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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, Feb. 13, 2020, 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	Todd Donovan
Member-At-Large	Terry Nyman

ABSENT: Brian Heinrich

ALSO PRESENT:

NWCAA staff members	Mark Buford, Alicia Huschka, Toby Mahar, Agata McIntyre, Seth Preston, Lyn Tober, and Laurie Caskey-Schreiber
Legal counsel	Svend Brandt-Erichsen
Advisory Council member	Steve Crockett

CALL TO ORDER

Board of Directors Chairman Ron Wesen called the meeting to order at 1:32 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On a motion by Mary Hudson, seconded by Bob Severns, the minutes for the Dec. 12, 2019, meeting were approved 6-0.

NEW BUSINESS

ELECTION OF BOARD OFFICERS

Wesen 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. However, this year the Vice Chair (Sidhu) is no longer on the Board. This provides an opportunity to move an Island County representative up to the Chair position. Buford also mentioned that typically the Board refrains from assigning any committee duties to new Board members for their first year. Board members indicated their support for this direction.

Janet St. Clair made a motion to nominate the following slate of Board positions: Bob Severns for Chair of the Board, Brian Heinrich for Vice Chair, and Terry Nyman for Secretary. Todd Donovan seconded the motion and it passed 6-0.

Chairman Severns appointed the following Board members to the Finance Committee:

Finance Committee		
Chair	Mary Hudson	City of Mount Vernon
Member	Brian Heinrich	City of Bellingham
Member	Janet St. Clair	Island County
Employer/Employee Relations Committee	All positions are ex officio	
Chair	Bob Severns	City of Oak Harbor
Member	Brian Heinrich	City of Bellingham
Member	Mary Hudson	City of Mount Vernon

UPDATE – OUTDOOR BURNING PROGRAM

NWCAA Compliance Manager Toby Mahar briefed board members on the Outdoor Burning Program for the three different counties in the Agency’s jurisdiction.

The Agency enters into agreements with each county as to how the program will be implemented in these areas. The current agreements include:

1. Public education
2. Employee Training
3. Permitting
4. Financial Support and Documentation
5. Complaint Response and Enforcement
6. Program Evaluation
7. Indemnification
8. Termination

Mahar explained that each county implements its own program in differing ways. Overall the programs are designed to address:

- ✓ Permitted burns (size and location). Program is self-funded via fees collected.
- ✓ Illegal burning / prohibited materials. Approximately 10% of NWCAA’s complaints are about illegal outdoor burning. An emerging issue is derelict properties / squatting.
- ✓ Smoke nuisance complaints related to legal burning.

NWCAA allocates \$50,000 per year to support the programs in Island, Skagit, and Whatcom counties. This amount is split according to the population numbers for the unincorporated areas for each county.

For Fiscal Year 2020:

Island County	\$14,235
Skagit County	\$12,741
Whatcom County	\$23,024

Skagit County has determined that their program has a budget shortfall due to a high volume of smoke complaints, and the fire districts are no longer willing to offer assistance in addressing these types of complaints. Skagit County will reduce the hours of enforcement in an attempt to meet the budget limitations, but it is still seeking additional financial support from NWCAA.

NWCAA Executive Director Mark Buford explained that the per capita funds collected by NWCAA in part support the Outdoor Burning Program. The Agency charges a per capita rate of \$0.35, which hasn't changed since 1989 and is the lowest rate in the State among the seven clean air agencies.

Buford added that the Agency can cover the \$42,259 shortfall that Skagit County is experiencing for the Agency's next fiscal year (FY) budget FY 2021; however, if Island and Whatcom counties ask for the same degree of support, the Agency will have to consider increasing the funding source for these programs. Buford expects this issue to be addressed during the upcoming FY 2021 budget process.

RULEMAKING UPDATE

Buford explained that the Agency's rules adopt State and Federal rules by reference. The State and Federal rules are periodically modified. In order for NWCAA to implement the most recent versions of these rules, we must adopt the updates into our own regulations.

Another small revision to the NWCAA rules includes removing definitions from Section 580. In a previous rulemaking, the definitions in NWCAA Section 580 were rolled into NWCAA Section 200. We are proposing in this rule making to delete them entirely from Section 580.

