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**Harney Soil & Water Conservation District Regular Monthly meeting
September 28, 2023
Harney County Courthouse Basement Conference Room**

Present: Board Chair (BC) Jeff Hussey, Vice Chair (VC) Scott Franklin, Board Directors (BD) Ken Bentz, Carol Dunten, and Stacy Davies; District Manager (DM) Jason Kesling; Admin Assist (AA) Barbara Pearson

Remote: BD Ryan Peila

Guest: Alfred Dunten

BC Hussey called the meeting to order at 3 pm.

Item #1: Approval of Meeting Agenda

There were no additions or changes proposed. VC Franklin moved and BD Bentz seconded approval of the meeting agenda as presented. All present who were eligible to vote were in favor and the motion passed.

Item#2: Approval of July and August Financial Reports

The July financial report was presented at this meeting as there was no August meeting. DM Kesling said the July financial report reflects events that took place in that time period. He recently completed billing and anticipates \$540K coming in, a significant reimbursement. He expects this in 15-20 days. The last review of the account he saw a balance of \$370K, but recently completed a \$150K payment made for Baker Corral. There were no further questions. VC Franklin moved and BD Bentz seconded approval of the financial reports as presented. All present who were eligible to vote were in favor and the motion passed.

Item #3: Approval of July Meeting Minutes

DM Kesling said he would attempt to send minutes out more promptly to the board in the future. BD Davies moved and BD Dunten seconded approval of the meeting minutes as presented. All present who were eligible to vote were in favor and the motion passed.

Item#4: Audit Update

At the beginning of September, the auditor Rob Gaslin spent three days with district. The district has more funding and has spent more than in the past and that involved more pulling records, etc.

DM Kesling said there will be two findings on the audit, which means there will need to be documentation completed to show the district will avoid the issues in the future (correction action plan). The first is purchase of the new truck. Any purchases totaling over \$10K will require three bids. There will also be a finding in the Wilbur-Ellis chemical purchase for the same reason. DM Kesling said this isn't a big issue pending the write up to avoid similar future situation.

Another issue dealt with was within payroll. The way it is processed, some employees received \$0.08 more, some \$0.08 cents less, and some there was no problem. This is a decimal point error in Quick Books when calculating hour payrate to annual salary.

In other audit news, the district is close to requiring a federal single source audit. This is for districts who manage at least \$750K in funds. This will mean the district may be required to do two audits in the future. VC Franklin asked if that would require another accountant and DM Kesling said no. In addition, it would require the audit following federal regulations. Not only that, but Rob Gaslin will do one more audit next year and then will stop doing all audits, so we will need to find another state auditor. VC Franklin asked how hard it would be to find someone to do a federal audit. DM Kesling respond not very difficult, equivalent to how hard it is to find our current audit requirements. DM Kesling said federal funding is easier to obtain. If the district receives more federal funding it will need to do a federal audit. The district's strategy as a soil & water conservation district is to get as much federal funding and pay for an audit through the federal funding.

BD Davies concurred there is a need to find another auditor. DM Kesling said other districts are in a similar situation. The district may be able to locate another auditor in the Bend area but the cost will likely be significantly more.

Item#5: SWCD Payrate

This was mentioned in the section above, found during the recent audit. This is a math error through rounding in Quick Books. VC Franklin asked if this could be considered a raise. DM Kesling said no, it is a decimal point problem. He explained it to the board and admitted it was difficult for him to understand when the auditor presented it to him as well. BC Hussey asked if a motion was needed to approve the adjustment. DM Kesling said yes. Based on the discussion BD Davies moved to approve acceptance of the proposed incremental salary correction. This was seconded by BD Bentz. All present who were eligible to vote were in favor and the motion passed.

Item #6: CWMA Truck Purchase

Based upon purchases over \$10K require three submitted bids, bids from three different auto dealerships were presented for the purchase of the CMWA truck. Burns Ford's bid has all fees calculated in. Two bids are for 2024 models; the one from Burns Ford is 2023. VC Franklin said if the board went with the Burns Ford bid it should be able to get the pickup sooner. BD Bentz noted Burns Ford's bid includes a bedliner, bigger fuel tank, and an off-road package. His preference is to go local; who knows when the other pickups may arrive? BD Bentz moved for the district to move ahead with the purchase of a CWMA pickup from Burns Ford. This was seconded by VC Franklin. All present who were eligible to vote were in favor and the motion passed.

The item also included discussion on soliciting donations. DM Kesling said he would like to start a CWMA donation campaign for the purchase of the new vehicle. Landowners have asked if they can donate to make sure CWMA can continue with the same actions in weed eradication as it has in the past. He said he would create a line item in the budget. The pickup will haul chemicals but will not be used in the application of chemicals. The district will then have four pickups but one (the blue one) will be sold. Whatever is received from it will go toward the purchase of the new truck. He said, "If you don't think that's a good idea, let me know." BD Davies said he thought it was a good idea. He suggested letting landowners know of the opportunity to donate.

