

SPOKANE CONSERVATION DISTRICT
4422 E 8th Ave, Spokane Valley, WA 99212
BOARD MEETING MINUTES
Tuesday, April 12, 2022

Attendees

Supervisors in person: Chair Jerry Scheele, Randy James, Jaki Shrauger, Wendy Knopp, Tom Miller

Supervisors attending virtually: None

Absent: None

Associate Supervisors: Chris Mahelona

SCD Staff: Vicki Carter, Cori Turntine, Hilary Sepulveda, Dan Ross, Jeff Cunningham, Ty Meyer, Joe Zimbric

Guests: Mike Baden, WA Conservation Commission (WSCC)

Opening of Meeting

The meeting was a hybrid of on-site and remote attendees using the Microsoft Teams app to connect the participants.

Chair Scheele called the meeting to order at 4:03 and led the Pledge of Allegiance.

Minutes/Treasurer's Report

Acceptance of Consent Agenda

The Consent Agenda was previously distributed. The Board accepted the Consent Agenda items consisting of:

- April 12, 2022, Board Agenda
- February 8, 2022, Regular Board Meeting Minutes
- February 2022 Treasurer's Report
- March 2022 Treasurer's Report
- March 2022 Payables Report
- April 2022 Payables Report

Motion James/Miller to accept the Consent Agenda, including the February and March Payables Reports.
Motion carried.

Shrauger verified the financial accounts balanced with the bank statements for February and March, 2022.

New Business/Linkage to Community

WSCC Report

Baden provided a summary of some more significant items from this season's legislative session. He announced that no bills were passed on the topic of elections but encouraged the board to stay engaged with this topic as it will come up again in the next session. Baden thanked everyone for their input including letters of support and testimonials in the 2022 session.

The Commission's supplemental budget is favorable and includes some significant increases. Some of these increases include:

- \$10M for implementation of voluntary riparian restoration. This funding was allocated to the Salmon Recovery account which is operational, not capital. Therefore, the allocation is fiscal year 2023.

However, Baden thinks there might be an opportunity to roll the funds over to the subsequent fiscal year. WSCC will be asking for district input on the use of these funds so he encouraged the board and staff to be thinking about projects that can be completed within a fiscal year.

- \$2.7M in engineering funds. This budget allocation is ongoing and will reallocate each fiscal year. This is a significant increase from previous budget allocations for engineering. Previous budgets allocated up to \$675K for engineering funds. It is being recommended that each area receive an allocation of \$200K per fiscal year instead of \$75K.
- \$2M for Sustainable Farm and Fields. Draft guidelines for this funding is out right now and WSCC is looking for district feedback. Tune into the next webinar on Friday, April 15th for more information.
- \$3M in VSP implementation funds were awarded.

WSCC will be approving recommendations for the supplemental budget packet during their May meeting, May 18-19th. This meeting will be held at the Spokane CD Gerald A. Scheele training room. Please feel free to join in person or virtually.

Another item WSCC is following for the legislative session is updates to the Open Public Meetings Act. Revisions to the act require local governments post meeting agendas within 24 hours of any meeting date, including special meetings. There are some exemptions that probably won't apply to CDs. The Act encourages governments to maintain a remote option and to allow time for public comment before any board actions. Check out MRSC for more information.

Baden reported that he attended a budget webinar today on the upcoming biennial budget. There will be a survey out soon and he encouraged the Board and staff to make sure district priorities are aligned and encouraged CD input on the upcoming survey. He also mentioned that WSCC will be looking for volunteers to help write budget packages.

Baden also listed off some reminders for the next couple months:

- WSCC operating grant funds must be spent by 6/30/2022.
- There's an optional report for district's to complete on the use of additional implementation funds that were allocated this fiscal year.
- It's that time of year again to make updates to the annual plan of work and perform internal audits.
- Annual financial reports are due to the WA State Auditor's Office on May 30, 2022.

Scheele asked if there will be enough engineers to spend the additional funding allocated in the supplement budget. Baden reported that WSCC is hoping with the additional funding that it will help attract engineers or help establish some dedicated engineers for areas. He also reported that some of the engineering allocation will go towards statewide coordination of engineering activity. Scheele asked if we had projects that are ready for engineering. Ross reported that WR staff are attending the Spokane River Watershed Salmon Recovery meeting tomorrow. This group is forecasting out five years for potential projects. He also added that Hangman projects have a long-term goal of salmon reintroduction.

Governance Culture

Financial Oversight/Review

Turntine reported total revenues and expenditures to date. Although the district is operating at a deficit as of the end of March, we expect to see this turn around in May as property tax payments are made. She reported that \$185K in rates and charges was received today and that we expect to receive approximately \$700K in May. Turntine reviewed the budget position and noted that most items were on target and as

expected. A couple items highlighted included:

- Tree sale revenues – James recommended that we try a round up campaign with our tree sale. We weren't able to implement a traditional "round up" campaign but we offered the opportunity to make donations in \$1, \$5 and \$10 increments towards our Community Canopy program. James suggested that next year we collect donations for our Willow Warrior planting program. Sepulveda reported that a total of \$260 was collected in this year's donations. This idea has sparked some additional donation ideas. Sepulveda shared that as we rolled out the Outdoor Explorer Pack program, we created a QR code that is included with each backpack and suggests a donation to help SCD continue this program and it's ability to offer more Outdoor Explorer Packs.
- Turntine reported that we have been making interest only payments towards our construction loan since our first draw and our regular loan payments started in March.

