



OLYMPIC REGION CLEAN AIR AGENCY  
2940 LIMITED LANE NW  
OLYMPIA WA 98502

**AGENDA of September 14, 2022 \* 9:00 a.m.**  
Finance Committee Meeting

ORCAA's meeting will be available virtually

If you would like to participate in the meeting via Zoom video conference, visit <https://us02web.zoom.us/j/88654004897?pwd=NklnbCtIUUtPY25UTlFWbG96eXEyQT09> join with Meeting ID: 886 5400 4897 and Passcode: N5MiRD

If you would like to participate in the meeting via Zoom audio only, call 1-253-215-8782 and join with Meeting ID: 88654004897 and Passcode: 78745

***Be courteous – mute your mic if not speaking***

**CALL TO ORDER**

**APPROVAL OF AGENDA** (*action item*)  
(Ask for any corrections, additions/omissions)

**APPROVAL OF MINUTES** (*action item*)

1. Minutes of May 11, 2022

**FINANCE REPORT**

1. FY2022 Final Report

**GOOD OF THE ORDER**

**ADJOURNMENT**

**NEXT MEETING – October 12, 2022 – 9:00 a.m.**



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**NEXT MEETING – October 12, 2022 – 9:00 a.m.**

OLYMPIC REGION CLEAN AIR AGENCY  
2940 Limited Lane NW  
Olympia, Washington 98502

**Finance Committee Meeting – via zoom**

May 11, 2022

Members present      Greg Brotherton, Jefferson County (Chair)  
                                 Jim Cooper, City of Olympia  
                                 Randy Neatherlin, Mason County

Members absent

Staff Present            Jeff Johnston, Executive Director; Lynn Harding, Administrative Services  
                                 Manager; Dan Nelson, Communications Manager; Mark Goodin, Engineering  
                                 Manager; and Debbie Moody, Office Manager and Recorder

The meeting was called to order at 9:03 am.

**APPROVAL OF AGENDA**

Brotherton requested an Item 3 under Finance Report to pull together a summary of this meeting to present to the full Board. Brotherton asked for approval of the Agenda. Neatherlin moved approval of the Agenda as amended, the motion was seconded and carried unanimously.

**APPROVAL OF MINUTES**

Brotherton asked for approval of the Minutes of April 13, 2022. Cooper moved approval, the motion was seconded and carried unanimously.

**FINANCE REPORT**

FY2023 Draft Budget

Brotherton asked for a timeline on the budget process. Will we be bringing this draft to the Board and determine the CPI or wait until June? Cooper stated he had discussed with Johnston that we would be taking the budget to the Board in June and if a decision can't be made, we will need a motion authorizing a continuation of the current budget until we adopt a new one. Ideally, we want to be prepared to bring a recommendation to the Board today, Cooper stated.

Brotherton asked if the members had a chance to look at the 5-page budget presentation. The summary sheet was extremely helpful. Johnston explained we had taken the recommendations from our previous meeting and zeroed in on the options we understood you were looking for. We have the 3 options listed. One is a 3% option for fees and salaries, the second 5.2% option for fees and salaries, and the final is 3% for salaries and 5.2% for fees.

Johnston stated we have also prepared a 5-year forecast so we can see what our contingency funds will look like in the coming years. It was noted the 5-year forecast used the 5.2% option (option 2). We felt that this was the option the Committee members were leaning towards. ORCAA still plans on doing a salary survey and if we find that we are behind in some positions we can do adjustments as needed. Johnston noted he would recommend the 5.2% option, noting all 3 options draw on the general fund contingency. Cooper stated he agreed with the 5.2% increase but noted there is a revenue problem in the long term. Neatherlin noted he understood Cooper to be in favor of a hybrid increase. There was some discussion and to clarify things, Brotherton requested Harding go over the updated data.

Harding reminded the committee that at the previous meeting we provided 4 options. At the end of the meeting the committee requested staff revise the options and come back with 3 options: 3% increase in

fees and salaries; 5.2% increase in fees and salaries; and, 5.2% increase in fees and 3% increase in salaries. Harding noted all 3 options do draw on the contingency fund, however there is not a significant difference between the options.

Harding stated line items were gone over at the previous meetings so unless there were any significant questions it may be helpful to discuss the 5-year forecast in order to make a decision.

