

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD MEETING

City Council Chambers
66 N. Lassen Street, Susanville, CA 96130

Agenda
Tuesday, November 12, 2019

3:00 p.m.

ADDRESSING THE BOARD

- * Any person desiring to address the Board shall first secure permission of the presiding officer.
 - * Matters under the jurisdiction of the Board, and not on the Agenda, may be addressed by the Public at the time provided in the Agenda under Public Comment.
 - * The Board of Directors will not take action on any subject that is not on the Agenda.
-

- A. CALL TO ORDER**
- B. ROLL CALL OF BOARD OF DIRECTORS**
- C. AGENDA APPROVAL**
- D. APPROVAL OF MINUTES FOR THE MEETINGS OF: June 11, 2019 & August 13, 2019**
- E. BOARD MEMBER ISSUES/REPORTS**
- F. CORRESPONDENCE**
- G. PUBLIC COMMENT**
(Any person may address the Board at this time to comment on any subject not on the agenda. However, the Board may not take action other than to direct staff to agendize the matter at a future meeting).

H. MATTERS FOR BOARD CONSIDERATION

- PG. 9 **1. Subject:** Report on District Activities
 Recommendation: Information only/Receive Report
- PG. 11 **2. Subject:** District Financial Report
 Recommendation: Information only/Receive Report
- PG. 15 **3. Subject:** Carl Moyer Agricultural Equipment Replacement Program –
 Mitchell Ranch
 Recommendation: Approve Resolution 19-03 authorizing the APCO to execute grant
 agreement 18-21-CMP-01 in the amount of \$35,000.00 with
 Mitchell Ranch
- PG. 33 **4. Subject:** Carl Moyer Agricultural Equipment Replacement Program –
 Randy Jacobson
 Recommendation: Approve Resolution 19-04 authorizing the APCO to execute grant
 agreement 18-21-CMP-02 in the amount of \$35,000.00 with
 Randy Jacobson
- PG. 51 **5. Subject:** Carl Moyer Agricultural Equipment Replacement Program –
 Loney Sharp
 Recommendation: Approve Resolution 19-05 authorizing the APCO to execute grant
 agreement 18-21-CMP-02 in the amount of \$28,356.00 with
 Loney Sharp
- PG. 69 **6. Subject:** Woodsmoke Reduction Program Year 2
 Recommendation: Approve Resolution 19-06 authorizing the APCO to execute a
 grant agreement with CARB for the Woodsmoke Reduction
 Program

I. ADJOURN

NEXT SCHEDULED GOVERNING BOARD MEETING DECEMBER 10, 2019.

**UNAPPROVED MINUTES
LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT
GOVERNING BOARD
6-11-19**

The Board convened in regular session at 3:00 P.M. in the City Council Chambers, located at 66 N. Lassen Street, Susanville, CA., with; Vice Chairperson Mendy Schuster, and Directors Chris Gallagher, Kevin Stafford, and Jeff Hemphill present. Also present were: Dan Newton, Air Pollution Control Officer (APCO), Erik Edholm, Air Quality Engineer (AQE), and Angelina Chamblee, Administrative Staff Assistant. Chairman Joe Franco and Director Tom Hammond absent.

C. AGENDA APPROVAL

Motion by Director Gallagher, second by Director Stafford, to approve the June 11, 2019 agenda. Motion carried. Chairman Franco and Director Hammond absent.

D. APPROVAL OF MINUTES

APPROVAL OF MINUTES FOR THE MEETING OF; February 12, 2019: Motion by Director Franco, second by Director Hemphill, to approve the February 12, 2019 Minutes. Motion carried.

E. BOARD MEMBER ISSUES/REPORTS

NO BOARD MEMBER ISSUES / REPORTS

F. CORRESPONDENCE

NO CORRESPONDENCE

G. PUBLIC COMMENT

NO PUBLIC COMMENT

H. MATTERS FOR BOARD CONSIDERATION

1. Report on District Activities

Dan Newton Air Pollution Control Officer gave a report on recent District activities. The District has been involved with the following items since the last meeting:

Carl Moyer Grant Program:

Responded to various questions regarding the program. Review existing agreements. Tractor inspection for new RAP project.

Wood Stove Replacement Program: The district had awarded 38 enhanced vouchers and 14 standard vouchers, totaling 52 replacements. Cycle 2 Funding should come around September.

Facilities inspections, permit renewal and new site permitting.

2. District's Financial Report

Mr. Newton presented the Financial reporting from February 2019 to May 2019. He explained the reports detail the revenue and expenditures of the District. He also described the type of revenue sources the District receives

and outlined expenditures the District incurs monthly. The net ending balance for March dropped slightly, April and May's ending balance was significantly lower.

3. Community Air Protection Program Grant Funds

Mr. Edholm summarized the California Assembly Bill AB 617 that requires CARB to improve air pollution data collection and reporting, requires expedited pollution control retrofits at large stationary sources, increases penalties for air pollution violations, requires enhanced air pollution monitoring in certain communities, requires CARB to adopt a statewide emissions reduction strategy focusing on pollution-burdened communities and requires CARB and local air districts to implement community emissions reduction programs.

Mr. Edholm reported that the District has been granted \$16,994.00 to implement the Community Air Protection Program.

Motion to approve the Financial Statements and approve resolution 18-16 approving the District's participation in the FY 2018-19 Community Air Protection Program by Director Hemphill, seconded by Director Stafford. Motion carried.

4. Prescribed Burn Reporting and Monitoring Support Program

Mr. Edholm summarized the California Senate Bill (SB) 901 that addresses numerous issues concerning wildfire prevention, response and recovery, including funding for mutual aid, fuel reduction and forestry policies, wildfire mitigation plans by electric utilities, and cost recovery by electric corporations of wildfire-related damages.

Mr. Edholm summarized SB 1260 requiring CAL FIRE and the CARB, in coordination with local air districts, to develop and fund a program, upon appropriation by the Legislature, to enhance air quality and smoke monitoring, and to provide a public awareness campaign regarding prescribed burns. The program may include, but not be limited to, purchasing new, year-round rapidly deployable air quality monitors. The program shall include adequate funding, upon appropriation by the Legislature, for local district participation and implementation costs.

Mr. Edholm summarized SB 856, which appropriates, among other things, \$2 million to CARB for local air districts to support the implementation of SB 901 and SB 1260 related to air monitoring of prescribed fires and public outreach.

Mr. Edholm reported that the district was awarded a grant of \$30,753 under the Prescribed Burn Reporting and Monitoring Support Program.

Director Gallagher stated he thinks it is a good idea to see if people are violating the provisions set. Mr. Edholm stated there are portable monitors we can get for the Hat Creek plant to put on their fence line. Mr. Newton

added that LCAPCD does go out and investigate complaints when they are received by the public regarding the Hat Creek plant and the reported dust issues. He also stated there is a lot that goes into the investigation including time of day and wind direction.

Motion to approve resolution 18-17 by Director Hemphill, seconded by Director Stafford. Motion Carried.

6. Emissions Inventory District Grant

Mr. Edholm stated the California Assembly Bill 197 requires the Air Resources Board (ARB) to make available and update at least annually on its Internet Web site the emissions of greenhouse gases, criteria pollutants, and toxic air contaminants for each facility that reports to the ARB and air districts. Lassen County Air Pollution Control District is required to update annually any facility emissions for larger sources that emit more than 10 tons/year of any criteria pollutant.

To aid Local Air Districts with complying with the AB 197 emission inventory reporting requirements, ARB has awarded funding, through the attached grant, to help the District review and update data currently stored or being uploaded into the California Emissions Inventory Development and Reporting System (CEIDARS) database.

Mr. Edholm reported that the district was awarded a grant of \$8,573 to administer the requirements of the grant.

Motion to approve Resolution 18-18 by Director Hemphill, seconded by Director Stafford. Motion carried.

7. Budget Review

Mr. Edholm presented the Lassen County Air Pollution Control District's Fiscal Year 2019-2020 proposed budget. Overall, revenues have been projected to increase slightly, while expenditures have been projected to stay the same. Projected revenues, which have proven stable over the years, are in excess of expenditures.

Motion to approve Resolution 18-19 adopting the Fiscal Year 2019-2020 budget by Director Hemphill, seconded by Director Gallagher. Motion Carried.

8. Carl Moyer Dealer Agreement

Mr. Edholm summarized the Agreement between Wilkinson International and the Lassen County APCD for the Carl Moyer Low-Emission Equipment Incentive Program. This agreement formalizes the relationship between the District and Wilkinson International for the agricultural equipment program through the Carl Moyer Grant process.

Director Gallagher asked if that was the only dealer agreement LCAPCD currently has in place, Mr. Edholm explained that the applicants have the ability to go to any dealer.

Motion to adopt Resolution 18-20 authorizing the APCO to execute dealer agreement with Wilkinson International by Director Hemphill seconded by Director Stafford. Motion Carried.

9. Carl Moyer Grant Award, Eric Rubio

Mr. Edholm presented the proposed Carl Moyer Grant for execution under the Rural Assistance Program (RAP) 20th Cycle grant and the District's 20th Cycle grant. The District currently has \$61,222.53 from RAP funding and Cycle 20 funds available for award. The District funding limit on tractor replacement projects is set at \$35,000, however this project will also receive \$32,917.98 from RAP funding. The proposed grant is to Eric Rubio for a tractor replacement project that will replace a 1975 John Deere 4430 with a 2016 Case IH Maxxium 145, for a total grant amount of \$56,800.

Motion to approve Resolution 18-21 authorizing the APCO to execute grant agreement 18-20-CMP-07 in the amount of \$56,800 to Eric Rubio.

I. ADJOURN 3:46 P.M.

Motion by Director Gallagher, second by Director Stafford, to adjourn the June 11, 2019 Lassen County Air Pollution Control District Governing Board Meeting. Motion carried.

**UNAPPROVED MINUTES
LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT
GOVERNING BOARD
8-13-19**

The Board convened in regular session at 3:00 P.M. in the City Council Chambers, located at 66 N. Lassen Street, Susanville, CA., with; Directors Chris Gallagher, Kevin Stafford, Jeff Hemphill, and Brian Wilson present. Also present were: Dan Newton, Air Pollution Control Officer (APCO), Erik Edholm, Air Quality Engineer (AQE), and Kristin Shepard, Administrative Staff Assistant. Chairman Joe Franco, Vice Chairman Mendy Schuster, and Director Tom Hammond absent.

C. AGENDA APPROVAL

Motion by Director Gallagher, second by Director Hemphill, to approve the August 13, 2019 agenda. Motion carried. Chairman Franco and Director Hammond absent.

D. APPROVAL OF MINUTES

APPROVAL OF MINUTES FOR THE MEETING OF; June 11, 2019: Brian Wilson Abstained. Tabled to October 8, 2019 board meeting.

E. BOARD MEMBER ISSUES/REPORTS

NO BOARD MEMBER ISSUES / REPORTS

F. CORRESPONDENCE

NO CORRESPONDENCE

G. PUBLIC COMMENT

NO PUBLIC COMMENT

H. MATTERS FOR BOARD CONSIDERATION

1. Report on District Activities

Dan Newton Air Pollution Control Officer gave a report on recent District activities. The District has been involved with the following items since the last meeting:

Carl Moyer Grant Program:

Responded to various questions regarding the program. Review existing agreements. Irrigation Pump Repower inspection.

Wood Stove Replacement Program: The district had awarded 38 enhanced vouchers and 15 standard vouchers, totaling 53 replacements.

Director Hemphill informed the District regarding a complaint he had receive of possible separate prices for customers with woodsmoke vouchers and without woodsmoke vouchers.

Erik Edholm, Air quality engineer, stated he has noticed an increase in price from previous years, however he did not believe it was do to the program and was unaware of any retailers charging separate prices. Mr. Edholm informed

the board he would investigate the matter and would remove any retailer found to be adjusting costs depending on voucher amounts.

2. Funding Agricultural Replacement Measures for Emission Reduction (FARMER) Program

Mr. Edholm summarized the Farmer Program and informed the board the State legislature had allocated \$135,000,000 to further reduce emissions from agricultural sources. The District is part of shared allocated pool consisting of 18 Air Quality Management and Air Pollution Control Districts. The shared allocated pool is administered by Placer County APCD. The program is very similar to the Carl Moyer Program; however District will not be making a grant agreement with the CARB. Instead the District makes a sub agreement with Placer County APCD.

Mr. Edholm listed the differences in the Carl Moyer and FARMER programs. The District does not have a say in what projects will be funding. Placer and CAPCOA make the determinations. The District program caps projects funding amount at \$35,000 while FARMER will fund amounts over \$100,000.

Mr. Edholm informed the Board that to participate in the program the District must enter into an MOU with Placer County APCD, have an approved policies and procedures following the 2017 Carl Moyer Guidelines, and a board resolution approving the acceptance of funds from Placer County APCD.

Director Gallagher inquired whether some type of formula was used to disburse the funds around to the 18 shared allocation districts.

Mr. Edholm informed the board that the first selection round of funding was designed to fund a project in each district. The second selection round was to fund the remaining projects based on cost effectiveness.

Motion to approve the approve resolution 19-01 authorizing District to enter into a MOU with Placer County APCD, accepting Program Funds, authorizing APCO to execute all program documents and agreements, and amending the District budget, by Director Gallagher, seconded by Director Wilson.

3. Carl Moyer Grant Award, Schroeder Inc.

Mr. Edholm presented the proposed Carl Moyer Grant for execution under the District's 20th Cycle grant. The District currently has \$39,422.53 of Cycle 20 funds available for award. The District is currently accepting applications for cycle 20 and 21 funds. The proposed grant is to Schroeder Inc for a diesel to diesel engine repower of irrigation pump with a proposed award of \$7,480.

Mr. Edholm explained that due to the number of hours used during irrigation season, the project is highly cost effective, and would beat any tractor replacement project.

Motion to approve Resolution 19-02 authorizing the APCO to execute grant agreement 18-20-CMP-08 in the amount of \$7,480.00 to Schroeder Inc. by Director Hemphill, seconded by Director Gallagher.

I. ADJOURN 3:21 P.M.

Motion by Director Gallagher, second by Director Wilson, to adjourn the August 13, 2019 Lassen County Air Pollution Control District Governing Board Meeting. Motion carried.

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: Report on District Activities

The District has been involved in the following since the last meeting:

- Carl Moyer/FARMER Related Activities
 - o Respond to various questions
 - o Review existing agreements
 - o Tractor inspections
- Woodsmoke Replacement Program
 - o 53 Total vouchers issued
 - o 38 enhanced vouchers (\$3000)
 - o 15 standard vouchers (\$1500)
- Visible Emission Certification (Redding)
- Facility Inspections
- Renew Existing Permits
- Permit New Facilities

Some of these items will likely become the subject of future agenda items for Board discussion.

Staff can answer questions about any of these items as necessary.

Respectfully Submitted,

Dan Newton
Air Pollution Control Officer

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
 Mendy Schuster, *Vice Chairman*
 Chris Gallagher
 Tom Hammond
 Jeff Hemphill
 Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
 Erik Edholm
Air Quality Engineer
 Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: June Unaudited 2019 Financial Report

Opening Balance:	\$ 120,268.00
CCI Woodsmoke Program	\$ 18,206.27
Carl Moyer Program Balance	\$ 286,117.87

Net Beginning Balance: \$ 424,592.14

Revenue:

Permits	\$ 611.04
DMV Fee Revenue	\$ 21,724.82
ST OF CA	\$ 0.00
Unsecured Property Tax	\$ 14,934.07
Carl Moyer	\$ 0.00
CCI Woodsmoke Reduction Program	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 2,293.85

Total Revenue \$ 39,563.78

Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 17,574.00
Services and Supplies	\$ 968.00
Carl Moyer Grant	\$ 0.00
Woodstove Replacement Grant	\$ 0.00
CCI Grant	\$ 9,000.00
Total Expenditures	\$ 27,542.00

Ending Balance **\$ 436,613.92**

Carl Moyer Program Balance	\$ 287,214.27
CCI Woodsmoke Program	\$ 9,344.55
Net Ending Balance:	\$ 140,055.10

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: July 2019 Financial Report

Opening Balance:	\$ 140,055.10
CCI Woodsmoke Program	\$ 9,344.55
Carl Moyer Program Balance	\$ 287,214.27

Net Beginning Balance: **\$ 436,613.92**

Revenue:

Permits	\$ 101.84
DMV Fee Revenue	\$ 0.00
ST OF CA	\$ 18,267.00
Unsecured Property Tax	\$ 0.00
Carl Moyer	\$ 0.00
CCI Woodsmoke Reduction Program	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ (-645.48)

Total Revenue **\$ 17,723.36**

Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 17,574.00
Services and Supplies	\$ 968.00
Carl Moyer Grant	\$ 56,800.00
Woodstove Replacement Grant	\$ 0.00
CCI Grant	\$ 0.00
Total Expenditures	\$ 75,342.00

Ending Balance **\$ 378,995.28**

Carl Moyer Program Balance	\$ 230,072.04
CCI Woodsmoke Program	\$ 9,286.09
Net Ending Balance:	\$ 139,637.15

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: August 2019 Financial Report

Opening Balance:	\$ 139,637.15
CCI Woodsmoke Program	\$ 9,286.09
Carl Moyer Program Balance	\$ 230,072.04

Net Beginning Balance: **\$ 378,995.28**

Revenue:

Permits	\$ 422.65
DMV Fee Revenue	\$ 0.00
ST OF CA	\$ 12,825.00
Unsecured Property Tax	\$ 0.00
Carl Moyer	\$ 0.00
CCI Woodsmoke Reduction Program	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00

Total Revenue **\$ 13,247.65**

Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 17,574.00
Services and Supplies	\$ 968.00
Carl Moyer Grant	\$ 0.00
Woodstove Replacement Grant	\$ 0.00
CCI Grant	\$ 6,000.00
Total Expenditures	\$ 24,542.00

Ending Balance **\$ 367,700.93**

Carl Moyer Program Balance	\$ 230,072.04
CCI Woodsmoke Program	\$ 3,286.09
Net Ending Balance:	\$ 134,342.80

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: September 2019 Financial Report

Opening Balance:	\$ 134,342.80
CCI Woodsmoke Program	\$ 3,286.09
Carl Moyer Program Balance	\$ 230,072.04

Net Beginning Balance: **\$ 367,700.93**

Revenue:

Permits	\$ 311.35
DMV Fee Revenue	\$ 7,519.45
ST OF CA	\$ 0.00
ST OF CA-Farmer Program	\$ 0.00
Carl Moyer	\$ 239,638.65
CCI Woodsmoke Reduction Program	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00

Total Revenue **\$ 247,469.45**

Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 17,574.00
Services and Supplies	\$ 968.00
Carl Moyer Grant	\$ 0.00
Farmer Grants	\$ 0.00
CCI Grant	\$ 0.00
Total Expenditures	\$ 18,542.00

Ending Balance **\$ 596,628.38**

Carl Moyer Program Balance	\$ 469,710.69
CCI Woodsmoke Program	\$ 3,286.09
Net Ending Balance:	\$ 123,631.60

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: Carl Moyer Grant Award, Mitchell Ranch

Attached is a proposed Carl Moyer Grant for execution under 21st Cycle grant, of which the District currently has \$216,267.29 of Cycle 20 and Cycle 21 funds available for award. The proposed grant is to Mitchell Ranch for a tractor replacement project that will replace a 1956 International Harvester with a 2019 John Deere 6110 R series, for a total grant amount of \$35,000.

Recommendation:

Approve Resolution 19-03 authorizing the APCO to execute grant agreement 18-21-CMP-01 in the amount of \$35,000 to Mitchell Ranch.

Respectfully Submitted,

Dan Newton
Air Pollution Control Officer

RESOLUTION NO. 19-03

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPROVING CARL MOYER GRANT AGREEMENT
18-21-CMP-01 WITH MITCHELL RANCH.**

WHEREAS, California Health and Safety Code sections 44275-44299.2 authorize the California Air Resources Board (ARB) to allocate Carl Moyer Program (CMP) funds to local air quality districts to provide financial incentives to both the public and private sectors to implement eligible projects to reduce emissions from on-road, marine, locomotive, agricultural, and off-road engines;

WHEREAS, Lassen County Air Pollution Control District (LCAPCD) has successfully implemented Carl Moyer Program projects in past years to reduce emissions and improve air quality in Northeast Plateau and seeks to continue to reduce emissions from diesel engines through clean air projects;

WHEREAS, the Governing Board approved on February 12, 2019 Resolution 18-15 Accepting Carl Moyer Program Funds from the California Air Resources Board;

WHEREAS, Resolution 18-15 authorized the Air Pollution Control Officer to execute on behalf of the District grant agreements with ARB, and all other necessary documents to implement and carry out the purposes of Resolution 18-15, each year until 2020;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby approves the Air Pollution Control Officer to execute Carl Moyer Grant Agreement 18-21-CMP-01 with Mitchell Ranch;

The foregoing resolution was approved and adopted by the following vote of the Board on November 12, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

**LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT
CARL MOYER HEAVY-DUTY LOW EMISSION INCENTIVE PROGRAM AGREEMENT**

This Agreement (Agreement) is between the Lassen County Air Pollution Control District (District), a public agency of the State of California, and **Mitchell Ranch** (Participant).

