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## **BOARD MEETING MINUTES**

The meeting of the Board of Directors of the Northwest Clean Air Agency was held at 1:30 p.m., Thursday, February 11, 2010, at 1600 South Second Street, Mount Vernon, Washington.

### **MEMBERS PRESENT:**

Skagit County	Joe Lindquist Ron Wesen
Island County	Cathy Rosen Angie Homola
Whatcom County	David Webster Carl Weimer
Member-At-Large	Terry Nyman

**MEMBERS ABSENT:** None

### **ALSO PRESENT:**

NWCAA Staff Members	Mark Asmundson, Mark Buford, Scott Allison, Laura Curley, Dan Mahar, Margarita Smith
Advisory Council	No one present
Legal Counsel	Simi Jain for Loch Clark

### **CALL TO ORDER**

Cathy Rosen, Board Vice Chair, called the meeting to order at 1:30 p.m.

### **APPROVAL OF PRIOR BOARD MEETING MINUTES**

On motion by Terry Nyman, seconded by Joe Lindquist, the minutes of the December 10, 2009 Board meeting were approved.

## **PRESENTATIONS**

### **Brief Overview of Agency Role and Activities – Mark Asmundson**

Asmundson presented a brief overview of the Agency, drawing attention to the Federal and State regulations which provide uniformity of environmental standards and delegate responsibility to local air agencies to safeguard public health by protecting air quality. The Washington State Clean Air Act, passed by the Washington State legislature in 1967, established the Washington State Dept of Ecology as well as authorized the establishment of local air pollution control agencies in Washington State. There are now seven local agencies active in Washington. The NWCAA is responsible for issuing air quality permits, air monitoring, and enforcing compliance with federal, state, and local air quality standards in Island, Skagit, and Whatcom counties.

The majority of agency funding is through the Air Operating Permit (AOP) Program and registration fees from industrial sources. About 9% of funding is received through federal and state grants, and 5% is received from local per capita fees of \$0.35 per person per year.

Asmundson presented the proposed NWCAA Climate Change Program, a course of action to maximize strategic partnerships and collaborations to support regulatory and voluntary actions to reduce greenhouse gas (GHG) emissions. The program envisions five courses of action, and Asmundson is requesting the Board's support to proceed. At the January 26, 2010 Advisory Council meeting, the Council voiced support for the December 29, 2009 NWCAA Climate Program Policy Statement.

Nyman commented that he would like to see included within the Policy Statement actions which the Agency has taken to address climate change. Lindquist made a motion to support the Climate Change Program concept, including Nyman's recommendation. Weimer seconded the motion, and the Board voiced unanimous support. Angie Homola arrived at 1:45 p.m. just after this vote.

At future meetings, there will be further staff presentations about the agency's activities.

## **NEW BUSINESS**

### **Board Officer Elections and Appointment of Finance Committee Members**

Asmundson reviewed the tradition of NWCAA Board elections, where the Vice Chair usually is elected as Chair, the Vice Chair rotates between the three Counties, and the Member-At-Large serves as Secretary. Angie Homola made a motion to appoint Cathy Rosen as Chair, seconded by Joe Lindquist. The motion was approved unanimously. Rosen abstained from the vote. David Webster was not present for the vote.

Motion to appoint Joe Lindquist as Vice Chair made by Ron Wesen, seconded by Angie Homola, was approved unanimously. Lindquist abstained from the vote.

Motion to appoint Terry Nyman (Member-At-Large) as Secretary made by Angie Homola, seconded by Joe Lindquist, was approved unanimously. Nyman abstained from the vote.

Cathy Rosen, as Chair, appointed Angie Homola to the Finance Committee. In addition she asked Nyman if he would be willing to represent Skagit County on this committee. He agreed. For the third member Rosen appointed David Webster, pending his concurrence.

Upon Webster's arrival at 1:55 p.m., he agreed to serve on this committee. Rosen also asked Webster if he would be willing to serve as Chair of the Finance Committee, and he accepted the request.

**Resolution 427 – Adopting an Amended Fee Schedule for New Source Review – Mark Buford/Dan Mahar**

Buford presented Resolution 427 to amend the New Source Review Fee Schedule previously approved in December 2009. The Agency has learned of a new significant project where the applicant has requested that NWCAA take the SEPA lead role. Given the scope of the project, the SEPA fees in the fee schedule are inadequate and do not include a SEPA fee for Determination of Significance (DS). Note 4 has been added to inform applicants that all SEPA fees are minimum fees.

Homola questioned the different costs for the different SEPA determinations. She commented that there appear to be preconceived ideas about the NWCAA workload for each category, which may not be apparent to the applicant. Weimer asked if these fees are paid up front or after the fact. Buford clarified that these fees are determined only after sufficient work has been completed to identify the appropriate fee. It is very rare that the SEPA (DS) fee would be charged, but it is necessary to include it in the fee schedule in the event of that occasional circumstance. Ed Hsu, of Tesoro Refining and Marketing, commented that it would be advisable to have transparency regarding how the SEPA fees are calculated. An additional clarifying discussion ensued on this topic.

After discussion, Homola and Webster recommended that the wording in Note 4, sentence 2, be revised to read, "In the event that the NWCAA determines that the scope of work will exceed the minimum SEPA fee applicable, then the NWCAA shall so notify the applicant and thereafter the applicant shall pay to NWCAA such excess costs of expenses."

Motion to approve Resolution 427 with amendment to Note 4 as noted above, made by Angie Homola, seconded by Joe Lindquist, was approved unanimously.