Scheele asked about the status of the \$500K contribution budgeted from Intrinium for the new building. Carter reported that we no longer expect this funding from Intrinium since they are no longer going to occupy the building. However, we have invoiced them for \$157K of construction related activity that was incurred prior to their notice. The invoice is currently outstanding, but Intrinium is current on their lease payments and have not filed chapter 11 bankruptcy at this point.

Carter informed the board that we have continued to investigate the funding opportunity through a SCIP loan. However, it was determined that the County would be required to become our ex-officio treasurer. This is a departure from our standard practice and would have to look into outsourcing this responsibility to the County. Carter has discussed the opportunity to take a line of credit with Numerica. Numerica requires secured tenants in the new building.

SAO Audit Report

Turntine reported that the 2020 accountability and financial statement audit are complete, and the audit reports were published on April 7th. Both audits were clean from errors and recommendations.

Director's Discussion

Carter reported that SCD has historically followed the state holiday schedule and that the state has added Juneteenth as an additional holiday. Knopp recommended that we add the holiday to the schedule.

James also recommended that we add the holiday but asked that staff report SCD's cost of adding another paid holiday at the May meeting.

Motion James/Shrauger to add Juneteenth as a holiday to the District's holiday schedule. Motion carried.

Carter gave a shoutout to Ben Peterson, Hilary Sepulveda, and the rest of the tree sale crew on another successful tree sale. Carter reported that we ended up purchasing a 40x60 tent to hold the tree sale. We were going to rent at \$9K but ended up purchasing one for \$12K. This allows us to use the tent for other outdoor events in the future.

Property Development Update

Carter reported that construction of the new building is scheduled to be complete in June. However, the crew is ahead of schedule in most areas but is being held up by supply chain issues on certain items.

Some of the funding that was originally allocated for the interior of the building addressing Intrinium's specific needs, has been re-allocated to address other work identified in the CERB scope of work. Vicki shared a conceptual drawing and pointed out that some funding is being used to expand the parking lot to include 60 spaces, improvements to the pond and an outdoor plaza area with enough space to accommodate food trucks.

There's been lots of water moving through the property with the recent weather which has allowed us to identify where water naturally drains and pools. Some of this has been addressed while construction is active, and we will continue to address the water with our future property development efforts.

In preparation for our open house of the new building we've been working with Open Square, an office furniture contractor, who will be staging the common areas and has prepared a virtual staging of the tenant office space at no cost to SCD. This is a great service that they are providing to SCD to help future tenants visualize the office space and is also a great marketing opportunity for them. Knopp asked if any of the calls that Kestell has received on the tenant space have materialized. Carter noted that most of the calls are from brokers and not potential tenants. She also noted lots of people have a hard time visualizing spaces that are under construction. Therefore, the work that Open Square is providing will be very helpful during the open house event. The open house is scheduled for early to mid-May.

Carter also reported that the Intrinium lease is ending in May and multiple groups have been viewing the building. There's a financial advisor firm that has expressed interest in submitting a proposal to purchase building and adjacent land. Carter acknowledged that although selling land is something we've talking about trying to avoid. She will bring any and all proposals to the board for consideration and approval.

The Trails Committee has been building out trails through the lower section, to the COSV ponded area and up the hillside on the east end of the property. We're excited about getting ready for public use on the property in phases 3-5. Carter reported that she was contacted by someone who is interested in managing a confidence course on the property. She also reminded the board that we've discussed a housing option on the upper portion of the property. Carter shared that she has been starting to visualize a non-permanent housing option. Small cabins or tiny houses. She compared this vision to the layout of the Sleeping Lady campus. Carter has started doing some research on short-term rentals in the area. Statistics show an average occupancy of 270 days per year. This could provide a quick return on our investment and some sustainable funding for the future. Carter's goal is to start developing a committee for property development and capital campaigning with the ultimate goal being to eliminate SCD's revenue dependency on unstable funding.

COSV Easement

A broker's opinion of value was completed by Kestell on the 3 acres in the northeast corner of the property where the City of Spokane Valley's storm water detention pond is located. Carter shared the property value results with the COSV and addressed the COSV's need for a permanent easement. The COSV has indicated that they would like to have an appraisal completed. We will continue to work with the COSV on this issue.

Staff Reports

Meyer reported that several new loan applications have come in over the last couple weeks. We have approved five new loans totaling approximately \$450K. He reported that Bio-Farming meetings are continuing and going well. The Reverse Osmosis trailer is being rented out to members of the Bio-Farming group at \$.075/gallon and 50-60K gallons of water have been processed so far. The use of the RO water will allow for glyphosate rates to be reduced by at least 50%. The group will also start foliar feeding demonstrations with the RO water this spring.