1.0 Recitals

- 1.1 The District is in nonattainment of the state air quality standards for particulate matter and is impacted by the effects of toxic air contaminants, including diesel particulate matter and other pollutants from mobile sources.
- 1.2 On December 11, 2007, the District Governing Board approved Resolution No. 18-07-CMP-10, authorizing the District's participation in the CARB Carl Moyer Program which is a Heavy-Duty Low Emission Vehicle Incentive Program (Program), which is hereby incorporated by reference and made part of this agreement.
- 1.3 On September 23, 2004, Governor Schwarzenegger signed Assembly Bills 923, 1394, and 2128 which made major changes to the Carl Moyer Program and projects funded using Department of Motor Vehicles Surcharges, expanding the Program to include light-duty vehicles, Fleet Modernization, and agricultural assistance projects.
- 1.4 To implement mobile source emission reduction projects, the Program provides incentives to fleet operators and individuals for the purchase, repower and/or retrofit of low-emission on-road motor vehicles, off-road mobile equipment, and agricultural water pumps.
- 1.5 The Participant wishes to participate in the Program by purchasing and operating the equipment described in this Agreement and represents that the purchase is not required by any local, state, and/or federal rule, regulation, memorandum, or other legally binding agreement, with the exception of certain agricultural projects described in Health and Safety Code sections 41081(d)(2)(ii), 41802 and 44275.
- 1.6 The Participant has read and agreed to all requirements of the Program application and guidelines which are hereby incorporated into this Agreement.
- 1.7 This Agreement is a voluntary act intended to accelerate the introduction of low-emission vehicle and engine technology designed to reduce emissions of oxides of nitrogen, particulate matter, reactive organic gases, toxic air contaminants, and oxides of carbon within Lassen County.
- 1.8 This Agreement was approved for use by the District's Board of Directors on December 14, 2010.
- 1.9 On November 12, 2019, The District Governing Board authorized making this contract with Participant.

Terms and Conditions

2.1 Definitions

2.1.1 “Applicable emission standards” are defined as the emission standards for oxides of nitrogen (NO_x), particulate matter (PM), hydrocarbons, and carbon monoxide established by the California Air Resources Board (CARB) or the United States Environmental Protection Agency (USEPA) for a model year vehicle or engine. For “phase-in” or “interim” engines the following standards apply:

Engine Model Year	Power Rating	NO _x Standard	PM Standard
2007-2009 On-Road	All On-Road Heavy-Duty Diesel Engines	1.2 g/bhp-hr	0.01 g/bhp-hr
2012-2013 Off-Road	56 – 129 kW (75 – 174 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)
2011-2013 Off-Road	130 – 560 kW (175 – 749 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)

2.1.2 “Agricultural water pump” is defined as a stationary or portable device designed to move water used for agricultural purposes.

2.1.3 “Certified” is defined as a motor vehicle or engine that is certified by CARB or the USEPA to an emission standard or standards.

2.1.4 “Experimental Permit” is defined as an Executive Order issued by CARB for the experimental use of a non-certified or non-verified engine, fuel, or engine retrofit in California.

2.1.5 “Fleet Modernization” is defined as the transaction in which an older on-road motor vehicle or piece of off-road mobile equipment is destroyed and replaced with a similar motor vehicle or piece of equipment certified to a lower emission standard.

2.1.6 “Motor vehicle” is defined as a self-propelled device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.

2.1.7 “Off-road equipment” is defined as a self-propelled device not intended for operation on a highway and is powered by an engine certified to off-road or nonroad emission standards.

2.1.8 “Repower” is defined as the process in which an old engine is replaced with a new engine.

2.1.9 “Retrofit” is defined as the installation of a device designed to reduce emissions from an engine.

2.1.10 "Tier 3" is defined as the emission certification of an off-road compression ignition engine to the Tier 3 emission standards as described in §2423(b)(1) of the California Code of Regulations.

2.1.11 "Verified" is defined as a device, fuel, or system that is verified by CARB or the USEPA to reduce emissions from a mobile source by a verified amount.

2.2 Participant Obligations – the Participant will:

2.2.1 ☒ Participant agrees that the original engine(s) to be replaced by this program is the same as the engine(s) stated in Participant's application and restated in Exhibit A. Said engine(s) will be destroyed immediately or otherwise rendered unusable immediately after new engine installation. Participant agrees that the District may directly observe the Participant's destruction of the engine and/or be provided proof of destruction or nonuseability within 30 days of new engine installation. Engine destruction may include but is not limited to: salvage receipt (with serial number), placing a hole (at least five inches in diameter) in the engine block (with accompanying photos with serial numbers visible in said photos), welding the cylinder(s) to prevent any re-use, or any other means acceptable to the District.

☐ N/A - Retrofit

2.2.2 Purchase, invoice the District, and operate the equipment described in Exhibit A by **May 31st 2020**. Participant may submit a written request to extend this Section if the project cannot be successfully completed due to circumstances beyond the Participant's reasonable control.

2.2.3 Ensure that a functioning hour meter is installed on the equipment described in Exhibit A for the life of the project.

2.2.4 Operate the equipment described in Exhibit A in Lassen County during the term of this agreement in accordance with the requirements in Exhibit B. In addition to meeting the operating requirements established in Exhibit B, 75% of the vehicles total operation must occur within California. Agricultural water pumps are required to operate 100% within Lassen County.

2.2.5 Maintain the minimum level of required insurance described in Exhibit C during the term of this Agreement, and ensure that the District is named as an additional insured under the policy.

2.2.6 Comply with applicable Airborne Toxic Control Measures and District Rules as determined by the APCO.

2.3 Payment

2.3.1 The District will reimburse the Participant up to **\$35,000.00** towards the cost of the vehicle(s) or equipment identified in Exhibit A within 60 days of receipt of an itemized invoice.

- 2.3.2 Any payments made under this Agreement are subject to the provisions and limitations of Health and Safety Code. The District shall have no liability for payment of any compensation and expenses that are found to be in contravention of the Health and Safety Code or any other local, state, or federal law. The Participant shall reimburse the District for any payments that are later found to be in contravention of the Health and Safety Code or any other local, state, or federal law.
- 2.3.3 No payments shall be issued under this Agreement prior to final inspection of the project by District personnel.
- 2.3.4 Payment of compensation shall be made by the District to Contractor within sixty (60) days after receipt by District of statement of charges and completion of final inspection. Such statement shall be checked and approved by a person or persons designated by the District.
- 2.3.5 Payments made under this Agreement are subject to taxation and an IRS Form 1099 will be issued to the Participant. Funds may be withheld by the District as required by law for payment of tax liabilities and/or other court-ordered payments.

2.4 General Program Requirements

- 2.4.1 The Participant warrants that the vehicle(s)/engine(s) covered under this Agreement meets all the eligibility requirements described in the Program application and guidelines. The Participant further agrees to operate the vehicle(s)/engine(s) in a manner that is consistent with the eligibility requirements in the guidelines and the goals and objectives of the Program.
- 2.4.2 The Participant cannot apply for or receive additional incentive funds, including but not limited to the state Carl Moyer Program inter-district fund or any other air district fund, including those funds used as matching funds, for any equipment listed in Exhibit A of this Agreement. This requirement may be waived by District staff on an individual basis. If the District discovers that the Participant has applied for or received funds from these sources, the District will terminate this Agreement and require that any funds paid under this Agreement be returned to the District.
- 2.4.3 The Participant agrees to operate the equipment described in Exhibit A within the manufacturer's specifications including all maintenance and fueling requirements. An operational odometer, hour meter, or other District-approved usage measuring device must be installed on all projects and maintained for continuous operation. Under no circumstances may the Participant make any modifications to or tamper with the vehicle, equipment, engine, emission control system(s), or any recording devices on the vehicle or equipment prohibited under CARB and USEPA regulations. The Participant also agrees to operate the vehicle, engine, and/or equipment in compliance with all local, state, and federal rules, laws, and regulations.

2.4.4 Participant shall cooperate with the District and CARB in implementation, monitoring, enforcement, and other efforts to assure the emission benefits from the project are real, quantifiable, surplus, and enforceable.

2.5 Engine Repower and Retrofit Requirements – This Agreement is ☒ or is not ☐ subject to the following requirements:

2.5.1 The low-emission engine or engine retrofit must be either:

- (i) CARB Certified; or
- (ii) CARB Verified; or
- (iii) Under an experimental permit issued by CARB; or
- (iv) In cases where federal law preempts state requirements, approved for use by the USEPA

Engines certified to a level that is less stringent than the standard applicable to the replaced engine for any pollutant are ineligible for funding under this agreement.

2.5.2 Any engine retrofit funded under this Agreement must reduce either oxides of nitrogen or particulate matter emissions by a minimum of 25% for either pollutant.

2.5.3 If the Participant is replacing or repowering an engine, the Participant must either:

- (i) Destroy the replaced or repowered engine in a manner acceptable to the District. If the engine is destroyed, the Participant must permit the District to inspect the destroyed engine; or
- (ii) Implement a District approved destruction alternative. The District may approve a destruction alternative only if special circumstances justifying the use of an alternative exist, and there is no detrimental impact to air quality.

2.6 New Low-Emission Vehicle Purchase – This Agreement is ☐ or is not ☒ subject to the following requirements:

2.6.1 New low-emission vehicles must be certified by CARB to an oxides of nitrogen emission level below the applicable standard for that motor vehicle or piece of off-road mobile equipment. Low-emission vehicle or engine technology under an experimental permit from CARB are also eligible for funding under the Program.

2.6.2 The low-emission vehicle or engine technology funded under Section 2.6.1 must achieve at least a 30% reduction in oxides of nitrogen emissions as compared to the applicable baseline emission standards for the specific model year and power rating.

2.6.3 The low-emission vehicle or engine technology funded under Section 2.6.1 must not be certified to particulate matter, hydrocarbons, and/or carbon monoxide levels above the applicable baseline emission standards for the specific model year and power rating.

2.6.4 The Participant must submit copies of invoices from service providers that confirm:

- (i) Installation of digital odometer/hour meter; and
- (ii) Vehicle finance documents

Each invoice must include vehicle identification number, engine serial number, odometer reading, and date service was provided.

2.6.5 The Participant agrees to the following motor vehicle title requirements:

- (i) The Participant will provide a copy of the replacement vehicle's title to the District, demonstrating that the District is named as a lien holder for the vehicle.
- (ii) The Participant must be the legal owner of the replacement vehicle through the length of this Agreement.
- (iii) If the replacement vehicle is financed, the Participant will list both the District and the Finance Company as lien holders for the vehicle.
- (iv) If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must ensure that the District remains a lien holder on the replacement vehicle through the end date listed in Section 2.9.1.
- (v) If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the termination formula in Section 2.7.
- (vi) Any changes to the replacement vehicle's title must be approved in writing by the District.

2.7 Upon termination of this Agreement, if the vehicle/engine fails to fulfill the minimum required operation, the Participant shall return to the District an amount based on the difference between the required operation amount and the actual amount operated according to the following formula:

$$A = I * [(O * L) - C] / (O * L)$$

A = Amount Owed to the District

I = Total Incentive Award

O = Annual Operational Requirement (miles, hours or gallons)

L = Length of the Agreement in Years

C = Actual Operation (miles, hours, or gallons)

The APCO may, at his or her sole discretion, relieve this obligation to return the funds after considering the circumstances leading to the failure to fulfill the minimum performance requirements. Additionally, the APCO may, at his or her sole discretion, require full reimbursement of all funds paid to the Participant as outlined in Section 2.9.10.

- 2.8 The parties acknowledge that this Agreement will be funded by incentive fund revenues being transferred to the District; however, the District may terminate this Agreement if: (i) it does not receive all or a portion of the revenues, or (ii) funds are not specifically appropriated for this Agreement in the District's final budget prior to the expiration of the Agreement and any Agreement extensions. If the District terminates this Agreement under this paragraph, it will serve notice of the action on the Participant within 10 working days

2.9 General Requirements

2.9.1 This Agreement shall begin upon execution by all parties and terminate on **July 1st, 2023**. No work may begin on this project until this Agreement is executed by all parties. For this Agreement, the timeframe indicated by the execution of this Agreement and the afore-mentioned termination date shall serve as the contract term including both the project completion and project implementation/life periods.

2.9.2 Except as specified in Section 2.9.2(ii), the receipt of funds and performance under this Agreement prohibits application for any form of emission reduction credit for the life of the contract term outlined in Section 2.9.1.

- (i) This prohibition includes, but is not limited to all attainment, nonattainment, criteria and noncriteria pollutants, Application for Emission Reduction Credits (ERC), Mobile Emission Reduction Credits (MERC) and/or Certificates of Advanced Placement (CAP). This prohibition extends to credits from all Air Quality Management or Air Pollution Control Districts.
- (ii) For projects involving the replacement of a stationary diesel agricultural water pump with an electric water pump in conjunction with the Pacific Gas & Electric Company's (PG&E) PUC-approved discounted AG-ICE electric rate program, PG&E may retain all of the carbon dioxide credits and a portion of the remaining emission credits for reductions generated through this Agreement. The portion of the remaining emission credits retained by PG&E will be the difference in emissions between a Tier 3 diesel engine and the emissions associated with generating electricity for the electric pump.

2.9.3 The District, CARB, or their designee may conduct an audit of the Participant's operations to verify that the Participant is complying with the Agreement terms.

- (i) As a condition of accepting funds, the Participant agrees to designate CARB as a third-party beneficiary with full auditing, inspection, and enforcement rights throughout the entire term of the Agreement.

- (ii) Any audits will be conducted at a reasonable time and with reasonable notice to the Participant. The Participant agrees to provide the District and CARB with on-site access to the vehicle(s)/equipment described in Exhibit A.

- 2.9.4 The Participant shall defend, indemnify, and hold harmless District, CARB, its officers, agents, employees and volunteers from any and all losses, costs, damages, fines or expenses (including attorney fees, court costs and expert fees) or liability of any kind or character to any person or property arising from, or alleged to arise from, any breach of the responsibilities required of the Participant by this Agreement or which are related in any way to the vehicle(s)/equipment, including any and all liability for general, special, consequential, or other damages resulting from the use of the vehicle(s)/equipment by the Participant, for which financial assistance or other incentives are received from the District by the Participant.
- 2.9.5 Participant shall complete and return all requested information and surveys sent from the District, yearly, on **January 1st** of each year, for at least **Three years** from the commencement of operation. Noncompliance with the reporting requirements shall require on-site monitoring or inspection by the District. The Participant shall keep the following records from the beginning of operation of the equipment described in Exhibit A through the end of the term described in Section 2.9.1 and for three years following the end date listed in Section 2.9.1. It is the responsibility of the Participant to maintain records adequate to document the subsequent information. The District may request these records at any time during the term of this Agreement, including:

For On-Road Projects	For Off-Road Projects
1. Copies of all driver log book entries for the preceding year	1. Hours operated
2. Miles traveled	2. Fuel consumed
3. Fuel consumed	3. Fuel cost
4. Fuel cost	4. Engine downtime
5. Vehicle downtime	5. Type and cost of maintenance performed
6. Type and cost of maintenance performed	

- 2.9.6 The Participant shall maintain in force at all times during the term of this Agreement and any extensions or modifications thereto, insurance in accordance with Exhibit C. In the event the Participant does not have the required certificate of insurance, or if the required insurance lapses, this Agreement shall be terminated immediately.
- 2.9.7 No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties.
- 2.9.8 The Participant shall observe and comply with all applicable federal, state and District statutes, ordinances, regulations, rules, directives, and laws. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of

California. If a provision of this Agreement violates any applicable law or regulation, that provision will be stricken from the Agreement, and all other provisions will remain in full force. Any action or proceeding arising out of this Agreement shall be filed in a state court or federal court located in Lassen County, California.

- 2.9.9 No performance rendered or payment due under this Agreement may be delegated or assigned without the written consent of all the parties hereto. If the Participant assigns any of its rights or obligations under this contract, all of the terms and conditions of this contract shall apply to the Participant's assignee.
- 2.9.10 The Participant will submit written documentation of performance towards the requirements outlined in Exhibit B to the District by December 31 of each year until termination of this Agreement. The District may request additional performance documentation at its discretion.
- 2.9.11 This agreement may be terminated by the District upon 30-day notice if the Participant fails to meet any of the obligations established in this Agreement or outlined in the Carl Moyer Program guidelines or the Health and Safety Code. If the Agreement is terminated, the Participant will refund the entire incentive paid by the District. The APCO may, at his or her discretion, waive the refund or allow the Participant an opportunity to cure its failure to meet the Agreement obligations. Additionally, the District and/or CARB may seek all available remedies for breaches of any Agreement provisions, Carl Moyer Program requirements, or Health and Safety Code.
- 2.9.12 The Participant may not sell or encumber the equipment described in Exhibit A without the written consent of the District.
- 2.9.13 The District has made no representations or guarantees to the Participant regarding the quality, condition, or proposed use of the low emission vehicle and engine technology funded under this Agreement or the effects of such technology on the normal operations of the Participant.
- 2.9.14 If either of the events listed in this paragraph occur, the Participant must notify the District within 30 days of the date Participant knows, or should have known, that the event has occurred or is likely to occur:
- (i) The Participant suffers a catastrophic loss; or
 - (ii) The Participant files for bankruptcy; or
 - (iii) Any other event has occurred or is likely to occur that could impair the Participant's ability to perform the conditions of this Agreement.
- 2.9.15 This Agreement will bind the successors of the District and Participant in the same manner as if they were expressly named.

2.9.16 Correspondence between the District and Participant should be addressed to the following:

To District	To Participant
Lassen County APCD 720 South Street Susanville, CA 96130 Phone: (530) 257-1041 Fax: (530) 257-1057	Kevin Mitchell PO Box 378 Bieber, CA 96009 Phone: (530) 515-2067

The address and/or contacts may be changed only by written notice to the other party. Such written notice may be given by mail or personal service.

2.9.17 This Agreement consists of the following:

- (i) Participant Agreement
- (ii) Exhibit A – Vehicle and Engine Information Page
- (iii) Exhibit B – Performance Requirements
- (iv) Exhibit C – Insurance Requirements

DISCLOSURE AGREEMENT: The undersigned representative of Participant affirmatively states that neither they nor any other representative of Participant will submit another application or sign another contract for the same engine(s), equipment, and/or vehicle(s) detailed in Exhibit A with any other source of funds, including but not limited to other air districts or multidistrict funding under the Carl Moyer Program.

Any owner or owner’s designee who is found to have submitted multiple applications or signed multiple contracts for the same engine(s), equipment, and/or vehicle(s) shall, at a minimum, be disqualified from funding for that engine(s) from all sources, may be required to reimburse the public agencies for any monies received, and may also be banned from submitting future applications to any and all Carl Moyer Program solicitations. In addition, as a violation of law, including but not limited to the Health and Safety Code and Business and Professions Code, ARB and the districts may levee fines and/or seek criminal charges.

The undersigned representative of Participant has read and agrees to comply with all terms and conditions in this Agreement and also affirmatively states that he or she has legal authority to bind Participant to the terms and conditions of this Agreement.

