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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, September 11, 2014, at 1600 South Second Street, Mount Vernon, Washington.

MEMBERS PRESENT:

Island County	Keith Higman
Skagit County	Ron Wesen Joe Lindquist
Whatcom County	Rud Browne Brian Heinrich
Member-At-Large	Terry Nyman

MEMBERS ABSENT:

Island County	Jim Campbell
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ALSO PRESENT:

NWCAA staff members	Mark Asmundson, Mark Buford, Therese Holm, Julie O'Shaughnessy, Katie Skipper, Lyn Tober, Laurie Caskey-Schreiber
Legal counsel	Simi Jain for Loch Clark

CALL TO ORDER

Board Chair Ron Wesen called the meeting to order at 1:32 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Joe Lindquist, seconded by Brian Heinrich, the minutes for the August 14, 2014, Board meeting were approved (Rud Browne abstained from the vote).

PUBLIC HEARING

Resolutions 501, 502, and 503 - Fee Schedules for the Asbestos, Outdoor Burning, and Agricultural Burn programs

Wesen opened up the public hearing for resolutions 501, 502, and 503. Cathy Marquez, who owns a local asbestos abatement company, attended the hearing to ask when the new rates would go into effect. She said the timing could affect projects her company had bid on in the recent past.

Agency Executive Director Mark Asmundson reviewed the proposed fee schedule changes for Asbestos, Outdoor Burning, and Agricultural Burn programs with the Board. Asmundson said that if the resolutions, in their current version, were adopted today, the new rates would take effect October 12, 2014.

Rud Browne made a motion to close the hearing, seconded by Heinrich. The Board voted unanimously to close the hearing.

ACTION ITEMS

Resolution 499 – Appointing investment officers – Mark Asmundson

Asmundson informed the Board that Resolution 499 adds Deputy Director Mark Buford as one of the approved investment officers for the agency. Lindquist made a motion to approve Resolution 499, seconded by Heinrich. The resolution was approved by all.

Resolution 500 – Order adopting proposed amendment to the NWCAA rules – Mark Asmundson and Mark Buford

Buford explained to Board members that Resolution 500 proposes three changes to the NWCAA rules. The resolution would:

- 1) Modify a new section of the rules to bring NWCAA into alignment with current state regulations for setting fees. NWCAA would submit the proposed modification to the U.S. Environmental Protection Agency (EPA) for inclusion in the state implementation plan (SIP).
- 2) Adopt the most recent version of state and federal rules for setting fees.
- 3) Give NWCAA the ability to revise fees via Board resolution, rather than having to go through the lengthy process of revising state rules to reflect agency fees. changes.

Board members requested improvements, in the future, to the document that identifies what changes are being made, possibly by including a list of the significant changes by section along with a brief explanation. The format that the state requires for this document is difficult to follow and understand.

Browne made a motion to approve Resolution 500, seconded by Heinrich. The resolution was approved by all.

Resolution 501 – Order adopting Outdoor Burning fees with annual adjustment – Mark Asmundson

Lindquist made a motion to adopt Resolution 501, seconded by Heinrich. The resolution was approved by all.

Resolution 502 – Order adopting Agricultural Burning fees- Mark Asmundson

Asmundson explained that for the Agricultural Burning program, the fees are set by the state of Washington and will not be connected to the Consumer Price Index fee increases.

Terry Nyman made a motion to adopt Resolution 502, seconded by Heinrich, and the resolution was approved by all.

Resolution 503 – Order adopting Asbestos fees with annual adjustment- Mark Asmundson

Asmundson stated that Resolution 503 moves the agency in the direction of recovering the costs associated with implementing the Asbestos program. He added that it is not feasible to fully recover all of the costs associated with the program, in part because NWCAA's jurisdiction covers such a large geographic area.

Board members proposed and agreed to a friendly amendment to change the effective date for the new fees to January 1, 2015. The current fee schedule would remain in effect until December 31, 2014. Browne made a motion to approve Resolution 503, seconded by Lindquist. The resolution, as amended, was approved in a 5-1 vote, with Heinrich opposed.

Bills and claims

Asmundson presented the August bills and claims reports.

Keith Higman expressed his concern about employees having to manage large out-of-pocket expenses associated with travel costs. Higman wondered if the agency allowed for alternate options, such as having corporate credit cards. Agency Finance Director Therese Holm stated that employees are allowed to request travel advances as needed.

Browne wondered if the agency or the state had any rules related to air miles or other incentives that might accrue to employees for travel conducted on behalf of the agency. Holm stated that she would verify the state requirements related to employee travel activity.

Lindquist made a motion to approve the August 2014 (\$311,356.31) bills and claims, seconded by Nyman. Bill and claims were approved by all.

PRESENTATIONS

NWCAA Internal Controls – Therese Holm

Holm gave a summary presentation about what measures the agency employs to protect itself from loss of agency funds or assets. Management is responsible for ensuring internal controls are in place to protect public assets and employees. The following internal controls are in place at NWCAA:

- Cash controls
 - Cash receipts - most payments made by check for invoiced items
 - Mail opened and payments receipted at front desk
 - Daily deposits to Skagit County Treasurer, or when \$1,000 threshold reached
 - Investments held by Skagit County Treasurer; Finance Director initiates investment transfers and Executive Director approves transfers
 - Accounting Assistant reconciles monthly investment reports from County
 - Executive Director reviews monthly reports from County

- Operating expenses
 - Purchasing policy establishes process and approval authorization
 - Managers approve payment of invoices
 - Personnel timesheets are approved by managers
 - Monthly payroll approved by Executive Director
- Cash disbursements
 - Board approves authorized check signers
 - Check stock maintained in locked cabinet
 - Two signatures required if over \$1,000
 - Receptionist opens bank statements and reviews for irregularities
 - Bank statements promptly reconciled and approved by Executive Director
- Physical assets
 - Purchases authorized in budget
 - Capital asset policy in place
 - Assets costing over \$2,000 tagged and tracked
 - Physical inventory completed every two years
 - Surplus inventory disposed of according to policy following state requirements
- Management monitoring
 - Internal review for compliance with cash controls and purchasing policy
 - Board approves monthly bills and claims
 - Financial reports to management and Board
 - External audit performed by State Auditor's Office

FY 2014 Year-end financial report (7/1/13 - 6/30/14) – Therese Holm

Holm presented a year-end financial report for fiscal year 2014.

