

RECORD OF MEETING
LANE REGIONAL AIR PROTECTION AGENCY
BUDGET COMMITTEE MEETING
TUESDAY–APRIL 5, 2007
Library Meeting Room
Springfield City Hall
225 5th Street, Springfield, Oregon

ATTENDANCE

Board: Don Hampton, Chair–Cottage Grove/Oakridge; Kevin Matthews, Vice-Chair–Eugene; John Ahlen–Eugene; Bill Carpenter–At-Large, Springfield; Eric DeFreest–Eugene; Glenn Fortune–At-Large, General; Landa Gillette–At-Large, General; Drew Johnson–Eugene; Earl Koenig–Eugene; David Monk–Eugene; Pat Patterson–Cottage Grove/Oakridge; Dave Ralston–Springfield; Faye Stewart–Lane County; Betty Taylor–Eugene;
(ABSENT: Robert Houston–At-Large, Springfield; Suzanne Pearce–Eugene; Kevin Wells–Lane County; John Woodrow–Springfield)

Staff: Merlyn Hough–Director; Merrie Dinteman; Doug Erwin; Max Hueftle; Sally Markos; Kim Metzler; Nasser Mirhosseyni

1. OPENING: 2006 Chair Don Hampton opened the meeting at 11:04 a.m.

2. ELECTION OF OFFICERS:

Chair. Hampton opened nominations for the office of committee chair for 2007. He explained that, customarily, the 2006 vice-chair, Robert Houston, would have been nominated to serve as 2007 chair; however, Houston was unable to attend this meeting because he was required to testify before the Oregon Legislature today on behalf of his employer.

Stewart NOMINATED Hampton to continue to serve as chair for 2007. Fortune SECONDED THE NOMINATION. There were no further nominations. FORTUNE MOVED TO CLOSE THE NOMINATIONS AND ELECT HAMPTON BY ACCLAMATION. THE MOTION WAS SECONDED, AND HAMPTON WAS ELECTED BY UNANIMOUS VOTE TO SERVE AS COMMITTEE CHAIR FOR 2007.

Vice-Chair: Hampton then opened nominations for the office of committee vice-chair for 2007. Fortune NOMINATED Kevin Matthews to serve as vice-chair for 2007. Gillette SECONDED THE NOMINATION. There were no further nominations. IT WAS MOVED AND SECONDED THAT NOMINATIONS BE CLOSED, AND THE MOTION PASSED BY UNANIMOUS VOTE. KEVIN MATTHEWS WAS ELECTED TO THE OFFICE OF VICE-CHAIR FOR 2007, BY UNANIMOUS VOTE.

3. EXPLANATION OF PROPOSED BUDGET FOR FY 2007/08: Nasser Mirhosseyni distributed copies of the draft budget document for FY 2007/08 and described how the budget is laid out and what the assumptions are for the coming fiscal year. He explained that the difference in the budgeted revenues from the current fiscal year to the next fiscal year, on page 21, is due to the fact that several large supplemental programs have been completed, and there is no funding in the new budget to continue those projects (such as School Bus USA, Clean Fuel for Bridges, the Oakridge Warm Homes/Clean Air program, and Everybody Wins). Mirhosseyni said the ACDP fees will increase by 4 percent on July 1. Title V fees will increase by the CPI. Staff has worked with DEQ this year to increase the amount of state General Fund coming to LRAPA. The amount in last year's budget was \$45,000. The amount in the Governor's recommended budget for the coming biennium is \$166,000, which would restore the state General Fund contribution to what it was several

years ago. The contributions from the local participating governments is increased by 3 percent, which increases the per capita contribution to \$0.9613. Staff will seek opportunities to receive grant funding as it becomes available, and any grants received will be budgeted as they come in, with the board's approval. Mirhosseyni said he had compared LRAPA's cost-of-living increase history over the past few years with those included in the budgets for the local governments over the same time period, to determine how LRAPA's COLA history compared. The draft LRAPA budget includes a 3 percent cost-of-living increase for staff, effective July 1. That will bring the COLA increase for LRAPA employees to about 1.66 percent per year over the past five years.

Mirhosseyni noted that Airmetrics sales are projected to be lower in the coming fiscal year than they are this year. He explained that FY 05/06 was the best sales year in Airmetrics history, with over 500 units sold. For the current fiscal year, the enterprise fund is on target to sell one unit per day. The draft budget projects sales of 400 units.

