

# **FISCAL YEAR 2011 BUDGET & ANNUAL REPORT**



**July 1, 2010 - June 30, 2011**

**Francea L. McNair  
Executive Director**





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# Olympic Region Clean Air Agency Board of Directors

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# Annual Report, 2011

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Entering the 2011 Fiscal Year, the local, state and national economies remain tight, even as new signs of recovery come to light. In this economic environment, Olympic Region Clean Air Agency continues to operate as efficiently as possible. ORCAA makes every dollar count as it protects air quality while ensuring the residents and businesses within the six-county jurisdiction receive the best service possible from the agency.

Signs of recovery, meanwhile, can be found within ORCAA's jurisdiction. Many of the businesses registered with ORCAA have announced plans to expand operations or install new equipment. We anticipate new businesses will be coming on line this year. From re-starting lumber mills to the launching of new power sources, commercial ventures in ORCAA's jurisdiction are leading the way to economic recovery.

ORCAA is a regional 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 Washington Clean Air Act (RCW 70.94). The agency is responsible for enforcing federal, state and local air pollution

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**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.*

standards and regulating air pollutant emissions from new and existing sources.

With over 8,000 square miles, ORCAA has the largest area of the seven regional air pollution control agencies in Washington state. Its jurisdiction stretches from the coastal counties to the Strait of Juan de Fuca and east to the shores of Puget Sound. More than 498,000 people live in the jurisdiction served by ORCAA.

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**Mission:** *We promote air quality and take actions that protect the health and welfare of people and the natural environment in ORCAA's jurisdiction (Clallam, Grays Harbor, Jefferson, Mason, Pacific, and Thurston counties).*

A nine-member Board of Directors establishes the policies and oversees the operations of the agency. The Board comprises one representative from each of the six counties in ORCAA's jurisdiction, and one representative from each of the three largest cities in the region – Lacey, Olympia and Port Angeles.

The Board is responsible for selecting an Executive Director who carries out the directives of the Board, and oversees the agency's professional staff. The Executive Director enforces the orders, ordinances, resolutions and regulations of the agency.

## THE CONTINUING CHALLENGE

Once again, the United States Environmental Protection Agency (EPA) and the Washington State Department of Ecology (ECY) rank air pollution as one of the top

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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. The EPA plans to implement stricter standards regarding the acceptable levels of Ozone (O<sub>3</sub>) and Fine Particulate Matter pollution (PM<sub>2.5</sub>) to better protect human health. This merely highlights the importance of air quality protections.

Generally, residents living and working in ORCAA's area have benefited from clean air. That could change without considerable effort, however. Forecasters predict that much of the agency's territory is expected to experience above average growth in coming years, which could equate to the potential for significant air quality problems. With the new stricter standards for O<sub>3</sub> and PM<sub>2.5</sub> this could result in having a few areas within ORCAA's jurisdiction exceeding the national ambient air quality standards.

ORCAA responds to the ever-growing and demanding air quality issues and concerns with a professional staff committed to seeking solutions and achieving agency goals.

### **GOALS AND ACHIEVEMENTS; 2010**

ORCAA continued to protect and improve the air quality of its jurisdiction in 2010, despite the challenges of a weakening economy and shrinking budgets. As more and more residents turned to cost-saving measures such as using wood burning devices for home heating, ORCAA responded with increased education for the public on how to burn cleanly, as well as offering programs so residents could replace older, inefficient woodstoves with cleaner-burning appliances. Wood burning devices can have a significant impact on air quality.

ORCAA works with the businesses it regulates to reduce their emissions and lower their operating costs when possible to ensure they remain as viable businesses.



Looking out over Port Angeles and the Strait of Juan de Fuca from Olympic National Park's Klahhane Ridge. Protection of air quality ensures clear vistas such as this from ONP, which is a Class 1 Wilderness as well as a World Heritage Site.

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Improved program efficiencies and public services were hallmarks of the agency in 2010. Throughout all program sections, these themes echoed. Throughout this past year we reinvigorated our collaborative efforts meeting with the local jurisdictions emphasizing our willingness to work with them to site new businesses, thus streamlining the permit process. Working closely with government, business and citizens contributes to our ability to be effective and efficient in our effort to promote clean air and public health.

