Trust (INLT) is considering taking on agricultural land easements. The landowners are hoping to take advantage of an easement situation, but they did not initiate this process. Miller commented that CDs do not exist in perpetuity, but a private land trust could. There was further discussion by the board regarding our role as an easement holder and the final decision to not pursue this due to legal, liability, and staffing issues.

Motion Sullivan/Miller that we not act as an easement holder and not discuss holding easements, but remain available for technical assistance. Motion carried.

Ledgerwood commented that North Yakima co-signed their easement with WSCC to have a back-up. Central and Eastern Klickitat are preparing similar easements. The landowners in these situations are maintaining ownership; this would not be the case in the Five Mile First proposed easement.

Loan Proposal

Fred Fleming and Jill Clapperton distributed a loan proposal for Rhizoterra. They have worked on patents, legal considerations, budget considerations and a test of the product at the Shepherd's Grain Test Bake at the Hutterite colony. Sullivan, Carter and Eric Choker attended. They are seeking funds to create standards and calibration for an existing photon detector that can conduct total elemental analysis. It is a handheld device. In agriculture, it would allow immediate soil test results. Results are read on an iPad or other device on the spot. There is a second instrument for organic matter, sugars, amino acids, lipids; this would be important for fecal coli form tests in water quality. Both tools need to have methods and calibrations developed, tested and certified for agricultural and natural resource purposes; the loan will fund this process. Soil and tissues calibrations will be in publishing by June, 2014. The end product will be the calibrated equipment for sale with customer service and technical support. Overall the tool will help people make informed decisions based on local scientific data. The data will be cloud based. Potato and citrus industries have expressed interest in buying the calibrations. The loan proposal is for 5 years of repayment, flexible on terms. This would be SCD's first loan outside of farm equipment. Miller believes the collateral will take legal time and consideration to appropriately secure. A special meeting may be called to vote on the loan after a Sullivan and Miller complete further research.

GOVERNANCE CULTURE

Election Announcement

WAC 135.110.370 states that if an incumbent runs unopposed, no election will be held. Therefore, Randy James was reelected and sworn in, March 11, 2014.

SRF Program Update

Meyer presented two new Memorandums of Understanding (MOU). Last month the Okanogan Conservation District MOU was approved. Tonight we have South Yakima Conservation District (SYCD) MOU; they would like to use our loan program for their CD as well as their land owners and their board has already approved the MOU. Also, a Pend Oreille CD MOU is available tonight and their board will vote on it at their upcoming meeting. Both are the standard agreements for our SRF program.

Motion Sullivan/Miller to approve the MOU with SYCD. Motion Carried.

Motion Miller/ Sullivan to approve the MOU with Pend Oreille Conservation District contingent upon their board approval. Motion Carried.

Meyer has contracts with T-Will Custom No Till to be approved and signed as well as the contracts that we will use with landowners. Our old drill may have a buyer out of Garfield. There is another potential option for us to sell to in the Willamette Valley. If we end up not having a buyer and decide to use the equipment, we will have to install electronics on the tractor. The previous electronics were transferred to our new tractor. Travis Willson is completely booked for spring for 30-45 days of spring seeding. Most seeding is in the St. John area. We have a loan customer in default on three loans and we may need to repo and liquidate the

equipment. A creative idea is to make his customer's payments for his custom operation payable in part to SCD.

Kittitas Conservation District Proposal

Carter presented the Kittitas Conservation District proposal at previous meetings. We have heard from KCD that they will be purchasing their building with their own funds for the down payment and will not use a loan.

Financial Report & Analysis

Greif reported that we received the assessment check in March, bringing Fund 001 revenue up greatly. Tree Sales were at \$31,000 at the end of February. The employee benefits budget item is already at 28% of anticipated expenditures; Carter and Greif will review. SRF travel expenditures in the Staff Travel line will be recoded. About six loans are in progress and the passage of the farm bill may result in more spending. Sullivan disagrees unless the farmers are turning to direct seed to try and see higher certainty in their crops. Meyer states that the conservation component of the farm bill through NRCS EQIP and CSP programs could lead to greater direct seed purchases. Greif reviewed the SRF Balance Sheet and pointed out how it includes our loans in default that were described above. Over the last 8 months our loan to assets gap has increased. However, we received a \$1.37 million DOE grant voucher payment today and we have other vouchers coming in. Due to market factors, we should see less early repayment on our loans and be able to retain more potential interest.

