



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, Feb. 9, 2017, at 1600 S. 2n St., Mount Vernon, Wash.

MEMBERS PRESENT:

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

ALSO PRESENT:

NWCAA staff members	Mark Buford, Alicia Huschka, Toby Mahar, Agata McIntyre, Seth Preston, and Laurie Caskey-Schreiber
Legal counsel	Loch Clark

CALL TO ORDER

Board of Directors Vice Chairman Joe Lindquist called the meeting to order at 1:30 p.m.

ACTION ITEMS

NWCAA Executive Director Mark Buford asked Board members to adjust the agenda to first address the Member-At-Large position, before the group proceeds with other agency business. Board members agreed to this change.

Buford informed the Board that Terry Nyman's position as Member-At-Large expired on Dec. 31, 2013. Due to an oversight, the Board neglected to vote on his continuation for an additional four-year term. Heinrich made a motion and Richard Hannold seconded that Nyman be elected retroactively to complete the four-year term he is currently serving. This term will be effective Jan. 1, 2014 – Dec. 31, 2017. Buford added that agency staff will ensure that his term, which will be up for renewal in December of 2017, is addressed no later than the December meeting. Board members voted 7-0 in favor of Nyman's reappointment.

Resolution 545 – Ratifying Acts of the Board of Directors

Buford explained that Resolution 545 simply ratifies the Board actions that were taken during Nyman’s lapsed term. Heinrich moved approval of Resolution 545, and Jim Campbell seconded the motion. Board members approved the motion 7-0.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On a motion by Ron Wesen, seconded by Brian Heinrich, the minutes for the Dec. 8, 2016, meeting were approved 7-0.

NEW BUSINESS**ELECTION OF BOARD OFFICERS**

Lindquist opened the floor for the annual Board elections. Buford explained that traditionally the Vice Chair moves to Chair, and the three counties rotate to the Vice Chair position.

Hannold made a motion to nominate Joe Lindquist for Chairman of the Board, seconded by Campbell. The motion passed 7-0. Hannold made a motion to nominate Brian Heinrich for Vice Chairman of the Board, seconded by Wesen. The motion passed 7-0. Hannold made a motion to nominate Terry Nyman for Board Secretary, seconded by Wesen. The motion passed 7-0.

Newly elected Chairman Lindquist appointed the following Board members to the Finance Committee:

<i>Finance Committee</i>		
Chair	Jim Campbell	City of Oak Harbor
Member	Carl Weimer	Whatcom County
Member	Terry Nyman	Member-At-Large
<i>Employer/Employee Relations Committee</i>	All positions are ex officio	
Chair	Joe Lindquist	City of Mount Vernon
Vice Chair	Brian Heinrich	City of Bellingham
Finance Chair	Jim Campbell	City of Oak Harbor

PRESENTATION**Fiscal Year 2017 second quarter financial report (July 1 – Dec. 31, 2016) – Alicia Huschka**

NWCAA Chief Financial Officer Alicia Huschka reported that the Agency recently underwent a two-year audit by the Washington State Auditor’s Office. The auditors reviewed the Agency’s FY 2015 and FY 2016 annual financial reports, accountability report, and review of AOP financial transactions.

Huschka reported that NWCAA received a clean audit. The State Auditors should have notified all Board Members via email of the audit results. Two Board members, Campbell and Wesen, were able to attend the recent exit conference.

Huschka reviewed actual financial results compared to the annual budget for fiscal year 2017 for the Operating Fund for the six-month period ending Dec. 31, 2016.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$3,572,764	\$4,012,139	89%
Expenses	\$2,066,574	\$4,457,857	46%

Huschka identified the following revenue and expense highlights:

