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BOARD MEETING MINUTES

The meeting of the Board of Directors of the Northwest Clean Air Agency was held at 1:30 p.m., Thursday, May 8, 2014, at 1600 South Second Street, Mount Vernon, Washington.

MEMBERS PRESENT:

Skagit County	Ron Wesen Joe Lindquist
Island County	Jim Campbell Keith Higman for Kelly Emerson
Whatcom County	Rud Browne Brian Heinrich
Member-At-Large	Terry Nyman

ALSO PRESENT:

NWCAA staff members	Mark Asmundson, Mark Buford, Therese Holm, Julie O'Shaughnessy, Katie Skipper, and Laurie Caskey-Schreiber
Legal counsel	Loch Clark

CALL TO ORDER

Board Chair Ron Wesen called the meeting to order at 1:32 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Joe Lindquist, seconded by Jim Campbell, the minutes for the April 10, 2014, Board meeting were approved (Wesen and Terry Nyman abstained, and Brian Heinrich was absent from the vote – *arrived at 1:34 p.m.*).

PRESENTATIONS

Shawn Collins, Opportunity Council's Community Energy Challenge manager, and Alex Ramel, Sustainable Connections' Energy and Policy manager, presented a program update about their project, funded by a Northwest Clean Air Agency greenhouse gas mitigation grant (*PowerPoint presentation attached*). To date, they have spent approximately \$93,000 of the \$2 million grant. They have been able to leverage other funds at a rate of 10 to one. They anticipate spending more of the grant funds in 2014 and 2015. So far, the Community Energy Challenge and Sustainable Connections project has accomplished the following:

- 230 home energy assessments. The goal is to complete 600.
- Started 162 energy efficiency projects/residential retrofits. The goal is 300.
- Completed 78 business assessments, with 37 lighting and 39 retrofit projects completed.
- Reduced greenhouse gas emissions by 632 metric tons per year. The goal is 2,747 tons.

Board members expressed their support for the work that is being accomplished under this grant. Agency Executive Director Mark Asmundson gave a brief update on all three of the greenhouse gas mitigation grant projects.

Recipient	Project Description	Award Amount	Spent at 3/31/14	Balance
Opportunity Council	Community Energy Challenge	\$ 2,000,000	\$ 92,692	\$ 1,907,308
Washington State University	Farm audits and Darigold retrofits	\$ 439,500	\$ 37,664	\$ 401,836
City of Bellingham	Hydro-electric project	\$ 760,000	\$ 0	\$ 760,000
Totals		\$3,199,500	\$ 130,356	\$3,069,144

NEW BUSINESS

FY 2014 Third Quarter Financial Report (through March 31, 2014) – Therese Holm

NWCAA Finance Director Therese Holm reviewed actual financial results compared to the annual budget for FY 2014 for the Operating Fund for the nine-month period ending March 31, 2014.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$3,590,837	\$3,727,235	96%
Expenses	\$2,701,313	\$3,923,200	69%

FY 2015 Proposed Budget – Therese Holm

Agency budget calendar:

- February and March – Internal budget development
- March – Review draft budget with Advisory Council
- April – Review proposed budget with Finance Committee
- May – Presentation of proposed budget to Board of Directors
- June – Adoption of budget by Board of Directors
- July 1 – New fiscal year begins

Holm then presented the proposed FY 2015 budget, highlighting the following items:

Revenues – FY 2015 total proposed revenues of \$3,874,561

- Air Operating Permit program *net* revenue increase of \$138,733 over FY 2014
 - Includes rebate of \$115,000 for FY 2013 actual results

- Registered Source and New Source program fees increase 2.1%, based on the three-year average Consumer Price Index for all urban consumers (CPI-U) for the Seattle/Tacoma/Bremerton area
- Per capita fee income of \$141,425 is budgeted at the same \$0.35 cents rate established in 1989
- Ecology grants increase for Columbia Valley air quality improvement program
- Penalty revenue budgeted at a conservative estimate of \$80,000