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## Administrative Section

The Administrative Section improved efficiencies in FY 2010. One key factor in this process was the transition from a contractor-based Information Technology (IT) service within the agency, to a staff-based IT position. By utilizing the skills of an existing staff member (in the Monitoring Section) the Administrative Section was able to reduce expenses while increasing productivity and improving database security.

During FY 2010, ORCAA underwent an audit by the State Auditor's Office (SAO), which focused primarily on the issues of:

- Open Public Meetings Act
- General revenue
- Payroll
- Procurement
- Restricted funds
- Cash receipting & Disbursements

Additionally, an audit of ORCAA's Federal Title V program from CY2008 was performed during FY 2010. ORCAA was found to be in full compliance with both audits.

**I**n FY 2011, the Administrative Section will head up the process of updating the Agency's Strategic Plan with a 5-year and 10-year look ahead.



ORCAA's Compliance Section administered a successful wood stove change-out program that replaced many old, high-emission devices, including this old stove.

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## Compliance Section

Despite the challenges of having just 4.5 full time staff covering an 8,000-square-mile jurisdiction, the Compliance Section provided exemplary service to the residents and businesses of our six counties.

One highlight of the year involves the Wood Stove Change-Out Program. Because wood smoke, largely from indoor heating devices, accounts for much of the air pollution in Western Washington during the winter months, ORCAA facilitated a program that encouraged residents to replace old, inefficient and dirty wood burning appliances with new, cleaner technology. By combining a Department of Ecology Grant with ORCAA's own agency monies, the Wood Stove Change-Out helped remove 133 uncertified wood stoves in our region. Because the denser populations in the cities means small sources of air pollution combine to affect a greater number of people, the wood stove change out focused on urban areas. The program helped remove 95 dirty-burning wood stoves in the cities of Lacey, Olympia and Tumwater. Another 38 came out of the cities and urban growth areas of Port Angeles and Port Townsend. The Compliance staff also acknowledged





ORCAA personnel present Nippon Paper Industries USA with a commendation for implementing good clean air processes at their Port Angeles facility.

the actions of area businesses. Both Nippon Paper Industries USA and Frankfurth Auto Body Specialists implemented processes that exceed air quality requirements, proving that clean air and good business practices can go hand-in-hand. These two Port Angeles businesses received Certificates of Commendation from ORCAA for their innovative solutions to air quality issues.

**D**uring FY 2010, the Compliance Section performed 532 inspections of registered business, responded to 888 resident complaints, reviewed 167 industrial compliance reports, issued 200 land-clearing burn permits, and reviewed and approved 566 asbestos and demolition permits. Rule 8.1, wood heating, was updated to conform with recent changes in the Revised Code of Washington.

Heading into FY 2011, the Compliance Staff will update the asbestos and demolition penalty worksheets to improve compliance of those programs. Additionally, ORCAA's Outdoor Burning regulations will be updated this year. In conjunction with this, the Compliance Staff will review all available

options to outdoor burning throughout the jurisdiction and evaluate the potential to restrict burning in some portions of the jurisdiction if warranted. The agency is working with local communities to institute alternatives to burning, that included chipping for reuse within the community and potential use as regulated biomass fuel from land clearing.

Working with the Education and Outreach Section, Compliance Staff will help increase public education about air quality issues through public

events, advertising and direct involvement with schools, businesses, public agencies and residential groups.

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## Engineering Section

Despite a slow economy, the Engineer Section witnessed signs of business growth in our region. During FY 2010, the Engineering Staff approved 37 Notices of Construction (NOCs) for new business installations. These include: a new dust control system at Simpson Lumber Company in Shelton; a new dried fruit snack production facility for Stretch Island Fruit Company near Allyn; expansion of Dart Container Company's pre- and post-consumer Styrofoam recycling equipment; a new specialty lumber mill for Northwest Specialty Woods; a new wood-fired boiler to heat buildings at Quillatuye Valley School District; and, a new combined heat and power plant, burning digester gas at LOTT's wastewater treatment facility.

The Engineering Section also issued Air Operating Permits (AOPs) to Sierra Pacific



An abundance of woody biomass in the forests of the Olympic Peninsula has sparked an interest in using this fuel to generate power.

Lumber. Preliminary work also began on a proposed permit for a new biomass power plant in Mason County. The staff also continues to work on a renewal of an AOP for Peninsula Plywood in Port Angeles and new AOP for Grays Harbor Energy's Satsop Power Plant.

