



SPOKANE REGIONAL CLEAN AIR AGENCY  
BOARD MEETING MINUTES

April 3, 2008 9:00 a.m.  
SPOKANE COUNTY PUBLIC WORKS BUILDING  
LOWER LEVEL HEARING ROOM

BOARD MEMBERS PRESENT:

Mayor Edward Crockett  
Chair Jeff Corkill  
Councilmember Steve Taylor (9 a.m.-9:35 a.m.)  
Board Member Melissa Ahern (via phone)

STAFF MEMBERS PRESENT:

Bill Dameworth, Director  
Barbara Nelson, Finance & Personnel Admin.  
Ron Edgar, Chief of Technical Services  
Lisa Woodard, Public Information Officer  
Matt Holmquist, Compliance Administrator  
April Westby, Engineer  
Michelle Wolkey, Legal Council  
Ray Kelleher, Advisory Council Member  
Mary McDermott, Secretary

**WORK SESSION:** The work session began at 9:03 a.m.

**1. FY 2009 Draft Budget Review**

**a. Introduction – Bill Dameworth**

Bill stated that in Spokane Clean Air's By-Laws there is a statement that Spokane Clean Air will achieve full-cost recovery on its fee based programs. When the auditor came in and looked at the books in the past, we had been taking all of the overhead for the agency and using local assessment money to cover it. The Auditor's Office said that Spokane Clean Air needs to be allocating that to the fee based programs which would make the fee based programs cost more money but it would make the local assessment be less. Not knowing exactly which way the Board would like to go on this, there have been two different budgets. The first budget is with the full-cost recovery for the fees and the second is maintaining the status quo.

**b. Budgets and Spreadsheets – Barbara Nelson**

Barbara prepared the budget using two options. Option 1 is presented with increased fees that Matt will be presenting information on following this presentation. Option 2 presents the picture of what the budget would look like if the choice is to not increase fees but to continue to fund the fee based programs using local assessment money.

We've been informed by the State Auditor's Office that the process Spokane Clean Air used for the FY-07 program cost calculation, which reported General Administration as a separate program is improper. General Administration is overhead for all programs and needs to be included as overhead. We have recalculated the program costs and the result is that we are under collecting our fees for full-cost recovery.

### **Option 1: Increased Fees**

If we move to full-cost recovery on fee based programs, we could reduce the Local Assessment by \$200,000.00 and still balance Spokane Clean Air's budget. Another item that changes with this option is the amount of fund balance that we have to use to balance the budget. Spokane Clean Air is expecting some reductions in its Federal Grant money so it has incorporated a 3% reduction for FY-09 and beyond. The expense side is similar to what has been done in the past. The salaries and benefits are calculated using the current staff and incorporating the step increases as staff is employed longer. A COLA was incorporated and calculated at 4% for the period effective July 1 and is based on the Resolution approved by the Board last year to use the CPI-U West, which is currently running at approximately 3.7% and will be adjusted when the actual figure for period ending March 31 is released. A 2.5% COLA has been incorporated for the out years for planning purposes. For the remaining general expenses, a 5% increase for building rent and a 3% increase for insurance has been incorporated for the out years. The rest of the expenses are pretty much the same as they have been and there has been no provision for inflation over these out years. Spokane Clean Air has been doing well and staying very close to the budget and has a very lean budget. We may still be a little short on the Source Compliance which is the registration fees, but Spokane Clean Air feels that is within a reasonable amount to target. The AOP Program will be balancing itself out based on the regulation and the Asbestos Program is also in a target range.

**Option 2:** This option shows that if there are no fee increases, Spokane Clean Air will be running significantly behind on the Source Compliance by approximately \$200,000 and \$30,000 on the Notices of Construction (NOC).

Councilmember Taylor asked if Barbara would be adjusting the salary increase numbers to the 3.7% COLA. Barbara replied that it was approved by the Board to use the CPI-U West figure for 12 month period ending March 31<sup>st</sup> and when she gets that information she will put that in and those numbers would be adjusted accordingly. Chair Corkill asked if the request from the Auditor was a mandate or a request or a suggestion. Barbara replied that at this point the report has not been received but the main item pointed out was that management could not be a program by itself and it does have to figure in to the indirect costs of each of the programs such as the Air Operating Permit (AOP) Program which is federally mandated to be full-cost recovery. Bill added that he believes that legally the only requirement is for the AOP Program to have those management costs included. The Board can probably do whatever they would like on the other programs since they are not a federal requirement. Chair Corkill stated that it would make sense to do everything on the same basis. Barbara stated that the bottom line is does the Board want the registered sources that Spokane Clean Air manages to pay those costs or does the Board want the local assessments (the cities and towns) to fund them. In turn if the programs become full-cost recovery, the Local Assessments would go down.