### 5-Year Budget Forecast

Brotherton noted the 5-year projection appears we will draw between \$245,000 and \$300,000 every year. Harding agreed that is what is forecasted. Johnston stated in the 2022 budget, we forecasted spending contingency funds and to date, it appears we will not be using any of that money. Harding stated that is correct and has been accurate since 2017. Cooper stated in his 10 years on the Board, he didn't recall ever using contingency funds. Harding corrected him, noting in 2016 we budgeted \$170,000 and used \$77,000. It was also noted, since 2018 we have budgeted anywhere from \$122,000 to \$250,000 and have yet to use it. In fact, Harding added, we have put money back into our general fund to be used in following years. Harding stated we forecasted a draw of \$209,000 for fiscal year 2022 and at this point we are forecasting \$87,000 back to our general fund.

Johnston added that in the past we may not have had contingency draws because of COVID and other factors preventing the agency from moving forward on a number of projects specifically set aside for contingency funding. This has resulted in deferred maintenance and other areas that need investment in the coming year. Johnston stated he believes we will draw on the contingency fund in FY23. If not, it means we either received additional penalties or he hasn't done an efficient job of moving some of the tasks forward.

Brotherton asked Harding to go over the reserves. Harding explained each option shows a draw of contingency funds. On the fund balance sheet, there is an area that shows the restricted funds. Harding noted those funds can only be used at Board direction.

Brotherton asked Neatherlin if, after Harding and Johnston's reports, he is willing to agree to option 2 (5.2%). Neatherlin stated he was not. He is still in favor of a hybrid. Brotherton stated he was in favor of option 2 however would like to hear from Johnston as to why that was his recommendation. Johnston stated the difference between option 2 and 3 is the salary increase. After a meeting with the other local air agencies and discussion salaries, it was brought to our attention that several of them have had to go with smaller increases and are now very far behind. Because of this, they are now having to do full salary surveys and when they get the results it may be very hard and painful to catch up. While 5.2% is below CPI, it is closer and will be budgeted in. When we do the salary survey, if we have adjustments that need to be made, it won't be as large a burden. Johnston added he is fine if the committee wants to go with the hybrid and then let the results from the salary survey come in and then we can decide how to proceed. We do want to remain a competitive and attractive place to work, Johnston added.

Neatherlin stated the one thing about salary surveys is even if you do one, doesn't mean you have to adjust the salaries. Neatherlin noted it can spiral out of control. Johnston noted he plans on looking very closely and deliberately at any results from a survey. Brotherton noted he is conflicted as once you start losing staff, it is hard to fill the positions. It is harder to replace staff than it is to keep current staff happy. Brotherton asked if we can't come to consensus today, do we have another meeting. Johnston noted we do not have a meeting scheduled in June, but we could if needed. Neatherlin did add 'I win some and I lose some'. Cooper stated he knows Neatherlin will be ok if we take a vote, and he will be in support of whatever direction the body takes. Neatherlin added, this is true but hoped the committee will listen to his concerns.

Cooper agreed we need to be competitive with the market and we are in the Olympia market. The Olympia employees are getting a 4% increase and the state got 3.5%. Cooper noted he won't support anything lower than the state employees. Cooper felt it is important to stay as close to the CPI each year, however, the 7% isn't practical. Neatherlin asked if they were good with 3.5% and Cooper noted he was going to suggest 4%. Cooper was hoping to have a unanimous recommendation. After some

additional discussions, Cooper still felt strongly that 4% was a necessary increase for staff. Brotherton stated he would also go with 4% if we were to make a decision today. Cooper added he had discussed salary with Johnston and Johnston noted his salary is set in contract and he is not asking for a salary increase (COLA). Johnston added salary can be discussed at his next contract negotiation. Neatherlin noted he still felt strongly that 4% was excessive and hoped they would consider 3.5% and stay in line with the state. Cooper noted we have more control than the state and 4% is as low as he will go. Anything we do under the 7% CPI is a loss for staff.

Cooper moved the budget include a 4% increase for staff and 5.2% for fees (option 3 amended). Brotherton seconded and the motion carried with a majority vote (Cooper/Brotherton-yes; Neatherlin-no)

### Report Summary

Brotherton asked the committee if there were items besides the motion that need to be brought before the Board during his meeting update.

Cooper noted it was important to capture the 'tension' of the meeting. Cooper thought the highlights should be the new website and the strategic planning, as well as the records person. Johnston added the salary survey is also a part of the budget and we have also essentially doubled our IT budget.

