

Southwest Clean Air Agency

Board of Directors Minutes

June 1, 2017

The regular meeting of the Southwest Clean Air Agency Board of Directors was held in the Southwest Clean Air Agency office, Vancouver, Washington on June 1, 2017.

Those present were: Don Jensen, Chair, City of Longview
Bonnie Canaday, Vice-Chair, City of Centralia
Bob Hamlin, Director, Skamania County
Ben Shumaker, Director, City of Stevenson
Army Davis, Member at Large
Ryan Smith, Director, Town of Cathlamet
Alishia Topper, Director, City of Vancouver
Blair Brady, Director, Wahkiakum County
Eileen Quiring, Director, Clark County
Bobby Jackson, Director, Lewis County

Excused: Joe Gardner, Director, Cowlitz County

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

Guests: None

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 May 4, 2017 minutes. Mr. Brady moved and Ms. Canaday seconded that the minutes for the May 4, 2017 Board meeting be approved. Motion passed.

Consent Agenda

Mr. Jensen asked for approval of the Consent Agenda including voucher numbers 468 through 507 and 509 through 512, in the amount of \$9,621.88 which have been approved for payment by the Executive Director and voucher number 508 in the amount of \$8,575.58, April 2017 Salaries in the amount of \$93,619.55, April 2017 Benefits in the amount of \$39,573.72, and the April 2017 Activity Report. Mr. Hamlin moved and Mr. Smith seconded approval of the Consent Agenda. Motion passed.

Changes to Agenda

None.

Info Items & Public Comment

None.

Unfinished Business/New Business

Mr. Jensen opened discussion on the proposed Fiscal Year 2017/2018 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 2017/2018 budget in Attachment A of \$2,151,748 is a \$68,394 increase (i.e., 3.3%) over the Fiscal Year 2016/2017 budget. The more significant drivers of the increase in budget are anticipated cost increases in the following expense categories: (1) the Consultant/Pass Through category was increased in anticipation of higher than normal legal costs and increased use of a temporary staffing service; (2) the Audit category was increased to accommodate the full audit in FY 2017/2018 that the agency is required to have every other year; (3) the Depreciable Equipment category was increased to provide for purchasing a replacement vehicle and a production scanner; (4) increased staff costs are due primarily to a significant increase in the agency's PERS contribution rate and a moderate increase in salaries, moderated by a smaller than projected increase in Medical and Dental costs, and; (5) the Office Lease budget was increased to accommodate the normal November increase built into the current contract although a new lease must be negotiated in November 2017.

On the revenue side a significant increase is required in the amount to be drawn from agency reserves in order to balance the budget. This is necessary, in spite of projected increased activity in both the local fee based categories and the Air Operating Permit program, primarily because of: (1) a projected decrease in the Federal 105 Base Grant; (2) a decrease in projected unspent Non-AOP funds available to be carried forward from FY 2016/2017; (3) decreased funding available for new wood stove replacement grant awards; (4) reduced assessment of civil penalties from enforcement actions at larger industrial sources; and (5) Agency fee increases not going into effect until 2018 and 2019.

SWCAA expects to end the current Fiscal Year 2016/2017 with a projected end-of-year cash balance of \$1,540,944. 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 2016/2017. Fees collected in the current fiscal year and held for use in FY 2017/2018 amount to \$716,552 of the projected year-end cash balance and will be carried

forward into the FY 2017/2018 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 2016/2017, \$34,376 will remain in the AOP operating account for use in FY 2017/2018. AOP billings for FY 2017/2018 will be reduced accordingly. The remaining \$79,419 of the end-of-year cash balance for Non-AOP funds, \$34,376 of AOP carryover, and \$21,200 of diesel reserve grant money will be carried forward into the FY 2017/2018 budget as revenue to help meet FY 2017/2018 operating expenses. In addition, \$98,867 from SWCAA's reserves is still required to balance the budget for FY 2017/2018 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, Depreciation, Records and Liability reserves.

In summary, SWCAA remains in stable financial condition for the upcoming fiscal year, even though agency reserves and FY 2016/2017 carryover money must be relied on to cover the proposed budget. Fiscal Year 2017/2018 revenue is being supplemented by \$113,795 of carryover - unspent AOP and Non-AOP money from the previous budget year - and a \$98,867 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. If the total budgeted carryover and reserve drawdowns are required, the remaining SWCAA funds available in the future (i.e., July 1, 2018 and beyond) will be \$590,520 in reserves and a total cash balance of \$1,328,282.

