

FISCAL YEAR 2012

BUDGET & ANNUAL REPORT

July 1, 2011 - June 30, 2012

Francea L. McNair
Executive Director



Olympic Region Clean Air Agency Board of Directors

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Annual Report, 2012

Executive Director

As I enter my third year as Executive Director for ORCAA, I continue to strongly encourage community outreach and education as an important agency practice. This past year staff worked with the Boys and Girls Clubs, Girl Scouts, schools, library groups and participated in a variety of community fairs. They educated the people about air quality and air pollution in a variety of formats. Staff works with the hearth industry to provide technical assistance and information about proper use of woodstoves for cleaner burning results. I spoke to councils of governments, economic development councils, service organizations and government entities in all six counties of our region.

My theme with every group revolves around two very significant topics: First and foremost, we all have a responsibility to keep our air clean through our own actions; and secondly, working with ORCAA early and often helps to ensure successful and fully informed results. I focus on being proactive with the community and our sources, which leads to successful partnerships. I look for opportunities to meet with and speak to community groups and organizations. I encourage staff to do the same. Education and outreach are

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.*

key components of our job, allowing us to work with business, the community and government in a very proactive fashion. This year we developed topic specific newsletters for our sources, providing information, tips for emission reduction and a gentle reminder that ORCAA wants to help them be a clean business. These well-received newsletters provide a helpful tool for our businesses.

I encourage staff to hand deliver Notice of

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).*

Construction (NOC) permits to our sources. As a result, we meet with our sources early in the process, providing technical assistance when needed to explain the permit. During the visit, our staff conducts an initial inspection based on their permit requirements. This gives the source a great opportunity to ask questions and to fully understand the permit requirements. This new part of our program is being well received and is a key component of our customer service and outreach.

We have 16 Title V major sources, all of which have completed their emission inventory and several have had their yearly inspection for 2011. Staff is in the process of completing all updates and new Air Operating Permits (AOP) for the Title V sources. We have had very difficult issues with some of our sources this year in terms

of emissions, odors and dust. Staff addressed the issues and continues working with the sources and local permitting authorities to resolve them.

The ability to create a work environment that is stimulating, rewarding and supports innovative thinking and high performance is an ongoing challenge, especially during these very lean financial times. Because we are a small staff, it is relatively easy to include the majority of the staff in major decisions, gathering their perspective and feedback.

Due to the economy, I have been unable to offer any cost of living increases or other incentives, such as additional training beyond what is required, to the staff for their excellent work and dedication to the agency. We work as a team providing the expertise needed for staff growth and development.

It is a pleasure working with the ORCAA staff and managers, guiding our agency in new directions and optimizing resources

to meet our goals. I lead and manage through active participation, feedback and involvement in all aspects of our agency and through careful listening. I have an open door policy for staff, the board and the public. I look forward to another successful year, working with the board, staff and public.

Administrative Section

The Administrative Section focused on customer service once again in FY 2011, launching an improved credit card acceptance program to facilitate faster and easier transactions with the public we serve. Businesses and individuals expressed great satisfaction with the new payment options, while ORCAA staff has been able to streamline the work to reduce costs as much as possible. The section also addresses public records requests and ensures the agency adheres to all laws and regulations



Rita Cirulis

When the air quality is good, the views are sharp and clear. Here, the view from Ediz Hook includes harbor traffic, Port Angeles and beyond to the mountains of Olympic National Park.

regarding public records retention.

After bringing ORCAA's Information Technologies (IT) services in-house the previous year, the Administrative Section worked with the rest of the agency to launch a streamlined agency website. The updated site focuses heavily on customer service, with most agency forms and business documents more readily available. The administrative staff works closely with the Education and Outreach Section on internet technologies.

The Education and Outreach department continues to maintain a news and information blog site (news.orcaa.org) that is fully integrated in the main ORCAA site.

