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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 10, 2018, at 1600 S. 2nd St., Mount Vernon, Wash.

### **MEMBERS PRESENT:**

Skagit County	Joe Lindquist Ron Wesen
Island County	Richard Hannold
Whatcom County	Brian Heinrich
Member-at-Large	Terry Nyman

### **ABSENT:**

Bob Severns  
Satpal Sidhu

### **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 Chairman Brian Heinrich called the meeting to order at 1:31 p.m.

### **APPROVAL OF PRIOR BOARD MEETING MINUTES**

On a motion by Rick Hannold, seconded by Joe Lindquist, the minutes for the April 12, 2018 meeting were approved 4-0. (Terry Nyman abstained from the vote)

**NEW BUSINESS****Fiscal year 2018 third quarter financial report (through March 31, 2018) – Alicia Huschka**

NWCAA Chief Financial Officer Alicia Huschka reviewed actual financial results compared to the annual budget for fiscal year 2018 for the Operating Fund for the nine-month period ending March 31, 2018.

	<b>Year-to-date</b>	<b>Annual Budget</b>	<b>% of Annual Budget</b>
<b>Revenues</b>	\$3,988,938	\$4,273,615	93%
<b>Expenses</b>	\$2,997,375	\$4,423,262	68%

Huschka stated that the revenues are tracking as anticipated, noting the cyclical nature of when certain revenues are billed during the year.

Huschka reported on the Greenhouse Gas Reduction projects and funds that have been used since inception to March 31, 2018:

<b>Recipient</b>	<b>Award Amount</b>	<b>Spent at 3/31/18</b>	<b>Notes</b>
Opportunity Council	\$ 2,708,669	\$2,563,365 95%	Agreement term: June 2015-Dec 2018
Whatcom Smart Trips	\$ 95,000	\$60,500 64%	3-year contract, ends June 2019
City of Bellingham	\$ 760,000	0%	Agreement executed April 2018, 3-year contract
Opportunity Council / Sustainable Connections	\$ 141,331	\$141,331 100%	<b>Completed Dec. 31, 2016</b>
Washington State University (WSU)	\$ 241,659	\$241,659 100%	<b>Completed Dec. 31, 2016</b>
Administration	\$ 676,726	\$531,561 79%	Personnel administration & Legal
<b>Totals</b>	<b>\$4,623,407</b>	<b>\$3,538,416</b> <b>77%</b>	<b>Budget balance: \$1.085M</b>

**Fiscal year 2019 proposed budget – Alicia Huschka**

Agency budget calendar:

- January - February – Internal budget development
- March 1 – Review draft budget with Advisory Council
- April 12 – Review proposed budget with Finance Committee
- May 10 – Presentation of proposed budget to Board of Directors
- June 14 – Adoption of budget by Board of Directors
- July 1 – New fiscal year begins

**Proposed Budget Overview:**

Incorporation of strategic plan elements and support of the following actions:

- Maintain timely compliance and permitting actions for Air Operating Permit program.
- Address compliance problems within spray coating and gasoline dispensing industry sectors in order to eliminate excess emissions.
- Streamline NWCAA permitting regulations to expedite permitting and focus efforts on areas where we can provide significant air quality benefits.
- Maintain timely compliance and permitting actions for the Air Operating Permit (AOP) program including full compliance evaluations, permit renewals, and completion of new permits.
- Reduce the period between inspections at registered sources in order to support continuous compliance and minimization of air emissions.
- Reduce the number of unregistered businesses to support a level playing field.
- Improve oversight of renovation and demolition projects within the jurisdiction to prevent releases of asbestos.
- Continue work with Columbia Valley to reduce wood smoke pollution
- Administer greenhouse gas mitigation projects
- Maintain adequate budget reserves

Huschka and NWCAA Executive Director Mark Buford, then presented the proposed fiscal year 2019 budget, highlighting the following items:

**Revenues** – Fiscal year 2019 total proposed revenues of \$4,090,962

- Air Operating Permit program revenue before prior year adjustment of \$2,945,347, a modest increase of 1.6% over FY 2018 before prior year adjustment
- Registered Source program fees of \$627,000
- New Source Review fees \$100,000
- Per capita fee income of \$148,117 is budgeted at the same \$0.35 cents per capita rate established in 1989
- Penalty revenue budgeted at \$85,000

**Expenses** – Fiscal year 2019 total proposed expenses of \$4,350,902

- Personnel costs for 22.2 FTEs, include:
  - One new full-time position, a Compliance Inspector 1
    - Focus on asbestos and registered source work; supported by additional program revenues
  - 3.1% cost-of-living adjustment, based on December 2017 annual average Consumer Price Index for the Seattle/Tacoma/Bremerton area
  - Full staffing in fiscal year 2019 (was 20.6 FTE for FY18)
- Database support .6 FTE offset by decrease to professional services budget
- Capital Outlay
  - Scheduled equipment replacements \$55,000
  - New inspector vehicle \$25,000
  - Renovations of restrooms \$50,000
- Maintenance of Fire Warden program \$50,000

