

SOUTHWEST CLEAN AIR AGENCY

Board of Directors Meeting
May 3, 2018 at 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 - April Meeting
- IV. Changes to the Agenda
SWCAA Chair Don Jensen
- V. Consent Agenda
 - A. Approval of Vouchers
 - B. Financial Report
 - C. Monthly Activity Report
- VI. Info Items & Public Comment

Salary Survey – At its April meeting the Board requested SWCAA look into what it would take to conduct a salary survey to compare SWCAA’s salaries to that of other Employers and report back to the Board.

- VII. Public Hearing

Asbestos Rulemaking - Public Hearing:

The Southwest Clean Air Agency (SWCAA) is proposing changes to SWCAA 476 “Standards for Asbestos Control, Demolition, and Renovation.” These rules apply to demolition and renovation activities, the removal of asbestos-containing materials, and the storage, transport and disposal of asbestos-containing materials.

Attachment A is the public notice document with a summary of the proposed changes. An electronic version of the proposed rule language can be viewed on the SWCAA website <http://www.swcleanair.org/regs/proposedrules.asp?nav=regs> and physical copies can be viewed at the SWCAA office located at 11815 NE 99th Street, Suite 1294 in Vancouver, Washington.

The public comment period for the proposed rule change began on April 4th and closes on May 4th. Public comments may be provided at the hearing or submitted in writing, prior to the close date, at the above address or emailed to comment@swcleanair.org.

The proposed rules will be considered for adoption by the Board at their June 7th meeting.

VIII. Unfinished Business/New Business

A. Performance Evaluation for Executive Director

The Board may go into Executive Session for discussion related to the performance evaluation in accordance with RCW 42.30.10(1)(g). Any salary adjustment or other decision will be made during the open public meeting following the Executive Session.

B. Adoption of Proposed Fiscal Year 2018/2019 Budget

Issue - 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.

Summary - The Proposed Fiscal Year 2018/2019 budget of \$2,234,517 found in Attachment B is a \$82,769 increase (i.e., 3.85%) over the Fiscal Year 2017/2018 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 agency; (2) the depreciable equipment category remains at a higher funding level for purchasing a replacement vehicle and aging computer equipment; (3) general supplies are increased for increased safety equipment and public outreach supplies; (4) increased staff costs are due primarily to 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 annual increase built into the new contract.

On the revenue side a decrease in the revenue from recent agency reserves draw down to balance the budget has been made possible by fee increases which phase in over two years. This drawdown 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 decrease in projected unspent non-AOP funds available to be carried forward from FY 2017/2018; (2) decreased funding available for new wood stove replacement grant awards; and (3) increased assessment of civil penalties from enforcement actions at larger industrial sources.

SWCAA expects to end the current Fiscal Year 2017/2018 with a projected end-of-year cash balance of \$1,683,481. 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 2017/2018. Fees collected in the current fiscal year and held for use in FY 2018/2019 amount to \$867,147 of the projected year-end cash balance and will be carried forward into the FY 2018/2019 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 2017/2018, \$39,150 will remain in the AOP operating account for use in FY 2018/2019. AOP billings for FY 2018/2019 will be reduced accordingly. The remaining \$66,588 of the end-of-year cash balance for non-AOP funds, \$39,150 of AOP carryover, and \$21,200 of diesel reserve grant money will be carried forward into the FY 2018/2019 budget as revenue to help meet FY 2018/2019 operating expenses. In addition, \$17,000 from SWCAA's reserves is still required to balance the budget for FY 2018/2019 without reducing SWCAA's level of service or jeopardizing important projects. If needed, this amount is budgeted to be drawn from the non-Title V reserves.

In summary, SWCAA remains in stable financial condition for the upcoming fiscal year, even though agency reserves and FY 2017/2018 carryover money must be relied on to cover the proposed budget. Fiscal Year 2018/2019 revenue is being supplemented by \$105,738 of carryover - unspent AOP and non-AOP money from the previous budget year – and a budgeted \$17,000 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 \$710,597 in reserves and a total cash balance of \$1,683,481.

