

FISCAL YEAR 2013

BUDGET & ANNUAL REPORT

July 1, 2012 - June 30, 2013

Francea L. McNair
Executive Director



Olympic Region Clean Air Agency Board of Directors

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Annual Report, 2013

Executive Director

As I enter into my fourth year as Executive Director for ORCAA, I continue to strongly encourage intergovernmental communication and coordination, community outreach and education as very important agency objectives. As a regulatory agency, enforcement is used when education isn't effective. The agency's goal is to promote and improve good air quality, thus protecting public health. It is critically important to work with councils of governments, economic development groups, service organizations, governmental entities and the community in all six counties of the 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. Secondly, it is vital that business, and those that permit business development, work with ORCAA early and often to help ensure successful and fully informed results. My goal is to be proactive with the community and the businesses we regulate by providing leadership and developing partnerships, guiding the way to improved air quality and a healthier environment. I will continue to look for opportunities to meet with and speak to community groups and organizations. I

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.*

encourage staff to do the same.

Education and outreach are key components of our job, allowing us to work with business, the community, and government in a very proactive fashion. Trying to focus on industry specific information through tools such as newsletters has proven to be an effective way to educate. For example we sent nearly 4,000 newsletters to contractors who perform asbestos and demolition work,

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).*



providing information about our asbestos rules and regulations. Understanding the laws and procedures will increase compliance and save time for the contractor and for ORCAA staff.

Woodstove emissions are a major contributing factor, statewide, to air quality problems. We received a grant through

the Department of Ecology for woodstove change outs in urban Thurston County. The goal is to remove older wood burning stoves and replace them with a cleaner heat source. We have partnered with Puget Sound Energy, Thurston Energy and local jurisdictions to provide financial incentives and help to market the program in the community. Our goal is improved air quality, energy conservation, and better awareness of clean heating alternatives.

I encourage staff to hand deliver Notice of Construction (NOC) permits to the businesses, if time allows. This creates an opportunity to meet with these businesses early in the process, provide technical assistance, answer questions about the permit, and do an initial inspection based on the permit requirements. This program has been well received and is an excellent example of our customer service and outreach.

We have 13 Title V sources, all of which have completed their emission inventory and have had their annual inspection. Staff is in

the process of completing all updates and new Air Operating Permits for the expiring Title V sources. We have had some very difficult issues with some of our sources this year in terms of emissions, odors and dust. We are on top of these issues and working with these businesses, and local permitting authorities, to resolve them. The business climate seems to be improving, although very slowly. We are still seeing sources go out of businesses. This year two Title V sources went out of business, which is unfortunate for the economy and employment. We understand that one of the businesses is in the process of being purchased and will reopen. This is very good news.

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. The opportunity to continually learn and experience new situations is invaluable for staff growth and development.

It is a pleasure and a challenge 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 and staff.

Administrative Section

The Administrative Section successfully gained approval for ORCAA to join the Association of Washington Cities. This helped save the agency thousands of dollars in FY 2012 by joining the AWC's benefits programs, which cut health insurances costs without reducing employee benefits.

The section staff, including the Information Technologies (IT) personnel, developed a new public records website, data.orcaa.org, to host public record archives and new documents. This fully searchable public site greatly improves the transparency of ORCAA's business and helps address public records request in a timely and cost-effective manner. Still, many of ORCAA's records exist in traditional format, and the Administration Section spent substantial time responding to requests for those older records.

The agency successfully defended, in Superior Court, its handling of one request



for vast numbers of documents – the staff proved, in court, they were not only addressing public records requests properly, but were doing so in a timely and cost-effective manner. The Administration Section continues to ensure the agency adheres to all laws and regulations regarding public records retention.

The Administrative staff works closely with all other agency staff, ensuring each section, and each staff member has the support needed to fulfill their own work tasks effectively. In FY 2012, the Administrative Staff helped the Engineering Section and the Outreach Section conduct several public hearings on major permit issues, most notably the biomass-related applications.