These changes are not controversial and will go through a public comment period, a public hearing will be held, and they will come before the Board on April 9, 2020, for a vote. If they are approved on that date, the changes will take effect on May 10, 2020.

PRESENTATION

Fiscal Year 2020 second quarter financial report (July 1 – Dec. 31, 2019) – Alicia Huschka

NWCAA Chief Financial Officer Alicia Huschka reviewed actual financial results compared to the annual budget for fiscal year 2020 for the Operating Fund for the six-month period ended Dec. 31, 2019.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$3,340,873	\$4,628,972	72%
Expenses	\$2,302,121	\$4,926,670	47%

Huschka identified the following revenue and expense highlights:

- Air operating permit revenues are \$2,876,616 through December 31, 2019, which is 99 percent of the annual budgeted amount.
- Registration fees budgeted at \$655,000 will be invoiced in February 2020.
- The asbestos program continues to be busy and revenues so far are at \$61,234 or 53% of budgeted revenue for the year.
- Government grants are at \$137,573, which is 24% of what was budgeted.
- Per capita fees totaling \$150,756 have been received.
- Penalty revenues are \$51,238, which is less than the budgeted amount of \$85,000. This amount does fluctuate year to year, dependent on a variety of factors.
- Salaries & wages are close to where they should be at 49% of the budget.
- Capital expenses for monitoring and asbestos equipment, and building improvements are at 66% of the budget.

Huschka stated that the fiscal year 2020 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 at Dec. 31, 2019:

	Operating Fund	Cumulative Reserve Fund	Capital Replacement Fund	Supplemental Environmental Fund	Personnel Costs Reserve Fund	Legal Reserve Fund	Total
Assets	\$2,677,294	\$785,113	\$190,834	\$518,667	\$276,599	\$252,827	\$4,701,334
Liabilities	330,625	0	0	0	0	0	330,625
Fund Balance	2,346,669	785,113	190,834	518,667	276,599	252,827	4,370,709
Liabilities and Fund Balance	\$2,677,294	\$785,113	\$190,834	\$518,667	\$276,599	\$252,827	\$4,701,334

Huschka gave a brief update on the Supplemental Environmental Fund, noting that all of the initial Greenhouse Gas (GHG) mitigation projects have been completed, and there is approximately \$501,000 available for new projects.

Huschka reviewed the upcoming budget process with Board members.

Fiscal year 2021 -Agency budget calendar:

- January - March – Internal budget development
- March 26 – Review draft budget with Advisory Council
- April 9 – Review proposed budget with Finance Committee
- May 14 – Presentation of proposed budget to Board of Directors
- June 11 – Adoption of budget by Board of Directors
- July 1 – New fiscal year begins

UNFINISHED BUSINESS

- **Strategic Plan Update**

Buford thanked Board members for participating in the November 14, 2019 Strategic Plan work session. Since that meeting, a small sub-group (Buford, Carl Weimer, Sandy Paris, John Wolpers, Toby Mahar, & Alicia Huschka) met to work on the Strategic Plan. Buford also updated the Advisory Council members at their January 23, 2020 meeting. So far, everyone has been supportive of the direction that the small group is focusing on.

Some topics that the small group has been focused on are:

- ✓ Developing Community awareness about NWCAA and engaging the public.
- ✓ Prioritizing collaboration with other Agencies (e.g., County Health Departments).
- ✓ Addressing needs in air quality monitoring department related to existing mandates and, in addition, wildfires.
- ✓ Continuing the digital transformation for the Agency.
- ✓ Understanding the Agency's role in providing factual information about Climate Change. Provide data where needed. Serve as facilitator while sharing information.

Buford hopes to have a revised draft of the Strategic Plan available before the summer break.

Update on the Greenhouse Gas (GHG) Funding

Buford explained that there is a leftover balance of approximately \$501,000 in the Supplemental Environmental Projects fund. NWCAA received the mitigation money several years ago to fund GHG offset projects. The original projects have been completed. During the last Advisory Council meeting, Buford had asked for recommendations for distributing the remaining funds.

