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BOARD MEETING MINUTES

The Board of Directors of the Northwest Clean Air Agency met at 1:30 p.m. Thursday, May 11, 2023, at 1600 S. Second Street, Mount Vernon, WA, and by video conference.

MEMBERS PRESENT:

Island County	Melanie Bacon Tara Hizon
Whatcom County	Todd Donovan Brian Heinrich
Member-At-Large	Terry Nyman

MEMBERS ABSENT:

Mary Hudson
Ron Wesen

ALSO PRESENT:

NWCAA staff members	Mark Buford, Alicia Huschka, Toby Mahar, Agata McIntyre, Seth Preston, and Laurie Caskey- Schreiber
Legal counsel	Svend Brandt-Erichsen

CALL TO ORDER

Board of Directors Vice Chair Todd Donovan called the meeting to order at 1:30 p.m.

APPROVAL OF PRIOR BOARD MEETING MINUTES

On motion by Melanie Bacon, seconded by Brian Heinrich, the minutes for the April 13, 2023, meeting were approved 5-0.

PRESENTATIONS & NEW BUSINESS

Fiscal year 2023 third quarter financial report (through March 31, 2023) – Alicia Huschka.

NWCAA Chief Financial Officer Alicia Huschka reviewed actual financial results compared to the annual budget for fiscal year 2023 for the Operating Fund for the nine-month period ending March 31, 2023.

	Year-to-date	Annual Budget	% of Annual Budget
Revenues	\$8,902,385	\$5,048,296	176%
Expenses	\$3,628,077	\$5,552,741	65%

Huschka stated that the revenues are tracking as anticipated, with one exception, the Agency received a \$4.0 million settlement payment from Petrogas in February 2023, which is reflected in the higher-than-normal revenue number. Huschka noted that normally there is a cyclical nature of when certain revenues are billed and received during the year. Expenses are tracking as anticipated also.

Fiscal year 2024 proposed budget – Alicia Huschka

Agency budget calendar:

- January-February – Internal budget development
- March 23 – Reviewed preliminary budget with Advisory Council
- April 13 – Reviewed proposed budget with Finance Committee
- May 12 – Presentation of proposed budget to Board of Directors
- June 8 – Adoption of budget by Board of Directors
- July 1 – New fiscal year begins

Proposed Budget Overview:

Incorporation of strategic plan elements and support of the following actions:

- Meet EPA's expectations on timely compliance and permitting actions for the air operating permit program (AOP).
- Strive for full cost recovery of our Registered Source, New Source Review, and Asbestos programs.
- Continue to locate unregistered businesses and bring them into the registered source program.
- Continue progress on our multi-year digital records management modernization project, which utilizes Laserfiche, an enterprise content management software system.
- Continue work with Columbia Valley area residents on long-term strategy for reducing wood smoke pollution.
- Focus on providing meaningful access to agency services, programs, and activities to individuals with limited English proficiency.
- Continue to monitor and maintain adequate budget reserves.

Huschka and NWCAA Executive Director Mark Buford then presented the proposed fiscal year 2024 budget, highlighting the following items:

Revenues – Fiscal year 2024 total proposed revenues of \$5,346,191

- Air Operating Permit program revenue before prior year adjustment is \$3,648,491, for 22 AOP facilities
- Registered Source program fees of \$767,000; currently 542 sources/facilities
- Asbestos Program fees of \$175,000
- New Source Review fees \$120,000
- Per capita fee income of \$225,300 is budgeted at the same \$0.50 cents per capita rate established in 2022
- Penalty revenue budgeted at \$85,000

Expenses – Fiscal year 2024 total proposed expenses of \$5,485,247

- Personnel costs for 22.6 FTEs, include:
 - 7% cost-of-living adjustment, based on 2022 annual average Consumer Price Index-Urban for the Seattle/Tacoma/Bellevue area (*actual CPI was 9% due to historically high number, Agency staff recommended 7% increase*)
 - Includes a salary adjustment for the Executive Director and incorporates salary adjustments for Air Quality Engineers initially approved and effective January 2023.
 - Salaries and benefits account for 76% of total expenses.
- Outdoor burn program is \$100,000
- Redevelopment of our website, project spans two years, FY23 & F24, at a total cost of \$100,000
- Upriver (east) Skagit county outdoor burn reduction pilot project FY 23 & FY24, total estimated cost of \$88,000 (Cumulative Reserve Fund funded)
- Capital Outlay
 - Security and fire alarm systems project – estimated cost \$107,000 (Capital Reserve Fund funded)
 - Scheduled air monitoring equipment replacements of \$52,000 plus \$40,000, for ceilometer, which will be used to better forecast weather (ceilometer expense funded from Cumulative Reserve Fund)
 - \$50,000 for vehicle replacement, electric car
 - Computer equipment \$32,000
- What is not included in this budget:
 - A new full-time position (FTE), air quality specialist/inspector, which was included in the early drafts of the FY 2024 budget; however, not included in the final draft. The agency will seek to add this position in the following fiscal year.
 - Solar Array project at NWCAA (SEP Fund funded), \$270,000; project is underway will submit a budget amendment in August 2023.
 - Providing services to San Juan County – research and discussions are underway.