In other work, the Engineering Section headed up a study, funded by an EPA grant. The comprehensive study, Air Quality and Climate Implications of Options for Woody Biomass, analyzes and quantifies the life-cycle air emissions of various options for using or disposing of woody biomass generated in conjunction with forest management in the Pacific Northwest including Alaska (PNW).

ORCAA Engineers provided professional assessment of the most current industry standards for commercial composting operations. This expertise was used to evaluate composting practices at Silver Springs Organics in Thurston County. ORCAA staff also served on the Technical Advisory Committee for revisions to the Washington State general permitting rules under WAC 173-400.

In FY 2011, the Engineering Section will focus on permitting of large biomass energy projects. With national attention on alternative fuel sources, and with the regional focus on the woody biomass of the northwest forest community, these types of permits will dominate the workload of the Engineering Section. The application process for one such source, Adage Mason LLC, began near the end of FY 2010 and will continue well into FY 2011. Additionally, ORCAA Engineers anticipate receiving applications for at least two other biomass power projects:

- Simpson Lumber Company, Shelton – Combined Heat and Power (CHP)
- Nippon Paper Industries USA – CHP

Four of ORCAA's major sources – Grays Harbor Energy, Olympic Panel Products, Simpson Door and Aquatics – require AOP renewals in 2011. ORCAA Engineers will also assist in Point Source Determinations (PSD) permitting of Phase II of the Grays Harbor Energy Plant, a process that will double the size of the existing facility.

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## Monitoring Section

Providing real-time air quality data to the public by way of the internet stands as the major focus of ORCAA's Monitoring Section. The Monitoring Section maintains air-monitoring stations in seven cities around its six-county jurisdiction. Those cities are: Aberdeen, Lacey, Port Angeles, Port Townsend, Raymond and Shelton.



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By utilizing the Washington State Department of Ecology's (ECY) data acquisition system, ORCAA's Monitoring Staff moves the data from ORCAA's air monitoring stations to the internet. Additionally, the Monitoring Staff makes use of EPA's AirNow website ([airnow.gov](http://airnow.gov)) to provide the public with a source of air quality forecasts and forecast discussions. These forecasts are based on the national air quality standards established by EPA to protect public health.

Another key work focus for the Monitoring Section is the Cheeka Peak Observatory (CPO) air monitoring station near Neah Bay. CPO measures regional and transpacific air pollution. Cheeka Peak received additional funding through an EPA grant and, beginning in January 2011, CPO will be one of 20 rural national core – or NCore – long-term air monitoring stations. The NCore nation-wide network of monitoring stations provide a means of measuring and understanding air quality, air pollution



emission controls and improving air pollution modeling.

Moving forward in FY 2011, the Monitoring Section will increase mobile monitoring to address ground level ozone pollution where the forecast model data from the AirNow website indicated Moderate and Unhealthy Air Quality in Thurston, Mason and Jefferson counties.

**I**n 2011 the Monitoring Section will further integrate the presentation of real time data into the new ORCAA website by working in conjunction with the Education and Outreach Section. The section will continue to maintaining the Washington Burn Ban website that was created in 2009. The website has statewide information at a central location that is up to date and is readily available to the public and government. This information is critical to protect air quality and public safety.

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## Education & Outreach Section

With the launch of a redesigned website ([www.orcaa.org](http://www.orcaa.org)) in FY 2010, the Education & Outreach Section created a state-of-the-art communications tool that takes full advantage of the latest social media services. Built on a Wordpress foundation, the new ORCAA site is directly linked to services such as Facebook and Twitter, ensuring residents can receive ORCAA news in any format, and through any digital medium they want. The site has also been fully optimized for viewing on mobile devices (i.e., Blackberries, iPhones, and other smart phones) to ensure the best possible service for our active community. That places [orcaa.org](http://orcaa.org) in a class by itself as one of only a handful of clean air agency websites that's fully integrated with mobile browsing technologies.



Wood smoke from fireplaces and wood stoves accounts for much of the air pollution in our region during the winter months.

As part of the new website, ORCAA expanded its Email Alert program, under which residents and businesses may register online to receive electronic notifications of the news they want from ORCAA. The program allows registrants to select from a variety of news categories, from burn ban information to permit news to regulation updates, so they receive only those notifications that most interest them. The alert system and electronic newsletter has grown from less than 100 recipients to more than 900 in 2010, thus providing up to date information to the public.

