

Natural Resource Conservation & Development Board  
Meeting Minutes

Tuesday, March 4, 2014 at 1:00 p.m.

This meeting was held in the DNR Commissioner's Office conference room located at 400 Willoughby Avenue, 5<sup>th</sup> floor, in Juneau, Alaska.

*Board members in attendance:*

George Woodbury  
Cheryl Thompson  
Carol Kenley (telephone)  
Ina Jones

*Others in attendance:*

Ed Fogels, DNR Deputy Commissioner	Scott Crockett, USDA NRCS
Shana Joy, DNR NRCDB	Bryce Wrigley, Salcha Delta SWCD
Franci Havemeister, DNR Div of Ag	Todd Pettit, Palmer SWCD
Ken Marsh, AACD/ Upper Su SWCD	James Marcus, SE SWCD
Dee Pond, AACD	Jan Flora

1. Call to Order – Determination of Quorum

It was determined that a quorum was present and the meeting was called to order by George Woodbury at 1:00 p.m.

2. Approval of Agenda

Shana noted that item #10 under new business could be removed from the agenda. She has nothing to report at this time. **Cheryl moved to approve the agenda; Carol seconded the motion. The motion passed.**

3. Approval of October 16<sup>th</sup>, 2013 Meeting Minutes

**Ina moved to approve the minutes as presented. Cheryl seconded the motion. The motion passed.**

4. Deputy Commissioner Comments

Ed Fogels provided an update on DNR matters. He stated that this is another tight budget year and the department chose to phase out the Gas Pipeline Office rather than take cuts elsewhere in DNR. The gas pipeline project is transitioning in another direction and the office is no longer needed. Ed provided comments on a couple of pending bills, HB 77 and HB 79. HB 77 is the next installment of permitting and housekeeping statutory changes. The 3 main lightning rods in this bill are: general permitting authority, water reservations, altering the appeals process.

The bill would change the appeals process by requiring that an appellant must demonstrate that they have been adversely impacted by the decision in order to appeal it. Many projects have been held up in the past due to frivolous appeals. The bill would also give DNR a statutory authority to issue general permits for certain things such as mooring buoys. DNR has been issuing general permits for some time; this is not a new procedure. The third main item in the bill would change the statute to allow only public entities to apply for a water reservation.

A water reservation is a requirement to keep a certain amount of flow or volume of water in a water body for certain public purposes such as wildlife habitat or recreational use. The bill does not in any way impact individuals or groups applying for water rights or temporary water use authorizations. Alaska is currently one of only a three states in the country to allow anyone to apply for a water reservation. This bill is currently in the Senate Resources committee.

HB 79 is the pending bill that would create the Susitna State Forest. Ed said it has received more opposition than expected and there hasn't been as much support as anticipated from the Mat-Su area. George said that there may be a suspicion that Division of Forestry won't actually put up timber for sale if the state forest is created.

HB 344 was just introduced and is co-sponsored by Reps. Olson, Chenault, and Keller. This bill would prohibit the importation, sale, purchase, or release of Elodea into the state. Ed said that DNR Division of Agriculture is on track to quarantine Elodea as early as this week.

Cheryl asked about HB 249 (ban genetically engineered seeds and plants) and HB 215 (GMO labeling). These bills haven't had any hearings yet. George said that in Hawaii a large landowner has leased acreage to a seed company doing testing and this technology (GMO) is the reason that we can feed ourselves and the rest of the world.

Dee asked Ed how HB 77 would affect water rights for agricultural uses. Ed said that water rights and use authorizations would not be impacted at all. HB 77 is focused on changing the process for a water reservation which is completely different.

#### 5. Executive Director Report

Shana provided a verbal report to the board. The FY13 compiled annual reports for the soil and water conservation districts has been completed and distributed. The soil and water conservation district financial reporting package has been completed working with AACD and was sent out to the soil and water conservation districts at the end of January for review and comment. The Kenai SWCD has provided comments that will be incorporated into the final version of the package. Shana has participated in two state partnership meetings and the National Association of Conservation Districts annual meeting. Shana is currently serving as the Vice President of the National Association of State Conservation Agencies. She continues to work on various issues with individual districts as they arise. She was contacted by an individual in the McCarthy/Glenallen area about the process for forming a SWCD; Shana mailed a packet of information to the inquirer. Two board seats will expire at the end of this month: the Yukon/Interior seat currently occupied by Bernie Karl and the Northwest/Arctic seat currently occupied by Cheryl Thompson.

