



BOARD MEETING MINUTES

May 4, 2006 9:30 a.m.
SPOKANE COUNTY PUBLIC WORKS BUILDING
LOWER LEVEL HEARING ROOM

PRESENT WERE:

Matthew Pederson
Jeff Corkill
Michele Pope
Commissioner Harris

STAFF:

Ron Edgar, Interim Director
Barbara Nelson, Finance & Personnel Admin.
Brenda Smits, Air Quality Specialist II
Mary McDermott, Secretary II

WORK SESSION: The work session of the board meeting was called to order at 9:37 a.m.

1. Update on Asbestos Fee Rule

Brenda Smits gave an overview of the proposed revisions to the asbestos fees. The proposal doesn't change any of the current program activities or staff hours. The key activities of SCAPCA's asbestos program consist of 300 Notices of Intent (NOI) which are notifications of asbestos projects in the County. Approximately 92% are Non-Owner Occupied, Single-Family Residence or commercial projects. We do approximately 100 site inspections and receive about 40 asbestos complaints per year. SCAPCA does compliance assistance through home shows, realtor groups and builder's associations.

The total program costs are made up of overhead, salary and benefits. Overhead consists of program support, actual and general indirect costs. Indirect costs are made up of office space rental, liability insurance, equipment, printing, etc. The total indirect costs are allocated to this program based on the percentage of time spent on the program. For 2005 10% of those total indirect costs were allocated to the asbestos program.

Goals of the changes were to remove the amendment fee, keep Owner-Occupied Single-Family Residence (OOSFR) fees low, achieve full-cost recovery for the program, establish fees that will sufficiently cover program costs for up to five years out so that it isn't something that needs to be looked at every year, maintain staff hours at current levels, and clarification.

The proposed fee change would have no change to OOSFR asbestos removal projects without demolition. There would be a 20% fee increase in OOSFR with demolition. A 67% fee increase for Non-Owner-Occupied Single-Family Residence or general commercial, which is

about 90% of the notifications SCAPCA receives. The amendment fee would be removed and two project categories would be combined.

In February 2006, a targeted mailing to 75 asbestos abatement contractors, consultants and other interested parties was mailed out. The proposed changes were also posted on SCAPCA's website, and follow-up calls were made to seven of the largest asbestos contractors in the area. Four comment letters were received.

The next steps would be to address and incorporate the Board's comments into the proposed rule. The draft would then be sent to the Code Reviser's Office May 24. Public comments would be due by June 27, 2006. The public hearing before the Board for adoption would be on July 6, 2006 with an effective date of implementation August 14, 2006.

Michele Pope asked about the cost and revenue graph where the staff hours in 1999 were 2,400 and now they are down to 2,059. Brenda replied that the more NOIs received, the more complaints go up and they have gone up since the first year that it was implemented in FY-1999. Also, there was training in FY-2000 for two staff people. The NOI or Notifications haven't decreased, they've gone up. SCAPCA is operating with 1.3 full-time employees which is what has been used for this projection. There are no plans to increase that at all. Regardless of the age of the home, if it is going to be demolished, a survey needs to be done and notification needs to be made. Even if it was built yesterday the same asbestos requirements apply because there are still products made today that contain asbestos that are used in buildings.

Ron Edgar added that the Federal requirements are that manufactures within the United States can no longer use asbestos except for some very special applications. Imports and items on the shelf that companies all ready have are still able to be put into buildings.

Jeff Corkill asked what the rationalization of combining the two large square footage items was. Brenda replied that SCAPCA gets about three or four notifications from the larger categories and this is an attempt to simplify.

Ron Edgar stated that this is a proposed regulation change and asked the Board if SCAPCA could proceed with the public comment period and scheduling for public hearing. Commissioner Harris stated that he wanted to comment on the couple of public comments received in writing and he would like to see what the staff thought about those recommendations. Brenda Smits stated that the City of Liberty Lake has no concerns at this time regarding the proposed increase in fees. Tim Phalon of Phalon Abatement Services, Inc. suggested a couple of changes and those were in the project size category not the fee schedule. Robin Carper of Rob's Demolition, Inc., proposed looking at what a building was used for and the fee schedule associated with that. Commissioner Harris stated that he is not seeing any objections to the fee increase but they are recommending some size changes. If those recommendations are accepted, how would that affect SCAPCA or the program? Brenda replied that SCAPCA's project sizes are directly from the NESHAP, which other local air agencies have adopted as well, but we could change that. Commissioner Harris asked if it would cause a domino affect. Brenda stated no, it would just require SCAPCA to work with all of the asbestos contractors and the people who fill out the form to make sure that they know there is a change to the size categories.