The Education & Outreach Section also utilized more classic technologies in its efforts to reach the broadest possible range of people. A simple informational display board, with integrated take-home cards, was developed as a “leave-behind” piece

for display at the customer service desks of city and county planning departments, meeting facilities, libraries, and contractor service centers. This serves as a means of alerting and educating the public and the local jurisdictions about our regulations and permitting processes.

Outreach work also centered on direct contact with the public, with an increase in ORCAA’s participation in community events and fairs. ORCAA continues to be a title-sponsor of Lacey’s annual Alternative Energy Fair and Electric Car Rally. The agency also took part in the Pacific County Fair, and hosted a Lawn Mower Exchange event in the City of Hoquiam. This event provided residents with a reduced-price electric lawn mower if they turned in an old gasoline powered mower (the collected gas mowers were demolished and recycled as scrap metal).

Because wood smoke continues to be a primary source of air pollution in our region, ORCAA’s Education & Outreach Section also played a key role in the launch of a statewide education campaign targeting homes heated with wood burning appliances. The Wood Smoke Campaign, funded by monies allocated to the Department of Ecology by the state legislature, includes a research component as well as an outreach program. As part of the research component, a state-wide survey of homes that heat with wood will be conducted before the end of the FY 2010. Targeted focus groups – including one in Port Angeles – will be than be conducted in early FY 2011 to identify the best ways to reach users of wood heating appliances and ways to convince them to burn as cleanly as possible in their appliances.

The Wood Smoke Campaign will run well into FY 2011, with a pilot Outreach Program slated to run during the wood-heating season of winter 2010/2011.

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# *FY 2011 Budget Highlights*

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This budget is for ORCAA's Fiscal Year (FY) 2011, which runs from July 1, 2010 through June 30, 2011. 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 June 9, 2010 to adopt the FY 2011 budget.

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## **Revenue**

The FY 2011 budget reflects no increase in per capita assessments or fees. The balanced 2011 ORCAA budget is composed of state and federal grants, program fees, and limited fund balance reserves.

Though the school bus diesel retrofit program has been completed and no further funding is expected, there remains a residual fund balance that will be used to wrap up programs in this area and offset some

monitoring expenses. Virtually all qualified buses in ORCAA's jurisdiction have been retrofit with the highest level of pollution control devices. ORCAA will continue to receive grant funds from EPA, Ecology and Energy Facility Site Evaluation Council (EFSEC) to cover specific project costs.

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## **Expenditures**

The FY 2011 budget features approximately a 4.5 percent reduction from the previous year's budget. The reduction will not result in staff losses.

Rather, the savings come through program efficiencies, and use of revenue carry-over that resulted from conservative agency spending in previous years.

Not surprisingly, the largest expenditure in ORCAA's budget is for salaries and employee benefits.