This shared responsibility of the ORCAA web presence represents just one of the many ways the Administrative Section works closely with the other agency sections to cross train staff for more efficient agency work flow.

Moving forward into FY 2012, the Administrative Section plans additional cross-training, with many of the senior staffers learning to more fully assist with the basic permitting in areas such as land clearing, demolition and asbestos permits. This better ensures continued prompt service for the public when they come to ORCAA for those permits.

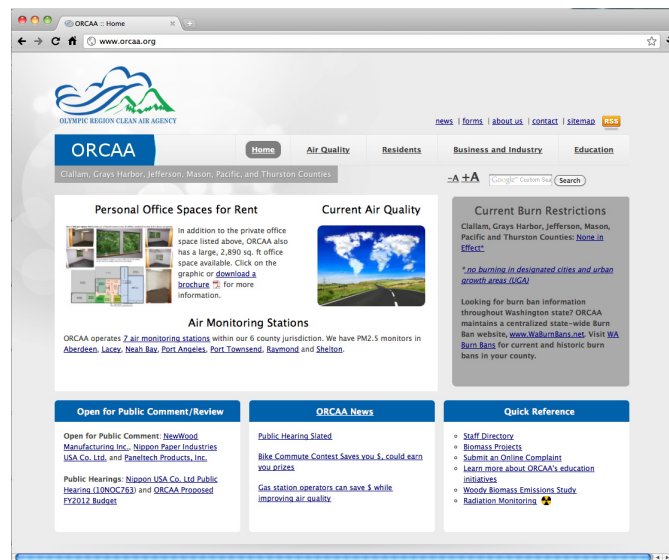
As the agency explores changes and updates to its regulations, the Administrative Section assists other sections to ensure any revisions

adhere to state and federal laws while still meeting the needs of our local communities.

Compliance Section

The Compliance Section provided outstanding services to the businesses and individuals of ORCAA's 8,000-square-mile jurisdiction during FY 2011. With just 4.5 full time Air Quality Specialists to cover the

six-county region, the Compliance Section performed 542 business inspections, responded to 854 public complaints, reviewed 150 industrial compliance reports, and issued 169 land clearing burn permits. In addition, the section staff reviewed and approved 542 asbestos and demolition permits.



ORCAA's newest website design focuses on public service and ease of use.

Business oversight remains a key focus of this section, but the Compliance Section also understands that education achieves significant results in reaching the agency's goal of clean, healthful air for everyone. With that in mind, the compliance staff worked closely with the Education and Outreach Section on community outreach. Many times, compliance staff took the lead and presented educational programs to youth groups (Boys and Girls Clubs, Girl Scouts, school classes, etc.). They also provided informational workshops to fire districts throughout our jurisdiction and assisted the Outreach Section with presentations to other community groups.

The Compliance Section continues to provide guidance and assistance with



ORCAA's Mike Shults works to set up a booth at the Grays Harbor Fair.

existing and new regulations. Dry cleaners and gasoline dispensing facilities are examples of existing businesses that have received assistance from ORCAA staff. We have spent considerable time educating businesses about a federal regulation related to the operation of vehicle spray coating operations.

To ease the burden of business trying to learn about new federal regulations on spray-coat applications (6H regulations), the section helped facilitate and coordinate business classes on the topic. Working with the Education and Outreach Section, compliance helped draft new source-specific newsletters to further inform those businesses about existing regulations as well as a means of reducing business costs while cutting air emissions.

Heading into FY 2012, the compliance staff will continue working with the outreach staff to develop an "ORCAA Stars" recognition program to reward businesses that excel in their emissions-reduction practices. Compliance will update the agency's inspector's manual to help facilitate better staff cross training. New mediation guidelines will be drafted. To ensure equitable treatment across the board,

the section will revise the agency's outdoor burning and High Priority Violator penalty matrix, which is used to establish monetary penalty amounts when citations are given. In combination with these programs, the Compliance Section will begin developing a source self-inspection program as a means to reduce costs while maintaining clean air standards. Due to budget constraints, the Compliance Section will hold open one vacant Air Quality Specialist position.