Commissioner Harris believes as long as it doesn't affect the safety of anything and we can make a change that is suggested by a stakeholder that would give us a 100% buy in and that is helpful to everybody. Brenda stated the comment was from one abatement contractor, so it is not known if there would be a 100% buy in from all of the contractors. Commissioner Harris suggested waiting until the public hearing and see where it goes. What he likes about this is that it might be from one person but it shows he has a real interest and that is commendable. Brenda added that the same abatement contractor also would like to see notifications required for OOSFR asbestos removal projects.

2. FY-2007 Budget

Barbara Nelson gave a presentation on the budget. SCAPCA is proposing a balanced budget that will be using \$351,000.00 of its fund balance to balance this budget. SCAPCA FY-2007 revenue is much the same except for a 10% reduction in the Federal Grant. Revenue has been unchanged for some time.

The FY-2007 salaries and benefits are approximately 80% of the overall budget. A 2% COLA of \$20,545 is included in the budget and the staffing is 19 full-time employees and one at 80%. The 19 full-time employees include filling the position of an Air Quality Specialist position that has remained vacant for FY-2006. The cost of the salary and benefits does include possible retirement payouts and if they don't happen, those numbers will be moved out year-to-year. Employees pay a portion of their dependent care and these numbers are taken from the County plans, this year they will be paying \$15 to \$45 per month. The basic life and long term disability in the PEBB program is included and paid by the employer. General expenses have remained unchanged. Legal services have increased for enforcement actions and regulations under development that will require legal review. The training budget has been reduce by over \$6,000 by dropping some national trips in the Directors travel budget. The education program has been reduced by \$3,000 from the past year. The equipment line includes the computer and software upgrades which are done by a SCAPCA staff member.

The basic compliance program is the largest program with the largest number of staff. This includes complaint response, permit issuing, inspections in all areas and the asbestos program. Another program that is federally mandated and delegated to SCAPCA is the Title V program. The air monitoring programs consists of operating five sites, recovering data and making accurate reports that meet all compliance assurance requirements. SCAPCA is doing daily air quality forecasting and reporting which is becoming more important as we notify those people who are affected by the air quality. The basic education program spends most of its time and effort trying to get the word out to the public on wood heating, outdoor burning, schools and youth programs, compliance assistance and general air quality.

SCAPCA has three fund balances. The first is the Reserved Fund Balance which is money that has been designated for certain areas of use and can only be used in that way. It is used for Supplemental Environmental Projects (SEP) such as the VERP/VAVR programs and the woodstove replacement program, and the bio-diesel project in the Central Valley School District. It has been budgeted to use all the SEP funds this year, which leaves the designated fund balance at \$2,200 which includes the advanced travel and petty cash.

The second is the Unreserved Designated Fund Balance which means it is unreserved but SCAPCA has designated areas to spend it. It cannot be spent without being fully appropriated. This includes SCAPCA's project account and equipment reserve account. The beginning balance is \$366,394. SCAPCA has considered a couple of projects that include a retreat for the Board, Advisory Council and staff and some upgrades for some monitoring equipment. These have not been included in this budget but will be brought back at a separate time. There are no plans for purchasing any equipment this year.

The last fund balance is the Unreserved Undesignated Fund Balance and this money is available for expenditure. SCAPCA is planning to appropriate \$351,540 to balance the budget before the Board today. It will leave a Fund Balance of \$578,280, noting that on a long range plan SCAPCA is showing that the Unreserved Undesignated Fund Balance will be at minus \$110,944 by the end of FY-09 without changes to the funding revenue.

Fee increases which will affect SCAPCA's long range plan. The fee increases that are in progress right now are looking towards full-cost recovery. SCAPCA is mandated to get full-cost recovery on its Air Operating Permit (AOP) Title V Program. The Asbestos Program is in the process of Regulation amendments to increase fees. Plans are beginning for the Registration fee increases and we hope to come back with the Permitting and NOC/SEPA fee increases in the future. The long range expense picture includes possible retirements, a 2% COLA, and hold the line on general expenses. All programs are planned to remain at the current level of service with nothing new added.

