

Minutes of a Regular Meeting¹
of
The Natomas Basin Conservancy

December 2, 2020

Offices of the Natomas Basin Conservancy
(Meeting held via Zoom)
5:30 p.m.

BOARD MEMBERS

PRESENT:

= attended
 = did not attend

Chandra Chilmakuri
 David Christophel
 Steve Cohn
 Michael Johnston
 Nancy Johnston
 Chris Norem
 John Shirey
 Paul Squires
 Gabrielle Stadem

**STAFF/LEGAL
COUNSEL/IT
CONSULTANT**

PRESENT:

John Roberts, Kim Burns, Jennifer Skupic and Sierra Paul, Yvonne Melkonian

Ed Quinn, Best Best and Krieger; and Spencer Rees, iGuys Consulting

GUESTS:

Nick Advis, Allie Essert, Sean Fisher, Jaime Gomes, Cheryle Hodge, Richard Kim, Stacy McKinley, John Norman, Allison Shaffer and Bob Shattuck.

EXECUTIVE SESSION

Executive Session was held for real estate. Nothing was reported out.

CALL TO ORDER

Shirey called the Regular Meeting of the Board of Directors to order at 5:31 pm, noting a quorum was present.






PUBLIC COMMENTS

Shirey called for public comments. None were heard.

¹ Notice of meeting posted on TNBC website.

APPROVAL OF MINUTES AND CONSENT ITEMS

Shirey requested a motion to approve the October 7, 2020 Board of Directors meeting minutes and the consent agenda items. Shirey asked to withhold item 5 – Authorization for Farm Air to utilize landing strip on TNBC’s Bianchi West tract.

	<p>Approval of the minutes</p>	<p>The Board Chair will request approval of the minutes of the Board of Directors meeting of October 7, 2020.</p>
	<p>RD 1000 security contract with Brookman Protection Service, Inc.</p>	<p>Since 2006 Reclamation District 1000 has contracted with Brookman Protection Service, Inc. to provide Basin-wide security services. The Natomas Central Mutual Water Company and the Conservancy contribute to that effort. In the past the Conservancy has contributed up to \$20,000 per year as its share of security costs, payable to RD 1000. Staff requests approval for 2021 service not to exceed \$20,000. (This is included in the 2021 budget presented in this agenda.)</p>
	<p>Natomas Central Mutual Water Company Annual Meeting of shareholders</p>	<p>The annual election of Directors of the Natomas Central Mutual Water Company (NCMWC) takes place on February 09, 2021, at 9:00 am, location to be announced. The Conservancy holds 3,641 shares of stock in the Company (out of approximately 31,262). Conservancy staff recommends that votes be cast for candidates familiar with the NBHCP and sensitive to the Conservancy’s view of land holding and water rights in perpetuity. This action authorizes the Conservancy’s Executive Director to vote the Conservancy’s shares in the Conservancy’s interest.</p>
	<p>Board action clarification regarding the land maintenance contract recently awarded</p>	<p>At its October 7, 2020 meeting, the Board approved selection of two new contractors for habitat land maintenance work. This item is intended to clarify that the Board’s action included a 10% contingency provision, which is customary with this type of contract due to uncertainties. Uncertainties can include weather-related expenses, excess or inadequate water, government-ordered action (e.g., Sacramento-Yolo Mosquito and Vector Control District), non-native vegetation outbreak, water quality matters and others. This item requests Board confirm its approval of a 10% contingency to these two new land maintenance contracts. (The 10% contingency is included in the 2021 budget presented in this agenda.)</p>
	<p>Internal Financial Controls Policy update</p>	<p>The Conservancy’s Internal Financial Controls Policy was last updated on August 7, 2019. This item proposes two changes to the policy:</p> <ol style="list-style-type: none"> 1. The Conservancy needs to increase one staff member’s credit card limit from \$5,000 to \$10,000, largely because of COVID-19 and work-