Carter recommends that we move all but \$500,000 of the \$1.37 million from our Bank of Fairfield to our LGIP account.

Motion Sullivan/James to move all but \$500,000 of the \$1.37 million in our Bank of Fairfield MMA to our LGIP account.

OPERATIONAL EXPECTATIONS

Employee Leave Policy

Carter previously distributed three buy out options that would take care of the five employees that have more than 240 hours of leave. Not included in these options is the concept that employees would be forced or encouraged to take the time off. In one case, this could be over 3 months. After an option is chosen, a policy will also become in effect to prevent employees from carrying more than 240 hours of leave into a new year. Carter prefers Option 1, to pay the employee in full this year. The downside for the employee is the 25% supplemental income tax.

Motion Miller/Sullivan to choose option 1 of the buyout options presented and to see the 240 hour cap policy at the April meeting. Motion carried.

Correspondence and Announcements

- Ag Forestry Session coming up
- Enduris Annual Report
- The Land Council's April Shower dinner and auction, \$65/person
- Stevens CD will sponsor FFA Forestry contest on April 15 at the Douglas Falls Grange Park

Miller will attend a legal education seminar in Seattle on Hydrology. It covers science and law surrounding water quality issues related to conditioned practices.

Motion James/Shrauger to send Miller to the legal continuing education seminar. Motion carried.

City of Spokane Urban Ag Ordinances for Market Gardens and Small Livestock are open for public comment. The Market Garden Component applies to CBDG Neighborhoods. The livestock ordinance would apply to all city limits. SCRAPs will apply current law to the new animals and WSU Extension will handle licensing, permitting and education. Much discussion took place regarding the practicality of the size limitations on the animals. The board will support the Market Garden Component but not address the livestock component at this time. A letter will be sent on behalf of the SCD.

Executive Session

The regular meeting recessed at 8:50pm to the executive session in accordance with RCW 42.30.110 to discuss the performance of a public employee. The regularly scheduled meeting reconvened at approximately 8:55pm. The Board reviewed the monitoring documents provided by the Director and cited compliance in all segments of the report. The Board acknowledged the work done as the interim-director and discussed the Director compensation.

Motion Sullivan/James to approve increasing the Director's salary by four percent, retro-active to January 2014.

CLOSING OF MEETING
READING OF THE MOTIONS

Motion James/Shrauger to accept the agenda as presented by Chair Scheele. Motion carried.

Motion Shrauger/James to accept the February 11, 2014 Meeting Minutes. Motion carried.

Motion James/Miller to approve the February TREASURER'S REPORT as presented and March Accounts Payable as presented. Motion carried.

Motion Sullivan/Miller that we not act as an easement holder or further discuss holding easements, but remain available for technical assistance. Motion carried.

Motion Sullivan/Miller to approve the MOU with SYCD. Motion Carried.

Motion Miller/ Sullivan to approve the MOU with Pend Orielle Conservation District contingent upon their board approval. Motion Carried.

Motion Sullivan/James to move all but \$500,000 of the \$1.37 million in our Bank of Fairfield MMA to our LGIP account.

Motion Miller/Sullivan to choose option 1 of the buyout options presented and to see the 240 hour cap policy at the April meeting. Motion carried.

Motion James/Shrauger to send Miller to the legal continuing education seminar. Motion carried.

Motion Sullivan/James to approve increasing the Director's salary by four percent, retro-active to January 2014.

Meeting adjourned at 9:00 pm.
Respectfully submitted by: Erica VanNatta.

Gerald Scheele, Chair

Randy James, Vice Chair