Michele Pope stated that Barbara Nelson's budget overview was a job well done, it was very clear and concise and she has done a good job at holding the line financially. She had a couple of questions for clarification and they were who are the professional services costs and other professional services. Barbara replied that professional services is the cost of a state audit that was budgeted for FY-06 but she has not heard from the Auditor's Office so she carried that forward expecting to have it in the coming year. The other professional services are professional services that SCAPCA has need of throughout the year which includes professional layout and services to develop educational means, services to calibrate the labs scales, and anytime SCAPCA has to pay someone to do some professional service that is needed. Jeff Corkill asked what the VERP/VAVR program is. Barb replied that it is the Vehicle Emission Repair Program that has been on going for approximately three years and that money was from a settlement between Kaiser and DOE and is run through the SNAP program for low income people to receive assistance to repair their cars. Jeff asked how long does that money keep coming in? Ron Edgar replied that the Board approved an additional \$50,000 for this year and that is from the School Bus Retro-Fit Program money that was given to SCAPCA to use as SCAPCA sees fit. That money is gone at the end of the year if the Board does not approve any additional funds or financing cannot be found from other forms.

Matthew Pederson stated that the Board has had previous discussions on a future performance audit and could Barb provide the Board with information on the costs associated with doing a performance audit and what they may be looking at in the future for that. Barb stated she would look into it and get back to the Board.

Commissioner Harris asked why the woodstove exemption program was going to drop off at the end of the year. Barb replied that the woodstove exemption program is revenue from people who have wood as their sole source of heat and get an exemption for a \$10 fee. Those people who have had that need have been dropping off over the years and it has gone from approximately 200 to between 30 and 40. Commissioner Harris asked if we are really trying to get woodstoves up to where they should be; shouldn't the fee be higher to get an exemption? Barb stated that the exemption is issued to those people who are low income and have no other way to heat their homes. Commissioner Harris stated that SCAPCA projected a 2% COLA for every year and the chart shows that the FY- 07 will be \$20,545 and is lower than FY-06, why is that? Barb replied because in the FY-06 budget she budgeted a 2% COLA and in FY-06 SCAPCA employees received a flat fee of \$90 so it was a savings to the agency of \$1,000. Commissioner Harris stated that for the Board Members that were not present last year, they did this because some of the Board still feels that it is inappropriate for somebody who is making a \$100,000 a year to get a \$2,000 COLA and somebody making \$18,000 gets a \$360 COLA. In 2008 it is \$22,850 and then it goes up again in 2009, but if it is at 2%, every 2% is based on a previous year's salary so it is compounding. But in 2010, it is only \$10 difference and that seems strange. Barbara replied that in 2010 she had incorporated some possible retirements and a new staff member was put in at the lower step so that will change things. Commissioner Harris added that this would indicate that the \$5 increase in 2011 is for the same reason. Barb added that in 2011, it is projecting a retirement payoff and then the COLA is calculated on a new person coming in on step-one of a management position and that is going to be a considerable difference in salary. Commissioner Harris asked what changed from 2006 to 2007 that we are spending \$300 on clothing in the general expenses column and then it isn't spent again. Barbara replied that SCAPCA is planning to fill the vacant AQS I position and SCAPCA provides safety gear and safety boots for new employees. Commissioner Harris asked if SCAPCA replaces those items. Barbara stated that she has only replaced one pair of safety boots in 12 to 15 years. They wear them strictly for the inspections on the sites where they are required. Commissioner Harris questioned the food line item being \$500 and the fuel going from \$5,100 to \$4,800 in 2007, does this mean we are going to do fewer inspections. Barbara replied that food has always been there with \$200 to \$300 in it and mostly used for events. The fuel prices were not where they are today when the budget was put together in February. Most of the main figures were carried over. Commissioner Harris asked how Barbara is getting the rent of the building to go from \$55,500 this year to \$54,000 next year. Barbara replied when she budgeted for the 2006 budget, she was using a projection; she didn't have an actual figure. SCAPCA has signed a three year lease with the Health District and this is the actual number for the next three years. Commissioner Harris stated that the State has said that SCAPCA has to have full-cost recovery, how can we justify that we have full-cost recovery when we are taking money out of the reserve fund to balance the budget. He would prefer taking the heat for increasing the fees or whatever is needed to have full-cost recovery. Barbara replied that SCAPCA is moving forward with the Title V AOP Program that is federally mandated to be full-cost recovery and the fee changes should be in place for the next billing cycle in November and December of 2006 which will reflect in the FY-07 budget. The fees have been calculated to allow for making up the past deficit that SCAPCA has so we will be meeting the federal requirement on full-cost recovery. The other programs that the Board has told us we should be full-cost recovery on we are not legally mandated to do if we can fund it in another way. Barbara expects the asbestos fee