Approved by Participant

_____ **Date:** _____

Approved by the Lassen County Air Pollution Control District

_____ **Date:** _____
Dan Newton
Air Pollution Control Officer

Approved to as form:

_____ **Date:** _____
Greg Einhorn
District Counsel

EXHIBIT A

Vehicle / Equipment Information Form

Vocation(s) (Please list all vehicle/equipment uses):

Farming

Equipment:

Agricultural Tractor

Project Type:

Replacement

Counties Vehicle Currently Operates

Lassen County	Modoc County, Shasta County
Main Location of Operation (include cross streets)	

Annual Vehicle/Equipment Usage Information (be able to prove hours)

	Within the Lassen County Area	Outside of Lassen County Area	Total Operation
Hours	100%	0%	1050 Hours

Existing Vehicle Information

Make: International Harvester	Model: TD 24	Model Year: 1956	GVWR:
Vehicle Identification Number: TD 241-8623	Fleet Identification Number:	License Plate:	Odometer:

Existing Engine Information

Make: International Harvester	Model:	Model Yr: 1956	Serial Number: N/A	HP: 168	Hour Meter: N/A
Fuel Type: Diesel					

New or Replacement Vehicle Information

Make: John Deere	Model: 6110 R	Model Year: 2019	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: John Deere	Model: Powertech 4.5L	Model Yr: 2017	Serial Number: TBD	HP: 110	NOx Cert:
Fuel Type: Diesel					

EXHIBIT B – PERFORMANCE REQUIREMENTS

The below listed vehicle(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 2.7 of this Agreement

Vehicle and Engine Year Make & Model*	Vehicle and Engine Serial Numbers*	Minimum Usage (hours)	Anticipated Annual NOx Reduction (tons)	Payback Requirement per Hour	Maximum Incentive Amount
2019 John Deere 6110R		1050	2.25	\$33.33	\$35,000.00
Total					

* The District will fill in information upon verification of project completion.

EXHIBIT C – INSURANCE REQUIREMENTS

INSURANCE

Contractor agrees to maintain any and all insurance required for the term of this contract. Limits of liability and coverage details are pursuant to the District's insurance requirements specification. The following insurance coverage is required:

- ☒ COMMERCIAL/GENERAL LIABILITY
- ☐ BUSINESS AUTOMOTIVE LIABILITY
- ☐ PUBLIC ENTITIES/SELF-INSURED STATUS
- ☐ PROFESSIONAL LIABILITY INSURANCE
- ☐ WORKERS COMPENSATION and EMPLOYERS LIABILITY

CONTRACTOR shall furnish the DISTRICT with certificate(s) of insurance or self-insurance and/or original endorsement(s) and/or insurance binder(s) affecting coverage required below. The certificates, endorsements, and/or binders for each insurance policy are to be signed by a person authorized by the insurer to effect coverage on its behalf. The certificates, endorsements, and/or binders are to be received and approved by the DISTRICT before work commences. The DISTRICT reserves the right to require complete, certified copies of all required insurance policies, at any time. If CONTRACTOR provides self-insurance, it shall, on intervals specified by the APCO, provide financial statements sufficiently detailed so as to allow the APCO to assess CONTRACTOR'S capability of providing such self-insurance. The APCO may reject self-insurance coverage where he finds that sufficient coverage will not be afforded to the DISTRICT.

During the term of the Agreement, CONTRACTOR shall, at its sole expense, obtain and maintain in full force and affect the type and limits of liability requirements as follows:

- I. A. **COMMERCIAL/GENERAL LIABILITY:** Bodily Injury and Property Damage for premises and operations; Personal Injury and Advertising for premises and operations; Independent Contractors (if any basis); Incidental Contracts; Contractual Liability; and Products and Completed Operations.

"Claims made" policies are unacceptable.

Minimum Limits: \$1,000,000 combined single limit, on an occurrence policy form.

BUSINESS AUTOMOBILE LIABILITY: Protection against loss of a result of liability to others caused by an accident and resulting in bodily injury and/or property damage, arising out of the ownership or use of any automobile. If CONTRACTOR has no owned automobiles, then only hired and non-owned automobile coverage are required.

Minimum Limits: \$1,000,000 per occurrence for bodily injury or property damage, combined single limit.

- B. **Public Entities/Self-Insured Status:** CONTRACTOR shall maintain status as a legally self-insured public entity for general liability and shall maintain a self-insured retention of three

hundred thousand dollars (\$300,000) per occurrence.

- C. **Professional Liability Insurance** (when the contract involves professional services such as engineering, architectural, legal, accounting, instructing, and consulting, professional liability insurance is required. If not contracting for professional services, delete this paragraph.) Professional liability insurance covering professional services shall be provided in an amount of at least \$1,000,000 per occurrence or \$1,000,000 on a claims made basis. However, if coverage is written on a claims made basis, the policy shall be endorsed to provide at least a two-year extended reporting provision.

- II. **Workers Compensation and Employers Liability:** CONTRACTOR shall carry full Worker's Compensation insurance coverage for all persons directly employed or volunteers, in carrying out the work under this contract, in accordance with the "Worker's Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any acts amendatory thereof. Employer's Liability statutory limits will apply. If CONTRACTOR has no employees, no Worker's Compensation coverage is required. If CONTRACTOR hires subcontractors to perform under this agreement, the CONTRACTOR shall assure that the subcontractor carries workers compensation insurance for all of its employees, who are required to be covered by applicable law.

- III. **Notice of Cancellation.** Each insurance policy shall be endorsed, and evidence of such endorsement shall be provided to the DISTRICT, that coverage not be suspended, voided, canceled, reduced in coverage or in limits, or material change in coverage, except after thirty (30) days prior written notice has been given to the DISTRICT. Ten-(10) days prior written notice of cancellation for non-payment of CONTRACTOR's insurance premium is permissible.

- IV. **Additional Insured:** It is mandatory that all of the above insurance policies (except workers compensation) shall include the DISTRICT as additional insured. The DISTRICT, its officials, trustees, agents, employees, and volunteers are to be covered as additional insured as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.

- V. In addition, it is understood and agreed that the following be made a part of this Agreement.

- A. **Excess/Umbrella:** An excess policy or an umbrella policy (following form) may be utilized to meet the above-required limits of liability.
- B. **Supplementary Payments:** The above-stated limits of liability coverage for Commercial/Comprehensive General Liability, and Business Automobile Liability assumes that the standard "supplementary payments" clause will pay in addition to the applicable limits of liability and that these supplementary payments are not included as part of the insurance limits of liability. If any of the policies indicate that defense costs are included in the general aggregate limit, then the general aggregate limits must be a multiple of the per occurrence limits.
- C. **Contractors' Insurance as Primary:** The CONTRACTOR's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the DISTRICT, its officials, trustees, agents, employees or volunteers shall be excess to the CONTRACTOR's insurance and shall not contribute with it.
- D. **Acceptability of Insurers:** Insurance is to be placed with admitted State of California insurers which have an A.M. Best's rating of no less than A: VII, or be an equivalent program of self-insurance.
- E. **District Risk Manager Exceptions:** Any exceptions to the above insurance requirements are subject to the concurrence of the DISTRICT'S Risk Manager.

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
Mendy Schuster, *Vice Chairman*
Chris Gallagher
Tom Hammond
Jeff Hemphill
Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
Erik Edholm
Air Quality Engineer
Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: Carl Moyer Grant Award, Randy Jacobson

Attached is a proposed Carl Moyer Grant for execution under 21st Cycle grant, of which the District currently has \$216,267.29 of Cycle 20 and Cycle 21 funds available for award. The proposed grant is to Randy Jacobson for a tractor replacement project that will replace a 1977 John Deere 4630 with a 2019 John Deere 5100 M series, for a total grant amount of \$35,000.

Recommendation:

Approve Resolution 19-04 authorizing the APCO to execute grant agreement 18-21-CMP-02 in the amount of \$35,000 to Randy Jacobson.

Respectfully Submitted,

Dan Newton
Air Pollution Control Officer

RESOLUTION NO. 19-04

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPROVING CARL MOYER GRANT AGREEMENT
18-21-CMP-02 WITH RANDY JACOBSON.**

WHEREAS, California Health and Safety Code sections 44275-44299.2 authorize the California Air Resources Board (ARB) to allocate Carl Moyer Program (CMP) funds to local air quality districts to provide financial incentives to both the public and private sectors to implement eligible projects to reduce emissions from on-road, marine, locomotive, agricultural, and off-road engines;

WHEREAS, Lassen County Air Pollution Control District (LCAPCD) has successfully implemented Carl Moyer Program projects in past years to reduce emissions and improve air quality in Northeast Plateau and seeks to continue to reduce emissions from diesel engines through clean air projects;

WHEREAS, the Governing Board approved on February 12, 2019 Resolution 18-15 Accepting Carl Moyer Program Funds from the California Air Resources Board;

WHEREAS, Resolution 18-15 authorized the Air Pollution Control Officer to execute on behalf of the District grant agreements with ARB, and all other necessary documents to implement and carry out the purposes of Resolution 18-15, each year until 2020;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby approves the Air Pollution Control Officer to execute Carl Moyer Grant Agreement 18-21-CMP-02 with Randy Jacobson;

The foregoing resolution was approved and adopted by the following vote of the Board on November 12, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

**LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT
CARL MOYER HEAVY-DUTY LOW EMISSION INCENTIVE PROGRAM AGREEMENT**

This Agreement (Agreement) is between the Lassen County Air Pollution Control District (District), a public agency of the State of California, and **Randy Jacobson** (Participant).

1.0 Recitals

- 1.1 The District is in nonattainment of the state air quality standards for particulate matter and is impacted by the effects of toxic air contaminants, including diesel particulate matter and other pollutants from mobile sources.
- 1.2 On December 11, 2007, the District Governing Board approved Resolution No. 18-07-CMP-10, authorizing the District's participation in the CARB Carl Moyer Program which is a Heavy-Duty Low Emission Vehicle Incentive Program (Program), which is hereby incorporated by reference and made part of this agreement.
- 1.3 On September 23, 2004, Governor Schwarzenegger signed Assembly Bills 923, 1394, and 2128 which made major changes to the Carl Moyer Program and projects funded using Department of Motor Vehicles Surcharges, expanding the Program to include light-duty vehicles, Fleet Modernization, and agricultural assistance projects.
- 1.4 To implement mobile source emission reduction projects, the Program provides incentives to fleet operators and individuals for the purchase, repower and/or retrofit of low-emission on-road motor vehicles, off-road mobile equipment, and agricultural water pumps.
- 1.5 The Participant wishes to participate in the Program by purchasing and operating the equipment described in this Agreement and represents that the purchase is not required by any local, state, and/or federal rule, regulation, memorandum, or other legally binding agreement, with the exception of certain agricultural projects described in Health and Safety Code sections 41081(d)(2)(ii), 41802 and 44275.
- 1.6 The Participant has read and agreed to all requirements of the Program application and guidelines which are hereby incorporated into this Agreement.
- 1.7 This Agreement is a voluntary act intended to accelerate the introduction of low-emission vehicle and engine technology designed to reduce emissions of oxides of nitrogen, particulate matter, reactive organic gases, toxic air contaminants, and oxides of carbon within Lassen County.
- 1.8 This Agreement was approved for use by the District's Board of Directors on December 14, 2010.
- 1.9 On November 12, 2019, The District Governing Board authorized making this contract with Participant.

Terms and Conditions

2.1 Definitions

- 2.1.1 “Applicable emission standards” are defined as the emission standards for oxides of nitrogen (NO_x), particulate matter (PM), hydrocarbons, and carbon monoxide established by the California Air Resources Board (CARB) or the United States Environmental Protection Agency (USEPA) for a model year vehicle or engine. For “phase-in” or “interim” engines the following standards apply:

Engine Model Year	Power Rating	NO _x Standard	PM Standard
2007-2009 On-Road	All On-Road Heavy-Duty Diesel Engines	1.2 g/bhp-hr	0.01 g/bhp-hr
2012-2013 Off-Road	56 – 129 kW (75 – 174 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)
2011-2013 Off-Road	130 – 560 kW (175 – 749 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)

- 2.1.2 “Agricultural water pump” is defined as a stationary or portable device designed to move water used for agricultural purposes.
- 2.1.3 “Certified” is defined as a motor vehicle or engine that is certified by CARB or the USEPA to an emission standard or standards.
- 2.1.4 “Experimental Permit” is defined as an Executive Order issued by CARB for the experimental use of a non-certified or non-verified engine, fuel, or engine retrofit in California.
- 2.1.5 “Fleet Modernization” is defined as the transaction in which an older on-road motor vehicle or piece of off-road mobile equipment is destroyed and replaced with a similar motor vehicle or piece of equipment certified to a lower emission standard.
- 2.1.6 “Motor vehicle” is defined as a self-propelled device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.
- 2.1.7 “Off-road equipment” is defined as a self-propelled device not intended for operation on a highway and is powered by an engine certified to off-road or nonroad emission standards.
- 2.1.8 “Repower” is defined as the process in which an old engine is replaced with a new engine.
- 2.1.9 “Retrofit” is defined as the installation of a device designed to reduce emissions from an engine.

2.1.10 "Tier 3" is defined as the emission certification of an off-road compression ignition engine to the Tier 3 emission standards as described in §2423(b)(1) of the California Code of Regulations.

2.1.11 "Verified" is defined as a device, fuel, or system that is verified by CARB or the USEPA to reduce emissions from a mobile source by a verified amount.

2.2 Participant Obligations – the Participant will:

2.2.1 ☒ Participant agrees that the original engine(s) to be replaced by this program is the same as the engine(s) stated in Participant's application and restated in Exhibit A. Said engine(s) will be destroyed immediately or otherwise rendered unusable immediately after new engine installation. Participant agrees that the District may directly observe the Participant's destruction of the engine and/or be provided proof of destruction or nonuseability within 30 days of new engine installation. Engine destruction may include but is not limited to: salvage receipt (with serial number), placing a hole (at least five inches in diameter) in the engine block (with accompanying photos with serial numbers visible in said photos), welding the cylinder(s) to prevent any re-use, or any other means acceptable to the District.

☐ N/A - Retrofit

2.2.2 Purchase, invoice the District, and operate the equipment described in Exhibit A by **May 31st 2020**. Participant may submit a written request to extend this Section if the project cannot be successfully completed due to circumstances beyond the Participant's reasonable control.

2.2.3 Ensure that a functioning hour meter is installed on the equipment described in Exhibit A for the life of the project.

2.2.4 Operate the equipment described in Exhibit A in Lassen County during the term of this agreement in accordance with the requirements in Exhibit B. In addition to meeting the operating requirements established in Exhibit B, 75% of the vehicles total operation must occur within California. Agricultural water pumps are required to operate 100% within Lassen County.

2.2.5 Maintain the minimum level of required insurance described in Exhibit C during the term of this Agreement, and ensure that the District is named as an additional insured under the policy.

2.2.6 Comply with applicable Airborne Toxic Control Measures and District Rules as determined by the APCO.

2.3 Payment

2.3.1 The District will reimburse the Participant up to **\$35,000.00** towards the cost of the vehicle(s) or equipment identified in Exhibit A within 60 days of receipt of an itemized invoice.

- 2.3.2 Any payments made under this Agreement are subject to the provisions and limitations of Health and Safety Code. The District shall have no liability for payment of any compensation and expenses that are found to be in contravention of the Health and Safety Code or any other local, state, or federal law. The Participant shall reimburse the District for any payments that are later found to be in contravention of the Health and Safety Code or any other local, state, or federal law.
- 2.3.3 No payments shall be issued under this Agreement prior to final inspection of the project by District personnel.
- 2.3.4 Payment of compensation shall be made by the District to Contractor within sixty (60) days after receipt by District of statement of charges and completion of final inspection. Such statement shall be checked and approved by a person or persons designated by the District.
- 2.3.5 Payments made under this Agreement are subject to taxation and an IRS Form 1099 will be issued to the Participant. Funds may be withheld by the District as required by law for payment of tax liabilities and/or other court-ordered payments.

2.4 General Program Requirements

- 2.4.1 The Participant warrants that the vehicle(s)/engine(s) covered under this Agreement meets all the eligibility requirements described in the Program application and guidelines. The Participant further agrees to operate the vehicle(s)/engine(s) in a manner that is consistent with the eligibility requirements in the guidelines and the goals and objectives of the Program.
- 2.4.2 The Participant cannot apply for or receive additional incentive funds, including but not limited to the state Carl Moyer Program inter-district fund or any other air district fund, including those funds used as matching funds, for any equipment listed in Exhibit A of this Agreement. This requirement may be waived by District staff on an individual basis. If the District discovers that the Participant has applied for or received funds from these sources, the District will terminate this Agreement and require that any funds paid under this Agreement be returned to the District.
- 2.4.3 The Participant agrees to operate the equipment described in Exhibit A within the manufacturer's specifications including all maintenance and fueling requirements. An operational odometer, hour meter, or other District-approved usage measuring device must be installed on all projects and maintained for continuous operation. Under no circumstances may the Participant make any modifications to or tamper with the vehicle, equipment, engine, emission control system(s), or any recording devices on the vehicle or equipment prohibited under CARB and USEPA regulations. The Participant also agrees to operate the vehicle, engine, and/or equipment in compliance with all local, state, and federal rules, laws, and regulations.

2.4.4 Participant shall cooperate with the District and CARB in implementation, monitoring, enforcement, and other efforts to assure the emission benefits from the project are real, quantifiable, surplus, and enforceable.

2.5 Engine Repower and Retrofit Requirements – This Agreement is ☒ or is not ☐ subject to the following requirements:

2.5.1 The low-emission engine or engine retrofit must be either:

- (i) CARB Certified; or
- (ii) CARB Verified; or
- (iii) Under an experimental permit issued by CARB; or
- (iv) In cases where federal law preempts state requirements, approved for use by the USEPA

Engines certified to a level that is less stringent than the standard applicable to the replaced engine for any pollutant are ineligible for funding under this agreement.

2.5.2 Any engine retrofit funded under this Agreement must reduce either oxides of nitrogen or particulate matter emissions by a minimum of 25% for either pollutant.

2.5.3 If the Participant is replacing or repowering an engine, the Participant must either:

- (i) Destroy the replaced or repowered engine in a manner acceptable to the District. If the engine is destroyed, the Participant must permit the District to inspect the destroyed engine; or
- (ii) Implement a District approved destruction alternative. The District may approve a destruction alternative only if special circumstances justifying the use of an alternative exist, and there is no detrimental impact to air quality.

2.6 New Low-Emission Vehicle Purchase – This Agreement is ☐ or is not ☒ subject to the following requirements:

2.6.1 New low-emission vehicles must be certified by CARB to an oxides of nitrogen emission level below the applicable standard for that motor vehicle or piece of off-road mobile equipment. Low-emission vehicle or engine technology under an experimental permit from CARB are also eligible for funding under the Program.

2.6.2 The low-emission vehicle or engine technology funded under Section 2.6.1 must achieve at least a 30% reduction in oxides of nitrogen emissions as compared to the applicable baseline emission standards for the specific model year and power rating.

2.6.3 The low-emission vehicle or engine technology funded under Section 2.6.1 must not be certified to particulate matter, hydrocarbons, and/or carbon monoxide levels above the applicable baseline emission standards for the specific model year and power rating.

2.6.4 The Participant must submit copies of invoices from service providers that confirm:

- (i) Installation of digital odometer/hour meter; and
- (ii) Vehicle finance documents

Each invoice must include vehicle identification number, engine serial number, odometer reading, and date service was provided.

2.6.5 The Participant agrees to the following motor vehicle title requirements:

- (i) The Participant will provide a copy of the replacement vehicle's title to the District, demonstrating that the District is named as a lien holder for the vehicle.
- (ii) The Participant must be the legal owner of the replacement vehicle through the length of this Agreement.
- (iii) If the replacement vehicle is financed, the Participant will list both the District and the Finance Company as lien holders for the vehicle.
- (iv) If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must ensure that the District remains a lien holder on the replacement vehicle through the end date listed in Section 2.9.1.
- (v) If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the termination formula in Section 2.7.
- (vi) Any changes to the replacement vehicle's title must be approved in writing by the District.

2.7 Upon termination of this Agreement, if the vehicle/engine fails to fulfill the minimum required operation, the Participant shall return to the District an amount based on the difference between the required operation amount and the actual amount operated according to the following formula:

$$A = I * [(O * L) - C] / (O * L)$$

A = Amount Owed to the District

I = Total Incentive Award

O = Annual Operational Requirement (miles, hours or gallons)

L = Length of the Agreement in Years

C = Actual Operation (miles, hours, or gallons)

The APCO may, at his or her sole discretion, relieve this obligation to return the funds after considering the circumstances leading to the failure to fulfill the minimum performance requirements. Additionally, the APCO may, at his or her sole discretion, require full reimbursement of all funds paid to the Participant as outlined in Section 2.9.10.