Fund balance and reserves – Fiscal year 2024 estimated Ending Operating Fund Balance and Reserve Funds' estimated balance at 6/30/2024:

- Budgeted revenues in excess of expenses are \$78,887 in the Operating Fund.
- Operating Fund, estimated fund balance at 6/30/2024: \$ 1,279,000
- Reserve funds: Cumulative, Capital Replacement, Personnel Cost, Legal and SEP estimated balances at end of current fiscal year 6/30/2023: \$ 5,655,000

Board members did not suggest any changes to the proposed fiscal year 2024 budget. Resolutions to adopt the fiscal year 2024 budget will be presented to the Board at the June 8

meeting for adoption.

Review of Resolutions for use of Cumulative Reserve Funds:

NWCAA Executive Director Mark Buford explained that Resolution 230, which was adopted in 1995, gave some direction as to how Cumulative Reserve funds and specifically excess penalty and settlement revenues should be used. Buford and Huschka will work with legal counsel, Svend Brandt-Erichsen, to draft a new resolution to update and clarify use of funds and to rescind Resolution 230. The Board will then have an opportunity to review the revised language and vote on it during a future meeting.

ACTION ITEMS**Bills and claims**

Board members discussed the bills and claims report for April 2023 (totaling \$415,601.10). Heinrich made a motion to approve the April 2023 bills and claims. Tara Hizon seconded the motion, and the Board approved the bills and claims 5-0.

STAFF REPORTS**Executive Director's report – Mark Buford**

Buford reported to the Board on the following matters:

- The Washington State Legislature recently ended its session. Buford believes that there were some good outcomes for the State Department of Ecology.
- EPA is proposing emission limits for carbon dioxide (CO₂) from fossil fuel-fired power plants. The power sector is the largest stationary source of greenhouse gases (GHGs), emitting 25 percent of the overall nationwide emissions in 2021. These emissions are almost entirely the result of the combustion of fossil fuels in the electric generating units (EGUs) that are the subjects of these proposals. The proposals would set limits for new gas-fired combustion turbines, existing coal, oil and gas-fired steam generating units, and certain existing gas-fired combustion turbines. The proposed standards are based on technologies such as carbon capture and sequestration/storage (CCS), low-GHG hydrogen co-firing, and natural gas co-firing, which can be applied directly to power plants that use fossil fuels to generate electricity

While this approach helps the power sector move towards a cleaner future at a national level, there are currently no power plants in the NWCAA jurisdiction that are large enough that the proposed new standards would apply. Buford expects that there will be legal battles as this new rule moves forward.

New source review and air operating permit update – Agata McIntyre

NWCAA Engineering Manager Agata McIntyre reported on the April 2023 construction permit (New Source Review) and Air Operating Permit activity.

During April, the Agency received four applications for construction permits and issued six construction permits.

Several of the construction permit applications submitted were for changes in the wording of construction permits for existing equipment at facilities that have Air Operating Permits (AOPs). AOPs are facility-wide permits that include all of the regulations and construction permits that authorize operation of equipment at the facility. AOPs are renewed every 5 years. The best time for a facility to request changes to a construction permit, which includes specific requirements for how to run equipment and monitor its operations, is just before the AOP is renewed. The revised construction permit can then be rolled into the AOP as part of the AOP renewal.

Enforcement update – Toby Mahar

NWCAA Compliance Manager Toby Mahar reported on April 2023 enforcement activities. One Notice of Violation (NOV) was issued to Burlington United Reformed Church for burning prohibited materials within the Urban Growth Area. The responsible member has since cleaned up the site and disposed of the materials legally.

Four penalties were issued.

- **Case 4642** - Conway Feed. Agency staff have worked with them to implement better fugitive dust control and adhere to required recordkeeping and reporting practices.
- **Case 4636** - Derrick Drafts – illegal burning of pickup truck, boat, and boat trailer.
- **Case 4637** - Sierra Pacific – paid \$63,000 for a violation related to the operation of their wood-fired boiler. They had 30.7 tons of excess carbon monoxide emissions during the period of 6/19/22-7/11/22.
- **Case 4640** - Nathan & Rebecca Balcom - illegal trash burning on their property in Whatcom County.

Complaint load was normal for April, although there was an uptick in marijuana odor related complaints in the Padilla Heights area of Anacortes. The Agency also had multiple complaints on Monday, May 8, about odors coming off a vessel offloading product at the Marathon dock. This incident will be reflected in next month's activity report.

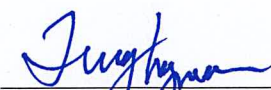
ADJOURNMENT

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 May 11, 2023, in Mount Vernon, Washington.

ATTEST:


Terry Nyman, Secretary
NWCAA Board of Directors


Ron Wesen, Chair
NWCAA Board of Directors

DATED: June 8, 2023

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