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BOARD MEETING MINUTES

The Board of Directors of the Northwest Clean Air Agency met at 1:30 p.m. Thursday, February 9, 2023, at 1600 South Second Street, Mount Vernon, WA.

MEMBERS PRESENT:

Skagit County	Mary Hudson
Island County	Melanie Bacon Tara Hizon
Whatcom County	Todd Donovan Brian Heinrich
Member-At-Large	Terry Nyman via ZOOM

MEMBERS ABSENT:

Ron Wesen

ALSO PRESENT:

NWCAA staff members	Mark Buford, Alicia Huschka, Toby Mahar, Agata McIntyre, Seth Preston, and Laurie Caskey-Schreiber
Legal counsel	Svend Brandt-Erichsen via ZOOM

CALL TO ORDER

Board of Directors Chairman Mary Hudson called the meeting to order at 1:30 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Tara Hizon, seconded by Brian Heinrich, the minutes for the Dec. 8, 2022, meeting were approved 6-0. (*Terry Nyman approved Todd Donovan to sign the minutes on his behalf.*)

NEW BUSINESS

ELECTION OF BOARD OFFICERS

Hudson 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 due to a new representative from Island County (Commissioner Melanie Bacon is replacing Janet St. Clair) a different rotation was recommended. Buford suggested having Ron Wesen serve as Chair and Todd Donovan as Vice Chair. Board members indicated their support for this direction.

Heinrich made a motion to nominate the following slate of Board positions: Ron Wesen for Chair of the Board, Todd Donovan for Vice Chair, and Terry Nyman for Secretary. Mary Hudson seconded the motion and it passed 6-0.

Vice Chairman Donovan appointed the following Board members to the Finance Committee:

<i>Finance Committee</i>		
Chair	Tara Hizon	Island – City of Oak Harbor
Member	Ron Wesen	Skagit County
Member	Brian Heinrich	Whatcom – City of Bellingham
<i>Employer/Employee Relations Committee</i>	All positions are ex officio	
Chair	Ron Wesen	Skagit County
Member	Todd Donovan	Whatcom County
Member	Tara Hizon	Island – City of Oak Harbor

PRESENTATION

Fiscal Year 2023 second quarter financial report (July 1 – Dec. 31, 2022) – Alicia Huschka

NWCAA Chief Financial Officer Alicia Huschka reviewed actual financial results compared to the annual budget for fiscal year 2023 for the Operating Fund for the six-month period ended Dec. 31, 2022.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$3,676,197	\$5,048,296	73%
Expenses	\$2,357,601	\$5,552,741	42%

Huschka identified the following revenue and expense highlights:

- Air operating permit revenues are \$3,216,341 through December 31, 2022, which is 99 percent of the annual budgeted amount.
- Registration fees budgeted at \$682,000 will be invoiced in February 2023.
- The asbestos program continues to be busy, and revenues so far are at \$52,235 or 50% of budgeted revenue for the year.
- Per capita fees totaling \$221,700 were billed in January 2023.

- Penalty revenues are \$52,242, which is 61% of the budgeted amount of \$85,000. This amount does fluctuate from year to year, dependent on a variety of factors.
- Salaries & wages are close to where they should be at 49% of the budget spent.

Huschka stated that the fiscal year 2023 budget is on track, and the Agency is where it should be compared to the budget for the period ended Dec. 31, 2022.

Huschka reviewed the Agency's consolidated balance sheet as of Dec. 31, 2022:

	Operating Fund	Cumulative Reserve Fund	Capital Replacement Fund	Supplemental Environmental Fund	Personnel Costs Reserve Fund	Legal Reserve Fund	Total
Assets	\$2,813,903	\$629,196	\$194,867	\$419,185	\$282,527	\$253,958	\$4,593,636
Liabilities	286,879	0	0	20,864	0	0	307,743
Fund Balance	2,527,024	629,196	194,867	398,321	282,527	253,958	4,285,893
Liabilities and Fund Balance	\$2,813,903	\$629,196	\$194,867	\$419,185	\$282,527	\$253,958	\$4,593,636

Huschka gave a brief update on the Supplemental Environmental Fund, noting that the current funds are already committed towards the solar panel project and energy saving projects via the Opportunity Council.

The Agency is also expecting \$4.0 million soon from Petrogas for an enforcement resolution settlement, and Huschka recommended that those funds be transferred to the Cumulative Reserve fund with \$250,000 going to the Legal Reserve fund. Board members supported her bringing forward a resolution to amend the budget approving the transfer of funds at the March Board meeting.

Bills and claims

Board members discussed the bills and claims reports for December 2022 (\$424,986.83) and for January 2023 (\$399,261.84). Hudson made a motion to approve the December 2022 and January 2023 bills and claims. Heinrich seconded the motion, and the Board approved the bills and claims 6-0.

