

Southwest Clean Air Agency

Board of Directors Minutes

May 5, 2016

The regular meeting of the Southwest Clean Air Agency Board of Directors was held in the Southwest Clean Air Agency office, Vancouver, Washington on May 5, 2016.

Those present were: Don Jensen, Chair, City of Longview
Bill Schulte, Vice Chair, Director, Lewis County
Bonnie Canaday, Director, City of Centralia
Ben Shumaker, Director, City of Stevenson
Bob Hamlin, Director, Skamania County
Alishia Topper, Director, City of Vancouver
Joe Gardner, Director, Cowlitz County
Ryan Smith, Director, City of Cathlamet
Army Davis, Member at Large

Excused: Blair Brady, Director, Wahkiakum County
Tom Mielke, Director, Clark County

Also Present: Staff: Uri Papish, Executive Director
Paul Mairose, Chief Engineer
Randy Peltier, Operations Manager
Traci Arnold, Office Administrator

Guests: Rachel O'Malley, WA Department of Ecology

Call to Order

Mr. Jensen called the meeting to order. A quorum was confirmed to exist.

Board of Directors Minutes

Mr. Jensen asked for consideration of the April 7, 2016 minutes. Ms. Topper moved and Mr. Hamlin seconded that the minutes for the April 7, 2016 Board meeting be approved. Motion passed.

Changes to Agenda

None.

Info Items & Public Comment

None.

May 5, 2016

Consent Agenda

Mr. Jensen asked for approval of the Consent Agenda including voucher numbers 378 through 416, 418, 420 through 429 and 431 through 435, in the amount of \$18,612.81 which have been approved for payment by the Executive Director, voucher numbers 417, 419 and 430 in the amount of \$21,751.39, March 2016 Salaries in the amount of \$87,733.37, and March 2016 Benefits in the amount of \$36,528.33, and the March 2016 Activity Report. Mr. Hamlin moved and Ms. Canaday seconded approval of the Consent Agenda. Motion passed.

Public Hearing

None.

Unfinished Business/New Business

Mr. Jensen opened discussion on the adoption of the proposed Fiscal Year 2016/2017 budget and recognized Mr. Papish. Mr. Papish said the Southwest Clean Air Agency (SWCAA) is required by the Washington Clean Air Act (RCW 70.94.092) to utilize a budget year of July 1st through June 30th. This statute also specifies that SWCAA must have its budget adopted by the Board of Directors by the fourth Monday in June of each year.

The proposed Fiscal Year 2016/2017 budget of \$2,083,354 is a \$116,674 increase (i.e., 5.9%) over the Fiscal Year 2015/2016 budget. This net increase in budget revenues is primarily due to the following: (1) an increase of \$56,000 for the newly awarded Wood Stove Replacement Grant; (2) an increase of \$43,415 in the amount to be drawn from agency reserves to balance the budget; (3) an increase of \$34,083 in unspent Non-AOP funds carried forward from FY 2015/2016 into FY 2016/2017; (4) a net increase of \$14,427 in local fees for per capita, new source review, registration, burn permits and EFSEC due to growth and/or increased activity in these areas; (5) an increase of \$4,397 in civil penalties collected due to an increase in the incidence of more significant violations by larger sources; (6) an increase of \$3,175 in interest income due to slightly increased interest rates, and; (7) an increase of \$1,271 in the State Grant due to the new allocation formula for distributing funds to the seven local air agencies in the state. These increases in revenue are partially offset by budgeted revenue decreases as follows: (1) a decrease of \$25,789 in AOP income due to one less source in the program in FY 2016/2017; (2) a decrease of \$11,305 from the Federal 105 Base Grant due to the beginning of the reallocation of funds to other states with higher population and nonattainment issues, and (3) a decrease of \$2,999 in asbestos fees due to decreased renovation/demolition activity.

On the expense side, budget increases of significance over FY 2015/2016 levels were deemed necessary in the following expense categories: (1) increases in staff costs including \$27,642 for CPI and merit increases for 14 FTE, and \$24,824 for the vacation/sick balance payout for the retiring Operations Manager; (2) increases in benefit costs including \$46,475 to accommodate a projected 10.0% cost increase for health insurance and health plan enrollment changes by staff, and \$11,034 for PERS and Social Security/Medicare costs associated with salary increases; (3) a net increase of \$22,664 in the consultant/pass through budget to facilitate the woodstove replacement costs, and; (4) an increase of \$1,810 in the office lease budget to accommodate the contracted lease cost increase.

These increased expenses are partially offset by budgeted cost decreases as follows: (1) a decrease of \$10,000 in the Consultant-legal category; (2) a decrease of \$8,200 in the Depreciable Equipment budget; (3) a decrease of \$7,000 in the Consultant-Records Management category; (4) a decrease of \$2,336 for Department of Ecology AOP oversight, and; (5) elimination of the \$1,650 budgeted in FY 2015/2016 for an off-site storage unit. Where possible, the remaining expense categories were unchanged or changed only marginally to help achieve a balanced budget for FY 2016/2017.