- 2.8 The parties acknowledge that this Agreement will be funded by incentive fund revenues being transferred to the District; however, the District may terminate this Agreement if: (i) it does not receive all or a portion of the revenues, or (ii) funds are not specifically appropriated for this Agreement in the District's final budget prior to the expiration of the Agreement and any Agreement extensions. If the District terminates this Agreement under this paragraph, it will serve notice of the action on the Participant within 10 working days

2.9 General Requirements

2.9.1 This Agreement shall begin upon execution by all parties and terminate on **July 1st, 2023**. No work may begin on this project until this Agreement is executed by all parties. For this Agreement, the timeframe indicated by the execution of this Agreement and the afore-mentioned termination date shall serve as the contract term including both the project completion and project implementation/life periods.

2.9.2 Except as specified in Section 2.9.2(ii), the receipt of funds and performance under this Agreement prohibits application for any form of emission reduction credit for the life of the contract term outlined in Section 2.9.1.

- (i) This prohibition includes, but is not limited to all attainment, nonattainment, criteria and noncriteria pollutants, Application for Emission Reduction Credits (ERC), Mobile Emission Reduction Credits (MERC) and/or Certificates of Advanced Placement (CAP). This prohibition extends to credits from all Air Quality Management or Air Pollution Control Districts.
- (ii) For projects involving the replacement of a stationary diesel agricultural water pump with an electric water pump in conjunction with the Pacific Gas & Electric Company's (PG&E) PUC-approved discounted AG-ICE electric rate program, PG&E may retain all of the carbon dioxide credits and a portion of the remaining emission credits for reductions generated through this Agreement. The portion of the remaining emission credits retained by PG&E will be the difference in emissions between a Tier 3 diesel engine and the emissions associated with generating electricity for the electric pump.

2.9.3 The District, CARB, or their designee may conduct an audit of the Participant's operations to verify that the Participant is complying with the Agreement terms.

- (i) As a condition of accepting funds, the Participant agrees to designate CARB as a third-party beneficiary with full auditing, inspection, and enforcement rights throughout the entire term of the Agreement.

- (ii) Any audits will be conducted at a reasonable time and with reasonable notice to the Participant. The Participant agrees to provide the District and CARB with on-site access to the vehicle(s)/equipment described in Exhibit A.

- 2.9.4 The Participant shall defend, indemnify, and hold harmless District, CARB, its officers, agents, employees and volunteers from any and all losses, costs, damages, fines or expenses (including attorney fees, court costs and expert fees) or liability of any kind or character to any person or property arising from, or alleged to arise from, any breach of the responsibilities required of the Participant by this Agreement or which are related in any way to the vehicle(s)/equipment, including any and all liability for general, special, consequential, or other damages resulting from the use of the vehicle(s)/equipment by the Participant, for which financial assistance or other incentives are received from the District by the Participant.
- 2.9.5 Participant shall complete and return all requested information and surveys sent from the District, yearly, on **January 1st** of each year, for at least **Three years** from the commencement of operation. Noncompliance with the reporting requirements shall require on-site monitoring or inspection by the District. The Participant shall keep the following records from the beginning of operation of the equipment described in Exhibit A through the end of the term described in Section 2.9.1 and for three years following the end date listed in Section 2.9.1. It is the responsibility of the Participant to maintain records adequate to document the subsequent information. The District may request these records at any time during the term of this Agreement, including:

For On-Road Projects	For Off-Road Projects
1. Copies of all driver log book entries for the preceding year	1. Hours operated
2. Miles traveled	2. Fuel consumed
3. Fuel consumed	3. Fuel cost
4. Fuel cost	4. Engine downtime
5. Vehicle downtime	5. Type and cost of maintenance performed
6. Type and cost of maintenance performed	

- 2.9.6 The Participant shall maintain in force at all times during the term of this Agreement and any extensions or modifications thereto, insurance in accordance with Exhibit C. In the event the Participant does not have the required certificate of insurance, or if the required insurance lapses, this Agreement shall be terminated immediately.
- 2.9.7 No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties.
- 2.9.8 The Participant shall observe and comply with all applicable federal, state and District statutes, ordinances, regulations, rules, directives, and laws. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of

California. If a provision of this Agreement violates any applicable law or regulation, that provision will be stricken from the Agreement, and all other provisions will remain in full force. Any action or proceeding arising out of this Agreement shall be filed in a state court or federal court located in Lassen County, California.

- 2.9.9 No performance rendered or payment due under this Agreement may be delegated or assigned without the written consent of all the parties hereto. If the Participant assigns any of its rights or obligations under this contract, all of the terms and conditions of this contract shall apply to the Participant's assignee.
- 2.9.10 The Participant will submit written documentation of performance towards the requirements outlined in Exhibit B to the District by December 31 of each year until termination of this Agreement. The District may request additional performance documentation at its discretion.
- 2.9.11 This agreement may be terminated by the District upon 30-day notice if the Participant fails to meet any of the obligations established in this Agreement or outlined in the Carl Moyer Program guidelines or the Health and Safety Code. If the Agreement is terminated, the Participant will refund the entire incentive paid by the District. The APCO may, at his or her discretion, waive the refund or allow the Participant an opportunity to cure its failure to meet the Agreement obligations. Additionally, the District and/or CARB may seek all available remedies for breaches of any Agreement provisions, Carl Moyer Program requirements, or Health and Safety Code.
- 2.9.12 The Participant may not sell or encumber the equipment described in Exhibit A without the written consent of the District.
- 2.9.13 The District has made no representations or guarantees to the Participant regarding the quality, condition, or proposed use of the low emission vehicle and engine technology funded under this Agreement or the effects of such technology on the normal operations of the Participant.
- 2.9.14 If either of the events listed in this paragraph occur, the Participant must notify the District within 30 days of the date Participant knows, or should have known, that the event has occurred or is likely to occur:
- (i) The Participant suffers a catastrophic loss; or
 - (ii) The Participant files for bankruptcy; or
 - (iii) Any other event has occurred or is likely to occur that could impair the Participant's ability to perform the conditions of this Agreement.
- 2.9.15 This Agreement will bind the successors of the District and Participant in the same manner as if they were expressly named.

2.9.16 Correspondence between the District and Participant should be addressed to the following:

To District	To Participant
Lassen County APCD 720 South Street Susanville, CA 96130 Phone: (530) 257-1041 Fax: (530) 257-1057	Randy Jacobson PO Box 9 Bieber, CA 96009 Phone: (805) 895-4034

The address and/or contacts may be changed only by written notice to the other party. Such written notice may be given by mail or personal service.

2.9.17 This Agreement consists of the following:

- (i) Participant Agreement
- (ii) Exhibit A – Vehicle and Engine Information Page
- (iii) Exhibit B – Performance Requirements
- (iv) Exhibit C – Insurance Requirements

DISCLOSURE AGREEMENT: The undersigned representative of Participant affirmatively states that neither they nor any other representative of Participant will submit another application or sign another contract for the same engine(s), equipment, and/or vehicle(s) detailed in Exhibit A with any other source of funds, including but not limited to other air districts or multidistrict funding under the Carl Moyer Program.

Any owner or owner’s designee who is found to have submitted multiple applications or signed multiple contracts for the same engine(s), equipment, and/or vehicle(s) shall, at a minimum, be disqualified from funding for that engine(s) from all sources, may be required to reimburse the public agencies for any monies received, and may also be banned from submitting future applications to any and all Carl Moyer Program solicitations. In addition, as a violation of law, including but not limited to the Health and Safety Code and Business and Professions Code, ARB and the districts may levee fines and/or seek criminal charges.

The undersigned representative of Participant has read and agrees to comply with all terms and conditions in this Agreement and also affirmatively states that he or she has legal authority to bind Participant to the terms and conditions of this Agreement.

Approved by Participant

_____ **Date:** _____

Approved by the Lassen County Air Pollution Control District

_____ **Date:** _____
Dan Newton
Air Pollution Control Officer

Approved to as form:

_____ **Date:** _____
Greg Einhorn
District Counsel

EXHIBIT A

Vehicle / Equipment Information Form

Vocation(s) (Please list all vehicle/equipment uses):

Farming

Equipment:

Agricultural Tractor

Project Type:

Replacement

Counties Vehicle Currently Operates

Lassen County	Modoc County, Shasta County
Main Location of Operation (include cross streets)	

Annual Vehicle/Equipment Usage Information (be able to prove hours)

	Within the Lassen County Area	Outside of Lassen County Area	Total Operation
Hours	100%	0%	1050 Hours

Existing Vehicle Information

Make: John Deere	Model: 4630	Model Year: 1977	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

Existing Engine Information

Make: John Deere	Model:	Model Yr: 1977	Serial Number: N/A	HP: 150	Hour Meter: N/A
Fuel Type: Diesel					

New or Replacement Vehicle Information

Make: John Deere	Model: 5100 M	Model Year: 2019	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: John Deere	Model: Powertech 4045	Model Yr: 2019	Serial Number: TBD	HP: 100	NOx Cert:
Fuel Type: Diesel					

EXHIBIT B – PERFORMANCE REQUIREMENTS

The below listed vehicle(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 2.7 of this Agreement

Vehicle and Engine Year Make & Model*	Vehicle and Engine Serial Numbers*	Minimum Usage (hours)	Anticipated Annual NOx Reduction (tons)	Payback Requirement per Hour	Maximum Incentive Amount
2019 John Deere 5100 M		1050	1.71	\$33.33	\$35000
Total					

* The District will fill in information upon verification of project completion.

EXHIBIT C – INSURANCE REQUIREMENTS

INSURANCE

Contractor agrees to maintain any and all insurance required for the term of this contract. Limits of liability and coverage details are pursuant to the District's insurance requirements specification. The following insurance coverage is required:

- ☒ COMMERCIAL/GENERAL LIABILITY
- ☐ BUSINESS AUTOMOTIVE LIABILITY
- ☐ PUBLIC ENTITIES/SELF-INSURED STATUS
- ☐ PROFESSIONAL LIABILITY INSURANCE
- ☐ WORKERS COMPENSATION and EMPLOYERS LIABILITY

CONTRACTOR shall furnish the DISTRICT with certificate(s) of insurance or self-insurance and/or original endorsement(s) and/or insurance binder(s) affecting coverage required below. The certificates, endorsements, and/or binders for each insurance policy are to be signed by a person authorized by the insurer to effect coverage on its behalf. The certificates, endorsements, and/or binders are to be received and approved by the DISTRICT before work commences. The DISTRICT reserves the right to require complete, certified copies of all required insurance policies, at any time. If CONTRACTOR provides self-insurance, it shall, on intervals specified by the APCO, provide financial statements sufficiently detailed so as to allow the APCO to assess CONTRACTOR'S capability of providing such self-insurance. The APCO may reject self-insurance coverage where he finds that sufficient coverage will not be afforded to the DISTRICT.

During the term of the Agreement, CONTRACTOR shall, at its sole expense, obtain and maintain in full force and affect the type and limits of liability requirements as follows:

- I. A. **COMMERCIAL/GENERAL LIABILITY:** Bodily Injury and Property Damage for premises and operations; Personal Injury and Advertising for premises and operations; Independent Contractors (if any basis); Incidental Contracts; Contractual Liability; and Products and Completed Operations.

"Claims made" policies are unacceptable.

Minimum Limits: \$1,000,000 combined single limit, on an occurrence policy form.

BUSINESS AUTOMOBILE LIABILITY: Protection against loss of a result of liability to others caused by an accident and resulting in bodily injury and/or property damage, arising out of the ownership or use of any automobile. If CONTRACTOR has no owned automobiles, then only hired and non-owned automobile coverage are required.

Minimum Limits: \$1,000,000 per occurrence for bodily injury or property damage, combined single limit.

- B. **Public Entities/Self-Insured Status:** CONTRACTOR shall maintain status as a legally self-insured public entity for general liability and shall maintain a self-insured retention of three

hundred thousand dollars (\$300,000) per occurrence.

- C. **Professional Liability Insurance** (when the contract involves professional services such as engineering, architectural, legal, accounting, instructing, and consulting, professional liability insurance is required. If not contracting for professional services, delete this paragraph.) Professional liability insurance covering professional services shall be provided in an amount of at least \$1,000,000 per occurrence or \$1,000,000 on a claims made basis. However, if coverage is written on a claims made basis, the policy shall be endorsed to provide at least a two-year extended reporting provision.

- II. **Workers Compensation and Employers Liability:** CONTRACTOR shall carry full Worker's Compensation insurance coverage for all persons directly employed or volunteers, in carrying out the work under this contract, in accordance with the "Worker's Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any acts amendatory thereof. Employer's Liability statutory limits will apply. If CONTRACTOR has no employees, no Worker's Compensation coverage is required. If CONTRACTOR hires subcontractors to perform under this agreement, the CONTRACTOR shall assure that the subcontractor carries workers compensation insurance for all of its employees, who are required to be covered by applicable law.
- III. **Notice of Cancellation.** Each insurance policy shall be endorsed, and evidence of such endorsement shall be provided to the DISTRICT, that coverage not be suspended, voided, canceled, reduced in coverage or in limits, or material change in coverage, except after thirty (30) days prior written notice has been given to the DISTRICT. Ten-(10) days prior written notice of cancellation for non-payment of CONTRACTOR's insurance premium is permissible.
- IV. **Additional Insured:** It is mandatory that all of the above insurance policies (except workers compensation) shall include the DISTRICT as additional insured. The DISTRICT, its officials, trustees, agents, employees, and volunteers are to be covered as additional insured as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.
- V. In addition, it is understood and agreed that the following be made a part of this Agreement.
- A. **Excess/Umbrella:** An excess policy or an umbrella policy (following form) may be utilized to meet the above-required limits of liability.
- B. **Supplementary Payments:** The above-stated limits of liability coverage for Commercial/Comprehensive General Liability, and Business Automobile Liability assumes that the standard "supplementary payments" clause will pay in addition to the applicable limits of liability and that these supplementary payments are not included as part of the insurance limits of liability. If any of the policies indicate that defense costs are included in the general aggregate limit, then the general aggregate limits must be a multiple of the per occurrence limits.
- C. **Contractors' Insurance as Primary:** The CONTRACTOR's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the DISTRICT, its officials, trustees, agents, employees or volunteers shall be excess to the CONTRACTOR's insurance and shall not contribute with it.
- D. **Acceptability of Insurers:** Insurance is to be placed with admitted State of California insurers which have an A.M. Best's rating of no less than A: VII, or be an equivalent program of self-insurance.
- E. **District Risk Manager Exceptions:** Any exceptions to the above insurance requirements are subject to the concurrence of the DISTRICT'S Risk Manager.

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
 Mendy Schuster, *Vice Chairman*
 Chris Gallagher
 Tom Hammond
 Jeff Hemphill
 Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
 Erik Edholm
Air Quality Engineer
 Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: Carl Moyer Grant Award, Loney Sharp

Attached is a proposed Carl Moyer Grant for execution under 21st Cycle grant, of which the District currently has \$216,267.29 of Cycle 20 and Cycle 21 funds available for award. The proposed grant is to Loney Sharp for a tractor replacement project that will replace a 1950 John Deere A with a 2019 Massey Ferguson 1740M series, for a total grant amount of \$28356.00.

Recommendation:

Approve Resolution 19-05 authorizing the APCO to execute grant agreement 18-21-CMP-03 in the amount of \$28356.00 to Loney Sharp.

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

RESOLUTION NO. 19-05

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPROVING CARL MOYER GRANT AGREEMENT
18-21-CMP-03 WITH LONEY SHARP.**

WHEREAS, California Health and Safety Code sections 44275-44299.2 authorize the California Air Resources Board (ARB) to allocate Carl Moyer Program (CMP) funds to local air quality districts to provide financial incentives to both the public and private sectors to implement eligible projects to reduce emissions from on-road, marine, locomotive, agricultural, and off-road engines;

WHEREAS, Lassen County Air Pollution Control District (LCAPCD) has successfully implemented Carl Moyer Program projects in past years to reduce emissions and improve air quality in Northeast Plateau and seeks to continue to reduce emissions from diesel engines through clean air projects;

WHEREAS, the Governing Board approved on February 12, 2019 Resolution 18-15 Accepting Carl Moyer Program Funds from the California Air Resources Board;

WHEREAS, Resolution 18-15 authorized the Air Pollution Control Officer to execute on behalf of the District grant agreements with ARB, and all other necessary documents to implement and carry out the purposes of Resolution 18-15, each year until 2020;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby approves the Air Pollution Control Officer to execute Carl Moyer Grant Agreement 18-21-CMP-03 with Loney Sharp;

The foregoing resolution was approved and adopted by the following vote of the Board on November 12, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

**LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT
CARL MOYER HEAVY-DUTY LOW EMISSION INCENTIVE PROGRAM AGREEMENT**

This Agreement (Agreement) is between the Lassen County Air Pollution Control District (District), a public agency of the State of California, and **Loney Sharp** (Participant).

1.0 Recitals

- 1.1 The District is in nonattainment of the state air quality standards for particulate matter and is impacted by the effects of toxic air contaminants, including diesel particulate matter and other pollutants from mobile sources.
- 1.2 On December 11, 2007, the District Governing Board approved Resolution No. 18-07-CMP-10, authorizing the District's participation in the CARB Carl Moyer Program which is a Heavy-Duty Low Emission Vehicle Incentive Program (Program), which is hereby incorporated by reference and made part of this agreement.
- 1.3 On September 23, 2004, Governor Schwarzenegger signed Assembly Bills 923, 1394, and 2128 which made major changes to the Carl Moyer Program and projects funded using Department of Motor Vehicles Surcharges, expanding the Program to include light-duty vehicles, Fleet Modernization, and agricultural assistance projects.
- 1.4 To implement mobile source emission reduction projects, the Program provides incentives to fleet operators and individuals for the purchase, repower and/or retrofit of low-emission on-road motor vehicles, off-road mobile equipment, and agricultural water pumps.
- 1.5 The Participant wishes to participate in the Program by purchasing and operating the equipment described in this Agreement and represents that the purchase is not required by any local, state, and/or federal rule, regulation, memorandum, or other legally binding agreement, with the exception of certain agricultural projects described in Health and Safety Code sections 41081(d)(2)(ii), 41802 and 44275.
- 1.6 The Participant has read and agreed to all requirements of the Program application and guidelines which are hereby incorporated into this Agreement.
- 1.7 This Agreement is a voluntary act intended to accelerate the introduction of low-emission vehicle and engine technology designed to reduce emissions of oxides of nitrogen, particulate matter, reactive organic gases, toxic air contaminants, and oxides of carbon within Lassen County.
- 1.8 This Agreement was approved for use by the District's Board of Directors on December 14, 2010.
- 1.9 On November 12, 2019, The District Governing Board authorized making this contract with Participant.

Terms and Conditions

2.1 Definitions

- 2.1.1 “Applicable emission standards” are defined as the emission standards for oxides of nitrogen (NO_x), particulate matter (PM), hydrocarbons, and carbon monoxide established by the California Air Resources Board (CARB) or the United States Environmental Protection Agency (USEPA) for a model year vehicle or engine. For “phase-in” or “interim” engines the following standards apply:

Engine Model Year	Power Rating	NO _x Standard	PM Standard
2007-2009 On-Road	All On-Road Heavy-Duty Diesel Engines	1.2 g/bhp-hr	0.01 g/bhp-hr
2012-2013 Off-Road	56 – 129 kW (75 – 174 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)
2011-2013 Off-Road	130 – 560 kW (175 – 749 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)

- 2.1.2 “Agricultural water pump” is defined as a stationary or portable device designed to move water used for agricultural purposes.
- 2.1.3 “Certified” is defined as a motor vehicle or engine that is certified by CARB or the USEPA to an emission standard or standards.
- 2.1.4 “Experimental Permit” is defined as an Executive Order issued by CARB for the experimental use of a non-certified or non-verified engine, fuel, or engine retrofit in California.
- 2.1.5 “Fleet Modernization” is defined as the transaction in which an older on-road motor vehicle or piece of off-road mobile equipment is destroyed and replaced with a similar motor vehicle or piece of equipment certified to a lower emission standard.
- 2.1.6 “Motor vehicle” is defined as a self-propelled device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.
- 2.1.7 “Off-road equipment” is defined as a self-propelled device not intended for operation on a highway and is powered by an engine certified to off-road or nonroad emission standards.
- 2.1.8 “Repower” is defined as the process in which an old engine is replaced with a new engine.
- 2.1.9 “Retrofit” is defined as the installation of a device designed to reduce emissions from an engine.

2.1.10 "Tier 3" is defined as the emission certification of an off-road compression ignition engine to the Tier 3 emission standards as described in §2423(b)(1) of the California Code of Regulations.

2.1.11 "Verified" is defined as a device, fuel, or system that is verified by CARB or the USEPA to reduce emissions from a mobile source by a verified amount.

