

SPOKANE CONSERVATION DISTRICT
 210 N. Havana, Spokane, WA 99202
BOARD MEETING MINUTES
 Tuesday, January 13, 2015

PRESENT

Supervisors: Jerry Scheele, Randy James, Tom Miller,
Absent: Jaki Shrauger, Mary Sullivan
Associate Supervisors: Dixie Riddle
SCD Staff: Vicki Carter, Erica Johnson, Garth Davis, Cori Turntine Ty Meyer,
 Lindsay Chutas, Walt Edelen, Eric Choker, Jilla Loan
Guests: Chad Greif, BIAS; Chad Atkins, Department of Ecology (DOE); Steve Sprecher,
 Natural Resource Conservation Service (NRCS); Wendy Knopp, Northwest
 Farm Credit Services; Grant Rice, citizen.

Chair Scheele called the meeting to order at 5:00 pm.

Approval of Agenda

Chair Scheele presented the agenda for board approval and added an executive session to begin at 7pm in accordance with RCW 42.30.110, regarding the performance of a public employee.

Motion James/Miller to accept the agenda. Motion carried.

Previous Meeting Minutes

Minutes from the December 9, 2014 board meeting had previously been distributed for review.

Motion James/Miller to accept the December 9, 2014 Meeting Minutes. Motion carried.

TREASURER'S REPORT

Acting Auditor Tom Miller, presented the Treasurer's Report for December, 2014.

ACCOUNT	BEG. BALANCE	DEPOSITS	WITHDRAWALS	END BALANCE	OUTSTANDING BALANCE	ADJ. BALANCE
NW Pipeline Savings Acct	66,224.32	0	0	66,224.32	0	66,224.32
PayPal Merchant Acct	0	0	0	0	0	0
Bank of Fairfield Checking	29,893.42	800,748.58	203,529.14	627,112.86	43010.03	670,122.89
Bank of Fairfield MMA	301,714.10	81.83	0	301,795.93	0	301,795.93
LGIP	2,351,660.88	207.87	0	2,351,868.75	0	2,351,868.75

Prior to the meeting, Acting Auditor Miller reviewed the bank statements for November and December to verify the balances on all accounts. There was one exception in Bank of Fairfield checking that Chad Greif will address. It was due to a processing delay. The November and December statements together balance and reconcile. There is also an error in LGIP because the statement has not been coming in a timely matter and the interest was not recorded in the month it was received. The adjusted balance represents these discrepancies.

Miller reviewed and verified the cancelled checks from November and December. **December Treasurer's Report: Receipts: 10947-10950, 10952, 10953, 10955-10989, 11022, 11037-11038. Claims: 42758-42794, 42797-42813. EFTs: 2896, 2944-2956, 2978, 3007-3022, 3032, 3035. VOIDS: 42795-42796, printer error. January Accounts Payable: \$130,659.59.**

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

NEW BUSINESS / LINKAGE TO COMMUNITY

Public Comments/Introductions

Chair Scheele introduced Wendy Knopp from Northwest Farm Credit Services. Knopp grew up in Spokane and has a BA and Masters from Gonzaga University. Since 2001 she has been in charge of the AgVision/Young and Beginning Producers program. She and Vicki have been working on our FarmVet Program. Vicki invited Knopp as she has expressed interest in a board position. Grant Rice is here as a possible candidate as well.

Chad Atkins from DOE came to talk about water quality and 2015 Livestock Assessments. Their first assessments were in 2013. Since then, there have been 4-5 meetings of the Water Quality Ag Advisory Committee to revise the process. 10 Key Changes were developed from the feedback including three specific to the “potential citation” letters. Future letters will have *specific* site conditions that are in non-compliance. The letters will have information on how to request additional information such as photos or maps; no public records request is needed. Also the letters will include clear timelines rather than open ended. The first time requirement is to confirm receipt of the letter within 30 days by contacting the DOE. Blue Mountain Streams, Whitman County Snake tributaries, Hangman Creek, Walla Wall River, North and South Fork Palouse River will be addressed in 2015. Additional watersheds will be addressed in 2016. Workshops with DOE, WSU Extension and Cattleman’s Association will be held January 27 in Fairfield, January 29 in Pullman, and February 4 in Walla Walla. The CD’s will be there to offer technical and financial assistance information.

Randy James suggested that DOE provide guidelines for CDs so that CDs don’t over-promise or misinform people regarding their letters and possible citation.

Carter expressed concerns over SCD getting the information of who will get a letter prior to letters being sent. Atkins said that the workshops will address the process even more in-depth than tonight. Carter asked if DOE plans to follow up on the letters issued in 2013 and if so what action would be taken. Atkins indicated that the DOE regulatory authority will be used within the context of their flow chart that includes many opportunities for correction. In the past year, no regulatory actions in this arena were enacted because they were revising the process.

James suggested a self-assessment packet that could be distributed so that people could self-regulate and not be surprised by letters. Carter stated a similar tool developed by WSU does exist, “Water Quality Risk Assessment.” Walt Edelen described feedback he had received regarding the tool and that it’s a matter of vastly different perspectives on the use and purpose of the land. Carter added that more role models need to be highlighted demonstrating profitable operations that are also practicing good environmental stewardship.