Regarding the Everybody Wins program, Mirhosseyni said the program has gone into the monitoring phase which will run through 2011. By 2011 the loan from Department of Energy will be paid off, and all of the lease payments from the first two phases of Everybody Wins will have been collected. A grant was secured from EPA for about \$500,000 which has been used to pay the interest on the DOE loan. LRAPA has collaborated with LCOG to install GPS units on some trucks in order to collect information such as how many hours the trucks idle during a year's time and where they idle. That information will be used in a report to EPA required as a condition of the \$500,000 grant.

The amount the agency pays for its unemployment insurance is going to decrease in the coming fiscal year, from 4.6 percent to 2.5 percent, which will result in some savings to the agency. At the same time the cost of the premiums for the agency's health insurance is expected to rise by about 15 percent.

Mirhosseyni explained the distribution of the staffing among the agency's programs and special projects, also explaining the kinds of services provided by the agency's core programs. He also showed how the special projects and enterprise funds help to defray LRAPA's program costs. Mirhosseyni spoke briefly about the Warm Homes/ Clean Air program in Oakridge, and Metzler said about 65 woodstoves were replaced. Fortune asked how many more would need to be replaced to bring the area into compliance with the new PM_{2.5} standards. Metzler said it would probably take replacement of two to three times the number that were replaced in the past year. Mirhosseyni also stressed the fact that the draft budget includes a person dedicated to developing the agency's industrial emissions inventory.

Committee Questions and Comments

Ralston commented that the budget shows a contribution to the General Fund of \$10,000 from Everybody Wins and other projects; yet, 1.3 FTEs are working in those programs. Mirhosseyni and Hough explained that there will be a \$10,000 cash contribution to the fund; however, the special projects and enterprise funds help on a ongoing basis to defray the agency's costs by paying portions of staff time and a portion of the agency's fixed costs such as the office building, telephones, utility bills, etc.

Hough explained further that the Everybody Wins program includes a pass-through tax credit that comes back to LRAPA at three points in the project. One of those is coming during the current fiscal year. That is in addition to the \$10,000 contribution shown in the draft budget. Ralston said he understood that the Everybody Wins project was to be self-supporting and actually provide additional funding for LRAPA.

Mirhosseyni confirmed that that is the case. Monk asked if the \$10,000 was to be realized at the end of the project, in 2011, and Mirhosseyni said it would be realized this fiscal year. Mirhosseyni explained further that the funds coming to LRAPA from Everybody Wins will be used as needed and will have to be designated. He said he would show the board what the plan is for preserving those funds.

Carpenter referred to an earlier statement by Mirhosseyni regarding Title V fees being based on the amount of pollutants those sources emit. He said he thought the Title V fee was a fixed rate. Hough explained that there is a base fee that is charged, and then there is an emission fee applied to the emissions from a specific source. Mirhosseyni said the current fee is \$39 per ton, but that it is going to \$40 per ton.

Matthews brought up the topic of carbon dioxide (CO₂) emissions and its contribution to global warming. He asked who is doing what, now, in terms of CO₂ emissions monitoring and reporting, that is relevant at a local level; what might be the role of an agency like LRAPA, in terms of CO₂ emissions management, five years from now; and what is LRAPA thinking of doing in the next year to start moving in the direction of where the agency should be five years from now. He said he knows that the city of Eugene is very interested in trying to define ways to move forward that are appropriate to a local jurisdiction. He said he wonders what would make sense for LRAPA, as a partner, to do to support that effort and be the kind of leader that is in the agency's mission statement.