**Quarterly Financial Report as of December 31, 2009 – Mark Asmundson**

Asmundson presented the Statement of Revenues, Expenditures, & Changes in Fund Balances for the Operating Fund for the quarter ended December 31, 2009. Revenues and expenditures are as expected, and the Agency is in fine shape. Page 4 of the packet included the financial report on the other funds. There were no questions from the Board.

**STAFF REPORTS**

**Director's Report – Mark Asmundson**

Asmundson reported to the Board on the following matters:

- The regular, ongoing business of the Agency has been fairly typical for the last month.
- In this short legislative session several bills of interest to us are moving forward. These include; S HB 2481 which would authorize the Dept. of Natural Resources to contract for the removal of biomass from State forests (forest slash); S HB 2504 setting minimum percentages of biodiesel per gallon sold statewide (2% growing to 5%); S HB 2545 which would modify the state's GHG reporting requirements to

more closely align such requirements with the federal requirements; and HB 3181 which would increase the tax on hazardous substances threefold and expand the eligible uses of the MTCA account into which these taxes are deposited.

- The NW Air Directors' meeting occurred earlier this week and it was filled with valuable and important information for our agency. Among the many topics covered, the following may be of particular interest:
  - 1) In EPA Air Program priorities, the biggest, long-term impact may be in the regulatory and enforcement arena. EPA will be stepping up its regulatory update emphasis as well as enforcement.
  - 2) A major effort on communicating the science of climate change will be undertaken.
  - 3) Continued focus on reduction of major source emissions.
  - 4) Revisions to the analytical and practical approaches taken with regard to alternative fuels.
  - 5) An emphasis on climate change outreach with partner agencies.
  - 6) A significantly increased emphasis on environmental justice (e.g., more monitoring in low income communities)
  - 7) A greater focus on multi pollutant solutions to emission issues.
  - 8) Major efforts to increase energy efficiency.
  - 9) Looking at all of the environmental implications of goods movement.
  - 10) Getting the GHG Tailoring Rule issued by March 31, 2010.

A likely major impact on our agency is the GHG Rule which will be issued at the end of March. As presently estimated, within 1-½ years, all air permitting agencies will be addressing GHG's in the permitting process.

A carbon sequestration rule is expected by late 2010 or early 2011, and five pilot projects will be approved through 2011.

- The President's Proposed 2011 EPA budget includes an increase of \$82.5 million to State and Local Air Grants, despite an overall slight reduction in the proposed EPA budget.

This increase includes the following changes from the FY 2010 appropriations: a \$45 million increase to support expanded core state activities for implementing revised and more stringent NAAQS and reducing public exposure to air toxics; a \$25 million increase to state and local agencies in developing capacity to permit large sources of GHG emissions; a \$15 million increase for additional state air monitors required by the revised NAAQS (likely under Section 103, which does not require state/local matching funds); and a \$2.5 million decrease for school air toxics monitoring initiative. The budget also calls for \$60 million for Diesel Emissions Reduction Act (DERA) funding, equal to the FY 2010 funding level.

- Previously, Asmundson informed the Board of the expected receipt in the near future of a major project application at one of our refineries.
- Finally, and not too happily, one of our employee's cars was stolen from the agency's parking lot last Thursday, during the middle of the work day. The car has been recovered by the Mt. Vernon police, and it appears the target was the car stereo, not the car itself.

Joe Lindquist had to leave at 2:40 p.m.

**New Source Review & Air Operating Permit (AOP) Update – Mark Buford**

**Permit Actions – 5**

- Tesoro AOP – Issued Final
- ConocoPhillips Company, Ferndale Refinery – Enhanced Selective Non-Catalytic Reduction (ESNCR)
- Cowden Gravel & Concrete Inc. – Modify concrete batch plant
- Lakeside Industries – Belleville Asphalt Plant
- Yorky's – Gasoline Station Modification

**Ongoing OAC Projects – 5**

- Shell Puget Sound Refinery (4) – Changes to existing OAC for AOP cleanup
- Socco, Inc. – Installation of Wood Fired Boiler, Two New Lumber Kilns – Incomplete Application

**New Applications Received – 3**

- Fibrex Corporation – AOP – Burlington
- Farm Power Rexville – Modify OAC
- McEvoy Oil Company – Gasoline Station Modification

**Air Operating Permit – 11**

- Chemco – Initial permit underway
- BP Cherry Point Refinery, Blaine – Renewal underway
- ConocoPhillips Refinery, Ferndale – Renewal underway
- PSR Shell, Anacortes – Renewal underway
- Sierra Pacific – Initial permit underway
- Tenaska – Administrative Amendment
- PSE, Encogen – Renewal underway
- PSE, Whitehorn – Renewal underway
- PSE, Fredonia – Renewal underway
- PSE, Sumas – Initial Permit underway
- Fibrex Corporation, Burlington – Initial permit underway

**MISCELLANEOUS**

**Approval of Bills and Claims**

On motion by David Webster, seconded by Angie Homola, the Board approved Bills and Claims for December 2009 and January 2010.

**Audit Update**

Asmundson reported that the Agency had a spectacular audit, due to the excellent financial work by Scott Allison, our Chief Financial Officer. There were no audit findings or management letter issues; just a few recommendations were presented by the auditors during the exit conference. Nyman commented that he had attended the exit conference and was impressed by the State Auditor's summary report.

**Next Meeting**

The next Board meeting will be held on Thursday, March 11, 2010 at 1:30 p.m.

**ADJOURNMENT**

As there was no further business, Cathy Rosen adjourned the meeting at 2:45 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 February 11, 2010, in Mount Vernon, Washington.

ATTEST: \_\_\_\_\_  
Terryl Nyman, Secretary  
NWCAA Board of Directors

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Cathy Rosen, Chair  
NWCAA Board of Directors

DATED: March 11, 2010