		<p>from-home requirements. (This does not pertain to the Executive Director or the Chief Financial Officer.)</p> <p>2. The Board’s Internal Financial Control policy requires Board approval to open or close financial accounts on behalf of the Conservancy. As the Conservancy is transitioning SAFCA contracts back to SAFCA, along with those contracts will be funds held by the Conservancy on behalf of those SAFCA contracts. Once all bills have been paid and cleared through the accounts, the accounts will need to be closed. One is a checking account and one is an investment account.</p> <p>The Internal Financial Controls Policy is presented for Board review and approval with two changes, 1.) approval to increase to one staff member’s credit card limit to \$10,000, and 2.) approval to close financial accounts the Conservancy holds for SAFCA implementation agreements at such time as all outstanding items have cleared. Staff recommends approval of these changes.</p>
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(Res.20.12.01) On a motion by Cohn and a second by M. Johnston, the Board unanimously approved the following Consent Agenda items: October 7, 2020 Board meeting minutes, Authorization for RD 1000 security contract with Brookman Protection Service, Inc., Natomas Central Mutual Water Company Annual Meeting of shareholders, Board action clarification regarding the land maintenance contract recently awarded, Internal Financial Controls Policy update. Roll call:


Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn
- Michael Johnston
- Nancy Johnston

- Chris Norem
- John Shirey
- Paul Squires
- Gabrielle Stadem

Vote Symbols

- = “aye” vote
- = “no” vote
- = not present
- = abstain or recuse

	<p>Authorization for Farm Air to utilize landing strip on TNBC’s West tract</p>	<p>The only remaining agricultural aircraft operator in the Natomas Basin is Farm Air Flying Service, Inc. TNBC and its tenants use Farm Air, and without the firm operating in the Basin, costs would likely rise, and delays in planting crops could also result. (Rice is frequently seeded by air.) Farm Air has requested permission to use TNBC’s portion of the Bianchi West tract landing strip for use in serving its customers, including TNBC and its tenants.</p> <p>Before acquiring the Bianchi West tract, TNBC completed Phase One and Phase Two environmental testing on the airstrip. This was done in order to ascertain the level, if any, of toxicants in the soil at the landing strip site. (The studies revealed acceptable levels, so TNBC moved forward with its acquisition of the tract.) With this baseline data, TNBC can keep track of the status of soils on and around the runway.</p> <p>Staff requests authorization to enter into an agreement with Farm Air Flying Service, Inc. to allow</p>
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		<p>it to utilize TNBC's portion of the Bianchi West landing strip. The authorization would include the following restrictions, among others:</p> <ol style="list-style-type: none"> 1. the authorization terminates December 31, 2021, 2. only seed and fertilizer are permitted to be used on the landing strip, 3. no pesticides may be used on the strip without the written authorization of TNBC's Executive Director, 4. only in-Basin sites may be served by Farm Air from the landing strip, and 5. a properly executed agreement must be in TNBC's office prior to Farm Air's use of the landing strip, and that the agreement contain TNBC's standard indemnification, hold harmless protections, and that TNBC be named as an additional insured on the relevant Farm Air insurance policy or policies. <p>The Executive Director expects no authorization request for pesticide use on the landing strip. However, there could be special occasions that might warrant such authorization, but only for the use by TNBC or its contractors and tenants.</p>
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(Res.20.12.02) On a motion by Shirey and a second by Squires, the Board unanimously approved the Authorization for Farm Air to utilize landing strip on TNBC's West tract.
 Roll call:

Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn
- Michael Johnston
- Nancy Johnston

- Chris Norem
- John Shirey
- Paul Squires
- Gabrielle Stadem

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ACTION

2021 NBHCP Finance Model and 2021 budget. The proposed 2021 Conservancy budget was presented to the Board for adoption. A draft of the 2021 Conservancy budget was shared with the Board at the October 2020 Board of Directors meetings for review and discussion.

The Conservancy's proposed 2021 budget is integrated with the NBHCP Finance Model, so that the document submitted for action is one document. The consolidation of the two documents was introduced in 2007 with the intention of reducing the chance of differing budget numbers and because of the consistency it afforded and at the request of the Wildlife Agencies.

The matter of reserves for property taxes has been a substantial issue for the NBHCP Finance Model calculation over the last several years. This year, the Conservancy made no change in the following assumptions with respect to the Williamson Act's impact on Conservancy-held property:

1. The State of California's Williamson Act subventions to counties remains unfunded or largely unfunded in this and future State budgets.
2. Counties with which the Conservancy has Williamson Act contracts (Sacramento and Sutter) make no additional change to existing contracts.
3. Counties permit no newly acquired properties to be enrolled in Williamson Act contracts and to enjoy the property tax benefits such participation affords.
4. All new properties acquired by the Conservancy for HCP mitigation purposes enjoy no Williamson Act property tax protection and are assessed at their full value at the time of acquisition.
5. Sutter County's Williamson Act contracts are reduced by 10 percent.

