

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

**Finance Committee Meeting**

June 11, 2014

Members present: Steve Rogers, Pacific County  
Karen Valenzuela, Thurston County  
Jim Cooper, City of Olympia

Members absent: Cynthia Pratt, City of Lacey (Chair)

Staff Present: Fran McNair, Executive Director; Lynn Harding, Administrative Services Manager; Jennifer DeMay, Engineer; and Debbie Moody, Office Manager/Recorder; Jeff Myers, counsel

The meeting came to order at 8:55 am.

Valenzuela asked who the chair is of the Finance Committee. McNair noted Pratt is the Chair but as Chair of the Board, likely Rogers would be today. Valenzuela stated it would go to the Vice Chair, and Valenzuela stated she was Vice Chair. Rogers asked who has authority to appoint Cooper to be a voting member of the committee. McNair stated as Board Chair, it is Roger's duty to appoint committee members. Valenzuela felt it had been taken care of at the previous Board meeting. McNair reminded the committee that it was discovered there are to be only three members on the committee. Valenzuela suggested we have 4 members. McNair noted we would have to change our business rules. Rogers noted he would like to have Cooper attend as his expertise is needed. There was some discussion to change the business rules to allow for the 3 members and the Board Chair. Valenzuela suggested we move forward with the meeting with no final decision being made at this time.

Cooper moved approval of the Agenda. Rogers seconded the motion and it carried unanimously.

Cooper moved approval of the April 9, 2014 Minutes. Rogers seconded the motion and it carried unanimously.

**DIRECTORS REPORT**

McNair noted we would be going over the results of the salary survey as well as our FY15 budget. McNair explained we do have two versions of the budget, one includes the salary survey numbers and the other one is basically the same as presented at the May meeting. The difference, McNair stated, is that we thought we would be using \$142,000 of our reserves and the current budget shows we will only be using \$19,000. McNair went on to say that includes the unbudgeted \$30,000 we spent on our renovation.

Salary Survey Results

McNair explained Jennifer DeMay, Engineer and Debbie Moody, Office Manager, completed the salary survey and asked DeMay to present the results.

Cooper wanted to pre-empt the results by stating he had met with DeMay, Moody and McNair on three occasions to look at the plan and results for the survey. Cooper noted staff had done a similar survey in 2003 and were able to use the spreadsheet they had developed. Cooper

explained we narrowed the number of air agencies to four, in order to look at the most comparable, and also Ecology. The basis for determining which air agencies to look at was bottom line budget and number of staff. Cooper noted staff has done a phenomenal job and a lot of time was spent on this project.

Valenzuela asked how much time was spent on the project. McNair noted it was over 100 hours. Cooper stated he is very supportive of the path that this project will take us and looks forward to the conversation with the Board.

DeMay noted the comparable data came from Southwest Clean Air Agency, Northwest Clean Air Agency, Spokane Region Clean Air Agency as well as the Department of Ecology.

DeMay explained, in detail, the process staff used to achieve the proposed salary schedule. DeMay noted the results show many of the positions range from 10% to 40% lower than the average of the other agencies.

DeMay went over the proposed salary schedule and the proposed implementation plan. DeMay stated we are proposing to implement the increases over two years, allowing for 50% of the increase the first year and the other portion of the increase the following year. There will be a couple of positions that will be at the correct salary, per our proposal, in the third year.

Rogers asked Harding if the budget can handle the increase. Harding stated she wasn't in a position to answer and deferred the question to McNair. McNair stated we can. McNair explained she did some research, looking at the other agencies' fund balances and realized ours was much healthier. We are quiet conservative when we prepare the budget. We also looked at our fee based programs, McNair stated. For instance the Notice of Construction program fees are not covering the cost and it is our plan to take a look at that program and determine what needs to be done to both streamline the program and change fees where needed. McNair added the economy seems to be improving, our revenue has been increasing, and we are comfortable with the salary increase.