2.2 Participant Obligations – the Participant will:

2.2.1 ☒ Participant agrees that the original engine(s) to be replaced by this program is the same as the engine(s) stated in Participant's application and restated in Exhibit A. Said engine(s) will be destroyed immediately or otherwise rendered unusable immediately after new engine installation. Participant agrees that the District may directly observe the Participant's destruction of the engine and/or be provided proof of destruction or nonuseability within 30 days of new engine installation. Engine destruction may include but is not limited to: salvage receipt (with serial number), placing a hole (at least five inches in diameter) in the engine block (with accompanying photos with serial numbers visible in said photos), welding the cylinder(s) to prevent any re-use, or any other means acceptable to the District.

☐ N/A - Retrofit

2.2.2 Purchase, invoice the District, and operate the equipment described in Exhibit A by **May 31st 2020**. Participant may submit a written request to extend this Section if the project cannot be successfully completed due to circumstances beyond the Participant's reasonable control.

2.2.3 Ensure that a functioning hour meter is installed on the equipment described in Exhibit A for the life of the project.

2.2.4 Operate the equipment described in Exhibit A in Lassen County during the term of this agreement in accordance with the requirements in Exhibit B. In addition to meeting the operating requirements established in Exhibit B, 75% of the vehicles total operation must occur within California. Agricultural water pumps are required to operate 100% within Lassen County.

2.2.5 Maintain the minimum level of required insurance described in Exhibit C during the term of this Agreement, and ensure that the District is named as an additional insured under the policy.

2.2.6 Comply with applicable Airborne Toxic Control Measures and District Rules as determined by the APCO.

2.3 Payment

2.3.1 The District will reimburse the Participant up to **\$28,356.00** towards the cost of the vehicle(s) or equipment identified in Exhibit A within 60 days of receipt of an itemized invoice.

- 2.3.2 Any payments made under this Agreement are subject to the provisions and limitations of Health and Safety Code. The District shall have no liability for payment of any compensation and expenses that are found to be in contravention of the Health and Safety Code or any other local, state, or federal law. The Participant shall reimburse the District for any payments that are later found to be in contravention of the Health and Safety Code or any other local, state, or federal law.
- 2.3.3 No payments shall be issued under this Agreement prior to final inspection of the project by District personnel.
- 2.3.4 Payment of compensation shall be made by the District to Contractor within sixty (60) days after receipt by District of statement of charges and completion of final inspection. Such statement shall be checked and approved by a person or persons designated by the District.
- 2.3.5 Payments made under this Agreement are subject to taxation and an IRS Form 1099 will be issued to the Participant. Funds may be withheld by the District as required by law for payment of tax liabilities and/or other court-ordered payments.

2.4 General Program Requirements

- 2.4.1 The Participant warrants that the vehicle(s)/engine(s) covered under this Agreement meets all the eligibility requirements described in the Program application and guidelines. The Participant further agrees to operate the vehicle(s)/engine(s) in a manner that is consistent with the eligibility requirements in the guidelines and the goals and objectives of the Program.
- 2.4.2 The Participant cannot apply for or receive additional incentive funds, including but not limited to the state Carl Moyer Program inter-district fund or any other air district fund, including those funds used as matching funds, for any equipment listed in Exhibit A of this Agreement. This requirement may be waived by District staff on an individual basis. If the District discovers that the Participant has applied for or received funds from these sources, the District will terminate this Agreement and require that any funds paid under this Agreement be returned to the District.
- 2.4.3 The Participant agrees to operate the equipment described in Exhibit A within the manufacturer's specifications including all maintenance and fueling requirements. An operational odometer, hour meter, or other District-approved usage measuring device must be installed on all projects and maintained for continuous operation. Under no circumstances may the Participant make any modifications to or tamper with the vehicle, equipment, engine, emission control system(s), or any recording devices on the vehicle or equipment prohibited under CARB and USEPA regulations. The Participant also agrees to operate the vehicle, engine, and/or equipment in compliance with all local, state, and federal rules, laws, and regulations.

2.4.4 Participant shall cooperate with the District and CARB in implementation, monitoring, enforcement, and other efforts to assure the emission benefits from the project are real, quantifiable, surplus, and enforceable.

2.5 Engine Repower and Retrofit Requirements – This Agreement is ☒ or is not ☐ subject to the following requirements:

2.5.1 The low-emission engine or engine retrofit must be either:

- (i) CARB Certified; or
- (ii) CARB Verified; or
- (iii) Under an experimental permit issued by CARB; or
- (iv) In cases where federal law preempts state requirements, approved for use by the USEPA

Engines certified to a level that is less stringent than the standard applicable to the replaced engine for any pollutant are ineligible for funding under this agreement.

2.5.2 Any engine retrofit funded under this Agreement must reduce either oxides of nitrogen or particulate matter emissions by a minimum of 25% for either pollutant.

2.5.3 If the Participant is replacing or repowering an engine, the Participant must either:

- (i) Destroy the replaced or repowered engine in a manner acceptable to the District. If the engine is destroyed, the Participant must permit the District to inspect the destroyed engine; or
- (ii) Implement a District approved destruction alternative. The District may approve a destruction alternative only if special circumstances justifying the use of an alternative exist, and there is no detrimental impact to air quality.

2.6 New Low-Emission Vehicle Purchase – This Agreement is ☐ or is not ☒ subject to the following requirements:

2.6.1 New low-emission vehicles must be certified by CARB to an oxides of nitrogen emission level below the applicable standard for that motor vehicle or piece of off-road mobile equipment. Low-emission vehicle or engine technology under an experimental permit from CARB are also eligible for funding under the Program.

2.6.2 The low-emission vehicle or engine technology funded under Section 2.6.1 must achieve at least a 30% reduction in oxides of nitrogen emissions as compared to the applicable baseline emission standards for the specific model year and power rating.

2.6.3 The low-emission vehicle or engine technology funded under Section 2.6.1 must not be certified to particulate matter, hydrocarbons, and/or carbon monoxide levels above the applicable baseline emission standards for the specific model year and power rating.

2.6.4 The Participant must submit copies of invoices from service providers that confirm:

- (i) Installation of digital odometer/hour meter; and
- (ii) Vehicle finance documents

Each invoice must include vehicle identification number, engine serial number, odometer reading, and date service was provided.

2.6.5 The Participant agrees to the following motor vehicle title requirements:

- (i) The Participant will provide a copy of the replacement vehicle's title to the District, demonstrating that the District is named as a lien holder for the vehicle.
- (ii) The Participant must be the legal owner of the replacement vehicle through the length of this Agreement.
- (iii) If the replacement vehicle is financed, the Participant will list both the District and the Finance Company as lien holders for the vehicle.
- (iv) If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must ensure that the District remains a lien holder on the replacement vehicle through the end date listed in Section 2.9.1.
- (v) If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the termination formula in Section 2.7.
- (vi) Any changes to the replacement vehicle's title must be approved in writing by the District.

2.7 Upon termination of this Agreement, if the vehicle/engine fails to fulfill the minimum required operation, the Participant shall return to the District an amount based on the difference between the required operation amount and the actual amount operated according to the following formula:

$$A = I * [(O * L) - C] / (O * L)$$

A = Amount Owed to the District

I = Total Incentive Award

O = Annual Operational Requirement (miles, hours or gallons)

L = Length of the Agreement in Years

C = Actual Operation (miles, hours, or gallons)

The APCO may, at his or her sole discretion, relieve this obligation to return the funds after considering the circumstances leading to the failure to fulfill the minimum performance requirements. Additionally, the APCO may, at his or her sole discretion, require full reimbursement of all funds paid to the Participant as outlined in Section 2.9.10.

- 2.8 The parties acknowledge that this Agreement will be funded by incentive fund revenues being transferred to the District; however, the District may terminate this Agreement if: (i) it does not receive all or a portion of the revenues, or (ii) funds are not specifically appropriated for this Agreement in the District's final budget prior to the expiration of the Agreement and any Agreement extensions. If the District terminates this Agreement under this paragraph, it will serve notice of the action on the Participant within 10 working days

2.9 General Requirements

2.9.1 This Agreement shall begin upon execution by all parties and terminate on **July 1st, 2023**. No work may begin on this project until this Agreement is executed by all parties. For this Agreement, the timeframe indicated by the execution of this Agreement and the afore-mentioned termination date shall serve as the contract term including both the project completion and project implementation/life periods.

2.9.2 Except as specified in Section 2.9.2(ii), the receipt of funds and performance under this Agreement prohibits application for any form of emission reduction credit for the life of the contract term outlined in Section 2.9.1.

- (i) This prohibition includes, but is not limited to all attainment, nonattainment, criteria and noncriteria pollutants, Application for Emission Reduction Credits (ERC), Mobile Emission Reduction Credits (MERC) and/or Certificates of Advanced Placement (CAP). This prohibition extends to credits from all Air Quality Management or Air Pollution Control Districts.
- (ii) For projects involving the replacement of a stationary diesel agricultural water pump with an electric water pump in conjunction with the Pacific Gas & Electric Company's (PG&E) PUC-approved discounted AG-ICE electric rate program, PG&E may retain all of the carbon dioxide credits and a portion of the remaining emission credits for reductions generated through this Agreement. The portion of the remaining emission credits retained by PG&E will be the difference in emissions between a Tier 3 diesel engine and the emissions associated with generating electricity for the electric pump.

2.9.3 The District, CARB, or their designee may conduct an audit of the Participant's operations to verify that the Participant is complying with the Agreement terms.

- (i) As a condition of accepting funds, the Participant agrees to designate CARB as a third-party beneficiary with full auditing, inspection, and enforcement rights throughout the entire term of the Agreement.

- (ii) Any audits will be conducted at a reasonable time and with reasonable notice to the Participant. The Participant agrees to provide the District and CARB with on-site access to the vehicle(s)/equipment described in Exhibit A.

- 2.9.4 The Participant shall defend, indemnify, and hold harmless District, CARB, its officers, agents, employees and volunteers from any and all losses, costs, damages, fines or expenses (including attorney fees, court costs and expert fees) or liability of any kind or character to any person or property arising from, or alleged to arise from, any breach of the responsibilities required of the Participant by this Agreement or which are related in any way to the vehicle(s)/equipment, including any and all liability for general, special, consequential, or other damages resulting from the use of the vehicle(s)/equipment by the Participant, for which financial assistance or other incentives are received from the District by the Participant.
- 2.9.5 Participant shall complete and return all requested information and surveys sent from the District, yearly, on **January 1st** of each year, for at least **Three years** from the commencement of operation. Noncompliance with the reporting requirements shall require on-site monitoring or inspection by the District. The Participant shall keep the following records from the beginning of operation of the equipment described in Exhibit A through the end of the term described in Section 2.9.1 and for three years following the end date listed in Section 2.9.1. It is the responsibility of the Participant to maintain records adequate to document the subsequent information. The District may request these records at any time during the term of this Agreement, including:

For On-Road Projects	For Off-Road Projects
1. Copies of all driver log book entries for the preceding year	1. Hours operated
2. Miles traveled	2. Fuel consumed
3. Fuel consumed	3. Fuel cost
4. Fuel cost	4. Engine downtime
5. Vehicle downtime	5. Type and cost of maintenance performed
6. Type and cost of maintenance performed	

- 2.9.6 The Participant shall maintain in force at all times during the term of this Agreement and any extensions or modifications thereto, insurance in accordance with Exhibit C. In the event the Participant does not have the required certificate of insurance, or if the required insurance lapses, this Agreement shall be terminated immediately.
- 2.9.7 No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by both parties.
- 2.9.8 The Participant shall observe and comply with all applicable federal, state and District statutes, ordinances, regulations, rules, directives, and laws. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of

California. If a provision of this Agreement violates any applicable law or regulation, that provision will be stricken from the Agreement, and all other provisions will remain in full force. Any action or proceeding arising out of this Agreement shall be filed in a state court or federal court located in Lassen County, California.

- 2.9.9 No performance rendered or payment due under this Agreement may be delegated or assigned without the written consent of all the parties hereto. If the Participant assigns any of its rights or obligations under this contract, all of the terms and conditions of this contract shall apply to the Participant's assignee.
- 2.9.10 The Participant will submit written documentation of performance towards the requirements outlined in Exhibit B to the District by December 31 of each year until termination of this Agreement. The District may request additional performance documentation at its discretion.
- 2.9.11 This agreement may be terminated by the District upon 30-day notice if the Participant fails to meet any of the obligations established in this Agreement or outlined in the Carl Moyer Program guidelines or the Health and Safety Code. If the Agreement is terminated, the Participant will refund the entire incentive paid by the District. The APCO may, at his or her discretion, waive the refund or allow the Participant an opportunity to cure its failure to meet the Agreement obligations. Additionally, the District and/or CARB may seek all available remedies for breaches of any Agreement provisions, Carl Moyer Program requirements, or Health and Safety Code.
- 2.9.12 The Participant may not sell or encumber the equipment described in Exhibit A without the written consent of the District.
- 2.9.13 The District has made no representations or guarantees to the Participant regarding the quality, condition, or proposed use of the low emission vehicle and engine technology funded under this Agreement or the effects of such technology on the normal operations of the Participant.
- 2.9.14 If either of the events listed in this paragraph occur, the Participant must notify the District within 30 days of the date Participant knows, or should have known, that the event has occurred or is likely to occur:
- (i) The Participant suffers a catastrophic loss; or
 - (ii) The Participant files for bankruptcy; or
 - (iii) Any other event has occurred or is likely to occur that could impair the Participant's ability to perform the conditions of this Agreement.
- 2.9.15 This Agreement will bind the successors of the District and Participant in the same manner as if they were expressly named.

2.9.16 Correspondence between the District and Participant should be addressed to the following:

To District	To Participant
Lassen County APCD 720 South Street Susanville, CA 96130 Phone: (530) 257-1041 Fax: (530) 257-1057	Loney Sharp PO Box 246 Doyle, CA 96109 Phone: (530) 827-2271

The address and/or contacts may be changed only by written notice to the other party. Such written notice may be given by mail or personal service.

2.9.17 This Agreement consists of the following:

- (i) Participant Agreement
- (ii) Exhibit A – Vehicle and Engine Information Page
- (iii) Exhibit B – Performance Requirements
- (iv) Exhibit C – Insurance Requirements

DISCLOSURE AGREEMENT: The undersigned representative of Participant affirmatively states that neither they nor any other representative of Participant will submit another application or sign another contract for the same engine(s), equipment, and/or vehicle(s) detailed in Exhibit A with any other source of funds, including but not limited to other air districts or multidistrict funding under the Carl Moyer Program.

Any owner or owner’s designee who is found to have submitted multiple applications or signed multiple contracts for the same engine(s), equipment, and/or vehicle(s) shall, at a minimum, be disqualified from funding for that engine(s) from all sources, may be required to reimburse the public agencies for any monies received, and may also be banned from submitting future applications to any and all Carl Moyer Program solicitations. In addition, as a violation of law, including but not limited to the Health and Safety Code and Business and Professions Code, ARB and the districts may levee fines and/or seek criminal charges.

The undersigned representative of Participant has read and agrees to comply with all terms and conditions in this Agreement and also affirmatively states that he or she has legal authority to bind Participant to the terms and conditions of this Agreement.

Approved by Participant

_____ **Date:** _____

Approved by the Lassen County Air Pollution Control District

_____ **Date:** _____
Dan Newton
Air Pollution Control Officer

Approved to as form:

_____ **Date:** _____
Greg Einhorn
District Counsel

EXHIBIT A

Vehicle / Equipment Information Form

Vocation(s) (Please list all vehicle/equipment uses):

Farming

Equipment:

Agricultural Tractor

Project Type:

Replacement

Counties Vehicle Currently Operates

Lassen County	Modoc County, Shasta County
Main Location of Operation (include cross streets)	

Annual Vehicle/Equipment Usage Information (be able to prove hours)

	Within the Lassen County Area	Outside of Lassen County Area	Total Operation
Hours	100%	0%	1050 Hours

Existing Vehicle Information

Make: John Deere	Model: A	Model Year: 1950	GVWR:
Vehicle Identification Number: 682319	Fleet Identification Number:	License Plate:	Odometer:

Existing Engine Information

Make: John Deere	Model:	Model Yr: 1950	Serial Number: N/A	HP: 35	Hour Meter: N/A
Fuel Type: Diesel					

New or Replacement Vehicle Information

Make: Massey Ferguson	Model: 1740 M	Model Year: 2019	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: Shibaura	Model: 1.7 L	Model Yr: 2019	Serial Number: TBD	HP: 40	NOx Cert:
Fuel Type: Diesel					

EXHIBIT B – PERFORMANCE REQUIREMENTS

The below listed vehicle(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 2.7 of this Agreement

Vehicle and Engine Year Make & Model*	Vehicle and Engine Serial Numbers*	Minimum Usage (hours)	Anticipated Annual NOx Reduction (tons)	Payback Requirement per Hour	Maximum Incentive Amount
2019 Massey Ferguson 1740M		1250	0.09	\$22.68	\$28,356.00
Total					

* The District will fill in information upon verification of project completion.

EXHIBIT C – INSURANCE REQUIREMENTS

INSURANCE

Contractor agrees to maintain any and all insurance required for the term of this contract. Limits of liability and coverage details are pursuant to the District's insurance requirements specification. The following insurance coverage is required:

- ☒ COMMERCIAL/GENERAL LIABILITY
- ☐ BUSINESS AUTOMOTIVE LIABILITY
- ☐ PUBLIC ENTITIES/SELF-INSURED STATUS
- ☐ PROFESSIONAL LIABILITY INSURANCE
- ☐ WORKERS COMPENSATION and EMPLOYERS LIABILITY

CONTRACTOR shall furnish the DISTRICT with certificate(s) of insurance or self-insurance and/or original endorsement(s) and/or insurance binder(s) affecting coverage required below. The certificates, endorsements, and/or binders for each insurance policy are to be signed by a person authorized by the insurer to effect coverage on its behalf. The certificates, endorsements, and/or binders are to be received and approved by the DISTRICT before work commences. The DISTRICT reserves the right to require complete, certified copies of all required insurance policies, at any time. If CONTRACTOR provides self-insurance, it shall, on intervals specified by the APCO, provide financial statements sufficiently detailed so as to allow the APCO to assess CONTRACTOR'S capability of providing such self-insurance. The APCO may reject self-insurance coverage where he finds that sufficient coverage will not be afforded to the DISTRICT.

During the term of the Agreement, CONTRACTOR shall, at its sole expense, obtain and maintain in full force and affect the type and limits of liability requirements as follows:

- I. A. **COMMERCIAL/GENERAL LIABILITY:** Bodily Injury and Property Damage for premises and operations; Personal Injury and Advertising for premises and operations; Independent Contractors (if any basis); Incidental Contracts; Contractual Liability; and Products and Completed Operations.

"Claims made" policies are unacceptable.

Minimum Limits: \$1,000,000 combined single limit, on an occurrence policy form.

BUSINESS AUTOMOBILE LIABILITY: Protection against loss of a result of liability to others caused by an accident and resulting in bodily injury and/or property damage, arising out of the ownership or use of any automobile. If CONTRACTOR has no owned automobiles, then only hired and non-owned automobile coverage are required.

Minimum Limits: \$1,000,000 per occurrence for bodily injury or property damage, combined single limit.

- B. **Public Entities/Self-Insured Status:** CONTRACTOR shall maintain status as a legally self-insured public entity for general liability and shall maintain a self-insured retention of three

hundred thousand dollars (\$300,000) per occurrence.

- C. **Professional Liability Insurance** (when the contract involves professional services such as engineering, architectural, legal, accounting, instructing, and consulting, professional liability insurance is required. If not contracting for professional services, delete this paragraph.) Professional liability insurance covering professional services shall be provided in an amount of at least \$1,000,000 per occurrence or \$1,000,000 on a claims made basis. However, if coverage is written on a claims made basis, the policy shall be endorsed to provide at least a two-year extended reporting provision.

- II. **Workers Compensation and Employers Liability:** CONTRACTOR shall carry full Worker's Compensation insurance coverage for all persons directly employed or volunteers, in carrying out the work under this contract, in accordance with the "Worker's Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any acts amendatory thereof. Employer's Liability statutory limits will apply. If CONTRACTOR has no employees, no Worker's Compensation coverage is required. If CONTRACTOR hires subcontractors to perform under this agreement, the CONTRACTOR shall assure that the subcontractor carries workers compensation insurance for all of its employees, who are required to be covered by applicable law.