Shana mentioned the cattle on Chirikoff and Wosnesenski Islands as an example of an Alaska issue that needs to be brought up at partnership meetings at the state and national level. AACD has been working hard to raise awareness of the issue. Ed said that he is interested in the NRCDB's views of the issue. He said that USFWS is starting to take a look at what to do about the cattle on the islands because they are invasive and causing habitat damage. Ina pointed out that these cattle are one of the few closed populations of cattle anywhere; they are a clean gene pool and should be protected. Franci said that ownership of the cattle on the islands is in question and is currently in court. Shana was compile information for the board and this matter will appear on the next meeting's agenda.

#### 6. Alaska Association of Conservation Districts (AACD)

Ken Marsh offered comments on behalf of AACD. He said that he and Chris Flickinger (Kodiak) have brought up the cattle issue before the natural resources policy committee and the Southwest/Pacific Region states meeting at NACD. It is one of the few Alaska-centric topics that has garnered NACD's attention. Chris

Flickinger is the go-to person on this matter. The cattle issue is not similar to the ESA problems of the lower 48 but has to do with habitat degradation on the islands in question. AACD has submitted a funding request to the legislature. Ken is pushing for more active participation with DNR in land disposals. DNR is sending out notices to SWCDs as they should be and the SWCDs need to be taking a look at these proposed actions, especially looking for agriculturally suitable soils and parcel size that is suitable to various forms of producing food.

AACD's final audit for the prior year should be out any day now and the organization is running like a well-oiled machine. Dee has been very supportive of the new financial reporting package for SWCDs and it should be a great help for the SWCDs and AACD. AACD has refrained from taking a position on any legislation but has been encouraging the SWCDs to pay attention and participate. It is very important to maintain district individuality.

## 7. USDA Natural Resources Conservation Service (NRCS)

Scott Crockett provided an update on NRCS matters in Alaska and the recently passed Farm Bill. NRCS Alaska has reduced staff by approximately 25% but they are administering much more in Farm Bill programs so they are doing more with less. NRCS is implementing a hub concept for office locations in Alaska with hubs in Fairbanks, Kenai and Wasilla. Staff will travel to surrounding areas to provide technical assistance. The Nome field office will close next week. Dillingham will be closed in July and Aniak's office has already closed. The cost of maintaining remote field offices is very expensive so they are streamlining operations. NRCS is still working closely with the SWCDs across Alaska.

The 2014 Farm Bill passed into law recently but no rules have been established yet for implementing the programs. The Wildlife Habitat Incentive Program (WHIP) has been absorbed into the Environmental Quality Incentives Program (EQIP). Also three easement programs (Wetlands Reserve, Grasslands Reserve, Farm and Ranch Lands Protection) have been combined into the Agricultural Conservation Easement Program.

There are now 11 established tribal conservation districts in Alaska but providing the technical assistance demanded will be difficult with far fewer resources available to NRCS. Bob Jones will be traveling to Washington D.C. next week to request a budget increase. To Scott's knowledge there haven't been any conflicts between tribal and state conservation districts where boundaries overlap. He says that tribal conservation districts are mostly interested in maintaining their subsistence lifestyle and requesting technical assistance for wildlife habitat etc...Subsistence is considered agriculture for NRCS Alaska purposes.

Ed asked about the unmapped tribal districts noted on the NRCS map. The districts of Akiachak and Togiak do not have boundaries shown on the map. Scott said that boundaries were still up in the air for these two districts. Cheryl asked if there had been any work on the Fish River in the Nome area with NRCS? Scott is not aware of any work being done on the Fish River. George asked about work occurring in Southeast Alaska. Work is occurring with NRCS financial assistance for timber management on native corporation lands. There is no NRCS staff located on Prince of Wales Island.

(10 minute break)

## **Old Business**

### 8. HB 207

Shana provided the board with the most recent version of the legislation, version Y, and a section analysis of the changes created by the bill sponsor. The word 'regulate' has been removed from the latest version with respect to the soil and water conservation districts. It appears that term limits would only apply to the initial members of the new board and not subsequent board members. George asked about forest management applications to the

ARLF. Franci said that those purposes are not currently allowed for the ARLF. Franci also pointed out that the loan officer and approval process with the Board of Agriculture and Conservation works quite well. The bill would move only the underwriting or signing authority for loans to the Department of Commerce, Community and Economic Development (DCCED) and that all other ARLF administration work would remain with the Division of Agriculture. If someone appealed a DCCED decision on their loan application under the proposed structure in the bill, the new Board of Agriculture, Conservation, and Development (BACD) could be allowed to review the loan application then.

George asked who at DCCED has the expertise to review agricultural loan applications and pointed out that the BAC has a lot of expertise to review loans and it's an effective set up now. What would be improved with this bill? Ed pointed out that a third-party entity, in DCCED, would offer some protection for personal financial information for the applicants. Personal information would not be reviewed by the board any longer.