**OLYMPIC REGION CLEAN AIR AGENCY****REVENUE & RESERVE**

For The Fiscal Year Ending June 30, 2011

FY 2011 restated without Salary Adjustment

	<b>Current 2010</b>	<b>Proposed 2011</b>	<b>Projected 2012</b>
<b><u>GRANTS</u></b>			
Core-Federal	\$150,534.00	\$162,781.00	\$150,000.00
Core-State	\$118,706.00	\$118,733.00	\$118,000.00
<b><u>PM Agreements:</u></b>			
Ecology Monitoring	\$9,600.00	\$10,500.00	\$10,500.00
Woody Bio-mass Project	\$75,000.00	\$20,000.00	\$0.00
CPO Project w/EPA-Maintenance & Operations	\$74,281.00	\$68,942.00	\$75,000.00
CPO Project w/EPA-Capital Purchases	\$0.00	\$186,943.00	\$0.00
Woodstove Grant	\$9,000.00	\$9,193.00	\$9,193.00
<b><u>FEES</u></b>			
Assessments	\$221,535.00	\$224,145.00	\$224,500.00
AOP (Title V)	\$404,956.00	\$430,969.00	\$435,000.00
EFSEC	\$44,322.00	\$34,323.00	\$38,000.00
DOE Oversight	\$20,000.00	\$20,000.00	\$20,000.00
Annual Registration	\$190,678.00	\$202,000.00	\$202,000.00
NOC - Major	\$8,000.00	\$8,000.00	\$8,000.00
NOC - Minor	\$25,000.00	\$45,000.00	\$45,000.00
Asbestos	\$65,000.00	\$72,000.00	\$75,000.00
Outdoor Burning-Land Clearing	\$18,000.00	\$12,000.00	\$12,000.00
<b><u>OTHER</u></b>			
Fines	\$32,000.00	\$35,000.00	\$38,000.00
Investment Interest	\$57,000.00	\$28,000.00	\$20,000.00
Nisqually Industries	\$10,000.00	\$0.00	\$0.00
Miscellaneous Income	\$1,500.00	\$2,500.00	\$750.00
Wellness Grant - WCIF	\$1,000.00	\$1,000.00	\$1,000.00
Building Income	\$87,690.00	\$54,255.00	\$80,000.00
<b><u>RESIDUAL FUNDS</u></b>			
Residual Reserve Funds - Administrative	\$251,597.00	\$146,780.00	\$184,334.00
Residual Reserve Funds - School Bus	\$350,000.00	\$210,000.00	\$200,000.00
<b>TOTAL REVENUE &amp; RESERVE</b>	<b>\$2,225,399.00</b>	<b>\$2,103,064.00</b>	<b>\$1,946,277.00</b>
<b>PROJECTED EXPENDITURES</b>	<b>\$2,225,399.00</b>	<b>\$2,103,064.00</b>	<b>\$1,946,277.00</b>
		\$0.00	\$0.00

