SOUTHWEST CLEAN AIR AGENCY

Board of Directors Meeting
May 2nd, 2024, at 3:00 PM
Southwest Clean Air Agency
5101 NE 82nd Ave Ste 101
Vancouver, WA 98662

This meeting will be held by video conference using Zoom:

https://us02web.zoom.us/j/82154159897

Meeting ID: 821 5415 9897

Or call in by phone (669) 900-9128

AGENDA

I. Call to Order
SWCAA Chair Alan Melnick

II. Roll Call/Determination of Quorum
SWCAA Chair Alan Melnick

III. Board of Directors Minutes
Board of Directors Minutes - April Meeting

IV. Changes to the Agenda
SWCAA Chair Alan Melnick

V. Consent Agenda
A. Approval of Vouchers
B. Financial Report
C. Monthly Activity Report

V. Info Items & Public Comment
None

VII. Public Hearing
None

VIII. Unfinished Business/New Business

A. Budget for Fiscal Year 2024/2025

Issue - The Southwest Clean Air Agency (SWCAA) is required by the Washington Clean Air Act (RCW 70.94.092) to utilize a budget year of July 1st through June 30th. This statute also specifies that SWCAA must have its budget adopted by the Board of Directors by the fourth Monday in June of each year.

Summary - The proposed Fiscal Year 2024/2025 budget of $3,257,953 is a $123,933 increase over the Fiscal Year 2023/2024 budget. The main drivers of the budget increase compared to the prior fiscal year are in the following expense categories: (1) an increase in consultant pass-through expenses including woodstove grant awards; (2) an increase in staff salaries after approved salary adjustments; and (3) an anticipated increase in medical insurance premiums, social security, and Medicare contributions. The increased expenses are partially offset by (1) a reduction in office lease expenses; (2) a reduction in depreciable equipment expenditures; and (3) a reduction in the Washington PERS contribution rate.

On the revenue side, the main drivers of the budget increase compared to the prior fiscal year are: (1) an increase in permitting and registration revenue; (2) an increase in woodstove replacement grant money; and (3) an increase in per capita revenue. These increases in revenue are partially offset by (1) a reduction in non-AOP (Air Operating Permit) carryover; (2) a reduction in AOP fee revenue; and (3) a reduction in asbestos program fee revenue.

SWCAA expects to end the current Fiscal Year 2023/2024 with a projected end-of-year cash balance of $3,673,229. The agency's reserves, which have the purpose of maintaining the financial stability of the agency, include the depreciation reserve, liability reserve, Title V reserve, non-Title V reserve, and vacation/sick/retirement reserve. These reserves will be funded at $125,000, $400,000, $60,000, $719,282, and $200,000 respectively. The agency's reserves also include the records management reserve and the air quality improvement/diesel reserve. These reserves will be funded at $187,660 and $163,573, respectively, at the end of FY 2023/2024.

Fees collected in the current fiscal year and held for use in FY 2024/2025 amount to $1,761,913 of the projected year-end cash balance. Pre-collected funds will be carried forward into the FY 2024/2025 operating budget as the non-Title V fees fund. This fund will be used to meet fixed program expenses other than AOP. There will be $13,129 in AOP carryover from Fiscal Year 2023/2024. The end-of-year cash balance of $42,672 for non-AOP funds will be carried forward into the FY 2024/2025 budget as revenue to help meet FY 2024/2025 operating expenses. In addition, a reserve drawdown of $20,000, of earmarked state grant money, is budgeted in case there is a qualified diesel or other air quality improvement project in the upcoming year.

The budget of $3,257,953 is the funding amount required for SWCAA to maintain its current programs and an acceptable level of service through FY 2024/2025. The recent CPI fee increases along with SWCAA carefully managing expenditures and reducing lease expenses have improved SWCAA's funding for 2024/2025. This has allowed SWCAA to increase some reserve funds in case of an economic downturn.

Recommendation - Approve Resolution 2024-01 (Attachment B) which adopts a Fiscal Year 2024/2025 Budget for SWCAA in the amount of $3,257,953.