The budget of \$2,151,748 is the funding amount required for SWCAA to maintain its current programs and an acceptable level of service through FY 2017/2018. The recent fee increases adopted by the Board which go into effect in 2018 and 2019 are expected to stabilize funding and limit the need for future reserve drawdown.

Mr. Davis asked how much the reserve drawn down will be. Mr. Papish responded the budgeted reserve drawn down is \$113,795. Mr. Davis asked if this will be replenished with the fee increase. Mr. Papish said replenishing the draw down has not been budgeted for at this time. Mr. Jackson asked how the reserves will be replenished. Mr. Papish responded it is possible in future years that SWCAA will rebuild the reserve accounts, and the request to do so will be brought before the board as part of a future budget.

Mr. Hamlin asked what the trend line is over 10 years in relation to the reserve drawn down in SWCAA's budget. Mr. Papish said SWCAA has a practice of being very conservative. That practice has kept the budgeted drawn down to an actual minimum.

Ms. Quiring asked for clarification regarding the increased attorney fees. Mr. Papish explained that SWCAA is approving a permit for a controversial source which may get challenged through the courts. She also asked if SWCAA was working on the office lease negotiation. Mr. Papish responded that SWCAA has started the process of research on office space and will use a commercial real estate agent to assist. The current lease expires in late October 2017.

Mr. Jensen asked about the \$21,200 drawn down of diesel grant money. Mr. Papish said SWCAA budgets every year to allow fiscal resources for diesel projects if the opportunity arises. There is no expiration date on the funds and SWCAA has had the money for some time, so it's more about interest, opportunity and then staff time to work on the project.

Mr. Hamlin asked if the agency is audited every year or every other year. Mr. Papish said SWCAA is audited every other year.

Mr. Davis asked for clarification on the phase in of the fee increase. Mr. Papish said the fee increase will be phased in over two years beginning January 2018 and then January 2019.

Mr. Jensen asked for a motion. Mr. Smith made a motion to approve Resolution 2017-02 which adopts a Fiscal Year 2017/2018 Budget in the amount of \$2,151,748. Ms. Canaday seconded the motion. Mr. Jackson abstained. Motion passed.

Public Hearing

None.

Executive Session

None.

Control Officer Report

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

SWCAA's Operation Manager Retires (May 7, 2017)

Randy Peltier retires after spending 21 years as SWCAA's Operations Manager where he oversaw a number of different programs including compliance and enforcement, budget, air quality forecasting and education and outreach. SWCAA is in recruitment for the position and expects to select a replacement by the end of May.

Silicones Manufacturer Agrees to Pay \$1.25 Million for Bypassing Incinerator Waste Feed Cut-off System Designed to Prevent Hazardous Air Pollutant Emissions (May 4, 2017) – Momentive Performance Materials Silicones, LLC (MPM) reached a settlement agreement with the United States and the State of New York to resolve alleged violations of federal and state air and hazardous waste laws resulting from its operation of a hazardous waste incinerator at its Waterford, New York silicones plant. On thousands of occasions between 2006 and 2008, incinerator operators placed the equipment's monitoring devices in a "calibration mode" to bypass the incinerator's automatic waste feed cut-off system. The waste cut-off system was designed to prevent emissions of hazardous air pollutants by shutting down the incinerator when it deviated from operating parameters in its Clean Air Act (CAA) and Resource Conservation and Recovery Act (RCRA) permits. By bypassing the system, MPM burned excessive amounts of hazardous waste and released hazardous substances to the environment in violation of its permits, the CAA, RCRA and state law. MPM agreed to pay a \$1.25 million civil penalty to resolve these claims. For further information:

http://www.4cleanair.org/sites/default/files/Documents/Momentive_Complaint_NDNY.pdf

Analysis Shows When Vehicle Automation, Electrification and RideSharing Are Combined CO2 Emission Can Be Reduced by 80 Percent (May 3, 2017) – The combination of three “revolutions” in urban transportation (3R) – passenger vehicle automation, electrification and ride sharing – could cut CO2 emissions from all transportation sources worldwide by more than 80 percent, according to researchers from the University of California – Davis and the Institute for Transportation and Development Policy. Further, 3R could reduce the cost of vehicles, infrastructure and transportation system operation by over 40 percent. This analysis compares the environmental and fiscal impacts of three scenarios: 1) The Business-as-Usual (BAU) 2) The Two Revolution (2R) Scenario, under which more electric vehicles become common by 2030 and autonomous vehicles become dominant by 2040, but the use of single occupant vehicles continues and there is even more car travel than under the BAU Scenario and 3) The 3R Scenario, under which maximized use of shared vehicle trips is added to the embrace of vehicle technology that is assumed under the 2R scenario. This scenario is based on ubiquitous private car sharing, increased transit performance (with on-demand availability) and increased infrastructure for walking and biking to allow for maximum shared-trip efficiency. For further information: <https://www.itdp.org/wp-content/uploads/2017/04/UCD-ITDP-3RReport-FINAL.pdf>