Neatherlin noted he wanted to make a recommendation to the discussion. He stated the committee is aware of his feelings on the situation. If we make it aware that there were some disagreements, if we make a point of that during the meeting, Neatherlin explained, he will feel the need to engage in battle and he didn't think it was necessary. He suggested it just be noted it was a spirited discussion and it ended on the motion made. Neatherlin noted he is comfortable with the decision we made. Neatherlin asked if we should make a motion to move the entire packet forward, as amended. Cooper and Brotherton both stated we did with the motion. Neatherlin thought that was just a motion for the salary.

Cooper asked if he made a motion on the entire package moving forward would it get a unanimous vote. Neatherlin stated it would.

Cooper moved the amended packet be brought before the full board. Neatherlin seconded. Brotherton noted we will move the 4% expenses and 5.2% for revenues to the full board and called for the question. The motion carried unanimously.

There was nothing further for the committee.

The meeting adjourned at 9:56 am.

### **CERTIFICATION**

I hereby certify this is a true and correct copy of the minutes of the meeting of the ORCAA Finance Committee held on May 11, 2022, in Olympia, Washington.

ATTEST:

\_\_\_\_\_  
 Jeff C. Johnston, Executive Director  
 Olympic Region Clean Air Agency

\_\_\_\_\_  
 Jim Cooper, Chair  
 ORCAA Finance Committee

DATED: \_\_\_\_\_

**Olympic Region Clean Air Agency**  
**Comparative Summary of Agency Budget, Revenues, & Expenditures**  
 For the Fiscal Year Ending June 2022

Revenue	Fiscal Year 2021 Fiscal Year Actuals	Fiscal Year 2022 Approved Annual Budget	7/1/2021-06/30/2022 Year-To-Date Actual	Difference	Comparison	
					FY2022	FY2021
					12-mos = 100%	
					% of Budget	
<b>Fees / Grants / Assessments / Fines / Other</b>						
AOP (Title V)	\$ 426,144.79	\$ 601,075.00	\$ 603,613.62	\$ 2,538.62	100%	107%
NOC - Major/Minor	273,873.02	140,000.00	140,433.00	433.00	100%	256%
NOI - Major/Minor	8,820.00	1,000.00	2,912.00	1,912.00	291%	196%
Annual Registration	388,362.09	387,000.00	375,302.00	(11,698.00)	97%	98%
Assessments	451,908.59	464,582.00	464,353.00	(229.00)	100%	100%
Ecology Oversight	11,500.00	15,000.00	12,947.99	(2,052.01)	86%	96%
Asbestos	145,342.54	125,000.00	138,637.00	13,637.00	111%	119%
Land Clearing	33,736.50	20,000.00	36,659.00	16,659.00	183%	218%
Woodstove Education Grant	9,939.00	9,939.00	10,682.00	743.00	107%	100%
Woodsmoke Reduction Grant	156,622.08	150,000.00	58,019.00	(91,981.00)	39%	98%
Ecology Monitoring (PM2.5)	13,500.00	13,500.00	13,500.00	0.00	100%	100%
EPA - Cheeka Peak Grant	77,093.09	86,077.00	76,747.85	(9,329.15)	89%	90%
Community Scale Air Toxics	37,732.79	0.00	0.00	0.00	0%	111%
CORE-Federal	164,703.00	187,095.00	198,556.00	11,461.00	106%	88%
CORE-State	119,152.00	135,371.00	139,985.00	4,614.00	103%	88%
EFSEC	24,379.58	47,395.00	26,018.57	(21,376.43)	55%	92%
Penalties (NOV)	159,408.79	55,000.00	217,550.00	162,550.00	396%	290%
Investment Income	15,673.95	15,000.00	13,145.53	(1,854.47)	88%	63%
Miscellaneous Revenue	938.80	500.00	1,882.15	1,382.15	376%	94%
Building/Rental Income	58,369.00	58,584.00	59,794.00	1,210.00	102%	95%
<b>Appropriation from Contingency Fund(s)</b>						
General Fund Contingency Draw	0.00	209,092.00	0.00	(209,092.00)	0%	0%
Title V Contingency	0.00	0.00	0.00	0.00	0%	0%
Vacation/Sick Leave Contingency Draw	0.00	0.00	0.00	0.00	0%	0%
<b>Total Revenue</b>	<b>\$ 2,577,199.61</b>	<b>\$ 2,721,210.00</b>	<b>\$ 2,590,737.71</b>	<b>\$ (130,472.29)</b>	<b>96%</b>	<b>101%</b>

