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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 9, 2019, at 1600 S. 2nd St., Mount Vernon, Washington.

MEMBERS PRESENT:

Skagit County	Mary Hudson Ron Wesen
Island County	Bob Severns Janet St. Clair
Whatcom County	Brian Heinrich Satpal Sidhu
Member-at-Large	Terry Nyman

ALSO PRESENT:

NWCAA staff members	Mark Buford, Alicia Huschka, Toby Mahar, Agata McIntyre, Julie O'Shaughnessy, Seth Preston, and Laurie Caskey-Schreiber
Legal counsel	Simi Jain

CALL TO ORDER

Board of Directors Chairman Ron Wesen called the meeting to order at 1:31 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On a motion by Mary Hudson, seconded by Bob Severns, the minutes for the April 11, 2019 meeting were approved 6-0. (Terry Nyman abstained from the vote.)

PRESENTATION

Mark Schofield, Manager of the Opportunity Council's Community Energy Challenge program, and Derek Long, Director, and Rose Lathrop Program Director for Sustainable Connections, gave a report of the effectiveness of their programs to promote energy efficiency in the three-county area of NWCAA's jurisdiction. Both organizations operate by assisting residential or commercial owners with energy audits, guidance, and incentives to implement retrofits to encourage energy efficiency.

The work that has been completed so far has resulted in an estimated annual reduction of 6,486 metric tons of Carbon Dioxide per year or the equivalent of removing 1,377 car emissions per year. The group would like to continue their work at helping residents and business owners to become more energy efficient, so they are seeking additional funding from the NWCAA Greenhouse Gas mitigation fund.

NEW BUSINESS

Fiscal year 2019 third quarter financial report (through March 31, 2019) – Alicia Huschka

NWCAA Chief Financial Officer Alicia Huschka reviewed actual financial results compared to the annual budget for fiscal year 2019 for the Operating Fund for the nine-month period ending March 31, 2019.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$4,145,684	\$4,365,961	95%
Expenses	\$3,095,707	\$4,721,769	66%

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, 2019:

Recipient	Award Amount	Spent at 3/31/18	Notes
Opportunity Council	\$ 2,708,669	\$2,700,000 97%	Agreement term: June 2015-Dec 2018
Whatcom Smart Trips	\$ 95,000	\$95,000 100%	3-year contract, ends June 2019
City of Bellingham	\$ 760,000	421,453 56%	Agreement executed April 2018, 3-year contract
Opportunity Council / Sustainable Connections	\$ 141,331	\$141,331 100%	Completed Dec. 31, 2016
Washington State University (WSU)	\$ 241,659	\$241,659 100%	Completed Dec. 31, 2016
Administration	\$ 676,726	\$553,596 82%	Personnel administration & Legal
Totals	\$4,623,407	\$4,153,038 90%	Budget balance: \$470,000

Fiscal year 2020 proposed budget – Alicia Huschka

Agency budget calendar:

- January-February – Internal budget development
- March 21 – Review draft budget with Advisory Council
- April 11 – Review proposed budget with Finance Committee
- May 9 – Presentation of proposed budget to Board of Directors
- June 13 – 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.
- Initiate a digital records management modernization project, utilizing a new enterprise content management software system (Laserfiche).
- Complete the 3-year transition to the registered fee structure approved by the Board in December 2017.
- Continue to locate unregistered businesses and bring them into the registered source program.
- Continue work with Columbia Valley on a long-term strategy to reduce wood smoke pollution.
- Complete greenhouse gas mitigation projects approved by the Board.
- Maintain adequate budget reserves.

Huschka and NWCAA Executive Director Mark Buford then presented the proposed fiscal year 2020 budget, highlighting the following items:

Revenues – Fiscal year 2020 total proposed revenues of \$4,298,972

- Air Operating Permit program revenue before prior year adjustment is \$3,004,817, a modest increase of 2% over FY 2019 before prior year adjustment
- Registered Source program fees of \$655,000
- New Source Review fees \$100,000
- Per capita fee income of \$150,756 is budgeted at the same \$0.35 cents per capita rate established in 1989
- Penalty revenue budgeted at \$85,000

Expenses – Fiscal year 2020 total proposed expenses of \$4,521,953

- Personnel costs for 22.2 FTEs, include:
 - 3.2% cost-of-living adjustment, based on December 2018 annual average Consumer Price Index for the Seattle/Tacoma/Bellevue area
- Capital Outlay
 - Scheduled equipment replacements \$55,000
 - \$26,000 for the purchase of a hand-held asbestos screening analyzer
 - New inspector vehicle \$25,000
 - Renovations of restrooms \$50,000
- Maintenance of Fire Warden program \$50,000

Fund balance and reserves – Fiscal year 2020 estimated Ending Operating Fund and Reserve Funds' balance:

• Operating Ending Fund Balance	\$ 990,000
• Cumulative Reserve	592,000
• Personnel Cost Reserve Fund	280,000
• Capital Replacement Reserve	193,000
• Legal Reserve	<u>189,000</u>
• Total Operating Fund Balance and Reserves	\$2,244,000

Board members did not suggest any changes to the proposed fiscal year 2020 budget. Resolutions to adopt the fiscal year 2020 budget will be presented to the Board at the June 13 meeting for adoption.