Carol asked if the BACD would see the personal information anyway. Ed clarified that the BACD would not see any loan applications at all unless someone chose to appeal a decision by DCCED and requested that the BACD review it. The BACD would not do any work regarding the ARLF any longer. Carol pointed out that people in the valley are united in opposition to the bill. The farmer's union and the SWCDs are extremely opposed to it.

Franci said that the loan officer at the Division of Agriculture would still be there to work with applicants face to face and help put together the loan application package that would then be forwarded to DCCED. Ed said that the BACD would be tasked with setting up the loan application process, for DCCED, by writing regulations and then would be out of the loop entirely.

George asked what the savings would be to eliminate the NRCDB? Ed said that it's a bit of wash in the fiscal notes. There would be an increase of about \$40,000 to fund DCCED's work on ARLF loans. Ed is trying to be pretty objective about the bill. It would be good to get more agriculture-related advice from the BAC but they work very hard reviewing loans and that's pretty much all they do. George asked how the BAC could be beefed up to better serve DNR. Ed thinks the BAC would probably like to advocate for ag more. George thinks that a paper should be developed describing what the NRCDB does, its value to DNR, and include any shortcomings that may result from this legislation.

### ***Public Comments***

- Jan Flora from Homer offered comments. She understands people trying to keep their competitors from getting access to their financial information. She grows cut flowers in high-tunnels on the Rainwater ranch in Homer. She hasn't read version Y of the bill yet but doesn't think that this bill is the right way to protect loan applicant's private information.

Franci pointed out that the current BAC board has done very well recusing themselves from reviewing competitor's loans or seeing any of their sensitive information. She has never been called with a complaint that someone wouldn't apply for an ARLF loan because they don't want their personal information out there.

- Todd Pettit, Chair of the Palmer Soil and Water Conservation District offered comments and the SWCD is opposed to the bill. He doesn't want to see any re-writing of the bill because he is opposed to it completely and so is the district board. From a SWCD standpoint, the issue behind this bill is devastating to the districts and NRCDB. It dissolves our statute and opens the door for the Attorney General's (AG's) office to re-write our statute. The AG's office wanted to limit SWCD authority and self-governance ability and it would completely destroy most of the missions of the SWCDs. It would

create such a big unknown there is no way we can support it. He asked the NRCDB to vote against the bill and request no more re-writes of it. As far as the ARLF is concerned Todd agrees with Jan Flora; this bill doesn't help producers in the valley either. It only builds bureaucracy that we don't need. The merging of the two boards is just plain bad legislation.

- Ken Marsh, Chair of the Upper Susitna Soil and Water Conservation District, offered comments. The Upper Susitna SWCD board has voted in opposition and Ken agrees with Todd's comments. This is a bureaucratic move and a larger board isn't going to do any better. It is a bit of mixing apples and oranges too, farmers and conservation, mixes up the lines. SWCDs like to feel they can contact their local DNR representative or Shana for help. There is nothing about a sustainable funding source for SWCDs. The Upper Susitna SWCD is aligned with Palmer and perhaps some other districts. There is no reason to want to change the current ARLF process.
- James Marcus, District Manager of the Southeast Soil and Water Conservation District, offered comments. The Southeast SWCD has chosen not to take a position on this bill. The SE SWCD is the newest district in the state and they have adopted a wait and see approach. There is some room for improvement but this district is not taking a position at this time.
- Bryce Wrigley, District Manager of the Salcha Delta Soil and Water Conservation District, offered comments. The Salcha Delta SWCD did vote in favor of this bill and encourage others to work with the bill sponsor to improve the bill in a positive and constructive way. Something can always be improved even if it functions ok now. Bryce has heard concerns from some people about their financial information being out there. An advisory board would be a benefit, with the authority to reach across agency lines. The soil and water conservation districts in past meetings were concerned with 'advise and regulate' so he is interested in hearing what other issues might be out there. If the NRCDB and AACD take a stern opposition stance they put themselves outside the tent and lose ability to provide constructive input.

Carol asked Bryce if he was just saying that he supports the bill if he won't come out and speak against it? Carol said that if an individual or group doesn't like the bill you have to take a stand and speak up. That's what happened in the Farm Bureau meeting; the resolution in support of the bill didn't pass but the bureau wasn't able to not support the bill either.

Bryce said that the Farm Bureau isn't supposed to influence legislation either way. He said that with any legislation this bill should be looked at for any way to benefit the industry. There is willingness to make changes; this is still a work in progress such as with the removal of 'regulate'.

Carol said that the biggest sticking point for people she is hearing from is the removal of the loan authority from Division of Agriculture to DCCED and that hasn't changed in any of the versions. It seems like the mission of this bill and if its removed why would the bill be out there at all.

