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**Regular Monthly Business Meeting
February 26, 2026
USDA Service Center, 530 Hwy 20 S., Hines**

Present: Board Chair (BC) Jeff Hussey, Vice Chair (VC) Susan Doverspike, Secretary/Treasurer (S/T) Scott Franklin, District Manager (DM) Jason Kesling, Rangeland Biologist (RB) April Mack, Admin Assist (AA) Barbara Pearson

Present/remote: Board Director(BD) Sue Ramsay, BD Stacy Davies

Present/guest: Rob Gaslin of Gaslin Accounting

Absent: BD Ken Bentz, BD Carol Dunten

BC Hussey called the meeting to order at 4:30 pm

Item #1 February Meeting Agenda (action item)

S/T Franklin moved to approve the meeting agenda as presented, with no additions or changes. VC Doverspike seconded. All present who were eligible to vote were in favor; none was opposed, and the motion passed.

Item #2 Malheur SWCD (discussion and possible action item)

DM Kesling contacted the Malheur Soil & Water Conservation District (MSWCD). The US Fish & Wildlife Service asked HSWCD to assist the agency. DM Kesling spoke to BC Hussey for his thoughts and attended a meeting with MSWCD. The MSWCD Board was very receptive (six of the seven board members were in attendance and in favor).

DM Kesling said the MSWCD has approximately seven open contracts, but the change of pace in requirements with the federal and state partners seems to be a problem. The MSWCD DM is interested in retiring.

DM Kesling said he wants to assist MSWCD and take the DM position of that agency for 1 to 5 years. He wanted to discuss with the HSWCD board what that would entail for the HSWCD and what it would mean for his salary with both agencies. He said the MSWCD voted unanimously for him to take over in six months. There would be an overlap period with both DM Kesling and the current MSWCD DM.

DM Kesling said he wants to help Eastern Oregon become more efficient in conservation. Discussion followed. S/T Franklin asked if the MSWCD is currently having problems, then why is the current District Manager part-time? DM Kesling said she has attempted to retire, but no one is interested in applying for the position due to the salary. She came back in a part-time basis within a year. Other MSWCD staff currently include two full-time CCAA, a half-time AA, and a water quality position (one-third to one-quarter time)

BD Ramsay asked how DM Kesling would handle being in Malheur County, and DM Kesling said he viewed it as having more staff, a hybrid of working in two areas. Regarding time management, DM Kesling believes he could manage both Districts efficiently.

BD Ramsay then asked about salary: "Do they have funds?" DM Kesling said MSWCD is paying the current DM for her part-time role. DM Kesling said his theory was to take care of management first, and the management then takes care of the employees. MSWCD has taken the opposite approach. He added that four other Soil & Water Districts have DMs covering multiple districts.

BC Hussey said he encouraged DM Kesling to "Feel it out; I would hate to see their board become dysfunctional. They have a lot of issues." He said he did not think DM Kesling would have come to the HSWCD board if he did not have a plan. He felt it was a workable situation. BC Hussey asked RB Mack her thoughts on whether there was any staffing problem with HSWCD, and she responded that she saw the HSWCD as a "well-oiled machine."

BD Ramsay asked about the logistics: would DM Kesling have two residences--one being a home in Malheur County? DM Kesling said he is not planning to that extent yet; he is currently looking at the first six months. He said he told MSWCD his salary with HSWCD, and that he was not interested in working more without additional pay.

S/T Franklin asked where the MSWCD office is located and was told in Ontario.

BD Davies said he would like to explore this further as a merger rather than sharing a manager--what are the pros? He suggested having one physical office to reduce costs. DM Kesling said he did not know if the MSWCD staff work in the office or remotely. DM Kesling agreed that there is a lot there and that he, too, has considered a merger. Both HSWCD and MSWCD offices are housed in NRCS offices, so there would not be a cost savings in combining physical offices.

Rob Gaslin of Gaslin Accounting arrived at 4:36 pm and participated in the discussion. He said Baker County has four soil and water conservation boards. There is a base association, and the boards pay into it to support the staff. The four separate boards apply for more grants, so more funding is available. He said he did not believe a merger between the two agencies would make structural sense. DM Kesling said MSWCD and he discussed shared staff with the agencies, both paying for work done within their borders.

BD Ramsay said it sounds monumental. She asked for a flow chart to be produced for a visual example of how this will work and the agencies' responsibilities. She does not want HSWCD to lose its effectiveness as it attempts to bring MSWCD up to speed.

S/T Franklin believes BD Bentz and BD Dunten need to be present before this should be considered an action item. DM Kesling concurred. He added that before working for HSWCD, he worked for four Native American tribes throughout Oregon, Idaho, and Nevada as he resided in Burns. He believes working for both agencies is within his capacity.

BD Davies said he is in favor of pursuing, though he is not giving it a "complete green light." DM Kesling said he will begin reviewing the MSWCD setup and learn its structure if the board approves research.

BD Ramsay asked if Grant County has similar problems and was told no. She then asked if other counties have the same number of projects HSWCD is currently carrying. Both DM Kesling and Rob Gaslin said no.

