The meeting of the Board of Directors of the Northwest Clean Air Agency was held at 1:30 p.m., Thursday, May 9, 2013, at 1600 South Second Street, Mount Vernon, Washington.

MEMBERS PRESENT:

Skagit County
Ron Wesen
Joe Lindquist

Island County
Jim Campbell

Whatcom County
Carl Weimer
Brian Heinrich for Kelli Linville

Member-At-Large
Terry Nyman

MEMBERS ABSENT:

Kelly Emerson

ALSO PRESENT:

NWCAA Staff Members
Mark Asmundson, Therese Holm, Toby Mahar, Agata McIntyre, Julie O'Shaughnessy, Katie Skipper and Laurie Caskey-Schreiber

Advisory Council
No one present

Legal Counsel
Simi Jain for Loch Clark

CALL TO ORDER

Terry Nyman, Board Secretary, called the meeting to order at 1:34 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Jim Campbell, seconded by Carl Weimer, the minutes of the April 11, 2013 Board meeting were approved, with Ron Wesen and Joe Lindquist absent (Wesen arrived at 1:36 p.m. and Lindquist at 1:37 p.m.).
PRESENTATION

Toby Mahar, the agency’s major source compliance lead, presented an update regarding the agency’s efforts to create reasonable available control technology (RACT) requirements for the refineries within our jurisdiction. This effort is in response to the litigation agreement resulting from the Sierra Club lawsuit.

Mahar stated that the agency will determine RACT for greenhouse gas (GHG) emissions that will apply at the refineries in our jurisdiction. She reported that NWCAA has been meeting with interested stakeholders to gather input about what has been accomplished in the RACT development process thus far, and requested suggestions for additional consideration. She has also worked to gain an understanding from refinery industry specialists as to what technology is available to reduce GHG emissions.

Mahar reminded Board members that this work has been court ordered to be completed by May 2014. She anticipated that the Washington Department of Ecology (Ecology) will begin rulemaking efforts based on our work no later than the fall of 2013.

NEW BUSINESS

FY 2013 Quarterly Financial Report (through March 31, 2013) – Therese Holm

Holm reviewed actual financial results compared to the annual budget for FY 2013 for the Operating Fund for the nine-month period ending March 31, 2013. Year-to-date revenues of $3,812,824 are 101% of the annual revised budget of $3,780,895. Penalty revenues exceed the revised budget, and greenhouse gas mitigation funds were received that were not anticipated in the budget. Year-to-date expenses of $2,694,827 are 69% of the annual budget of $3,881,777. Expenses for personnel, professional services, operations and capital improvements are expected to remain within the annual budget for the year.

FY 2014 Proposed Budget – Therese Holm

Agency Budget Calendar:
- February and March – Internal budget development
- March – Review draft budget with Advisory Council
- April – Review proposed budget with Finance Committee
- May – Presentation of proposed budget to Board of Directors
- June – Adoption of budget by Board of Directors
- July 1 – New fiscal year begins

Holm then presented the proposed FY 2014 budget highlighting the following items:

Revenues – FY 2014 total proposed revenues of $3,770,324
- No fee increase in budget; there may be an inflationary adjustment during the year
- AOP revenue increase of $14,225 over FY 2013
- Ecology grants expected to decrease by 8%
- Penalty revenue will be budgeted at a conservative estimate of $75,000
- Greenhouse Gas mitigation reimbursement of administrative expenses of $158,000
- RACT development reimbursement of $105,000

Expenses- FY 2014 total proposed expenses of $3,715,200
- Personnel costs for 20.4 FTEs, including:
  - A 2.5% cost-of-living adjustment (COLA), based on December 2012 Consumer Price Index for All Urban Consumers (CPI-U annual) for the
Seattle/Tacoma/Bremerton area (approved by the Advisory Council in March and reviewed by the Finance Committee in April)
  • Recommendations of the Personnel Committee concerning compensation of the Executive Director
  • Special litigation expenses of $45,000
  • Maintenance of Fire Warden program budget of $75,000

Budget estimates are still being developed for the following items, which likely will be presented as budget amendments to the FY 2014 budget:
  • Ozone study in Washington state
  • Building improvements to reconfigure workspace

