

**PUGET SOUND CLEAN AIR AGENCY  
BOARD OF DIRECTORS**

**REGULAR MEETING MINUTES**

June 24, 2010

1904 3<sup>rd</sup> Avenue  
Suite 105  
Seattle Washington

**Board Members Present:**

Marina Cofer-Wildsmith, representing the Public-at-Large  
Jake Fey, Deputy Mayor, City of Tacoma  
Brian Goodnight, representing Mike Cooper, Snohomish County Council  
Randy Harrison, representing Pat McCarthy, Pierce County Executive  
Terry Murphy, representing Mayor Patty Lent, City of Bremerton  
Dave Peters, representing Charlotte Garrido, Kitsap County Commissioner  
Jill Simmons, representing Mayor Mike McGinn, City of Seattle

**Board Members Absent:**

Pam Bissonnette, representing King County Executive Dow Constantine  
Paul Roberts, representing Mayor Ray Stephanson, City of Everett

Jake Fey called the meeting to order at 8:50 a.m. The roll was called, and a quorum was present.

**I. APPROVAL OF MINUTES**

Mr. Fey asked if there was any discussion regarding the minutes for the May 27, 2010, or the June 3, 2010, Board meetings.

There was no discussion.

Jill Simmons made a motion that the minutes of both the May 27, 2010 and the June 3, 2010, Board meetings be approved as presented in the materials sent to the Board. The motion was seconded and passed unanimously.

**II. PETITIONS FROM THE PUBLIC**

Mr. Fey asked for petitions from the public.

There were none.

### **III. PERSONNEL AND FINANCE MATTERS**

#### **Approval of Vouchers**

Mr. Fey asked if there were any discussion regarding the vouchers.

There was no discussion.

Marina Cofer-Wildsmith made a motion that the vouchers be approved as presented in the materials sent to the Board. The motion was seconded and passed unanimously.

### **IV. PUBLIC HEARINGS**

There were no public hearings.

### **V. NEW BUSINESS**

#### **V.A. Briefing – Proposed Amendments to Agency Regulation II, Section 2.07, Gasoline Dispensing Facilities**

Mario Pedroza gave a presentation to the Board concerning the proposed amendments to agency Regulation II, Section 2.07, regarding gasoline dispensing facilities. He showed a chart with area ozone concentrations and explained when the region is likely to go into non-attainment.

Mr. Pedroza said the proposed amendments will require additional testing less self inspections by gas station owners and operators for ensuring that equipment is repaired and in proper working order. He said the agency has conducted stakeholder meeting regarding the proposed regulation changes. He said attendance at the meetings has not been high, but the discussion at the meetings has been useful and provided good information to the agency.

Mr. Pedroza said the probable annual cost to station owners for agency-related tests under the proposed regulation changes would be approximately \$400-600. He said there would be additional costs for the cost of replacing any equipment found to be defective. He said there could be some cost savings to owners based on removing the requirement to conduct daily self inspections.

(Randy Harrison arrived to join Board)

Mr. Fey asked whether the agency regulates all gas stations or whether regulation is based on volume.

Mr. Pedroza said regulation is based on annual gasoline throughput for each station, and that the regulations focus on stations with an annual throughput of 200,000 gallons or more.

Mr. Fey asked whether the testers are contractors and paid by gas station owners.

Jim Nolan said yes.

Mr. Pedroza said there will be an agency database that shows which stations haven't been tested or haven't passed tests so inspectors will be better able to target stations with problems.

Laurie Halvorson said although this regulation amendment will come before the Board in July, the agency is proposing the regulation changes not take effect for a year to ensure that testers are certified and stations are informed of changes.

Terry Murphy asked if the agency tracks Ecology inspections.

Mr. Pedroza said no.

There was no further discussion.

#### **V.B. Briefing – Proposed New Regulations, Agency Regulation I, Article 14, Public Records**

Jennifer Dold briefed the Board on a draft proposal to amend agency regulations to add a regulation regarding public records. Ms. Dold said the proposed rules are based upon model rules prepared by the Attorney General's Office (AGO) for agencies to use in adopting rules to comply with the Public Records Act. She said the proposed regulations address, among other things, how requesters can request records from the agency, how the agency will respond to records requests, applicable costs for obtaining copies of records, and exemptions to disclosure of records.

