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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 12, 2016, at 1600 S. 2nd St., Mount Vernon, Wash.

MEMBERS PRESENT:

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

ALSO PRESENT:

NWCAA staff members	Mark Asmundson, Mark Buford, Therese Holm, Dan Mahar, Toby Mahar, Katie Skipper, and Laurie Caskey-Schreiber
Legal counsel	Loch Clark

CALL TO ORDER

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

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Brian Heinrich, seconded by Carl Weimer, the minutes for the April 14, 2016, meeting were approved 7-0.

NEW BUSINESS**Fiscal year 2016 third quarter financial report (through March 31, 2016) – Therese Holm**

NWCAA Chief Financial Officer Therese Holm reviewed actual financial results compared to the annual budget for fiscal year 2016 for the Operating Fund for the nine-month period ending March 31, 2016.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$4,235,005	\$4,388,203	97%
Expenses	\$3,591,210	\$4,993,517	72%

Holm reported on the Greenhouse Gas Reduction projects and funds that have been used so far:

Recipient	Award Amount	Spent at 3/31/16	Notes
Opportunity Council	\$ 2,700,000	58%	Agreement term: June 2015-June 2017
Washington State University (WSU)	\$ 241,681	86%	Agreement term: June 2013-December 2016
Sustainable Connections	\$ 150,000	44%	Agreement term: October 2015-December 2016
Whatcom Smart Trips	\$ 95,000	0%	Funded for: FY 2017- FY 2019
City of Bellingham	\$ 760,000	0%	Project and dates to be finalized
Totals	\$3,946,681	47%	

Fiscal year 2017 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

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
- 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

Holm then presented the proposed fiscal year 2017 budget, highlighting the following items:

Revenues – Fiscal year 2017 total proposed revenues of \$4,137,445

- Air Operating Permit program costs/revenue of \$2,867,625
 - Program net reduction of \$166,000 from fiscal 2016
- Registered Source program fees of \$545,000
- New Source Review fees \$150,000
- Per capita fee income of \$143,854 is budgeted at the same \$0.35 cents per capita rate established in 1989
- Penalty revenue budgeted at a conservative estimate of \$85,000

Expenses – Fiscal year 2017 total proposed expenses of \$4,252,675

- Personnel costs for 21.2 FTEs, including:
 - 1.4% cost-of-living adjustment, based on December 2015 Consumer Price Index for the Seattle/Tacoma/Bremerton area
 - Full staffing in fiscal year 2017
- Maintenance of Fire Warden program budget of \$75,000
- Air monitoring equipment \$100,000
 - Equipment replacement schedule \$55,000
 - House air monitoring equipment at relocated Bellingham site \$45,000
- Purchase “Stratus” database software rights \$45,000

Fund balance and reserves – Fiscal year 2017 estimated Ending Operating Fund and Reserve Funds’ balance:

• Operating Ending Fund Balance	\$ 846,000
• Cumulative Reserve	300,000
• Personnel Cost Reserve Fund	263,000
• Capital Replacement Reserve	182,000
• Legal Reserve	<u>100,000</u>
• Total Operating Fund balance and Reserves	\$1,691,000

Board members did not suggest any changes to proposed fiscal year 2017 budget. Resolutions to adopt the fiscal year 2017 budget will be brought to the June 9 Board meeting.

Resolution 530 – Order adopting proposed amendments to NWCAA Rules

Agency Executive Director Mark Asmundson informed Board members about the changes that are being proposed in Resolution 530. This resolution is designed to clarify and update the solid fuel burning device program for woodstoves, fireplaces and other devices.

Asmundson introduced Agency inspector Matt Holmquist to further review the changes that are being proposed with Resolution 530.

