

A G E N D A S



LRAPA
Lane Regional Air Protection Agency

LANE REGIONAL AIR PROTECTION AGENCY
BUDGET COMMITTEE MEETING
MONTHLY BOARD OF DIRECTORS MEETING
THURSDAY MARCH 11, 2021
11:00 A.M

Note Location → VIA ZOOM

[Note: Start times for agenda items are approximate.]

BUDGET COMMITTEE MEETING

1. (11:00 a.m.) **Call to Order**
2. (11:05 a.m.) **Introductions**
3. (11:10 a.m.) **ACTION ITEM:** Election of Chair and Vice-Chair for 2021
4. (11:15 a.m.) **INFORMATION ITEM:** Overview of Budget Process (Nasser)
5. (11:20 a.m.) **INFORMATION ITEM:** Overview of LRAPA Programs (Merlyn)
6. (11:35 a.m.) **DISCUSSION:** Q&A on Overviews (Staff and Everyone)
7. (11:50 a.m.) **WALK-THROUGH OF BUDGET BINDER** (w/focus on highlighted changes)
8. (12:00 p.m.) **DETAILED Q&A AND DISCUSSION OF BUDGET BINDER**
(with follow-up questions to be addressed in the weekly Friday updates)
9. (12:30 p.m.) **ADJOURNMENT OF BUDGET COMMITTEE MEETING**

[15-minute break]

BOARD OF DIRECTORS MEETING

1. (12:45 p.m.) **Call to Order**
2. (12:45 p.m.) **Adjustments to Agenda**
3. (12:50 p.m.) **Public Participation** (time limited to three minutes per speaker)

A. Comments on an Item on Today's Agenda

B. Comments on a Topic Not Included on Today's Agenda (Note: This is an opportunity for the public to bring up unscheduled items. The board may not act at this time but, if it deems necessary, place such items on future agendas. Issues brought up under this agenda item are to be limited to three minutes' speaking time by the person raising the issue. If additional time is necessary, the item may be placed on a future agenda.)

C. Comments from Board Members (Note: This is an opportunity for **Board Members** to bring up unscheduled items regarding today's public comments, and/or written/electronic comments they have received. The board may not act at this time but, if it deems necessary place such items on future agendas.)

ACTION ITEM:

4. (12:55 p.m.) Director Recruitment Update: *Possible Action Item*

[Note: February Consent Calendar items will be included in the April packet]

REPORTS:

5. (1:10 p.m.) Advisory Committee: [VIEW MATERIAL](#)

- Interview candidates
- Flyer Outdoor Burning Alternatives

6. (1:25 p.m.) Director's Report of Agency Activities for February 2021 [VIEW MATERIAL](#)

DISCUSSION:

7. (1:30 p.m.) New Business
8. (1:45 p.m.) Adjournment of LRAPA Board Meeting

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MINUTES
LANE REGIONAL AIR PROTECTION AGENCY
BUDGET COMMITTEE MEETING

March 11, 2021

VIA - ZOOM

ATTENDANCE:

Board: Joe Pishioneri – Board Chair - Springfield; Jeannine Parisi - Eugene; Gabrielle Guidero – Springfield; Mysti Frost – Eugene; Howard Saxion – Eugene; Mike Fleck - Cottage Grove; Matt Keating – Eugene

Absent: Kathy Holston – Vice Chair - Oakridge; Joe Berney – Lane County

Budget Committee: Zack Gosa-Lewis- Springfield; Robert Houston-Springfield; Kevin Cronin-Eugene; Adam Rue-Eugene; Iva Pfeifer-Cottage Grove; Marianne Dugan-Eugene; Lisa Arkin-Eugene; Kathy Lamberg-Lane County

Absent: Chrissy Hollett-Oakridge

Staff: Merlyn Hough; Debby Wineinger; Nasser Mirhosseyni; Colleen Wagstaff; Travis Knudsen; Max Hueftle; Katie Eagleson; Robbye Robinson; Lance Giles

1. Call to Order

Board Chair Pishioneri called the meeting to order at 11:04 a.m.

2. Introductions / Zoom roll call

3. ACTION ITEM: Election of Budget Committee Chair and Vice-Chair for 2021

MOTIONS: Fleck MOVED to nominate Kathy Lamberg as Budget Chair, Pishioneri SECONDED THE MOTION. Pishioneri nominated Gabrielle Guidero as Vice Chair. Fleck SECONDED THE MOTION. VOTE ON MOTION: UNANIMOUS

4. INFORMATION ITEM: Overview of Budget Process (Nasser Mirhosseyni)

Mirhosseyni submitted the affidavit of publication to the records. And gave an overview of the budget process.