Rogers stated he would like to have a short presentation on the fees for ORCAA, at a later Board meeting. McNair did state changing fees consists of a public process and the Board will be involved.

Rogers commended staff on time spent on the salary survey and stated it appears they did an excellent job. Cooper wanted to remind the committee that the director's salary is not on the spreadsheet so we will need to discuss that issue. If we implement the salary survey, McNair will be 10% below her highest paid employee. Valenzuela noted we should go through the evaluation process. McNair stated Rogers had noted the contract is up next year and the evaluation doesn't need to be done yearly and the Board should consider doing an evaluation every other year. Cooper felt the evaluation is an aside, and we need to look at the salary schedule as a whole and making it equitable for all staff.

#### FY2015 Budget

McNair stated staff is proposing to bring two budgets to the Board. The budget with just the 2% COLA and the budget with the proposed salary increase. Cooper asked if the committee wanted to settle on a recommendation so we only need to review one budget. Valenzuela stated she did not want to decide, but rather she wanted the full Board to receive the information. McNair stated we do have to approve a budget today. After a brief discussion, it was noted, if need be, the budget could be amended at the July Board meeting.

McNair gave a brief overview of the proposed budgets. Highlights included the use of only

\$19,000.00, instead of \$142,000, of the reserves and the completion of our woodstove buyback grant. McNair stated we continue to show our vacant space however we are down two tenants. We are projecting a little over \$187,000 with this proposed budget. Harding added there are funds allocated for a state audit that is scheduled for this year.

The second proposed budget, McNair continued, is virtually the same other than salaries and the AOP fees. The impact to AOPs is minimal. The other major difference is the use of the reserve. With this proposed budget we would be looking at spending \$256,000, rather than the \$187,000, out of our reserves. Valenzuela asked for more detail on the payroll. McNair briefly went over it, noting it affects the benefits as well. The difference in salaries between the two budgets was \$1,123,000 to \$1,198,000.


Valenzuela thanked staff. Last month, Valenzuela stated, Cooper was absent but the Board had a conversation regarding your recommendation to include money in the budget for a salary survey. We didn't act on that request due to your absence. Cooper noted his thought, after talking to staff, was we need to do this every five years so we don't get so far behind. One way to do that would be to establish a reserve for surveys. The other option would be to just anticipate spending \$5,000 every fifth year. Cooper felt staff performing the survey took them away from their ability to do their day job. There is enough here, Cooper continued, that the conversation could be deferred to next year.

Valenzuela agreed. As a consequence of this morning's meeting, Valenzuela continued, I've changed my view about spending money on a salary survey. Valenzuela complimented the staff that worked on the survey, however now her discomfort is you have performed an in-house survey and people are talking about their own salaries. Valenzuela feels we should do any subsequent surveys out-of-house. McNair stated she feels staff did an excellent job and looked at it very objectively. Valenzuela stated she was not questioning anyone's objectivity.

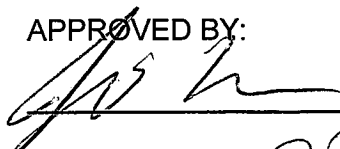
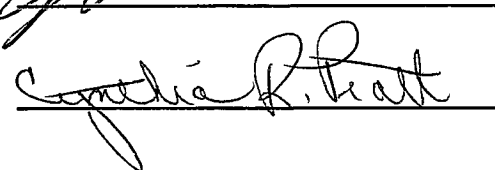
Valenzuela suggested we propose the 2% COLA budget to the Board and amend the budget in July if the Board so chooses. Rogers stated he was ready to move on the other budget and Cooper agreed. The committee agreed to present the 2% COLA budget, for action, to the Board and give them time to look over the other budget.

The meeting adjourned at 9:59 am.

PRESENTED BY

  
Francea L. McNair, Executive Director

APPROVED BY:

APPROVED and SIGNED this 8 day of October 2014