Spokane Clean Air has three fund balances. The reserve fund balance is specifically identified as to where and how it can be spent. The unreserved designated fund balance includes monies that have been designated for specific uses, although it is open for expenditure and that includes the project account reserve, the reserve for the equipment and vehicles and the reserve for the expected cost for future retirement payoffs. The unreserved undesignated fund balance is available for expenditure and used to balance the budget. With the budget presented today, Spokane Clean Air stays within the 20% fund balance. Councilmember Taylor asked how Spokane Clean Air is trying to spend down the balance. Barbara replied that Spokane Clean Air has been using the unreserved undesignated fund balance to balance the budget because it is needed with the fees at the level they are and the local assessments at the current level to keep us balanced and stay within that 20% guideline. Option 2 shows that in the first year we are at 34% and across a five year period we will hit the 20% guideline. There was more discussion between Barbara and the Board.

**c. Registration, Notice of Construction and Asbestos Fees – Matt Holmquist**

Matt gave an overview of the fee based program cost recovery. There are approximately 650 air pollution sources that pay the annual registration fees. The projected year end balance for the registration program shows that the fees that were adopted in December 2006 will not achieve full-cost recovery by approximately \$139,000 short at the end of this current fiscal year and around \$200,000 short the next fiscal year. The proposal is to increase the registration fees effective July 1, 2008 to achieve full-cost recovery as best as we can project. A major component of the registration fee schedule is the emissions fee which will go from \$45 to \$75 per ton of emissions, so it makes it the polluter pays scenario.

Matt gave an overview of the Notice of Construction (NOC) and Notice of Intent (NOI) programs. Spokane Clean Air issues about 40 to 85 one-time construction or operation permits each year. This makes projections challenging. At the end of this current fiscal year ending June Spokane Clean Air will be approximately \$90,000 short and in 2009 the projection shows about \$32,000 short. The reason for the decrease in 2009 is that the NOC/NOI fees are scheduled to be phased in over a two-year period. So we increased fees last year for the NOC/NOI program and if we do nothing right now, there is already a planned fee increase that will take effect July 1, 2008, but that still shows a \$30,000 shortage for this program. The proposed increase amount would be a slight increase effective July 1, 2008 to revise what has already been adopted.

Matt gave an overview of the Asbestos Program. Spokane Clean Air receives approximately 300 NOIs to perform asbestos removal and/or demolitions each year and the projected year end balances show that this program is maintaining full-cost recovery. Spokane Clean Air is not proposing any increase for this program.

The proposal is if the Board wants Spokane Clean Air to move in the direction of full-cost recovery, then the next steps would be to mail out a public notice of proposed fee increases to the registered source contacts and NOC/NOI contacts; accept written comments until May 16, 2008; and hold a public hearing at the June 5, 2008 Board meeting for possible adoption of the proposed fees.

Councilmember Taylor stated that he had to leave and has no objection to the purchase of a hybrid vehicle for the asbestos program. He also has a meeting set up with Mark Richard regarding the building on Monday at 1:30 in his office. Jeff stated to be safe it would be best to have Bill Dameworth and Councilmember Taylor attend the meeting. Chair Corkill asked what the synthetic minor fee was. Matt replied that a synthetic minor is any source that has a potential to emit pollutants at quantities at or above the major source thresholds. Some of the major source thresholds would be greater than or equal to 10 tons of any one hazardous air pollutant, greater than or equal to 25 tons of any combination of hazardous air pollutants or greater than or equal to 100 tons of any criteria pollutant. Bill added that these are sources that would normally be subject to the Federal Title V Program and they don't want to have to subject themselves to it, so they take voluntary limits on their production in order to avoid it and for Spokane Clean Air there is a lot of extra work making sure they have avoided all of the emissions. Matt added that a synthetic minor source takes approximately two to three times longer to inspect on average. Chair Corkill would like to see something put into the flyer that will be going out to the sources about why there are going to be fee increases (i.e., how at the moment these programs are being funded by the local assessment). There was a consensus from the Board Members present for Matt to move forward with this project.