<b>Fund balance and reserves – Fiscal year 2019 estimated Ending Operating Fund and Reserve Funds' balance:</b>
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• Operating Ending Fund Balance	\$ 965,000
• Cumulative Reserve	650,000
• Personnel Cost Reserve Fund	268,000
• Capital Replacement Reserve	185,000
• Legal Reserve	<u>182,000</u>
• Total Operating Fund balance and Reserves	<b>\$2,250,000</b>

Board members did not suggest any changes to the proposed fiscal year 2019 budget. Resolutions to adopt the fiscal year 2019 budget will be presented to the Board at the June 14 meeting for adoption.

### **ACTION ITEMS**

#### **Bills and claims**

Board members discussed the bills and claims reports for April 2018 (totaling \$405,937.95). Lindquist made a motion to approve the April 2018 bills and claims. Hannold seconded the motion, and the Board approved the bills and claims 5-0.

### **STAFF REPORTS**

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

Buford reported to the Board on the following matters:

- Buford asked the NWCAA Board of Directors if they were interested in changing the scheduled August 9, 2018, Board meeting into a joint meeting with the NWCAA Advisory Council and to dedicate a good portion of this meeting to having a guest speaker discuss the Clean Air Act with the group. Buford explained that Bill Becker, the recently retired Executive Director of the National Association of Clean Air Agencies, would be in the area and it would be a wonderful experience to listen to his expertise regarding policies and issues pertaining to the Clean Air Act.

Board members fully supported hosting a joint meeting, with Mr. Becker as the guest speaker. Buford mentioned that the Agency is hoping to secure the Padilla Bay Training Center for this event.

- The Agency is intending to start a project to better manage its public records.
- NWCAA recently received a letter from the U.S. Environmental Protection Agency (EPA) Inspector General, informing the Agency that they will be reviewing the process that Clean Air Agencies use to review source tests. NWCAA may be involved in the assessment process.
- Buford and Advisory Council member and Island County Environmental Health Director Jill Wood have been working with local / state health department staff and Directors from the clean air agencies to draft a response plan for addressing potential wildfire smoke problems that are likely to occur this summer.
- King County recently filed a lawsuit against BP, Chevron, Exxon Mobil, Royal Dutch, and Conoco Phillips to require the companies to fund the costs of their government

having to adapt their infrastructure (stormwater management), salmon recovery efforts, and well as addressing public health issues, as a result of Climate changes. Jurisdictions in California, New York and Colorado have filed similar lawsuits.

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

NWCAA Engineering Manager Agata McIntyre reported on the April 2018 construction permit (new source review) activity. In April the agency received seven applications for construction permits and issued six construction permits.

McIntyre noted that NWCAA issued a permit to Darigold in Lynden to operate a temporary boiler while maintenance is performed on their regular boiler. Darigold produces about 65 tons of dried milk per year, and it is important that they be able to operate their drying process continuously. The boiler is needed to achieve this.

McIntyre also noted that the Shell Puget Sound Refinery has been working on updating/clarifying their construction permit requirements in preparation for an AOP renewal. Four of the construction permits that NWCAA received in April were from the Shell refinery and pertained to this.

**Enforcement update – Toby Mahar**

NWCAA Compliance Manager Toby Mahar reported on enforcement issues that occurred in April. Mahar noted that the Notice of Violation (NOV) 4275 is related to the BP refinery releasing approximately 45 tons excess SO2 emissions from the low pressure flare as a result of fuel gas exceeding the capacity of the flare gas recovery system over a 47-hour period. The BP facility is working on a long-term capital improvement to resolve this issue.

Mahar reported that the compliance team issued four penalties related to illegal demolition of structures.

**Executive session**

Board members agreed to enter into Executive Session at 2:25 p.m. to discuss potential litigation, and the session was expected to last 30 minutes.

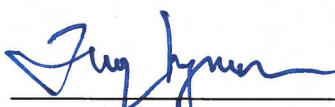
Board of Directors reconvened the meeting at 2:55 p.m. No action was taken during or following the executive session.

**ADJOURNMENT**

There being no further business to consider, the meeting adjourned at 2:59 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 10, 2018, in Mount Vernon, Washington.

ATTEST:   
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Terry Nyman, Secretary  
NWCAA Board of Directors

  
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Brian Heinrich, Chair  
NWCAA Board of Directors

DATED: June 14, 2018