Moving forward into FY 2013, the Administrative Section plans additional cross training, with many of the staff 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 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 2012. With just 4.5 full time Air Quality Specialists to cover the six-county region, the Compliance Section performed 574 business inspections, responded to 978 public complaints, reviewed 143 industrial compliance reports, and issued 156 land clearing burn permits. In addition, the section staff reviewed and approved 557 asbestos and demolition permits. The section worked short-handed for a few months after one air quality specialist left the agency. A new Air Quality Specialist filled that vacant position in the fall of 2011.

The Compliance Section lead the agency's efforts to revise the Source Registration Fee program, developing a new fee structure that ensures fairness, better cost recovery for the program, and ease of use for businesses.

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. Working together, the sections produced an informational mailer that was delivered to nearly 4,000 contractors, renovators and licensed 'handymen' in our jurisdiction. The mailer explained the hazards of asbestos and ORCAA's permit requirements for all demolition projects, including those with asbestos present.

The Compliance Section continues to provide guidance and assistance with existing and new regulations. Additionally, the section staff worked with the Administrative Section on records retention and public access to documents. Beginning in FY 2012, all permits are stored electronically – those received on paper are scanned and stored digitally as well – to make it easier and more cost-effective when replying to public records requests.

Heading into FY 2013, the compliance staff will continue working with the outreach staff to develop new materials, specifically focused on outdoor burning. The two sections will also work together to find new information delivery methods, including direct mail and targeted Public Service Announcements.

Engineering Section

During FY 2012, the Engineering Section experienced a substantial turnover in staffing. Three new engineers were brought on to fill vacated positions in the five-person section. Despite that large staff change, the Engineering Section accomplished a great deal. 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 (AOPs). The section staff issued four AOPs – the permits required for Major Sources regulated by Title V of the Federal Clean Air Act. These were issued to Aquatic Company, Simpson Lumber Company, Rohm & Haas Chemicals, and Simpson Door Company. Additionally, the Engineering Section issued four AOP revisions, for Crown Cork and Seal, Simpson Lumber Company, Sierra Pacific Industries – Lumber Mill, and Simpson Door Company. Five new AOP applications were also received in FY 2012. One initial AOP was issued for Interfor Pacific Industries – Forks Division, while others remain in process.

The section staff issued 49 Notice of Construction (NOC) permits for smaller sources, with another 67 in process at the end of the fiscal year.

The Engineering Section works closely with the Education & Outreach Section on many projects, including the production and distribution of an education newsletter focused on new requirements associated with the EPA's Boiler Maximum Achievable Control Technology (MACT)

and Area Source Boiler MACT regulations. Business assistance was also provided on the Greenhouse Gas Tailoring Rule and the state and federal Greenhouse Gas Reporting Rules.

The agency's professional engineer represented ORCAA at the National Environmental Business Council, making a well-received presentation titled, "The Outer Limits of Air Permitting."

Moving forward, the Engineering Section will continue to process and complete numerous AOP applications in FY 2013. Business assistance will continue to play a major role in the section's work.



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, Port Angeles, Port Townsend, Raymond and Shelton.

By utilizing the Washington State Department of Ecology's data acquisition system, ORCAA's monitoring station data, as well as several years of archive data, are available on the internet. Additionally, the monitoring staff makes use of EPA's AirNow website (airnow.gov) to provide the public with a source for air quality forecasts and forecast discussions. These forecasts are based on the Washington Air Quality Advisory index established by Washington State Departments of Health and Ecology to protect public health.

Another key 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.

In FY 2013, the Monitoring Section will run special purpose ozone monitors to address ground level ozone pollution where AirNow forecast models indicate areas of concern.

In FY 2013 the Monitoring Section will further integrate the presentation of near-real-time and archival data sets to ORCAA's web sites. The Monitoring Section continues to maintain a statewide burn ban website, WA Burn Bans (<http://waburnbans.net>), which publishes current statewide burn ban data, as well as archived data since 2009. The Monitoring Section, in cooperation with Education and Outreach, has developed a branding initiative to create a more unified burn ban message across the state.

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.

The Education and Outreach Section continues to expand its digital news delivery program, leading with its growing Email Alert program. This service provides residents and businesses the opportunity to 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.