**d. AOP Fees – April Westby**

April gave an overview of the Air Operating Permit (AOP) program fees. The AOP program is a federal program that began in 1994 and is applicable to large industrial sources. Currently there are only 10 facilities in the County that are subject to this program. The permits are large and contain all applicable requirements for the facility in one document. The program costs for the AOP program are mandated by both the Federal and State regulations to be at full-cost recovery. The program costs have been running about \$125,000 per year. Spokane Clean Air has had a running deficit for the program for 14 years. We have been at about 99% cost recovery and do have a deficit of about \$16,000 over the life of the program. EPA requires that Spokane Clean Air recover this past deficit. The AOP fees were last revised in 2006. The program is a three part fee structure with a base fee of \$3,000, an emissions fee of \$31.11 per ton and a time fee that accounts for the agency time spent on each facility. In 2006 there was also a deficit recovery fee put in to attempt to recover the deficit in a 10 year period. At this time there is about \$16,000 left to recover and there is an Ecology oversight fee that we assess and that money goes back to Ecology for oversight of the program. The Auditor found that Spokane Clean Air's AOP program costs were higher than what was calculated, so for FY-07 the program costs were about \$34,000 higher due to the indirect costs. With the AOP fee structure, our annual revenue equals our annual program costs so we bill out what the previous fiscal year cost was and as a result the 2007 billing was under collected by \$34,000. The Auditor did not like the 10 year period that we have to recover our past program deficit and they would like to have the \$16,000 that is currently outstanding recovered sooner. The AOP program is also audited by EPA since it is a Federal program and in 2007 the only significant finding that EPA had was that currently our NOC costs and fees are included as part of our annual AOP fees and budget. So if any of Spokane Clean Air's Title V AOP sources were to install new equipment, we have been charging that as part of the annual AOP budget and EPA says this can't happen so they are requiring that Spokane Clean Air revise its regulation to charge NOC fees separately from the AOP fees. The reason for this is that these two programs shouldn't be combined because they come from separate mandates and they're in separate sections of the Clean Air Act.

The proposals for the AOP fee regulation are to take the NOC hours and fees out of the AOP fees regulation and make those AOP sources subject to the NOC fee regulation. The second would be to revise our annual AOP fee schedule to recover our entire deficit during the next billing cycle. What we would be looking for in 2008 would be to recover the \$16,000 accumulated deficit from 14 years and the \$34,000 of indirect costs from 2007. The way Spokane Clean Air has it in its regulation to recover deficits is on a schedule where the ones that emit the most pay more. Next we would send out these proposed fee revisions and a fact sheet to the 10 sources subject to the program and give them the opportunity to comment; then we would address any of their questions or comments; and last we would initiate formal rulemaking to revise those regulations. There would be a provision in the regulation that if there ever was a surplus or deficit for any reason, that would all be accounted for during the next billing cycle. Chair Corkill asked for comments from the Board and hearing none he gave April the go ahead to move forward with this proposal.

**BOARD MEETING:** The board meeting was called to order at 9:45 a.m.

**1. Advisory Council Report – Ray Kelleher**

Ray Kelleher gave a report on the last meeting of the Spokane Clean Air Advisory Council. At the meeting, they were provided a detailed overview of the wood stove change-out program, an update on the new ozone standard and an update on the new legislation that was passed. The new legislation allows for the implementation of the same plan Spokane Clean Air is using for the whole state so that air quality standards would not be exceeded. Some of the Advisory Council Members had some concerns that possibly some of these people who were just above the poverty level that wanted to change-out their old stoves couldn't take advantage of it because they don't have the resources to really pay the difference even with the \$400 to \$550 rebate program. Ray spoke with a retailer and one comment was that they have a lot people come in that can't afford the change-out even with the rebate. Ray feels that somewhere down the road, they should think about how they are going to reallocate some of that money for the ones who really can't afford it and are just above the poverty level but not by much. Peter Williams mentioned that there may be interest from the Advisory Council and the Board of Directors of Spokane Clean Air to get together and have a discussion sometime which could be helpful to both parties. Chair Corkill stated that the Advisory Council could brainstorm some ideas of how or what can be done to get to help those individuals that are just above poverty.

