Fiscal Year 2006 Budget

July 1, 2005 - June 30, 2006

Richard A. Stedman
Executive Director

Olympic Region Clean Air Agency
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Table of Contents

On the Cover: Aerial photo (courtesy of the Washington Department of Ecology) of Ediz Hook -- the long spit of land that stretches out of Port Angeles into the Strait of Juan de Fuca. Nippon Paper's manufacturing plant is seen in the foreground.

Introduction

The Olympic Region Clean Air Agency (ORCAA) is a local government agency having regulatory and enforcement authority in and for Clallam, Grays Harbor, Jefferson, Mason, Pacific, and Thurston counties of Washington state. ORCAA, was established in 1968 (then called the Olympic Air Pollution Control Authority) after passage of the Clean Air Washington Act (RCW 70.94). The agency is responsible for enforcing federal, state and local air pollution standards and regulating air pollutant emissions from new and existing sources.

ORCAA is one of seven regional air pollution control agencies in Washington state. Its jurisdiction is as diverse as the people the agency serves, from the coastal counties and the land on the southern stretches of the Strait of Juan de Fuca to the western edges of Puget Sound and the more populated areas around the state capital of Olympia. There are approximately 450,000 people living in the 8,072 square miles served by ORCAA.

A nine-member Board of Directors establishes the policies and oversees the operations of the agency. The Board is comprised of a representative from each of the six counties in ORCAA's jurisdiction, plus representatives of the three largest cities in the territory--Lacey, Olympia and Port Angeles.

The Board is responsible for selecting an Executive Director, who serves as the administrative manager of the agency's professional staff. The Executive Director also enforces the orders, ordinances, resolutions and regulations of the agency.

ORCAA Mission Statement

We promote air quality and take actions to protect human health and prevent damage to the natural environment in ORCAA's jurisdiction (Clallam, Grays Harbor, Jefferson, Mason, Pacific, and Thurston Counties).

The Washington Clean Air Act states that it is public policy to preserve, protect, and enhance the air quality for current and future generations. The purpose of ORCAA is to carry out these public policies as specified by the State Legislature. ORCAA regulates more than 700 air pollution sources, ranging from large industrial complexes to such businesses as manufacturing facilities, hospitals, dry cleaners, gasoline stations, and auto body shops. The agency also administers laws and regulations regarding such programs as solid fuel burning devices (wood stoves and fireplaces), asbestos abatement, and outdoor burning.

ORCAA's primary goal, through sound management and public education, is to provide citizens in its jurisdiction with clean air. Air is an essential natural resource that must be protected from harmful levels of pollution. Monitoring and improving air quality is an on-going goal of the agency. The agency also strives to be consistent with the social, economic and industrial well being of the jurisdiction it serves. Our motto, "Clean Air is Everyone's Business," best describes the agency's mission. The agency also cooperates on many policies and programs with such state agencies as the Department of Ecology, Department of Natural Resources and Department of Health as well as with the U. S. Environmental Protection Agency.

ORCAA Vision

All individuals in ORCAA's jurisdiction – especially children and the elderly – can live, work, and play in a healthful and clean environment, free from the harmful and destructive effects of air pollution.

The Challenge

The Washington State Department of Ecology ranks air pollution as one of the top environmental threats facing residents and businesses in the state, including ORCAA's jurisdiction. Most susceptible to direct health risks are young people, the elderly, pregnant women, and those with pre-existing respiratory and heart disease.

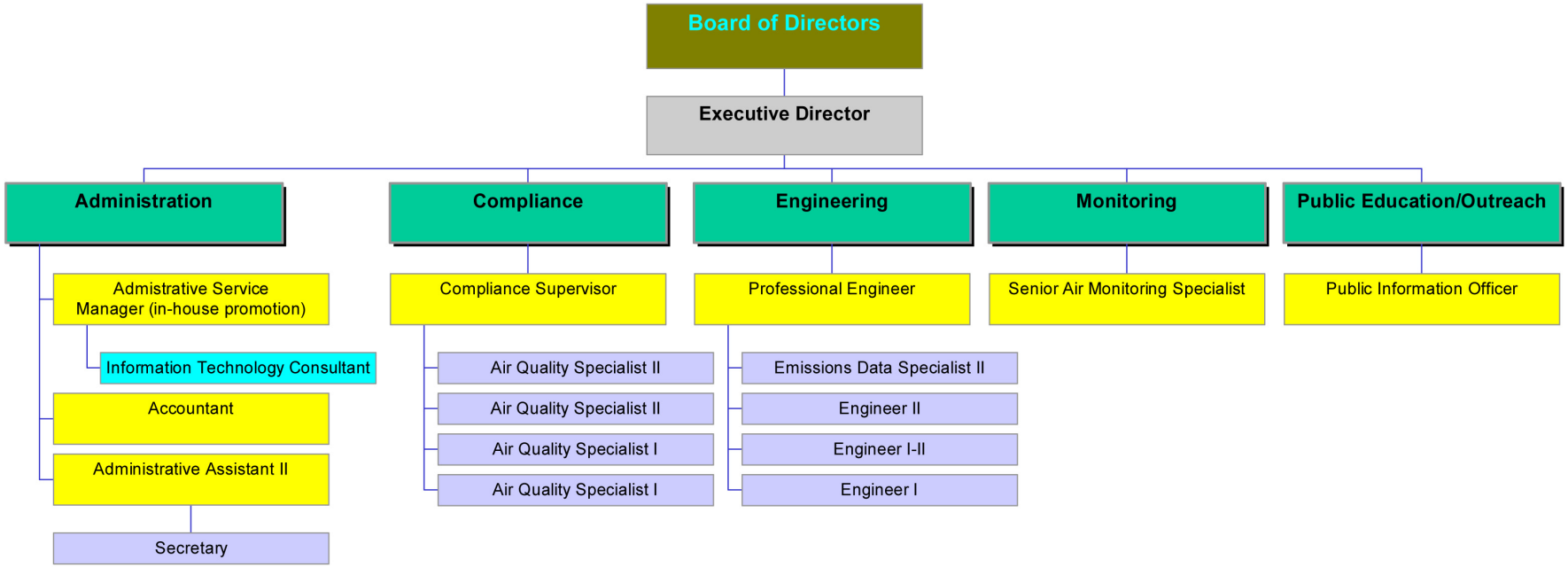
Generally, residents living and working in ORCAA's area have benefited from clean air. In the past, Thurston County did not meet established national ambient air quality standards. In 2000, EPA redesignated Thurston County as being in attainment for the Particulate Matter (PM_{10}) national ambient air quality standard.