Change	Details & Benefits
<i>Consistency with other Washington air agencies and meet local needs.</i>	<ul style="list-style-type: none"> • Added, deleted or revised certain definitions as necessary to better support the solid fuel burning device regulations. "Seasoned wood" was amended to include manufactured pressed wood products such as pellets and logs. Clarify what types of fuel can be used in these burning devices. • Clarified that devices that did not meet the requirements in effect at the time of installation must be removed or made permanently inoperable. • Added a reference to a test method which allows the use of digital photography in determining opacity from chimneys. • Deleted NWCAA 506.8 regarding odors and emissions, already defined in WAC 173-433-130 and NWCAA Section 535.
<i>Update language to make implementation consistent</i>	<ul style="list-style-type: none"> • Clarified and added burn ban exemptions that allow certain categories of people to continue using their solid fuel burning devices during burn bans: <ul style="list-style-type: none"> ○ An immediate one-time, 10-day temporary exemption available over the telephone (new). ○ An exemption for when a residence lacks an adequate source of heat (clarified existing). ○ Low-income exemption for those qualifying under low income energy assistance program (clarified existing). ○ An exemption for the temporary breakdown of the primary heat source (new). • Adding a couple of new definitions as a result of the rule change and clarifying a couple of existing definitions.
<i>Adoption-by-reference</i>	<ul style="list-style-type: none"> • Proposing to revise and re-adopt the external adoption-by-reference list in NWCAA Section 104. This will allow the agency to implement the most recent version of the referenced state and federal rules. • Proposing to adopt two additional federal programs by reference that apply to certain categories so we can implement them in our jurisdiction instead of EPA.

This item will be brought forward for Board consideration and approval at the August meeting, and if approved then, the regulations would take effect on Sept. 11, 2016. No action is needed at this time.

ACTION ITEMS

Resolution 531 – Amending the NWCAA Strategic Plan

Brian Heinrich made a motion to approve Resolution 531, seconded by Joe Lindquist. The resolution was approved 7-0.

Bills and claims

Board members discussed the bills and claims report for April 2016. Ron Wesen made a motion to approve the April 2016 bills and claims totaling \$412,839.42. Heinrich seconded the motion, and the Board unanimously approved the bills and claims.

STAFF REPORTS

Director's report – Mark Asmundson

Asmundson reported to the Board on the following matters:

- NWCAA launched the new agency website on April 22, 2016, and Communications Program Manager, Katie Skipper, reported the site has been well-received by various audiences. Skipper noted that the average daily views has gone from 68 to 76. Skipper also mentioned that a national PR and communications news and training company, Ragan Communications, ran a story about the new agency website, using it as an example of communications done right.
- NWCAA has a monitoring site in Anacortes located on the Port of Anacortes property. Port staff have been using the area around the monitor as a staging area for large rocks that they will be shipping elsewhere, so NWCAA is not getting correct information about particulate levels from that monitor.
- The March Point refineries are anticipating an influx of protestors over the May 13-15, 2016, weekend. Everyone is hoping for a safe event.
- The agency recently participated in an all-day transition training to prepare for the upcoming change in Executive leadership. The training went well.
- The proposed Gateway Pacific Terminal project has been terminated due to a recent decision by the U.S. Army Corp of Engineers.

New source review and air operating permit update – Dan Mahar

NWCAA Environmental Engineer Dan Mahar, filling in for Engineering Manager Agata McIntyre, reported that the agency received no new construction applications and issued no

approval orders in April. However, agency engineers were able to renew two large source air operating permits in April.

One of those permits was for Chemco, a company in Blaine that produces a fire retardant that is applied to wood products. The other air operating permit issued in April was for Sierra Pacific Industries, a large lumber mill in Burlington. During the process of renewing the air operating permit, the NWCAA engineer considers all federal, state, and NWCAA regulations as well as all new source review permits issued and they incorporate their requirements into the permit.

NWCAA has 26 air operating permits for facilities regulated under Title V of the federal Clean Air Act. Typically there are a number of these permits open for revision.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on April enforcement issues.

Mahar stated that agency enforcement team issued the notice of violation (NOV) to Shell Puget Sound Refinery in April for the release that occurred in February 2015. The process to issue this NOV was lengthy and complicated due to the multi-agency investigation. NWCAA has received some expected feedback from Shell, and they are looking forward to the next steps of this process.

Odor complaints were slightly up in April, and agency staff did address a marijuana odor complaint that originated from the personnel at the Whidbey Island Naval Air Station. A large marijuana processing and growing operation has started up across from the base. Mahar reported that agency staff have spoken to the operators of this business and they intend to install some control equipment that should address most of the odor problems.

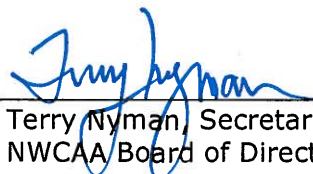
ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:55 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 12, 2016, in Mount Vernon, Washington.

ATTEST:


Terry Nyman, Secretary
NWCAA Board of Directors


Richard Hannold, Chair
NWCAA Board of Directors

DATED: June 9, 2016