

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

Finance Committee Meeting

May 4, 2016

Members present: Jim Cooper, City of Olympia
Cynthia Pratt, City of Lacey (Chair)
Terri Jeffreys, Mason County (10:25am)

Members absent:

Staff Present: Fran McNair, Executive Director; Mark Goodin, Professional Engineer;
Lynn Harding, Administrative Services Manager; and Debbie Moody,
Office Manager/Recorder

The meeting came to order at 10:04 am.

Pratt asked for approval of the Agenda. Cooper moved approval of the Agenda. Pratt seconded the motion and it carried unanimously.

Pratt asked for approval of the Minutes of April 13, 2016. Cooper moved approval of the April Minutes. Pratt seconded the motion and it carried unanimously.

UNFINISHED BUSINESS

Director Salary

McNair explained she budgeted for a \$4,000 increase. She noted she is one of the lowest paid Directors in Washington. McNair stated she is currently at \$120,000 and is now requesting \$124,000. This is the third, and final year of our salary adjustment and we have changed the phase in for this final year, which will keep the 2 highest paid employees below the Director's salary. McNair explained there are 5 staff members affected by the final salary adjustments. Each staff member will receive their COLA on July 1, in addition, the 5 remaining staff are scheduled to get a step increase as well. Normally, step increases are implemented on a staff's anniversary date. McNair explained she spoke with the 5 staff and they agree to forgo the July step increase and wait until their anniversary. By doing this we are saving about \$10,000 in the budget and the 2 highest remain lower than the Director.

Pratt felt this was a necessary increase, to keep the director's salary higher than her employees. McNair noted she, and the other female air director, are still quite far behind their male counterparts.

Cooper asked how the process worked, is the increase just part of the budget or a separate action. McNair stated the Finance Committee should note the increase in the salary and state it is included in the budget.

FY2017 Budget and 3-5 Year Projection

McNair went over what we did to save money in our budget. We do have a half-time inspector who will be leaving the agency and we will be replacing her with another half-time person. Our inspector in Port Townsend has requested a reduced work week and will be going to 32 hours a week. The delay in our salary survey is also providing savings. McNair explained we have decided to register marijuana producers and processors. Cooper asked if we are the first. McNair stated we are not, Puget Sound and Spokane are both going to be registering them. McNair noted that should be an additional \$40,000. We have also included the CPI in our fees.

Cooper asked what the return on investment for us, is it enough to staff up compliance. McNair stated it is not. It will help with complaints, but it isn't going to be enough to consider another staff person or increase our half-time to a full-time. There was some discussion regarding the waste product and Goodin explained best management practices or Notice of Construction permits would dictate how they would handle that product. McNair did note we are waiting to see how a case before the PCHB pans out. Puget Sound will be going to hearings with regards to NSR and Registration of a marijuana facility.

Jeffries arrived and Pratt gave a brief update as to where we are in the meeting.

Harding noted the three prior columns include final numbers for FY15, our current approved budget and then our current actuals. Moving on, column 4 is our proposed and it is followed by 4 additional columns for projected budgets. Harding stated we are expecting a decrease in our core funds. Harding went over the grants, noting some will be ending in the projected budgets.

McNair stated we do not get much for our woodstove program and she has been trying to convince Ecology to increase the fee. The woodstove funds don't cover the program, McNair stated, however we do continue to call burn bans and deal with complaints. McNair added, per the rule, they can increase the fee by the CPI, however they have never done this. Cooper suggested the Board send a letter. McNair stated she could put that together and bring it back to the next meeting.

Harding noted, other than our AOP program, our programs don't necessarily cover the cost of the program and rely on our state and federal core monies to offset the deficit. Harding noted we track our programs on a monthly basis. Cooper asked if this information could be sent to the Finance Committee every quarter or every month, depending on when you make the report. Harding stated she could.

Harding continued going over line items of the budget. It was noted the fee based programs (NSR, Registration, Asbestos, etc.) does include the CPI adjustment increase. There is also a 1.4% COLA adjustment on salaries and we made some adjustments based on what we know with regards to benefits. McNair did note our benefits package will change in 2018. There were no significant questions or concerns.

Harding briefly went over the Ending Fund Balance sheet, explaining the reserve funds. Harding noted we expect to start the year with 1.4 million and end with approximately 1.3 million. Of the 1.3 million, \$568,555 is our unreserved year-end balance. The projection shows we may be in a deficit, of our unreserved balance, by the year 2020.

Harding went over a sheet showing the history of ORCAA Revenue from 2005 – 2015. Harding noted the Budgeted Reserves at the bottom of the page and the actual amount used. Harding pointed out there are many \$0, and we have always used significantly less of our Reserves as projected.

Harding explained we have decided to remove the vehicle reserve because it is not a large enough expense to have the set aside. When we prepare to purchase our next vehicle, we will just add it as an expense line in our budget. The other reserve account we would like to amend is the Operating Reserve. The Board had approved a 25% Operating Reserve many years ago, and at the time the Title V funds were included in that reserve. We would like the committee to consider lowering the Operating Reserve, knowing we will have a Title V Reserve as well. Cooper suggested 20% for the Operating Reserve and Harding stated we can update the Resolution to make that reduction.

Cooper mentioned his desire to have a \$5 burn permit fee for the Thurston County permits. McNair stated we could do it, however we would like to have public outreach prior to administering a fee. Cooper asked if we could consider hiring an outside consultant to evaluate the science and the air quality impact of a fee for 10 years leading to a ban 10 or 15 years out. We need to be on track with all of our counties, Cooper added. Goodin did agree it could be done, in fact it could be done in-house, but it would take a lot of work and staff time. McNair noted an outside consultant would be the way to go, if nothing other than objectivity. After some additional discussion, it was decided this should be discussed at a later meeting.

McNair stated staff would present the budget that is before the committee today at the May Board meeting. If the resolution, for a reduction in the Operating Reserve is passed, we will update the budget to reflect the changes to bring back to the Board for the June meeting.

There was nothing further for the Committee.

The meeting adjourned at 11:48 am.

CERTIFICATION

I hereby certify this is a true and correct copy of the minutes of the meeting of the ORCAA Finance Committee held on May 4, 2016, in Olympia, Washington.

ATTEST:


Francea L. McNair, Executive Director
Olympic Region Clean Air Agency


Cynthia Pratt, Chair
ORCAA Finance Committee

DATED: October 12, 2016