



BOARD MEETING MINUTES

May 5, 2005 9:00 a.m.

SPOKANE COUNTY PUBLIC WORKS BUILDING
LOWER LEVEL HEARING ROOM

PRESENT WERE:

Michele Pope
Commissioner Harris
Matthew Pederson
Commissioner Mielke

STAFF:

Eric Skelton, Director
Barbara Nelson, Finance & Personnel Admin.

WORK SESSION: The work session was called to order at 9:14 a.m.

FY-06 Draft Budget – Follow Up Items

Eric Skelton referenced last month's staff presentation to the Board on the draft budget for FY-06. At the June board meeting, a budget will be adopted, following a budget hearing. He reviewed the four issues from the previous month for which staff was still seeking the Board's input. One is the 401 Deferred Comp Plan's annual fee. Currently, employees pay a \$25 per year fee and SCAPCA pays \$1,000 per year on behalf of the employees for that plan. There was some sentiment expressed previously as to whether employees should pickup that entire premium or leave it at the current split. The second issue is the employee's share, if any, for health benefit premiums. SCAPCA's employees are no longer under the County umbrella for medical benefits, rather they are under the Public Employee Benefits Board (PEBB) along with state employees. SCAPCA employees were not required to pay monthly medical premiums in FY-05. Under the PEBB plan, SCAPCA, as employer, is paying less than it did under the County plan because the benefits are not quite as good, there are higher co-pays and deductibles. The third issue is double coverage for working spouses. The final issue is what the cost-of-living adjustment (COLA) will be for FY-06. There was no COLA given to employees for FY-05. Eric noted that in the current calendar year, County employees were given a 2% COLA.

In the context of the 401 Plan fee, Commissioner Mielke asked SCAPCA's total number of employees. Barbara Nelson answered there are 20. Michele Pope noted that if SCAPCA were using a different 401 Plan program, it's possible there would not be a fee at all. Michele stated that she made some phone calls to companies that offer 401 Plans and discovered there were a variety of situations where the company sometimes pays that entire fee, sometimes they split it with the employee or sometimes the employees pay for it. There is no standard. Commissioner Mielke asked if the 401 Plan was the only retirement system for SCAPCA

employees or is this a supplemental retirement benefit? Barbara stated that it is a supplemental plan. SCAPCA employees are members of State Retirement (PERS). The 401 Plan was initiated when the agency withdrew from Social Security. Eric added that in 1985, by employee vote, SCAPCA withdrew from Social Security and the money that was going into Social Security was then split between two deferred comp plans, a 401 Plan that the SCAPCA contribution goes into and a 457 Plan that the employee contribution goes into.

Commissioner Mielke asked if we have situations where we have both spouses working for SCAPCA? Barbara replied no. Commissioner Mielke stated why he asked was because the County has about 200 individuals where both spouses work for the County. Michele Pope wanted to clarify if it is required that the spouses be covered within the plan. Barbara replied no. Michele then asked what it would cost if we just paid for the employees and not the spouses or children? Barbara replied that we did not have that information available for today's meeting. Michele stated in the business world, most employees are paying for part of their own premium and for any of their family members to be on that premium as well. That is pretty standard and it should be required of SCAPCA employees. Commissioner Mielke stated if you look at SCAPCA's \$16,000 a month premium, you can safely say that 10 to 12 thousand of that is to cover just the employees.

Commissioner Mielke stated with regard to the 401 annual plan fee, his suggestion was either to leave it status quo or make it a 50/50 split between employees and employer. On the employee share for health benefit premiums, he suggested a short-term and long-term goal, consistent with the County. The short-term goal should be some sort of employee contribution towards health care benefits. On a long-term basis, there are some innovative things happening along the lines of medical cafeteria plans where the employer contribution continues to build over time and rolls over from year-to-year and when the employee leaves employment for either retirement or other reasons, they have something they take with them that's all pre-taxed. On the issue of double coverage of working spouses, Commissioner Mielke suggested it does not appear to be relevant, with regard to SCAPCA. He suggested with regard to the COLA for FY-06, 2% is a reasonable amount.