Air quality had actually improved in Thurston County. But healthy air quality could change in the years ahead, to the detriment of present and future generations. Forecasters predict that much of the agency's territory is expected to experience above average growth in coming years. That could equate to the potential for significant increases in air pollution.

The public served by ORCAA has become increasingly conscious of air pollution issues. ORCAA has responded to the ever-growing and demanding air quality program needs with a professional staff committed to seeking cost-effective solutions and achieving agency goals.

Container freight ships in the Strait of Juan de Fuca produce significant amounts of toxic emissions which impact the north shore of the Peninsula.

ORCAA's Organization Chart



Meterological conditions play a significant role in localized air quality.

Administration

The Administrative section is responsible for the day-to-day operation of the agency, including fiscal management, secretarial support and information technology services. The section is staffed by an accountant, an administrative assistant, and a secretary.

This last year ORCAA developed a strategic plan. This is one of the first comprehensive strategic plans produced by a local air agency in the state. The purpose of the plan is to present a five-year strategy to ensure that ORCAA can continue to fulfill its mission of protection of the region's people and environment from the detrimental effects of air pollution. Elements of the plan have been used as a guide to develop this year's budget.

Based on the need for additional human resources assistance and accounting duties, this year's budget includes a promotional opportunity for existing staff in the Administration section. The new position of Administrative Services Manager will have duties and responsibilities for human resources and financial services management. This new position will also be responsible for overseeing payroll processing and information technology support services.

This year's budget also includes a line item for information technology assistance. In the past the agency has relied on the skills and talents of existing ORCAA staff to perform necessary maintenance and troubleshooting. The computer network is the workhorse of the agency. This year ORCAA will be hiring an information technology consultant to manage the agency's computer network. The consultant will maintain, monitor, troubleshoot, and provide hardware and software solutions to keep ORCAA's computer network up and running. In addition, the consultant will provide strategic advice on long-range solutions to ORCAA information technology needs.

ORCAA is scheduled to be audited by the State Auditor's Office (SAO) this fiscal year. ORCAA is required to reimburse the SAO for auditing expenses. This expenditure is also included in this year's budget.

For FY 2006, to save money and improve efficiency, ORCAA's Administrative section will continue to move forward on gaining independence from Thurston County Financial Services. Unfortunately, after receiving unanimous support from the State House of Representatives, a Bill sponsored by ORCAA that would have given local air agencies the flexibility to conduct their own financial services in-house, failed to make it to the Senate for a vote. This is especially unfortunate since the Bill would have enacted a change in state law providing financial savings through improved efficiencies for both local air agencies and counties. This Bill represented a win-win solution for all parties involved. It is unclear as to why the Senate failed to act on this legislation.

Compliance

The Compliance section is responsible, with backing of other departments, for public education, small business assistance, complaint response, source inspection, burn ban notification, and enforcement actions. The Compliance section also permits land clearing burning, agricultural burning, asbestos abatement, demolition, and fire training exercises.

The Compliance section receives and responds to many complaints from the public each year. Most of the complaints received at the agency involve outdoor burning. There is a range of actions that typically occur in these responses. Education is used first to address minor infractions. When possible, and practical, a letter and a phone call are the likely first response to complaints. There can be events that demand an immediate response, such as burning tires, or smoke impacting a school playground. ORCAA often receives complaints for violations that may have occurred in the past. Without witnessing an alleged violation at the time it is occurring, it can be extremely difficult for ORCAA to pursue enforcement actions.

Regulating outdoor burning, including land-clearing burns like this one, accounts for a significant portion of the Compliance section's budget and staff time.

The Compliance section is staffed by Air Quality Specialists. Duties and responsibilities of an Air Quality Specialist (AQS) typically involve phone calls, file research, driving, and writing. Phone calls can be as diverse as citizens seeking information on certified wood stoves, or a business asking about recent legislation. For a complaint call, staff uses past experience to gauge the urgency and type of response necessary for the complaint. A review of existing files is necessary for most of the work we do, whether we are dealing with a smoky wood stove or an international business. With such a large jurisdiction, we do spend a lot of time driving. At the completion of these activities reports are written to document observations.