Engineering Section

During FY 2011, the Engineering Section invested considerable time addressing multiple large energy projects proposed in ORCAA's jurisdiction. New Source Review of large biomass energy projects dominated workload during FY 2011 and will continue in FY 2012.

The use of woody biomass to fuel boilers proved to be of great interest to many members of the public, and multiple permit applications were followed closely by citizen groups. One permit application was completed through the public hearing component of the process before the business recinded its application due to market conditions for electricity. One other facility – Nippon America, with a Combined Heat and Power (CHP) proposal – began the review process in FY 2011, and will likely be completed sometime in FY 2012.

Continuing its focus on working with business to ensure facility adherence to clean air laws while supporting business development, the Engineering Section

focused on completion of several Air Operating Permits – both new permits and renewals of existing facility permits – during FY 2011. These major-source permits were completed for: Olympic Panel Products, Simpson Door, and Aquatics.

The section staff provided Prevention of Significant Deterioration (PSD) permitting assistance to the Washington State Energy Facility Site Evaluation Council (EFSEC) for Phase II of the Grays Harbor Energy plant. Phase II will double the size of the existing power plant.

The Engineering Section works closely with the Compliance Section on many projects,



Rita Cirulis

Enjoying the views allowed by clean air near Port Angeles.

including odor sources. Most recently, commercial composting has been a source of significant agency investment of time due to repeated public complaints of nuisance odors. The Engineering Section helped Compliance identify the core source of odors and developed possible strategies for

reducing or eliminating those odors.

This section provides the agency lead on Climate Change programs, working with businesses as well as other agencies. By keeping ORCAA at the forefront of the discussion, we ensure the agency will be able to address any future requirements at the lowest possible cost.

Moving ahead, the Engineering Section will focus on several aspects of federal and state rule making. Some of the issues the Section will address include implementation of:

- Federal National Emission Standard for Hazardous Air Pollutants (NESHAPs) for:
 - Major Source Industrial, Commercial and Institutional Boilers and Process Heaters, a.k.a. the Boiler Maximum Achievable Control Technology (MACT)
 - Area Source Industrial, Commercial and Institutional Boilers and Process Heaters.
- The Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas Tailoring Rule
- State and Federal Greenhouse Gas Reporting Rule
- Revisions to Chapter 173-400 WAC

Monitoring Section

ORCAA's Air Monitoring Section remains committed to providing real-time air quality data to the public. The Monitoring Section maintains air-monitoring stations in several cities around its six-county jurisdiction. Those cities are: Aberdeen, Lacey, Neah Bay, Port Angeles, Port Townsend, Raymond and Shelton.

By utilizing the Washington State Department of Ecology's data acquisition system, ORCAA's monitoring stations transmit near real-time data to the internet.

Additionally, the monitoring staff makes use of EPA's AirNow website (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. CPO received additional funding through an EPA grant to operate as a federally certified National Core multi-pollutant network (NCore) station. Beginning in January 2011, CPO became one of 20 rural NCore long-term air monitoring stations in the nation. The NCore network of monitoring stations provides a means of measuring and understanding air quality, air pollution emission controls and improving air pollution modeling.

Moving forward in FY 2012, the Monitoring Section will increase mobile monitoring to address ground level ozone pollution where AirNow forecast models indicate areas of concern.

In FY 2012 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 maintain the Washington Burn Bans (<http://waburnbans.net>) website that was created in 2009. The website has up-

to-date statewide information which is readily available to the public and other governmental agencies.

Education & Outreach Section

Working closely with all other agency sections, the Education and Outreach Section provided key support for permitting, compliance and administrative projects throughout the year.