Matthew Pederson agreed with Commissioner Mielke on the employee share for health benefit premiums, double coverage of working spouses and the COLA. On the 401 annual plan fee, he suggested a 50/50 match would be a better position for the SCAPCA organization as a whole because of budget constraints. Eric asked whether the 50/50 match meant taking the \$1,000 that SCAPCA is currently contributing annually and split that so SCAPCA pays \$500 and the employees collectively pay the other \$500, or lump the collective \$25 per year that the employees are paying plus the \$1,000 and then cut that in half and do a 50/50 split? Commissioner Mielke stated that it really costs \$1,500 a year to administer the program and the 50/50 should be \$750 coming from the employees and \$750 from the employer. Commissioner Mielke added that it is important to note the 401 Plan is not the primary retirement system for SCAPCA employees. We have the State PERS system as the primary retirement system and two additional plans as supplements to that, the 401 and the 457 plans. If it were the primary plan, SCAPCA should pay the fees as the employer, but since it is a supplemental benefit plan, it deserves different consideration. Eric added that SCAPCA employees receive no Social Security upon retirement, so this is a substitute for Social Security. Michele Pope added that the 401/457 approach is a better program than Social Security. The general public would like to opt out of

Social Security but does not get that option. Matthew Pederson asked if in opting out of Social Security, was the choice of all SCAPCA employees and whether it was an optional program. Barbara Nelson replied that every employee must contribute to the 457 plan. Commissioner Mielke asked if there is an administrative fee for the 457 plan. Barbara replied no, it is with a different company. Commissioner Harris suggested that for those agencies that have pulled out of Social Security, once an employer gives an amount equal to what the employer was obligated to on SSI, then the administrative costs to go into a private plan should be borne by the employee because the employer already met their full obligation. Commissioner Harris added he's not sure that the agency can pay for administrative costs for the employee using a plan other than SSI and that could be considered gifting of tax dollars. Commissioner Mielke suggested we check with legal counsel and first make sure we have the authority to engage in that cost and then decide what would be an appropriate amount.

Michele Pope asked how much the cost to employees is going to be for the contribution to health benefit premiums? Eric stated that currently SCAPCA is picking up the entire monthly premium for employee, spouse and dependents. Michele then asked if the County was continuing to pick up a portion of the premium for its employees. Commissioner Harris replied that the employees have to pay a portion for spouse and dependents. Michele stated that SCAPCA employees need to pay for part of the premiums and noted that is an additional benefit that is not taxed and therefore makes each employee position worth that much more. To think that employees don't have to be responsible for paying some of the premium is wrong. Commissioner Harris summarized what he was hearing that even though the County employee premium contribution is low, the Board members would support it if SCAPCA employees paid the same premiums as Spokane County does? Michele Pope stated yes, they have to be paying something for premiums. Commissioner Mielke stated that his understanding of the vast majority of health care plans is it is mandatory for the employee to be enrolled in the program. It's not an option for the employee. In a situation where you have spouses that are offered health insurance through both employers, most families look at the most lucrative plan and insure the rest of the family on it. I believe that's allowed and I don't think we're doing anything to prevent that.

Commissioner Mielke stated that he doesn't think there are any cost implications to SCAPCA one way or the other if we've already made the decision that they are going to participate with regard to premium coverage for their spouses and dependents. Matthew Pederson agreed with this but stated we need to address the issue of double coverage of spouses in the event that two SCAPCA employees are married. Commissioner Mielke agreed it is much easier to address it before it becomes an issue than to wait until after it's an issue and suggested there be language in the policy with regard to health care that when both spouses work for SCAPCA they are considered employee and spouse for purposes of insurance coverage.