Air Quality Specialists are well educated and the training continues on a yearly basis. The cost of employee training, whether business or public sector, remains an important element of any operational plan. Believing that our customers are best served with well-trained employees. ORCAA strives to provide continuing air pollution training to our staff. Though a good portion of our training is available free from the Environmental Protection Agency and the Washington Department of Ecology, some training expenses have increased in recent years. One example is "smoke school" which certifies the attendee to evaluate plumes of smoke and dust. It use

to be free. Now it costs ORCAA $450 per year per AQS. From the AQS viewpoint, smoke school is perhaps the most onerous job qualification. Every six months they can be found testing their ability to measure opacity.

There are 624 registered sources within ORCAA's jurisdiction. During 2004, ORCAA staff inspected 245 of the sources. Staff reviewed 157 compliance reports submitted by the businesses. The Air Quality Specialists issued over 850 permits during 2004. The permits included land clearing burning, agricultural burning, asbestos abatement and demolition. ORCAA's Compliance section received and responded to 677 complaints in 2004.

FY 2005 Accomplishments

ORCAA was fortunate to fill two Air Quality Specialist positions with eager and experienced people. In the few months they have been here, they have accomplished a considerable amount of work.

Although a solution remains to be found, ORCAA has been proactive in addressing wood waste burning issues associated with shake mill producers. ORCAA has been working with other governmental entities to prepare this industry for federal new source performance standards relating to these types of operations. These standards require shake mill operators to retrofit their wood waste burners with costly air pollution control equipment or stop burning waste altogether. Along with community leaders, elected officials and governmental representatives, the cedar mill owners are actively working toward a solution. One likely solution is to use the cedar waste as hog fuel for industrial boilers.

To maintain statewide enforcement consistency, ORCAA participates on the Washington State Air Quality Compliance Forum. The forum is made up of representatives from state, local and federal air regulatory agencies. In addition, ORCAA works closely with EPA on compliance issues for the Title V Air Operating Permit program. This last year ORCAA's penalty assessment worksheet was revised to incorporate comments from EPA.

ORCAA Air Quality Specialist Rita Cirulis inspecting a new, state-of-the-art spray booth at an auto body shop in Shelton.

Goals for FY 2006

The Compliance section expects to open a satellite office in Port Angeles this fiscal year. One of the compliance staff members has expressed an interest in moving to the Port Angeles area. To combine her desire with ORCAA's strategic plan is a great mix. This will give us a presence in the area, the ability to more readily respond to complaints, and a significant reduction in staff driving time.

To better respond to asbestos and demolition issues within ORCAA's jurisdiction, this will be the first time that all of the Air Quality Specialists will have asbestos certifications. Historically, one AQS has been responsible for the asbestos program. This change will place an equal responsibility for the program on each AQS. Greater efficiency and flexibility will be achieved through cross training of staff.

ORCAA's Regulation 1 routinely requires updating as state and federal air quality laws are changed. This year the Compliance section, along with other ORCAA staff, will be updating and reformatting ORCAA's Regulation 1 to make it easier to follow and more dynamic. These changes will greatly help the public and industry identify their regulatory responsibilities in complying with air quality laws and regulations.

Aerial view of Grays Harbor Paper in Hoquiam.

Engineering

ORCAA's Engineering section provides engineering expertise that benefit all programs at the agency, but primarily in the areas of compliance assessment and permitting. The section is responsible for implementing two essential air regulatory programs required by the Washington Clean Air Act: New Source Review (NSR) and Title V Air Operating Permits (Title V). The engineering section is also responsible for maintaining the agency's emissions inventory, implementation of certain delegated federal regulations, State Implementation Plan (SIP) related activities, and maintaining ORCAA's local regulations. Current staff in ORCAA's Engineering section includes a Professional Engineer, an Engineer II and an Engineer I. The engineering section currently has an open position for Engineer II.

New Source Review

New stationary sources of air pollution within ORCAA's jurisdiction are subject to New Source Review pursuant to RCW 70.94.152. The term New Source Review (NSR) refers to the regulatory process designed to facilitate review and evaluation of compliance with air requirements prior to construction, installation, modification or establishment of any new air pollution source. The goal of NSR is to ensure new sources are established in compliance with

applicable air regulations and standards, including the ambient air quality standards. Gas stations, dry cleaners, spray coating operations, manufacturing processes using resin, lumber mills, boilers, rock crushers, and hot mix asphalt plants are examples of the many types of air pollution sources subject to NSR.

ORCAA's Engineering section implements the NSR program through review and approval of Notice of Construction (NOC) or Notice of Intent to Operate (NOI) applications. Approval of a NOC application is required prior to construction or establishment of a permanent stationary source of air pollution like a steam boiler or new lumber mill while approval of a NOI application is required prior to establishing a portable or temporary stationary source of air pollution like a portable rock crusher or an asphalt plant. ORCAA Engineers review NOC applications to verify compliance with applicable state, federal and ORCAA air regulations and standards. This review typically requires calculating emission rates, as well as evaluating the adequacy and reliability of proposed air pollution controls, the likelihood of compliance with applicable air regulations, and the impact of emissions on the ambient air. For NOC applications, ORCAA Engineers compile a written Final Determination report which documents the review and findings. All NOC applications require some form of public notice and an opportunity for a public hearing, which is also facilitated by ORCAA Engineers. When public interest warrants public hearing the hearings are scheduled after normal working hours at a public building as close as possible to the proposed project site. This ensures as much public participation as possible. Final approval of a NOC application generally takes between 30 to 90 days after a complete application is received. Since April 1, 2004, ORCAA has begun processing 39 NOC applications and has issued final approvals for 42 new or modified stationary sources. In the same time period 10 NOI applications have been submitted and approved.

