

SOUTHWEST CLEAN AIR AGENCY

Board of Directors Meeting

November 3, 2011

3:00 P.M.

Southwest Clean Air Agency

11815 N.E. 99th Street

Vancouver, Washington

Optional Conference Call Number for use by SWCAA Board of Directors

(360) 407-3780 and PIN No. 520990#

(Note: Please notify Tina at (360) 574-3058 Ext. 110

if you desire that SWCAA pay the cost of this long distance call because in this circumstance a state SCAN Operator will need to telephone you.)

AGENDA

- I. Call to Order
 - A. SWCAA Chair Don Jensen.
- II. Roll Call/Determination of Quorum
 - A. SWCAA Chair Don Jensen.
- III. Board of Directors Minutes
 - A. Board of Directors Minutes of October 6, 2011.
- IV. Changes to the Agenda
 - A. SWCAA Chair Don Jensen.
- V. Public Comment
 - A. Public Comment.
- VI. Consent Agenda
 - A. Approval of Vouchers.
 - B. Financial Report.
 - C. Monthly Activity Report.
- VII. Public Hearing
 - A. None.
- VIII. Unfinished Business/New Business
 - A. **Phase-in of Employee Health Care Contributions.**
 1. Issue – SWCAA management would like to phase-in the employee health care contributions concept rather than the immediate implementation that Clark County is planning effective January 1, 2012 for its employees. Under this proposal, SWCAA would continue paying 100% of the health care for its employees until Clark County announces its next increase to above 7% for employee contribution levels. At that time, SWCAA would probably cease its

employee health care contributions.

2. Summary – Clark County's new approach to health care funding beginning January 1, 2012 is that county employees who work full-time (i.e., 30+ hours per week) will begin paying 7% of the cost in 2012. Clark County employee contributions for medical and dental will be: (1) Employee Only - \$45 per month; (2) Employee plus 1 dependent - \$87 per month; and (3) Employee plus 2 or more dependents - \$129 per month. Clark County will be deducting premiums on a pre-tax basis; meaning pre-federal, state (if applicable) and FICA. This action reduces the impact to employees. If SWCAA plans to continue paying 100% of the premium or require employees to pay a portion, SWCAA needs to advise Clark County Human Resources as soon as possible (Attachment No. 1). SWCAA has 4 employees in the Employee Only category; 5 employees in the Employee plus 1 dependent category; and 5 employees in the Employee plus 2 or more dependents category. The additional annual cost for SWCAA to continue to pay its employees' health care premiums will be \$12,606 in 2012. The agency's absorption of this cost is possible because \$16,056 was budgeted for this fiscal year, plus a full-time equivalent (FTE) position has been left vacant since July 1, 2011 in anticipation of this health care cost increase. Another reason the position has been left vacant is to accrue savings for the ability to provide a cost of living increase to employees effective July 1, 2012. The Portland/Vancouver cost of living figure for the first 6 months of 2011 was 1.8% and may be higher in the second half of 2011 (i.e., July through December). Leaving this position vacant through December 2011 will create a savings of \$38,000 in the current fiscal year and these savings will increase further by \$6,300 per month as the vacancy is extended into 2012. Thus, the agency can afford to pay the \$12,606 health care contributions for its employees and still has at least \$25,000 in funds available for a cost of living increase effective July 1, 2012. When this vacant position is eventually filled, SWCAA may no longer have the savings to be able to cover 100% of its employee's medical and dental coverage. Thus, this assistance to its employees probably has a limited life of one or two years for the agency to be able to afford. Further, Clark County's current employee contribution rate of 7% is likely to increase in the near future. SWCAA could not likely afford to continue paying 100% of its employee's medical and dental premiums at the time that Clark County opts to increase the 7% contribution rate to a higher figure. In the future, if the employee contribution rate for Clark County employees goes above 7%, SWCAA would probably cease its funding assistance and SWCAA employees would then need to pay the entire 7+ percent contribution rate for their applicable medical and dental health care coverage.

The agency's rate increases for its portion of medical and dental coverage effective January 1, 2012 will be a blended increase of 5.8%. Kaiser medical is going up by 15.7% and Regence BCBS is going up by 4.98%. These increases will make the costs of the two programs pretty similar. SWCAA has 3 employees using Kaiser medical and 11 employees using Regence BCBS. SWCAA's budget for Fiscal Year 2011/2012 assumed a blended increase of 6.7%.

