

**MINUTES**  
LANE REGIONAL AIR PROTECTION AGENCY  
**BUDGET COMMITTEE MEETING**  
THURSDAY MARCH 09, 2023  
MEETING VIA ZOOM / SPRINGFIELD CITY HALL

ATTENDANCE

Present: Bryan Cutchen, Mike Fleck, Lisa Arkin, Susannah Sbragia, Steve Dietrich, Robert Ball, Joe Pishioneri, Steve Schmunk, Paul Metzler, Travis Knudsen, Ruth Linoz, Trinidad Cardenas, Dawn Kinyon, Howard Saxion, Jeannine Parisi, Matt Keating.

Absent: Adam Rue, David Loveall

**1. Call to Order**

**Mr. Cutchen** called the meeting of the Lane Regional Air Protection Agency (LRAPA) Budget Committee to order at 11:00 AM.

**2. Introductions**

Committee members were introduced, and a quorum was established.

**ACTION ITEMS:**

**3. Election for Budget Chair and Vice-chair for 2023**

**Mr. Knudsen** stated that the 2022 LRAPA Budget Committee Chair was **Adam Rue**, and the Vice-chair was **Steve Schmunk**. He noted that **Mr. Rue** was not in attendance.

**Mr. Pishioneri** nominated **Mr. Schmunk** for the position of Chair.

**Mr. Schmunk** accepted the nomination.

**MOTION: Mr. Pishioneri** moved, and **Mr. Fleck** seconded to appoint **Steve Schmunk** as the LRAPA Budget Committee Chair. The motion passed unanimously.

**Ruth Linoz** Joined the meeting at 11:15 AM.

**Mr. Fleck** nominated **Ms. Linoz** for the position of Vice-chair.

**Ms. Linoz** accepted the nomination.

**MOTION: Mr. Fleck** moved, and **Mr. Schmunk** seconded to appoint **Ruth Linoz** as the LRAPA Budget Committee Vice-chair. The motion passed unanimously.

The affirmed Chair and Vice-chair took effect immediately.

**4. Budget Presentation**

**Mr. Dietrich** gave a presentation about what the LRAPA budget entailed. He began with a brief history about LRAPA and stated the following:

- LRAPA was formed in 1968, one year before the establishment of the Oregon Department of Environmental Quality (DEQ).
- LRAPA was the only local air agency in the state of Oregon at the time of this meeting.
- LRAPA partners were identified as Lane County, and the cities of Cottage Grove, Eugene, Oakridge, and Springfield.

#### The LRAPA Mission:

To protect public health, quality of life, and the environment as a leader and advocate for the continuous improvement of air quality in Lane County.

#### The LRAPA General Fund Programs:

- Permitting – Air Containment Discharge Permits (ACDP), Greenhouse Gas Reporting, and Special Activity (Permit Modification) Fees.
- Cleaner Air Oregon Program
- Inspection of Enforcement
- Asbestos
- Outdoor Burning
- Public Education
- Home Wood Heating Program
- Monitoring and Reporting
- Administration
- Board of Directors' Support

He stated that increased wildfire emissions made it difficult to maintain air quality and meet the Environmental Protection Agency's (EPA) standards. He added that the complex nature of General Fund Programs required a lot of staff time and public involvement, which presented staffing and financial challenges.

#### LRAPA Opportunities:

- Expand Public Engagement and Education
- Increase in Industrial Activity, Resulting in Increased Revenues.
- Fee Methodology Adjustments and Grant Opportunities
- Use of Legislative Funding to Perform Air Toxics Sampling in New Areas
- Upgrades to the Monitoring Network for Real-time Data

The Special Revenue Fund supported the Title V Program, which issued operating permits, conducted inspections, negotiated compliance, and evaluated control methods, practices, and equipment for major sources of air emissions in Lane County. Over the years, the number of facilities producing major air emissions had decreased, resulting in less revenue for LRAPA. At the time of this meeting, revenues did not cover the costs of the Title V Program.

#### Program Opportunities:

- Explore the Fee Structure and Other Revenue Possibilities
- Review allocated funds.

#### Grant Funding: Targeted Airshed Grants (TAG)

LRAPA received two TAG grants from the EPA that spanned a seven-year period. These grants were designed to reduce wood smoke emissions from the use of wood stoves.

