The meeting of the Board of Directors of the Northwest Clean Air Agency was held at 1:30 p.m., Thursday, November 14, 2013, at 1600 South Second Street, Mount Vernon, Washington.

MEMBERS PRESENT:

Skagit County  Ron Wesen
Island County  Kelly Emerson
Whatcom County  Carl Weimer
Brian Heinrich for Kelli Linville
Member-At-Large  Terry Nyman
Absent: Jim Campbell
Joe Lindquist

ALSO PRESENT:

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

Advisory Council  No one present

Legal Counsel  Loch Clark

CALL TO ORDER

Kelly Emerson, Board Chair, called the meeting to order at 1:31 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Carl Weimer, seconded by Ron Wesen, the minutes of the October 10, 2013, Board meeting were approved, with Terry Nyman abstaining from the vote.
PUBLIC PRESENTATIONS

NWCAA Communications Director Katie Skipper introduced a special delegation representing the Columbia Valley area: East Whatcom Community Council Board members Lou Piotrowski and Phil Cloward, Whatcom County Fire District No. 14 Chief Jerry DeBruin and Opportunity Council Home Improvement Department Director Wade Gardner. The delegation gave a report to the NWCAA Board of Directors about progress to address air pollution issues in the Foothills region of eastern Whatcom County, including Columbia Valley. They, along with others, have been working with NWCAA staff to develop a program to reduce smoke. The group complimented agency staff and thanked the Board for supporting this program. They felt very positive about the direction of the work that is being done to improve the air quality in the Foothills communities.

Gardner spoke about the Opportunity Council’s efforts to upgrade heating systems in the community. He mentioned that this year, with the help of grant funding from NWCAA and the Washington Department of Ecology, the Opportunity Council installed 25 new certified woodstoves and two heat pump systems in low-income homes in the Foothills area. The Opportunity Council also recently received additional funding from NWCAA and Ecology to replace or upgrade 50 more uncertified woodstoves in this area.

Board members thanked the group for attending the meeting and asked them to inform the Board if they needed any additional assistance in the future.

PUBLIC HEARING

Board Chair Kelly Emerson solicited comments from the public regarding the four proposed resolutions addressing changes to the agency’s fees. No public comments were made.

NEW BUSINESS

Finance Director Therese Holm shared a letter with Board members from the Washington State Auditor, which identified a potential change in future audit reports. Holm explained that this letter was addressed to governmental entities that prepare their financial reports to the state on a cash basis, as allowed by the state. Since cash-basis reporting is a departure from generally accepted accounting procedures as defined by national accounting standards, the state may be required to issue an adverse opinion stating that fact. The state will not require that government entities that prepare their statements on a cash basis change their method of reporting to the state. This is matter of information only.

ACTION ITEMS

Resolution 487 – Adopting registered source fee schedule

Asmundson and Holm explained that the proposal incorporates automatic annual changes to the registration fees, based on a rolling three-year average of the Consumer Price Index (CPI). As applied to the 2014 fee schedule, the 2010-12 average CPI equals a 1.8% increase. The precise fee is rounded to the nearest dollar. Asmundson and Holm added that if the change were based on the single prior year CPI change for 2012, the increase would have been 2.5%.
Kelly Emerson asked whether this increase would occur on an annual basis or if it would happen every three years. Asmundson stated that, as proposed, the change would occur every year, absent action by the Board to prevent or modify the change.

Carl Weimer made a motion to adopt Resolution 487, seconded by Brian Heinrich, and the resolution was approved by all.

**Resolution 488 – Adopting new source fee schedule**

Carl Weimer made a motion to adopt Resolution 488, seconded by Brian Heinrich, and all voted in favor of adopting Resolution 488. Resolution 488 adjusts fees for new source review also on a three-year rolling average of the annual CPI, and is effective January 1, 2014.

**Resolution 489 – Adopting fee schedule for the issuance of Orders**

Asmundson added that for this resolution, there would not be an increase in fees until January 1, 2015. The agency recently established fees for Orders, so those fees will remain unchanged for another year.

Terry Nyman made a motion to approve Resolution 489, Brian Heinrich seconded, and this was approved by all.

**Resolution 490 – Adopting modified RACT fee schedule**

Asmundson stated that the fee change for the reasonably available control technology (RACT) program will not take effect until January 1, 2015.

Brian Heinrich made a motion to adopt Resolution 490, seconded by Ron Wesen, and it was unanimously approved.

**Resolution 491 – Offering Social Security coverage to employees**

Asmundson and Holm explained that in 1978-79, NWCAA had seven employees who voted to opt out of the Social Security system (an option which was then, but is no longer available to local governments). As an alternative to the Social Security plan, NWCAA provides a Money Purchase Pension Plan and Trust (MPPPT). The employer contribution to the MPPPT is nearly identical to the required employer contribution to Social Security. The MPPPT plan is currently managed by ICMA-RC.

Current employees have indicated a desire to learn about the implications of opting into Social Security. In order for this to occur, Resolution 491 must be adopted by the Board. Following adoption, the Washington State Department of Retirement Systems (DRS) will provide information to agency employees and explain what it means for employees to opt back into the Social Security retirement system. No change will occur absent a vote by the majority of employees to make such a change. DRS will conduct the election by secret ballot.

Carl Weimer made a motion to approve Resolution 491, seconded by Brian Heinrich, and this resolution was approved by all.
**Bills and Claims**

Ron Wesen made a motion to approve the October 2013 bills and claims, seconded by Terry Nyman and it was unanimously approved.

**PRESENTATIONS**

**FY 2014 first quarter financial report (7/1/13 – 9/30/13): Therese Holm**

Holm presented the FY 2014 first quarter financial report and stated that the agency budget is in good shape through the first quarter. The agency has collected 71% of budgeted revenues and spent 22% of budgeted expenses for the first quarter. Air operating permits, which account for the largest portion of the agency’s revenues, were invoiced in July. Salaries and wages, which account for the largest portion of the agency’s expenses, were where they should be at 25% of budget.

**STAFF REPORTS**

**Director’s report – Mark Asmundson**

Asmundson reported to the Board on the following matters:

- The agency continues to be very busy.
- NWCAAC prevailed in the 9th U.S. Circuit Court of Appeals in our litigation with the Washington Environmental Council and Sierra Club. November 21, 2013, is the deadline for the parties to submit an argument in support of or opposition to the 9th Circuit conducting an en banc review of the decision in this case, which is likely to face ongoing appeals.
- Asmundson was pleased to report that Jason Bouwman will begin working for NWCAAC on November 18.
- An agency-wide staff retreat meeting will be on December 6.
- The leadership team hopes to present the agency strategic plan for adoption by the Board at the December meeting.

**New source review & air operating permit (AOP) update – Mark Buford**

NWCAAC Assistant Director Mark Buford reported that the agency received two new notice-of-construction (NOC) applications, and the agency issued seven permits for October 2013. He said most permits were issued within 17 days after receiving their completed application.

**Enforcement update – Julie O’Shaughnessy**

NWCAAC Director of Compliance Julie O’Shaughnessy highlighted some of the enforcement activity for October 2013.

**ADJOURNMENT**

There being no further business to consider, the meeting adjourned at 2:47 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 November 14, 2013, in Mount Vernon, Washington.

ATTEST:

Terry Nyman, Secretary
NWCAA Board of Directors

Kelly Emerson, Chair
NWCAA Board of Directors

DATED: December 12, 2013