**2. Director's Report for March – Bill Dameworth**

Bill met with the law firm EKW Law that is helping with the control technology regulation for the rendering industry and signed the contract. Spokane Clean Air would like to go to a technology based regulation for odor problems. SB 6753 implements the recommendations of the Wood Smoke Advisory Group and extends the burn ban authority using appropriate trigger values to the rest of the state. Also it removes the sunset clause in our current authority. Thank you letters will be sent to Senator Brown and Representative Wood to be signed by Chair Corkill and Bill. Ecology reconvened the Wood Smoke Advisory Committee. The disclosure of uncertified wood burning devices upon sale of a home did not make it through

the legislative process this session. Bill plans to press for reintroduction of this issue for disclosure of uncertified devices in homes being sold. Not much has happened on the building purchase. Steve Taylor mentioned that Bill and he will be meeting with Commissioner Richard next week to discuss some financing options with the County. Financing is complicated for governmental entities like Spokane Clean Air. Commissioner Richard is saying that we could go forward with getting a loan from the County. At the last meeting there was a fact sheet that explained that if we did get the loan, we would be money ahead after five years as far as the savings of moving into a building. Some of the money from enforcement could be used for a down payment on the property which would be good use of that money. Chair Corkill stated that with the fee increases, some of the local assessment money could be used if we hold off on lowering the assessment money for one year. The Auditors finished the audit. They did not give us an informal review of their findings and an opportunity to correct minor problems if any were found as promised in the initial interview. The final report will likely not be ready for months.

### **3. Public Information/Education Update – Lisa Woodard**

Lisa gave a brief overview of the March events. We presented to Mead High School's Environmental classes and the CTR program coordinators and attended the Spokane Valley's five year anniversary. Bill gave a presentation to BOMA. The CAP consisted of looking at and doing some work with the new EPA area source rules that are coming out and a letter and notification form was drafted that will be sent to surface coaters. A web page was also put together about these new federal rules that are coming. We worked on articles for the spring CAP newsletter that will be mailed out. The yard & garden season starts April 4 through 7 and 11 through 14. Flyers were distributed in the outlying areas and a news release was put out. April 2 we had eight staff members manning the help center phones at KHQ for burning questions and there were over 200 calls. We have issued 175 wood stove rebate vouchers for the rebate program. The wood stove replacement program for income qualified homeowners is underway and we have funds available for 20 full replacements. The No-Idle Zone program is a State developed program that is being used to reduce idling that occurs at elementary schools when parents are dropping off and picking up their children. We have an AmeriCorp person that is working on the No-Idle Zone program and he presented at the City of Liberty Lake's Council for a discussion on a Resolution that they may adopt to be a No-Idle Zone City. We have an application in for a one year AmeriCorp position at part-time. The spring composting and chipping event will be on April 12<sup>th</sup> at Fire Station 49 at Highway 395 and Monroe Road. There will be large containers that are donated by ABCO Wood Recycling and they are our major sponsor this year. EPA, the National Oceanic Atmospheric Association and the Weather Service are co-sponsoring National Air Quality Awareness Week and it is April 28 through May 2. We are partnering with the local weather service on this to raise awareness about air quality issues, how people can find out the current air quality and what actions individuals can take to keep our air quality in the healthy range.

### **4. Activity Report for February 2008 – Ron Edgar**

Nothing unusual happened in the month of February. There were a number of inspections performed by the inspection staff to make sure that the businesses are still complying with the rules and regulations. There was one AOP renewed. There were some higher levels of PM<sub>10</sub> and PM<sub>2.5</sub> from the sanding materials when the snow melted. On March 2008, the EPA

strengthened the National Ambient Air Quality Standard (NAAQS) for ozone. They moved the eight hour standard from .084 ppm down to .075 ppm for the ozone. The last change was in 1997 and it is suppose to be done every five years. EPA is supposed to look at all of the criteria pollutants every five years. Criteria pollutants are ozone, carbon monoxide, nitrogen dioxide, particulate matter, lead and sulfur dioxide. The rule is final on March 12<sup>th</sup> for this standard and a year from March 12<sup>th</sup>, the States will have to recommend what Counties in their State are not meeting the standard and would be designated as non-attainment areas. The final designation of these non-attainment areas would be done by March 12<sup>th</sup> of 2010 and they would have to have their plans in to meet the standards by 2013 and those plans would have to show them meeting the standard sometime between 2013 and 2030 depending on the severity of their ozone problem.