Hough responded to Matthews' concerns. He said CO₂ is not included in the Clean Air Act; however, the Supreme Court's action last week stated that EPA was wrong, that it is included. Hough said because EPA has always maintained that the Clean Air Act does not apply to CO₂, state and local agencies have not had the ability to use the Clean Air Act for their authority to do anything on the regulatory front on CO₂. Hough said the lead agency in Oregon for CO₂ has, for several years, been the Department of Energy because CO₂ emissions are so closely related to energy use. He said DEQ has been working closely with DOE; and the recent Oregon initiative to adopt low-emissions vehicle standards for Oregon was basically a dual-agency role of DEQ and DOE because it reduces emissions of CO₂, as well as other criteria pollutants, and reduces fuel use. Hough went on to say that the city of Eugene has formed a community work group, primarily focused on Eugene, but they have asked the city of Springfield to have at least an ex-officio involvement. They have asked LRAPA to participate, which the agency has done. He said at this point the effort has been to put together an information database regarding the contributions of transportation, home heating and other sources to that mix of pollutants. The program LRAPA has been the most involved in has been the Everybody Wins program, because of the fuel savings, which is a very significant factor in reducing CO₂ emissions. The spinoff from LRAPA, Cascade Sierra Solutions, to continue that and expand it to a three-state, I-5 Corridor program, will have an even greater impact on those emissions reductions and fuel savings. To answer the third part of Matthews' question, Hough said the Supreme Court decision last week may affect what the board chooses to discuss in strategic planning, although it will probably be a number of years before it is fully clear just how involved EPA will be and what their program will look like. For that reason, Hough said, it may not be possible to determine, now, what LRAPA's involvement should be. Matthews then asked if there is any importance of monitoring with regard to CO₂, and Hough said that kind of monitoring would be more appropriate at the global scale and that there is a global network from which the information reported in the newspapers is derived. Hough stressed that the Everybody Wins program and the expansion to Cascade Sierra Solutions is one of the most significant things that could be done locally. Matthews said he thinks that is a terrific program and that it makes a real contribution. But he said he thinks it is clear that, although it makes sense to go after "low hanging fruit" and try to improve things, it is also clear that that program has not brought the local area into a safe zone, in terms of CO₂ emissions. Matthews said it is an ongoing

challenge over many years and will take a lot of work by every agency that has a piece of it, to reduce CO₂ emissions as much as is needed.

Matthews asked if there is enough funding in the budget for LRAPA to assess what its role should be and the services that it can provide to local partners and, if so, where that funding is in the budget document. Hough said it would require diverting some of his time, and of LRAPA's airshed planner's time, as well as support people's time, from other programs. He stressed that the budget does not include extra resources to enable the agency to just decide to develop a new program. He also said he believes it probably is premature to do that until it becomes clear what EPA will be doing about CO₂ emissions. Hampton commented that it could be LRAPA's responsibility to remind the federal government, when they have decided on their plan of action, that whatever mandates they hand down to state and local agencies need to have accompanying funding to accomplish those mandates.

Matthews said he still feels that even though it is not known how things are going to develop on the regulatory front, there are potentially very valuable short-term middle-range things that are done by LRAPA and other local agencies, such as public education and voluntary industrial reporting, that could be making progress on a known problem while the regulatory requirements are being determined by EPA. Matthews said that, as a budget committee member, he wants to be sure there is enough money in the budget to support planning and exploration; and he does not want to approve a budget that postpones making progress on this problem by a year because there is not enough flexibility to do whatever can be done to get started on it.

Hough responded that LRAPA's involvement with climate change discussions, locally, has been through Everybody Wins and the reduction of diesel emissions and saving fuel. He said it will be up to the board to decide whether CO₂ and climate change are within the mission of LRAPA and whether LRAPA should do more. He added that discussion will be a part of the current strategic planning effort, and there should be a draft strategic plan by June that will probably affect the budgets of future years.

Hampton reminded committee members that the next meeting of the budget committee is scheduled for Thursday, May 3, at 11:00 a.m. at this same location. He also suggested that staff produce an executive summary of the proposed budget that points out the major changes from the current year's budget. He said he has found that to be very helpful with previous budgets. He suggested specifically that the summary include revenue sources and any major anticipated changes, expenditures and any major anticipated changes, and staffing with any anticipated changes.

DeFreest noted a significant downward change in the budgeted revenue on page 21, from \$1.75-million to \$750,000. He asked if that was due to expiration or loss of a grant, if it is something that can be recouped elsewhere, and what the actual effect is. Mirhosseyni said the difference in the revenue numbers between the two years is due to expiration of several grants which will sunset on June 30 of 2007 and will not continue beyond that point. He gave as an example the Warm Homes/Clean Air grant, which will be fully expended by June 30. DeFreest asked if staff is planning to write grant proposals to replace or extend any of those that are expiring. Mirhosseyni said staff will try to do that; however, the last discussion with EPA officials indicated that the grant funding is tight and LRAPA perhaps cannot expect additional special projects for next fiscal year as the agency has gotten in the past.

