

MINUTES
LANE REGIONAL AIR PROTECTION AGENCY

BUDGET MEETING

April 12, 2018

EWEB Building

500 East 4th Avenue, Eugene, OR 97401 - meeting room in the North Building.

ATTENDANCE:

Board: Jeannine Parisi, Chair - Eugene; Jay Bozievich, Vice Chair- Lane County; Bill Carpenter - Springfield; Charlie Hanna–Eugene; Mike Fleck - Cottage Grove; Joseph Gonzales–Eugene; Joe Pishioneri – Springfield; Betty Taylor – Eugene; Jim Coey - Oakridge

Budget

Committee: Chuck Gottfried-Chair; Adam Rue-Vice Chair; Ruth Duemler; Kathy Lamberg; Iva Pfeifer; Ronald Patton; Josh McMillian; Marianne Dugan

Others: Maurie Denner - CAC Chair

Staff: Merlyn Hough–Director; Debby Wineinger; Nasser Mirhosseyni; Max Hueftle; Colleen Wagstaff; Jo Niehaus; Sarah Craig; Laticia Comer

1. **OPENING:** Gottfried called the meeting to order at 12:40 p.m.
INTRODUCTIONS

2. **PUBLIC PARTICIPATION: None**

3. **ACTION ITEM:**

CONSENT CALENDAR

Approval of Minutes of March 8, 2018 Budget Meeting

MOTION: Bozievich MOVED to approve the Consent Calendar, Fleck SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

4. **INFORMATION ITEM: Discussion of Proposed FY 2018/2019 Budget Document and Decision Regarding Approval of Document and Forwarding to Board for Public Hearing and Adoption**

Mirhosseyni submitted affidavits of publication for the record.

Mirhosseyni reviewed the following emailed questions/comments:

Questions from Kathy Lamberg:

I have been following the revenue and expense stream for the Title V permits. I noticed that the revenue for Title V permits has been declining steadily over the last couple of years, and also see that your 2018-19 budget anticipates further decline for Title V-generated revenue.

You are absolutely correct that Title V fees have been on a decline and what contributes to that is a combination of losing sources and reductions in emissions. As you know, LRAPA adopts the Title V fees by reference from DEQ and the fees are based on a base fee per source and a fee per tonnage of emissions from these sources. Although, both these fees are indexed annually for CPI.

Nonetheless, the emissions have declined over the years resulting in reduced fees and we are all glad to see a downward trend in emissions. I would like to direct your attention to page 23 and the "Projected" and "Proposed" columns where we anticipate a slight increase in proceeds (\$460,159.00 FY'2018 projected vs. \$497,360.00 FY'2019 anticipated an increase of \$33,201.00.

If I am understanding the budget correctly, I see that the Title V program is budgeting to add a .15 of an added position and also noticed that the Title V program is decreasing the 2018-19 budget for personnel.

Great observation that the additional FTE for FY'2019 will have an impact on the Title V and that is based on the allocated time this FTE will be assigned to Title V work. Because of LRAPA size, all staff at LRAPA allocate time to many projects based on needs and these allocations change as priorities change and the staff are not locked into single or source specific silos. During the current year FY'2018, the time allocations had to change as more resources will be assigned to ACDP sources and less to Title V resulting in a reduced cost for Title V Program. This trend continues for FY'2019 despite the additional .15 FTE hence, the overall cost will be reduced based on the current projections. Again, the needs are assessed periodically, during each fiscal year and if there should be a need to allocate more resources to Title V then the projected \$315,000 in reserves as projected in the beginning fund balance will be utilized to respond to those needs.

My question: Where will the funding come from to add the .15 of a position for Title V when the 2018-19 Title V personnel budget is decreasing?

I hope the above response is sufficient to provide answers to your inquiry about the needed resources to fund the additional .15FTE and furthermore, the Title V program will still enjoy remaining reserves in the amount of \$220,070.00 as projected in terms of the ending fund balance for FY'2019.

Parisi asked if we are expecting the revenue from Title V to continue to decrease, why propose a \$33,000.00 increase in the budget. Mirhosseyni said that is the staff time allocated to Title V, and the money would come from the reserves.

Question from Ruth Duemler:

Could you please send chart showing current emissions receiving Title V? Ruth Duemler

The file with the 2016 Title V emissions for LRAPA sources is attached. We are currently receiving and processing 2017 annual reports, so 2016 is the most current information.

Max

All emission values are in tons/year

<u>SOURCE NAME</u>	<u>PERMIT #</u>	<u>PM10</u>	<u>SO2</u>	<u>NOx</u>	<u>VOC</u>	TOTAL ASSESSABLE EMISSIONS	
Flakeboard America, Eugene MDF	200529	48	1	122	188	359	
Franz (Williams) Bakery	208922	14		39	137	190	
Georgia-Pacific Chemicals, LLC	203129	12	39	27	39	117	
International Paper Co.	208850	95	40	448	1,103	1,686	
Jasper Wood Products, LLC	206117	13	0	29	34	76	
Johnson Crushers International	204215	4			24	28	
Kingsford Manufacturing Co.	204402	192	45	297	113	647	
Lane County Public Works (Short Mtn)	204740	16	-	-	11	27	
Lanz Cabinet Shop, Inc.	204739	1		-	9	10	
Murphy Company	203102	29	5	55	93	182	
Pacific States Plywood, Inc.	208864	32	5	44	32	113	
Rosboro LLC	207050	249	5	201	227	682	
Seneca Sustainable Energy	206470	16	39	135	8	198	
Sierra Pine, Ltd.	208866	-	-	-	-	-	
		Source did not operate in the 2016 calendar year.					
SFPP, L.P.	207506	-			478	478	
Swanson Group	207510	124	5	89	80	298	
Weyerhaeuser NR Co. - ELP Eugene Plant	208256	3		8	67	78	
Winnebago	201279	12	-	-	46	58	
Grand Total		848	184	1,494	2,643	5,169	