Title V Air Operating Permit Program

Major sources of air pollution in the State of Washington are subject to the State's Air Operating Permit program pursuant to RCW 70.94.162. This section requires existing major stationary sources to operate in compliance with an approved Air Operating Permit (AOP). Major sources are those with a potential to emit more than 100 tons per year of any criteria pollutant, greater than 10 tons per year of any hazardous air pollutant (HAP), or greater than 25 tons per year of any combination of HAPs.

AOPs are permits that contain and clarify all air requirements that apply to a major source. AOPs are required to be renewed every five years, and are subject to a public review and approval by EPA. ORCAA's Engineering section reviews AOP applications, composes draft AOPs, and processes them through final completion. Since the program became effective in 1995, ORCAA has issued 20 final AOPs and more than 28 AOP revisions. Since April 1, 2004, ORCAA has issued 5 final AOPs. ORCAA is currently processing AOP renewals for 8 major sources as well as 2 permit revisions.

The Engineering section also manages ORCAA's compliance/enforcement efforts with respect to major sources. Work in this area includes developing standard procedures for evaluating compliance, such as inspection checklists, standard reporting forms, and standard compliance assurance procedures. As part of this effort, ORCAA Engineers assist in educating environmental personnel at major sources regarding requirements of the program and assisting during inspections and source tests.

Education and Outreach

ORCAA Engineers provide education and outreach regarding air permits, air quality impacts of new sources of air pollution, and the air quality impacts of existing major sources of air pollution. ORCAA regularly responds to inquiries from companies regarding air permitting and compliance requirements by assisting businesses in:

- Calculating actual emission rates.
- Determining applicability of air regulations and standards.
- Running ambient air dispersion models to estimate ambient air impacts from a source.
- Evaluating adequacy of air pollution controls in a particular application.
- Completing air permit application forms.

Such services are offered for businesses that do not have the in-house expertise or can not hire an environmental consultant for completing an air permit application.

Every permit application processed by ORCAA receives some form of public noticing and an opportunity for a public comment period. ORCAA Engineers communicate the air quality impacts of a proposed new source through written reports that are publicly available, fact sheets posted on ORCAA's Web site, and through staff presentations during public hearings. All questions and comments received by ORCAA from the public in conjunction with a proposed air permit, both verbal and written, receive a written response. ORCAA Engineers also make sure, during public hearings and in written responses, to inform interested persons of their right to appeal the final decisions on an air permit.

FY2006 Goals and Objectives

The primary goal of ORCAA's Engineering section is to issue final AOPs and NOC approvals within the regulatory timeframes allowed. Meeting this goal will require a substantial increase in effort in ORCAA's Title V and NSR programs at ORCAA. Staff has estimated that nine permits need to be issued in FY 2006 to meet regulatory due dates. Permits will need to be issued to the following facilities:

- Nippon Paper.
- Lasco Bathware (Re-opening to incorporate MACT standards).
- AMTECH.
- Crown Cork and Seal.
- Rohm & Haas Company.
- Grays Harbor Paper.
- Paneltech International.
- Sierra Pacific Industries.
- Simpson Timber Shelton (Re-opening to incorporate MACT standards).

This workload represents roughly a 50 percent increase in workload at the current permit issuance rate. It is in addition to NSR workload and additional work associated with assuring compliance with the new National Emission Standards for Hazardous Air Pollutants (NESHAPs). ORCAA anticipates hiring another Engineer II to help meet this increase in permitting demand.

Another goal of the Engineering section is to design and promulgate General Permits for certain common source categories. The purpose of General Permits is to standardize and streamline the permitting involved in approving certain common

stationary sources. Portable rock crushers, spray booths used at auto body repair shops, and small gas fired boilers are all good candidates for General Permits. ORCAA's Engineering section hopes to establish General Permits for ORCAA's three most common source categories during FY 2006.

ORCAA's Engineering section would also like to establish a Greenhouse Gas Tracking Program for ORCAA. Such a program would include a greenhouse gas inventory and possibly a registry. It would adopt policies and standard procedures for calculating greenhouse gas emissions, establishing emission reduction credits, and trading emission credits. ORCAA would need to coordinate both statewide and nationally to establish such a program since the impacts of greenhouse gas emissions are a global problem. It will be essential for ORCAA's program to fit with other already established programs to provide incentive and facilitate greenhouse gas emissions trading both nationally and internationally.

The final goal for ORCAA's Engineering section is to improve ORCAA's emission inventory by including data on Potential to Emit. ORCAA currently collects and quality assures data on actual emissions from existing stationary sources. Potential to Emit (PTE) is different from actual emissions in that it represents a sources maximum capacity to emit under physical, operational and regulatory constraints. Actual emissions are usually less than PTE and are based on the actual amount of fuel consumed and products produced. PTE is based on the physical and operational constraints at a facility and on federally-enforceable, regulatory limitations that restrict emissions. PTE is important in determining applicability of certain federal and state regulations, and serves several key roles during permitting.

