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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, Nov. 10, 2016, at 1600 S. 2nd St., Mount Vernon, Wash.

### **MEMBERS PRESENT:**

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

### **MEMBERS ABSENT:**

Brian Heinrich  
Ron Wesen

### **ALSO PRESENT:**

NWCAA staff members	Mark Buford, Therese Holm, Toby Mahar, Agata McIntyre, Scott Pratschner, Seth Preston, and Laurie Caskey-Schreiber
Legal counsel	Loch Clark
Advisory Council	Rebecca Spurling

### **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 a motion by Carl Weimer, seconded by Jim Campbell, the minutes for the Oct. 13, 2016, meeting were approved 4-0, with Terry Nyman abstaining from the vote.

**PRESENTATION****Fiscal Year 2017 - 1<sup>st</sup> quarter financial report (July 1-Sept. 30, 2016) – Therese Holm**

NWCAA Chief Financial Officer Therese Holm reviewed the actual financial results compared to the annual budget for Fiscal Year 2017 for the Operating Fund for the three-month period ending September 30, 2016.

	<b>Year-to-date</b>	<b>Annual Budget</b>	<b>% of Annual Budget</b>
<b>Revenues</b>	\$2,858,872	\$4,012,139	71%
<b>Expenses</b>	\$994,736	\$4,457,857	22%

Holm identified the following revenue and expense highlights:

- Air Operating Permit fees are 99% of the annual budget because these fees are collected during the first quarter of the fiscal year.
- Registration fees budgeted at \$545,000 will be invoiced in February 2017.
- Penalties are at \$10,800 or 13% of the annual budget.
- In October, the agency received a \$250,000 penalty from Tesoro as part of a federal settlement. Following the Advisory Council's recommendation, staff will request the Board approve a budget amendment to allocate these funds to the Legal Reserve Fund (\$150,000) and Columbia Valley wood smoke reduction program (\$100,000) in accordance with the Advisory Council's recommendation.
- Holm stated that expenses to date are on track with the budget and the agency is where it should be for the first quarter.

Holm reviewed the agency's consolidated balance sheet as of September 30, 2016:

	<b>Operating Fund</b>	<b>Cumulative Reserve Fund</b>	<b>Capital Replacement Fund</b>	<b>Supplemental Environmental Fund</b>	<b>Personnel Costs Reserve Fund</b>	<b>Legal Reserve Fund</b>	<b>Total</b>
<b>Assets</b>	\$3,346,938	\$331,415	\$181,667	\$2,265,384	\$262,854	\$100,455	\$6,488,753
<b>Liabilities</b>	227,971	0	0	52,570	0	0	280,541
<b>Fund Balance</b>	<b>\$3,118,967</b>	<b>\$331,415</b>	<b>\$181,667</b>	<b>\$2,212,814</b>	<b>\$262,854</b>	<b>\$100,455</b>	<b>\$6,208,172</b>

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

<b>Recipient</b>	<b>Project Description</b>	<b>Award Amount</b>	<b>Cumulative Project Expenses</b>	<b>Project Budget Balance</b>
Opportunity Council	Community Energy Challenge	\$ 2,700,000	\$1,749,501	\$950,499
Washington State University (WSU)	Farm audits and associated work	\$ 241,681	\$ 216,329	\$ 25,352
City of Bellingham	Hydroelectric project	\$ 760,000	0	\$760,000
Sustainable Connections	Greenhouse gas, energy conservation, retrofits, Georgetown energy competition outreach	\$ 150,000	\$ 97,827	\$ 52,173
Whatcom Council of Governments	Smart Trips program	\$ 95,000	0	\$ 95,000
Administration overhead	For fiscal years 2012-17	\$ 676,726	\$ 437,313	\$239,413
<b>Total commitments</b>		<b>\$4,623,407</b>	<b>\$2,500,970</b>	<b>\$2,122,437</b>

### **ACTION ITEMS**

#### **Resolution 544 – Amending FY 2017 Legal Reserve & Cumulative Reserve Funds – Mark Buford**

Buford explained that the Agency recently received a \$250,000 penalty payment from Tesoro. These funds are the result of Tesoro reaching a settlement agreement with the Federal Government.

At the Sept. 9, 2016 Advisory Council meeting, they approved dedicating \$150,000 of these funds to be used to replenish the NWCAA legal fund, and reserve \$100,000 for the Columbia Valley Wood Smoke Reduction program.

Buford explained that some legal expenses cannot be charged to a fee-based program, so it is very important for the agency to have adequate reserves to address any future needs.

The Woodstove Reduction program for Columbia Valley has also had declining grant revenues from the State, so it too is in need of this financial support. Staff would like to continue the momentum that is building in that community to improve air quality. The extra funding will allow the program to remain strong throughout the upcoming winter months.

Motion to approve Resolution 544 was made by Lindquist, seconded by Weimer, and was approved 5-0.

**Bills and claims**

Board members discussed the bills and claims report for October 2016 (totaling \$433,049.01). Lindquist made a motion to approve the October 2016 bills and claims. Weimer seconded the motion, and the Board approved the bills and claims 5-0.