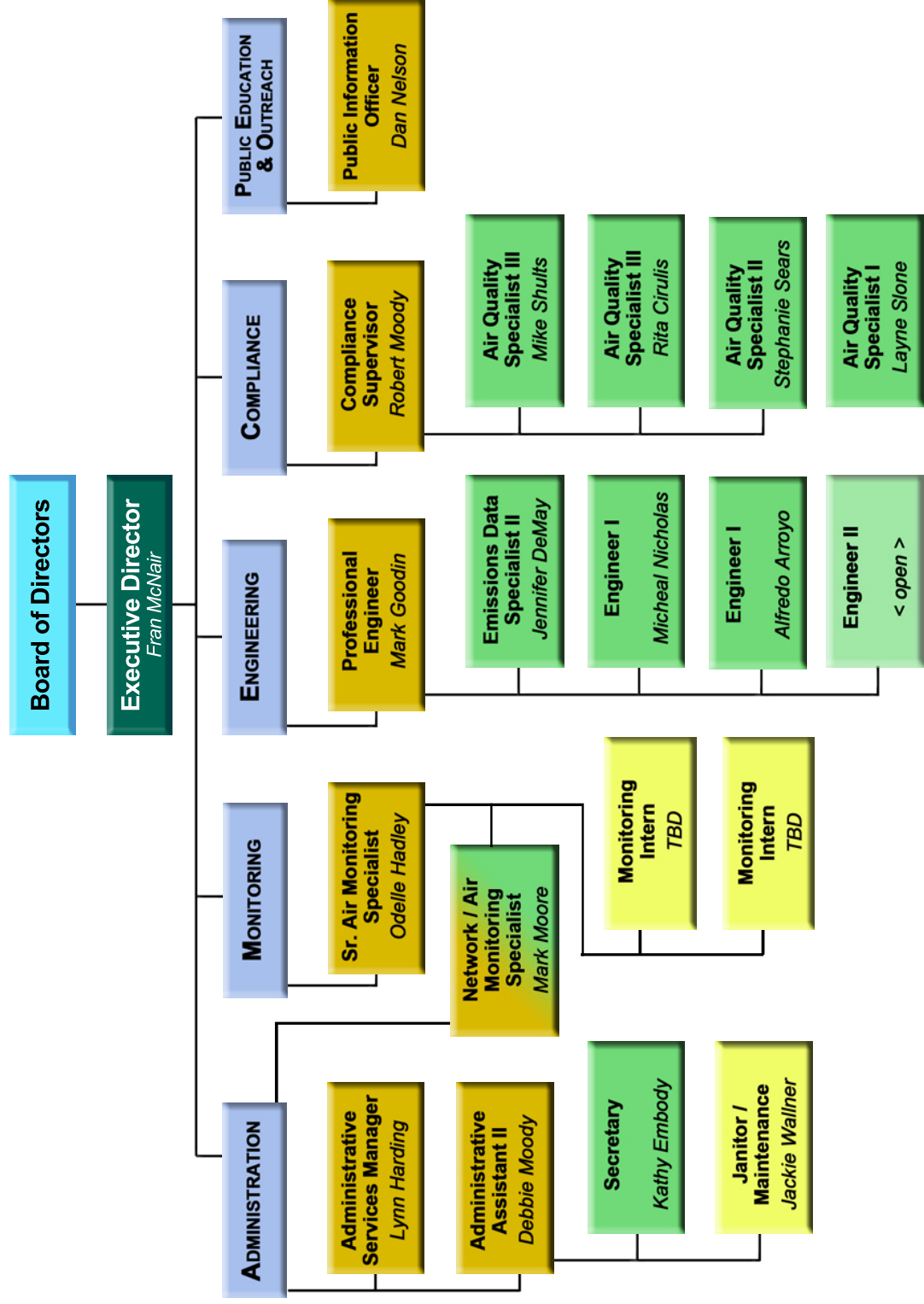
ORCAA's multiple websites also provide key outreach to our clients. The core site, www.orcaa.org, offers mostly static content such as permits, program information and various business forms that are of great use to residents and businesses. The secondary site, news.orcaa.org, provides dynamic content 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 the news and information.

The expanded use of digital technologies have reduced many of the overhead costs associated with 'broad-band' outreach efforts, and those savings allow us to expand on more traditional outreach efforts.