With new in-house IT personnel on staff, the Education & Outreach Section turned over a core portion of the agency's internet presence to the Administration Section. A revised website was launched, with a secondary support blog/news site fully integrated into the primary site. This allows a cleaner, easier-to-navigate core site with static content such as downloadable permit

application forms, business assistance documents, printable outreach material and standing policy documents.

The secondary site, news.orcaa.org, provides for dynamic content such as news updates, event postings, breaking news, and burn ban information. The news.orcaa.org site feeds directly into the core www.orcaa.org site to ensure maximum visibility and readership. The news site also feeds directly into ORCAA's social media accounts (Facebook and Twitter) to extend the reach of

Spring, 2011



Air Currents

Clean Air is Everyone's Business!

www.orcaa.org

Cut costs by increasing inspections:

Weekly Inspections Save You \$\$

Operating a small business requires a steady focus on the bottom line. One way to keep cash in the business is to cut costs.

Weekly inspections of your facility can be a simple way to cut business expenses while helping ensure clean air quality for your community.

Key Inspection Points

A. Tank Cap: This is a metal or plastic cap with an inner rubber gasket and latching mechanism that enables a cap to be tightly secured. Ensure that the fill cap is in good condition and fits securely on the adapter. Repair or replace if the cap or gasket is missing, loose or broken.

B. Adapter: This is a fitting 4-inches in diameter located above the drop tube and covered by the tank cap. Ensure the adapter is secured. If it is loose, tighten or repair.

COAXIAL

C. Coaxial Gasket: This is black and found between the adapter and fill tube, about 2 inches below the adapter rim. Check to see if the gasket is in place and in good condition. Repair or replace if it is missing, damaged or misaligned.

D. Coaxial Spring: This is an internal spring below the coaxial gasket. Check by depressing the drop tube several times. The spring should return the drop tube to a position where the rim of the drop tube is flush with the adapter rim. If the spring malfunctions, it must be repaired or replaced.

DUAL POINT

E. Fill Tube Gasket: This is a flat gasket found between the adapter and drop tube. Ensure that the gasket is in place and in good condition. Replace if missing or damaged. (Note: Image above shows a displaced gasket that must be fixed.)

F. The Poppet Valve: This is a spring-loaded valve within the adapter at the top of the vapor tube. Depress each valve 3 or 4 times to ensure it returns and reseats. If the depressed valve does not completely return or it returns off center, it needs to be repaired or replaced.

G. The Pump Hose: Check the hose on each pump for damage. If the hose is cut, torn, flattened or crimped, it may need to be replaced.







Regular inspections help you, your customers and the air we share

Inspectors with the Olympic Region Clean Air Agency (ORCAA) work closely with area businesses to ensure good air quality with the least impact on the business as possible.

To make sure businesses are complying with all applicable clean air regulations and laws, ORCAA staff will regularly inspect your business operation.

To make those official inspections painless and easy, the best things business managers can do are:

- Conduct self-inspections of their own facilities at least weekly.
- Keep good, clear records of those inspections as well as any repair or maintenance work done on the facilities.
- See an example of an inspection log sheet on the reverse side of this page.
- Repair any broken, leaking or malfunctioning equipment immediately.

These practices not only help you stay in compliance, they help you save money and better serve your customers. Best of all, they help preserve good air quality for all of us.

the news and information.

The Education and Outreach Section continues to expand 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 expanded use of digital technologies have reduced many of the overhead costs associated with ‘broad-band’ outreach efforts, and some of those savings allow us to expand more traditional outreach efforts. During FY 2011, with the support of the Compliance Section, ORCAA attended more community festivals and fairs, most notably the Pacific County and Grays Harbor County Fairs. These events provide ORCAA staff to directly interact with the residents we serve, and also allow us to promote our other online communications tools to those who may not be aware of them.

For FY 2012, ORCAA has new interactive displays for these outreach events to draw more people into our booth spaces, and encourage more one-on-one discussion with staff.