Michele Pope asked what other salary adjustments SCAPCA employees receive, such as merit increases and step increases. Eric Skelton replied that there are no merit increases, but there are step increases. We have an eight-step classification for each position, except for the Director's position, and those are annual steps. Eric elaborated that the average employee has been with SCAPCA for about 11 years, so most people have reached the top of that eight-step system. Nonetheless, if somebody comes in new to the organization, they can expect an annual step until they reach step eight and there's a 4% differential between each step. Matthew

Pederson asked whether SCAPCA employees received a COLA last year. Eric replied it was zero last year and the 2% in the draft budget is for discussion purposes. Matthew asked what would be the impact of a 2% COLA across the board? Eric replied that a 2% increase in salaries for all employees would equate to a \$21,712 increase in the salary item. Commissioner Harris noted that the 2% for somebody making \$18,000 a year, in terms of a dollar increase, doesn't even come close to 2% for somebody making \$80,000 a year.

Commissioner Mielke added there are two ways to look at this, one is a flat percentage on top of pay and the other is a flat dollar amount. He reiterated that 2% equates to approximately \$21,700, and we should take a look at using that same amount of money as a flat pay increase and look at what annual salaries look like as a result. Matthew Pederson stated that he was fully in favor of that concept. As Commissioner Harris stated, when you have 2% of an \$80,000 salary compared to 2% of an \$18,000 salary, there is quite a discrepancy there and it should be more evenly spread. Michele Pope added that dividing the COLA equally amongst the employees lowers the bar, making it so that everybody gets the same amount regardless if they've been here for 10 years or 2 years. Eric Skelton stated he was hearing that we include \$21,712 as part of the salary line item for the FY-06 budget, but then there will be a separate determination next month as to whether or not that's going to be a percentage increase or a flat increase. Michele asked if this should be tied to increasing the workweek to a 40-hour workweek. Commissioner Mielke asked if SCAPCA has a bargaining agreement with its employees. Eric replied no. Commissioner Mielke stated the reason he asked is because there are other ramifications that we end up having to look at, such as the contribution towards sick leave and the impact on vacation time, because it is based on so many hours per week as a percentage. Commissioner Mielke asked about the hours SCAPCA is open to the public. Eric replied our doors open at 8:00 a.m. and close at 4:30 p.m. We have some employees that start as early as 7:00 in the morning. We have some employees that work as late as 5:30 in the afternoon. Commissioner Harris stated he's not a big supporter of flextime and asked if we pay any overtime. Eric replied that it is very rare for SCAPCA to pay overtime. If we require an employee to work overtime, then by law we have to pay them. In the vast majority of overtime situations, overtime is voluntary and the employees accrue comp time. Some employees accrue it as straight time, some employees accrue it as time and a half depending upon where they fall under the Fair Labor Standards Act.

BOARD MEETING: The board meeting was called to order at 10:21 a.m.

Public Concerns

There were no public concerns.

Minutes of the April 7, 2005 Board Meeting

Michele Pope moved to approve the April 7, 2005, board meeting minutes with one correction on the last page where it said that the next Board meeting would be June 2, it should be May 5, Commissioner Harris seconded it. Motion passed unanimously.

Public Information/Education Update

Commissioner Harris moved to suspend the Public Information/Education Update item on the agenda and Commissioner Mielke seconded it. Motion passed unanimously.

Activity Report for March

Commissioner Harris moved to suspend the Activity Report for March and Michele Pope seconded it. Motion passed unanimously.

Voucher Approval for April \$154,416.93

Eric Skelton pointed out that legal expenses were \$6,136.96, which is unusual. The reason the bill was so high is due to SCAPCA's legal action with Spokane Rock Products. SCAPCA issued NOV's which, they appealed to the PCHB. There was a full day mediation by a PCHB Judge and Michelle Wolkey spent a considerable amount of time in preparation and participating in the mediation. SCAPCA settled those violations for over \$80,000. So even though we incurred \$6,136.96 in legal fees, of which most of that had to do with that action, we received over \$80,000 in settlement.

Michele Pope moved to approve the April 2005 vouchers and Commissioner Harris seconded it. Motion passed unanimously.

Income/Expense Statement for Period Ending March 2005

Eric Skelton stated that SCAPCA is $\frac{3}{4}$ of the way through the fiscal year and SCAPCA's expenses and revenues are pretty much on track. There were no questions.