AGs Urge Congressional Leaders to Oppose Legislation to Delay 2015 Ozone Standards (April 26, 2017) – A coalition of Attorney Generals (AGs) from 16 states sent letters to the Chairmen and Ranking Members of the House Energy and Commerce Committee and Senate Environment and Public Works Committee urging them to reject H.R. 806 and S. 263, the Ozone Standards Implementation Act of 2017. In their letters, the Coalition takes aim at various provisions of the companion bills, including those to delay final designations 3 under the 2015 National Ambient Air Quality Standards (NAAQS) for ozone until 2025, allow consideration of technological feasibility when EPA sets any new NAAQS and extend the NAAQS review cycle from five years to 10 years. The AGs say the bills “would not only delay implementation of more protective ozone air quality standards, but, more broadly, would undermine the mandate in the Clean Air Act that the [NAAQS] for ozone and other criteria pollutants be based on up-to-date scientific evidence and focus solely on protecting public health and welfare. For further information: https://ag.ny.gov/sites/default/files/letters_ozone_standards.pdf

Mr. Papish said SWCAA is planning to issue the Northwest Innovation Works permit, which is the methanol terminal in Kalama, Washington. He said there were protestors at Ecology’s office and it’s possible SWCAA may have protestors outside the office. He also said it’s possible the board members may receive calls from citizens regarding this permit.

Mr. Papish reported President Trump has pulled out of the Paris Climate Agreement, but has left the option of returning into the agreement if there is a renegotiation of terms.

Mr. Papish said the proposed federal budget includes the 30% cuts to EPA. SWCAA is working with the other air agencies to send letters to the state representatives asking them to oppose the cuts.

Mr. Papish said the American Lung Association has released their annual report and Clark County received a 'D' grade for particulates based on 2015 data. The winter time inversion issues during 2015 contributed to this lower grade. City of Vancouver has helped SWCAA with a video and public outreach regarding wood stove use during inversion events. Mr. Papish said Sophie Banner in the City's communications office was particularly helpful and good to work with.

Board Policy Discussion Issues

None.

Issues for Next Meeting

- A. Public Hearing.
 - 1. As Necessary.
- B. New Business/Unfinished Business.
 - 1. Approval of Fiscal Year 2017/2018 Budget – June
- C. Board Policy Discussion Issues.
 - 1. As Necessary.
- D. Meeting Date and Location.
 - 1. July 6, 2017 at 3:00 p.m. Southwest Clean Air Agency, 11815 NE 99th Street, Vancouver, Washington.

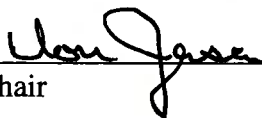
The next Board of Directors meeting will be held on July 6, 2017 at 3:00 p.m., Southwest Clean Air Agency, Vancouver, Washington.

Board Meeting Attendance:


JURISDICTION	J 2017	F 2017	M 2017	A 2017	M 2017	J 2017	J 2016	A 2016	S 2016	O 2016	N 2016	D 2016
Clark County	0	+	0	C	+	+	C	+	+	+	+	C
Cowlitz County	+	+	+	C	+	0	C	+	0	+	+	C
Lewis County	+	+	0	C	+	+	C	+	A	+	0	C
Skamania County	+	+	+	C	+	+	C	+	+	+	+	C
Wahkiakum County	0	+	A	C	+	+	C	+	+	0	+	C
Cathlamet	+	+	+	C	+	+	C	0	0	+	+	C
Centralia	+	+	+	C	+	+	C	+	0	+	+	C
Longview	+	+	+	C	+	+	C	+	+	+	+	C
Stevenson	+	+	+	C	+	+	C	+	+	+	+	C
Vancouver	+	+	+	C	+	+	C	+	+	0	0	C
Member-At-Large	+	+	+	C	+	+	C	+	+	+	+	C

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

Mr. Jensen adjourned the meeting without objection at 3:22 p.m.



 Chair



 Executive Director