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, conducted research throughout the state. This included one focus group in Port Angeles organized to gauge the level of public awareness of, and the public’s willingness to

change behaviors on, the issue of residential woodsmoke. A pilot program focused on encouraging the practice of properly ‘curing’ firewood before use proved effective. In FY 2012, ORCAA will adapt that pilot for use in many of its urban centers.

In FY 2011, the Education and Outreach Section launched a new series of newsletters targeting core business segments. These newsletters provided detailed information on ways to reduce costs while reducing emissions. The FY 2011 versions went to gas station operators and spray-coat application businesses (esp. autobody shops). In the coming year, the Education and Outreach Section will work closely with the Compliance and Engineering Sections to provide boiler operators with a comprehensive newsletter, written in laymans terms, exploring the new ramifications of the federal Boiler MACT. Other targetted industry-specific newsletters may focus on dry cleaners and on ORCAA’s new “ORCAA Star” business recognition program, which is slated to be launched in FY 2012 by this section along with Compliance.



Tim McNair

ORCAA's unofficial mascot, Bialy, burrows in the flowers.

FY 2012 Budget Highlights

This budget is for ORCAA's Fiscal Year (FY) 2012, which runs from July 1, 2011 through June 30, 2012. 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, 2011 and continued to June 8, 2011 to adopt the FY 2012 budget.

Revenue

The FY 2012 budget reflects no increase in per capita assessments or fees. The balanced 2012 budget is composed of state and federal grants, program fees, and limited fund balance reserves.

The diesel retrofit program has been completed and its residual fund balance transferred into the General Fund. Under

that school bus program, virtually all qualified buses in ORCAA's jurisdiction have been retrofitted with the highest level of pollution control devices.

ORCAA will continue to receive grant funds from EPA, Ecology and EFSEC to cover specific project costs.

Expenditures

The FY 2012 budget features approximately a 3.5 percent reduction from the previous year's budget. The reduction includes a 1-year freeze on hiring to fill an open compliance position.

Additional 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.



Enjoying the clean air of the Kalaloch area.

Robert Moody

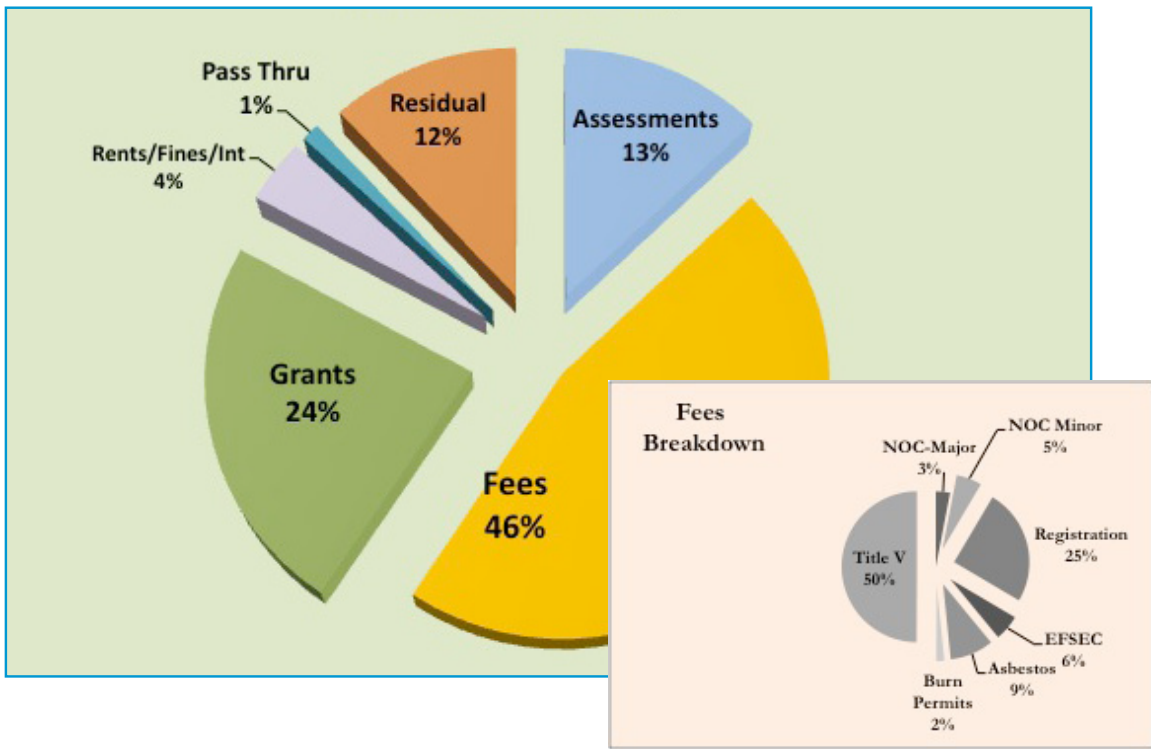
OLYMPIC REGION CLEAN AIR AGENCY
REVENUE & RESERVE
For The Fiscal Year Ending June 30, 2012