Joint Board and Advisory Council meeting -

Buford announced that the Joint Board and Advisory Council meeting that was planned for August, will have to be postponed until November 14, 2019. This meeting will focus on starting the process to update the Agency's strategic plan. It will also be a regular board meeting and then transition to a work session with a facilitator guiding the work.

ACTION ITEMS

Appointment of John Wolpers to the Advisory Council

Buford explained that the Advisory Council currently has staff representation from the Island and Skagit county health departments. The Agency now has an opportunity to add someone from the Whatcom County Health department. John Wolpers, is the Environmental Health Manager for Whatcom County, and he is interested in serving on NWCAA's Advisory Council. Severns made a motion to appoint Wolpers to the Advisory Council, seconded by Brian Heinrich. Board members approved the motion 7-0.

Bills and claims

Board members discussed the bills and claims reports for April 2019 (totaling \$390,323.68). Heinrich made a motion to approve the April 2019 bills and claims. Hudson 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:

- The Agency recently underwent a two-year audit by the Washington State Auditor's Office. The auditors reviewed the Agency's Fiscal Year (FY) 2017 and FY 2018 annual financial reports, accountability report, and review of AOP financial transactions.

Buford reported that NWCAA received a clean audit. Three Board members (Hudson, Nyman, and Wesen) attended the exit conference.

- The Legislative Bill that allows for limited burning in Urban Growth Areas, is now on the Governor's Desk for signature. Buford and others – while understanding the use of burning as a tool to address wildfires – are concerned about potential smoke problems that may arise with outdoor burning in these areas of high-density

housing. Buford, along with other Air Managers, will be meeting with the Washington State Department of Natural Resources' staff on May 22 to gain a better understanding about issues resulting from this new piece of legislation.

- The Department of Ecology has started implementing their communication plan regarding the Alcoa Intalco Aluminum smelter at Cherry Point and their high emissions levels of Sulfur Dioxide (SO₂). Letters were distributed to elected officials, school districts, and various other stakeholders in the area. Ecology will also be taking public comment on their shared agreement with Intalco. This agreement calls for Intalco to install a scrubber to address some of their excess SO₂ emissions.
- NWCAA's portable monitor is up and running at the Ferndale Eagleridge Elementary School and the Horizon Middle School. The Agency's webcam is also online on NWCAA's website with live shot of Mount Baker.
- Buford, along with Agency staff members Lyn Tober and Laurie Caskey-Schreiber, recently attended the National Association of Clean Air Agencies conference in Kansas City, MO. While there, Buford presented a session on succession planning. The South Coast Clean Air Agency presented information on their pilot program to engage their local communities on the use of inexpensive air quality sensors. Buford hopes that we can all learn from this type of pilot program and scale it to our needs.
- Buford, along with NWCAA staff members Toby Mahar and Agata McIntyre, recently attended a meeting with the Western States Petroleum Association staff to discuss the timing of permitting, off-gassing of oil tanker ships, and fence-line monitoring.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the April 2019 construction permit (new source review) activity. In April the agency received three applications for construction permits and issued four construction permits.

McIntyre noted that among the construction applications received was one from Pacific Rim Tonewoods to add a new wood-drying kiln. This business creates specialized wood products that are used to make guitars.

McIntyre also noted that the number of Air Operating Permit (AOP) sources recently dropped down to 23, as Diamond Fiberglass has shuttered their operation in Burlington, and transferred the equipment to their plant in Texas.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on compliance and enforcement issues that occurred in April. Mahar noted that there were 23 odor complaints due to an oil tanker within the Vendovi anchorage that impacted the residents of Samish Island.

Mahar noted that Notice of Violation (NOV) 4321 was issued to Interior Doors & More as a result of failure to obtain proper permits when they moved their operation into a residential area. They have been working with the Agency and have moved their operation into new location and obtained proper permits.

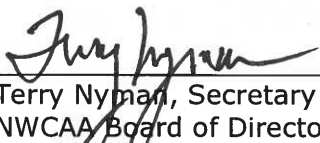
This month the compliance team attended a joint agency task force meeting led by the Washington State Attorney General’s office, along with other environmental and labor regulators in the northwest region of the state. The meetings are designed to establish networks useful to address issues and incidents that cross into multiple agencies jurisdictions and facilitate coordinated investigations and resolutions.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 3:05 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 9, 2019, in Mount Vernon, Washington.

ATTEST: 

Terry Nyman, Secretary
NWCAA Board of Directors

Ron Wesen, Chair
NWCAA Board of Directors

DATED: June 13, 2019