Ms. Dold said the agency expected to present the proposed rules for public hearing and action by the Board at the July Board meeting.

Ms. Halvorson said staff briefed the Advisory Council on the proposed regulations. She said they provided good comments and questions. She said if any further comments or questions are received regarding the proposed regulations, staff will advise the Board.

There were no questions or comments from the Board.

#### **V.D. CAPC Process Status Report and Ozone Season Update**

Mr. Fey moved the agenda item regarding Clean Air Performance Commitment (CAPC) Process Status Report and Ozone Season Update forward on the agenda.

##### *CAPC Process*

Kathy Strange gave the Board a presentation on the CAPC process, which deals with strategies to bring the Tacoma/Pierce County fine particle nonattainment area back into attainment.

Mr. Fey asked whether eventually the agency would have to pass a regulation against the burning of wood.

Mr. Nolan said he thought it is inevitable that there will be tough regulation by the Board on the burning of wood in the non-attainment area. He said there are probably 30,000 wood stoves and 30,000 fireplaces in the non-attainment area.

Mr. Harrison asked why the Board needs to wait three years to pass tough regulations. He said it should be done immediately.

Mr. Nolan said this needs to be a staged process and there needs to be community buy-in to the process. He said the agency doesn't want to take any action that EPA will not credit it for having taken to bring the area into attainment. He said there are also other communities in the non-attainment area besides Tacoma.

Mr. Fey said the CAPC process is basically an agreement among regulators. He said there are pieces to an implementation plan for which the agency may not have regulatory authority.

Mr. Nolan said the agency believes that one primary reason people are burning wood is for economic reasons. He said the agency doesn't want to take action that has an adverse impact on low-income communities. He said environmental justice is an important consideration in this matter.

There was additional Board discussion about the nonattainment area

- Requirements for major new or modified facilities being constructed in the nonattainment area having to employ the Lowest Achievable Emission Rate and achieve PM2.5 offsets that are 10% greater than their permitted emissions
- Transportation projects in the non-attainment area being scrutinized for compliance with the PM2.5 emissions budget included in the State Implementation plan, which would include diesel emissions from trucks in and out of the Port of Tacoma.
- The balance between potential restrictions on wood burning and the economic and social impacts of those restrictions
- Health impacts of wood smoke on communities
- Necessity of federal government to implement emission reduction strategies from on and off road mobile sources in concert with state and local government strategies
- Quality of technical analysis necessary to support policy choices

#### *Ozone Season Update*

Kathy Strange gave the Board a presentation on the recent ozone season and ozone non-attainment in the region.

Mr. Harrison asked if staff has talked to the Legislature about making additional resources available, given the magnitude of the problem.

Mr. Nolan said if it passes, President Obama's budget has extra resources for working on this issue. He said the agency is expecting that EPA Region 10 will receive significant additional funding in that event.

There was general Board discussion about air pollution transportation from other regions and countries (e.g. China). Ms. Strange reported it appeared to be less than 1%. Mr. Harrison said that transportation concurrency occurs in whole regions of the country, not just this region's non-attainment area.

Mr. Nolan said ozone reduction strategies should include cleaner cars and fewer cars.

Mr. Harrison said there should be a focus on green highways in the ozone reduction plan.

Mr. Fey said the Puget Sound Regional Council (PSRC) regional transportation plan is inadequate in this respect.

There was no further Board discussion.

## **UNFINISHED BUSINESS**

### **VI.D. Update – Investment Pool and Cash Management Services**

Mr. Fey changed the agenda order in hopes that Paul Roberts could join the meeting by telephone for some agenda items.

Maryann Renzi provided a briefing on the agency's investment pool and cash management services. She said based on the research conducted by the agency, it is in the best interest of the agency to stay with King County as the agency's manager of its investment pool and cash management services for the reasons enumerated in the memo sent to the Board. She said staff will revisit this decision on an annual basis and report back to the Board.

Dave Peters thanked the agency for the thorough analysis provided to the Board in the memo.

There was no further Board discussion.

### **VI.B. Update – FY10 Management Merit Awards**

Mr. Nolan said he was looking for direction from the Board regarding FY10 merit awards for agency directors, managers, and supervisors.