Steve Sprecher from NRCS described how their conservation plans deal with specific resource concerns and includes a self-assessment. It’s another opportunity for people to get help, but includes getting put on a waiting list dependent on priorities and staffing availability.

GOVERNANCE CULTURE

Election Date Announcement

Carter announced the election date of March 10, 2015 and polls will be open from 7:30am-4pm. She presented a resolution for signature by the board members. Cut off for applicants is February 10 to get application and 25 signature nomination petition turned in.

SRF Program Financial Overview

Ty Meyer reported that loans are currently slow. Our rate is 3.5% and we're on the high end. There seems to be a shifting of loans. Many of our early payoffs are from other lenders in terms of operating loans. We are still working to open our operating loan program. In our quarterly report to the DOE we will request that our loan rate be lowered so we can pass savings on to the customer and be more competitive. Another way to lower our costs is to request forgiveness on a chunk of our principle or change part of our principle to a grant. We've used \$2.4 million of \$8 million in our program and our deadline is June, 2015; we are applying for an extension.

Meyer informed the board that we are trying to sell our QuadTrac still. It is priced really competitively, but we don't accept trade-ins. We will try more creative ways, partnerships or co-ops, to get the equipment back to work.

BOARD/CEO RELATIONSHIP

Directors Performance Evaluation Review

Vicki distributed the 2014 Operational Expectations Monitoring report to the board.

2013 SAO Audit Update

The audit exit conference will be scheduled soon and the auditor will request two board members be present. There were no findings, but there will be recommendations regarding the cross slot drill purchase and semantics in our board meeting regarding the approval of the purchase, the fact that a pay raise cannot be enacted retroactively because it counts as a bonus, our PayPal account procedures, and the cost-share payment for the Firewise work on the Armstrong property.

OPERATIONAL EXPECTATIONS

Financial Report and Analysis

Chad reviewed Fund 401 and noted how the early repayments in SRF are affecting the report: cash goes up, but potential loan revenue goes down. Repayments are 20% over expectations. Revenue was 105% of budget for 2014. However, the assessment as promised from the county was not correctly transferred to our bank account in December or January – this would've put us even higher than 105% of revenues. Expenses came in at 110%, so we did end the year in deficit. Had the county transferred the funds on time, the year would've ended in the black. Grant salary reimbursement was more than \$70,000 over projections. Employee leave buy back and a retirement were big expenses that were not in the budget.

Carter mentioned that we may need to include OSS debt in our financial reporting. Greif agreed and we will now have Fund 101, 401 and a separate one for OSS.

Greif described how he and Ty Meyer try to report the loan program as an investment much the way a bank would look at their investments. Miller is interested in seeing month to month changes reported.

Cost-share agreement

Carter presented Bear Creek Channel Realignment cost-share contract to be approved by the board in the Livestock & Land program funded by DOE through the Bear Creek grant.

Motion James/Miller to approve the 100% cost-share agreement of \$75,000 for the riparian fencing and channel realignment. Motion carried.

Correspondence and Announcements

Carter announced that Jim Armstrong has been rehired for part time, project based work. Erica Johnson is back from maternity part-time and will return to full time eventually. William Hulings, our intern, will be starting soon and is working on his schedule with Pat Munts. The Palouse WRIA groups were funded through NRCS Regional Conservation Partnership Program (RCPP), so we are thinking that our project did not get funded. The assessment cap legislation has been refined to only rates and charges and the legislation is expected to pass. Eventually, we may need to change our funding from assessment to a rates and charges system. Spokane County assessment software has changed the way residents of Millwood will see their assessment charges, so we may get phone calls. Armstrong is working on a year in review document that can be sent to all mayors and cities in our county so that they know the work we are doing for them.

Dates:

- January 20-22: PNDSA Conference
- January 27: Livestock Workshop in Fairfield at Community Center, 6pm
- February 2-5: Ag Expo
- February 1-4: NACD New Orleans
- March 24-25: WACD Leg Days
- Winter Quarter: Online Veteran Farmers Course through SCC and Cultivating Success
- July 13 2015: NACD Summer Meeting in Spokane. 200-250 people could attend.

EXECUTIVE SESSION

Chair Scheele announced a recess of our regular board meeting into Executive Session at 7 pm to discuss the performance of a public employee as permitted under RCW 42.30.110. The Board met to review the evaluation and performance of Director Carter. Scheele stated the regular meeting should reconvene at approximately 7:20pm. At 7:22pm Chair Scheele reconvened the regular meeting.

Motion James/Miller to increase the Director's salary for 2015 by two percent. Motion carried.

CLOSING OF MEETING

READING OF THE MOTIONS

Motion James/Miller to accept the agenda. Motion carried.

Motion James/Miller to accept the December 9, 2014 Meeting Minutes. Motion carried.

Motion James/Miller to approve the December TREASURER'S REPORT and January Accounts Payable as presented.

Motion carried.

Motion James/Miller to approve the 100% cost-share agreement of \$75,000 for the riparian fencing and channel realignment. Motion carried.

Motion James/Miller to increase the Director's salary for 2015 by two percent. Motion carried.

Respectfully submitted by: Erica Johnson

Jerry Scheele, Board Chair

Randy James, Vice Chair