	Current 2011	Proposed 2012	Projected 2013
<u>GRANTS</u>			
Core-Federal	\$162,781.00	\$154,000.00	\$154,000.00
Core-State	\$118,733.00	\$112,796.00	\$112,800.00
<u>PM Agreements:</u>			
Ecology Monitoring	\$10,500.00	\$12,000.00	\$12,000.00
Woody Bio-mass Project	\$20,000.00	\$0.00	\$0.00
CPO Project w/EPA-Maintenance & Operations	\$68,942.00	\$97,101.00	\$97,000.00
CPO Project w/EPA-Capital Purchases	\$186,943.00	\$35,000.00	\$0.00
Woodstove Grant	\$9,193.00	\$7,700.00	\$7,700.00
<u>FEES</u>			
Assessments	\$224,145.00	\$226,170.00	\$226,200.00
AOP (Title V)	\$430,969.00	\$410,000.00	\$415,000.00
EFSEC	\$34,323.00	\$45,500.00	\$45,500.00
DOE Oversight	\$20,000.00	\$20,000.00	\$20,000.00
Annual Registration	\$202,000.00	\$205,000.00	\$203,000.00
NOC - Major	\$8,000.00	\$25,000.00	\$15,000.00
NOC - Minor	\$45,000.00	\$45,000.00	\$47,000.00
Asbestos	\$72,000.00	\$77,000.00	\$77,000.00
Outdoor Burning-Land Clearing	\$12,000.00	\$14,000.00	\$12,000.00
<u>OTHER</u>			
Fines	\$35,000.00	\$37,000.00	\$37,000.00
Investment Interest	\$28,000.00	\$23,000.00	\$23,000.00
Miscellaneous Income	\$2,500.00	\$1,500.00	\$1,000.00
Wellness Grant - WCIF	\$1,000.00	\$0.00	\$0.00
Building Income	\$54,255.00	\$10,800.00	\$54,255.00
<u>RESIDUAL FUNDS</u>			
Residual Reserve Funds - Administrative	\$356,780.00	\$209,678.00	\$253,055.00
TOTAL REVENUE & RESERVE	\$2,103,064.00	\$1,768,245.00	\$1,812,510.00
PROJECTED EXPENDITURES	\$2,103,064.00	\$1,768,245.00	\$1,812,510.00
		\$0.00	\$0.00

OLYMPIC REGION CLEAN AIR AGENCY
EXPENDITURES
For The Fiscal Year Ending June 30, 2012