Mr. Fey asked if it was possible to delay this decision until the new Executive Director begins on July 6.

Ms. Halvorson said the decision needs to be made by July 1 because the merit awards are for FY10 time period.

Mr. Fey said last year, the decision was made to only give an award to one manager. He asked if there was anyone in a similar situation this year.

Mr. Nolan said there is one new supervisor and two new managers this year, and they are still moving through the salary scale and are not at the top of the scale.

Mr. Fey asked whether managers who are eligible for step increases would also receive a cost of living increase.

Mr. Nolan said yes, and the cost of living increase this year is 2.1%.

Mr. Fey asked if everyone in the agency will receive that increase.

Mr. Nolan said no, under the collective bargaining agreement, bargaining unit members will receive a 1% cost of living increase.

Mr. Peters said in Kitsap County last year there were staff layoffs and cost of living increases were frozen. He said giving some of the managers at the agency a 10% total increase while Kitsap County is losing jobs would be a bad message.

Mr. Murphy said Bremerton has had furloughs, layoffs, and pay cuts.

Mr. Fey asked if the Board wants to give increases to the new managers and supervisor.

Ms. Cofer-Wildsmith said the Board should be consistent with last year.

Mr. Harrison said from his perspective it is important to reward managers based on performance, not based on the market. He said many of the agency's jurisdictions have brought their economic difficulties on themselves. He said that doesn't mean the Board should penalize the agency, which has been conducting good budgetary practices. He said he would support merit raises for top managers.

Ms. Cofer-Wildsmith asked if there are additional managers to whom Mr. Nolan would like to give a merit increase.

Mr. Nolan said the current compensation is fair and equitable. He said senior management is committed to the agency's mission, and compensation is not their primary motivator.

Mr. Nolan said he wanted to recap what he had heard from the Board. He said it was his understanding that for directors, managers and supervisors not at the top of the salary scale, they could receive a merit award based on performance, in addition to a COLA increase.

Mr. Peters asked that no member of the management team receive more than a 5% increase.

The Board agreed with this suggestion.

Mr. Nolan said he would report back to the Board on this issue next month.

### **VI.C. Draft Revised Implementation Plan for the FY11 Management Compensation Program**

Ms. Renzi briefed the Board on proposed changes to the FY11 management compensation program. She said that in the FY10 budget discussion, the Board had requested that the steps in the managers' compensation program be reduced from 5% per step to 2.5% for FY11 and to maintain the cap on base salaries that reached the top of the salary range. She said the step reduction would limit merit increases in FY11 to a maximum of 5%. She said in the May 2010 briefing to the Board Mr. Peters asked to have an additional cap on merit increases. She said the additional cap would require an "exceeds expectations" rating for the awarding of any merit increase when a manager's base salary sits at the top of the salary range.

Ms. Renzi reviewed the proposed compensation program which showed two approaches described as Option A and Option B; both options addressed merit increases for managers with base salaries at the top of the range. Option A would provide a merit increase with either a "meets expectations" or an "exceeds expectations" rating; the increase would be taken as a one-time bonus and the base salary would remain at the top of the range. Option B would provide a merit increase only with an "exceeds expectations" rating, would be taken as a one-time bonus and the base salary would remain at the top of the range.

Mr. Fey asked if whether this plan includes a COLA.

Ms. Renzi said the whole scale is adjusted by the COLA every year.

Mr. Peters moved to accept Option B. The motion was seconded.

Mr. Fey said this decision is subject to review by new Executive Director, and it is not an irrevocable policy decision.

There was no further discussion or questions by the Board. Mr. Fey called for a vote.

The motion passed unanimously.

### **VI.A. Resolution No. 1191 – Appointing Craig Kenworthy to the Position of Executive Director**

Mr. Nolan said Resolution No. 1191 memorializes the offer letter to Craig Kenworthy for the Executive Director position, and removes Mr. Nolan as Interim Executive Director of the agency as of July 6, 2010.

Mr. Harrison asked about the results of the background check.

Ms. Renzi said it was approved, and there were no problems.

Mr. Peters made a motion that Resolution No. 1191 be approved as presented in the materials sent to the Board. The motion was seconded and passed unanimously.

