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**Spokane Regional Clean Air Agency
Minutes from May 9, 2008 Retreat
Held at Spokane Valley Chamber of Commerce Office**

Board Members Present:

Jeff Corkill
Steve Taylor
Bonnie Mager
Edward Crocket
Melissa Ahern

Staff Members Present:

Bill Dameworth
Ron Edgar
Lisa Woodard
Matt Holmquist
Barbara Nelson
Michelle Wolkey, Legal Counsel

Meeting began at 11:05

Section Reviews:

Technical Services Section - Ron Edgar gave an overview of the programs that he manages: engineering, monitoring, information services, and pollution prevention P/2. Three new monitoring stations, located at Deer Park, Spokane Valley, and Airway Heights, have been installed and are almost ready to be providing online data over the web page. This has been done using project account funds from penalties.

A Pollution Prevention/Compliance Assistance (CAP;P/2) has been developed in the last year moving the education specialist to 60% education and 40% P/2. Margee Chambers has spent time in training and is now working with businesses to help them meet and understand the compliance requirements. She is also sharing ideas with businesses that may want to go beyond the required controls, thereby improving the air and reducing their own operating costs. This position plays an assistance role rather than enforcement.

Ron Edgar shared the current status of the School Bus Retrofit program where Central Valley School District will be building an upgraded fuel that mixes the bio-fuel at the pump station for the busses. Cummins Northwest continues to retrofit school busses.

Melissa Ahern reported that she had been to an event the day before where a Plug-In Hybrid bus was demonstrated. She learned that diesel busses can be retrofitted to this technology and believes this agency should be looking in that direction. There could be great emission reductions using electric transportation. Melissa expressed her concerns and knowledge of the seriousness of the liquid fuel depletions and the resulting higher

and higher fuel costs and this agency needs to be tuned in on this – for us it will be busses and wood stoves.

There was some discussion about the data and science that Melissa brought to the table. Steve Taylor suggested that the public will move to other energy sources such as coal and expects the small cars will be used again. In the interest of limited time, discussion moved on to the next topic.

Jeff Corkill asked Ron Edgar about the ozone standard and the possibility of monitoring PM1. Ron Edgar explained, vapors from gasoline combined with the long hot days, is one way ozone is created. In the near future we may be monitoring for NOX, which contributes to ozone. The ozone standard has been tightened up and we will be watching it closely. There are no plans to monitor PM1.

Compliance Section – Matt Holmquist explained that his section is fully staffed with three new inspectors: a position that had been vacant for two years was filled, one person left us for a job at Ecology, and another retired. He talked about the various duties inspectors handle on a daily basis. All staff have been trained for asbestos inspections so there is better coverage.

Melissa Ahern asked about the asbestos program and thinks the P2 program is a great proactive approach. There was some discussion about asbestos and its regulation requirements. Matt Holmquist and Carl Gross have been working with a development company creating a computer program that will allow contractors to submit their Notices of Intent on line through the agency web page. This will reduce the work load for inspectors as well as support staff in processing paper work. Puget Sound Clean Air Agency is doing on line NOI filing and have reported the contractors like it; it reduces their need to come into the office to file, and they no longer will have to have money on account with SRCAA.

Inspectors continue to find problems with gas stations, mainly in the area of poor maintenance of caps and seals. Inspections at retail solid fuel burning device shops discovered that pellet stoves for sale that are classified by EPA as exempt from certification do not meet the Washington State standard. It is expected there will be enforcement on this at the retail level next year – the law requires any solid fuel burning device offered for sale in the State of Washington meet their stricter standards. The retailers and manufactures are being educated about this.

Inspection staff has been meeting with the Fire Districts about SRCAA dropping the yard and garden burning program. Bill Dameworth commented that we should not be in the burning business and the FD can take over the burning programs in the County. Matt Holmquist added that several FDs implemented yard & garden burning programs in their jurisdictions and we get very few complaints from those areas.

Public Education/Communication/Outreach Section – Lisa Woodard went over the various topics and methods of education and outreach that are in place. The EPA Wood Stove replacement grant will expire in April 2009; however an application will be made for a state grant to continue the program. Summer is the time for Ozone education and one of the points of focus is gas powered lawn and garden equipment and ways to reduce the impact on increased ozone levels. A public survey is being considered that would evaluate how the agency is doing.

Agency Finance and Support Staff Section – Barbara Nelson gave a brief summary of the support staff duties for each program. An overall description of the proposed FY-09 budget was presented. Following direction given at the April Board meeting, this budget was prepared assuming approval of the proposed source registration and notice of construction fees to attain full cost recovery.