## TAG One

- Five-year Grant
- Began in FY2020
- \$4, 938,190.00
- Focus on cities of Oakridge and Westfir
- Reduce Emissions from Wood Smoke
- Provide Air Filtration to Vulnerable Populations
- Provide a Community Firewood Program
- Support Local Opacity Code Enforcement

## TAG Two

- Two-year extension to TAG One
- Began in FY2022
- \$2,739,425.00
- Additional Emission Reduction from Wood Smoke
- Provide Chimney Sweep Vouchers, Stove Thermometers, and Moisture Meters
- Install an Electronic Reader Board in Oakridge

## Enterprise Funds: AirMetrics

AirMetrics partnered with domestic and international customers and maintained a distributor network in 15 countries. Funding for the AirMetrics program was obtained by the following:

- Sale of Portable Air Sampler
- Consumable Sale of Parts and Accessories
- Calibration Fees
- Rental Services

## Program Challenges:

- New Competitors / New Technology
- Decrease in Demand from Asian Market
- Staffing for the Program

## Program Opportunities:

- New Markets
- Expanded Services and Partnerships
- Exploring Technology Grants for Product Development
- Data Utilization

## FY2024 Proposed Budget

**Ms. Sbragia** presented the FY2024 proposed budget to Committee members. She began with the revenue assumptions and stated the following:

- ACDP program fees would increase by four percent.
- State funding was approved for a two-year budget period FY2021 to FY2023.
- Local partner dues were set at the FY2022 rate and would adjust based on the Consumer Price Index (CPI) and population growth.
- Fees for Special Revenue Funds were expected to increase by \$90,000.

- Grants were reimbursed based on projected spending.
- A small increase in the EPA base grant funding was projected at \$3,400.00.
- AirMetrics funds were projected to slightly increase for FY2023 and FY2024.

#### Budget Assumptions: Expenditures

- Two Percent Market Adjustment Increase for Wages
- Two Percent Increase for Materials and Services
- Training and Professional Dues Based on Projected Needs
- \$130,000.00 for Building and Parking Lot Improvements

She stated the total amount of revenue for FY2024 was \$5,126,921.00. She added that a five-year budget forecast for funding would be included in future budgets beginning in FY2025. She shared an example of the five-year budget forecast with the committee.

#### 5. Detailed Q&A

**Mr. Fleck** asked if a separate five-year budget forecast for the agency could be created.

**Ms. Sbragia** replied that she could put one together at the committee's request.

**Vice-chair Linoz** said it would be helpful to understand the operational triggers regarding increased or decreased staffing and funding. She referenced a trend in increased workload and the staffing challenges within LRAPA.

**Mr. Dietrich** said the finance department would provide more detail for operational triggers within the budget and noted that a financial dashboard outlining LRAPA goals would be presented to the Committee in April and October of 2023.

**Matt Keating** joined the meeting at 11:40 AM.

**Mr. Pishioneri** said he would like to see the self-imposed requirements and what it takes to maintain them operationally, in addition to the requirements mandated by law included in the five-year budget forecast.

**Mr. Saxion** stated that he would like to see a five-year budget forecast that presumed there was no federal or state funding because predicting grant funding was highly speculative except for funds LRAPA typically received from the Oregon DEQ.

**Chair Schmunk** asked if the FY2024 budget reflected \$70,000.00 of projected new business for LRAPA.

**Ms. Sbragia** said that billing for new businesses would begin in August and confirmed that \$70,000.00 was included in the FY2024 budget.

**Mike Fleck** inquired about the decrease in personnel salaries and the increase in personnel benefits and payroll tax listed in the General Fund Expenditures.

**Mr. Cutchen** stated that the decrease was caused by staffing changes.

**Ms. Sbragia** could not identify the reason for the increase in personnel benefits and payroll tax at the time of this meeting but noted that she would research it and let **Mr. Fleck** know.

**Mr. Ball** inquired about the increase in Fares and Transportation listed in the General Fund Expenditures.

**Ms. Sbragia** stated that the increase reflected employee travel expenses for training in Utah during October of 2023.

**Mr. Dietrich** noted with COVID mandates lifted, LRAPA was doing more in-person training, which required travel.

**Ms. Parisi** asked what the allocated funds for public education represent.

**Mr. Knudsen** replied that a large portion of the public education funds represent the LRAPA informational packets. He added that packets were sent to anyone who bought a single-family residential property in Lane County to inform them about LRAPA and their services.

**Mr. Saxion** asked at what point would a decision be made as to how LRAPA would proceed with the AirMetrics Program, specifically regarding technical upgrades.

**Mr. Dietrich** stated that an AirMetrics business plan was presented in 2022 and new business plans would be presented every year going forward. He added that considerations were being made regarding what was presented last year.

**Mr. Pishioneri** inquired about the FY2022 – 2023 AirMetrics Annual Operating Surplus / Deficit amount and noted there was a deficit in excess of \$50,000.00.