Monitoring

ORCAA operates an air quality monitoring network within its six-county jurisdiction. Data collected at the various sites are provided to Ecology, EPA and the general public. Ambient air quality data are essential for ORCAA and other agencies. The data are used to provide real-time decision making capabilities, such as the need for burn bans, and to provide input for computer models used to predict concentrations of air pollutants.

The near real-time air quality data available on the Internet is used to educate the public about local air quality conditions, potential health effects, as well as detailed air quality forecasts.

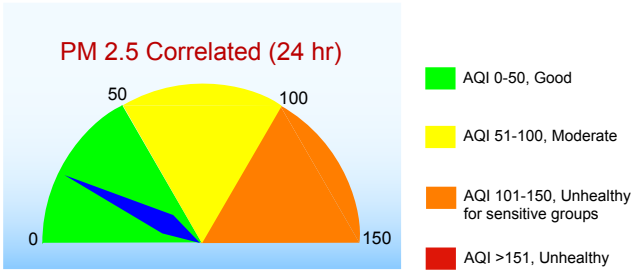
Sunset view from ORCAA's cross-boundary air monitoring station at Cheeka Peak near Neah Bay.

The American Lung Association uses the data for its Breathe Easy Network, which provides advance warning when air quality deteriorates in communities so people are able to take precautionary measures to limit exposure and help reduce pollution levels. ORCAA's Senior Air Monitoring Specialist performs the necessary data collection, instrument quality control and maintenance functions.

Data are collected for particulate matter (PM_{10} and $PM_{2.5}$), ozone (O_3), and meteorological parameters. Ozone is measured using an EPA equivalent method Dasibi analyzer. The particulate matter is measured using EPA federal reference method (FRM) samplers, tapered element oscillating microbalance (TEOM), and M903 nephelometers. The meteorological parameters include wind speed, wind direction, temperature, and relative humidity.

Current and planned ORCAA Monitoring Sites

- Clallam County- M903 heated nephelometer for continuous fine particulate and Air Quality Index, ozone and meteorological sensors; Makah- Cheeka Peak continental boundary monitoring station- M903 heated nephelometer for continuous fine particulate and light scatter, ozone, low level CO, and meteorological sensors including rainfall and radiometer.
- Grays Harbor County – M903 heated nephelometer for continuous fine particulate and Air Quality Index.



ORCAA Air Quality Data available online at www.ORCAA.org

- Jefferson County – M903 heated nephelometer for continuous fine particulate and Air Quality Index.
- Mason County – M903 heated nephelometer for continuous fine particulate and Air Quality Index .
- Thurston County – PM_{10} sampler, $PM_{2.5}$ sampler, M903 heated nephelometer for continuous fine particulate and Air Quality Index, TEOM, ozone and meteorological sensors.
- Pacific County (planned) – M903 heated nephelometer for continuous fine particulate and Air Quality Index.

Accomplishments for FY 2005

- Using an EPA grant ORCAA has provided real-time Web-based access to air quality data for four air monitoring stations in four counties. All of the ORCAA monitoring stations have real time data available.
- ORCAA forecasts air quality, which is incorporated in the EPA AirNow Web site and utilized by Seattle television media.
- A special purpose ozone monitoring station ran during the summer ozone season in north Mason County.
- FRM $PM_{2.5}$ sampling was completed in February 2004 with excellent data capture.
- Assistance was provided to the Quinault Indian Nation to establish a M903 nephelometer for fine particulate sampling in Taholah.
- An EPA grant was awarded to ORCAA to keep the University of Washington Cheeka Peak continental boundary air monitoring station operational.
- ORCAA established a Web camera in cooperation with the city of Port Angeles for use in public education for air quality.

Monitoring Goals for FY 2006

- Continue to explore options for additional monitoring sites. Possible locations include fine particulate monitoring in Pacific County and ozone sampling in Clallam County.
- Explore using grant funds to establish Web cameras for use in public education for air quality.
- Continue to use grant money to provide real-time Web-based access to air quality data.
- Partner with the Olympic National Park Service to establish an ozone monitor at their particulate visibility monitoring station.
- Continue to research cutting edge technology to reduce costs while improving the availability of data.
- Continue to improve data acquisition techniques by working with Ecology using grant funds.
- Continue to seek technical and monetary support from Ecology and EPA.
- Apply for an EPA Grant to transition the University of Washington Cheeka Peak continental boundary air monitoring station into an Ncore level II station.

Public Education/Outreach

The Public Education and Outreach section, staffed by the Public Information Officer (PIO), coordinates essential communications between the agency and the public. The primary areas of emphasis include media relations, interagency coordination, public education and community involvement. The PIO serves as the agency's Web master, maintaining the content and format of the ORCAA Web site and online presence. The PIO works closely with the Compliance staff to manage cooperative agreements with fire agencies dealing with outdoor burning programs. The PIO also manages the agency's school bus retrofit program and provides information resources for residents interested in air issues not directly regulated by the agency, such as indoor air quality and agricultural odor control.