		YTD
		FY2022
		Revenue
51%	Fees	\$ 1,310,504.61
8%	Penalties	217,550.00
20%	Grants*	523,508.42
18%	Assessments	464,353.00
3%	Other	74,821.68
0%	Contingency	0.00
100%		\$ 2,590,737.71
	* Grants-Fed	288,803.85
	* Grants-State	234,704.57

Expenditures	Fiscal Year 2021 Fiscal Year Actuals	Fiscal Year 2022 Approved Annual Budget	7/1/2021-06/30/2022 Year-To-Date Actual	Difference	Comparison	
					FY2022	FY2021
					12-mos = 100%	
					% of Budget	
Salaries	\$ 1,486,547.29	\$ 1,553,906.00	\$ 1,612,198.45	\$ 58,292.45	104%	99%
Employee Benefits, Payroll Taxes	507,685.14	531,847.00	499,282.00	(32,565.00)	94%	91%
<b>Total Payroll</b>	<b>1,994,232.43</b>	<b>2,085,753.00</b>	<b>2,111,480.45</b>	<b>25,727.45</b>	<b>101%</b>	<b>97%</b>
Office Supplies/Sm Equip.	\$ 5,523.62	\$ 6,045.00	\$ 8,448.00	\$ 2,403.00	140%	59%
Gasoline Vehicles	3,187.14	5,200.00	4,391.00	(809.00)	84%	59%
Computer Hard/Soft.	16,480.11	15,707.00	23,204.49	7,497.49	148%	123%
Bd. Prof. Ser. & Travel Reimb.	0.00	1,200.00	0.00	(1,200.00)	0%	0%
Training & Conferences	4,528.62	15,000.00	5,674.64	(9,325.36)	38%	35%
Professional Srs.	54,376.69	56,200.00	49,295.83	(6,904.17)	88%	124%
Telephone	13,187.09	15,000.00	12,479.98	(2,520.02)	83%	94%
Postage	4,844.15	4,800.00	4,832.52	32.52	101%	105%
Insurance (Bldg, Veh, Staff)	33,509.00	35,520.00	35,872.00	352.00	101%	105%
Wellness Program	400.06	400.00	436.63	36.63	109%	100%
Public Education	3,331.64	7,250.00	8,816.19	1,566.19	122%	33%
Miscellaneous	149.40	600.00	301.34	(298.66)	50%	17%
Dues & Subscriptions	3,677.59	3,900.00	3,842.14	(57.86)	99%	111%
Audit/Acctg	22,518.75	8,100.00	6,599.04	(1,500.96)	81%	98%
Printing	0.00	0.00	0.00	0.00	0%	0%
Rent-Satellite Office	2,400.00	2,400.00	800.00	(1,600.00)	33%	100%
Maintenance - Copier	1,156.55	1,600.00	10,947.25	9,347.25	684%	64%
Vehicle Purchase	0.00	20,000.00	0.00	(20,000.00)	0%	0%
Maintenance - Vehicles	1,575.71	2,000.00	2,332.76	332.76	117%	79%
<b>Total Non-P/R</b>	<b>170,846.12</b>	<b>200,922.00</b>	<b>178,273.81</b>	<b>(22,648.19)</b>	<b>89%</b>	<b>85%</b>
Principal/Interest - Office Bldg	\$ 88,949.63	\$ 45,109.00	\$ 330.47	\$ (44,778.53)	1%	195%
Alarm Monitoring/Security	1,301.76	2,000.00	2,234.37	234.37	112%	65%
Utilities	14,636.19	15,000.00	15,803.93	803.93	105%	105%
Janitorial & Supplies	10,319.86	12,386.00	11,642.84	(743.16)	94%	101%
Maintenance - Office Bldg.	4,108.06	11,200.00	9,220.13	(1,979.87)	82%	68%
Leasehold Improvements	0.00	30,000.00	0.00	(30,000.00)	0%	0%
<b>Total Bldg. Oper./Maintenance</b>	<b>119,315.50</b>	<b>115,695.00</b>	<b>39,231.74</b>	<b>(76,463.26)</b>	<b>34%</b>	<b>111%</b>
WoodSmoke Reduction/Bounty	\$ 119,400.00	\$ 120,000.00	\$ 41,550.00	\$ (78,450.00)	35%	88%
ECY Oversight Fees	11,500.00	15,000.00	12,948.00	(2,052.00)	86%	96%
Monitor. Equip./CPO	28,920.45	34,500.00	26,959.73	(7,540.27)	78%	87%
Community Scale Air Toxics	168.01	0.00	0.00	0.00	0%	1%
Monitoring-General	4,930.42	5,490.00	2,191.58	(3,298.42)	40%	98%
Security Deposit Refunds	271.00	0.00	305.00	305.00	n/a	0%
<b>Total Non-Admin. Operational</b>	<b>165,189.88</b>	<b>174,990.00</b>	<b>83,954.31</b>	<b>(91,035.69)</b>	<b>48%</b>	<b>83%</b>
<b>Grand Total Expenditures</b>	<b>\$ 2,449,583.93</b>	<b>\$ 2,577,360.00</b>	<b>\$ 2,412,940.31</b>	<b>\$ (164,419.69)</b>		
<b>Net Surplus (Deficit)</b>	<b>\$ 127,615.68</b>	<b>\$ 143,850.00</b>	<b>\$ 177,797.40</b>			