- Air operating permit revenues are \$2,697,217 through December 31, 2016, which is 99 percent of the annual budgeted amount.
- Registration fees budgeted at \$545,000 will be invoiced in February 2017.
- Penalty revenues are \$452,013, which exceeds the budgeted amount of \$85,000. The agency has not changed any policies. Two penalties account for most of the revenue: the Tesoro global settlement and the penalty for the February 20, 2015, Shell odor event. Earlier in the year, the agency transferred the \$250,000 Tesoro global settlement revenue to other sources (\$150,000 to replenish the legal reserve fund and \$100,000 to support the Columbia Valley wood smoke reduction program). The remainder of the collected penalties total about \$70,000.
- Insurance expenses are at 94 percent of the annual budgeted amount, mainly due to the agency paying all of these related expenses at once for the year.
- Capital expenses for monitoring equipment included in the budget are for enhanced monitoring equipment. Buford added that agency staff intend to renovate the Custer monitoring station, so the amount budgeted will be expended by the end of FY 2017.

Huschka stated that the fiscal year 2017 budget is on track, and the agency is where it should be compared to the budget for the second quarter.

Huschka reviewed the agency's consolidated balance sheet as of Dec. 31, 2016:

	Operating Fund	Cumulative Reserve Fund	Capital Replacement Fund	Supplemental Environmental Fund	Personnel Costs Reserve Fund	Legal Reserve Fund	Total
Assets	\$2,799,892	\$431,808	\$181,876	\$2,104,185	\$263,146	\$250,613	\$6,031,520
Liabilities	275,311	0	0	42,464	0		317,775
Fund Balance	2,524,581	431,808	181,876	2,061,721	263,146	250,613	5,713,745
Liabilities and Fund Balance	\$2,799,892	\$431,808	\$181,876	\$2,104,185	\$263,146	\$250,613	\$6,031,520

Huschka gave a brief update on the Greenhouse Gas mitigation projects, which are paid for from the Supplemental Environmental Fund:

Recipient	Project Description	Award Amount	FY 2017 expenses to date	Cumulative Project Expenses	Project Budget Balance
Opportunity Council	Community Energy Challenge	\$ 2,700,000	\$ 235,278	\$1,876,162	\$ 823,838
Washington State University	Farm energy audits	\$ 241,681	\$ 20,457	\$ 228,566	\$ 13,115
City of Bellingham	Hydro-electric project	\$ 760,000	\$ 0	\$ 0	\$ 760,000
Sustainable Connections	Energy Prize, Nat'l. Leadership	\$ 150,000	\$ 31,245	\$ 97,827	\$ 52,173
Whatcom Council of Govt.	Smart Trips	\$ 95,000	\$ 0	\$ 0	\$ 95,000
NWCAA Administration	Legal services, contract management, admin. overhead	\$ 676,726	\$ 28,285	\$ 450,873	\$ 225,853
Totals		\$4,623,407	\$ 315,265	\$2,653,428	\$1,969,979

ACTION ITEMS

Buford and Huschka explained that the following four resolutions are considered housekeeping matters. Because the Agency has a new Director and Chief Financial Officer, it was necessary to revise our list of authorized signers for our bank accounts and for our account with Skagit County.

Resolution 546 – Authorize Signers on US Bank Accounts

Heinrich made a motion to approve Resolution 546, seconded by Carl Weimer, and motion was approved 7-0.

Resolution 547 – Appoint Investment Officers for Skagit County Treasurer's Office

Heinrich made a motion to approve Resolution 547, seconded by Carl Weimer, and motion was approved 7-0.

Resolution 548 – Authorize Signers for Credit Card Account with Key Bank

Nyman made a motion to approve Resolution 548, seconded by Hannold, and motion was approved 7-0.

Resolution 549 – Authorize Staff for Skagit County Auditor's Office Transactions

Hannold made a motion to approve Resolution 549, seconded by Heinrich, and motion was approved 7-0.

Resolution 550 – Authorize amending the FY 2017 Operating Budget

Buford explained that the purpose of this resolution is to amend the budget to transfer \$45,900 from the Reserve Fund to the FY 2017 Operating Fund budget for Columbia Valley wood smoke reduction expenses. Estimated expenses for this program are exceeding the amount that was budgeted, so as previously approved by the Advisory Council and Board, we are requesting this transfer of funds.