During FY 2012, with the support of the Compliance Section, ORCAA attended more community festivals and fairs, most notably the Lacey Alternative Energy Fair, the Pacific County Fair, and the Grays Harbor County Fair. These events provide ORCAA staff opportunity to interact directly with the residents we serve. Those events will be attended again in FY 2013.

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 securing and managing a Wood Smoke Reduction Grant. This grant, awarded by the Washington Department of Ecology (ECY) provides funding for residents of Thurston County willing to replace old, inefficient wood heating appliances with new natural gas or electric heat sources.

Olympic Region Clean Air Agency Organizational Chart 2012



FY 2013 Budget Highlights

This budget is for ORCAA's Fiscal Year (FY) 2013, which runs from July 1, 2012 through June 30, 2013. 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 9, 2012 and continued to June 13, 2012 to adopt the FY 2013 budget.

Revenue

The FY 2013 budget reflects no increase in per capita assessments, but does include a revision to the agency's Registration Program. The balanced FY 2013 budget includes state and federal grants, program fees, and limited use of fund balance reserves.

The agency received a Wood Smoke

Reduction Grant in FY 2012 that continues through FY 2013 and those grant funds are included in this budget. ORCAA will continue to receive other grant funds from EPA, Ecology and EFSEC to cover specific project costs.

Expenditures

The FY 2013 budget features approximately a 3.5 percent reduction from the previous year's budget. The reduction includes substantial savings in payroll benefits.

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.



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

For The Fiscal Year Ending June 30, 2013

	Col.1 Approved Budget-12 Mos. FY 2012	**Col.2 YTD Actual-10 mos. thru 4/30/2012	Col.3 Adopted FY 2013	Col.4 Projected FY 2014
GRANTS				
Core-Federal	\$154,000.00	\$169,445.50	\$175,286.00	\$167,205.00
Core-State	\$112,796.00	\$111,103.75	\$113,124.00	\$112,800.00
PM Agreements:				
Ecology Monitoring	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00
CPO Project w/EPA-Maintenance & Operations	\$97,101.00	\$90,182.55	\$86,077.00	\$69,000.00
CPO Project w/EPA-Capital Purchases	\$35,000.00	\$36,022.21	\$0.00	\$0.00
Woodstove Reduction Program w/Ecology	\$0.00	\$14,538.32	\$50,000.00	\$20,000.00
Woodstove Grant	\$7,700.00	\$12,208.00	\$8,487.00	\$8,487.00
FEES				
Assessments	\$226,170.00	\$226,172.00	\$229,793.00	\$226,200.00
AOP (Title V)	\$410,000.00	\$373,052.28	\$335,000.00	\$390,000.00
EFSEC	\$45,500.00	\$26,483.18	\$45,500.00	\$50,000.00
Ecology Oversight	\$20,000.00	\$12,972.68	\$20,000.00	\$20,000.00
Annual Registration	\$205,000.00	\$223,680.06	\$340,000.00	\$350,000.00
NOC - Major	\$25,000.00	\$5,205.12	\$5,000.00	\$5,000.00
NOC - Minor	\$45,000.00	\$31,020.00	\$20,000.00	\$20,000.00
Asbestos	\$77,000.00	\$81,570.00	\$80,000.00	\$80,000.00
Outdoor Burning-Land Clearing	\$14,000.00	\$13,700.00	\$12,000.00	\$12,000.00
OTHER				
Fines	\$37,000.00	\$67,158.97	\$50,000.00	\$50,000.00
Investment Interest	\$23,000.00	\$13,701.20	\$12,000.00	\$12,000.00
Miscellaneous Income	\$1,500.00	\$11,644.43	\$1,000.00	\$1,000.00
Building Income	\$10,800.00	\$12,872.00	\$13,524.00	\$13,524.00
SURPLUS FUNDS				
Surplus Funds	\$209,678.00	\$0.00	\$159,291.00	\$148,664.00
TOTAL REVENUE & SURPLUS	\$1,768,245.00	\$1,544,732.25	\$1,768,082.00	\$1,767,880.00

**Column 2: Based on meeting with Finance Committee to add YTD figures for current Fiscal Year that include actuals for the period July 1, 2011 thru April 30, 2012.