Media Relations

Perhaps the most important means of communicating with the public within the ORCAA jurisdiction is through the mainstream media. Agency programs, activities and issues of concern are

School bus fleets throughout ORCAA's six-county jurisdiction received retrofits to significantly reduce the toxic emissions from the diesel buses.

communicated to the media through a variety of means in order to ensure media interest. Press releases are the core tool used to communicate with the media, but direct one-on-one presentations and story solicitations are also made. We also provide journalists with on-going assistance in background research and story development.

Interagency Coordination

The Public Education and Outreach section maintains direct communication with the array of governmental bodies with whom ORCAA works. Because there are a great deal of agencies involved in air quality issues, from city planning departments to federal regulatory agencies, clear communications channels must be maintained to prevent confusion or delays in assistance. For instance, the PIO facilitates meetings between ORCAA's professional staff and the representatives of other governmental agencies to ensure air quality issues are properly addressed during those agencies' permitting processes.

Public Education

Communication through mainstream media channels provides the fastest way to reach a large portion of the public. But mass communication isn't as effective as direct communication to smaller groups. Therefore, the ORCAA Public Education and Outreach section use the gamut of modern communication tools to achieve its goals of informing the public about the importance of air quality issues. These include enhanced Web site developments, email-based news updates, multi-media presentations and participation in an assortment of community activities. Through the public education program, the PIO organizes a variety of presentations and outreach activities. These include air quality lessons within schools and educational facilities in our region. We also provide informational materials for the general public as well as for the businesses we work with. These cover a variety of topics, from outdoor burning to asbestos removal.

Community Involvement

As a continuation of the public education programs, the PIO and/or Executive Director represents ORCAA at public events whenever possible. These could be large, planned festivals such as county fairs, community celebrations, or simple meetings of local civic groups. ORCAA's goal is to be as available as possible in areas convenient to the public.

Dry cleaners received a new tool from ORCAA in 2005 – a new record-keeping journal to make it easier for the operators to comply with air quality regulations.

Budget Background & Overview

This budget is for ORCAA's FY 2006, which runs from July 1, 2005 through June 30, 2006. As specified in the Washington Clean Air Act (RCW 70.94.092), by the fourth Monday in June each year, ORCAA must adopt a budget for the following year. A public hearing was held during ORCAA's regularly scheduled Board of Directors meeting on May 11, 2005 to adopt the FY 2006.

Expenditures

Overall, this year's budget represents a seven percent increase over FY 2005. Not surprisingly, the largest expenditure in ORCAA's budget is for salaries and employee benefits. Salaries will increase by approximately three percent over the previous fiscal year. In addition to a two percent cost of living allowance, one administrative position will be upgraded to an Administration Services Manager position and a few employees will receive pay step increases. Benefits will also increase by 21 percent over the previous year. This is due in part to escalating health insurance costs and increases in employee dependant care coverage.

Compared to the previous year the non-payroll expenditures will increase by 22 percent. Most of the increase is due to computer software and hardware expenses. These costs are typically cyclical in nature; unsupported hardware and software must be updated approximately every four years to keep up with advancements in information technology. In addition, a new line item in the amount of $47,000 for an information technology consultant has been added to this year's budget.

ORCAA anticipates a slight decrease in office building and non-administrative expenditures for FY 2006. This is mainly due to a decrease in projected leasehold improvements and monitoring equipment repair and maintenance costs.

Revenue

In order to cover expenditures for FY 2006, revenue will increase by approximately seven percent over that budgeted for FY 2005. There will be no increases in fees in our registration program or in the $0.375 per capita assessment ORCAA collects from cities and counties in its jurisdiction. For the federal Title V Air Operating Permit program, fees will remain relatively consistent with the previous year although, since fees are based on total emissions, some facility fees will increase while other will go down.

Consistent with direction from the Board of Directors, ORCAA will be using approximately $280,000 from reserves to cover increased expenditures in FY 2006. ORCAA's reserve fund balance will include approximately $203,000 plus an amount equal to one quarter of the annual operating expenses for the agency.

FY 2006 Highlights

- Total Expenditures = $1.89 million.
- No increases in Registration program or local assessment fees.
- $326,224 pass through for diesel school bus retrofits.
- Two percent cost of living allowance for employees.

The following pages provide a detailed accounting of ORCAA's revenues and expenditures for FY 2006. In addition, employee salaries by position are shown.

