BOARD MEETING MINUTES

The meeting of the Board of Directors of the Northwest Clean Air Agency was held at 1:30 p.m., Thursday, October 10, 2013, at 1600 South Second Street, Mount Vernon, Washington.

MEMBERS PRESENT:

Skagit County                Ron Wesen
                              Joe Lindquist

Island County                Kelly Emerson
                              Jim Campbell

Whatcom County                Carl Weimer
                              Brian Heinrich for Kelli Linville

Member-At-Large              Kelley Moldstad for Terry Nyman

ALSO PRESENT:

NWCAA Staff Members          Mark Asmundson, Mark Buford, Therese Holm, Julie
                              O'Shaughnessy, Katie Skipper and Laurie Caskey-
                              Schreiber

Advisory Council             No one present

Legal Counsel                Simi Jain for Loch Clark

CALL TO ORDER

Kelly Emerson, Board Chair, called the meeting to order at 1:30 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Carl Weimer, seconded by Joe Lindquist, the minutes of the September 12, 2013, Board meeting were approved, with Jim Campbell abstaining from the vote and Ron Wesen absent (Wesen arrived at 1:37 p.m.).

After reviewing the Advisory Council minutes, Kelly Emerson wanted it to be known that she contacted Navy personnel regarding the allegations of fuel dumping, and she was told that this practice has not been done during the last 20 years.
PRESENTATIONS

FY 2013 Year-End Financial Report (7/1/12 – 6/30/13): Therese Holm

Holm presented the FY 2013 year-end financial report:

- Revenues: Operating Fund revenues of $3,830,559 were 101% of the budgeted revenues of $3,780,895.
  - Actual penalty revenues were $254,000 compared to $136,000 revised budget
  - Greenhouse gas mitigation revenue was $317,000 compared to $166,000 budget
  - Reimbursement of RACT requirements development totaled $89,000

- Expenses: Operating Fund expenses of $3,612,798 were 93% of the annual budget of $3,881,777.
  - Personnel costs for 20.5 FTEs of $2.4 million is 97% of budget for personnel
  - AOP program expenses were $115,000 less than budgeted and collected; will be refunded to AOP sources as reduction of FY 2015 fees.
  - Registered Source Program expenses were $40,000 less than fees collected. New Source Review program expenses were $59,000 greater than fees collected.

- FY2013 Net Operating Fund Result: There was a net increase of $242,761 to the Operating Fund for FY 2013, with an ending fund balance of $1,243,707.
  - After accounting for the $115,000 reduction in AOP fees in FY 2015, the increase is primarily due to greater penalty revenue collected than budgeted.

- FY 2013 Ending Operating and Reserve Fund Balances:
  - Operating Fund $1,243,707
  - Cumulative Reserve $306,707
  - Personnel Cost Reserve $241,240
  - Supplemental Environmental Fund $177,862
  - Capital Replacement Reserve $73,623

Total FY 2013 Ending Operating and Reserve Funds $2,043,139

- FY 2014 Beginning Operating and Reserve Fund Balances: The Operating and Reserve Fund balances will be reallocated in accordance with the FY 2014 adopted budget, which results in FY 2014 Beginning Fund balances as follows:
  - Operating Fund $840,707
  - Cumulative Reserve $562,707
  - Personnel Cost Reserve $261,240
  - Capital Replacement Reserve $200,623
  - Supplemental Environmental Fund $177,862

Total FY2014 Beginning Operating and Reserve Funds $2,043,139

NEW BUSINESS

Board members discussed the agency utilizing a new, automatic fee-setting adjustment system, and directed that the proposed resolutions tie fee changes to a rolling three-year
average of the December annual Consumer Price Index-Urban Consumers (CPI-U) for the Seattle-Tacoma-Bremerton area. They emphasized that this approach would allow for reasonable and predictable changes to the agency’s fee schedules. Asmundson explained that Board members would still be able to review the effect of the system at any time, and in particular would have an opportunity to consider the effect of the formula on fees when reviewing and adopting the annual agency budget.

**ACTION ITEMS**

**Resolution 486 – Participating in an Interlocal Agreement with the Association of Washington Cities (AWC)**

Holm explained that the agency’s insurance provider, the Association of Washington Cities (AWC), has switched their health care program to a self-funded model. In support of this change, participants are now required to sign an interlocal agreement and pass a resolution of adoption via their governing body. Completion of these documents will allow the agency to continue to obtain employee medical benefits with the AWC. AWC has indicated there will be no rate increase in the cost of medical benefits in 2014.

Jim Campbell made a motion to approve Resolution 486, seconded by Joe Lindquist, and unanimously approved.

**Bills and Claims**

Joe Lindquist made a motion to approve the September 2013 bills and claims, seconded by Ron Wesen and unanimously approved.

**STAFF REPORTS**

**Director’s Report – Mark Asmundson**

Asmundson reported to the Board on the following matters:

- The ongoing business of the agency continues to be very busy.

- NWCAA recently received a letter from the U.S. Environmental Protection Agency (EPA), sharing the results of the audit that was recently conducted on our Title V program. EPA asked NWCAA to address some very minor issues, and NWCAA intends to generally do so. Asmundson stated that, overall, EPA has high regard for our program.

- The vacancy that was created by Erica Shuhler’s departure has been filled. Asmundson was pleased to report that Jason Bouwman will begin working for NWCAA on November 18. He added that the position is being fine-tuned to better reflect the agency’s overall needs. Jason has been working for Horizon Engineering in Portland, Oregon.

- The agency has entered into an agreement with Island County to manage its outdoor burning program. Everyone seems to be very positive about this new arrangement. The agency is also working out an agreement with Skagit County to manage its outdoor burning program.
• Asmundson reported that we now have a contract with Washington State University for the ozone study, and the work is underway. He said he had reconsidered how this study should be funded. He recommended to Board members that the agency utilize excess penalty revenue that was generated in FY 2013 to fund this project. He noted that a budget amendment will be required to accomplish this. Board members indicated their support for this direction.

• Asmundson also mentioned that the agency recently completed the permit for the expansion and operation of PACCAR’s engine test facility, and Agata McIntyre received a hand-written thank you note for her excellent work on this project. Asmundson added that Agata managed this assignment with the excellence that is becoming our agency trademark.

New Source Review & Air Operating Permit (AOP) Update – Mark Buford

Buford reported that we received four new notice-of-construction (NOC) applications, and the agency issued two permits for September 2013.

Buford gave an update on the recent favorable results of the Splitvane Engineering Pollution Control Hearings Board appeal.

Enforcement Update – Julie O’Shaughnessy

O’Shaughnessy highlighted some of the enforcement activity for September 2013.

MISCELLANEOUS

Asmundson asked Board members if they supported having the Advisory Council provide recommendations for utilizing/distributing the remaining greenhouse gas mitigation funds (approximate balance of $500,000). Board members supported this proposal.

ADJOURNMENT

There being no further business to consider, the meeting adjourned at 2:21 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 October 10, 2013, in Mount Vernon, Washington.

ATTEST:  
Terry Nyman, Secretary  
NWCAA Board of Directors

Kelly Emerson, Chair  
NWCAA Board of Directors

DATED:  November 14, 2013