In summary, there are at least 3 options for the Board of Directors to consider: (1) Option No. 1 – SWCAA would continue paying 100% of the medical and dental premiums for its employees until the employee contribution rate established by Clark County exceeds 7%, at which time SWCAA would probably cease this funding assistance; (2) Option No. 2 – Split the difference with the Clark County program where SWCAA employees would have a 3.5% contribution level rather than 7%; or (3) SWCAA employees would begin paying effective January 1, 2012 at the same 7% contribution level that Clark County employees are being required to pay.

3. RECOMMENDATION – Approve Option No. 1 phase-in of employee health care contributions where SWCAA would continue to pay 100% of the health care premiums until a future January when the employee contribution rate for Clark County employees goes above 7%. At that time, SWCAA would probably cease its funding assistance and SWCAA employees would then need to pay the entire 7+ percent contribution rate for their applicable medical and dental health care coverage. The Board of Directors is also aware that funds have already been saved for a cost of living increase effective July 1, 2012, but that decision will be made in April 2012 as a portion of next fiscal year's budget approval for Fiscal Year 2012/2013.

B. Cancellation of December 1, 2011 Board of Directors Meeting.

1. Issue – Cancellation of the December 1, 2011 Board of Directors meeting.
2. Summary – The December Board meeting has traditionally been cancelled because the minimum number of Board meetings for the calendar year has been satisfied by December. The Washington Clean Air Act requires that SWCAA's Board of Directors meet at least 10 times per year. Ten meetings will have been held when the November Board meeting is concluded. Vouchers needing payment in December will be hand delivered for the necessary Board member signatures.

3. RECOMMENDATION – Cancel the December 1, 2011 Board of Directors meeting.

IX. Control Officer Report

A. EPA's Inspector General Releases Report Critiquing EPA's Process for Issuing Greenhouse Gas Endangerment Finding.

1. Issue –EPA's Office of the Inspector General has released a report critiquing how EPA handled the peer review of the agency's Technical Support Document (TSD) supporting the agency's finding that greenhouse gases endanger public health and welfare.

2. Summary – The EPA Inspector General contended that the Technical Support Document qualified as a "highly influential scientific assessment" under guidelines issued by the Office of Management and Budget (OMB) and thus was required to meet certain peer review requirements. The process EPA used for reviewing the Technical Support Document did not meet the OMB requirements because the review results and EPA's response were not publicly reported, and because one of the 12 reviewers was an EPA employee. EPA,

however, told the Inspector General it did not believe the Technical Support Document qualified as a highly influential scientific assessment because it consisted only of science that was previously peer reviewed, and these reviews were deemed adequate under the agency's policy. The Inspector General issued a press release accompanying the report stating, "we made no determination regarding the impact that EPA's information quality control systems may have had on the scientific information used to support the finding. We did not test the validity of the scientific or technical information used to support the endangerment finding, nor did we evaluate the merit of EPA's conclusions or analyses."

B. Industry Study Estimates 20,000 Jobs at Risk from Boiler MACT and other Standards.

1. Issue – The American Forest and Paper Association has released a study estimating that EPA's Boiler Maximum Achievable Control Technology (MACT), when considered in concert with other pending air rules, such as the Pulp and Paper Residual Risk standard, several National Ambient Air Quality Standard revisions, and New Source Review, will put 20,000 pulp and paper industry jobs a risk and threaten the closure of up to 36 mills throughout the United States.

2. Summary – The study, conducted by Fisher International, estimates that the job losses represent 18 percent of the pulp and paper industry workforce. If supplier and other affected industries are included, the jobs at risk increase to over 87,000 according to the study. The report also looked at the cost of all pending air rules and estimated that 79 mills are in danger of closure and close to 162,000 jobs in the industry are at risk as a result of the measures.

C. House Committee Approves Bill Prohibiting U.S. Airlines from Participating in European Union Greenhouse Gas Emissions Program.

1. Issue – The House Transportation and Infrastructure Committee has approved a bill (H.R. 2594) that orders the Secretary of Transportation to prohibit any U.S. aircraft carrier from participating in any emissions trading scheme unilaterally established by the European Union.

2. Summary – The European Union has adopted a plan that would require all aircraft flying to and from Europe, including U.S. carriers, to have credits for greenhouse gas emissions generated by their flights into or out of the European Union beginning January 1, 2012.

D. New Study Claims Switching from Coal to Natural Gas Would Only Have Minimal Impact on Global Warming.

1. Issue – A new study concludes that switching from using coal to natural gas (i.e., which emits one-half the greenhouse gas emissions of coal when combusted) would fail to significantly slow the rate of climate change.