**5. Update on Legal Activities – Michelle Wolkey**

Michelle stated that at last month's meeting in executive session, we talked about some briefing that would be filed in the matter of Phil Berg versus the agency. We did file our Motion for Summary Judgment of Dismissal and the hearing date is May 2<sup>nd</sup> which is the date that the Judge will actually hear it. Fridays are Motion days for the Judges and the rest of the week are trial days. Mr. Burg's response is due April 21<sup>st</sup>.

**6. Income/Expense Statement for February 2008 – Barbara Nelson**

Barbara stated that Spokane Clean Air is on track with its revenues and expenses for the current year. There is nothing unusual to point out.

**7. CONSENT AGENDA – ACTION ITEM – Approval of the March 6, 2008 Board Minutes and Vouchers for March 2008 Numbered 2506 through 2561 in the amount of \$51,120.85 and Payroll of \$118,490.01 for a Grand Total of \$169,610.86.**

Board Member Ahern moved to approve the Consent Agenda and Mayor Crockett seconded it. Motion passed unanimously.

**8. Public Hearing: Resolution 08-09 – Budget Amendment to Purchase a Hybrid Vehicle for Asbestos Program – Matt Holmquist**

Matt stated that there should be a yearend fund balance even with the purchase of a Hybrid Vehicle for 2008. This is for the inspection staff, particularly with regard to the asbestos program. The difference between a Hybrid and a regular car is approximately \$3,000 to \$4,000. This is just looking at a Ford Escape Hybrid which is what we currently have and we are pleased with its performance. It also has good clearance for rural areas or other areas like rock crushing pits, etc. which is needed for the inspection staff. There were no comments from the public.

Board Member Ahern moved to approve Resolution 08-09 and Mayor Crockett seconded it. Motion passed unanimously.

**9. Executive Session:** Chair Corkill stated that the executive session would begin at 10:30 a.m. for 20 minutes or until 10:50 a.m. The purpose of the executive session is to discuss agency enforcement action, pending litigation and acquisition of real estate. Michelle Wolkey notified

the public that the executive session would run 15 minutes longer or until 11:05 a.m. Chair Corkill reconvened the board meeting at 11:05 a.m. stating that no action was taken during the executive session.

**10. Action Item: Board Order Regarding Production of Records by Turbo Burn – Michelle Wolkey**

Michelle stated that there has been a presentation to the Board in executive session with respect to whether or not the Board would be inclined to issue an Order for a hearing with respect to Turbo Burn Inc., a Subpoena to Turbo Burn and a Subpoena Duces Tecum to the Records Custodian for Turbo Burn Inc. There was no further discussion. Board Member Ahern made a motion to move forward with the Subpoena and Subpoena Duces Tecum and Mayor Crockett seconded it. Motion passed unanimously.

**11. Board Concerns** – Bill stated that the retreat will be May 9<sup>th</sup> from 11:00 a.m. up to 5:00 p.m. if needed at the Spokane Valley Chamber and lunch will be served.

**12. Public Forum** – Dale Smith stated that he doesn't hear much about the fines as far as people out in the country or in town. He is wondering how laws are controlled and what does it cost. Some people are taking loads of brush out of town to other people who don't have trees to burn the brush. He would like to know if there could be a moveable device for checking the smoke or ozone in other areas because in his area when the AQI line says the air is good, there are a couple of days where the air is bad in his area. Also, things happen on the weekends and when you get them on Monday, the ashes are all picked up and so how do you do it. If there was a 24/7 there would be some accountability and if the person knew that the Sheriff was coming by, they would be more accountable to all of us. These are just some things to take into consideration. Chair Corkill stated that some of these items have been brought up by Dale to the Board before and ideally it would be nice to have a portable unit but it is impractical to do that so Spokane Clean Air has added some more monitoring stations to get a better idea of what is going on in the County, but you can only have so many because of cost considerations. Ron Edgar stated that the AQI Report is updated every hour 24/7. Wood stove bans are called if we see numbers approaching our trigger value on our existing monitors. When we do know that there is a problem coming because we see it both on the monitoring and in the weather forecast, we call a wood stove ban and there will be enforcement staff out during those bans.

**The meeting adjourned at 11:20 a.m.**

The next Board Meeting will be May 1, 2008 at 9:00 a.m. in the lower level of the Public Works Building.

---

JEFFREY CORKILL, CHAIR

---

WILLIAM DAMEWORTH, SECRETARY