



## MEMORANDUM

TO: Asheville-Buncombe Air Quality Agency Board of Directors

FROM: Ashley Featherstone, Director

RE: Retreat Minutes for November 8, 2023

DATE: January 18, 2024

Enclosed, please find the Minutes for the Asheville-Buncombe Air Quality Agency Board retreat held on **Wednesday November 8, 2023.**

This meeting will be live streamed on Engage Buncombe which can be accessed at <https://engage.buncombecounty.org/s8486>. The board meeting documents will also be available on the Engage Buncombe site. The meeting will be recorded and can be viewed later.

The Asheville-Buncombe Air Quality Agency Board of Directors met on Wednesday, November 8, 2023, in the meeting room at the Buncombe County Permit Office located at 30 Valley Street, Asheville, N.C.

The attendance of the Board members was as follows:

**Members Present:**

*Joel Storrow*

*Karl Koon*

*Evan Couzo*

*Garry Whisnant*

*Ned Guttman*

**Members Absent:**

*None*

**Staff Present:** *Ashley Featherstone, Director; James Raiford, Permitting Program Manager; Mike Matthews, Senior Air Quality Specialist; Betsy Brown, Air Quality Coordinator; Alex Latta, Senior Air Quality Specialist (via Zoom)*

**Others Present:** *Amy Broughton, County Attorney; Patti Beaver, CIBO*

**Board Retreat Agenda**

- **Mission**
- **Revenue History and Staffing**
- **Budget Update**
- **Revenues and Expenses Forecasting**
- **Succession Planning**
- **Funding Challenges Discussion**
- **Adjournment**

Mr. Storrow called the meeting of the Asheville-Buncombe Air Quality Agency Board of Directors to order on November 8, 2023 at 3:00 pm. Mr. Storrow thanked the Board members for attending and staff for their hard work getting this information together. Documents supporting the board retreat are available on the Agency SharePoint site and Engage Buncombe <https://engage.buncombecounty.org/s8486>.

The order of business was as follows:

- **Mission**  
The mission of the Agency is to protect and monitor the area's air quality to safeguard the public health and the environment.
- **Revenue History and Staffing**  
The Agency remains 100% self-funded with EPA Grant funds, industrial and commercial permit fees and the NC Gas tax.  
Title V permit fees had been decreasing over time but they have been adjusted and a cost of living increase each year is now included in the fee structure.  
EPA funding was nearly level from 2004 until a \$89k increase in 2023.  
The NC Gas tax has been stable and is expected to remain flat for the next 7 years before decreasing. Alternative funding is being considered, such as a

mileage tax since cars are more fuel efficient but still cause wear and tear on road surfaces.

The permit load has been at a stable level with the number of employees dropping and handling more complicated regulations. When the Agency had 8 staff, we did not have permit backlogs and the Agency ran more smoothly. We would like to fill the seventh position that we have open. If it is filled at an entry level, salary would be about \$60,000 per year with benefits increasing the expense to around \$100,000 per year.

- **Budget Update**

Staff supplied actual account information for BCFY2022 and FY2023 and the budget information for 2024. In 2022 the Agency nearly broke even (took \$695 from the fund balance). In 2023 \$8,037 was put back into the fund balance. Extra funds from the EPA to buy needed equipment and for the regular EPA 105 Grant kept the Agency from drawing from the fund balance. The approved budget for FY2024 projects \$116,703 being drawn from the fund balance. The \$116,703 does not reflect some of the additional EPA grant funds that have been or are expected to be awarded. Also, historically the Agency has not drawn down the budgeted fund balance amount every year.

- **Revenues and Expenses Forecasting**

Five-year forecasting included the capital expense of \$30,000 for FY24 for new ozone monitoring equipment (one time grant money purchase). The chart shows expenses increasing 3% per year. Salaries are estimated to increase 4% for FY25 and 3% per year thereafter. This could be higher since based on 2-year average of CPI. This increase must be approved by commissioners. Our staff receives those increases but no extra funds to cover the increase. This increase was 7.28% effective this budget year due to the high rate of inflation which was a substantial increase. Indirect is expected to increase 4% per year.

Included are the following:

- Increase in EPA grants (103 and 105) for 2024 (\$89,483)
- \$15,000 contingency each year which is not spent most budget years
- Other costs not included:
  - Modernization-digitalization of files (\$60,000-rough estimate-do not have a formal plan or quote yet)
  - Replace Agency Vehicle (1-2 year timeframe \$60,000 per vehicle)
  - Filling Vacant Position (>\$100k total for S&B)
  - Extra funds for staff overlap/training, internship, radon kits

The difference between revenue, including sustained EPA funding at the increased levels, and expenses gradually increases up to an income deficit of \$180,056 per year by FY2028. With the increased funding, the fund balance would be down to under \$67,000 by the end of 2027.