Wesen made a motion to approve Resolution 550, and he asked that at some point the Board receive an update regarding the progress of this program. Buford agreed and noted

that staff will give a presentation on the program to the Advisory Council and the Board. Heinrich seconded the motion and board members approved the motion 7-0.

Bills and claims

Board members discussed the bills and claims reports for December 2016 (totaling \$396,696.40) and for January 2017 (totaling \$462,669.38). Hannold made a motion to approve the December 2016 and January 2017 bills and claims. Nyman seconded the motion, and the Board approved the bills and claims 7-0.

STAFF REPORTS

Executive Director's report – Mark Buford

Buford reported to the Board on the following matters:

- Buford welcomed the new Chief Financial Officer Alicia Huschka to her first NWCAA Board meeting. The Agency recruited and hired Huschka from the City of Mount Vernon, where she served as the City's Finance Director. Huschka will serve on the management team for the Agency. Buford is very pleased with the composition of people on the management team (other members are Seth Preston, Agata McIntyre, and Toby Mahar) and the work that they are accomplishing.
- Buford has been following some of the proposals/bills that are currently being considered by the State legislature. There is one particular bill that is a bit disconcerting, as it puts restrictions on Air Agencies' ability to call burn bans when temperatures fall below 32 degrees. Buford feels the bill isn't necessary because the Agency already grants exemptions in our rules for low-income households, and for homes where wood burning is their only source of heat. Air quality problems frequently occur during cold weather. He intends to follow this bill, and submit comments if needed.
- Buford has been meeting with staff from the offices of Congressman Rick Larsen and Congresswoman Suzan DelBene's office. During the meetings, he has advocated for funding if Congress decides to shift EPA's responsibilities to states and local air agencies.
- The monitoring station at Custer is in need of some repair. The plan to relocate the Bellingham air monitoring station will be put on hold until the next fiscal year, so that we can address the immediate problems with the Custer trailer. Due to water damage, the Agency will have to replace this trailer sooner than planned.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the December 2016 and January 2017 construction permit (new source review) activity.

In December the agency received five applications for construction permits and issued five construction permits.

In January the agency received five applications and issued two construction permits.

McIntyre shared news about one of the Agency's Air Operating Permit (AOP) sources that recently closed its doors. The Fibrex Corporation in Burlington manufactured fiberglass products such as large fiberglass pipes. Product demand had been down in recent years and

in December 2016 Fibrex informed the Agency that they have decided to permanently close the facility. This brings the number of AOP sources down to 24.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on December 2016 and January 2017 enforcement and provided the following highlights of additional compliance staff activities.

- The agency is conducting a hybrid approach to step up smoking chimney awareness in Columbia Valley. The inspectors have spent four days during poor air quality in the neighborhoods observing high opacity smoke and issuing "warning" letters.

Agency staff has sent out more than 100 first warning letters and about 15 second warning letters. The letters are aimed at bringing attention to smoking chimneys, educating people about better burning habits, and connecting them with opportunities to participate in the woodstove change-out program. Some of those contacted have called back to the agency for more information.

During this burning season, the agency is issuing warnings to residents and property owners if we see possible violations of the opacity standards and providing solutions through the assistance programs. Next burning season, formal enforcement actions and calling of burn bans are likely the next step to attempt correct impaired air quality in the area.

- The agency gas station program has identified and successfully corrected compliance issues (through informal enforcement) at 76% of facilities that require testing to assure equipment is preventing leaks of volatile organic compounds and toxic air pollutants. To date, these problems have been corrected without formal enforcement actions. Currently, in our jurisdiction, only two stations have repairs that are still needed.
- Inspectors registered an additional 76 sources over the past year.
- The asbestos program has had a busy start to the year with issuing over 60 notification permits within the first month of the year.

BOARD MEETING SCHEDULE

The Board agreed to continue meeting on the second Thursday for each month in 2017, with the exception of January and July.


ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:26 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 Feb. 9, 2017, in Mount Vernon, Washington.

ATTEST: _____
Terry Nyman, Secretary
NWCAA Board of Directors



Joe Lindquist, Chair
NWCAA Board of Directors

DATED: March 9, 2017