**Ms. Sbragia** replied that the deficit amount was an estimate but noted that expenditures were roughly \$59,000.00 more than actual revenue received.

**Mr. Pishioneri** questioned why LRAPA was going forward with AirMetrics if the outflow of funds could potentially decrease the balance to zero and asked if it was better to cut losses before that happened.

**Ms. Sbragia** stated that in analyzing the budget, she did not think LRAPA was anywhere near needing to cut the AirMetrics Program.

**Mr. Dietrich** speculated that the AirMetrics deficit could be attributed to economic impacts from COVID.

**Mr. Cardenas** stated that the success of AirMetrics was largely based off the Asian market, which took a downturn in the past three years. He added AirMetrics was looking to expand into the South American mining industry and was hopeful the trending deficit would not continue.

**Ms. Parisi** said it may be helpful to expand the AirMetrics budget to gain a better sense of expenditures related to revenue and fixed costs. She then asked how the projected AirMetrics fund balance amount was determined.

**Mr. Cardenas** replied that it was a conservative two percent increase based on increased website traffic and noted that the new website was near completion.

**Ms. Parisi** asked for clarification regarding the decrease in AirMetrics expenditures.

**Mr. Cardenas** replied that he would need to research the reasoning for the decrease in expenditures and report back on that.

**Mr. Fleck** stated that without seeing the balance sheet, it was difficult to determine the reasoning for the decrease. He then inquired about the reason why AirMetrics and Title V were transferring money to the General Fund.

**Ms. Sbragia** confirmed that the reasoning for the transfers was to cover administrative costs. She added that she would examine the methodology of the transfers to determine if it was favorable or not.

**Mr. Pishioneri** said regarding administration costs, he would like to know how often the transfers were assessed to determine if AirMetrics was a burden to LRAPA.

**Ms. Sbragia** said she would analyze the transfers yearly, prior to presenting the budget.

**Chair Schmunk** questioned whether LRAPA should be involved with a business enterprise and stated his concerns regarding AirMetrics causing LRAPA to stray from their core mission. He stated that if AirMetrics would continue, research and development (R and D) might be helpful in addition to a marketing strategy for the program and that those expenses should be reflected in the budget.

**Mr. Cardenas** said that adding R and D and marketing expenses to the budget would make the fund balance go down but noted that he was glad to hear he had support for such expenses. AirMetrics was an Enterprise Fund within a governmental agency. In the state of Oregon, an Enterprise Fund is defined as a fund that provides goods and services to the general public, where all or most of the costs involved are primarily paid for in the form of charges to the users of such services. For LRAPA, that meant the costs associated with AirMetrics were expected to be covered by sales and services offered by the business activities.

**Mr. Ball** said the pricing of AirMetrics products and services should be analyzed and possibly restructured to help aid the deficit.

**Mr. Cardenas** reminded the Committee that AirMetrics was not relying on money from the LRAPA General Fund.

**Mr. Keating** stated that he was concerned about what seemed to be a desire from some committee members to end a 30-year program that was designed to provide critical ambient air sampling. He added that he was hopeful and excited about international opportunities and expressed a desire to learn more about them in addition to the potential for new domestic partnerships. He hoped that the Committee would learn more about the history of AirMetrics and take into consideration the opportunities for AirMetrics to grow in the future.

**Vice-chair Linoz** said she was glad to hear that the business plan would be updated and presented again but inquired whether it would be completed before LRAPA Board members approve the FY2024 budget in May of 2023.

**Mr. Dietrich** stated the business plan would not be completed by May of 2023.

**Vice-chair Linoz** stated that the Committee should become familiar with the 2022 business plan before their next meeting to ensure that the expenditures listed in the FY2024 budget were in line with the business plan.

**Chair Schmunk** said LRAPA Board members need to decide if they want to continue the AirMetrics program or not.

**Mr. Fleck** added that if LRAPA was going to continue the AirMetrics program, they needed to think of ways to be competitive again. He said he was not ready to make any decision on whether to end the AirMetrics program or not and noted the large fund balance.

**Mr. Pishioneri** said he would like to see the full-time equivalent (FTE) for each LRAPA fund and stated that seeing those numbers could eliminate a lot of questions. He noted that adding that task to the budget should have consensus from the other board members.

**Ms. Parisi** inquired the reason why Local Dues were the same for FY2022 – FY2023 and FY2023 – FY2024 as listed in the General Fund and noted the decision by LRAPA Board Members to raise Local Dues at a fixed rate of 3.3 percent. She added that this should be checked for accuracy in addition to the

amount listed for Employee Benefits / Health Insurance, which also stayed the same. She then asked where the Cleaner Air Oregon permit fees were listed within the budget and suggested that should be its own line item.