	Current 2011	Proposed 2012	Projected 2013
<u>PAYROLL EXPENDITURES</u>			
Salaries	\$1,127,966.00	\$1,026,480.00	\$1,081,000.00
Employee Benefits	\$406,622.00	\$400,512.00	\$436,000.00
TOTAL P/R EXPENSES	\$1,534,588.00	\$1,426,992.00	\$1,517,000.00
<u>NON-PAYROLL EXPENDITURES</u>			
Maintenance:			
Office Supplies	\$6,000.00	\$5,000.00	\$5,000.00
Gasoline	\$6,700.00	\$6,700.00	\$6,700.00
Dues/Subscriptions	\$2,200.00	\$2,200.00	\$2,200.00
Rental Space - Satellite Offices (2)	\$6,000.00	\$6,000.00	\$6,000.00
Miscellaneous	\$600.00	\$50.00	\$50.00
Miscellaneous-Wellness	\$1,000.00	\$0.00	\$0.00
Equipment	\$1,750.00	\$500.00	\$1,000.00
Computer:			
Computer Supplies	\$1,700.00	\$500.00	\$500.00
Hardware/Software - Capital Expenses	\$13,000.00	\$6,700.00	\$10,000.00
Professional Services:			
Legal/Prof Srs.	\$30,000.00	\$23,000.00	\$25,000.00
Audits/Accounting/CC Fees	\$6,360.00	\$15,000.00	\$6,500.00
DOE Oversight	\$20,000.00	\$20,000.00	\$20,000.00
IT - Consultant, SQL Contractor	\$5,000.00	\$500.00	\$1,000.00
Communications:			
Phone	\$19,000.00	\$17,000.00	\$17,000.00
Postage	\$6,000.00	\$6,000.00	\$6,000.00
Public Education:			
Printing	\$5,000.00	\$3,000.00	\$3,000.00
Promotional/Educational	\$25,000.00	\$11,000.00	\$12,000.00
Travel:			
Staff Travel	\$1,500.00	\$400.00	\$500.00
Board	\$6,200.00	\$6,000.00	\$0.00
Training/Conf/Mtgs.	\$19,800.00	\$12,870.00	\$15,000.00
Advertising & Insurance:			
Advertisement/NOV Service	\$4,500.00	\$1,500.00	\$2,000.00
Insurance (Bldg., Vehicles, Staff Bonding)	\$21,500.00	\$23,000.00	\$24,000.00
Maintenance:			
Maintenance & Repair Copier	\$3,000.00	\$3,000.00	\$3,000.00
Maintenance & Repair - Vehicles	\$4,000.00	\$4,000.00	\$4,000.00
Sub-Total Administrative Expenses	\$215,810.00	\$173,920.00	\$170,450.00
<u>OFFICE BLDG. OPERATING EXPENDITURES</u>			
Interest Expense & Principal - Office Bldg.	\$46,973.00	\$38,629.00	\$43,760.00
Alarm Monitoring	\$1,750.00	\$1,500.00	\$1,800.00
Utilities	\$13,000.00	\$16,000.00	\$16,000.00
Maintenance Office Bldg.	\$11,000.00	\$8,000.00	\$10,000.00
Janitorial Supplies	\$2,000.00	\$1,700.00	\$2,000.00
Leasehold Improvements	\$20,000.00	\$20,000.00	\$24,000.00
Sub-Total Office Building Operating	\$94,723.00	\$85,829.00	\$97,560.00
<u>NON-ADMINISTRATIVE-OPERATING</u>			
Woodstove Program	\$10,000.00	\$0.00	\$0.00
Bio Mass Pass-Thru (Sub-Contractor)	\$20,000.00	\$0.00	\$0.00
Monitoring Program - CPO, Equipment, Maint., Replace., etc.	\$41,000.00	\$46,504.00	\$27,500.00
CPO Program - Capital Purchases	\$186,943.00	\$35,000.00	\$0.00
Sub-Total Non-Administrative - Operating	\$257,943.00	\$81,504.00	\$27,500.00
GRAND TOTAL EXPENDITURES	\$2,103,064.00	\$1,768,245.00	\$1,812,510.00

Revenue



Expenditures