2. Summary – The research, conducted by the National Center for Atmospheric Research, relied upon computer simulations of the impact of substituting natural gas for coal, including the cooling effects of sulfur particles associated with coal burning and the complex climatic influences of methane, which affects other atmospheric gases such as ozone and water vapor. The study found that a 50 percent reduction in coal and a corresponding increase in natural gas would lead to a slight increase in worldwide warming for the next 40 years of about 0.1 degree

Fahrenheit. The reliance on natural gas could then gradually reduce the rate of global warming, but temperatures would drop by only a small amount compared to the 5.4 degree Fahrenheit of warming projected by 2100 under current energy trends. The study also found that methane leaks would need to be held to less than 2 percent in order for natural gas to have less of a climatic impact than coal due to the life cycle of methane.

E. Company Agrees to Pay \$245,521 Civil Penalty for Violating Leak Detection and Repair (LIDAR) Requirements.

1. Issue – EPA has announced that Hercules, Inc. has agreed to pay a \$245,521 civil penalty for violating the Clean Air Act's Leak Detection and Repair (LIDAR) requirements at its manufacturing facility in Louisiana, Missouri.
2. Summary – Hercules, Inc. violated the National Emission Standards for Organic Hazardous Air Pollutants for Equipment Leaks, which require all chemical manufacturing facilities to implement Leak Detection and Repair programs to control hazardous air pollutant emissions from equipment leaks. This enforcement action was initiated as part of EPA's national enforcement initiative to reduce fugitive air toxic emission caused by a facility's failure to comply with Leak Detection and Repair requirements.

F. California Air Resources Board (CARB) Approves Updated Environmental Analysis of State's Climate Plan, Paving Way for Launch of Greenhouse Gas Emission Cap-and-Trade in 2012.

1. Issue – The California Air Resources Board's approval of the updated Environmental Analysis removes the last hurdle raised by a court decision for implementing California's Cap-and-Trade of greenhouse gas emissions.
2. Summary – A successful citizen lawsuit filed earlier in a court noted that CARB had not correctly followed the environmental impact analysis rules for such agency decisions. The court ruling in March 2011 required CARB to undertake a more detailed alternatives analysis of its Scoping Plan for the Cap-and-Trade program. Nevertheless, in ongoing litigation, a coalition of environmental justice programs including the Center on Race, Poverty and the Environment have petitioned the California Supreme Court to halt implementation of the state's Global Warming Solutions Act of 2006 (A.B. 32). In *California Air Resources Board v. Association of Irrigated Residents* the litigants argue that the greenhouse gas emission cap-and-trade program established by A.B. 32 would cause higher pollution levels in low income and minority communities.

X. Board Policy Discussion Issues

A. Budget Review Workshop (Randy Peltier, Operations Manager). (Attachment No. 2)

XI. Issues for Next Meeting

A. Public Hearing.

1. None.

B. New Business/Unfinished Business.

1. As Necessary.

C. Control Officer Report.

- 1. As Necessary.
- D. Board Policy Discussion Issues.
- 1. As Necessary.

E. Meeting Date and Location

1. January 5, 2012 at 3:00 p.m. Southwest Clean Air Agency, 11815 NE 99th Street, Vancouver, Washington.

XIII. Adjournment

Mission Statement
"To Preserve and Enhance Air Quality in Southwest Washington"

Board of Director Values

1. It is important for the region to first achieve healthy air before focusing on other air quality issues.
2. Local control of southwest Washington air pollution issues should be apparent to our constituency.
3. It is important that compliance with federal and state air pollution regulations be achieved.
4. A partnership that is fully reciprocal is desired with the Washington Department of Ecology and U.S. Environmental Protection Agency.
5. All decisions made by the Board should be guided by a principle of doing what is best for the region as a whole.
6. It is important to strive for a good working relationship with the residents and industries of southwest Washington.
7. The effort to obtain stakeholder input on agency actions is a key component of the agency's public involvement process.
8. The pursuit of reductions in air pollution should be based on achieving the largest air quality benefits first.
9. The basis for air pollution reduction measures should be rooted in sound science.
10. Education should be utilized as an important tool for achieving sustained voluntary compliance.
11. The priority of enforcement decisions should first be on ensuring education is achieved and then issuance of civil penalties.
12. Effective enforcement means that recalcitrant sources are brought into clear compliance.
13. The Board prefers to be involved at the policy setting level for the agency rather than the day-to-day management issues; however staff is expected to notify Board members of politically sensitive issues prior to publication and/or release to the press.
14. Fiscal expenditures by the agency should be consistent with the Board approved budget.
15. The fair treatment of the agency's employees is an important goal of the Board.

Note: (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.