**PRESENTATION – Part II**

NWCAA Air Quality Specialist Scott Pratschner presented information about the Agency's Asbestos program. Pratschner reviewed the following information with Board members:

- ❖ **There are six types of Asbestos–**
  - Chrysotile, Amosite, Anthrophyllite, Actinolite, Crocidilite, Tremolite
  - Chrysotile is the most common form of asbestos. It is sometimes referred to as serpentine asbestos.
- ❖ **Asbestos is naturally occurring**, regulated, fibrous minerals. The fibers are microscopic (around 20,000 fibers can fit on the chin of Lincoln's face on the penny).
- ❖ **Asbestos was used** because it was pliable, thermally resistant, stronger than steel, chemically stable, and because it is naturally occurring and abundantly available.
  - Asbestos was used in homes built before 1990.
  - Typical uses of asbestos in the home were for thermal insulation, popcorn surfacing, vinyl flooring, used in electrical outlets and switches, and even used in the fake ashes/coins in gas fireplaces.
- ❖ **Asbestos has been used historically** for a very long time.
- ❖ **Asbestos proved to be hazardous** to human health – exposure can lead to lung cancer, Mesothelioma, Asbestosis & pleural thickening, and clubbing of fingers.
- ❖ **Smokers** who have been exposed to asbestos are 100 times more likely to develop Mesothelioma.
- ❖ **Because of the lengthy latency period** (sometimes it takes 40+ years to appear), kids are the highest risk group. Presently, about 10,000 deaths per year are asbestos-related. As a point of reference, this number is between the number of individuals dying from skin cancer and gun-related deaths.
- ❖ **Continued strong regulation** is essential.
  - In the last couple of years, NWCAA's asbestos inspections have increased.
  - Pratschner has worked with County and City Planning Departments, abatement contractors, and waste handlers.
  - NWCAA has issued 30 Notice of Violations regarding asbestos related incidents over the past three years.
  - Pratschner hopes to have a larger presence with NWCAA's large sources, reach out to local schools about good safety practices with asbestos materials in schools, and continue to work on educating homeowners about how to handle asbestos in their homes.
  - The NWCAA website has useful asbestos abatement information for contractors and homeowners.

## **STAFF REPORTS**

### **Deputy Director's report – Mark Buford**

Buford reported to the Board on the following matters:

- The Agency has a new management team, consisting of Buford, Therese Holm, Seth Preston, Agata McIntyre, and Toby Mahar. Group members recently had their first meeting to work on assessing their purpose and identify some hoped-for outcomes.
- Buford is also engaging the Advisory Council members to assess the direction or purpose for the council, as well as address council members' expectations. The Agency is scheduling a half-day retreat on January 12, 2017. The Board Chair is also the Chair of the Advisory Council. Rick Hannold volunteered to attend the retreat. Buford asked whether Board members had an interest in engaging with Advisory Council members for a special meeting. Jim Campbell expressed an appreciation for the separation of the two bodies, because he values each group's individual perspectives on issues.

### **New source review and air operating permit update – Agata McIntyre**

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

The agency received five applications for construction permits and issued five construction permits.

One of the construction permits that they have been working on since 2014 is for the BP Cherry Point refinery to replace two old coker heaters with new heaters. The design of the units will reduce maintenance shutdowns, which will in turn allow them to increase the number of operating hours each year. This project also requires an air permit from the Washington Department of Ecology. NWCAA is coordinating with Ecology on the air permits for the project. The project requires a 30-day comment period which will begin next Monday, November 14th. Information about the project will be posted in newspapers, on NWCAA's website, and on Ecology's website. NWCAA will also issue a news release to the public. NWCAA and Ecology will hold a public hearing about the project on December 15<sup>th</sup>, 2016.

### **Enforcement update – Toby Mahar**

NWCAA Compliance Manager Toby Mahar reported on August enforcement.

Mahar explained the cyclical nature of enforcement at NWCAA. The compliance staff focus on inspections through the summer months, then follow-up with processing the violations that resulted from that busier time period. In October, staff issued 13 Notice of Violations (NOVs)— seven pertained to outdoor burning violations (most of these were referral cases from the fire marshals in Whatcom and Skagit counties), two NOVs were for asbestos-

related illegal demolitions of buildings, and two NOV's were issued for failure to pay 2016 registration fees.

The Agency issued around \$60,000 in penalties for the month of October. Mahar worked with NWCAA Air Quality Scientist Crystal Rau to issue a penalty to Shell Puget Sound Refinery for failure to follow good air pollution control practices that resulted in approximately 13,400 pounds of excess SO<sub>2</sub> being released. One of the refinery's operators accidentally turned off a sulfur recovery unit and the flare gas recovery system on April 14, 2016.

**ADJOURNMENT**

There being no further business to consider, the meeting adjourned at 2:56 p.m.

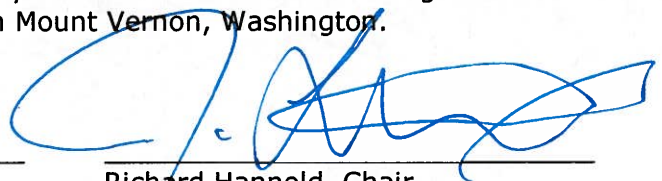
**CERTIFICATION**

I hereby certify this is a true and correct copy of the minutes of the meeting of the NWCAA Board of Directors held on Nov. 10, 2016, in Mount Vernon, Washington.

ATTEST:

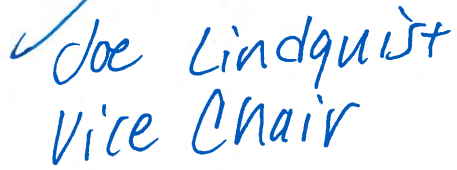


Terry Nyman, Secretary  
NWCAA Board of Directors



Richard Hannold, Chair  
NWCAA Board of Directors

DATED: December 8, 2016



Joe Lindquist  
Vice Chair