Pishioneri wanted to know if any of the sources on the list had received any violations/fines. **Hueftle** said he would have to get back to him if there were any noncompliance's this last calendar year. **Mirhosseyani** added that all the violations/fine dollars go to the County General Fund. **Pishioneri** said he would like to know how much and where it went.

Duemler asked what made up the \$15,000.00 on page 25, expenditures and transfers. **Mirhosseyani** explained that it was indirect cost that paid to general fund. It covers Title V overhead items that are not otherwise allocated separately, such as copier/printer usage, Bank service charges & etc.

Carpenter asked about net fund balances, why some are negative trend? **Mirhosseyani** said in our projections, we are more liberal with the expenditures and more conservative with the revenues. And that is why there is a declining fund balance for all the funds. We usually do better than what was projected. Also, we are adding more in the expenditures for an additional FTE. The five-year projections show we will still be able to maintain the 120 days reserves. Additionally, we adjusted the allocations mid-year, and that is reflected in the shifting of the fund balances. **Carpenter** asked if the ACDP fees were reflected in the Title V fees. **Mirhosseyani** said the ACDP fees are reflected in the General Fund as Title V is a special purpose fund and they are maintained in a separate fund structure.

Fleck wanted to reiterate what he had discussed before about adding of a position. However, he supports it but, it's not good when the revenues are not keeping up with the expenditures. Clearly, we need the extra FTE, it will help get the permits up-to-date. But, within five years we need to probably increases fees, and be hitting up the partners.

Rue said it was similar drawing down the total reserves, it was helpful to have the five-year projection. In the worst case there was a reduction in federal funds. When will we know if we are heading down the path from base case to worse case? **Mirhosseyani** said as far as we know our federal funding is going to stay the same next year. The state funds have already been committed for next year. Our MOE (maintenance of effort) will be met, so we shouldn't be in danger of losing federal funds at least for next year. Furthermore, it is good to note that the federal funds are committed on a 2-year cycle and the upcoming funding cycle is for 2018-2020.

Hough has pointed this out at the Washington Update in his Directors Report this month.

Congress Approves, and President Signs, FY 2018 Omnibus Spending Bill (March 23, 2018) – The President signed an omnibus spending bill that provides funding for the federal government for the remainder of FY 2018 (until September 30, 2018). The House approved the omnibus bill on Thursday afternoon (March 22) by a vote of 256 to 167; the Senate approved the bill in the early hours of Friday morning (March 23) by a vote of 65 to 32. The bill contains many provisions affecting state and local air agencies including the following (page numbers refer to the bill text, report language and a minority summary, all of which are provided in links at the end):

\$228.2 billion for state and local air grants under sections 103/105 of the Clean Air Act (equal to FY 2017). These grants must be allocated using the same formula as in FY 2015, but EPA should provide some additional funds to regions with highest need. The President recommended \$159.5 million for FY 2018.

Pishioneri asked about travel/training, he said it added up to over \$30,000.00 – 16 FTE is about \$2,000.00 per person. Is this across the board for all staff? **Hough** said there has been some newer staff which required some training. But, the majority is his travel representing LRAPA with national

organizations. Some costs are reimbursed by the organizations. **Pishioneri** asked if there was reporting back to the board what was learned, how the travel advanced LRAPA. **Hough** said not every case, if there is something noteworthy he will include it in his monthly Director's report. There is not routine reporting for every travel/trip. **Duemler** said that Merlyn Hough has worked in this field for some time, and she is very happy to hear what he has to say because he keeps up on the national level. With his experience we should be honored he is in this position. He has input on air quality nationally. **Hough** said before he accepted the nomination for President of Air & Waste Management Association, he had conversations with the board about time and dollar requirements, so they were aware on the front end. **Pishioneri** said he just wanted a better understanding of the process since this was his first meeting.

Parisi asked if we were assuming staff and other costs in the budget for Cleaner Air Oregon work. **Hough** said what the legislator passed in the short session was immediate fee authority to DEQ to charge the sources affected to cover the majority of the costs. A question we have for the Department of Justice and our legal counsel is, does that authority extend to us. Do we need to do some fast-track rulemaking to parallel DEQ's? That will determine how much, and how fast we are able to do. **Hueftle** added that an estimate on what fees LRAPA would collect is about \$212,000.00. It's a percentage of what they already pay per calendar year. **Hough** said it could require hiring more than 1 FTE, but we won't know until we know what direction we are going in. **Mirhosseyni** added the these costs are not included in this current budget because of the uncertain nature of the project.

**MOTION: Duemler MOVED to approve the 2018/2019 FY Budget;
Parisi SECONDED THE MOTION. VOTE ON MOTION:
UNANIMOUS**

The meeting adjourned at 1:17 p.m.

Respectfully submitted,

Debby Wineinger
Recording Secretary