OLYMPIC REGION CLEAN AIR AGENCY

REVENUE

For The Fiscal Year Ending June 30,

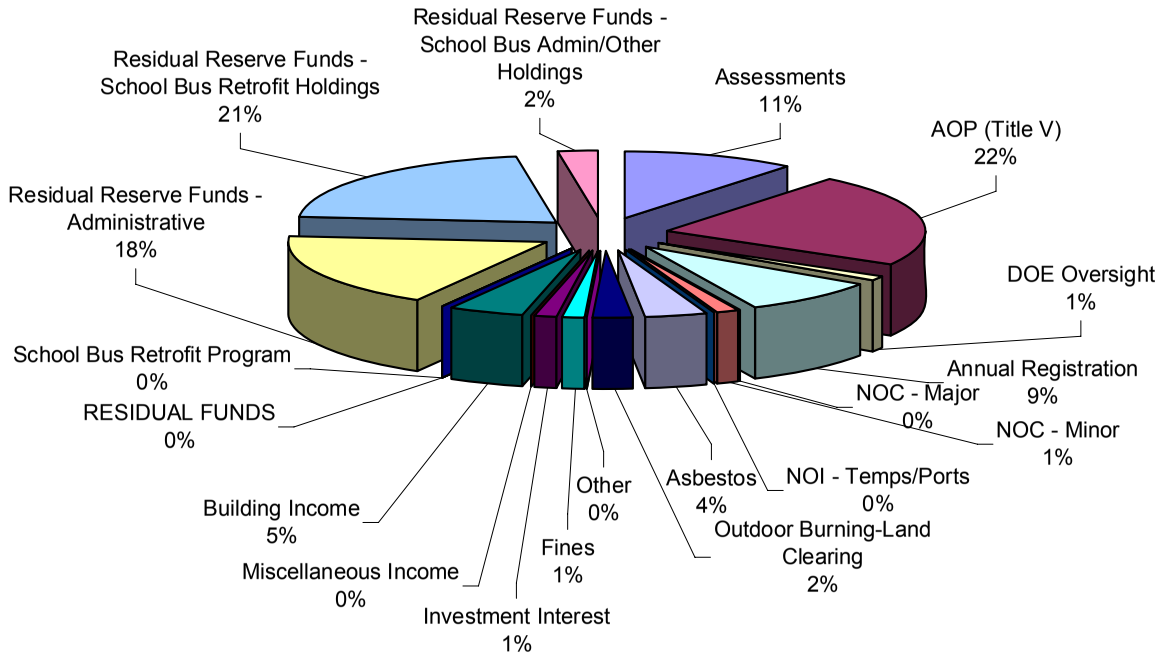
FY 2006 Budget–Revenue

	Budgeted 2005	Proposed 2006
GRANTS		
Core-Federal	$163,466.00	$173,786.00
Core-State	$124,954.00	$130,990.00
PM Agreements:		
Ecology Monitoring	$10,239.00	$12,285.00
EPA Tracking	$37,500.00	$21,507.00
Risk Assessment Grant	$80,000.00	$0.00
Air Toxics Inventory Grant	$25,000.00	$0.00
Woodstove Grant	$8,690.00	$8,509.00
FEES		
Assessments	$167,500.00	$167,600.00
AOP (Title V)	$341,982.00	$346,357.00
DOE Oversight	$27,000.00	$19,600.00
Annual Registration	$130,000.00	$133,000.00
NOC - Major	$9,000.00	$0.00
NOC - Minor	$20,500.00	$20,500.00
NOI - Temps/Ports	$500.00	$0.00
Asbestos	$50,000.00	$60,000.00
Outdoor Burning-Land Clearing	$27,000.00	$37,000.00
OTHER		
Fines	$20,000.00	$22,500.00
Investment Interest	$22,000.00	$20,000.00
Miscellaneous Income	$1,000.00	$100.00
Building Income	$76,158.00	$76,158.00
School Bus Retrofit Program	$0.00	$0.00
RESIDUAL FUNDS		
Residual Reserve Funds - Administrative	$74,042.71	$279,558.65
Residual Reserve Funds - School Bus Retrofit Holdings	$297,658.00	$326,224.66
Residual Reserve Funds - School Bus Admin/Other Holdings	$43,452.00	$36,930.00
TOTAL REVENUE & RESERVE	**$1,757,641.71**	**$1,892,605.31**
PROJECTED EXPENDITURES	**$1,757,641.71**	**$1,892,605.31**

