

SOUTHWEST CLEAN AIR AGENCY

Board of Directors Meeting
October 6th, 2016 3:00 PM
Southwest Clean Air Agency
11815 NE 99th St. Suite 1294
Vancouver, Washington

Optional Conference Call Number for Board of Directors 1-800-356-8278 Code: 576617

AGENDA

- I. Call to Order
SWCAA Chair Don Jensen
- II. Roll Call/Determination of Quorum
SWCAA Chair Don Jensen
- III. Board of Directors Minutes
Board of Directors Minutes – September Meeting
- IV. Changes to the Agenda
SWCAA Chair Don Jensen
- V. Consent Agenda
 - A. Approval of Vouchers
 - B. Financial Report
 - C. Monthly Activity Report
- V. Info Items & Public Comment.

Budget Forecast and Analysis of Revenue Needs

The Southwest Clean Air Agency has analyzed its budget over the next two years and determined additional funding is necessary to continue to effectively protect Southwest Washington's air quality. SWCAA's fees have not been increased in over eight years.

SWCAA is facing three main financial pressures 1) decreased federal funding, 2) increased workload, and 3) increased costs due to inflation. SWCAA's federal funding is set to decrease by 40% over the next eight years with EPA's reallocation of grant funds. Complaint response workload has also increased by over 50% since 2008. Permit applications have been relatively stable, but permitting workload has increased due to the complexity and number of new federal regulations which apply to permitted facilities. Inflation has increased costs by 18.5% since 2008 based on the Vancouver WA Consumer Price Index.

To maintain services, SWCAA recommends a supplemental income and fee increase that matches the rise in program costs due to inflation since the last fee adjustment in 2008 and to address budget shortfalls. The increases would be phased-in in 2018 and 2019 to

maintain SWCAA at a reduced level of 15 FTE, which represents a 17% reduction in staffing levels since the last increase. In the meantime SWCAA will draw down agency reserves to cover expenses.

Without additional revenue, SWCAA will have to cut additional positions and continue to further reduce program functions and services such as permitting, facility inspections, and complaint response. These cuts would cause delays in permitting, reduced compliance assistance, technical assistance, pollution prevention, and result in degradation of air quality. All of these cuts would have a significant negative effect on the regulated community and public.

SWCAA recommends phased-in increases which would benefit Southwest Washington and the public's health and welfare by helping SWCAA issue and renew permits in a timely manner, complete required permit inspections, respond to citizen complaints, conduct monitoring, implement required burn bans, work with communities and industry to avoid non-attainment, and enforce compliance with air quality regulations.

After the phased increases in 2018 and 2019 SWCAA recommends the Board review fees on an annual basis and make incremental fee adjustments based on the CPI as needed. This would be done to avoid larger increases from being needed every 7 to 8 years. To facilitate periodic adjustments SWCAA recommends changing SWCAA's rules to allow for adoption of fees by Board Resolution instead of by rule which has been done by a number of other agencies. SWCAA would instead be required by rule to annually publish a schedule of fees and go through a full public notice and comment process prior to adoption by the Board.

SWCAA seeks Board approval to initiate outreach and public notice regarding SWCAA's proposal which is outlined in Attachment A.

VII. Public Hearing

None

VIII. Unfinished Business/New Business

None

IX. Control Officer Report

- A. **EPA Issues Principles and Best Practices for Oversight of State Permitting Programs (August 30, 2016)** – EPA Acting Deputy Administrator transmitted to the President of the Environmental Council of the States (ECOS), a final document, entitled Promoting Environmental Program Health and Integrity: Principles and Best Practices for Oversight of State Permitting Programs. The document is intended to provide a common set of principles and best practices that will guide EPA's oversight activities related to the Clean Air Act Title V permitting program, the Clean Water Act National Pollutant Discharge Elimination System permitting program and the Resource Conservation and Recovery Act Subtitle C permitting program. The document's vision statement reads,

“Establish principles and best practices for efficient and effective oversight of environmentally protective permitting programs while building the State-EPA relationship through high levels of trust, communication, and collaboration.” The development of these principles and best practices is in keeping with EPA’s commitment in the agency’s cross-agency strategy to “launch a new era” of partnerships; the initiative also helps to respond to recommendations by the agency’s Office of Inspector General to strengthen oversight. For further information: <http://4cleanair.org/sites/default/files/resources/EPAPrinc&BestPracticesForOversightOfStatePermittingProgs-083016.pdf>

