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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 11, 2017, at 1600 S. 2nd St., Mount Vernon, Wash.

MEMBERS PRESENT:

Skagit County	Joe Lindquist Ron Wesen
Island County	Jim Campbell Richard Hannold
Whatcom County	Brian Heinrich Carl Weimer
Member-at-Large	Terry Nyman

ALSO PRESENT:

NWCAA staff members	Mark Buford, Alicia Huschka, Toby Mahar, Agata McIntyre, Seth Preston, and Laurie Caskey-Schreiber
Legal counsel	Loch Clark

CALL TO ORDER

Board of Directors Chairman Joe Lindquist called the meeting to order at 1:30 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On a motion by Jim Campbell, seconded by Brian Heinrich, the revised minutes (Terry Nyman was present for the April meeting) for the April 13, 2017, meeting were approved 6-0. (Rick Hannold arrived after the vote at 1:40 p.m.)

PRESENTATION – Columbia Valley wood smoke reduction program update

On behalf of NWCAA Special Projects Manager Julie O'Shaughnessy, Buford updated Board members on the progress in addressing the wood smoke problems in the Columbia Valley area. (*Full presentation attached to minutes.*)

- The area is located in the eastern part Whatcom County (approximately two square miles

in size, with high-density development, and approximately 4,000 permanent residents) in a stand-alone Urban Growth Area.

- Approximately 650 of the 1,200 homes have a wood-heating appliance that is often used as a primary source of heat.
- Surrounding mountains can impede air dispersion and trap smoke close to the ground.
- The area is heavily wooded.
- Two new developments will add 112 more lots, however these developments will be restricted from having woodstoves, unless offset money is collected.

► **Strategies for developing success in the Program –**

- ◆ Developing Community Connections
 - Attend Kendall Watch and Clean Air Committee meetings
 - Work with Mt. Baker Chamber of Commerce
 - Engage community at Library, Schools, and churches
 - Door-to-door outreach
- ◆ Providing Resources and Education
 - Conduct workshops to improve burning practices.
 - Distribute moisture meters
 - Work with school students to build woodsheds and distribute them to homes in the area.
 - Encourage and fund woodstove change-outs.
- ◆ Enforcement
 - Issue warning letters.
 - Call burn bans.
 - Issue violations.
 - Issue penalties – with clearly defined steps, which would allow them to eliminate the penalty.

Buford stated that he is pleased with the progress that is being made. For the first time, since the Agency started monitoring the air quality in this area– for the years 2015, 2016, and 2017, the number of unhealthy days has significantly dropped, and if this trend continues through December 2017, this area will be compliant with the National Ambient Air Quality Standards (NAAQS). Buford cautioned that this program still needs to continue, because the improved quality could in part be related to the meteorology. The winter of 2017 was especially windy, so the air quality was likely influenced by this weather pattern.

The Environmental Protection Agency (EPA) has noticed the results for this area, and they are looking to replicate this program elsewhere in the country.

NEW BUSINESS**Fiscal year 2017 third quarter financial report (through March 31, 2017) – Alicia Huschka**

NWCAA Chief Financial Officer Alicia Huschka reviewed actual financial results compared to the annual budget for fiscal year 2017 for the Operating Fund for the nine-month period ending March 31, 2017.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$4,351,599	\$4,012,139	108%
Expenses	\$3,231,244	\$4,503,757	72%

Huschka stated that the revenues are higher than expected mainly due to penalties that have been collected. NWCAA was part of a federal consent decree settlement case with the Tesoro Corporation, and the other penalties were related to an emissions incident and maintenance issues at the Shell refinery.

Huschka reported on the Greenhouse Gas Reduction projects and funds that have been used inception to March 31, 2017:

Recipient	Award Amount	Spent at 3/31/17	Notes
Opportunity Council	\$ 2,700,000	\$2,129,034 79%	Agreement term: June 2015-June 2017
Washington State University (WSU)	\$ 241,681	\$228,566 95%	Completed Agreement term: June 2013-December 2016
Sustainable Connections / Opportunity Council	\$ 150,000	\$141,331 94%	Agreement term: October 2015-Sept. 2017
Whatcom Smart Trips	\$ 95,000	0%	Funded for: FY 2017- FY 2019
City of Bellingham	\$ 760,000	0%	Project and dates to be finalized
Administration	\$ 676,726	\$461,464 68%	Personnel administration & Legal
Totals	\$4,623,407	64%	Budget balance: \$1.663M

Fiscal year 2018 proposed budget – Alicia Huschka

Agency budget calendar:

- January - March – Internal budget development
- March 2nd – Review draft budget with Advisory Council
- April 13th – Review proposed budget with Finance Committee
- May 11th – Presentation of proposed budget to Board of Directors
- June 8th – Adoption of budget by Board of Directors
- July 1 – New fiscal year begins

Proposed Budget Overview:

Incorporation of strategic plan elements:

- Meet U.S. Environmental Protection Agency's expectations of timely compliance and permitting actions for Air Operating Permit program
- Continue to locate unregistered businesses and bring into Registered Source program
- Continue work with Columbia Valley to reduce wood smoke pollution
- Administer greenhouse gas mitigation projects
- Maintain adequate budget reserves

Huschka then presented the proposed fiscal year 2018 budget, highlighting the following items:

Revenues – Fiscal year 2018 total proposed revenues of \$4,271,913

- Air Operating Permit program revenue before prior year adjustment of \$2,897,735
 - reflects a \$21,000 reduction as compared to fiscal year 2017 before the prior year adjustment
- Registered Source program fees of \$580,000
- New Source Review fees \$100,000
- Per capita fee income of \$144,500 is budgeted at the same \$0.35 cents per capita rate established in 1989
- Penalty revenue budgeted at \$85,000

Expenses – Fiscal year 2018 total proposed expenses of \$4,263,144

- Personnel costs for 20.6 FTEs, including:
 - 2.2% cost-of-living adjustment, based on December 2016 annual average Consumer Price Index for the Seattle/Tacoma/Bremerton area
 - Full staffing in fiscal year 2018 (down .6 FTE from prior year)
- Maintenance of Fire Warden program budget of \$75,000
- Air monitoring equipment & vehicle \$136,000
 - Equipment replacement schedule \$56,000
 - Air monitoring station trailer \$40,000
 - Air monitoring service truck replacement \$40,000
- Woodstove program \$100,000 (matching 100% of expected grant funds)

Fund balance and reserves – Fiscal year 2018 estimated Ending Operating Fund and Reserve Funds' balance:

• Operating Ending Fund Balance	\$ 986,000
• Cumulative Reserve	387,000
• Personnel Cost Reserve Fund	264,000
• Capital Replacement Reserve	182,000
• Legal Reserve	<u>252,000</u>
• Total Operating Fund balance and Reserves	\$2,071,000

Board members did not suggest any changes to the proposed fiscal year 2018 budget. Resolutions to adopt the fiscal year 2018 budget will be presented to the Board at the June 8 meeting for adoption.

ACTION ITEMS

Bills and claims

Board members discussed the bills and claims reports for April 2017 (totaling \$449,907.77). Hannold made a motion to approve the April 2017 bills and claims. Heinrich seconded the motion, and the Board approved the bills and claims 7-0.

STAFF REPORTS

Executive Director's report – Mark Buford

Buford reported to the Board on the following matters:

- NWCAA staff members (Buford, Huschka, McIntyre, and Preston) recently attended the annual meeting of the National Association of Clean Air Agencies (NACAA) in Washington, D.C. While there, Buford and other agency directors met with congressional leaders and their staff to discuss potential funding issues that may result from shifting some of the responsibilities away from the U.S. Environmental Protection Agency (EPA) and placing those responsibilities onto the air agencies. Buford felt that the meetings went very well, and he was led to believe that the federal government will continue to fund and support the work that the clean air agencies are performing.

The Directors also had an opportunity to weigh in on the EPA emission standards for woodstoves. The new standards that the EPA adopted were based on standards already are being followed in Washington State with further reductions being required in future years. There seems to be pressure on EPA to eliminate or postpone the further reductions, meaning that the EPA standard will not have improved air quality in Washington. The Washington Directors were therefore against such a relaxation of the rule and believe that woodstove manufacturers in Washington will be able to meet the lower standard.

- The American Lung Association (ALA) released its annual State of the Air report, and both Skagit and Whatcom counties are on the cleanest counties list for both short-term particle and ozone pollution. Bellingham ranked among the top 23 cleanest cities for ozone and short-term particle pollution. Buford expects that once three years of data are collected, Anacortes will also make the list for cleanest cities. The monitor in Oak Harbor doesn't meet the EPA standards, so the data from that one is not recognized by the ALA ranking report. Buford stated that the agency has considered upgrading the Oak Harbor monitor.
- NWCAA Compliance Manager Toby Mahar will be undertaking a review of NWCAA's registered source fees during the summer months. She has enlisted the help of three Advisory Council members to assist her with this process. The goal will be to break out the registered source fees into categories reflective of their emissions. Currently 80 percent of all registered sources fall into one category. This project will be revenue neutral. Mahar hopes to bring forward some proposed revisions to the NWCAA rules by the end of the year to address the registered source fees focusing on small businesses.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the April 2017 construction permit (new source review) activity. In April the agency received four applications for construction permits and issued two construction permits.

McIntyre stated that the NWCAA is back up to 25 air operating permit (AOP) sources. A company from Texas, Diamond Fiberglass Inc., recently purchased the Fibrex fiberglass pipe manufacturing plant. As previously discussed with the Board, Fibrex officials notified NWCAA in January 2017 that they would close the facility because they could not find a buyer. On April 27, 2017, Fibrex notified the NWCAA that the facility had been purchased and would re-start. McIntyre explained that the facility will be able to operate using the existing permits issued to Fibrex. This will save the new owners both time and money.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on enforcement issues that occurred in April. Mahar noted that the Notice of Violation (NOV) 4237 is related to a renovation project in downtown Mount Vernon for failure to get an asbestos survey done prior to the construction activity. NWCAA found disturbed asbestos containing materials on-site indicating possible exposure of workers and the public to asbestos. Mahar stated that NWCAA is focusing enforcement on these types of violations.


Mahar explained NOV 4244 issued to an anaerobic digester facility is for a second offense of late engine performance testing under federal requirements.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:50 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 11, 2017, in Mount Vernon, Washington.

ATTEST: 
Terry Wymen, Secretary
NWCAA Board of Directors


Joe Lindquist, Chair
NWCAA Board of Directors

DATED: June 8, 2017