**OLYMPIC REGION CLEAN AIR AGENCY
EXPENDITURES**
For The Fiscal Year Ending June 30, 2013

	Col. 1 Approved Budget-12 Mos. FY 2012	**Col. 2 YTD Actual-10 mos. thru 4/30/2012	Col. 3 Adopted FY 2013	Col. 4 Projected FY 2014
<u>PAYROLL EXPENDITURES</u>				
Salaries	\$1,026,480.00	\$857,367.94	\$1,052,365.00	\$1,060,037.00
Employee Benefits	\$400,512.00	\$290,204.94	\$364,492.00	\$377,063.00
	\$1,426,992.00	\$1,147,572.88	\$1,416,857.00	\$1,437,100.00
<u>TOTAL P/R EXPENSES</u>				
<u>NON-PAYROLL EXPENDITURES</u>				
<u>General Office:</u>				
Office Supplies	\$5,000.00	\$4,248.85	\$5,000.00	\$5,000.00
Gasoline	\$6,700.00	\$5,278.46	\$6,700.00	\$6,700.00
Dues/Subscriptions	\$2,200.00	\$1,334.96	\$2,200.00	\$2,200.00
Rental Space - Satellite Offices (2)	\$6,000.00	\$4,990.00	\$6,000.00	\$6,000.00
Miscellaneous	\$50.00	\$1,032.56	\$50.00	\$50.00
Miscellaneous-Wellness	\$0.00	\$0.00	\$170.00	\$170.00
Equipment	\$500.00	\$523.92	\$800.00	\$800.00
<u>Computer:</u>				
Computer Supplies	\$500.00	\$483.48	\$1,000.00	\$1,000.00
Hardware/Software - Capital Expenses	\$6,700.00	\$4,904.84	\$10,000.00	\$10,000.00
<u>Professional Services:</u>				
Legal/Prof Svs.	\$23,000.00	\$38,712.00	\$25,000.00	\$25,000.00
Audits/Accounting/CC Fees	\$15,000.00	\$14,513.70	\$7,800.00	\$18,800.00
Ecology Oversight	\$20,000.00	\$6,949.67	\$20,000.00	\$20,000.00
IT - Consultant, SQL Contractor	\$500.00	\$0.00	\$500.00	\$500.00
<u>Communications:</u>				
Phone	\$17,000.00	\$13,520.48	\$17,000.00	\$17,000.00
Postage	\$6,000.00	\$4,446.04	\$6,000.00	\$6,000.00
<u>Public Education:</u>				
Printing	\$3,000.00	\$820.37	\$3,000.00	\$3,000.00
Promotional/Educational	\$11,000.00	\$6,975.23	\$9,000.00	\$9,000.00
<u>Travel:</u>				
Staff Travel	\$400.00	\$130.43	\$500.00	\$500.00
Board	\$6,000.00	\$4,201.47	\$6,000.00	\$6,000.00
Training/Conf/Migs.	\$12,870.00	\$9,188.76	\$16,445.00	\$15,000.00
<u>Advertising & Insurance:</u>				
Advertisement/NOV Service	\$1,500.00	\$1,009.87	\$2,000.00	\$2,000.00
Insurance (Bldg., Vehicles, Staff Bonding)	\$23,000.00	\$21,719.00	\$24,000.00	\$24,000.00
<u>Maintenance:</u>				
Maintenance & Repair Copier	\$3,000.00	\$1,816.93	\$3,000.00	\$3,000.00
Maintenance & Repair - Vehicles	\$4,000.00	\$1,388.16	\$4,000.00	\$4,000.00
	\$173,920.00	\$148,189.18	\$176,165.00	\$185,720.00
<u>Sub-Total Administrative Expenses</u>				
<u>OFFICE BLDG. OPERATING EXPENDITURES</u>				
Interest Expense & Principal - Office Bldg.	\$38,629.00	\$33,016.13	\$43,760.00	\$43,760.00
Alarm Monitoring	\$1,500.00	\$632.29	\$1,800.00	\$1,800.00
Utilities	\$16,000.00	\$11,508.09	\$16,000.00	\$16,000.00
Maintenance Office Bldg.	\$8,000.00	\$6,048.21	\$10,000.00	\$10,000.00
Janitorial Supplies	\$1,700.00	\$992.29	\$2,000.00	\$2,000.00
Leasehold Improvements	\$20,000.00	\$2,720.87	\$24,000.00	\$24,000.00
	\$85,829.00	\$54,917.88	\$97,560.00	\$97,560.00
<u>Sub-Total Office Building Operating</u>				
<u>NON-ADMINISTRATIVE-OPERATING</u>				
Woodstove Reduction Program	\$0.00	\$14,000.00	\$50,000.00	\$20,000.00
Monitoring Program - CPO, Equipment, Maint., etc.	\$46,504.00	\$20,609.14	\$27,500.00	\$27,500.00
CPO Program - Capital Purchases	\$35,000.00	\$36,072.21	\$0.00	\$0.00