B. EPA Proposes Significant Emission Rate Threshold for GHGs (August 26, 2016) – A proposed EPA rule would exclude facilities that emit less than 75,000 tons of CO₂ equivalent of greenhouse gases (GHGs) annually from the Prevention of Significant Deterioration (PSD) program’s Best Available Control Technology (BACT) requirement. EPA is issuing the rule in response to a 2014 Supreme Court decision that struck down portions of the agency’s 2010 Tailoring Rule, which phased in GHG permitting requirements for new and modified sources under the PSD and Title V programs. The Supreme Court ruled that EPA could not require PSD or Title V permits based solely on a source’s emission of GHGs. The Court, however, held that EPA could apply both of the programs to “anyway” sources of GHGs that are already subject to the PSD or Title V program based on their emission of other non-GHG air pollutants. The Court also determined that EPA must provide justification for a de minimis or significant emission rate (SER) threshold for GHGs, below which “anyway” sources would not be subject to a GHG BACT requirement. The proposal includes additional changes to the PSD and Title V regulations to ensure that sources are not required to obtain PSD and Title V permits solely on the basis of GHG emissions. These include changes to PSD and Title V regulatory definitions and revisions to the PSD provisions on GHG Plantwide Applicability Limitations, among others. The proposal will be open to public comment for 60 days once it is published in the Federal Register. For further information: https://www.epa.gov/sites/production/files/201608/documents/ghg_ser_2060-as62_nprm_8-26-16_wd.pdf

C. EPA/DOT Issue GHG and Fuel Efficiency Rules for Heavy-Duty Trucks (August 16, 2016) – EPA and the U.S. Department of Transportation’s National Highway Traffic Safety Administration (NHTSA) have issued standards designed to reduce greenhouse gas (GHG) emissions and improve fuel efficiency for medium- and heavy-duty vehicles. The final rules represent the second phase of regulations on medium- and heavy-duty vehicles (the first phase applied to model years 2014-2018). Specifically, EPA’s GHG and NHTSA’s fuel-consumption standards apply to four categories of heavy-duty vehicles: (1) Combination Tractors, which account for approximately 60 percent of total GHG emissions and fuel consumption from the heavy-duty sector; (2) Trailers (which are pulled by combination tractors and contribute significantly to the emissions and fuel consumption of tractors); (3) Heavy-duty Pickup Trucks and Vans, which account for about 23 percent of the fuel consumption and GHG emissions from the heavy- and medium-duty vehicle sector; and (4) Vocational Vehicles, including all other heavy-duty vehicles such as buses, garbage trucks, and concrete mixers, which represent about 17 percent of the total medium- and heavy-duty fuel consumption. There are also separate

standards for the engines that power combination tractors and vocational vehicles. The new vehicle and engine performance standards would apply to model years (MY) 2021-2027 for semi-trucks, large pickup trucks, vans and all types and sizes of buses and work trucks. Additionally, for the first time, the new regulations include fuel-efficiency and GHG standards for trailers, applying to MY 2018-2027 for certain trailers. EPA's trailer standards, which do not include certain categories (e.g., mobile homes), take effect in MY 2018, while NHTSA's standards take effect as of 2021, with credits for voluntary early participation. According to EPA and NHTSA estimates, by 2027 the Phase 2 standards will reduce emissions of carbon dioxide (CO₂) by 1.1 billion metric tons, save vehicle owners approximately \$170 billion in fuel costs and decrease oil consumption by as much as two billion barrels over the life of the vehicles affected by the regulation. For further information: <https://www3.epa.gov/otaq/climate/regs-heavy-duty.htm>

D. EPA Publishes Final Aircraft GHG Endangerment Finding (August 15, 2016) – EPA published in the Federal Register (81 Fed. Reg. 54,422) its final determinations, under the Clean Air Act that 1) atmospheric greenhouse gas (GHG) concentrations endanger the health and welfare of future generations and 2) GHG emissions from certain aircraft engines cause or contribute to the air pollution that endangers public health and welfare. These findings are for the six well-mixed GHGs that, together, represent the “largest driver” of human-caused climate change: carbon dioxide (CO₂), methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride, and were announced in a pre-publication version of the determination on July 25, 2016. Although this action does not include emission standards for aircraft engines, EPA indicates that it must make these final endangerment and contribution findings before adopting domestic GHG engine standards. The agency anticipates that the International Civil Aviation Organization (ICAO) will take action to formally adopt its environmental committee's February 2016 agreement on international aircraft CO₂ standards in March 2017. EPA expects to move forward on aircraft GHG standards that would be at least as stringent as ICAO's. According to EPA, its contribution finding for engines used in covered U.S. aircraft will result in nearly 90 percent of total U.S. aircraft GHG emissions being included in this determination. The findings will go into effect on September 14, 2016. For further information: <https://www.gpo.gov/fdsys/pkg/FR-2016-08-15/pdf/2016-18399.pdf>.

X. Board Policy Discussion Issues

As Necessary

XI. Issues for Upcoming Meetings

None

XII. Adjournment

Notes:

(1) Served by C-TRAN Routes: 7, 72 and 76.

(2) Accommodation of the needs for disabled persons can be made upon request. For more information, please call (360) 574-3058 extension 110.