		YTD
		FY2022
		Expenditures
88%	Payroll	2,111,480.45
7%	Non Payroll	178,273.81
2%	Bldg/Capital	39,231.74
3%	Operating	83,954.31
100%	Total	\$ 2,412,940.31

Breakdown of Net Surplus (Deficit):	FY 2021	FY 2022
Net Surplus (Deficit) to General Fund FY2021	\$ 127,615.68	
Net Surplus (Deficit) to General Fund FY2022		* \$ 143,850.00

- Notes:**  
 1) Expenses exceeding 10% of a budget category (each sub-category: P/R, Non-P/R, Bldg, Operating) requires board approval.  
 2) \*FY2022 Net Surplus Estimate (following year-end reconciliation) to General Fund FY2022 due to Title V over-spending  
 Actual Title V year-end due General Fund is \$144,339.

**OLYMPIC REGION CLEAN AIR AGENCY**  
**FUND BALANCE - Actual - Fiscal Year 2022**  
**For The Period Ending June 2022**

		<b>General Fund</b>	
<b>BEGINNING</b> Fund Balance 07/01/2021		<b>\$</b>	<b>1,848,692</b>
<b>Plus</b> : Revenue Fiscal Year		\$	2,590,738
<b>Less</b> : Expenditures Fiscal Year		\$	(2,412,940)
<b>ENDING</b> Fund Balance 06/30/2022		<b>\$</b>	<b>2,026,489</b>
General Fund Contingency Draw applied to FY Budget		\$	-
Title V Funds applied to FY Budget		\$	-
		\$	-
<b>Fund Balance ALLOCATIONS-</b>			
<b>*SAO</b>	<b>Contingency Funds &amp; Capital Funds</b>	<b>Acctg Chart of Accts #</b>	
<i>Classifications:</i>	<b>Less:</b> Expense Contingency (20% FY Budget less Title V)	1021	\$ 368,929
<i>Committed</i>	<b>Less:</b> Title V	1025	See Below
<i>Restricted</i>	<b>Less:</b> Tenants Security Deposits	1040	\$ 5,600
<i>Assigned</i>	<b>Less</b> for Office Building	1022	\$ 90,000
<i>Committed</i>	<b>Less</b> for Monitoring Equipment	1023	\$ 20,000
<i>Committed</i>	<b>Less</b> for Database / Equipment	1024	\$ 180,000
<i>Committed</i>	<b>Less</b> for Vacation/Sick Leave/Comp	1027	\$ 136,453
<i>Unassigned</i>			
	<b>Contingency Fund</b>		
<i>Unassigned</i>	Title V Contingency (due General Fund)	(Actual)	<b>\$ (109,020)</b>
<i>Unassigned</i>	<b>Ending UNRESTRICTED Fund Balance</b>		<b>\$ 1,334,527</b>
		<b>6/30/2022</b>	

Contingency & Capital Funds  
**\$ 800,982**

<b>ORCAA Long Term Liabilities...</b>		
-Office Building, Promissory Note to Thurston County Interest rate 0.703%, Final Payment 12/1/2022	Liability	<b>\$43,954</b>

"Operating Contingency Funds" defined..... An amount established by board direction.

"Capital Funds" defined..... An amount established by board direction to save for specific long-term capital expenditures (bldg, equipment, database).

"Fund Balance" defined..... \*Funds that are held in our bank account with Thurston County Treasurer's Office. ORCAA has one fund with Thurston County and is referred to as the "General Fund".

**\*The total Fund Balance includes all funds on deposit.**

9/7/2022 A Resolution must be approved by the Board of Directors to appropriate expenditures in Contingency Funds (except for 1025-Title V and 1040 Security Deposits).  
 \*06/30/2020 SAO established five new categories for reporting cash and investments