Steve Taylor asked if inflation factors had been included in the long range projection for expenses as well as revenue. He would like to see this, which would show when the budget would have a short fall. Barbara Nelson responded that inflation factors had been included in line items where specific information is available to identify an increase. Some inflation was included in the fee revenue. The agency has been holding steady on many of the routine expenses over the last several years so those numbers have been carried forward in the long range picture.

The fee based program costs include capital equipment, training for that particular program, direct staff time, and indirect overhead costs. Based on the expected increased fees the local assessment has been budgeted at \$400,000 a reduction of \$209,225 in FY-09 and a future reduction in long range projections.

Future Direction of the Agency

New Standard from EPA –

Ron Edgar reported that Ozone season has begun and in the last couple years we have been measuring closer to the standard. There was some discussion about the formation, controls, and education for an ozone program. Public education is an important element in keeping the agency below the standard and in attainment.

Lead is no problem for Spokane so changes from EPA will not affect SRCAA. EPA is working at changing the Air Toxics rule, which will affect Dry Cleaners and others.

Burning wood for energy was brought up and there was some discussion about the Turbo Burn – Outdoor wood fired boilers that are on the market. Matt Holmquist reported that these devices are illegal to sell in the State of Washington because they can not be certified to meet the Washington State emission standards.

There was discussion about dropping the yard and garden burning program. Matt Holmquist explained to the board that the Fire Districts could take it over if they want to.

Some have delegation agreements now and some Fire Districts have said they do not want to take over the program. Staff expects to come to the Board in the next few months with a recommendation for dropping the Yard and Garden burn program.

Financing and Fees –

Steve Taylor asked about the fee increases and the amount of the increases. He was unable to participate in the draft budget discussion in April. He believes in full cost recovery for services such as issuing permits. The applicant gains the full benefit, therefore, should pay the cost of issuing a permit. In the case of an annual fee assessed to a business based on their emissions, the public receives the benefit of the businesses compliance and possible emission reductions. It makes sense for the local government to subsidize some of the program costs. Steve Taylor does not see source registration fees at a full cost recovery level as right. We (this agency) are for the public benefit. He also has not heard any of the local cities complaining about their local assessment.

Jeff Corkill stated that our mission is to protect the public health and he believes in the polluter pays concept, which is the basis for full cost recovery.

Steve Taylor stated that we are not required by law to be at full cost recovery for the Notice of Construction and Source Registration programs. He would like to see a more cautious raise in fees and has a problem with indirect costs being paid by the businesses. This is a service to the public not the business. Steve Taylor would like the local assessment to pay for the indirect costs for this program.

Bill Dameworth stated that it was the Board's choice to adopt a policy for full cost recovery thereby, reduce the local assessments.

Ron Edgar added that Notice of Construction permits is a service to the applicant.

Bonnie Mager asked what benefit is there to the public from the businesses not paying the full cost of the program when the public would have to pay if the businesses did not?

Steve Taylor replied that it would help to keep the businesses more competitive by keeping their prices to the public lower.

Steve Taylor stated there will be pollution cost no matter who pays. Is it right to make the business bear the full burden for the public benefit? He believes making the business pay the full cost is not fair.

Bonnie Mager stated that there are some weighted benefits for the public and possibly the public should pay some part.

Michelle Wolkey interjected that the Board has By-Laws in place that state the board policy is to be at full cost recovery on all fee based programs. The board would need to

amend the By-Laws to reflect the current direction and policy of the board before they adopted a budget that did not meet the full cost recovery policy.

Matt Holmquist commented that a regulation change may also be necessary.

Bill Dameworth added that he questions the competitive disadvantage as an issue; from his experience, he believes it is not a burden for businesses to pay.

Jeff Corkill stated that the public is already paying a lot.

Steve Taylor asked, does it have to be this much of an increase?

Bonnie Mager stated that the board voted for the full cost recovery policy because they believe it is the correct method to fund this important program. We are sharing some background on the development of the By-Laws with Steve Taylor.

Bill Dameworth stated that based on this discussion, the staff would prepare three separate budget proposals to be presented at the June 5th meeting with the goal of approval of one of the three options. Three options will be: 1) Full Cost Recovery, 2) Partial Cost Recovery 3) No Change to Current Fees. Staff will also prepare amended By-Laws for possible approval.

Michelle Wolkey stated that any proposed changes to the By-Laws must be provided to the board members at least ten days prior to the possible day of approval.

Time ran out and the meeting was adjourned at 4:40 p.m.

Jeffrey Corkill, Chair

William Dameworth, Secretary