**Ms. Sbragia** replied that the Cleaner Air Oregon permit fees were listed on page 19 under Permit Fees on their own line.

**Vice-chair Linoz** noted that there were 65 sources listed as Cleaner Air Oregon permit holders, which was a smaller number than the previous year, yet the revenue amount was the same for FY2022 – FY2023 and FY2023 – FY2024.

**Ms. Sbragia** stated that she would check this section of the budget for accuracy and report back later.

**Chair Schmunk** asked for clarification regarding the word equity on the front cover of the budget.

**Mr. Knudsen** replied that the word equity acknowledged that LRAPA services are for all residents of Lane County regardless of socioeconomic or racial standing. It also recognized that some residents of Lane County may be exposed to more air pollution than others in terms of industrial or wildfire pollution. LRAPA ensured that their services were equitable across all of Lane County and that decisions were made to target those with the greatest environmental or social vulnerability.

**Mr. Dietrich** elaborated and said that LRAPA looked at the entire airshed to determine air quality based on the science of LRAPA air monitors and data collected from regulated sources. The causes of poor air quality were largely caused by industry and wildfires. LRAPA services were not based on where people live or their economic standing within the community.

**Ms. Arkin** inquired about the Areas of Opportunity on page 12 and asked for clarification.

**Mr. Knudsen** replied that LRAPA was exploring the possibility of acquiring some of the Environmental Justice Government to Government grant funds in conjunction with Southern Willamette Solutions. The intent there was to develop a collaborative approach in and around the Oakridge area to fire harden and smoke proof homes using grant funding. He noted another area of opportunity, not related to grant funds, was to work with the EPA and DEQ to potentially change rules on a federal level and make it easier and less expensive for people to take advantage of technological advancements, like air curtain incinerators for example.

**Mr. Pishioneri** stated that **Terry Fitzpatrick** had resigned from the LRAPA Board due to medical issues.

There were no other comments or questions.

**Mr. Knudsen** stated that he realized **Mr. Rue**'s absent attendance was due to Mr. Knudsen's mistake by sending meeting information to Mr. Rue's EWEB email address, that he no longer has as he is no longer employed at EWEB. Mr. Knudsen stated Mr. Rue informed LRAPA of his employment change and provided a new email address, which Mr. Knudsen had forgotten about. Mr. Knudsen apologized to Mr. Rue and the Committee for the mistake and absence.

## 6. Adjournment

**Chair Schmunk** adjourned the meeting at 12:47 PM.

*(Minutes recorded by Diana Pamir Tisdale)*

# Budget Committee Meeting

March 9, 2023

Questions for March 17, 2023, email

## Title V Questions

1. **Revenue does the increase show the 5% and the \$70,000 for new companies' permits.**
  - a. Yes, this was what was used for the budget increase.

## General Fund Questions

### Revenue

1. **Local partner dues-Should it have increased? 3.3% why is it flat no increase.**
  - a. There was a formula error in the previous budget. See attached budget updated to show correct fees.
2. **What is the formula used to determine the partner fees?**
  - a. This is based on contract agreements, CPI rate, and population size.
  - b. See minutes from January 12<sup>th</sup>, 2023, Board Meeting for more information.
    - i. *See Attachment*
3. **Why if Federal & State Revenues revenue flat with no growth?**
  - a. Federal Base Grant's and Oregon General Fund Contribution are awarded biannually. Next increase will be fiscal year 2024.
4. **What is the increase in other revenues?**
  - a. There is an increase in the interest due to increase in the interest rate to 3.75%

### Expenditures

1. **Salaries are down/how did salaries go down?**
  - a. An employee retired and the replacement started at a lower salary.
2. **What is the PERS (Public Employee Retirement System) Rate for FY24?**
  - a. PERS Rate for OPSRP is 9.77% and Tier1 & Tier2 rate is 16.30% for the employer portion for fiscal year 2022-2023. At this time we do not have any Tier 1 & Tier 2 employees.
5. **Projected health insurance decrease why?**
  - a. Provider changed for the fringe portion of benefits; this caused a fee decrease. All benefits are provided by City-County Insurance Services (CIS).
6. **Payroll benefits what is the increase?**
  - a. An employee retired and the replacement started at a lower salary.
  - b. This is an overestimate due to not having the PERS rate for Fiscal Year 2024 and unsure if the new Finance Director was already in PERS as a Tier 1 or Tier 2 along with leaving room for a possible increase in workers comp.
7. **What is the increase in professional services?**