Resolution 05-08 – Establishing the Budget for the Federal Grant for PM_{2.5} Monitoring

Resolution 05-09 – Establishing the budget for the federal Grant for Air Toxics Monitoring

Resolution 05-10 – Amending the budget for the School Bus Retrofit and Air Pollution Reduction Grant

Eric Skelton made a recommendation on Resolutions 05-08, 09 and 10. They are very similar and the Board could take them in one motion. The Resolutions make budgetary adjustments, accounting for the fact that SCAPCA is receiving grant funds that help offset some core expenses.

Commissioner Mielke stated if there are no questions with regard to Resolutions 05-08, 09 and 10, dealing with the budget, he moved that Resolutions 05-08, 09 and 10 be adopted and Michele Pope seconded it. Motion passed unanimously.

Resolution 05-11 – Interagency Agreement for School Bus Retrofits

Eric Skelton pointed out some minor changes that were made to the attachment to Resolution 05-11. Adopting this Resolution approves an interagency agreement for a special

project for school bus retrofits. This project would be funded mostly by the Department of Ecology, (\$215,000) using state funds from the retrofit program. Baker Commodities would also contribute \$30,000 to this project because it's in-part a bio-diesel project. This resolution would approve an interagency agreement between three agencies, Ecology, SCAPCA and the Northwest Clean Air Agency (NWCAA) (local air agency for Whatcom, Skagit and the Island Counties). Under this project, in the Central Valley School District here in Spokane County and Sedro-Woolley School District in the NWCAA, we would install diesel particulate filters on 13 buses (7 in Sedro-Woolley and 6 in Central Valley). SCAPCA would administer the grants and a contract through a request for proposals on this project. Eric then went over the three minor changes to the interagency agreement. Michele Pope asked if SCAPCA has the staff hours to handle this project without paying overtime. Eric replied that the school bus retrofit program has not been a significant draw on our time. Our administrative costs have been very low because we've been largely able to take advantage of the state contracting for most diesel retrofits. Commissioner Mielke asked with regard to these grants, are we allowed to retain an administrative fee for administering the grants. Eric replied yes. Michele asked why SCAPCA was selected for this pilot project. Eric replied that Central Valley School District has been one of the most proactive school districts in the state in doing retrofit and bio-diesel programs with their buses, and because they are so supportive, it was a nice fit to pick Central Valley School District as one of those districts.

Commissioner Mielke moved to approve Resolution 05-11 and Michele Pope seconded it. Motion passed unanimously.

Board Concerns

Commissioner Mielke, in response to a call from a constituent, had a question regarding permits. The situation involved a business that had hired another company to come in and chip wood products on their property. The company that operates the chipper does this on a portable basis around the County and has a permit with SCAPCA. The business that wanted to contract for the on-site chipping service was told by SCAPCA that they also must have a permit. The question is why would both businesses be required to have the same permits?

Commissioner Mielke's second question was in regard to the enforcement and appeal process. Does the same person within SCAPCA who initiates the enforcement action also hear appeals on enforcement actions? Eric briefly described how the enforcement process works. If somebody receives a NOV, issued by one of our inspectors, they have 30 days in which they can provide additional information to SCAPCA on that violation. That information is provided to the Compliance Administrator, Matt Holmquist. After 30 days have elapsed, if we are still of the opinion that a violation did occur, then a civil penalty is assessed. We have board-approved guidelines on how we determine what a civil penalty is going to be in terms of the cost. The inspector who issued the NOV uses a work sheet to calculate a proposed civil penalty which is then provided to Matt Holmquist for review. Matt then prepares a letter in which the penalty amount is provided to the person who received the NOV. Eric reviews the letter and the penalty amount before the letter is mailed. The person then has another 30 days to request remission or mitigation of the penalty. Matt Holmquist reviews those requests and Eric signs off on the final resolution. If the person is dissatisfied with the resolution at SCAPCA's level, then their option is to appeal to the PCHB. SCAPCA developed a user friendly information sheet on how to file

an appeal. It can be as simple as sending a one-page letter to the PCHB and copying it to SCAPCA. Once the appeal is filed, it's out of SCAPCA's hands and in the hands of the PCHB. Appeals may end up in a hearing, more typically what happens is there is further negotiation or mediation.