changes to be approved. SCAPCA has no reason to believe that the stakeholders are unhappy with that. That additional revenue is not reflected in the budget because it is unknown at this time. When we get through with the fee increases and the regulation changes that are in progress, we will redo this in SCAPCA's budget review around December of this year. Commissioner Harris stated that if we can maintain the budget as Barb has presented it, it is an excellent budget. He doesn't find any problems with it and nobody can challenge the percentage of increase from FY-06 to FY-11 in expenses.

Jeff Corkill asked about the line item on investment income. Barb replied that this is income generated from the fund balance and invested by the County. By law, SCAPCA is required to have the County Treasure as its treasurer and its money is invested through their investment people. Because SCAPCA has a large fund balance, it does well on its investment revenue. It has been dropped down in 2010 and 2011 with the expectation that the fund balance won't be what it is today and that revenue is going to go away. Jeff asked if when Barb was working this out to FY-08 to 10, she allowed for the increase in operating permits being at full-cost recovery. Barb replied no, when rules are approved and effective, she will incorporate them. Jeff asked what percent is SCAPCA in deficit with the asbestos program. Brenda Smits stated the total cost of the program was \$121,797 and the program revenue was \$95,417, leaving a difference of \$26,380.

Barbara Nelson asked if there were any other comments on the Cost of Living Adjustment (COLA) as included. She can present a Resolution with this as a separate line item so that it can be adopted individually or she could include it as it is shown today. Does the Board have a preference on how they want to see it? Michele Pope stated that she is happy with the way it was presented today to have it incorporated. Ron Edgar stated for clarification, that last year the Board did a flat amount for each employee COLA, effective for those employees that were currently employed. This year should we do the 2% of each one and raise the salary scales or should we look at other ways of applying the COLA. Jeff Corkill stated to go with the 2% COLA this year since we went with the flat COLA last year. Commissioner Harris stated that he doesn't have a problem with the COLA as long as it doesn't exceed what the County receives. Michele Pope asked if the funding would be the same if 2% was done for everybody versus a flat amount for everybody. Ron Edgar stated that last year we took the amount that would have equaled 2% and divided it equally among all the employees and came up with approximately \$90 per employee. Michele asked if everybody also has their step increase that goes along with their salaries annually as well. Barbara Nelson stated that SCAPCA has the step system and there are four staff members that are not at the top step. Michele asked if the only raises they would be getting would be the 2% COLA. Barbara replied that is correct. Commissioner Harris stated that the reason for the flat rate COLA last year is because he doesn't like to see some person making a million dollars and getting a 2% COLA of \$20,000 and the person out there making everything happen for this person to be successful makes \$25,000 a year and gets a 2% COLA of \$500. He also feels that if you are going to get a 2% COLA, figure out what that 2% dollar amount is and divide it equally among all employees. Ron Edgar asked if the Board would like SCAPCA to bring back both options as separate resolutions and the Board can pick which one they would like next month. Matthew Pederson stated that he would like to see both options.

BOARD MEETING: The board meeting was called to order at 10:17 a.m.

Administrative Items:

The Chairman of the Board, Matthew Pederson, wanted to note the rearranging of Agenda items. He wanted items 8 & 9 to be switched, putting the Executive Session before the Report on the Executive Director search. He also requested to pass on reports from the following list of items:

1. **Advisory Council Report – Ron Edgar**
2. **Public Information/Education Update – Lisa Woodard**
3. **Activity Report for February & March 2006 – Ron Edgar**

Ron Edgar quickly stated that the three Advisory Council Members present at the March meeting for the budget proposal are in favor of the budget proposed.

4. **Income/Expense Statement for February & March 2006 – Ron Edgar, Barbara Nelson**

Ron Edgar stated that SCAPCA is on track with expenses. The legal fees are above normal because of some of the cases SCAPCA has been involved in and advertising is high because of advertising for the executive director position. The PERs retirement benefits are running a little over because we found out too late what the amount would be and it was underestimated.