3:56 pm Alfred Dunten came to the meeting

Item #7: Exploring the Purchase of the USDA/SWCD Building

DM Kesling said he recently contacted the building owner regarding the district possibly purchasing it. The building is going through the process of remodeling and current landowner would like to sell building prior to the completion of the remodel. There was an email attached in the board director notebooks outlining her requirements and process. DM Kesling reviewed it with the board. He asked if the board would want him to explore this deeper.

VC Franklin asked if the price isn't known yet. DM Kesling said not that this time; after the remodel is completed the district will know and can negotiate the rental rate with the federal agencies within the building. Currently these agencies (Farm Services Agency and Natural Resources Conservation Service) pay annual rent around \$70K. The owner also provides snow plowing and maintenance. In the event of a government shutdown the district could continue to operate if it owned the building. There was discussion of what the proposed remodel would entail and financing options.

BD Bentz felt owning the building would be better than renting. DM Kesling said the district currently doesn't pay rent. BD Bentz was concerned that the district may be the only agency inhabiting the building; the district should make sure there is a tenant. DM Kesling said all he was asking the board for today was permission to pursue and investigate the purchase. There are currently four other SWCDs in the state that own their own buildings that federal agencies rent. There is the possibility of bringing in more agencies in the future.

Among other topics it was suggested DM Kesling to check the easement (who owns the road leading to the building). BD Davies said there is lots to investigate and research but he is in favor of looking into it; the board can always walk away. VC Franklin asked if a motion was necessary; BD Davies said he didn't think so. There would be a vote if it comes to a decision. There was a consensus that DM Kesling move forward to investigate building purchase.

Item #8: Oregon Local Government Investment Pool

DM Kesling explained the investment pool. Joining this was suggested by the auditor. He said that this may be a nonvote but he wanted the board to know what it is. It would be a place to invest government money while awaiting spending. Money can be invested legally and get returns until the district is ready to spend. The district has a significant amount in the bank and may have more in the future. BD Bentz said it is a limited option of returns. BC Hussey asked how long until the district can get out (remove funds)? DM Kesling about a year. As of now, the district could deposit \$50 to \$75K. BC Hussey asked the DM if he would need board approval each time, and DM Kesling said he thought he would. He gave an example of the timing. BD Davies suggested if funds were coming in, the board could preauthorize. BC Hussey will need to sign an enrollment form. BD Davies moved to approve the LIP participant application. This was seconded by VC Franklin. All present who were eligible to vote were in favor and the motion passed.

Item #9: Six Month Evaluation for April Mack

DM Kesling wrote up an evaluation for April Mack and presented it to the board. She has met the six-month requirement, and is eligible for the salary increase

which was included in the table in agenda item #5. She has submitted one SSP. While April is not trained as a biologist, she is doing anything the DM could want and he suggested approve the increase. There was no further discussion. BD Bentz moved and VC Franklin seconded that April Mack receive a merit increase off of the probationary period and onto step one. All present who were eligible to vote were in favor and the motion passed.

Item #10: Pending Government Shut Down and How it May Affect HSWCD

There is a pending government shut down due to the federal budget not being approved. DM Kesling wanted the board to be aware and ask its input as to how it may affect employees. The district employs two who actually perform work for NRCS (Sam Artaiz and Danielle Reynolds). They have NRCS computers but will be prevented from removing them from the office to work at home. They will also not be able to do NRCS work on a non-NRSC computer, and they do not currently have district computers. The district currently has three vehicles, two of which are functional. The district will not be able to access NRCS vehicles for its work. District vehicles will probably have to be moved offsite for employees to use. The district will also not be able to access or remove files as some of these files are through the CCAA and have their own security protocol.

The longest government shut down in the past was 90 days. What does that mean for the district? What are the board's suggestions? Is there something the board recommends or would it want the DM to decide?

DM Kesling said the big issue is the building is controlled by the federal government. The NRCS is telling the district to not enter the building during the shutdown. District operations can continue forward (bookkeeping, etc.) offsite. Files could go to Jason's home (unless they CCAA material), but may not meet protocol for privacy.

VC Franklin said some employees work from home, anyway, so the district may be able to continue for a time. BD Bentz and BD Davies both offered office space from their businesses, pending concerns about security protocols. Board directors also loaning vehicles was mentioned.

BD Davies recommended DM Kesling try to maintain as much business as possible as if there is no government shut down. He admitted he didn't know what could be considered reasonable—he asked if files, etc. could be left and maintained and be 90% reasonable. DM Kesling said it would be more like 75%. He also asked if the district purchase computers for employees who don't have access to office? He would have to make up work for them because they couldn't do federal work.

BD Bentz felt the federal government will be back in operation by Wednesday. BC Franklin said if the shutdown does happen that he would like to see people continue to work; i.e., Barbara answering phones. BD Davies said that life isn't fair and for the DM to try to maintain as much service as possible. If the employees can't do federal work and can do other work, let them do it. BC Hussey suggested for the DM to start crossing bridges when we get to it. DM Kesling said there is a lot of moving parts.

Item #11: Public comment

There were no public comments.

Item #12: Adjournment

BD Dunten moved and VC Franklin seconded adjourning the meeting. All present who were eligible to vote were in favor and the motion passed. The meeting ended at approximately 4:45 pm

Respectfully submitted,

Barbara Pearson, Admin Assist

District Representative

Date