Commissioner Mielke asked if there is ever a situation where Matt issues the NOV and subsequently reviews the citation for its appropriateness. Eric replied Matt has been the Compliance Administrator for five years and he couldn't think of a single situation where Matt has actually written the NOV. Commissioner Mielke stated he had reservations about having the same person that heads compliance having a vested interest in what type of revenues come in through penalties, and having the same person review the appropriateness of the penalty when it is challenged. Eric asked Commissioner Mielke if he would like a copy of SCAPCA's civil penalty assessment policy and user guide for the appeal process. Commissioner Mielke replied yes.

Regarding Commissioner Mielke's first question, Eric stated that SCAPCA does not usually require a site where a tub grinder is used, to also get a permit. That is because clean up of the sites they usually go onto is a one-shot deal. Somebody with slash generated onsite will hire this business to come in and chip up the slash. In this particular instance where an onsite permit was required, the party was establishing a permanent storage and treatment site for wood waste in the Spokane Valley Industrial Park. Because it is a permanent location, we required a permit for the site.

Commissioner Mielke asked if the conditions of the permit only addressed activity of bringing this wood waste in and out of the location or did it include the tub grinding operation? When they contacted Commissioner Mielke, they were under the impression that they were being required to have a permit solely as a result of hiring a company to do tub grinding at their site. It appears from their perspective that they were being asked to take responsibility for that tub grinding operation. Eric replied the permit covers both collection and processing activities.

Commissioner Mielke stated it is a huge stretch to make the assumption that the property owner has expertise for controlling tub grinder emissions, which is the very reason they hired out the tub grinding. They don't own equipment, they don't offer up that they even have that expertise. They hire a firm that has a permit with SCAPCA, so they assume that because they're permitted to run their tub grinder throughout Spokane County, that this company they're hiring has the expertise. To Commissioner Mielke it seemed to be redundant permitting.

There is a second ambiguity, if there's an enforcement action as to who receives the NOV, the facility owner or the tub grinder owner. Commissioner Harris stated that he agreed with Commissioner Mielke that this permit sounds like a double taxation issue. The landowner shouldn't have to buy a permit when he's already paid through the contractor for that permit indirectly.

Matthew Pederson asked if the permits differentiate between the tub grinding and the truck traffic or are they two identical permits. Eric replied there is one permit, there are multiple conditions within that permit. Whether or not they contract to bring a tub grinder on site or they

purchase their own tub grinder, they still have the same permit that addresses all of the air quality issues on that particular site.

Commissioner Mielke clarified that the complaint he received was that the tub grinder operator was fully permitted under SCAPCA to have a portable tub grinder to move around the county. The operator of the storage and processing facility was concerned that they were required to get a permit that included a specific provision requiring them to be permitted for the purpose of tub grinding. It appears both companies are getting hit for a tub grinding permit.

Commissioner Harris stated that it is like two people paying for the same thing. If the basic permit includes tub grinding, then is there a permit that the recycling company can buy that does not include tub grinding that would cost less money? Eric replied that he didn't know, off hand, if the permit would cost any less if it did not include the tub grinder. They would still need a permit, whether or not you deleted any reference to the tub grinder from that particular permit. If there was a cost difference, it would be pretty minimal. Michele Pope asked if these people needed a permit regardless of the tub grinder on their property? Eric replied that is his understanding.

Commissioner Harris made a motion to adjourn the meeting and Matthew Pederson seconded it. Meeting adjourned at 11:01 a.m.

The next Board Meeting will be June 2, 2005 at 9:00 a.m. in the lower level of the Public Works Building.

MATTHEW PEDERSON, CHAIR

ERIC SKELTON, SECRETARY