- III. **Notice of Cancellation.** Each insurance policy shall be endorsed, and evidence of such endorsement shall be provided to the DISTRICT, that coverage not be suspended, voided, canceled, reduced in coverage or in limits, or material change in coverage, except after thirty (30) days prior written notice has been given to the DISTRICT. Ten-(10) days prior written notice of cancellation for non-payment of CONTRACTOR's insurance premium is permissible.

- IV. **Additional Insured:** It is mandatory that all of the above insurance policies (except workers compensation) shall include the DISTRICT as additional insured. The DISTRICT, its officials, trustees, agents, employees, and volunteers are to be covered as additional insured as respects liability arising out of activities performed by or on behalf of the CONTRACTOR.

- V. In addition, it is understood and agreed that the following be made a part of this Agreement.

- A. **Excess/Umbrella:** An excess policy or an umbrella policy (following form) may be utilized to meet the above-required limits of liability.
- B. **Supplementary Payments:** The above-stated limits of liability coverage for Commercial/Comprehensive General Liability, and Business Automobile Liability assumes that the standard "supplementary payments" clause will pay in addition to the applicable limits of liability and that these supplementary payments are not included as part of the insurance limits of liability. If any of the policies indicate that defense costs are included in the general aggregate limit, then the general aggregate limits must be a multiple of the per occurrence limits.
- C. **Contractors' Insurance as Primary:** The CONTRACTOR's insurance coverage shall be primary insurance. Any insurance or self-insurance maintained by the DISTRICT, its officials, trustees, agents, employees or volunteers shall be excess to the CONTRACTOR's insurance and shall not contribute with it.
- D. **Acceptability of Insurers:** Insurance is to be placed with admitted State of California insurers which have an A.M. Best's rating of no less than A: VII, or be an equivalent program of self-insurance.
- E. **District Risk Manager Exceptions:** Any exceptions to the above insurance requirements are subject to the concurrence of the DISTRICT'S Risk Manager.

LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

GOVERNING BOARD

Joe Franco, *Chairman*
 Mendy Schuster, *Vice Chairman*
 Chris Gallagher
 Tom Hammond
 Jeff Hemphill
 Kevin Stafford

Staff

Dan Newton
Air Pollution Control Officer
 Erik Edholm
Air Quality Engineer
 Angelina Chamblee
Administrative Staff Assistant

Meeting of November 12, 2019

To: Governing Board

From: Dan Newton, APCO

Subject: Woodsmoke Reduction Program Year 2

The Woodsmoke Reduction Program is a GGRF-funded program designed to replace high-polluting, uncertified wood stoves, wood inserts, and fireplaces used for primary home heating with cleaner burning, more efficient home heating devices. The 2018-2019 GGRF appropriation committed \$3,000,000 for this Program. The Program will be administered by CARB and implemented by the District in coordination with the California Air Pollution Control Officers Association (CAPCOA)

The District has been awarded a grant amount of \$112,689.09 to replace high-polluting, uncertified wood stoves, wood inserts, and fireplaces used for primary home heating with cleaner burning, more efficient home heating devices. \$102,110.84 is allocated to project funds, and \$10,588.24 is allocated to implementation and administrative costs.

The first year of the Program CAPCOA entered into a grant agreement with CARB to administer the program. The district then accepted a Memorandum of Understanding with CAPCOA. Year 2 funding requires the District to enter into a grant agreement with CARB to receive funding and administer the program. An amendment to the 19/20 fiscal budget is also required to receive and expend program funds.

Recommendation:

Approve Resolution 19-06 authorizing the APCO to execute a grant agreement with CARB for the Woodsmoke Reduction Program, accepting Program funds, follow the requirements of the Program, and to amend the District 19/20 fiscal budget.

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

RESOLUTION NO. 19-06

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPROVING YEAR 2 WOODSMOKE REDUCTION
PROGRAM GRANT FUNDING**

WHEREAS, the Woodsmoke Reduction Program is a GGRF-funded program designed to replace high-polluting, uncertified wood stoves, wood inserts, and fireplaces used for primary home heating with cleaner burning, more efficient home heating devices.

WHEREAS, the 2018-2019 GGRF appropriation committed \$3,000,000 for this Program. The Program will be administered by the California Air Resources Board (CARB) and implemented by the District in coordination with the California Air Pollution Control Officers Association (CAPCOA).;

WHEREAS, Lassen County Air Pollution Control District (District) has successfully implemented Woodstove Replacement projects in the past years to reduce emissions and improve air quality in Northeast Plateau, and seeks to continue to reduce emissions from uncertified, inefficient wood burning devices;

WHEREAS, the District has been awarded a grant from CARB for Year 2 of the program in the amount of \$112,689.09 to replace high-polluting, uncertified wood stoves, wood inserts, and fireplaces used for primary home heating with cleaner burning, more efficient home heating devices;

WHEREAS, the District is required to enter into a grant agreement with CARB and to commit to complying with all requirements of the grant agreement, as depicted in Exhibit A, to receive program funding;

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby authorizes the Air Pollution Control Officer to execute an agreement with CARB on behalf of the District, committing the District to comply with requirements of the grant agreement, as depicted in Exhibit A, and to receive program funding;

BE IT FURTHER RESOLVED that the Lassen County Air Pollution Control Board approves a budget amendment increasing expenditures and revenue as follows:

- 1) Increase Woodsmoke Reduction Program Revenue Line Item by \$102,110.84 to a total of \$102,110.84 for fiscal year 2019-20.
- 2) Increase Woodsmoke Reduction Program Administrative Revenue Line Item by \$10,588.24 to a total of \$10,588.24 for fiscal year 2019-20.
- 3) Increase Woodsmoke Reduction Program Expenditure Line Item by \$102,110.84 to a total of \$120,110.84 for fiscal year 2019-20.

The foregoing resolution was approved and adopted by the following vote of the Board on November 12, 2019.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

EXHIBIT A

Grant Provisions

1. GRANT SUMMARY AND CONTACT INFORMATION

- 1.1. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the following documents:
 - a. *Woodsmoke Reduction Program – Program Guidelines Fiscal Year 2018-19 Appropriation* (Program Guidelines) dated May 21, 2019, and found in Exhibit F of this Grant Agreement; and
 - b. The most recent version of the Climate Investments' Cap-and-Trade Auction Proceeds' *Draft Funding Guidelines for Agencies that Administer California Climate Investments* (Funding Guidelines), found on the Cap-and-Trade Auction Proceeds Funding Guidelines for Administering Agencies website at <https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies> and incorporated by reference herein.
- 1.2. The Woodsmoke Reduction Program (Program) is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment-particularly in disadvantaged communities. The Program as implemented at the air pollution control district or the air quality management district (District) is referred to as the Project.
- 1.3. California Climate Investments (CCI) logo and name serves to bring under a single brand the many investments whose funding comes from the Greenhouse Gas Reduction Fund (GGRF). The logo represents a consolidated and coordinated initiative by the State to address climate change by reducing greenhouse gases, while also investing in disadvantaged communities and achieving many other co-benefits. Grantee agrees to acknowledge the California Climate Investments program whenever projects funded, in whole or in part by this Agreement, are publicized in any news media, websites, brochures, publications, audiovisuals, or other types of promotional material. The acknowledgement must read as follows: 'This publication (or project) was supported by the "California Climate Investments" (CCI) program. Guidelines for the usage of the CCI logo can be found at <http://www.caclimateinvestments.ca.gov/logo-graphics-request>.



1.4. Grant Summary

Program Title: Woodsmoke Reduction Program 2018-2019

Grant Funding Amount: \$ 112,689.08

The Woodsmoke Reduction Program is a GGRF-funded program designed to replace high-polluting, uncertified wood stoves, wood inserts, and fireplaces used for primary home heating with cleaner burning, more efficient home heating devices. The 2018-2019 GGRF appropriation committed \$3,000,000 for this Program. The Program will be administered by CARB and implemented by the District in coordination with the California Air Pollution Control Officers Association (CAPCOA). The role of CAPCOA is to centralize and standardize Program implementation. This Program will further the goals of Assembly Bill 32 (Nunez, Chapter 488, Statutes of 2006) and related statutes (comprising Health and Safety Code Division 25.5) to reduce greenhouse gas emissions, as well as provide important co-benefits in reducing black carbon emissions and improving air quality.

Residents using uncertified wood stoves, wood inserts, or fireplaces as a primary home heating source in Districts awarded Program funds are eligible for incentives. The incentive amount will vary depending on the location of the residence and the household income, with households in disadvantaged or low income communities or low income households qualifying for higher incentives. The Program will include an outreach and educational component to ensure that households receiving incentives make informed decisions about how to burn and what to burn in order to maximize the efficiency of the device and minimize pollution.

1.5. Grant Parties and Contact Information

- a. This grant is from CARB to the Lassen County Air Pollution Control District (hereinafter referred to as Grantee). The Grantee will perform the activities outlined in Section 4, Scope of Work, and Attachment I, Grantee Scope of Work.
- b. The CARB Program Liaison is Kasia Turkiewicz or other designee appointed by CARB. Correspondence regarding this Program shall be directed to:

Kasia Turkiewicz
California Air Resources Board
Air Quality Planning and Science Division
Post Office Box 2815
Sacramento, California 95812
Phone: (916) 445-6497
Email: kasia.turkiewicz@arb.ca.gov

- c. The Grantee Liaison is Dan Newton or other designee appointed by Grantee. Correspondence regarding this Program must be directed to:

Mr. Dan Newton
Air Pollution Control Officer
Lassen County Air Pollution Control District
720 South Street
Susanville, California 96130
Phone: (530) 257-1045
Email: dnewton@cityofsusanville.org

- 1.6. Definitions for terms used in this Grant Agreement can be found in Section 16.

2. GOVERNING BOARD APPROVAL

- 2.1. Prior to the execution of this Grant Agreement, the Grantee is required to submit to CARB a resolution, minute order, or other approval of its governing board that authorizes the Grantee to enter into this Grant Agreement and that commits the Grantee to comply with the requirements of this Grant Agreement. Alternatively, the Grantee and CARB may execute this Grant Agreement before a Grantee has submitted this governing board resolution, minute order, or other approval to CARB; however, the Grantee may not perform work under this Grant Agreement, and no funding will be disbursed until the Grantee has submitted this governing board resolution, minute order, or other approval to CARB.

3. PROGRAM PERIOD

- 3.1. Performance of work or other expenses billable to CARB under this Grant may commence after full execution of this Grant Agreement by both parties and Grantee's submission to CARB of its governing board's resolution, minute order, or other approval, described in Section 2 of this Grant Agreement. Performance on this Grant ends once the Grantee has submitted a draft final report (Project Closeout) or if this Grant Agreement is terminated, whichever is earlier. If Grantee is selected for Project

Outcome Reporting, as described in Section 12.2.e, Grantee agrees to collect the data for a full tracking period of eighteen (18) months after the start of tracking. Project Outcome tracking and reporting may extend beyond Project Closeout.

- 3.2. Upon full expenditure of grant funds, the Grantee shall submit a Project Closeout report to the CARB Program Liaison (see Section 12.2.d of this Grant Agreement) after Program completion.
- 3.3. Funds that Grantee has not liquidated by June 30, 2022 must be returned to CARB within ninety (90) days, or by September 30, 2022. Expenditure of Project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.
- 3.4. If additional funding becomes available, the CARB Executive Officer in his sole discretion retains the authority to amend this Grant to provide additional disbursement to the Grantee to complete tasks related to the Scope of Work for this Grant Agreement.

4. SCOPE OF WORK

This section defines the nature of the Program and respective duties and requirements of CARB, the Grantee, and CAPCOA in implementing this Grant Agreement.

- 4.1. The Program will provide incentives towards the replacement of existing uncertified residential wood burning stoves, wood inserts, or fireplaces used for primary space heating with the Program-eligible replacement devices listed in Table 1.
- 4.2. Prior to May 15, 2020 wood heating devices with particulate matter emission rates not exceeding 2.0 grams/hour (g/hr), that are certified to either U.S. EPA “Step 1” or “Step 2” New Source Performance Standards (NSPS), qualify for the Program.¹ Starting on May 15, 2020 only wood heating devices with particulate matter emission rates not exceeding 2.0 grams/hours, that are certified to U.S. EPA “Step 2” NSPS, will be eligible for the Program.² Device eligibility will be determined at the time of application review and approval. The non-wood burning devices listed in Table 1 are eligible for the duration of the Program.

¹ Both Step 1 and Step 2 stoves with certified particulate matter emission rates of no more than 2.0 grams/hour are eligible. The list of U.S. EPA certified wood heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>

² The list of Step 2 compliant heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>.

Table 1. Replacement devices eligible for the Program

Before May 15, 2020	On or after May 15, 2020
Wood stove, wood insert, pellet stove, or pellet insert with particulate matter emission rates not exceeding 2.0 g/hr, that are certified to either U.S. EPA “Step 1” or “Step 2” NSPS ³	Wood stove, wood insert, pellet stove, or pellet insert with particulate matter emission rates not exceeding 2.0 g/hr, that are certified to U.S. EPA “Step 2” NSPS ⁴
Natural gas stove or insert	
Propane stove or insert	
Electric stove or insert	
Ductless mini-split heat pump	

4.3. CARB is responsible for the following:

- a. Participating in meetings with Grantee to discuss Program refinements and guide the administration of the Program.
- b. Reviewing and, if appropriate, approving Project elements provided by Grantee.
- c. Reviewing and, if appropriate, approving all grant disbursement requests and distribution of funds to Grantee.
- d. Working with Grantee and CAPCOA to develop templates for data and report submittals at both Program and Project levels.
- e. Providing Project oversight in conjunction with Grantee and CAPCOA.
- f. Ensuring Grantee complies, and ensures Project compliance, with applicable requirements of the Program Guidelines, Funding Guidelines, and this Agreement.
- g. Reviewing data and reports submitted by Grantee.
- h. Submitting semi-annual reports to the California Climate Investment Reporting and Tracking System (CCIRTS).
- i. Reviewing a sufficient number of Projects (number determined by CARB Program Liaison) each year to ensure proper Program implementation as directed by both Program and Funding Guidelines.

³ Both Step 1 and Step 2 stoves with certified particulate matter emission rates of no more than 2.0 grams/hour are eligible. The list of U.S. EPA certified wood heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>.

⁴ The list of Step 2 compliant heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>.

4.4. Grantee is responsible for the following:

Developing and implementing Project tasks as described below and in Attachment I, Grantee Scope of Work. Minimum duties and requirements of Grantee include:

- a. Implementing the Project as outlined in the Program Guidelines.
- b. Participating in a Project kick-off meeting or conference call with CARB staff and CAPCOA before work begins. The purpose of the initial meeting will be to discuss the overall plan, Program schedule, Project reporting, and any issues that may need to be addressed.
- c. Participating in more frequent meetings that may be scheduled at the discretion of the CARB Program Liaison, CAPCOA, and the Grantee.
- d. Ensuring that all Project tasks are completed during the period of this grant.
- e. Apprising the CARB Program Liaison of any delays in implementing the scope of work below.
- f. Overseeing the Project budget and funds.
- g. Abiding by the insurance requirements in Section 10 of this Grant Agreement.
- h. Collecting and maintaining records in accordance with Section VI of the Program Guidelines as well as Section 7 of this Grant Agreement to comply with reporting and program review requirements.
- i. Ensuring that only licensed professionals will be used to perform services under this Grant Agreement. Professional installers could participate in the Program if they have a minimum of three (3) years of experience installing home heating devices to manufacturer specifications and possess an appropriate active license issued by the California Contractors State License Board throughout the life of the contract. Exhibit B lists acceptable licenses for each type of installation.
- j. Coordinating with CAPCOA on the submission of required reports as specified in Section 12 of this Grant Agreement.
- k. Promoting the Program with the emphasis on disadvantaged and low-income communities and low-income households with the goal to distribute 75 percent of Project funds to these priority populations.

4.5. CAPCOA is responsible for the following:

- a. Serving as an intermediary between CARB and Grantee in Project implementation.
- b. Monitoring Grantee's progress in Project implementation and apprising CARB Program Liaison of any problems or delays.

- c. Communicating regularly with CARB and Grantee on Project implementation.
- d. Acting as a clearing house to facilitate the exchange of information, including Program-related forms, examples of advertisements, examples of reports and other related information, between Grantee and other Districts participating in the Program.
- e. Coordinating with Grantee on the submission of required reports consistent with Section 12.
- f. Submitting required reports to CARB consistent with Section 12.

5. FINANCIAL MATTERS AND GRANT DISBURSEMENTS

5.1. Budget

- a. The maximum amount of this Grant is **\$ 112,689.08**. Under no circumstance will CARB reimburse the Grantee for more than this amount. A written Grant Agreement amendment is required whenever there is a change to the amount of this Grant.
- b. The budget for this Project is shown in Exhibit C. Grant Disbursement Requests for the total Grant amount must not exceed the amount shown in Exhibit C. Project implementation costs also must not exceed the amount shown in Exhibit C. All of the Project implementation funds may be used for direct costs but indirect costs are limited to the amount shown in the Exhibit C, Budget Summary.
- c. The total funding may be reallocated by CARB at CARB's sole discretion in the event that the Grantee requests less than the total funds allocated for the Project for all Project activities performed during the term of the Grant Agreement.

5.2. Advance Payment

Consistent with the Legislature's direction to expeditiously disburse grants, CARB in its sole discretion may provide advance payments of grant awards in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

Grantee acknowledges that CARB is in the process of promulgating additional Advance Payment regulation. Grantee agrees that this Agreement may be reopened and modified to comply with those regulations once finalized, as appropriate.

Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments.

CARB may provide advance payments to Grantee of a grant program or project if CARB determines all of the following.

- a. The advance payments are necessary to meet the purposes of the grant project.
- b. The use of the advance funds is adequately regulated by grant or budgetary controls.
- c. The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.
- d. The Grantee is either a small air district or the Grantee meets all of the following criteria:
 - i. Has no outstanding financial audit findings related to any of the moneys eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.
 - ii. Agrees to revert all unused moneys to CARB if they are not liquidated within the timeline specified in the Grant Agreement.
 - iii. Submits a spending plan to CARB for review prior to receiving the advance payment. The spending plan shall include project schedules, timelines, milestones, and the Grantee's fund balance for all state grant programs
 - iv. CARB shall consider the available fund balance when determining the amount of the advance payment.
 - v. Reports to CARB any material changes to the spending plan within thirty (30) days.
 - vi. Agrees to not provide advance payment to any other entity.
- e. In the event of the nonperformance of the Grantee, CARB shall require the full recovery of the unspent moneys. The Grantee shall provide a money transfer confirmation within forty-five (45) days upon the receipt of a notice from CARB.
- f. The Grantee must complete and submit to CARB for review and approval, an Advance Payment Request Form, along with each grant disbursement that is requesting advance payment. The Advance Payment Request Form shall be provided by CARB to the Grantee after the grant execution.
- g. CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the Grantee's interim cash needs.
- h. The Grantee assumes legal and financial risk of the advance payment.

- i. Grantee shall place funds advanced under this section in an interest-bearing account. Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in Sections 4, 8, 9, and 17 or will be returned to CARB.
- j. Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with Section 12 of this Grant Agreement.
- k. Grantee shall remit to CARB any unused portion of the advance payment and interest earned within ninety (90) days following the end date of this Grant Agreement term on June 30, 2022, or the reversion date of the appropriation, whichever comes first.

5.3. Grant Disbursement

All disbursements from the total Grant award will be made following CARB's review and approval of any Grant Disbursement Request Forms.

- a. CARB shall disburse funds in accordance with the California Prompt Payment Act, Government Code Section 927, et. Seq.

6. **SUSPENSION OF PAYMENT AND GRANT AGREEMENT TERMINATION**

- 6.1. CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. The grant suspension order will be in effect until the dispute has been resolved or the Grant Agreement has been terminated. If the Grantee chooses to continue work on the Project after receiving a grant suspension order, the Grantee will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the Grant Agreement. If CARB rescinds the suspension order and does not terminate the Grant Agreement, CARB at its sole discretion will reimburse the Grantee for any expenses incurred during the suspension that CARB deems reimbursable in accordance with the terms of the Grant Agreement.
- 6.2. CARB reserves the right to terminate this Grant Agreement upon thirty (30) days' written notice to the Grantee, if CARB determines that the Program has not progressed satisfactorily after conducting a Project review (Section 11.5 of this Grant Agreement) or if the Grantee has violated the grant agreement and the Grantee and CARB have been unable to agree on modifications to the Project. In case of early termination, the Grantee will submit a Progress Report covering activities up to, and including, the termination date and following the requirements specified herein and in Section 12.
- 6.3. CARB reserves the right to immediately terminate this Grant Agreement in accordance with general grant provisions outlined in Section 15.

