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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, November 12, 2015, at 1600 South Second Street, Mount Vernon, Washington.

MEMBERS PRESENT:

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

MEMBERS ABSENT:

Richard Hannold, Ron Wesen

ALSO PRESENT:

NWCAA staff members	Mark Asmundson, Mark Buford, Toby Mahar, Agata McIntyre, Julie O'Shaughnessy, Katie Skipper, and Laurie Caskey-Schreiber
Legal counsel	Loch Clark

CALL TO ORDER

Board of Directors Chairman Brian Heinrich called the meeting to order at 1:32 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Carl Weimer, seconded by Jim Campbell, the minutes for the October 8, 2015, meeting were approved 4-0 (*Joe Lindquist arrived shortly after the vote at 1:35 p.m.*).

PRESENTATIONS

NWCAA Executive Director Mark Asmundson reviewed the actual financial results compared to the annual budget for Fiscal Year 2016 for the Operating Fund for the three-month period ending September 30, 2015.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$3,200,260	\$4,303,203	74%
Expenses	\$1,038,491	\$4,676,376	22%

Asmundson identified the following revenue and expense highlights:

- Asbestos fees collected are double what they were compared to last year at this time. This appears to be related to an increase in building activity, and ease of use of our new online forms and payment options.
- Registration fees budgeted at \$511,860 will be invoiced in February 2016.
- Penalties are at \$36,478, which is 43% of the annual budget.
- Total professional service expenses include costs for the website redesign and legal expenses and are at 22% of the budgeted amount for the fiscal year.

Asmundson reviewed the agency’s consolidated balance sheet as of September 30, 2015:

	Operating Fund	Cumulative Reserve Fund	Capital Replacement Fund	Supplemental Environmental Fund	Personnel Costs Reserve Fund	Total
Assets	\$3,788,739	\$564,087	\$126,051	\$3,176,463	\$261,934	\$7,917,273
Liabilities	279,766	0	0	181,826	0	461,592
Fund Balance	\$3,508,973	\$564,087	\$126,051	\$2,994,637	\$261,934	\$7,455,681

Asmundson stated that the fiscal year 2016 budget is on track and the agency is where it should be for the first quarter.

Asmundson reported that the Advisory Council received an update from the City of Bellingham concerning their progress on the approved GHG reduction project. Bellingham Public Works Director, Ted Carlson, expressed Bellingham’s commitment to the hydro project in a different, but close by location. However, he said that this project will likely take two to three more years to complete. Carlson said the city’s preference is to use the NWCAA funds for the hydro project, but if this timeline is too lengthy, perhaps Advisory Council members would consider funding a portion of the solar project.

After hearing the presentation, Council member Crockett made a motion to allow the city of Bellingham to continue to use the \$760,000 to pursue the implementation of the hydro project at the waterfront redevelopment site, and if the city is unable to accomplish the project in a timely fashion, to use the funds for the water plant solar project. This motion was seconded by Advisory Council member Rebecca Spurling, and it was approved 6-0.

Asmundson will bring forward a Resolution to the Board to implement the Advisory Council recommendation.

The agency has made the following commitments from the Supplemental Environmental Fund for Greenhouse Gas Reduction projects:

Recipient	Project Description	Award Amount
Opportunity Council	Community Energy Challenge	\$ 2,500,000
Washington State University (WSU)	Farm audits and associated work	\$ 241,681
City of Bellingham	Hydroelectric project	\$ 760,000
Sustainable Connections	Greenhouse gas, energy conservation, retrofits, Georgetown energy competition outreach	\$ 350,000
Administration overhead	For fiscal years 2012-16	\$ 412,193
Total commitments		\$4,263,874
Uncommitted fund balance		\$ 446,590

Columbia Valley wood smoke reduction program

NWCAA Special Projects Manager Julie O’Shaughnessy presented information about efforts to improve air quality in the Columbia Valley urban growth area.

- The community is in the eastern part Whatcom County (a 2 square-mile valley, high density development, 4,000 permanent residents).
- About 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.
- Many residents face financial challenges, with 80% of the area’s 650 school children receive free lunches.

► **Goals for the program -**

- ◆ Decrease particulate pollution to healthy levels (2012-13 season had 41 days with 24-hour averages for PM2.5 that exceeded the federal standard)
- ◆ Provide cleaner heat source
- ◆ Change local burning practices
- ◆ Provide wood-burning residents with adequate dry-wood storage

► **Strategies for the program -**

- ◆ Monitoring
- ◆ Woodstove change-out, woodsheds, heating and energy assistance programs
- ◆ Outreach and engagement
- ◆ Smoke enforcement

► **Program Budget -**

Columbia Valley smoke reduction projected activities for remainder of Fiscal Year 2016	Budget Estimate
Revenue – Ecology 2016-17 grant allocation	\$85,000
<i>Budget line item</i>	
Opportunity Council – Professional Services:	
Low-income change-outs and incentives	\$110,000
Project Administration	24,640
Outreach and promotion (reimburse staff time)	2,500
NWCAA:	
Wood sheds (material only)	\$25,000
Education and promotional materials	5,000
Staff time and allocation of overhead to program	59,000
Total estimated expenses for FY2016	\$226,140
Difference – Transfer from Cumulative Reserve Fund	\$141,140

ACTION ITEMS

Resolution 524 – Amending the fiscal year 2016 Operating Fund – Mark Asmundson

Asmundson explained that the amount of the grant from Ecology was unknown at the time the budget was adopted, therefore the agency had to wait until now to determine how much additional funding would be needed. In order to continue the program as planned, a

supplemental transfer from the cumulative reserve is necessary. Resolution 524 will accomplish this by transferring \$141,140 from the Cumulative Reserve fund to support the Columbia Valley smoke reduction program for the remainder of the 2016 fiscal year.