- The Opportunity Council and Sustainable Connections requested \$200,000 to extend the Community Energy Challenge and Advisory Council members expressed their support for this request. Resolution 579 authorizes the Agency to fund this project. Mark Schofield, Manager of Community Energy Challenge-Opportunity Council and Derek Long, Director of Sustainable Connections, were present to answer any questions and to offer their support for this funding request.
- Advisory Council members recommended that NWCAA hold off on funding the \$25,000 that Island County had requested for developing a Greenhouse Gas Emissions (GHG) Inventory. Instead, consider having Island County submit a funding request for an actual improvement project to directly reduce GHG emissions in Island County.

St. Clair championed the Agency funding the study, explaining that it is an integral part for Island County's plan to address Climate Change. Board members indicated their support for funding the Greenhouse Gas Emissions Inventory study, as long as there is a follow-up report on what projects will be completed as a result of the

study. Buford stated he will bring a follow-up funding resolution forward at the March Board meeting.

- Advisory Council members and Board members supported the Agency increasing the number of solar panels on the roof of the NWCAA building. Buford intends to investigate the longevity of the roof, before moving ahead with this project. Buford expects the cost to be around \$125,000 for full roof panel coverage plus any additional roof work needed to extend the life of the roof for 30 years (the life of the solar panels).

ACTION ITEMS

Resolution 579 – Authorizing the Greenhouse Gas Funding contract with the Opportunity Council

Mary Hudson moved to approve Resolution 579, which allows NWCAA to enter into a contract with the Opportunity Council and Sustainable Connections for \$200,000 to be used to further fund the Community Energy Challenge. Donovan seconded the motion, and Resolution 579 was approved, with a 6-0 vote.

Bills and claims

Board members discussed the bills and claims reports for December 2019 (totaling \$361,365.30) and for January 2020 (totaling \$444,916.64). St. Clair made a motion to approve the December 2019 and January 2020 bills and claims. Donovan seconded the motion, and the Board approved the bills and claims 6-0.

STAFF REPORTS

Executive Director's report – Mark Buford

Buford reported to the Board on the following matters:

- Buford and Huschka have been working on the Fiscal Year 2021 budget for NWCAA. They will be presenting it to the Advisory Council in March and to the Finance Committee in April.
- Buford asked members of the Employer / Employee committee (Severns, Heinrich, Hudson) to consider meeting with him in March to discuss and set goals for his annual performance review. The group would then meet with him again in December to review his performance for the year. Board members indicated their support for this direction.
- The Agency is in the midst of a hiring process for two positions that have been held by long-time employees, Axel Franzman and Dan Mahar. Both are set to retire later this year. The Agency hopes to have some overlap in both positions to allow for a period of training for each job. For FY 2021 Budget, Buford hopes to add another technical position to assist with the continual maintenance and repair of the Agency's monitoring equipment.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the December 2019 and January 2020 construction permit (new source review) activity.

During December, the Agency received five applications for construction permits and issued nine construction permits. Among the applications they received was one for Sedron Technologies, formerly called Janicki Bioenergy. Sedron manufactures the Omni Processor, a unit that converts waste from a variety of carbon stocks into energy. They want to install a new baghouse and cyclone on the existing Omni Processor prior to shipping it to Senegal.

In January, the Agency received two construction permit applications and issued five construction permits, including the one for Sedron Technologies.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on December 2019 and January 2020 enforcement and provided the following highlights of additional compliance staff activities.

- NWCAA issued three Notice of Violations (NOVs) and two penalties in December. The violations pertained to failures in following the conditions of their operating permit.
- NWCAA issued two penalties in January. One of the penalties issued was to the Shell Puget Sound Refinery for a failure to maintain a tank in good operating order, which resulted in 15 tons of volatile organic compounds (VOC) being released.
- NWCAA recently issued a series of compliance orders to gas stations to report their emissions.

BOARD MEETING SCHEDULE


The Board agreed to continue meeting on the second Thursday for each month in 2020, with the exception of January and July.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 3:08 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. 13, 2020, in Mount Vernon, Washington.

ATTEST: 
 Terry Nyman, Secretary
 NWCAA Board of Directors


 Bob Severns, Chair
 NWCAA Board of Directors
Byline for

DATED: March 12, 2020