STAFF REPORTS

Director's report – Mark Buford

Buford reported to the Board on the following matters:

- The Agency sent out a press release in January about reaching a settlement agreement with the Ferndale Petrogas facility. Several news agencies picked up the story. The 4-million-dollar settlement money should be received by the Agency toward the end of February. With Board approval, these funds will go into the Cumulative Reserve fund with a portion going into the Legal Reserve fund. The Board will decide how these funds are used in the future to improve air quality.

- EPA is proposing to revise the primary (health-based) annual PM_{2.5} ambient standard from its current level of 12.0 µg/m³ to within the range of 9.0 to 10.0 µg/m³. EPA is proposing not to change the current primary and secondary 24-hour PM_{2.5} standards, primary and secondary PM₁₀ standards, and secondary (welfare-based) annual PM_{2.5} standard. The proposal also includes revisions to other key aspects related to the PM NAAQS, including revisions to the Air Quality Index (AQI) and monitoring requirements.

Buford doesn't anticipate any problems in the NWCAA jurisdiction with meeting this new standard for PM_{2.5}. There are several areas in California that seem likely to fall into non-attainment with this new standard for particulate.

- Buford stated that the Advisory Council currently has seven members, and he would like to increase it to around 12. He asked Board members to give some thought as to which types of fields or perspectives NWCAA should be looking for to add to this group. He will bring this topic forward again at the next Board meeting, held in March.
- Agency staff are currently working on the 2024 Fiscal Year Budget. The timeline for our budget process is as follows:
 - A draft budget will be presented to the Advisory Council in March,
 - Presented to the Finance Committee in April,
 - Presented to the full Board in May, then
 - Board votes on adopting the budget in June.
- Buford asked Board members if they were comfortable continuing to allow some members to participate remotely. All supported the current system of offering the ZOOM option as needed.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the December 2022 and January 2023 construction permit (new source review) activity.

- During December, the Agency received four applications for construction permits. No new permits were issued.
- In January, the Agency received two construction permit applications and issued six new construction permits.
- One of the construction permit applications received in December was from Northwest Pipeline for their Sumas gas pipeline compressor station. The project involves replacing six existing, aging, stationary reciprocating engines with a new turbine. This project won't increase pipeline capacity. The new turbine will emit less air pollution than the six engines.
- One of the approvals issued in January was for the Petrogas facility located in Ferndale. This approval took the form of a Regulatory Order to limit facility-wide volatile organic compound (VOC) air emissions from existing operations. This will reduce the amount of VOC they are permitted to emit, within the facility fence line,

to 80 tons per year. This limit will memorialize their standing as a Registered source and not an Air Operating Permit source.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on December 2022 and January 2023 enforcement and provided the following highlights of compliance activities.

- NWCAA issued four Notice of Violations (NOVs) in December, and five penalties. Among the NOV's that were issued was:
 - **Case 4568a** – reissuance of NOV clarifying previously alleged violations regarding flare monitoring records.
- NWCAA continues to work with all the digester facilities to improve the operation of their flare systems.
- Three penalties issued were to Hannegan Properties LLC for nuisance odors related to odors from wastewater operations.
- Complaint numbers were relatively high for December. Contributors included woodstoves (15 were attributed to a single location) and marijuana odors near March's Point.
- NWCAA issued three NOVs in January and reported two Enforcement Resolutions in January. The following cases were highlighted:
 - **Case 4635** – Vicious Autoworks LLC – discontinuation of registration as a result of failure to pay registration fees in a timely manner for the third year in a row.
 - **Case 4636** – Derick Drafts – illegal burning NOV, consisting of a 1970 Chevrolet pickup truck, a boat, and a boat trailer in an excavated pit.
 - **Case 4516a** – Petrogas Ferndale Terminal - \$4,000,000 Agreed Settlement, for failures to obtain required Prevention of Significant Deterioration permits, Title V permits, report emissions and install and operate in accordance with the Notice of Construction applications submitted to NWCAA.
 - **Case 4619** Sierra Pacific – \$3,000 penalty for failure to submit required reports.

BOARD MEETING SCHEDULE

The Board agreed to continue meeting on the second Thursday for each month in 2023, except for January and July.

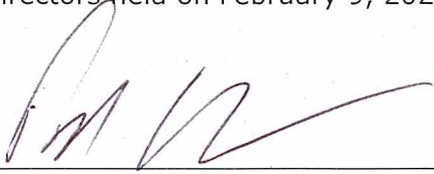
ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:34 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 February 9, 2023, in Mount Vernon, Washington.

ATTEST:



Terry Nyman, Secretary
NWCAA Board of Directors

Todd Donovan
signed for



Ron Wesen, Chair
NWCAA Board of Directors

DATED: March 9, 2023

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