Action Items:

5. **Approval of Minutes of the March 9, 2006 Board Meeting**

Michelle Pope moved to approve the March 9, 2006, board meeting minutes with noted changes on page 6 and Jeff Corkill seconded it. Motion passed unanimously.

6. **Voucher Approval for March \$125,361.02 & for April \$133,827.94**

Michele Pope moved to approve the March and April, 2006, vouchers and Jeff Corkill seconded it. Motion passed unanimously.

7. **Resolution 06-05 – Monitoring Site Lease Agreement with District 81 – Ron Edgar**

Ron Edgar gave an overview of the Lease Agreement with District 81 for an ambient air monitoring station on their building for \$50 per month to cover the cost of electricity for the monitor. There was one item corrected in the agreement and it is item 6.5 regarding waiver of Title 51. District 81 has agreed to remove that paragraph which SCAPCA's legal counsel was having some problems with. The concern with that paragraph is that if one of our employees slipped and fell and decided to sue the School District and if they were negligent, SCAPCA would have to come in and defend the School District for that incident. The site is on the School

District 81 Maintenance Building on approximately Garland and Market Street in the Hillyard area. It is a combination residential and commercial neighborhood that we have interest in for the toxics program. We would like to do another year's worth of particulate sampling because this would give us an idea if it would be a good location for a second PM coarse site. Under the proposed PM new standards, the Spokane area will have to have two PM coarse monitoring sites.

Jeff Corkill moved to approve Resolution 06-05 and Commissioner Harris seconded it. Motion passed unanimously.

9. Executive Session to discuss next step in Executive Director Selection process

Matthew Pederson asked for the room to be cleared at 10:42 a.m. for an approximate time of 10 minutes for the executive session. The SCAPCA Board meeting then resumed at 11:03 a.m. from the executive session. The process of the search for the Executive Director position was discussed at that time.

8. Report on the Executive Director Search – Matthew Pederson

Matthew Pederson gave an overview of the search for the Executive Director position. The process for the next round of interviews will be conducted by the entire Board. Three candidates have moved to the final round and they will bring those candidates in on Sunday May 21 and Monday May 22 to meet with the Board and conduct interviews. After that time the Board will convene at a special meeting to select the individual and make the announcement to the public. Matthew will coordinate with Barbara Nelson to set up the interview times, get the candidates to town that will be traveling, set up arrangements for rooms and other provisions for the interviews. Ron Edgar asked if because it's a full Board SCAPCA needs to advertise to comply with the open meeting rules. Matthew stated yes and it will be under Executive Session.

9. Board Concerns

a. Change in make up of the Board

Ron Edgar wanted to get some direction on the new law that was signed into effect and the change in the makeup of this Board that becomes effective June 7. How would the Board like to proceed, should we give Spokane Valley some warning that they need to place a person on this board, how soon do you want to do that and who would you like to do that as far as notifying the Valley. Matthew Pederson stated that it would be appropriate if staff notified the Valley and informed them of the process and asked them to select their representative to the Board and notify SCAPCA as soon as possible so that it can make arrangements for them to take a seat at the July meeting. Ron stated that he would contact the Mayor of the Spokane Valley and notify them of the changes. Jeff Corkill asked if it requires an election like in his case. Ron replied that there has been a change in the rule and Jeff's position and the Spokane Valley position will be selected by each individual city. The small community representative will be selected by the Mayor Selection less the mayors from the City of Spokane and Spokane Valley. Matthew Pederson stated it will remain for the Small Cities and Towns, the City of Spokane and The City of the Spokane Valley representatives to be chosen by those cities and the Member at

Large will be chosen by the Board and the County Commissioner's position will be selected amongst the County Commissioners.

b. Direction to staff on filling vacant position on Advisory Council

Ron Edgar stated that the Business Representative position has two applicants and he is not sure about the process on that other than the Board selects. The Advisory Council could look at the two applicants for that position and they could bring a recommendation to the Board for selection. Also, should SCAPCA open up and advertise for the Chemistry position on the Advisory Council that was vacated by Jeff Corkill. The Board agreed on Ron moving forward with these items.

c. Other concerns: There were no other concerns.

10. Public Forum: There were no public concerns.

The meeting adjourned at 11:11 a.m.

The next Board Meeting will be June 1, 2006 at 9:30 a.m. in the lower level of the Public Works Building.

MATTHEW PEDERSON, CHAIR

RON EDGAR, SECRETARY