The budget of \$2,234,517 is the funding amount required for SWCAA to maintain its current programs and an acceptable level of service through FY 2018/2019. The recent fee increases which go into effect in 2018 and 2019 are expected to stabilize funding and limit the need for future reserve drawdown.

Recommendation - Approve Resolution 2018-01 in Attachment C which adopts a Fiscal Year 2018/2019 Budget in the amount of \$2,151,748.

IX. Control Officer Report

- A. EPA's Office of Inspector General Announces Audit of Region 10 Smokestack Emissions Testing and Reporting (April 10, 2018)** – EPA's Office of Inspector General (OIG) announced a project to assess "the effectiveness of EPA oversight in assuring emission stack tests are conducted in accordance with EPA regulation, policy and guidance." The audit will initially focus on EPA Region 10 and will include work at selected state and local air agencies. The review was announced in a letter from James Hatfield, air directorate of the Office of Audit and Evaluation, addressed to Bill Wehrum, assistant administrator of EPA's Office of Air and Radiation (OAR), Susan Bodine, assistant administrator of EPA's Office of Enforcement and Compliance Assurance (OECA), and Chris Hladick, EPA's regional administrator for Region 10. OIG does not include in the

letter a project timeline but indicates that it will next contact OAR, OECA and Region 10 to schedule an initial meeting to discuss the purpose and objectives of the project. For further information:

http://www.4cleanair.org/sites/default/files/Documents/EPAOIG_notificationmemo_04-10-18_smokestack.pdf

B. Primary NO₂ NAAQS Will Remain Unchanged (April 6, 2018) – EPA

Administrator Scott Pruitt signed a final rule to retain, without revision, the current primary National Ambient Air Quality Standards (NAAQS) for nitrogen dioxide (NO₂). The decision is based on EPA’s review of the current body of scientific evidence and consistent with the recommendation of the Clean Air Scientific Advisory Committee, the agency’s independent scientific advisors. There are currently two NO₂ standards: 1) a 1-hour standard, established in 2010 (at the conclusion of EPA’s last review of the primary NO₂ NAAQS), at a level of 100 parts per billion (ppb) and based on the 98th percentile of the annual distribution of daily maximum 1-hour NO₂ concentrations averaged over three years and 2) an annual standard at a level of 53 ppb, originally established in 1971. EPA was under a court-order to issue a final decision on the NO₂ NAAQS review by April 6, 2018. For further information: <https://www.epa.gov/no2-pollution/primary-nationalambient-air-quality-standards-naaqs-nitrogen-dioxide>

C. EPA Administrator Decides MY 2022-2025 LDV GHG Emission Standards Are Too High and Should Be Revised; California Responds (April 2, 2018)

EPA Administrator Scott Pruitt announced his decision that current greenhouse gas emission standards for model year (MY) 2022 through 2025 light-duty vehicles (LDV) are not appropriate and should be revised. The decision comes after EPA’s reconsideration of a January 2017 Final Determination on the MidTerm Evaluation (MTE) of the standards, which were established by the agency in 2012 with the support of auto manufacturers, California and other stakeholders, including NACAA. When the standards were set, it was agreed that an MTE would be conducted, and completed by April 1, 2018, to determine whether the standards remained appropriate or should be more, or less, stringent. On January 12, 2017, after a comprehensive review conducted in collaboration with the National Highway Traffic Safety Administration and California, then-EPA Administrator Gina McCarthy made a Final Determination that the standards remained “feasible, practical, and appropriate under Clean Air Act Section 202(a) and do not need to be revised.” In March 2017, President Trump announced that EPA and NHTSA would reconsider that MTE Final Determination. For further information: <https://www.epa.gov/newsreleases/epa-administrator-pruitt-ghg-emissions-standards-cars-and-light-trucks-should-be> ; <https://ww2.arb.ca.gov/news/carb-chair-issues-response-epa-press-release-weakening-vehicle-standards>; <https://www.epa.gov/regulations-emissions-vehicles-and-engines/midterm-evaluation-light-duty-vehicle-greenhouse-gas>

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.