Meyer informed the board that the Production Ag department is working on a USDA Climate Smart Commodity Grant application. The application is due on May 6, 2022. The application is farmer-focused on finding a new way of farming and helping transition to a regenerative system. It also addresses other aspects of the supply chain including processing and marketing. This application will request approximately \$45M and includes 24 farmers who will be committing 10-12K acres; 12 partners including Farmer Veteran Coalition, a couple food companies, PNW co-op, WSU, University of Idaho, and Nexus Beef. The universities will be performing monitoring on greenhouse gas emission and carbon sequestration. This monitoring will focus on documenting and validating the processes. WSU economists will also be tracking the economic impact of the program. USDA is planning for a quick approval process and expect to announce successful awards by mid-summer. Meyer reported that this will be a highly competitive grant process but he feels like we have a really good shot.

Zimbric gave an update on some of the recent Water Resource department activity. He reported that we are on track to meet our goals established in the VSP working group and in most cases we expect to exceed the goals set. In summary, 26K acres of newly implemented contracts have been established in the work area; 25K acres implemented with improved nutrient management; 55k Ft (roughly 10 miles) of riparian plantings installed; and 2,000 acres of forest management contract have been initiated.

Zimbric announced that he has been working on the Edge of Field monitoring report. He reported that in the three years of monitoring 10,000 lbs. of soil has been lost on the conventional field. This is approximately 17 55-gallon barrels. On the contrary, the No-Till field that was monitored during the same period reported no loss. To provide further perspective on the impact of soil erosion in our county WR is performing a tillage inventory. They currently estimate that roughly 65% of Spokane County is tilled.

The WR department just completed a Hangman Creek erosion inventory. Zimbric reported that although farmers are contributing a large portion of sediment to the creek natural erosion is also contributing a large portion. The inventory geo-referenced and categorized the 60 miles of Hangman's streambanks as stable, slumping or actively eroding. The inventory identified approximately 15% (8 miles) is actively eroding. Ross compared the current inventory results to his experience 20 years prior and noted surprising improvement in the lower end of the stream from riparian vegetation and on the upper end he noted improvement from willow warrior plantings and the installation of livestock fencing. A more thorough write-up and summary of the observations will be completed and shared with the board.

Ross updated that board on the status of River Mile 17 Phase II. All permits are in place and he's working with the Spokane County pits to coordinate some project materials. The project is scheduled to start soon. The Little Hangman Creek project is a segment of LHC just outside of Tekoa. This project is gearing up. Engineering is complete, agency meetings and landowner have been conducted and DFW is really

excited about the salmon recovery impact of this project. Two fish passage projects are scheduled with a total of 3 crossings. Materials were ordered early so these projects should not be impacted by supply chain issues. Ross also shared that Flanders has been accepted into a doctorate program at WSU and will be leaving SCD on 7/14.

Carter announced that on April 20th the Trails Committee is hosting an all-day trail building and hillside cleanup day at the Quarry. Lunch will be provided to any volunteers.

Cunningham shared about his tree sale experience. He reported that this effort is quite an undertaking. As we have approached the end of our first year in the new building Cunningham has worked on lots of building warranty maintenance work and other projects related to opening up the new building.

Sepulveda declared that this was our biggest tree sale to date. We sold a total of 101,000 tree seedlings which is an increase of about 15K from last year. A total of 1083 tree sale orders were placed. Sepulveda reported the between 2017-2022 SCD has distributed over 500K seedlings.

Sepulveda announced that our latest podcast season has begun. We have recorded several episodes already including interviews with Stacey Selcho of SCD who shared about our new Outdoor Explorer Packs, Kelly Chadwick from Spirit Pruners and Kyle Merit from City of Spokane's Spokane Scape.

Sepulveda also shared a couple upcoming events that SCD will have a booth at:

- April 22-23rd: Hope For Creation Conference by Whitworth University – This event will be held at the St. John Cathedral. Ty Meyer will be presenting at 12:30 on 4/22 on regenerative agriculture
- April 30th: Finch Arboretum's Arbor day events will be held from 11-2pm.
- April 30th: Arbor Day Celebration at Center Place from 2-4pm.

James added that the On Track Academy will be hosting an Arbor Day Tree Symposium on April 23rd from 9-12pm.

2022 Election and Appointment Update

Jaki Shrauger received all 18 votes that were cast during this year's election. The election results will be made official by WSCC at the May meeting.

Board Planning/Training

The summer board planning session was set for August 16, 2022, from 8:30-4:30pm. Carter reported that we are preparing information on the future phases of the campus development to be presented at the summer session. Additionally, lots of progress has been made on the salary banding work that the board requested. This will also be discussed further at the summer session. Carter mentioned a new law is coming that requires salary ranges to be included in any job postings.

Close of Meeting

Correspondence & Announcements

None noted.

Reading of the Motions

Turntine read the motions.

**Motion James/Miller to accept the Consent Agenda, including the February and March Payables Reports.
Motion carried.**

Motion James/Shrauger to add Juneteenth as a holiday to the District's holiday schedule. Motion carried.

Meeting adjourned at 6:43 pm.
Respectfully submitted by Cori Turntine

Gerald A Scheele, Chair

Randy James, Member