5. INFORMATION ITEM: Overview of LRAPA Programs (Merlyn Hough)

Hough gave an overview of LRAPA Programs.

6. DISCUSSION: Q&A on Overviews (Staff and Everyone)

Saxion asked what have been the trends with the number of active air contaminant discharge permits. Have you seen much of a fluctuation, request for renewals, or new permits over the last two or three years? **Hough** said we have gone down from 18 to 16 now to 14 for the major industries, but I think the other industries are relatively stable, **Hueftle** agreed.

Lamberg asked about the reduction of personnel costs in the budget from last year is that related to the reduction in Title V permits, and the money coming in from that? She saw a reduction in personnel costs dropping from 84% to 70%. **Mirhosseyani** said cost is allocated based on the resources which is required. But at the same time, our five-year projection shows where we can focus our attention. And the reduction of FTE to Title V is to make the program viable for the next five years and not run into a problem. But at the same time maintaining the services at the levels which are acceptable.

Cronin said it looks like we've had a gap in pay equity for nine years, what would be the actual costs to make our employees whole? And what other revenue opportunities do we have to charge the fair market rate to keep this operation going? **Hough** said we compare the benchmarks for several positions or series of positions with LRAPA that are comparable to positions in other local air agencies. Typically, we compare these benchmarks to the state of Washington, there's a number of air agencies in Washington that are a similar size to a LRAPA. And on average, we are typically about 10% lower. And with the market rate adjustment of 2% a year, that's prevented it from worsening. We are not seeing dramatic progress, but roughly about 10% is what the difference is when we compare to the spectrum of the similar size air agencies in Washington.

Frost said she is concerned about wildfire smoke in Lane County, especially its effects on our health. We had to endure a week of intense smoke last September, and she didn't know how the budget would work in this way, and would it be appropriate to ask to divert a small amount of funds to public awareness, education around the damaging effects of wildfire smoke on human health. Also, how to prepare one's home for that kind of situation? Should we have a stockpile of filters? Should we advise people to get these filters for their homes? Can money be allocated for something like that. **Hough** said we've the necessary resources in Oakridge; he thinks there's a lot of education on things that are possible in a limited size community. It's a big challenge for staff like Travis and others and they do an amazing job. It is a resource question how much of that should be a focus for the agency?

Fleck said he heard talk about ACDP fee increases as far as cost of living goes. Our Title V funds also indexed for CPI. And are we at the max of those because he was looking through this budget, and we are depleting our revenues every year. And by the end of next year if we continue at the same pace, we will be out of reserves for Title V. He thinks there's two ways of addressing. One would be reducing expenses. The other is looking at increasing revenue. Are

increases capped by EPA, and are we at the top of that scale? **Mirhosseyni** said based on our projections for this year, and the proposed budget we project, at the end of next fiscal year we would have close to \$72,000.00 still in reserves. They are depleting at a higher rate but, we would assign as many resources we can afford to meet the requirements of the program. Regarding the fee increase, we are projecting those to increase by the CPI of 1.5%. **Fleck** asked if the rate is set by EPA, DEQ or Environmental Quality Commission? Or is that something that we set? **Hough** said Title V fees are by reference to what the Environmental Quality Commission does. And each year they adjust for CPI. And what Nasser has put in the budget is what we're expecting, the increase for this year. And those are by reference.

Keating said he had a request, observation, and an inquiry. The request, please with respect, is recognizing that at one point in the presentation, we talked about educating citizens. And I want to recognize staff's intentional effort to reach out to residents in a bilingual fashion. And so I would just request that any public facing documents or anytime we're talking about education throughout the community, that you are referencing lane county residents, please, as there are folks who live among us and work among us, who are not necessarily citizens. So that's just a request that I'd like to make, an observation. It's encouraging to hear phrases like maximum compliance, and when I read about a DEQ fine, just north of \$200,000.00 for a polluter in our community. It's a head scratcher to me as it makes me realize there's not much incentive for good behavior. Businesses can pollute our rivers or streams and the air we breathe just simply for the cost of doing business. For the price of a well-paid manager, you too can pollute with impunity. If he could be so bold as to say it's almost like slap meets wrist. He would wonder in our budget process, how we could increase the fines for folks who are polluting with impunity, both as a budgetary item, and as a making a very clear value statement to quote, achieve maximum compliance. **Hough** said LRAPA does not have statutory authority to set the enforcement penalties. That is reserved to the Oregon Environmental Quality Commission. When the EQC updates theirs, that's when we update the LRAPA Title 15 to be consistent with that. As far as effect on the budget, all penalties go to the relevant general fund. In our case it goes to lane county general fund in the state's case, that large fee that you mentioned in the news recently goes to the state general fund not to DEQ budget.