Bryce offered a little bit of background. In 2012 there was a Farm Bureau meeting. Mr. Feige attended and the comments and discussion points were reflected in his efforts with this bill. That is Bryce's understanding.

Todd asked why the NRCDB or SWCDs were included in this bill? He has a real issue with the fact that the last 50 years' structure will be gone and there won't have be an opportunity (advice only), to work with the AG's office and in historical context of trying to change our statute the AG's office doesn't necessarily take our advice and will do what they want.

Bryce said that he did ask that question of Mr. Paschall when they were discussing the bill. Mr. Paschall had said that this new board would be an opportunity for the soil and water conservation districts to control their future. Bryce said that the NRCDB and others need to go to those guys and ask those questions and work with them to improve the bill; changes have come about because people have been willing to do that.

Todd pointed out that the new BACD would have no more power than the NRCDB has now, advisory only. He pointed out that Bryce was a big part of trying to change 41.10 in a positive manner and that he had to have been disappointed when it didn't get anywhere. What's going to change with this bill and the AG's office?

Shana explained that the issues identified by the statute working group were legal issues that needed to be resolved in statute, that it is her understanding that the issues cannot be resolved by writing regulations. The new BACD board would be in a similar situation to the NRCDB with respect to statutory changes.

Ina pointed out that we can't make everyone happy. She suggested that the board lay out a yes/no poll of the district's views and the points that the NRCDB has made. Carol agrees with this suggestion but she does want the NRCDB to take a position and oppose the bill. She says the latest re-write is not an improvement – its functionally backwards. Cheryl isn't in favor of the bill; it doesn't solve a lot of problems. George said that it is important to lay out the points as to why the NRCDB does not support it. Carol listed those points as: 1) moving loan authority from the Division of Agriculture that has done a good job and is effective is counter-productive and increases bureaucracy, 2) it doesn't address other soil use issues at all – forestry is left out of loan opportunity, 3) not a plus financially, no savings, and 4) lots of public opinion expressed against it and it doesn't solve the SWCD problems at all.

**Ina moved to draft an opposition statement for HB 207 drawing up the recommendations and reasoning behind them. Carol seconded the motion. The motion passed.**

## 9. SWCD Financial Reporting

Shana provided an overview of the proposed financial reporting package for the soil and water conservation districts. This new format would not go into effect until fiscal year 2015, next fiscal year. There is a general audit information sheet with definitions and general audit requirement thresholds. The Certified Annual Financial Statement (CAFS) would provide a clearer picture of the financial status of each soil and water conservation district, in a consistent format, and in lieu of a formal audit for districts that do not reach the \$500,000 federal funds threshold requiring a formal audit. Audits can be expensive and most districts would have a difficult time gathering the funds needed to pay for an audit. Second class cities in Alaska are required by law to file a CAFS with the Department of Commerce each year. This is a very similar format tailored for the SWCDs and a CAFS may well help them secure funding because it could be provided to potential funders just as an audit might be. The template forms at the back of the manual are all available in an electronic Excel format. The CAFS would be required to be submitted to DNR and AACD in September of each year along with the annual report of accomplishments. Monthly financial reporting to DNR and AACD would no longer be required. The last piece of the package is a Financial Self- Assessment Worksheet that districts would be required to complete annually and submit to DNR and AACD. This worksheet is designed to direct the boards of supervisors in reviewing internal financial management practices and controls.

Shana has received comments on this proposed package from the Kenai SWCD and she will be incorporating those comments into a final version of the CAFS document. AACD's Dee Pond has also been a tremendous help in working on this package.

Cheryl asked where someone could go if they suspected a problem with the finances of a SWCD. Shana clarified that anyone can go to DNR or AACD for assistance if they suspect a problem.

**Carol moved to approve this new financial system. Ina seconded the motion. The motion passed.**

## **New Business**

### 10. Public Comments

Ken Marsh offered thanks all around for the work of the board today.

### 11. Board Comments

Carol thinks she has said enough today.

### 12. Next Meeting Date and Location

The timing of the next regular meeting should be late June to review SWCD annual work plans. The board would prefer an in-person meeting if possible. It was clarified that AACD has moved to a meeting schedule with a board-only meeting in the spring and a full conference in the fall.

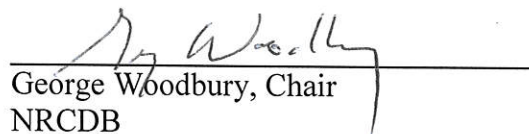
**Ina moved to adjourn. Carol seconded. The motion carried.**

Meeting adjourned at 3:25 p.m.

Minutes taken by:

Minutes approved by:

  
Shana Joy, Executive Director  
NRCDB

  
George Woodbury, Chair  
NRCDB