## **NEW BUSINESS**

### **V.C. Discussion – Organics Waste Management Issues**

Mr. Peters asked to table this agenda item until the July meeting when Mr. Roberts would be present at the Board meeting.

Mr. Nolan asked to give a brief update on Cedar Grove Composting. He said there has been discussion about Cedar Grove expanding its Everett facility and eventually shutting down the Maple Valley facility.

Mr. Peters said North Mason Fiber has been taking material from Cedar Grove. He said regarding Cedar Grove, there is also a question of capacity and where the materials will go.

Mr. Nolan said he understands the request for a larger discussion. He said the agency has not had an effective enforcement response with respect to odors generated by Cedar Grove because its customers (City of Seattle, Snohomish County, King County, etc.) are unwilling to bear the cost. He said staff has had conversations with representatives of King and Snohomish County regarding this issue and when Mr. Kenworthy begins, this will be major issue of discussion. He said decisions were made by individual jurisdictions to include food waste in their recycling programs and the agency was not included in those decisions.

Ms. Simmons asked if the agency has begun a dialogue with Cedar Grove's major customers.

Mr. Nolan said there has been no interest by the solid waste utilities to adjust rates for their services. . He said this is a regional issue and that Cedar Grove is providing regional services.

Mr. Fey asked about the agency's regulatory authority in this matter.

Ms. Halvorson said the agency issues permits when permit applications are submitted. She said the agency doesn't issue annual permits like health departments. She said when Cedar Grove wants to make a change it comes to the agency for a notice of construction permit, which includes the best available control technology (BACT) requirement.

Mr. Nolan said the fixes may be systemic, and the customers need to play a role in the discussions.

Mr. Peters said materials at various facilities are backing up because people aren't buying compost right now due to the bad economy.

Ms. Cofer-Wildsmith asked about the volume of odor complaints the agency is receiving.

Ms. Halvorson said the agency receives up to 15 complaints per day in nice weather. She said it is dependent on weather and facility operations.

Mr. Nolan said we thought we had achieved a balance a couple of years ago, but complaints in the Everett area have increased.

There was brief Board discussion about landfills, rate-payer solutions, contracts between Cedar Grove and rate-payers, and the impact of the agency requiring Cedar Grove to curtail operations to satisfy the odor complaints.

Mr. Nolan said staff will bring this issue back before the Board for full discussion in July.

## **VII. STAFF REPORTS**

Mr. Nolan said he attended a public meeting at the Port of Seattle on Saturday, June 19, that celebrated the agency's Seaport Trucks Scrappage and Retrofits for Air in Puget Sound (ScRAPs) program. He said almost 200 trucks have been scrapped under the program so far. He said staff is continuing to work with the City of Tacoma on Congestion Mitigation and Air Quality (CMAQ) funding to scrap trucks at the Port of Tacoma. He said staff is also working with Ecology to try to find CMAQ matching funds. He said he had hoped that a truck scrappage program at the Port of Tacoma would happen at same time as the one at the Port of Seattle, but it is not happening yet.

Mr. Nolan gave additional updates on:

- Clean Cities grant purchases
- Electrification of all SeaTac support vehicles
- New Executive Director to begin on July 6
- Burlington Northern Santa Fe (BNSF) Railway grant resubmission with new repowering technique
- Statewide telephone survey asking reasons why people burn wood

Mr. Murphy mentioned that a firm by the name of Magna Power might be able to help with the BNSF cargo-handling equipment difficulties. He promised to get additional information to Jim Nolan.

## **VIII. EXECUTIVE SESSION**

- **Collective bargaining issues (RCW 42.30.140)**

Mr. Fey moved the Board into executive session at 11:09 a.m., to discuss collective bargaining issues, and estimated the executive session would last approximately 15 minutes.

The Board reconvened into regular session at 11:20 a.m.

With no further business, the Board adjourned at 11:21 a.m.

## CERTIFICATION

I hereby certify this to be a true and correct record of the Minutes of the June 24, 2010, meeting of the Board of Directors of the Puget Sound Clean Air Agency.

Attest:

\_\_\_\_\_  
James L. Nolan  
Interim Executive Director

\_\_\_\_\_  
Paul Roberts  
Chair, Board of Directors

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