- 6.4. CARB or its designee may recoup funds that were received based upon misinformation or fraud, or for which a Grantee, District, or subcontractor is in significant or continual non-compliance with the terms of this grant or State law. CARB also reserves the right to prohibit any entity from participating in future projects, due to non-compliance with Program requirements. Examples of Program deficiencies include.
- a. Replacing a wood stove, wood insert, or fireplace not eligible for the Program;
 - b. Installing a device not eligible for the Program;
 - c. Issuing an Enhanced Incentive to an ineligible Applicant;
 - d. Failing to properly document each change-out;
 - e. Failing to properly dispose of the old stove;
 - f. Allowing an Applicant to install his/her replacement device; and
 - g. Failing to submit required reports.

7. PROJECT RECORDS

- 7.1. Grantee will develop and maintain accounting procedures as further described below. Project records include but are not limited to Grantee's financial and other records. All Project records must be retained by the Grantee for a period of three (3) years after the final Project funds liquidation date of June 30, 2022 and shall be stored in a secured and safe storage facility that maintains confidentiality and provides fire and natural disaster protection. All Project records are subject to program review and State audit pursuant to Section 13 of this Grant Agreement. Upon completion of the third (3rd) year of record retention, the Grantee shall take all reasonable steps to dispose, or arrange for the disposal, of records containing Personally Identifiable Information by (a) shredding, (b) erasing, or (c) otherwise modifying the personal information in those records to make it unreadable or undecipherable through any means.
- 7.2. Without limitation of the requirement to maintain Project accounts in accordance with generally accepted accounting principles, the Grantee must:
- a. Establish an official file for the Project that will adequately document all significant actions relative to the Project.
 - b. Establish separate accounts that will adequately and accurately depict all amounts received and expended on the Project.
 - c. Establish an accounting system that will adequately depict final total costs of the Project, including both direct and indirect costs.
- 7.3. Other records include all deliverables required under Section 12 of this Grant Agreement and those specified in the Program Guidelines.

- 7.4. Grantee will ensure that applicants are made aware that information collected under the auspices of this Program, with the exception of confidential or personally identifiable information as noted in Section 15.23 of this Grant Agreement, may be made publically available to the extent allowed by federal, State, and local laws and regulations.

8. DOCUMENTATION OF USE OF PROJECT FUNDS

- 8.1. The Grantee must maintain documentation of all Project funds including the following:
- a. Application, including affidavit of primary source of heat;
 - b. Verification of old device eligibility;
 - c. Verification of new device eligibility;
 - d. Verification of income (if applicable);
 - e. Copy of final permit (City, County, or State);
 - f. Photographic evidence of change-out completion, including “before” and “after” photos showing the devices in relation to the room where they were/are installed;
 - g. Verification of destruction of uncertified stove (including recycling if available locally) or, where applicable, verification of rendering fireplace and chimney permanently inoperable;
 - h. Verification that the resident was trained on device operation and maintenance and, if applicable, following best practices in wood storage and wood burning for residential space heating; and
 - i. Invoices from installer and a verification of payment.

If selected for a Program Review, Grantee must make this documentation available to CARB staff. An abbreviated listing of completed change-outs and associated costs must be submitted to CARB with each quarterly Fiscal Report.

9. DOCUMENTATION OF USE OF PROJECT IMPLEMENTATION FUNDS

- 9.1. Project implementation funds may be used for implementing the tasks identified in the Scope of Work. The total cost of implementing the Project must not exceed the amount specified in Exhibit C, Budget Summary. All of the Project implementation funds may be used for direct costs but indirect costs are limited to the amount shown in the Exhibit C, Budget Summary.
- 9.2. Project implementation costs include cost of labor and expenses directly related to implementing the Project (direct cost) as well as costs not tied directly or solely to the Project (indirect costs also referred to as

administrative costs).

- a. Direct project implementation costs, directly related to implementing the Project, include the following:
 - i. The Grantee's personnel costs;
 - ii. Fringe benefit costs;
 - iii. Operating costs (including rent, supplies, and equipment);
 - iv. Travel expenses and per diem rates set at the rate specified by California Department of Human Resources (CalHR)⁵;
 - v. Overhead;
 - vi. Consultant fees (if pre-approved by CARB); and
 - vii. Printing, records retention, and mailing costs.
- b. Indirect project implementation costs, not tied directly or solely to the Project, also referred to as administrative costs, include the following:
 - i. Distributed administration and general administrative services;
 - ii. Non-project related contracts or subscriptions;
 - iii. Rent and office space, phones and telephone services, printing, or mailing services not associated with staff working on the project; and
 - iv. Any other costs that are not directly and fully incurred to support the grant.

- 9.3. The Grantee must maintain documentation of all direct and indirect Project implementation costs, including the following:
 - a. Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to Project administration.
 - b. Administration funds for subcontractor(s) must be documented with copies of the contract and any applicable invoices.
 - c. Printing, mailing, records retention, and travel expenses must be documented with receipts and/or invoices.
 - d. Any reimbursement for necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB. CalHR's travel and per diem reimbursement amounts may be found online at <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>. Reimbursement must be at the State travel

⁵ Under no circumstances should the Grantee exceed travel expenses and per diem rates set by CalHR.

and per diem amounts that are current as of the date costs are incurred by the Grantee; and

- e. If indirect costs are used to document administration funds for the Project, the Grantee must indicate how these costs are determined.
- 9.4. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for a minimum of three (3) years after the final Project funds liquidation date of June 30, 2022.
- 9.5. The above documentation must be provided to CARB in the Final Report.

10. INSURANCE REQUIREMENTS

10.1. General Provisions

- a. Coverage Term: Coverage needs to be in force for the complete term of the Project agreement. If insurance expires during the term of the Project agreement, a new certificate must be received by the State at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the Project agreement.
- b. Policy Cancellation or Termination and Notice of Non-Renewal: Installer/contractor is responsible to notify the State within five (5) business days before the effective date of any cancellation, non-renewal, or material change that affects required insurance coverage. In the event installer/contractor fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate the Project agreement upon the occurrence of such event, subject to the provisions of this Grant Agreement.
- c. Deductible: Installer/contractor is responsible for any deductible or self-insured retention contained within their insurance program.
- d. Primary Clause: Any required insurance contained in the Project agreement shall be primary, and not excess or contributory to any other insurance carried by the State.
- e. Insurance Carrier Required Rating: All insurance companies must carry a rating acceptable to the Office of Risk and Insurance Management. If the installer/contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
- f. Endorsements: Any required endorsement must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

- g. Inadequate Insurance: Inadequate or lack of insurance does not negate the installer/contractor's obligations under the Agreement.
- h. Satisfying an SIR: All insurance required by this Grant Agreement or the Project agreements must allow the State to pay and/or act as the installer/contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the installer/contractor's agent in satisfying any SIR is at the State's discretion.
- i. Available Coverages/Limits: All coverage and limits available to the installer/contractor shall also be available and applicable to the State.
- j. Subcontractors/Manufacturers: In the case of installer/contractor's utilization of subcontractors/manufacturers to completed the contracted scope of work, installer/contractor shall include all subcontractors/manufacturers as insured's under installer/contractor's insurance or supply evidence of insurance to the State equal to policies, coverages, and limits required of installer/contractor.

10.2. Commercial General Liability

Installer/contractor shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per and \$2,000,000 aggregate for bodily injury and property damage liability. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured Project agreement. This insurance shall apply separately to each insured against which claim is made, or suit is brought subject to the installer/contractor's limit of liability. **The policy must name the State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.**

10.3. Automobile Liability

Installer/contractor shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. **The policy must name the State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the contract.**

In the event that the installer/contractor does not have any commercially owned motor vehicles, a no-owned autos waiver must be completed and retained in District files. A sample waiver form is included in Exhibit E of this Grant Agreement.

10.4. Workers' Compensation and Employers' Liability

Contractor must furnish to the State a certificate of insurance to remain in effect at all times during the term of this Agreement. Contractor shall maintain statutory workers' compensation and employers' liability for all its

employees who will be engaged in the performance of the Agreement. Employers' liability limits of \$1,000,000 are required. The policy must include:

When work is performed on State owned or controlled property the Workers' Compensation policy shall contain a waiver of subrogation in favor of the State. The waiver of subrogation endorsement shall be provided.

In the event that the installer/contractor does not have any employees, a worker's compensation statement of exemption form must be completed and retained in District files. An example exemption form is included in Exhibit E of this Grant Agreement.

11. PROGRAM MONITORING

- 11.1. Any changes to the Scope of Work or timeline for the Project requires the prior written approval of the CARB Program Liaison, and, depending on the scope and extent of the changes, may require a written Grant Agreement Amendment.
- 11.2. The Grantee must notify the CARB Program Liaison and Grant Coordinator immediately, in writing, if any circumstances arise (technical, economic, or otherwise), which might jeopardize completion of the Project, or if there is a change in key Project personnel.
- 11.3. The Grantee must coordinate with CAPCOA to provide information requested by the CARB Program Liaison that is needed to assess progress in completing tasks and meeting the objectives of the Project.
- 11.4. Any change in budget allocations, re-definition of deliverables, or extension of the Project schedule must be requested in writing to the CARB Program Liaison and approved by CARB, in its sole discretion. Such changes may require a written Grant Agreement Amendment.
- 11.5. CARB will review a sufficient number of Projects each year to ensure proper Program implementation. If Grantee is selected for Project review, CARB will contact Grantee Liaison at least thirty (30) days in advance. The Project review should include all books, papers, accounts, documents, photographs, and other records related to the Project for which Program funds were used. The Grantee will be expected to assign an employee familiar with the Project and accounting procedures to assist the CARB reviewer(s) and have the Project records, including cancelled warrants, readily available for inspection.

12. REPORTING

12.1. Data Flow

- a. The Grantee must coordinate with CAPCOA on the submittal of required Project and fiscal reports. If requested by CARB, Grantee will be responsible for submitting reports directly to CARB.

12.2. Project Reporting

- a. Project data are reported during each semi-annual reporting cycle. The reporting cycles cover December 1 through May 31 and June 1 through November 30. The reports are due to CARB on June 1 and December 1.
- b. Grantee shall submit an initial Project report called Awarded Report upon entering into a Project agreement with CARB. At this stage, Grantee must submit data with Project details and expected benefits. This report is submitted once during the first reporting cycle after signing the Agreement in a format agreed upon between the CARB Program Liaison and the Grantee.
- c. The Grantee shall submit Implementation Reports each reporting cycle. The Implementation Reports shall be provided in a format agreed upon between the CARB Program Liaison and the Grantee and will contain information on each change-out completed during the reporting cycle.
- d. When the Project is complete, the Grantee shall submit a Project Closeout Report. The Project Closeout Report shall be provided in a format agreed upon between the CARB Program Liaison and the Grantee. This report shall be submitted upon completion of the Project at the next reporting cycle.
- e. A subset of Projects (at least twenty-five (25) percent) will be selected by CARB for Project Outcome Reporting. If Grantee is selected for Project Outcome Reporting, Grantee shall submit a report in a format agreed upon between the CARB program Liaison and the Grantee. Project outcome tracking ends eighteen (18) months after the start of tracking. If selected, Grantee agrees to collect the data for a full tracking period, which may end after the Project Closeout.

12.3. Fiscal Reporting

- a. Following receipt of funds, Grantee will submit quarterly fiscal accounting reports (Fiscal Report) to CAPCOA detailing expenditure of funds by Grantee, including interest accrued on any Project funds received. The Fiscal Reports shall be provided in a format agreed upon between the CARB Program Liaison and the Grantee and needs to include an itemized invoice of all expenditures incurred during the quarter.

13. OVERSIGHT AND ACCOUNTABILITY

The Grantee must comply with all oversight responsibilities identified herein.

- 13.1. CARB or its designee may recoup Project funds which were received based upon misinformation or fraud, or for which a Grantee or its subcontractor(s), or a participant in the Project is in significant or continual non-compliance with the terms of this Grant Agreement or state law.
- 13.2. CARB or its designee reserves the right to review the Project at any time during the duration of this Grant Agreement the Grantee's costs of performing the Grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Grantee shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.
- 13.3. The Grantee shall retain all records referred to above and provide them for examination and Project review or State audit for three (3) years after the final Project funds liquidation date of June 30, 2022.
- 13.4. The Grantee shall develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, and of all funding sources.
- 13.5. CAPCOA will serve in an oversight role to centralize and standardize Program implementation. Grantee shall coordinate with CAPCOA on the submission of required reports.

14. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

- 14.1. CARB has determined that the Project funded by this Grant Agreement is exempt from CEQA; Grantee should ensure that the Project is implemented consistent with the Grant Agreement to maintain CEQA exempt status.

15. GENERAL PROVISIONS

- 15.1. **Potential sub-grantee:** Nothing contained in this Grant Agreement or otherwise shall create any contractual relation between CARB and any sub-grantees, and no sub-grant shall relieve Grantee of its responsibilities and obligations under this Grant Agreement. Grantee agrees to be as fully responsible to CARB for the acts and omissions of its sub-grantees and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by Grantee. Grantee's obligation to pay its sub-grantees is an independent obligation

from CARB's obligation to make payments to Grantee. As a result, CARB shall have no obligation to pay or to enforce the payment of any moneys to any sub-grantee. Grantee shall not sub-grant any services under this Grant Agreement without the prior approval in writing of CARB.

- 15.2. **Amendment:** No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties.
- 15.3. **Assignment:** This grant is not assignable by the Grantee, either in whole or in part, without the consent of CARB, in writing.
- 15.4. **Compliance with law, regulations, etc.:** The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal, State, and local laws, rules, guidelines, regulations, and requirements.
- 15.5. **Conflict of interest:** The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws.
- 15.6. **Disputes:** The Grantee shall continue with the responsibilities under this Grant Agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this Grant Agreement. However, any disagreements that cannot be resolved at the management level within thirty (30) days of when the issue is first raised with CARB staff in writing shall be subject to resolution by the CARB Executive Officer, or designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- 15.7. **Environmental justice:** In the performance of this Grant Agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
- 15.8. **Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Grant Agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.
- 15.9. **Force majeure:** Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this Grant Agreement or interruption of services resulting, directly or indirectly,

from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.

- 15.10. **Governing law and venue:** This grant is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this Grant Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.
- 15.11. **Indemnification:** The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee or any sub-grantee, and out of the operation of equipment that is purchased with funds from this Grant Award.
- 15.12. **Grantee's responsibility for work:** The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract, or sub-grantee's contract, for work on the Program or any project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- 15.13. **Independent contractor:** The Grantee, and its agents and employees, and sub-grantees, if any, in their performance of this Grant Agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
- 15.14. **Nondiscrimination:** During the performance of this Grant Agreement, the Grantee, sub-grantees, and their contractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. The Grantee and its third party entities shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter

5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

The Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Grant Agreement

- 15.15. **No third party rights:** The parties to this Grant Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Grant Agreement, or of any duty, covenant, obligation or undertaking establish herein.
- 15.16. **Prevailing wages and labor compliance:** If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this Grant Agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- 15.17. **Severability:** If a court of competent jurisdiction holds any provision of this Grant Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.
- 15.18. **Termination:** CARB may terminate this Grant Agreement by written notice at any time prior to completion of Projects funded by this Grant Agreement, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this Grant Agreement, within ten (10) days.
- 15.19. **Timeliness:** Time is of the essence in this Grant Agreement. Grantee shall proceed with and complete the Project in an expeditious manner.
- 15.20. **Waiver of rights:** Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Grant Agreement are in addition to any other rights and remedies provided by law.
- 15.21. **Availability of funds:** CARB's obligations under this Grant Agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this Grant Agreement.
- 15.22. **Confidentiality:** No record that has been designated as confidential by CARB, or is the subject of a pending application of confidentiality, shall be

disclosed by the Grantee. Any confidential information or data submitted to CARB by the Grantee may be shared with other divisions within CARB.

- 15.23. **Personally identifiable information:** Information or data that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this agreement in perpetuity, and shall not release or publish any such information or data.
- 15.24. **Ownership:** All information or data received or generated by the Grantee under this agreement shall become the property of CARB. No information or data received or generated under this agreement shall be released without CARB's approval. This does not prohibit Grantee from promoting the Program. Grantee shall follow the guidelines acknowledging CCI funding and logo use outlined in Section 1.3.
- 15.25. **Audit:** Grantee agrees that CARB, the Department of General Services, Department of Finance, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received. Grantee agrees to maintain such records for possible audit for a minimum of three (3) years after the term of this Grant is completed, unless a longer period of records retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include similar right of the State to audit records and interview staff in any Grant related to performance of this Agreement.

16. DEFINITIONS

- 16.1. **AB 32:** Assembly Bill 32, Global Warming Solutions Act, Nuñez, Chapter 488, Statutes of 2006.
- 16.2. **Administrative Costs (Also Referred to as Indirect Project Implementation Costs):** A subset of project implementation costs, not tied directly or solely to the Project, such as distributed administration and general administrative services; non-project related contracts or subscriptions; rent and office space, phones and telephone services, printing, or mailing services not associated with staff working on the Project; or any other costs that are not directly and fully incurred to support the grant.
- 16.3. **Applicant:** Individual resident requesting replacement of older wood stove or device.

- 16.4. **Awarded Project Report:** The initial Project report with Project details and expected benefits submitted to CAPCOA during the first reporting cycle after signing this Agreement following the reporting requirements in Section 12 of this Grant Agreement.
- 16.5. **CAPCOA:** California Air Pollution Control Officers Association.
- 16.6. **CARB:** California Air Resources Board.
- 16.7. **CCI:** California Climate Investments
- 16.8. **Change-out:** Replacement of individual wood stove (or other device).
- 16.9. **Direct Project Implementation Costs:** Costs of direct labor and expenses associated with implementing the Project. Examples include: outreach and education, application review and processing, processing payments, and data reporting.
- 16.10. **District(s):** Local air pollution control districts or air quality management districts.
- 16.11. **Enhanced Incentive:** A higher incentive given to low-income households and households located in disadvantaged or low-income communities.
- 16.12. **Funding Guidelines:** California Climate Investments' Cap-and-Trade Auction Proceeds' *Funding Guidelines for Agencies that Administer California Climate Investments* released on August 30, 2018.
- 16.13. **GGRF:** Greenhouse Gas Reduction Fund.
- 16.14. **Grantee:** Grant recipient.
- 16.15. **Implementation Costs:** Costs of implementing the Project including direct labor and expenses as well as any indirect expenses (also referred to as administrative expenses).
- 16.16. **Implementation Report:** An update on all incentives/upgrades that have been installed since the last reporting cycle for each change-out funded and overseen by Grantee. This report is submitted to CAPCOA following the reporting requirements in Section 12 of this Grant Agreement.
- 16.17. **Incentive:** The amount of funding given to an applicant to replace an uncertified wood stove, wood insert, or fireplace. The incentive amount will be determined by each District in coordination with CAPCOA but cannot exceed \$5,000.
- 16.18. **Indirect Project Implementation Costs:** Also defined as Administrative Costs.
- 16.19. **Installer:** A licensed professional contracted to remove the uncertified wood stove or insert and install the replacement device, possessing an appropriate active license, consistent with Exhibit B, issued by the California Contractors State License Board throughout the life of the contract, and have a minimum of three (3) years of experience of installing home heating devices to manufacturer specifications.

- 16.20. **Program:** Woodsmoke Reduction Program
- 16.21. **Program Guidelines:** CARB's May 21, 2019 *Woodsmoke Reduction Program – Program Guidelines Fiscal Year 2018-19 Appropriation*.
- 16.22. **Project:** Program implementation at the District level.
- 16.23. **Project Agreement:** The agreement entered into between the Grantee and any sub-grantee to implement the Program at the District level.
- 16.24. **Project Closeout:** The final report submitted by the Grantee to the CARB Program Liaison at the next reporting cycle after all funds have been expended or after the legal agreement between CARB and Grantee has ended.
- 16.25. **Project Outcome:** The report on outcomes of operational projects for at least twenty-five (25) percent of Projects. Project outcome tracking ends eighteen (18) months after the start of tracking. This report is submitted to CAPCOA following the reporting requirements in Section 12 of this Grant Agreement.
- 16.26. **Reporting Cycle:** Span of time used to report on Program progress. Program data are submitted semi-annually for the reporting cycles covering December 1 through May 31 (due to CARB June 1) and June 1 through November 30 (due to CARB December 1).
- 16.27. **Subcontractor:** District or Installer.
- 16.28. **Sub-grantee:** District or Installer or other entity that has entered into an agreement with Grantee or District(s) to perform services related to this Grant Agreement.