Pishioneri said this has come up multiple times in the past years. And it's in the state ball court. And because we're a small little regional place, and we don't have that type of enforcement ability. His other comment was with what Mysti Frost was talking about, in regard to like a forest fire, smoke and whatnot. He knows that the State Fire Marshal and local fire officials have programs for education and those are funded, at least mostly funded and there's some matching funds that may be required. There have been programs done in Eugene and he believes starting one for Springfield this coming spring or summer. And there's some state monies available that he thinks can be leveraged and not necessarily have to take anything out of our budget, but just work with them, and providing those providing resources such as potentially staff time.

Parisi said she really appreciates the question about public education on wildfires. She thinks that is going to be a huge conversation and the state is looking at millions and millions of dollars for wildfire recovery, and some of that is going to have to do with firewise and how to protect your home what to do about vegetation, but also education She thinks we just need to keep our eyes open for what the funding streams are and see if we can leverage some more dollars to LRAPA, to help with that effort. She was going to ask Merlyn to give them an update on the

legislative issues and if there was anything affecting air quality that they should know about. She was saving that for later this afternoon. Regarding enforcement and fine money, it's kind of like if you're a traffic cop, you don't get to keep the money from traffic violations it goes back to the city as a whole they don't come back to the police department. I think there's a good reason for separation of space from integrity perspective. LRAPA does have the opportunity to negotiate with the violator, a negotiated settlement, they can agree to use the funds for a special project. For example, you fine a company \$5,000.00 for a violation. LRAPA could agree to use that money on tree planting or pulling out old wood stoves or whatever kind of public benefit project is agreed to.

Frost said she didn't understand how a fine is settled for a fraction of whatever that amount was. How are they negotiated. **Hough** explained there are three options. When we assess a civil penalty. The first one is they can write a check for the full amount of the penalty. The second one is they can ask for a settlement. And the third one is they can ask to contest a case and request a hearing which goes before administrative law judge, we work with Lane Council of Governments to do that. the settlement can reduce the fine by a quarter to half is kind of a typical range. But in order to do that, we ask for things that we believe it makes for a win/win outcome. One is we ask them to acknowledge responsibility for the violation. Second one is we ask what they are doing to prevent it from happening again, or to correct the impact of what the violation caused. The third thing is to request a reduction. And fourth one's optional, but that's anything else that they think we have not seen, as a result of our investigation, their side of the story, we're certainly open to hear anything that they have to add. But those first three things are kind of the essentials. And we get those, in his view, it's worth a quarter to half a settlement in the dollar amount if we get commitments to prevent it from ever happening again.

Arkin said this is her first budget meeting. Her question is a clarifying question about terminology. How are the Title V fee levels set, and she thinks Merlyn answered they were set in reference to levels by the DEQ in reference, meaning that we are at the maximum allowed limit for setting those fees. The second question is, how does that relate to the fluctuation in the Title V, in the budget they were decreased quite significantly. **Hough** said we adopt by reference, which means that we adopt the same fees that Environmental Quality Commission does. In our rules we adopt by reference, that means that we don't have to go through a rulemaking. We don't have to defend the amount of the fees that we adopt those by reference. And we have found historically that the amount of time that it requires us to work on Title V facilities is comparable to what the EQC does. They do the work of evaluating how much time resources are needed to do the permitting and compliance on Title V facilities, and we have just adopted that by reference. from EPA perspective, they have set certain minimums, they want to be sure that Title V facilities are paying their fair share. And Oregon tends to be significantly higher than the EPA minimums. And those are justified by that kind of a workload analysis that DEQ does periodically. Right now, there is a base fee, and there's also an emission fee. And those two in combination determine the fees that we charge the facilities here. Now here overtime, we've dropped from 18 to 16 to 14, the last drop were two facilities. One was the Flakeboard facility that closed down last May, and the other one was Winnebago. They have closed down entirely. And at one time, Winnebago was a Title V facility back in the days of Country Coach out in Junction City when they were a major RV manufacturer. Winnebago was operating at much reduced levels and has closed entirely.

7. WALK-THROUGH OF BUDGET BINDER (w/focus on highlighted changes)

Nasser gave the review of budget binder for the committee.