Without the increased funding, the deficit is predicted to be \$170,816 per year by 2025 and \$269,639 in 2028. Under that scenario, the fund balance would be down to under \$155,000 by the end of 2028. Funding levels depend on budget decisions made by Congress.

It was noted that when someone retires from the Agency with over 20 years and are under 65 years of age, the Agency continues to pay around \$18,000/year for health insurance until that person turns 65. We are still paying for former staff that retired in their fifties and might incur that additional expenditure when one or two of the current staff members retire. This expense is only included in the projections from what is currently being paid, but not for any future retirees. If newer staff is hired at a lower salary this helps offset that cost in the projections. This benefit is no longer offered to newly hired staff.

- **Succession Planning**

It is anticipated that two employees will retire in less than one year. Another employee could leave in 3-4 years. Although we will miss the institutional knowledge of retiring staff this gives the Agency the opportunity to restructure. The State Division of Air Quality is doing succession planning now. They have noticed that sometimes they are unable to replace one experienced staff with one new staff member because of the institutional knowledge loss; sometimes it requires 1.5 FTE to replace one experienced staff person. It was pointed out the amazing job the current staff of six has been able to do. However, if someone were to go out on FMLA or other long term absence, we do not have the depth to cover that position. The county is doing emergency planning now and we have to be sure we can cover our monitoring requirements, for example. We are having regular meetings to discuss possible changes and scenarios moving forward.

- **Funding Challenges Discussion**

We have been updating financial projections each year for several years. We have increased our fees and revenues as we have been able. Mecklenburg and Forsyth Air Quality Agencies both receive funding from their counties. Mr. Storrow mentioned the meetings that he and Ms. Featherstone have had with our interlocal agreement partners -the city and the county, about seeking additional funding for our Agency, which have not gotten a lot of traction. Rather than putting emphasis on the declining revenue, county management wants us to focus on the added value our local agency provides. The County did an analysis that looked at our future as an independent agency and other options. One of those would be to become a county department; another would be that we shut the agency down and Buncombe air quality would be monitored like most other counties in the state. The mayor and city manager said the city has a lot of boards and commission and think they may be too commission heavy and would probably be supportive of the Agency becoming a county department.

Mecklenburg County Air Quality requested funding from their county for the first time this past year (which they received) and the State asked the General Assembly for funding the for the first time this last year. We would only ask the

county to cover our funding gap. When emissions went down in recent years and air quality improved, the funding based on those emissions went down.

Last year we asked for county funds to finance our digitization project and were told that we were not eligible for funding as we were not a county department.

One possible future is that we receive no extra funding, and the agency shuts down because we cannot afford to exist. If we can build a strong case of the harm of the local agency going away, and the value it brings by being here, the county does seem supportive. Implications include that the agency brings in about a million dollars in revenue that would otherwise be going to the state. If we stopped existing, the county would still carry the financial burden for the retired employees. Open burning is a problem in our county which we are able to address in a timely manner. We are able to offer better customer service and local control. The state does a great job and is a valuable partner, but they have 19 western counties to cover. Some of the supporting rules are our air quality rules which would not exist if we did not have our local agency. We have stricter rules than the state. One of which is a restriction on the size of materials that land clearing operations can burn. We have rules where we can require construction sites to control dust beyond property boundaries and the state no longer has those. We have more stringent asbestos removal requirements and issue those permits locally whereas those would be handled through Raleigh. Because the state has adopted some exemptions to their permit rules a few years ago which we did not adopt, some of our facilities would no longer be required to have an air quality permit. They would still be subject to most of the same rules that they are now; however, without a permit it would not be possible to require a facility to properly maintain their equipment or require a dust control plan if needed.

Board members stressed taking time to emphasize our value – what would be the impact of the loss of the local air quality agency and having several conversations about funding and future options. One board member said he would rather the state took over the program from the agency rather than it become a county department due to the possible political ramifications. He suggested looking at bylaws and whether or not the agency could be taken over by the county. Originally it was an independent agency outside of other government control. He pointed out that we have had deficits before. He suggested making moves in gradual steps and noted that we have a good rapport with our community partners who would be supportive of us remaining independent.

It was noted we should drive the conversation(s) and start now.

Being considered as a county department or receiving any funding likely would not happen during the next budget year BCFY2025. Mr. Storrow urged board members to discuss things among themselves and to reach out to Ms. Featherstone and to him.

- **Adjournment**

The meeting was adjourned at 3:58 pm.