OLYMPIC REGION CLEAN AIR AGENCY
GENERAL FUND BALANCE
For The Fiscal Year Ending June 30, 2013

ADOPTED General Fund Balance for the Year Ending June 30, 2013

	General Fund Total
Beginning Balance 07/01/12	\$ 1,512,131
General Fund Balance Applied to FY 2013 Revenue	\$ (159,291)
TOTAL General Fund Balance*	\$ 1,352,840
GENERAL FUND RESERVE ALLOCATIONS	
<i><u>Operating Reserve:</u></i>	
<u>LESS</u> Operating Reserve (Resolution #178)	\$ (442,021)
<i><u>Capital Reserve:</u></i>	
<u>LESS</u> Building Reserve	\$ (16,000)
<u>LESS</u> Monitoring Reserve	\$ (65,000)
<u>LESS</u> Database Reserve	\$ (25,000)
Ending UNRESERVED General Fund Balance	\$ 804,819

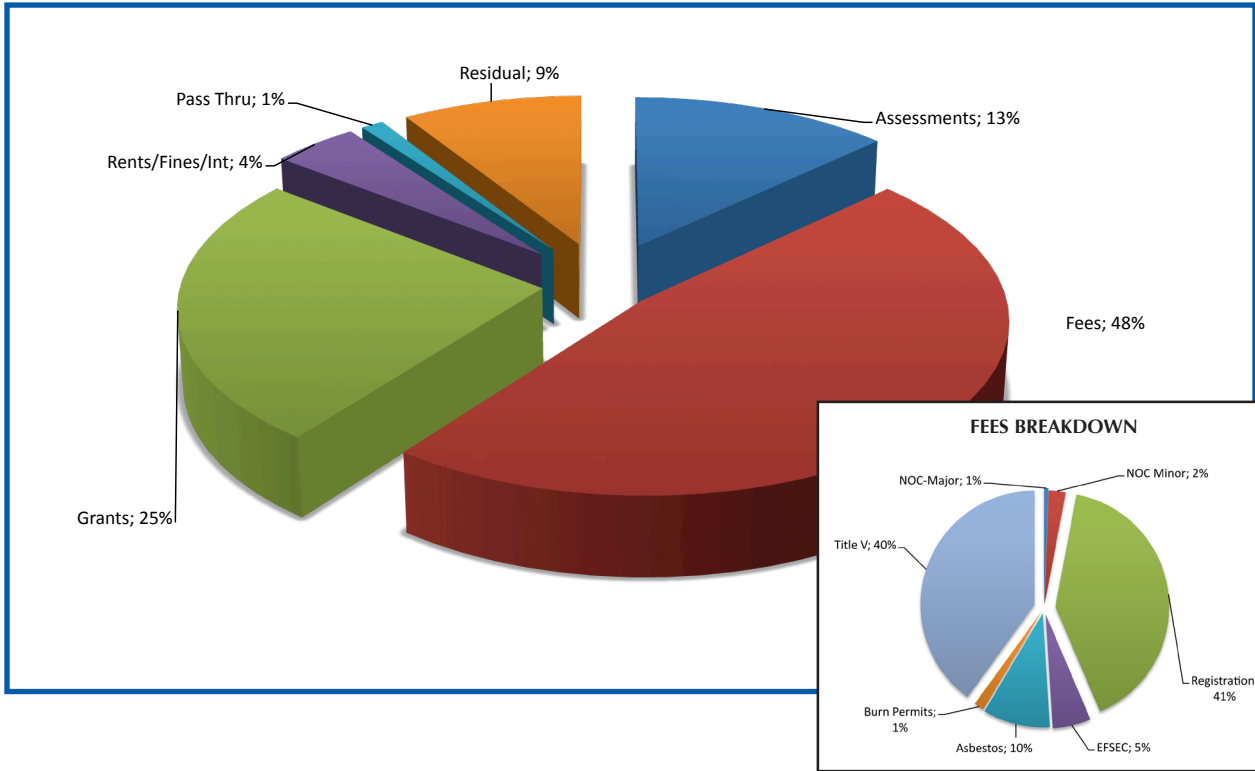
"Operating Reserve Fund" defined: An amount established by board direction and placed in reserve