Reserves – Holm reviewed the rationale for allocating existing reserves of $1,622,000 as follows in the FY 2104 budget:
  • Operating Fund Reserve – Cash flow for operations and contingency for unanticipated expenses – 17% of Operating Fund budget (approximately $630,000 for FY2014)
  • Cumulative Reserve – Historical cumulated reserves available for special projects and to replenish other reserve funds as needed – 5% of Operating Fund budget (approximately $543,000 for FY 2014)
  • Personnel Cost Reserve Fund – Funds set aside for the purpose of funding Public Employees’ Retirement System (PERS) pension liability, accrued vacation and sick leave cash outs – 7% of Operating budget (approximately $249,240 for FY 2014)
  • Capital Replacement Reserve – Funds for building maintenance and replacement of agency assets, including vehicles and capital equipment – 5% of Operating budget (approximately $201,200 for FY 2014).

Board members were asked if they had any questions or desired any changes to the proposed budget. There were no changes suggested.

Holm will bring budget resolutions in June to adopt the proposed budget and establish Reserve Account targets.

**ACTION ITEMS**

On motion by Terry Nyman, seconded by Joe Lindquist, the Board approved the Bills and Claims for April, which totaled $292,995.67.

**STAFF REPORTS**

**Director’s Report – Mark Asmundson**

Asmundson reported to the Board on the following matters:

• The agency continues to be very busy with ongoing business.

• Asmundson recently attended the meeting of the National Association of Clean Air Agencies, which was held in St. Louis. He mentioned that it was a very interesting meeting providing insight into the latest priorities of the U.S. Environmental Protection Agency (EPA), as well as advances in the monitoring world that will have important ramifications for ongoing day-to-day operations. Additionally, work by EPA on enforcement reporting is of great consequence to our workload, and the final requirements to be imposed upon us are not yet known.
Asmundson reported that Mark Buford and Toby Mahar held an informational session among interested parties concerning the RACT analysis work NWCAA is performing in response to the Sierra Club lawsuit. Also related to the lawsuit, we have been notified that the oral argument in the appeal will occur July 10, 2013.

The International Airshed group, which consists of EPA, Environment Canada, Ecology, B.C. Ministry of the Environment and NWCAA will be meeting May 9 and 10, 2013, in Bellingham. Asmundson explained that this event is always an informative and valuable exchange of information between all present.

Asmundson reported that the new hydrogen plant at BP has commenced operations and, therefore, the mitigation payment to NWCAA will be due in less than six months. Two of the awardees have indicated a need for execution of a contract prior to receipt of all funding from BP. He is working with them to address their needs while eliminating any risk on the part of the agency. These protections will be included within the contract documents. Asmundson mentioned that he expects to bring separate, limited funding authorization to the Board in June for their consideration.

The new telephone system is working well and is almost fully implemented. One additional training session with the staff will be offered, but these phones are much more intuitive than the old Toshiba system, so he anticipates the additional training to be pretty straight-forward.

Our negotiations with Puget Sound Clean Air Agency and Ecology concerning the ozone study continue. Finding mutually acceptable times to discuss the matters seems to be the only hindrance.

The proposed Gateway Pacific Terminal project has now made national news, and our timing in adding to our outreach and communications capacity was well timed. It appears to be at the center of national debates about coal, export and energy policies, which are just beginning.

Asmundson reported that our Wellness Committee is up and running and he thanked Holm, Bob Uhrich, Toby Mahar and Laurie Caskey-Schreiber for helping to get the program underway. The agency recently had a health fair at the office with the majority of the staff’s participation, we are now offering Pilates classes during lunchtime once a week, and sometime soon we hope to offer video Tai Chi.

Asmundson issued an early reminder that there will be no Board meeting in July.

**New Source Review & Air Operating Permit (AOP) Update – Agata McIntyre**

Agata McIntyre reported that we received six new Notice of Construction (NOC) applications, and the agency issued 18 permits for the month of April 2013.

**MISCELLANEOUS**
Next Meeting

The next regular Board meeting will be held on Thursday, June 13, 2013, at 1:30 p.m.

The next Advisory Council meeting will take place on Thursday, June 27, 2013, at 9:00 a.m., at 1440 10th Street, Bellingham.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 3:00 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, 2013, in Mount Vernon, Washington.

ATTEST:

Terry Nyman, Secretary
NWCAA Board of Directors

Kelly Emerson, Chair
NWCAA Board of Directors

DATED: June 13, 2013