



1600 South Second Street
Mount Vernon, WA 98273-5202
ph 360-428-1617
fax 360-428-1620
info@nwcleanairwa.gov
www.nwcleanairwa.gov

BOARD MEETING MINUTES

The meeting of the Board of Directors of the Northwest Clean Air Agency was held at 1:30 p.m., Thursday, August 11, 2016, at 1600 S. 2nd St., Mount Vernon, Wash.

MEMBERS PRESENT:

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

MEMBERS ABSENT: Brian Heinrich

ALSO PRESENT:

NWCAA staff members	Mark Asmundson, Mark Buford, Therese Holm, Matt Holmquist, Toby Mahar, Agata McIntyre, Seth Preston, Lyn Tober, 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 Jim Campbell, seconded by Ron Wesen, the minutes for the June 9, 2016, meeting were approved 6-0.

NEW BUSINESS

NWCAA Executive Director Mark Asmundson introduced the new Communications Manager, Seth Preston, to the Board of Directors. Preston previously worked for the Washington State Department of Ecology, and prior to that worked in the newspaper industry for a number of years. He is a native of Sedro-Woolley and is in the process of moving his family "home."

ACTION ITEMS

Resolution 530 – Order adopting amendments to NWCAA Rules – Mark Asmundson

Asmundson presented Resolution 530 for Board approval. This resolution clarifies and updates the solid fuel burning device regulation for woodstoves, fireplaces and other devices. A public hearing was conducted on August 2, 2016, and there were no comments from the public. Once approved, the regulations will take effect on September 11, 2016.

Motion to approve Resolution 530 was made by Carl Weimer, seconded by Campbell, and was approved 6-0.

Resolution 536 – Resignation of Executive Director – Mark Asmundson

Resolution 536 formalizes the resignation of Mark Asmundson as Executive Director of the Northwest Clean Air Agency (NWCAA) effective December 31, 2016. Asmundson submitted his resignation letter to board members on July 11, 2016. Board members thanked Asmundson for the many contributions that he has made to the agency during his ten years of service.

Motion to approve Resolution 536 was made by Hannold, seconded by Joe Lindquist, and was approved 6-0.

Resolution 537 – Approve Contract of Employment with Mark Buford – Mark Asmundson

Asmundson stated that this resolution authorizes Rick Hannold as Chair of the Board to sign the employment agreement (contract) with Deputy Director Mark Buford to become the new Executive Director for NWCAA, effective Jan. 1, 2017.

Motion to approve Resolution 537 was made by Wesen, seconded by Terry Nyman, and was approved 6-0.

Resolution 538 – Amending the Personnel Manual – Mark Asmundson

Asmundson explained that this resolution makes two changes to the NWCAA Personnel Manual. The first clarifies the role between the Board of Directors and the Executive Director, the second eliminates an exception to the general agency policy related to fringe benefits for part-time employees.

Motion to approve Resolution 538 was made by Lindquist, seconded by Campbell, and was approved 6-0.

PRESENTATIONS

Prior to the presentation by Agency Chief Financial Officer Therese Holm of the year-end financial report for fiscal year 2016, Executive Director Asmundson announced that Therese will retire at the end of February 2017. He remarked about her outstanding work, which has always been the norm for Therese. Further, he stated that her influence far exceeded the realm of Agency finances and that he considers her a crucial participant in policy discussions and decision-making at the Agency.

Asmundson also announced that Alicia Huschka will be the new Agency Chief Financial Officer. Alicia, a CPA, is presently the Finance Director for the City of Mount Vernon and has worked in that capacity for more than 14 years. Prior to that, she worked for 8 years as the budget/finance director for Skagit County. She will begin on January 1, 2017, in order to have a period of overlap with Therese.

FY 2016 Summary Financial Report

	Actual as of June 30, 2016	Budget	% of Annual Budget
Revenues	\$4,452,114	\$4,388,203	101%
Expenses	\$4,703,173	\$4,993,517	94%

Holm identified some key revenue and expense highlights:

- Penalty fees were \$66,709 which is 78% of the annual budget of \$85,000.
- Asbestos program revenue of \$90,025 exceeded the annual budget of \$50,000.
- Registered source fee revenue of \$538,331 compared to \$511,860 budget. Increase in revenue due to new sources and 1.8% fee increase.
- Personnel costs of \$2,280,155 are 99% of budget.
- As discussed in recent budget presentations, unspent FY 2016 budget amounts from ongoing projects including Columbia Valley wood smoke reduction funds, professional services for special legal services, intergovernmental expense for an ozone study and computer equipment, will be carried forward to FY 2017 (see Resolution 539).

FY 2016 Ending Fund Balance	Amount
Operating fund balance	\$1,501,543
Cumulative reserve	336,498
Personnel cost reserve	262,540
Capital replacement reserve	181,455
Supplemental environmental	2,375,079
Legal Reserve fund	100,335
Total fund balance and reserves	\$4,757,450

Holm also presented a summary of the expenses and balances for each approved greenhouse gas reduction project accounted for in the Supplemental Environmental fund:

GHG Projects	Authorized Budget	FY 2016 Expenses	Cumulative Project Expenses	Budget Balance
<i>Opportunity Council – Community Energy Challenge</i>	\$2,700,000	\$663,950	\$1,640,883	\$1,059,117
<i>WSU Energy Program</i>	241,681	116,496	208,109	33,572
<i>City of Bellingham</i>	760,000	0	0	760,000
<i>Sustainable Connections-Energy, GHG, Leadership</i>	150,000	66,582	66,582	83,418
<i>Whatcom Council of Governments – Smart Trips</i>	95,000	0	0	95,000
<i>Administration</i>	676,726	71,386	422,846	253,880

Asmundson added that the City of Bellingham and NWCAA will be bringing forward a modification to the memorandum of agreement for their grant award, which will require board approval. Whether the city decides to go with the hydro project or the solar panels, either project will need to be completed by the end of calendar year in 2017.