Lindquist made a motion, seconded by Campbell, to approve Resolution 524. The Board approved the resolution 5-0.

Resolution 525 – Re-adopting ICMA retirement plan – Mark Asmundson

Asmundson stated that Resolution 525 is a housekeeping measure. Attachment A incorporates the amendments that are required by the U.S. Internal Revenue Service for the continuance of our ICMA retirement plan.

Campbell made a motion, seconded by Weimer, to approve Resolution 525. The Board approved the resolution 5-0.

Bills and claims

Terry Nyman made a motion, seconded by Weimer, to approve the October 2015 bills and claims, totaling \$573,315.47. The bills and claims for October were approved 5-0.

STAFF REPORTS

Executive Director's report – Mark Asmundson

Asmundson reported to the Board on the following matters:

- There is a possible concern with whether the Cherry Point area will meet the U.S. EPA's new, lower, one-hour National Ambient Air Quality Standard (NAAQS) for sulfur dioxide (SO₂). The decision will be made by EPA based on data provided by the Washington state Department of Ecology.

As a first step, Ecology is tasked with submitting a proposal to EPA to use either air dispersion modeling or on-the-ground monitoring to classify the area as either in attainment or out of attainment with the SO₂ standard. The modeling path is a faster and easier approach. However, because of model limitations and complex meteorological conditions in the Cherry Point area, the model may not be accurate. Area industrial sources (Alcoa Aluminum, BP Cherry Point Refinery, and Phillips 66 refinery) have run air dispersion models and shared this information with Ecology and NWCAA. The information provided shows that air dispersion modeling may overestimated SO₂ impacts from the Alcoa facility. If relied on for the designation, these modeling results could lead to a conclusion that Cherry Point is an SO₂ nonattainment area.

A designation of nonattainment leads to further work to reduce SO₂ emissions in the area and bring the area back into attainment. Ecology is evaluating the modeling provided as well as evaluating the number and location of monitors that would be needed if the monitoring pathway is taken. One further complication is that Alcoa recently curtailed their operations for an indefinite period, but may restart when market conditions warrant. This is a complication for the monitoring pathway because monitoring during curtailment will not capture the true extent of emissions from the facility. Ecology is holding monthly meetings with area industry, NWCAA, and EPA Region 10 staff to discuss this issue and come up with the best approach.

- If the model is used propose whether the has been generally inclined to rely on modeling tools versus actual monitoring data to determine compliance with the new

one-hour standard in this area. Following a recent stakeholder meeting, Ecology has indicated a greater willingness to consider actual monitoring data available. While Alcoa recently curtailed its operations, it has indicated its desire to have the facility ready to restart when market conditions warrant.

- Woodstove change-out funding, which was halved in the last legislative session, may be restored during the upcoming legislative session, provided local air agencies can demonstrate continuing demand for change-outs. NWCAA, along with other air agencies, should be able to demonstrate the ongoing need.
- Marijuana production and processing facilities likely will need to be registered by most local air agencies in Washington. NWCAA is still evaluating this approach, and the agency expects to align with other agencies and charge a modest registration fee. Collected fees would be dedicated to enforcement issues related to these operations.
- The agency website redesign is moving along nicely, very close to schedule, and the redesigned site is expected to be operational by the end of the year. NWCAA's Communications Program Manager, Katie Skipper, has been doing an excellent job managing this project.

New source review and air operating permit update – Agata McIntyre

Agency Engineering Manager Agata McIntyre reported that during October the agency received three applications for construction permits and issued three construction permits, including the permit for constructing a new hydrotreater at the Phillips 66 refinery. This new unit will help the refinery meet the new 2017 limits for permissible sulfur in fuel.

Enforcement update – Toby Mahar

Agency Compliance Manager Toby Mahar, reported on enforcement issues that occurred in October.

NWCAA issued three notice of violations, including one to the Boy Scouts of America Fire Mountain Camp. Agency staff are working with the Boy Scout organization to create a positive educational outcome for this event.

Executive session

Weimer made a motion, seconded by Lindquist and approved 5-0 to enter into Executive Session to discuss a personnel matter at 2:21 p.m.

Board of Directors reconvened the meeting at 2:54 p.m.

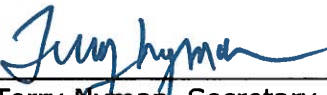
Nyman acknowledged the Executive Director's planned upcoming retirement, which will occur at some time next year. As the agency Deputy Director, Mark Buford has excellent knowledge and experience in implementing the mission for this agency, and to keep the agency running in good form. Nyman made the following motion: "To facilitate an orderly transition in management, the NWCAA Board of Directors wishes to formally indicate the intent to hire Mark Buford as the Executive Director following the retirement of Mark Asmundson." This motion was seconded by Lindquist and approved 5-0.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:58 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 November 12, 2015, in Mount Vernon, Washington.

ATTEST: 

Terry Nyman, Secretary
NWCAA Board of Directors



Brian Heinrich, Chair
NWCAA Board of Directors

DATED: December 10, 2015