SWCAA expects to end the current Fiscal Year 2015/2016 with a projected end-of-year cash balance of \$1,612,336. The agency's reserves which have the purpose of maintaining the financial stability of the agency include the Depreciation Reserve, Liability Reserve, Title V Reserve, Non-Title V Reserve, and Vacation/Sick/Retirement Reserve. These reserves will remain funded at \$93,270, \$110,000, \$40,000, \$98,660, and \$50,000 respectively. The agency's reserves which have the purpose of performing important projects include the Records Management Reserve and the Air Quality Improvement/Diesel Reserve. These reserves will remain funded at \$125,000 and \$193,667, respectively, at the end of FY 2015/2016, but the AQ Improvement/Diesel Reserve is budgeted to be drawn down by \$21,200 next fiscal year in case there is a qualified diesel project. Fees collected in the current fiscal year and held for use in FY 2016/2017 amount to \$673,304 of the projected year-end cash balance and will be carried forward into the FY 2016/2017 operating budget as the Non-Title V Fees Fund. This fund will be used to meet fixed program expenses other than the Air Operating Permit program. Due to less than expected time spent on AOP workload in FY 2015/2016, \$64,882 will remain in the AOP operating account for use in FY 2016/2017. AOP billings for FY 2016/2017 will be reduced accordingly. The remaining \$163,552 of the end-of-year cash balance for Non-AOP funds, \$64,882 of AOP carryover, and \$21,200 of diesel reserve grant money will be carried forward into the FY 2016/2017 budget as revenue to help meet FY 2016/2017 operating expenses. In addition, \$57,415 from SWCAA's reserves is still required to balance the budget for FY 2016/2017 without excessively reducing SWCAA's level of service or jeopardizing important projects. If needed, this amount is budgeted to be drawn from the Non-Title V Reserve and the Sick/Vacation Reserve.

In summary, SWCAA remains in stable financial condition for the upcoming fiscal year, even though agency reserves and FY 2015/2016 carryover money must be relied on to cover the proposed budget. Fiscal Year 2016/2017 revenue is being supplemented by \$228,434 of carryover - unspent money from the previous budget year - and a \$57,415 drawdown from SWCAA reserves. In addition, a reserve drawdown of \$21,200, of earmarked state diesel grant money, is budgeted in case there is a qualified diesel project in the upcoming year. After making the reserve drawdowns, the funds available in the future (i.e., July 1, 2017 and beyond) will be \$631,982 in total reserves. Cash available to meet the agency's needs at the end of FY2016/2017 is estimated to be \$1,305,287.

The budget of \$2,083,354 is the funding amount required for SWCAA to maintain its current programs and an acceptable level of service through FY 2016/2017. However, carryover and reserve funds are limited and federal grant funding is decreasing so the current level of service is not sustainable without increasing revenue in future years through fees and assessments. Tables on the following pages provide detailed explanations for why and how the income and expenses are changing in Fiscal Year 2016/2017.

Ms. Topper asked if SWCAA would receive the EFSEC grant money regardless of the project approval. Mr. Papish said SWCAA contracts through EFSEC to write permits and will be reimbursed for all incurred expenses.

Mr. Davis asked for clarification on the comparison language in the budget document. Mr. Papish said the budget document reflects comparisons between the current and prior year budget. Mr. Davis also asked that the percentage of revenue and expenses be consistently added throughout the document rather than only on a few of the sections. Mr. Davis also asked if page 34 was a duplicate. Mr. Papish clarified that the Training Budget document had been added twice by mistake and one will be replaced with the Travel Budget document in the final copy.

Mr. Shumaker asked if the retiring Operations Manager position is currently at a competitive rate or will there be an increase in the salary budget when replaced. Mr. Papish responded the position is competitive and no salary increase is expected.

Mr. Jensen asked for a motion. Mr. Smith moved to Approve Resolution 2016-01 which adopts a Fiscal Year 2016/2017 Budget in the amount of \$2,083,354. Mr. Schulte seconded the motion. Motion passed.

Executive Session

None.

Control Officer Report

Mr. Papish offered to answer any questions in the Control Officer Report.