ACTION ITEM

Resolution 539 – Approve amending the Operating Fund budget for fiscal year 2017 – Mark Asmundson

Asmundson presented Resolution 539 for Board approval. This resolution increases the FY 2017 budgeted revenue by \$10,102 and expenses by \$215,284. These items are for ongoing projects with remaining budgets in FY 2016 which will be completed in FY 2017. Budget line items will be increased as follows:

- Columbia Valley (CV) Wood Smoke Reduction Grant- revenue \$10,102
- Professional services – CV Wood Smoke Reduction- expenses \$35,108
- Professional services expense – Special legal services \$65,671
- Intergovernmental Services – Ozone Study \$93,000
- Computer Equipment Expense \$11,403

Lindquist made a motion, seconded by Weimer, to approve Resolution 539. The Board approved the resolution 6-0.

Bills and claims

Board members discussed the bills and claims report for June 2016 (totaling \$451,930.56) and for July 2016 (totaling \$325,181.16). Lindquist made a motion to approve the June and July 2016 bills and claims. Weimer seconded the motion, and the Board approved the bills and claims 6-0.

STAFF REPORTS**Director's report – Mark Asmundson**

Asmundson reported to the Board on the following matters:

- Asmundson recently attended a National Association of Clean Air Agencies (NACAA) meeting in Seattle. While there, he met with other directors from clean air agencies across the nation. Among the various topics that were discussed was the likelihood of agencies receiving some of the funds from the Volkswagen legal settlement. As it stands right now, this money, via a federally appointed trustee, will be used for grants for NOx reduction projects. Our agency and others could apply to receive some of these funds for a particular project.
- Asmundson recently met with staff members from Sustainable Connections to get an update on the Georgetown Community Energy Competition. They are making good progress. So far, Anacortes, Bellingham, and Bellevue are cities in the top ten percent of the nationwide competitors. Georgetown will be announcing the finalists in the summer of 2017.
- In an appeal filed by Brooks Manufacturing with the Pollution Control Hearing Board (PCHB), the PCHB recently ruled that it does not have jurisdiction over the appeal of the National Emissions Standards for Hazardous Air Pollutants (NESHAP) fee, and the matter was dismissed.

However, Brooks is also appealing the same fee in Whatcom County Superior Court.

- Asmundson informed Board members that he would like to re-visit Resolution 320 at the next board meeting. This resolution exempts the Naval Air Station (NAS) at Whidbey Island from receiving monetary penalties for violations. Asmundson and others believe that this resolution may not be legal, and it is inconsistent with our agency strategic objective of maintaining a level playing field in the way the agency interacts all entities subject to our jurisdiction.

Asmundson and Buford expressed their concerns that the Environmental Protection Agency could revoke NWCAA's authority to regulate this source if the resolution remains in place. Agency staff will be meeting with NAS personnel to make them aware that this issue will be brought forward.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the June and July 2016 construction permit (new source review) activity.

During June 2016, the agency received eight applications for construction permits and issued thirteen construction permits. Most of the permits issued were related to the Phillips 66 refinery Air Operating Permit renewal process.

During July 2016, the agency received two applications and issued six construction permits.

One of the construction permits issued in June was to Clean Harbors, to operate a mobile thermal oxidizer that can be used to combust vapors from a refinery tank when the tank is being emptied and "degassed" in preparation for maintenance. Degassing is necessary so that maintenance workers can safely enter the tank. Releasing vapors from certain refinery tanks can cause odors, and using an oxidizer to combust vapors prior to release reduces odors.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on June and July enforcement.

Mahar stated that agency enforcement team issued eight notice of violations (NOVs) during this two-month period. The agency issued two NOVs to the Shell Puget Sound refinery. Both violations included citations of the general duty to operate and maintain in accordance with good air pollution control practices.

One of the violations cites Shell for failing to correctly operate and maintain their east flare and the other NOV is for Shell allowing excess emissions of SO2. Discussions are taking place with the refinery staff.

One violation stemmed from a citizen odor complaint about Fountain Veterinary Hospital. A follow-up inspection discovered that Fountain was not operating its crematorium in accordance with the permit.

The agency has entered into a compliance agreement with Air Liquide regarding its failed source tests. Air Liquide's equipment wasn't meeting the specifications that the manufacturer guaranteed. In order to meet the permit requirements, the equipment must be retrofitted. Therefore, the agreement provides time for the facility to come into compliance.

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 August 11, 2016, in Mount Vernon, Washington.

ATTEST: 
Terry Nyman, Secretary
NWCAA Board of Directors


Richard Hannold, Chair
NWCAA Board of Directors

DATED: September 8, 2016