Noting the earlier discussion of the Warm Homes/Clean Air program in Oakridge, and the fact that it would require two or three times the number of woodstoves that have been replaced, to date, to bring the city into compliance with new PM_{2.5} standards, DeFreest asked if the Warm Homes/Clean air grant is one of those that

is sunsetting in June, and Mirhosseyni confirmed that it is. Staff can apply for additional funding to continue that program. He said it might not be possible in the next fiscal year, but there may be opportunities in the future to get additional funding to replace more woodstoves in Oakridge.

DeFreest asked if there are some grants which may change the agency's budget in the next few months, and Hough said staff is always looking for grant opportunities that fit within the agency's priorities. If such grants are secured, they will be brought to board for approval before the agency can take on the expenditures of the intended program and ask for reimbursement through the grant. There are some grants for which LRAPA is encouraged to apply, and for which there is some confidence that the funds will be awarded; but for most grants, LRAPA is in the running with many other applicants for a limited amount of funds.

Major Points for Committee Members to Review in the Draft Budget Document

Mirhosseyni said the executive summary would be a good idea, and he would prepare that and e-mail it to the committee members prior to the May committee meeting; however, there were some numbers which he felt might not be easily understood by all committee members and which he wanted to mention while committee members were present. He also said he is available if any committee members want him to meet with them individually to answer specific questions, he would be glad to do so. Carpenter suggested that, if Mirhosseyni does answer any individual questions, that he include those questions and answers in the executive summary he e-mails to all committee members prior to the May meeting.

Mirhosseyni said most of the agency's costs, particularly personnel, are derived from the staff distribution and that staff had met a couple of days before this meeting to adjust that page to make it as accurate as possible. The staff assignments show what is needed to carry out the agency's projects.

Monk noted that staff had talked at the March meeting about having hired an individual to work on emissions inventory. He asked if that is reflected in the "staff helpers" designations on the staff assignment distribution sheet. Mirhosseyni said there is a regular staff position, designated Environmental Tech II, which is dedicated to emissions inventory. Hough explained further that the first Environmental Tech II is dedicated to emissions inventory, but it is primarily industrial (point) sources. That person's time will be charged at 0.25 FTE to ACDPs and 0.74 FTE to Title V. The EI column on the sheet is the complementary part of the EI that is not industrial. It would include portions of several people's time toward figuring area source EI and combining that information with the point source information to figure the overall inventory of the airshed.

Hough pointed out that there is one significant thing that looks like a continuing need, especially with the need for PM_{2.5} EI and air toxics EI, and staff has proposed another Environmental Tech II position in the proposed budget which would be a field position dedicated to help with open burning complaints and letter burning permits and with public education, primarily for home wood heating-focused programs. That would be related to the PM_{2.5} efforts; and would also free up other operations staff to spend more time on the industrial sources, because LRAPA needs to implement the industrial MACT for air toxics.

Monk wanted clarification regarding the staff helpers indicated on the staff distribution list, asking if they are to be permanent employees. Mirhosseyni said they would be work-study programs for college and university students. Monk commented that, according to the proposed budget, the agency plans to update SIPs, develop an emissions inventory so that it will be available for airshed planning, working with LCOG, and he thinks LRAPA is understaffed to accomplish all of that. He said he would like to hear exactly how all of that would be accomplished, adding that it seems to him that LRAPA is asking too much of university students.

Hampton commented that programmatic and budgetary things go hand in hand, and staff should be looking at that between this meeting and the next meeting. He gave as an example Monk's question about how the program objectives were going to be accomplished by the staff in the budget. He said he would like staff to clearly define what the programs are and what staffing is required for each. Hampton asked staff to e-mail all of the requested information to committee members prior to the next committee meeting. Mirhosseyeni said the budget needs to be adopted in June and, therefore, needs to be finalized by the June 7 budget hearing date. Hampton acknowledged the time line, adding that if the board wants to make changes after the June 7 budget hearing date, the budget committee would need to reconvene to do that. Mirhosseyeni acknowledged that the committee must approve the budget before it can move forward.

4. ADJOURNMENT: The meeting adjourned at 12:48 p.m. The next LRAPA Budget Committee meeting is scheduled for Thursday, May 3, at 11:00 a.m. in the Library Meeting Room at Springfield City Hall, 225 5th Street, Springfield, Oregon.

NASSER MIRHOSSEYNI
BUDGET OFFICER

NM/MJD