IX. Executive Director's Report

A. **Rule Eliminating Title V Permitting Requirements for Certain Air Curtain Incinerators Published in Federal Register (April 17, 2024) -** EPA published in the *Federal Register* (89 Fed. Reg. 29,932) a final rule to remove Title V permitting requirements for air curtain incinerators (ACIs) that burn only wood waste, clean lumber, yard waste, or a mixture of the three. There will be no air quality impacts associated with the action, EPA has concluded, because the ACIs will still be obligated to comply with emission standards in 40 C.F.R. part 60, subparts EEEE or FFFF. The removal of Title V permitting requirements for these ACI units was proposed on August 31, 2020, as part of EPA's five-year review of the New Source Performance Standards and Emission Guidelines for Other Solid Waste Incineration (OSWI) Units. In the announcement of the final rule, EPA observed that ACIs that burn only the types of waste covered "are often associated with emergency natural disaster situations such as eliminating massive amounts of clean wood and vegetative waste for wildfire mitigation and forest management, burning storm-generated wood and vegetative debris, and burning of land clearing debris." The agency says it received 20 supportive comment letters on the proposal from state and industry stakeholders and no adverse comments. Commenters opined that Title V permitting for these ACIs has been "unduly burdensome and expensive for both ACI operators and permitting agencies." The amended regulatory text includes a new §60.2966(b) which states, "Air curtain incinerators as specified in §2888(b) and subject only to the requirements in §60.2970 through 60.2973 are exempted from title V permitting requirements per these regulations." The effective date of the rule is April 17, 2024. For further information: https://www.govinfo.gov/content/pkg/FR-2024-04-17/pdf/2024-08270.pdf.

B. **EPA Announces Final Phase 3 Standards for Heavy-Duty Vehicles (March 27, 2024)** - EPA announced its final rule, Greenhouse Gas Emission Standards for Heavy-Duty Vehicles – Phase 3. The final rule includes progressively more stringent performance-based CO2 emission standards for vocational vehicles (e.g., delivery trucks; refuse haulers; public utility trucks; transit, shuttle, and school buses), day cab (short-haul) tractors and sleeper cab (long-haul) tractors, to begin between MY 2027 and MY 2030, depending on the vehicle type. The final standards do not mandate the use of any specific technology. Instead, each manufacturer may choose what mix of emission control technologies is best suited for its fleet to meet the standards. EPA writes in the rule, "In consideration of the opposing concerns raised by commenters, EPA believes it is critical to balance the public health and welfare need for GHG emissions reductions over the long term with the time needed for product development and manufacturing as well as infrastructure development in the near term." Therefore, EPA has finalized standards that, compared to the April 12, 2023, proposed standards, are less stringent, for all vehicle categories in MYs 2027, 2028, 2029 and 2030 and increase in stringency at a slower pace during those years. EPA writes in the rule that the agency "in consultation with other Federal agencies, will issue periodic reports reflecting collected information. These reports will track HD electric charging and hydrogen refueling infrastructure buildout throughout Phase 3 implementation as well as an evaluation of zero and low GHG-emitting HD vehicle production and the evolution of the HD battery production and material supply, including supply of critical minerals. Based on these reports, as appropriate and consistent with CAA section 202(a) authority, EPA may decide to issue guidance documents, initiate a rulemaking to consider modifications to the Phase 3 rule, or make no changes to the Phase 3 rule program. Highlights of the projected benefits of this final rule are the avoidance of 1 billion metric tons of GHG emissions and 53,000 tons of NOx from 2027 through 2055. For further information: https://www.epa.gov/system/files/documents/2024-03/hd-phase3-veh-standrds-ghg-emission-frm-2024-03.pdf

C. **DOE Announces $6 Billion In Projects to Reduce GHG Emissions (March 25, 2024) -** The U.S. Department of Energy announced $6 billion in funding for projects to reduce greenhouse gas (GHG) emissions under the Bipartisan Infrastructure Law and the Inflation Reduction Act. The Administration estimates the projects will reduce carbon emissions by an average of 77 percent, with the total decrease in emissions being the equivalent of over 14 million metric tons of carbon dioxide per year. The funds will support 33 projects in 20 states designed to decarbonize energy-intensive industries, reduce GHG emissions from industry and accelerate the commercial-scale demonstration of decarbonization technologies. The projects will focus on certain industries, including seven chemical and refining projects, six cement and concrete projects, six iron and steel projects, five aluminum and metals projects, three food and beverage projects, three glass projects, two process heat-focused projects and one pulp and paper project. The effort calls for some matching funds by the projects, resulting in a total of over $20 billion for the program. The federal funding includes $489 million from the Bipartisan Infrastructure Law and $5.47 billion from the Inflation Reduction Act. For further information: https://www.energy.gov/articles/biden-harris-administration-announces-6-billion-transform-americas-industrial-sector

X. Board Policy Discussion Issues
As Necessary

XI. Issues for Upcoming Meetings
None

XII. Adjourn

Notes:

(1) *Served by C-TRAN Routes: 7, 72 and 76.*
(2) *Accommodation of the needs for disabled persons can be made upon request. For more information, please call (360) 574-3058 extension 110.*