Rob Gaslin suggested an intergovernmental agreement with no commitment. BD Ramsay asked if DM Kesling could contract with MSWCD instead of DM Kesling being hired (this was a concern as to how it might affect deductions for DM Kesling's salary). Rob Gaslin said the board could arrange it any way, but it makes more sense to do it through one entity. Legally, the best step would be an intergovernmental agreement. There is no legal issue with DM Kesling

working at an additional location. DM Kesling said Illinois Valley (in Oregon) just went through a similar project, and ODA's Eric Nusbaum also suggested an intergovernmental agreement.

VC Doverspike said a few months ago, DM Kesling commented about burnout—she asked about potential burnout managing both agencies, or if this is a new challenge to keep him going? DM Kesling said it was a challenge, but he also viewed it as a step to help him with his career path.

Rob Gaslin suggested a succession plan—get a good assistant manager for HSWCD. DM Kesling said that it is his plan, and he believes this will help to clean up Malheur quickly. If it goes slowly, it may take about five years. VC Doverspike asked if the current presidential administration would affect the pace, and DM Kesling said it could. Funding has slowed down significantly.

BD Ramsay believed more conversation is needed. BC Hussey said he agreed to a point. He said he thought HSWCD has a good idea where to go, "I like the intergovernmental agreement; I want Jason to stay in contact with Malheur." DM Kesling said the MSWCD board is happy to have help. BC Hussey said DM Kesling turned the HSWCD around.

VC Doverspike asked if there was a template for an intergovernmental agreement. Rob Gaslin thought one could be found. DM Kesling again referenced Illinois Valley—its intergovernmental agreement was developed a year and a half ago.

DM Kesling believes this is an opportunity; the bigger the projects, the more money. Funds can cross boundaries. He did not think this would be negative for HSWCD. BC Hussey asked if there was anyone in Malheur County who could assist with this. DM Kesling said it is his practice to task people on projects and then add people as needed. He believes the two agencies could leverage each other and bring more attention to Eastern Oregon. He would ultimately like to build a program to hand off to someone. Federal and state governments are becoming more difficult to work with.

BC Hussey asked DM Kesling, "What do you need out of us?" DM Kesling asked, "Can I move forward working with Malheur SWCD?"

After further discussion, VC Doverspike moved, and BD Davies seconded that the District pursue investigating an intergovernmental agreement with Malheur County and present a draft at the next meeting. BC Hussey, VC Doverspike, S/T Franklin, BD Davies, and BD Ramsay voted unanimously in favor (no opposition).

DM Kesling said that SONEC Braden Morris and RB April Mack have expressed interest in assisting MSWCD.

Item #3: FY 2025 Audit (action item)

Rob Gaslin presented printed copies of the audit to the present board members. The Board of Directors also received electronic copies before the meeting. What is discussed here was also included in the report.

Mr. Gaslin began by saying DM Kesling does a fantastic job.

He presented bad news first, with an explanation regarding a significant Communication to Entity with Significant Deficiencies and/or Material Weaknesses: No dollar value was assigned to compliance. The District addressed this issue. Regarding accounts payable, the accrual basis of accounting: if a service is performed in a fiscal year, it needs to be cashed out that year. The District has \$333K in invoices that should have been expressed in that fiscal year. He provided an example—the DM worked with a large engineering firm that did not require reimbursement immediately. The firm did the work in April and invoiced in September (different fiscal years). It was included in the financial statements.

BD Ramsay remarked that the cash basis is what got the Harney County government in trouble. She suggested communicating with vendors on the need to invoice promptly.

There was a discussion about related parties and how to handle future transactions. Mr. Gaslin said there is nothing wrong with doing business with related parties, but everyone must know of the relationship. In the recent case, there was nothing expressed in the minutes. It needs to be listed. He suggested how payments should be above board.

Mr. Gaslin discussed immaterial and material issues and fraud. He said fraud is more likely to be reported by an employee. A discussion on MDNA followed. There was a bigger loss in earnings this year and the prior. Negative balance was due to timing. There are ebbs and flows due to prepayment of grants, which cannot be called earnings. If the District were a business, a negative balance could look bad, but the District is a not-for-profit. DM Kesling noted that June and July are the District's busiest months financially but often are not invoiced or paid until the fall.

Mr. Gaslin also discussed holiday time and sick time and how they affect equity and liabilities.

There were two reportable items, purchases that were more than \$50K. This was an issue with funds through the federal government, but three bids were not obtained per state regulations.

VC Doverspike moved, and S/T Franklin seconded to approve the 2025 audit as presented. All present who were eligible to vote were in favor; there was no opposition, and the motion passed.

Item #4a and b: CCAA Enrollment of HC-17 and HC-38 (action items)

RB Mack presented HC-17 and HC-38 for enrollment into the HSWCD CCAA program. There were no questions. For both action items, VC Doverspike moved, and S/T Franklin seconded the properties' enrollment into the program. All board members present voted in favor; there was no one opposed.

There were no public comments. VC Doverspike moved, and S/T Franklin seconded adjourning the meeting. All present were in favor; no one was opposed. Immediately following, all present traveled to The Historic Central Hotel for the annual meeting to take place.

Respectfully submitted,

Barbara Pearson, Admin Assist

District Representative

Date