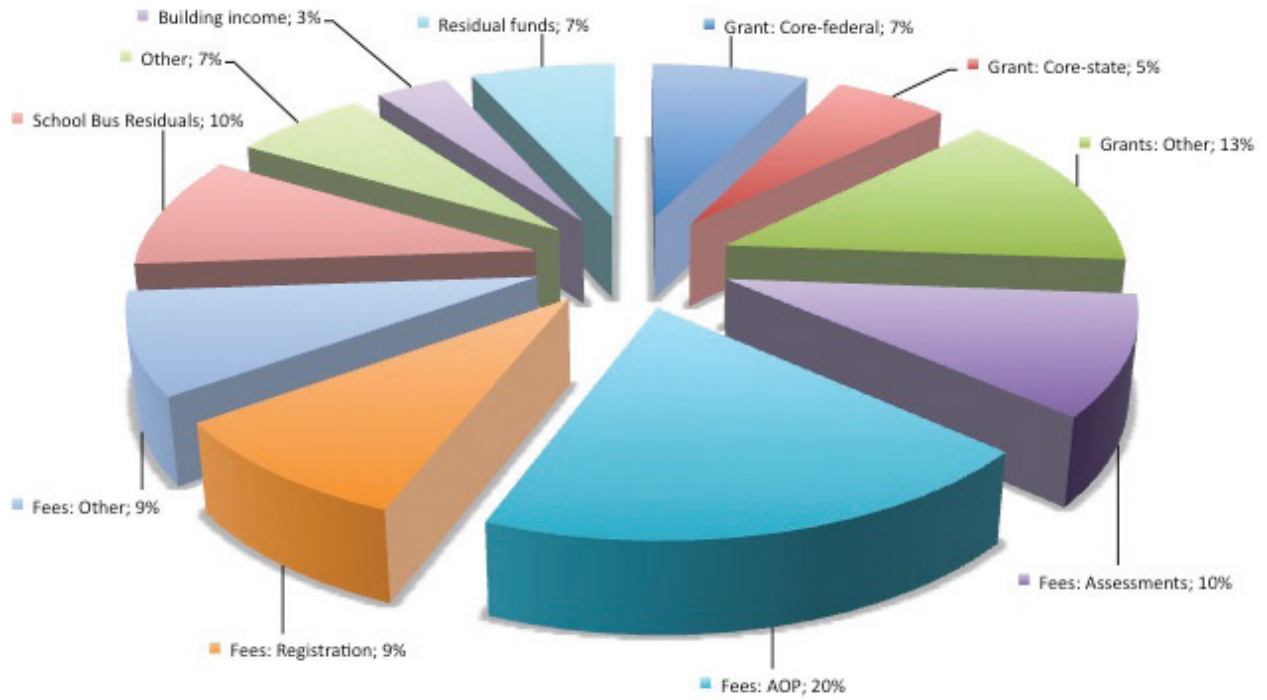
**OLYMPIC REGION CLEAN AIR AGENCY  
EXPENDITURES**

For The Fiscal Year Ending June 30, 2011

FY 2011 restated without Salary Adjustment

	<b>Current 2010</b>	<b>Proposed 2011</b>	<b>Projected 2012</b>
<b><u>PAYROLL EXPENDITURES</u></b>			
Salaries	\$1,114,202.00	\$1,127,966.00	\$1,151,000.00
Employee Benefits	\$418,462.00	\$406,622.00	\$415,000.00
<b>TOTAL P/R EXPENSES</b>	<b>\$1,532,664.00</b>	<b>\$1,534,588.00</b>	<b>\$1,566,000.00</b>
<b><u>NON-PAYROLL EXPENDITURES</u></b>			
<b>General Office:</b>			
Office Supplies	\$6,800.00	\$6,000.00	\$6,000.00
Gasoline	\$6,600.00	\$6,700.00	\$6,700.00
Dues/Subscriptions	\$3,500.00	\$2,200.00	\$2,200.00
Rental Space - Satellite Offices (2)	\$6,000.00	\$6,000.00	\$6,000.00
Miscellaneous	\$600.00	\$600.00	\$600.00
Miscellaneous-Wellness	\$1,000.00	\$1,000.00	\$1,000.00
Equipment	\$6,500.00	\$1,750.00	\$2,500.00
<b>Capital Purchases:</b>			
Vehicle Purchase	\$0.00	\$0.00	\$22,000.00
<b>Computer:</b>			
Computer Supplies	\$1,700.00	\$1,700.00	\$1,700.00
Hardware/Software - Capital Expenses	\$13,000.00	\$13,000.00	\$13,000.00
<b>Professional Services:</b>			
Legal/Prof Srs.	\$35,000.00	\$30,000.00	\$33,000.00
Audits/Accounting/CC Fees	\$15,000.00	\$6,360.00	\$15,000.00
DOE Oversight	\$20,000.00	\$20,000.00	\$20,000.00
IT - Consultant, SQL Contractor	\$25,464.00	\$5,000.00	\$5,000.00
<b>Communications:</b>			
Phone	\$22,100.00	\$19,000.00	\$20,000.00
Postage	\$7,200.00	\$6,000.00	\$6,000.00
<b>Public Education:</b>			
Printing	\$9,000.00	\$5,000.00	\$5,000.00
Promotional/Educational	\$37,000.00	\$25,000.00	\$25,000.00
<b>Travel:</b>			
Staff Travel	\$3,000.00	\$1,500.00	\$1,500.00
Board	\$6,200.00	\$6,200.00	\$6,200.00
Training/Conf/Mtgs.	\$22,000.00	\$19,800.00	\$20,000.00
<b>Advertising &amp; Insurance:</b>			
Advertisement/NOV Service	\$4,500.00	\$4,500.00	\$4,500.00
Insurance (Bldg., Vehicles, Staff Bonding)	\$20,000.00	\$21,500.00	\$22,000.00
<b>Maintenance:</b>			
Maintenance & Repair Copier	\$3,600.00	\$3,000.00	\$3,000.00
Maintenance & Repair - Vehicles	\$4,000.00	\$4,000.00	\$4,000.00
<b>Sub-Total Administrative Expenses</b>	<b>\$279,764.00</b>	<b>\$215,810.00</b>	<b>\$251,900.00</b>
<b><u>OFFICE BLDG. OPERATING EXPENDITURES</u></b>			
Interest Expense & Principal - Office Bldg.	\$46,909.00	\$46,973.00	\$47,077.00
Alarm Monitoring	\$2,000.00	\$1,750.00	\$1,800.00
Utilities	\$11,000.00	\$13,000.00	\$13,000.00
Maintenance Office Bldg.	\$15,000.00	\$11,000.00	\$13,000.00
Janitorial Supplies	\$1,000.00	\$2,000.00	\$2,000.00
Leasehold Improvements	\$20,000.00	\$20,000.00	\$24,000.00
<b>Sub-Total Office Building Operating</b>	<b>\$95,909.00</b>	<b>\$94,723.00</b>	<b>\$100,877.00</b>
<b><u>NON-ADMINISTRATIVE-OPERATING</u></b>			
Woodstove Program	\$0.00	\$0.00	\$0.00

# Revenue



# Expenditures