"Capital Reserve Fund" defined: An amount established by board direction to save for long-term capital expenditures (equipment, bldg, database)

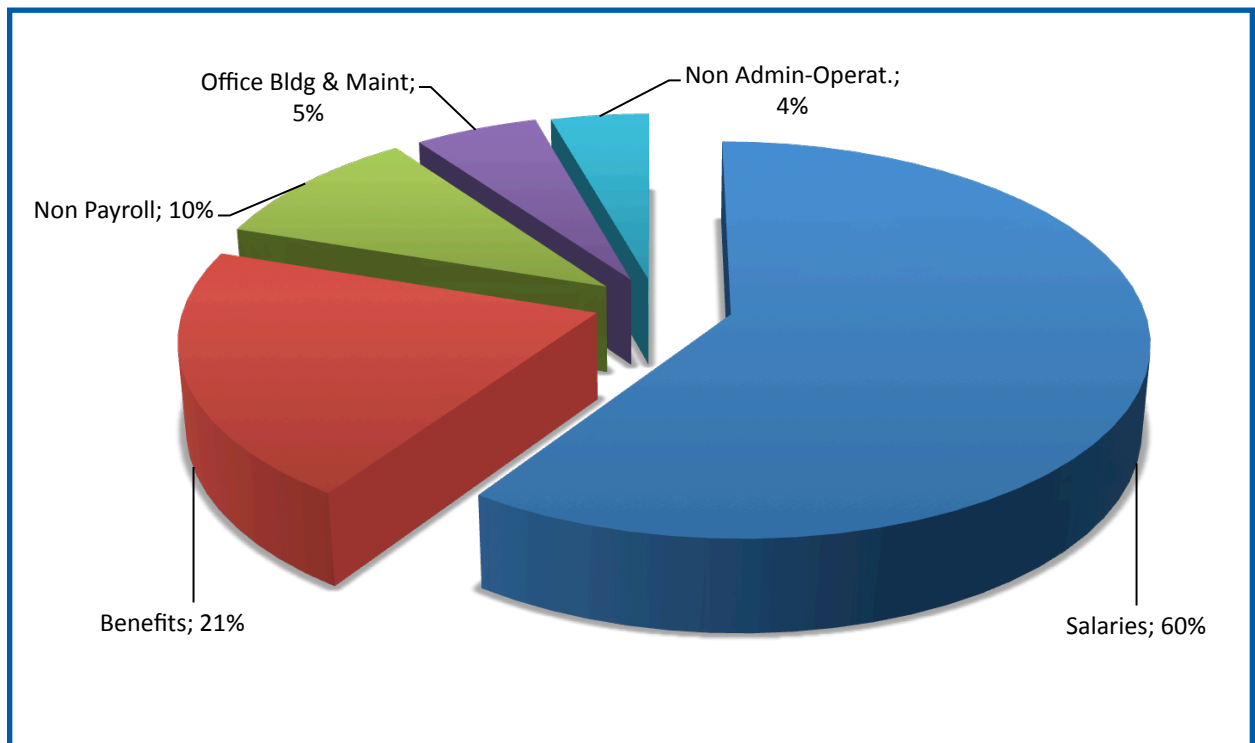
"General Fund Balance" defined: Funds that are held in our bank account with Thurston County Treasurer's Office. ORCAA has one fund with Thurston County Treasurer's Office and is referred to as the "General Fund."

* The total General Fund Balance includes "Operating" and "Capital" Reserve Funds

Revenue



Expenditures





Olympic Region Clean Air Agency

ORCAA

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