- a. Caselle start was uncertain, so the start-up fees were budgeted in both fiscal years.
  - b. HR Answers contract was put in both fiscal years because it was unsure if the contract could be completed with the change in the Finance Director
  - c. There is a 2% CPI adjustment over the entire line item.
  - d. Added \$30,000 to budget to prepare to hire an attorney.
8. **Professional Services Does the budget have an additional cost for paying our own legal fees?**
- a. Added \$30,000 to budget to prepare to hire an attorney.
9. **Training Increases what causes this extra training requirement?**
- a. Additional Caselle training, finance process training.
  - b. Additional training classes are now in person which results in a rate increase.
  - c. These costs do not include travel, food, and lodging costs.
10. **Fairs and Transportation, what is the increase?**
- a. The finance team has additional training for Caselle software in Utah.
  - b. All the training during COVID was virtual and was either free or had nominal fees.
  - c. Training has returned to in-person, which is causing the increase.
11. **Public education-Materials and Supplies What is this for?**
- a. This includes the cost to print materials and mail materials to newly purchased residential properties in Lane County. The packet includes information about LRAPA's asbestos, home wood heating, and outdoor burning programs. As well as connects residents with our Air Quality Complaint line.
  - b. This cost also includes the cost for promotional materials to hand out during public events and outings. Such as the Lane County Home Show and other neighborhood events where LRAPA tables and interacts with residents.
  - c. This cost includes the cost of printing ID badges, name badges, and purchasing apparel with LRAPA's logo embroidered.

## AirMetrics Questions

1. **Decline in sales revenue/growth What is the cause and plan going forward?**
- a. Sampler revenue relies heavily on international sales; specifically, the Asia market. This market was hit hardest by COVID. Asia sampler sales decreased in quantity from 173 units in 2019 to 25 units in 2022.
  - b. Although 2019 was a peak year,
    - i. The differences in actual revenue between 2019 and 2022 are:

2018-19	2019-20	2020-21	2021-22
\$982,666	\$497,850	\$483,359	\$320,144

- c. The plan is to acquire additional distributors and promote new applications including the use of the MiniVol as a prescribed method to sample microplastics in ambient air.



- d. The sampler will be marketed as environmental equipment and a tool for the health conscious.
2. **What method was used to project next year's revenue?**
  - a. Next year's revenue was projected based on FY22 actual. Sales are expected to rebound slightly, and this expectation is due to an increase in visits to the current AirMetrics website, pending launch of a new website, distributors' expectations, and interest from China to adopt sampling methods using the MiniVol TAS.
3. **What is the reason why expenditures down from \$606,366 for FY23 to \$558,139 for FY24?**
  - a. The decrease in expenditure is due to an over-projection of sales and related costs for the previous fiscal year.
4. **What is fixed cost and what are cost directly related to sales, they would like to understand the differences in the expense?**
  - a. Personnel, rent and general administration expenses are fixed.
  - b. Material purchases, manufacturing supplies and freight expenses are related to sales.
5. **Are the line items for 2022-2023 projected or actual?**
  - a. Line items for 2022-2023 are projected. The anticipated deficit will be less than the projected loss.
6. **What is the method used to determine the transfer rates?**
  - a. The transfer rate has been set in prior years. This budget there was no change to the transfer rate. This will be analyzed and updated for the next fiscal year and reviewed annually going forward.

## **Budget Book Questions**

1. Page 15 what is stated on Cleaner Air Oregon is it still 65 sources and though it was higher in prior years was more like 80, if 65 is correct why is revenue not decreased?
  - a. As it relates to the CAO item on page 15 of the Budget Proposal, the CAO revenue changes are not dependent upon the number of sources we have listed on the existing source call in list. The 80 used last year was incorrect but does not affect the budget amount for CAO. There are currently 67 sources with TV, Standard or Simple permits and we have called in five (5) facilities. The annual fees paid by all air permit holders (about 275 sources total on TV, ST, SI, GEN, and BASIC) should remain relatively constant since those fees are set in state statute and do not change from year to year. The revenues do change depending on the pace at which existing and new sources go through the CAO process. The non-steady/increases in CAO revenues are dependent upon the number of NEW

sources that apply, and the EXISTING sources we call into the program and for which we complete approval of their risk assessments. We have no way of predicting the number of **NEW sources** that would need to go through CAO, but we do know that there are currently about 67 EXISTING sources that will go through CAO (and generate increased CAO fee collections once through the process).