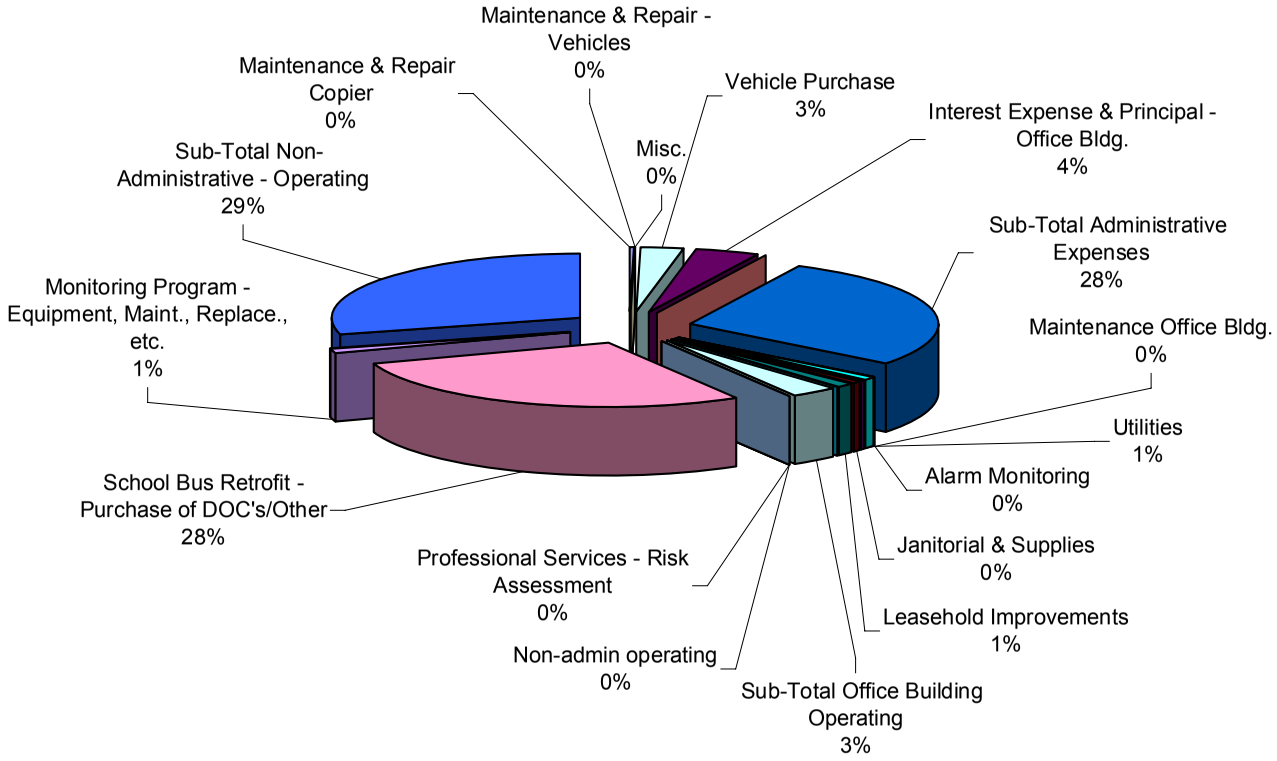
FY 2006 Budget–Expenditures

	Budgeted 2005	Proposed 2006
PAYROLL EXPENDITURES		
Salaries	$894,122.00	$920,973.00
Employee Benefits	$227,512.00	$275,658.31
TOTAL P/R EXPENSES	$1,121,634.00	$1,196,631.31
NON-PAYROLL EXPENDITURES		
Office Supplies	$6,000.00	$6,400.00
Gasoline	$4,200.00	$4,500.00
Computer Supplies	$1,500.00	$2,000.00
Computer/Software - Capital Expenses	$4,000.00	$16,100.00
Equipment	$5,000.00	$5,000.00
Professional Services:		
Legal	$24,000.00	$24,000.00
Audits/Accounting	$7,000.00	$12,500.00
DOE Oversight	$27,000.00	$19,600.00
IT - Consultant	$0.00	$47,000.00
Communications:		
Phone	$15,500.00	$15,500.00
Postage	$4,500.00	$7,200.00
Public Education:		
Printing	$1,000.00	$3,600.00
Promotional	$17,500.00	$20,000.00
Dues/SubscriptionsBank Fees	$3,000.00	$3,000.00
Travel:		
Staff Travel	$4,000.00	$5,000.00
Board	$5,300.00	$4,800.00
Training	$24,500.00	$24,000.00
Advertisement/NOV Serving's	$4,200.00	$8,000.00
Storage Rental Locker	$0.00	
Insurance (Bldg., Vehicles, Staff Bonding)	$14,250.00	$15,500.00
Maintenance:		
Maintenance & Repair Computer	$2,500.00	See Above
Maintenance & Repair Copier	$1,800.00	$2,000.00
Maintenance & Repair - Vehicles	$3,000.00	$2,000.00
Miscellaneous	$1,000.00	$750.00
Vehicle Purchase	$0.00	$30,000.00
Interest Expense & Principal - Office Bldg.	$46,900.00	$46,900.00
Sub-Total Administrative Expenses	$227,650.00	$325,350.00
OFFICE BLDG. OPERATING EXPENDITURES		
Alarm Monitoring	$1,500.00	$2,200.00
Utilities	$7,200.00	$9,200.00
Maintenance Office Bldg.	$2,500.00	$3,000.00
Janitorial & Supplies	$4,500.00	$5,000.00
Leasehold Improvements	$20,000.00	$15,000.00
Sub-Total Office Building Operating	$35,700.00	$34,400.00
NON-ADMINISTRATIVE-OPERATING		
Professional Services - Risk Assessment	$60,000.00	$0.00
School Bus Retrofit - Purchase of DOC's/Other	$297,658.00	$326,224.00
Monitoring Program - Equipment, Maint., Replace., etc.	$15,000.00	$10,000.00
Sub-Total Non-Administrative - Operating	$372,658.00	$336,224.00
GRAND TOTAL EXPENDITURES	**$1,757,642.00**	**$1,892,605.31**

FY 2006 Revenues



FY 2006 Expenditures



Agency Salary by Position

Position	FY 2006 Salary
Executive Director	$83,712
Accountant	57,456
Administrative Assistant II	45,396
Air Quality Specialist I	51,405
Air Quality Specialist I	49,392
Air Quality Specialist I	49,392
Air Quality Specialist II	56,220
Emissions Data Specialist II	57,456
Engineer I	60,420
Engineer I/II	59,374
Engineer II	64,638
Senior Air Monitoring Technician II	60,420
Professional Engineer	74,184
Public Information Officer	53,400
Secretary	27,300
Senior Air Quality Specialist	67,308
Admin Services Mgr (in-house promotion)	3,500
Total Payroll	**$920,973**
FICA-MC	70,314
Medical, etc	176,640
Retirement	22,979
L&I	5,725
Total Salaries and Benefits	**$1,196,631**

Multi-banded lenticular cloud over the Cascades near Mount Rainier, viewed from the Yelm area.