8. DETAILED Q&A AND DISCUSSION OF BUDGET BINDER

Parisi said at the last board meeting we were shown pretty healthy reserves carrying over for five years. Is the Targeted Airshed Grant contributing to the larger reserve margin or is that somehow treated outside of that, and those costs and expenses net out? **Mirhosseyni** said in the next five years, TAG grant contributions are going to add up close to \$400,000.00, which shows once that program goes away, that cost reverts back to the general fund.

Fleck said most of this budget seems pretty straightforward, except for Title V. Jeannine had the question about 120-day reserve. Clearly, we do not have 120-day reserve for Title V. And this is concerning to him. Because if you look at what we're projected, we're projected to lose \$122,000.00 in this budget, to remain at \$71,000.00 in reserves. If you look at the history, and average it, our remaining fund balance is much less than what we're talking about in the losses from the previous years. If you look at that, from a long-term standpoint, that means that not this budget year, but the following, we will be completely out of money or not have the resources to run that program. This is this is a huge area of concern for him. **Mirhosseyni** said when we do the five-year budget forecast and again a year from now, LRAPA will make certain that the program is going to be viable based on updated projections, we would allocate additional resources to general fund to make that program successful. The aim is to meet all the requirements of the program continuously. **Fleck** basically, we are going to start pulling from the general fund to supplement this in the future. Is that the plan? **Mirhosseyni** said it is not so much supporting Title V, it is pulling back a little bit. Not so much that it would be detrimental to the program, but at the same time, being realistic. **Fleck** said he appreciated the patience from the Budget Committee. But if you look at three years ago, we had \$414,000.00 and change in reserves. At the beginning of the year, we have \$194,000.00. In three years, we have half of the reserves, then we did three years ago, and our projected loss this year is \$122,000.00. This is not sustainable. He didn't mean to go on and on about this. But unless he hears something like okay, we're going to reduce staffing and reduce the expenses going forward. He is just not finding the business plan, if you will, of how this fund is going to remain solvent.

Parisi said it sounds to her like the backlog is not Title V, the backlog is ACDP permits, and they have lost Title V sources. Theoretically, staff is going to be working on more ACDP permits. **Fleck** said that's exactly what he was asking. If we are saying we're going to be shifting our wage resource expenditures over, to the general fund for the ACDP. That makes total sense to him. He just wasn't quite hearing that. He is hoping to have it laid out, what the plan is going forward?

Frost asked if there are any Title V permits in the works that are looking to start up? **Hueftle** said we know some. But he was not in the position to announce who that source might be. But we have been in discussions with a source that is looking to go into Title V, their an existing ACDP. They haven't submitted an application, possibly later this year.

Fleck said he should probably do this offline with Nasser because usually we're on the same page. We're just not speaking the same language. But when he looks at the trends, and if this was

his agency, he would be freaked out. He needs a little more clarification but didn't want to bog down this process.

Lamberg said she noticed that the public education budget has jumped about 60% are we planning a new program? Or is it in combination with the Oakridge Targeted Airshed grant? **Hough** said he wasn't sure. The big new programs have been Cleaner Air Oregon, that has been supported by specific fees that both the legislature and Environmental Quality Commission implemented to fund those programs. And so that's probably the biggest thing affecting that maybe the bottom-line numbers you're looking at. The other thing is the Targeted Airshed grant. And that's if you look at the total budget, that will be the big thing on the total budget. On the core budget, the only piece is that a fraction of a percent. **Mirhosseyani** asked if looking at the number of FTE. The FTE for public education is 1.03 FTE. And that is just slightly over one FTE assigned to the Public Affairs/Education. **Lamberg** said in 2020, it was .63, and this year, it is 1.03. **Mirhosseyani** said the staff plan should provide who is reporting for the public education efforts. All staff who participate in public education efforts report their allocated time. And we try to be as accurate as we can. Because when we do our timesheets, they are allocated based on what we do. If a staff member spends quite a bit of time in public education, then that time is reported accordingly.

Pishioneri noted that the emission fees for Title V have reduced because of COVID-19 reductions. And so those fees for last year that are collected this year, will be lower.

Keating wanted to flag something for the next agenda. He would like to see a cost benefit analysis of having a grant writer and what that could do to help improve the budget situation. Rather than looking at staff reductions, he would want to potentially explore the benefits of bringing on someone who's going to be dedicated full time to exploring additional grant monies.

9. ADJOURNMENT OF BUDGET COMMITTEE MEETING

The meeting adjourned at 12:33 p.m.

NOTE: April 8, 2021 meeting will be held via Zoom – details to follow

Respectfully submitted,

Debby Wineinger
Recording Secretary