The HCP fee is substantially influenced by land prices. The recommended fee, as proposed by Conservancy staff, is supported by work done by Stephen Harrington, MAI, updated for 2021. Harrington estimates the range for mitigation land acquisition in 2021 is \$30,000 to \$33,000 per acre. The NBHCP Finance Model presented assumes mitigation land acquisition at \$30,000 per acre.

The price estimate for future-acquired mitigation land is based on an assumption contained in the NBHCP Finance Model. The NBHCP requires that the Conservancy purchase mitigation land within 12 months of demand. There are no exceptions or extensions provided for. So, the Conservancy's estimate for mitigation land acquisition costs is based on a "looking forward" methodology, while appraisal valuations are typically based on recent historical valuations.

The 2021 Conservancy Budget and NBHCP Finance Model was submitted for Board acceptance, as was a request to the City of Sacramento to adopt the Finance Model's indicated fee as follows:

- The NBHCP mitigation fee for 2021 is recommended to remain the same as in 2020 at \$40,032 per developed acre.
- The NBHCP mitigation fee with land dedication for 2021 is recommended to remain unchanged at \$25,032 per developed acre.

The Board was asked to:

1. approve the proposed 2021 Conservancy Budget;
2. accept the 2021 NBHCP Finance Model recalculation; and
3. adopt a resolution to be submitted to the City of Sacramento requesting no change in the NBHCP fee (see attached resolution).

This item anticipates that should Sutter County express an interest in initiating its use of the NBHCP's Incidental Take Permit acres, an identical resolution is approved for it as well, changing out only the City of Sacramento references to County of Sutter references.

(Res.20.12.03) On a motion by Christophel and a second by Chilmakuri, the Board unanimously approved: 1) 2021 Conservancy budget, 2) the 2021 NBHCP Finance Model, and adoption of resolution to be submitted to the City of Sacramento requesting no change in the NBHCP fee. Roll call:

Board members

- | | |
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| <input checked="" type="checkbox"/> Chandra Chilmakuri | <input checked="" type="checkbox"/> Chris Norem |
| <input checked="" type="checkbox"/> David Christophel | <input checked="" type="checkbox"/> John Shirey |
| <input checked="" type="checkbox"/> Steve Cohn | <input checked="" type="checkbox"/> Paul Squires |
| <input checked="" type="checkbox"/> Michael Johnston | <input checked="" type="checkbox"/> Gabrielle Stadem |
| <input checked="" type="checkbox"/> Nancy Johnston | |

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DISCUSSION

City of Sacramento report. Cheryle Hodge with the City of Sacramento had nothing to report but was available for questions.

Financial statement review. Burns presented unaudited October 31, 2020 financial statements. Additional information was provided.

SB 1094 Compliance, mitigation lands: nonprofit organizations. Skupic briefed the Board about the continued efforts to secure authority to hold mitigation lands under the SB-1094 legislation that addresses mitigation lands held by nonprofit organizations. The Conservancy's initial authorization letter was good through June 4, 2020. The renewal application was submitted at the beginning of 2020 and the Conservancy received its reauthorization letter on October 8, 2020, good through October 8, 2025.

Giant garter snake translocation project update. Translocation of Giant garter snakes (GGS) to the Conservancy's Fisherman's Lake Reserve Area has been under discussion for many years. Populations of GGS are very low in the Reserve Area, despite the Conservancy's creation and management of managed marsh complexes there. Scientists believe that populations are so extremely low that extirpation is a real possibility in that portion of the Natomas Basin. In August 2018, the Board approved a GGS translocation project conducted by Allie Essert at U.C. Davis in cooperation with the U.S. Geological Survey in Dixon, CA. The program is for the 2019 and 2020 seasons. Essert presented her 2020 findings to the Board.

Impacts of American bullfrog on Giant garter snake. Richard Kim is a U.C. Davis graduate student studying the ecological impacts of the invasive American bullfrog on GGS at the Conservancy's BKS tract. Kim presented his 2020 findings to the Board.

Executive Director's Report. Various matters for Board members' general information were presented by the Conservancy's Executive Director.

ADJOURNMENT

Official adjournment of the meeting.

(Res.20.12.04) On a motion by Chilmakuri and a second by M. Johnston the Board unanimously voted to adjourn the meeting at 8:12 pm.

Board members

- Chandra Chilmakuri
- David Christophel
- Steve Cohn
- Michael Johnston
- Nancy Johnston

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ATTEST:

Chandra Chilmakuri, Secretary

Date