	Actual as of June 30, 2014	Budget	% of Annual Budget
Revenues	\$3,846,100	\$3,727,236	103%
Expenses	\$3,538,102	\$3,923,200	90%

Holm identified some key revenue and expense highlights:

- Penalty revenue - \$309,884 actual compared to \$75,000 budget.
 - Exceeds program operating costs by \$210,720
 - \$120,000 reallocated to FY 2015 for building remodel and audit
 - \$90,720 available for other purpose - The Advisory Council recommended using these funds for the woodstove change-out program in Columbia Valley. Asmundson will bring forth a resolution to implement this recommendation.
- Personnel costs of \$2.4 million for 20.5 FTEs is 101% of budget
- Air operating permit (AOP) expenses \$68,000 less than AOP fees; amount will be refunded to AOP sources in FY 2016 fees.

FY 2014 fund balance	Amount
<i>Operating fund balance</i>	\$1,298,034
<i>Cumulative reserve</i>	563,256
<i>Personnel cost reserve</i>	261,548
<i>Capital replacement reserve</i>	200,798
Total fund balance and reserves	\$2,323,636

STAFF REPORTS

Director's report - Mark Asmundson

Asmundson gave an abbreviated Director's report, due to time constraints. (See supplemental information in attached full Director's report.)

We are in the early stages of the building remodel. As a result, our October and November Board meetings will be held at the WSU-Mount Vernon Research Center, 16650 State Route 536, Mount Vernon.

New source review and air operating permit update - Mark Buford

Buford reported that in August the agency received four applications for construction permits and issued two construction permits. One of the applications received was for the AltaGas Ferndale Storage Terminal, which isn't a new business. AltaGas is putting in new temporary control devices to reduce pollutants during tank cleaning.

Enforcement update - Julie O'Shaughnessy

Julie O'Shaughnessy reported on enforcement issues that occurred in August.

NWCAA received many odor related complaints in August, mainly due to the long streak of warm weather. NWCAA received 85 odor complaints allegedly pertaining to about 25 different sources.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 3:12 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 September 11, 2014, in Mount Vernon, Washington.

ATTEST:


 Terry Nyman, Secretary
 NWCAA Board of Directors


 Ron Wesen, Chair
 NWCAA Board of Directors

DATED: October 9, 2014

Addendum to the Minutes for September 11, 2014

Director's report

September 11, 2014

We are in the early stages of the building remodel. As a result, our October and November Board meetings will be held at the WSU-Mount Vernon Research Center, 16650 State Route 536, Mount Vernon.

Upcoming public comment period and hearing for Shell Puget Sound Refinery draft permit for crude-oil rail terminal:

- We are preparing to open our public process on the draft construction permit. We're expecting a lot of interest.
- Our draft permit focuses on emissions from operation of the rail terminal, and evaluates how the addition of the terminal and different types of crude oil could affect emissions at the refinery. We cannot consider emissions from mobile sources such as train locomotives. This permit takes into account the composition of the crude oil the refinery would receive at the terminal to determine emissions and permit limits.
- Emissions from the rail terminal:
 - **Volatile organic compounds (ozone precursors)** could total 0.9 tons a year. Potential sources of VOCs would be leaks from unloading equipment such as pumps, valves and flanges and leaks from oily wastewater systems.
 - **Greenhouse gas emissions:** No direct greenhouse gas emissions. There are no new stationary combustion units associated with the project and the crude oil that would be delivered to the terminal contains very little methane.
- The project would allow the refinery to receive up to 40 percent of its crude oil. This would replace oil presently received over the dock but not increase the amount of crude processed.
- Our public comment period starts Tuesday and goes through the close of the public hearing Oct. 16. The public notice will be in the Skagit Valley Herald Tuesday, Sept. 16. We will send a news release to local media, update our website, and post to our social media channels.
- We've reserved a meeting room at the Anacortes Public Library for the hearing.

Response to comments on Shell Puget Sound Refinery air operating permit:

- We're preparing to send the U.S. Environmental Protection Agency (EPA) our response to public comments on the Shell AOP that prompted such a good turnout at the public hearing. EPA will have 45 days to review the comments and our responses.
- We received about 50 comments, many of which touched on a number of issues. We expect many of the same concerns will come up during the public comment period and hearing for the draft construction permit.

Addendum to the Minutes for September 11, 2014

- We hope our responses are helpful in clarifying our role and improving people's understanding about who we are and what we do.

Dave Blake's mold prevention outreach to apartment building managers:

- Dave's effort, launched July 14, continues to get attention.
- We're getting multiple views on our indoor air webpage daily.
- Apartment managers are calling Dave requesting information.
- A Skagit Valley Herald reporter interviewed Dave yesterday for a story.

Additional notes:

- Our staff is physically adapting to the construction reasonably well. It is a bit of work, of course, but attitudes are great.
- The bulk of today's Board action is the result of outstanding work by Lyn Tober. Lyn is one of our excellent engineers who works effectively, quietly and with great precision. She is the agency lead for regulatory matters, and we could not do better.
- The visit by the State Auditor has been delayed because of the construction activity.