Expenses - FY 2015 total proposed expenses of \$4,126,025

- Personnel costs for 20.15 FTEs, including:
 - 1.2% cost-of-living adjustment, based on December 2013 CPI-U for the Seattle/Tacoma/Bremerton area
 - New engineer – expected to start in October
 - Create senior engineer position
- Maintenance of Fire Warden program budget of \$75,000
- Building interior remodel and furniture upgrades
 - Estimated construction \$160,000
 - Furniture and fixtures \$75,000

Fund Balance and Reserves – FY 2015 Estimated Ending Operating Fund and Reserve Funds' balance:

• Operating Ending Fund Balance	\$ 702,597
• Cumulative Reserve	563,860
• Personnel Cost Reserve Fund	261,910
• Capital Replacement Reserve	<u>126,200</u>
• Total Operating Fund balance and Reserves	\$1,654,567

Board members did not suggest any changes to proposed FY 2015 budget.

ACTION ITEMS

Bills and claims

Board members discussed the presentation of the bills and claims report and the possibility of adding more detail. Holm will review the requirements for the approval process with NWCAA counsel Loch Clark. Rud Browne made a motion to approve the April 2014 bills and claims totaling \$360,393.74, seconded by Nyman, and unanimously approved.

STAFF REPORTS

Director's report – Mark Asmundson

Asmundson reported to the Board on the following matters:

- The agency recently conducted a public hearing for the renewal of the Shell Puget Sound Refinery air operating permit. Communications Director Katie Skipper and agency engineer Lyn Tober did a very good job of organizing and publicizing this event. The hearing went well and was well-attended by the public along with two

agency Board members, Wesen and Nyman. Much of the testimony focused on the public's opposition to and frustration with oil trains.

Advisory Council member Mary Hess also attended the public hearing. She later expressed her thoughts about the public's level of mistrust about the self-reporting requirements for large, permitted air pollution sources. She made some suggestions about how to address this issue, such as increasing the frequency of agency inspections of these sources and having full-time, on-site inspectors. Asmundson indicated that a thorough investigation of steps the agency might take to enhance confidence in our inspection methods will be undertaken.

Nyman and Wesen both commented on how well the agency staff performed at this hearing. Wesen also suggested that further education was needed to inform the public about the agency's Air Operating Permit program. Overall, they were both pleased with the public process.

- The agency has two more upcoming public hearings for refinery permits. One will be for a modification to BP Cherry Point Refinery's air operating permit, and the other will pertain to a draft construction permit for Shell's proposed facility to receive "feedstock" oil by rail. This permit application does not relate to the receipt of Bakken crude. Shell has applied for permits for a separate rail facility to receive Bakken crude. Staff is evaluating that application separately and will announce public comment and hearing dates. Staff is working hard to explain the purpose of the permits and the permitting process, and to meaningfully engage the public.
- Asmundson's first quarterly guest column will appear in The Bellingham Herald on Sunday, May 25. This article will explain NWCAA's role in the air operating permitting process.

New source review and air operating permit update – Mark Buford

Agency Assistant Director Mark Buford reported that the agency received two applications for construction permits. One of those applications is for Janicki Industries' Omni-Processor. Janicki is developing a sewage sludge combustion incinerator to be used in developing countries.

Buford said the agency also received a construction application from Skagit River Reman Company for a new baghouse, which will be used to control planer mill emissions.

Enforcement update – Julie O'Shaughnessy

Director of Compliance Julie O'Shaughnessy reported on enforcement issues that occurred in April.

O'Shaughnessy asked for feedback on the new formatting of the monthly activity report. Board members suggested a few modifications, such as adding the county designation under notices of construction and permits issued. They also requested that brief descriptions be included in the violations segment. Board members expressed their approval of the new layout of the report.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 3:45 p.m.

CERTIFICATION

I hereby certify this is a true and correct copy of the minutes of the meeting of the NWCAA Board of Directors held on May 8, 2014, in Mount Vernon, Washington.

ATTEST: 

Terry Nyman, Secretary
NWCAA Board of Directors



Ron Wesen, Chair
NWCAA Board of Directors

DATED: June 12, 2014