Researchers Estimate Costs of PM-Related Premature Births Exceed \$5 Billion a Year (March 29, 2016) – Environmental Health Perspectives published the results of a study by researchers from New York University to estimate the burden of preterm birth (PTB) in the U.S. and the economic costs attributable to PM2.5 exposure. In Particulate Matter Exposure and Preterm Birth: Estimates of U.S. Attributable Burden and Economic Costs, the authors note that multiple observational studies have associated PM2.5, among other outdoor pollutants, with adverse birth outcomes, particularly low birth weight and PTB and that “a major barrier to reductions in outdoor pollution is the perception that these reductions will undermine economic productivity.” They also note that costs associated with adverse birth outcomes “are born by society, rather than those who gain from industrial processes that emit pollutants.” Such costs include those for health care for PTB-related comorbidities and lost economic productivity due to PTB associated reductions in cognitive potential. Therefore, the researchers sought to estimate the economic costs of PTBs attributable to PM2.5 in the U.S. with the goal of decision-makers using these estimates when considering regulatory approaches to reducing exposure to air pollution. The result of their work was the finding that an estimated \$5.09 billion in PTB-related costs are attributable to PM2.5. For further information:
<http://ehp.niehs.nih.gov/wpcontent/uploads/advpub/2016/3/ehp.1510810.acco.pdf>

Mr. Papish said the American Lung Association released their State of the Air Report. Last year Clark County received an “A” for ozone and a “D” for particulate matter. SWCAA asked for a

review of the data since many of the readings came from an old monitor. This year Clark County received a "B" for both ozone and particulate matter. However, the new monitor is picking up high readings so it's possible the grade will fall in future years. Ms. Topper asked where the monitor is located. Mr. Papish said SWCAA has four monitors which are located in Vancouver, Yacolt, Longview and Chehalis. Ms. Topper asked how much a monitor costs. Mr. Papish said the monitors are owned by Ecology, and the cost of a nephelometer is around \$15,000. However, a full federal reference monitor similar to the Vancouver monitor is far more expensive. The Vancouver monitor is located at the city's water pumping station on 84th Avenue. Ms. Topper was also interesting in knowing the costs of a reference monitor.

Mr. Schulte asked how monitor locations are decided. He said the one in Chehalis is at city hall which is a poor representation of Lewis County. Mr. Peltier said the monitors are sited to be representative of neighborhood type exposures. The siting criteria has many factors including finding a willing host for the equipment. Mr. Davis said most of the weather comes from the south and east which pulls emissions from a local dairy right over city hall which is most likely influencing the monitor. Mr. Papish said some agency's set up screening systems of 20 monitors within a region to determine the best location.

Mr. Schulte said the board was not consulted in regards to monitor location, and there are other options aside from Chehalis City Hall which is potentially the worst location in all of Lewis County. Mr. Papish explained that the idea is to try and get the potential highest representative pollution readings to ensure all neighborhoods are safe.

Mr. Davis said there was a huge fire Sunday morning near city hall and the monitor's data might need to be reviewed. He also said there is new high school being built in Chehalis which might be a better location. Mr. Schulte again emphasized having the monitor downwind of a smoke stack and near a dairy is not representative of Lewis County. Ms. Topper asked if an area can have more monitors. Mr. Papish said the only issue with more monitors is the expense of the equipment and the expense of maintaining them.

Mr. Davis asked if there is map showing where the SWCAA monitors are located. Mr. Papish said Department of Ecology's website has the full network of monitors for the entire state and all the data is shown in real time. Mr. Jensen asked where the monitor is in Longview. Mr. Peltier replied it is at the Olympic School.

Board Policy Discussion Issues

None.

Issues for Next Meeting

- A. Public Hearing.
 - 1. Hearing for SWCAA 400 Updates (TBD).
- B. New Business/Unfinished Business.
 - 1. As Necessary.
- C. Board Policy Discussion Issues.
 - 1. As Necessary.
- D. Meeting Date and Location.
 - 1. June 2, 2016 at 3:00 p.m. Southwest Clean Air Agency, 11815 NE 99th Street, Vancouver, Washington.

The next Board of Directors meeting will be held on June 2, 2016 at 3:00 p.m., Southwest Clean Air Agency, Vancouver, Washington.

Board Meeting Attendance:


JURISDICTION	J 2016	F 2016	M 2016	A 2016	M 2016	J 2015	J 2015	A 2015	S 2015	O 2015	N 2015	D 2015
Clark County	+	0	0	+	0	+	C	+	+	+	+	C
Cowlitz County	+	+	+	+	+	+	C	+	+	+	0	C
Lewis County	+	+	+	+	+	+	C	+	+	+	+	C
Skamania County	+	+	+	+	+	0	C	0	+	+	+	C
Wahkiakum County	0	+	+	+	0	+	C	+	+	+	+	C
Cathlamet	0	+	+	+	+	+	C	+	+	0	0	C
Centralia	+	+	+	+	+	+	C	+	+	+	+	C
Longview	+	+	0	+	+	+	C	+	+	+	0	C
Stevenson	+	+	+	+	+	+	C	A	+	+	+	C
Vancouver	+	+	+	0	+	+	C	+	+	0	+	C
Member-At-Large	+	+	+	0	+	+	C	+	+	0	+	C

+ = regular member present; 0 = unrepresented; A = alternate present; C = cancelled meeting

Mr. Jensen adjourned the meeting without objection at 3:28 p.m.



 Chair



 Executive Director