EXHIBIT A, Attachment I
Grantee Scope of Work

1. Grantee will provide incentives in Grantee's jurisdiction towards the replacement of existing uncertified residential wood burning stoves, wood inserts, or fireplaces used for primary residential heating with the Program-eligible replacement devices listed in Section 4 Table 1.
2. Grantee will ensure that incentives do not exceed the actual total change-out cost and are limited to a maximum of \$5,000 per property or household.
3. Grantee will promote the Program and help households understand the benefits of changing from an uncertified wood stove to a cleaner home heating device.
4. Grantee's goal should be to distribute seventy-five (75) percent of total funding to residents of disadvantaged and low-income communities and low-income households.
5. Grantee will keep records of each change-out, including the following:
 - a. Application including address, priority population designation and/or income verification (if applicable), affidavit of primary source of heat, and proof of eligible existing stove.
 - b. Verification of installation including proof of installer eligibility, proof of final inspections/permits, and proof of eligible replacement stove.
 - c. Verification of destruction of old stove and, if applicable, rendering the fireplace inoperable.
 - d. Verification of training.
 - e. Verification of payment and invoices from installers.
6. Grantee will provide a subset of this information, consistent with templates provided by CARB, to the CAPCOA coordinator for collection and preparation of Progress Reports to be submitted to CARB.
7. Grantee will ensure that change-out recipient is trained on proper wood storage and wood burning practices (if applicable) and device operation and maintenance.
8. Grantee will coordinate with CAPCOA on the preparation of required reports consistent with Section 12.

EXHIBIT B

Required License

Professional installers may participate in the Program if they have a minimum of three (3) years of experience installing home heating devices to manufacturer specifications and possess an appropriate active license issued by the California Contractors State License Board throughout the life of the contract. Acceptable license(s) for each type of installation are listed below.

License Class	Equipment Allowed to Install	Special Conditions
C61/D34	<ul style="list-style-type: none">• Wood stove/insert• Pellet stove/insert• Electric, propane, or natural gas stove/insert	As long as there are no modifications/alterations to the structure. Furthermore, a C61/D34 contractor cannot perform any masonry facing work associated with the stove/insert installation.
C20	<ul style="list-style-type: none">• Wood stove/insert• Pellet stove/insert• Electric, propane, or natural gas stove/insert,• Heat pump	
B	<ul style="list-style-type: none">• Wood stove/insert• Pellet stove/insert,• Electric, propane, or natural gas stove/insert,• Heat pump	A "B" contractor is allowed to install listed heating equipment if the installation was part of a larger project that included at least two unrelated trades. Framing and carpentry does not count towards the count of unrelated trades. Without performing additional trades or holding additional license, a B-contractor would be required to subcontract with an individual holding a C61/D34 or C20 License.

Exhibit C

Budget Summary

Category	Subcategory	Grant Amount
Project Funds		\$ 102,100.84
Project Implementation Funds*	Total	\$ 10,588.24
	Direct	\$ 5,294.12
	Indirect (Administrative Funds)	\$ 5,294.12
Total Grant Funds		\$ 112,689.08

* Project implementation costs must not exceed the Total amount shown in Exhibit C. All of the Project Implementation Funds may be used for direct costs but indirect costs are limited to the amount shown in the Exhibit C for Indirect (Administrative Funds).

Exhibit D

Project Schedule

Task	Milestone Description	Timeline
1	Execute Grant Agreement	No later than April 1, 2020
2	Transfer funds to Grantee	No later than June 30, 2020
3	Submit “Awarded” Reports to CARB	June 1, 2020 or December 1, 2020
4	Begin project installations	Upon receiving funds
5	Submit “Implemented” Reports	Each reporting cycle
6	Submit “Project Outcome” Reports for subset of projects, as requested by CARB Liaison	Each reporting cycle
7	Submit quarterly fiscal accounting reports	Each calendar quarter
8	Complete project installations	June 30, 2022
9	Submit “Closeout” report upon completion of the project at the next reporting cycle	No later than December 1, 2022
11	Submit final “Project Outcome” Reports for subset of projects, as requested by CARB Liaison	Up to 18 months after installations are complete

Exhibit E

Insurance Waiver Forms and Examples

Automobile Liability

Contractor's name and address on company stationary

Current Date

Department Name

Re: No Owned Autos

To Whom It May Concern:

Please know and mark your records to show that (contractor's name) does not own any automobiles.

Should (contractor's name) purchase an auto(s) during the term of its contract with (Department Name) it will obtain owned auto coverage and provide evidence to (Department Name).

Sincerely,

Name/Title of Owner, Member, Partner or Corporate Owner of the Contractor

Exhibit E: Insurance Waiver Forms and Examples (continued)

Workers' Compensation and Employers' Liability

Workers' Compensation Statement of Exemption

Contractor must submit this form to State of California, certifying under penalty of perjury that he or she does not employ anyone in a manner that is subject to the Workers' Compensation laws of California (see Business and Professions Code Section 7125).

DO NOT SUBMIT THIS FORM IF YOU HAVE EMPLOYEES

For exemption from workers' compensation, you must complete the requested information and sign form.

Please type or print neatly and legibly in black or dark blue ink.

SECTION 1 – REQUIRED INFORMATION

CONTRACTOR'S NAME	CONTRACT NUMBER	STATE DEPARTMENT
MAILING ADDRESS <small>number/street or P.O. box</small>	city	state ZIP code
STREET ADDRESS <small>number/street only – NO P.O. boxes</small>	city	state ZIP code
PHONE NUMBER	CELL PHONE NUMBER	EMAIL ADDRESS

SECTION 2 – REQUIRED CHECK BOX

YOU MUST CHECK ONLY ONE OF THE BOXES BELOW.

- ☐ I do not employ anyone in the manner subject to the workers' compensation laws of California.
- ☐ I am an out-of-state contractor, and I do not hire employees who reside in California. (You must provide a certificate of insurance from your workers' compensation insurance carrier).

SECTION 3 – REQUIRED SIGNATURE

I certify under penalty of perjury under the laws of the State of California that the information provided on this exemption statement is true and accurate. I understand that, upon employing anyone in a manner that is subject to the workers' compensation law of the State of California, the claim of exemption executed under this form will no longer be valid. I also understand that, as soon as I employ anyone subject to California's workers' compensation law, I must obtain a Certificate of Workers' Compensation Insurance, submit that certificate to State of California within 90 days of its effective date, and continuously maintain the coverage provided by the certificate in accordance with the law and as required by this contract. I further understand that failure to comply with this requirement is grounds for disciplinary action.

Date	Signature of Contractor (Owner, Partner, or Officer)	Printed Name of Contractor (Owner, Partner, or Officer)

Exhibit F

Woodsmoke Reduction Program Program Guidelines Fiscal Year 2018-2019

Woodsmoke Reduction Program - Program Guidelines Fiscal Year 2018-2019
Appropriation
May 21, 2019

Woodsmoke Reduction Program

Program Guidelines

FISCAL YEAR 2018-2019 APPROPRIATION

May 21, 2019



This page intentionally left blank

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
I. Program Goals and Objectives	2
II. Stove Eligibility and Performance Standards	4
A. Existing Wood Stove	4
B. Replacement Device	5
III. Eligible Change-outs	6
IV. Eligible Cost	8
V. Eligibility	9
VI. Approval Process	10
VII. GHG Reductions	13
VIII. Outreach and Education	13
IX. Co-benefits.....	14
X. Key Dates and Deadlines.....	14
XI. Reporting and GHG Quantification.....	15
XII. Disbursement of Funds	16
XIII. Program Review.....	16

EXECUTIVE SUMMARY

The Woodsmoke Reduction Program is part of California Climate Investments (CCI), a statewide program that puts billions of cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment—particularly in disadvantaged communities. The cap-and-trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. CCI projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling and much more. Statute establishes investment minimums for disadvantaged and low-income communities and low-income households. For more information, visit [California Climate Investments](https://www.arb.ca.gov/our-work/programs/california-climate-investments).¹

Senate Bill 563² establishes the Woodsmoke Reduction Program (Program) to be administered by the California Air Resources Board (CARB) to promote the voluntary replacement of old wood-burning stoves with cleaner and more efficient alternatives. The bill also authorizes money from the Greenhouse Gas Reduction Fund (GGRF) to be allocated for incentives offered as part of the Program. The State Legislature committed \$5,000,000 in fiscal year 2016-2017³ and \$3,000,000 in fiscal year 2018-2019⁴ to CARB to incentivize replacement of old, uncertified wood-burning devices with cleaner options. The Program, administered by CARB, is being implemented by the California Air Pollution Control Officers Association (CAPCOA) in coordination with local air pollution control districts or air quality management districts (Districts). CAPCOA will determine how much funding will be available to each District participating in the Program. The Program implemented in each participating District is considered a Project while an individual woodstove replacement is called a change-out. CARB developed Program Guidelines (Guidelines) to help CAPCOA and Districts set up Projects that meet the State's statutory requirements and policy objectives for appropriations from GGRF. The first set of Guidelines, addressing the 2016-2017 appropriation, were published on September 9, 2017.⁵ The current Guidelines address the 2018-2019 appropriation. The Program is designed to help households replace an uncertified wood stove or wood insert, or a fireplace used as a primary source of heat with a cleaner burning and more efficient device. The replacement devices emit less greenhouse gases (GHG) and other air pollutants; they also are less likely to start fires than old stoves that may have been improperly installed. The Program will offer incentives towards the purchase and installation of the qualifying device. California residents using uncertified wood stoves or wood inserts, manufactured before July 1, 1988, or fireplaces as a primary heat source in Districts awarded Program funds

¹ <https://www.arb.ca.gov/our-work/programs/california-climate-investments>

² Lara, Chapter 671, Statutes of 2017.

³ Assembly Bill (AB) 1613, Committee on Budget, Chapter 370, Budget Act of 2016, Item 3900-101-3228, Section 10, Provision 4.

⁴ Senate Bill (SB) 856, Committee on Budget, Chapter 30, Budget Act of 2018, Item 3900-101-3228, Section 36, Provision 2.

⁵ https://www.arb.ca.gov/planning/sip/woodsmoke/reduction_program.htm.

are eligible for this Program. The incentive amount will vary depending on the location of the residence and the household income, with some households qualifying for full replacement cost. The Program will include an outreach and educational component to ensure that households make informed decisions about how to burn and what to burn in order to maximize the efficiency of the device and minimize pollution. This Program will further the goals of California Health and Safety Code Division 25.5,⁶ reduce GHG emissions, improve air quality, and protect the health, safety, and well-being of California residents.

These Program Guidelines apply to the Fiscal Year (FY) 2018-19 GGRF appropriations and will be updated in future years if the Program is reauthorized with additional funds. The replacement of existing wood burning devices with cleaner technologies provides an important opportunity to secure the co-benefit of reduced regional and near-source exposure to woodsmoke. Therefore, contingent on reauthorization and funds, future guidelines will continue to maximize GHG reductions and also prioritize particulate pollution reductions, while still addressing the need to provide applicants within low income communities or households funding for cleaner home heating options. This includes considering opportunities to include applicants from urban areas that exceed particulate matter air quality standards where wood burning may not be a primary heat source. Future guidelines can also consider administrative streamlining based on the experience gained through implementation.

I. PROGRAM GOALS AND OBJECTIVES

The Program furthers the goals of Health and Safety Code Division 25.5 and reduces GHG emissions by offering incentives toward the replacement of existing uncertified residential wood burning devices used for space heating with cleaner options. For the purpose of this Program, a stove refers to a permanently installed free-standing wood stove, pellet stove, natural gas stove, propane stove, or electric stove or one installed in a masonry fireplace cavity or other enclosure (commonly referred to as an insert). The Program will be funded through the appropriation of \$3,000,000 in the FY 2018-2019 from the Greenhouse Gas Reduction Fund.⁷ The Program, administered by CARB, will be implemented by CAPCOA in coordination with Districts. CAPCOA will determine how much funding will be available to each District participating in the Program. To be eligible for the Program, a homeowner or renter, for the purpose of this document referred to as an Applicant, must currently use an uncertified wood stove, wood insert, or fireplace as a primary heat source. The incentive amount will depend on where the property is located and Applicant's household income, with some households qualifying for full replacement cost. The Program will maximize benefits to households in disadvantaged or low-income communities and low-income households and has as a

⁶ Appropriations from the GGRF must further the purposes of Health and Safety Code Division 25.5, added and amended by AB 32 (Global Warming Solutions Act of 2006, Pavley and Nuñez, Chapter 488, Statutes of 2006), SB 32 (Pavley, Chapter 249, Statutes of 2016), AB 197 (E. Garcia, Chapter 250, Statutes of 2016), and AB 398 (E. Garcia, Chapter 135, Statutes of 2017).

⁷ Item 3900-101-3228 of the Budget Act of 2018, as amended by SB 856 (Committee on Budget, Chapter 30, Budget Act of 2018).

goal to distribute 75 percent of the total funding to these priority populations.⁸ Applicants residing in a census tract identified as a disadvantaged⁹ or low-income¹⁰ community can qualify for higher incentives. Applicants residing outside of a census tract identified as a disadvantaged or low-income community, who can demonstrate low-income eligibility based on household income, can also qualify for higher incentives.¹¹ All other Applicants are eligible for lower incentives. Benefits to disadvantaged and low-income communities and low-income households will be evaluated using criteria listed on the CCI Quantification, Benefits, and Reporting Materials website.¹² Projects are expected to meaningfully address an important community need by reducing exposure to local environmental contaminants, such as toxic air contaminants and criteria air pollutants.

The existing uncertified wood stove, wood insert, or fireplace must be replaced with a certified wood stove, pellet stove, natural gas stove, propane stove, electric stove, or ductless mini-split heat pump. The Program will achieve GHG emission reductions from the increased efficiency and reduced emissions of the newly installed devices. Older, uncertified wood stoves are often inefficient, high-polluting, and may pose a fire risk. United States Environmental Protection Agency (U.S. EPA) certified wood stoves burn more cleanly and efficiently, thereby reducing greenhouse gas and particulate matter emissions. Replacing an uncertified wood stove, wood insert, or fireplace with a qualified replacement home heating option will reduce the overall GHG emissions. Co-benefits include significant and long-term reductions in emissions of criteria pollutants and toxic air contaminants, along with reduced fire risk.

The replacement device must be installed by a professional, appropriately licensed stove installer (Installer) and meet local fire and building codes. A professionally installed device will improve the health, safety, and comfort of all residents. To ensure reductions in emissions are permanent, any stove removed through this Program must be rendered permanently inoperable and recycled, if recycling is available in the area. The Program will include outreach and educational components to both inform residents

⁸ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency (CalEPA) per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550.

⁹ Disadvantaged community census tracts are identified by CalEPA per [SB 535](#) (De León, Chapter 830, Statutes of 2012), and available at <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>

¹⁰ Low-income communities are defined as census tracts with a median household income at or below 80 percent of the statewide median household income or with a median household income at or below the threshold designated as low-income by Department of Housing and Community Development's State Income Limits adopted pursuant to the Health and Safety Code Section 50093 ([AB 1550](#) (Gomez, Chapter 369, Statutes of 2016)). Maps of low-income communities are available at <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>

¹¹ Low-income households are those with household incomes at or below 80 percent of the statewide median household income or with household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093. ([AB 1550](#) (Gomez, Chapter 369, Statutes of 2016)) Districts will be responsible for verifying household income eligibility.

¹² Available at: <https://ww2.arb.ca.gov/resources/documents/ccj-quantification-benefits-and-reporting-materials>

about the benefits of switching to cleaner burning home heating devices and train them on the proper operation and maintenance to maximize the device efficiency and minimize pollutant emissions.

The Program implemented in each participating District will be considered a Project. The Project will comprise all of the change-outs, for which Program funds are being used, within the District's jurisdiction along with the administrative work required to implement them.

II. STOVE ELIGIBILITY AND PERFORMANCE STANDARDS

A. Existing Home Heating Devices

To be eligible for the Program, an Applicant must be currently relying on an operational uncertified wood stove or insert, or fireplace, as a primary source of heat in the residence.

An uncertified stove or insert is one that has not been certified by the U.S. EPA to comply with the performance and emission standards as defined in Title 40 Code of Federal Regulations, Part 60, Subpart AAA, February 28, 1988, or any subsequent revisions. In order to determine if the existing stove is uncertified, Applicant may do the following:

- Determine when the stove was installed. Stoves installed before July 1, 1988 do not comply with the particulate emission standards and therefore qualify for this Program.
- Check the stove model against the U.S. EPA current¹³ and historical¹⁴ list of certified wood heaters. If the stove's manufacturer and model is not on the current and historical lists, the stove is considered uncertified.
- Check the back of the stove for a certification label. Stoves which do not have any label describing particulate matter emission standards qualify for this Program. Wood stoves certified by the U.S. EPA to comply with any of the particulate emission standards are not eligible for replacement through this Program. These stoves will have a label, similar to that pictured in Figure 1, permanently affixed to them stating that the stove is certified to comply with the 1988, 1990, 2015, or 2020 U.S. EPA standards.

Applicants will determine the eligibility of their current wood stove. Applications will be reviewed by the District to determine if preliminary qualification requirements have been

¹³ Current list of U.S. EPA certified wood heaters: <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>

¹⁴ Historical list of U.S. EPA certified wood heaters: <https://www.epa.gov/compliance/historical-list-epa-certified-wood-heaters>

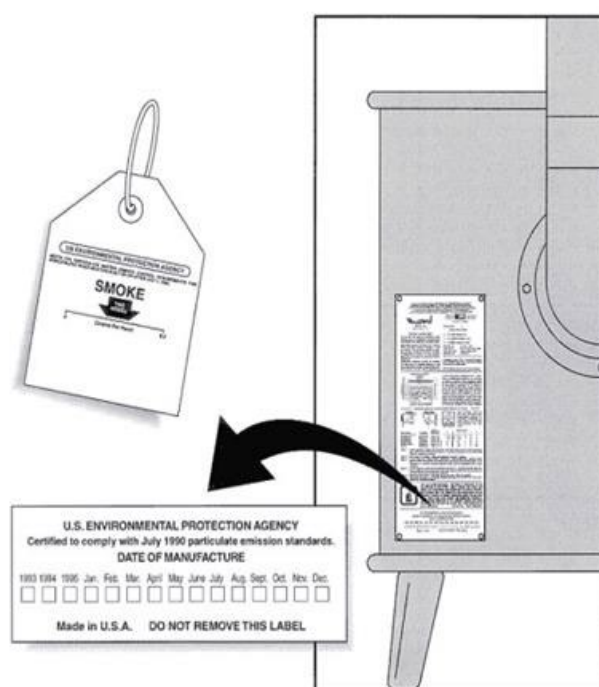
met. The stove's eligibility will be verified by the District or an Installer during an in-home estimate.

An Applicant using a fireplace as a primary source of heat could also qualify for this Program. Section III, Eligible Home Heating Replacements, includes more information on how to qualify for this type of change-out.

Only operational devices, currently installed in a residence, and used as a primary source of heat qualify for this Program. Applicants who remove the device prior to an in-home estimate will be disqualified.

Figure 1. U.S. EPA Stove Certification Label

EPA certification label circa 1988 to present



B. Replacement Device

The uncertified wood stove or insert, or fireplace, must be replaced by a cleaner-burning and more efficient alternative. Table 1 lists Program-eligible replacement devices. Prior to May 15, 2020, wood heating devices with particulate matter emission rates not exceeding 2.0 grams/hour (g/hr), that are certified to either U.S. EPA “Step 1” or “Step 2” New Source Performance Standards (NSPS) qualify for the Program.¹⁵ Starting on May 15, 2020, only wood heating devices with particulate matter emission

¹⁵ Both Step 1 and Step 2 stoves with certified particulate matter emission rates of no more than 2.0 grams/hour are eligible. The list of U.S. EPA certified wood heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>

rates not exceeding 2.0 grams/hours, that are certified to U.S. EPA “Step 2” NSPS, will be eligible for the Program.¹⁶ The non-wood burning devices listed in Table 1 are eligible for the duration of the Program.

Table 1. Replacement devices eligible for the Program

Before May 15, 2020	On or after May 15, 2020
Wood stove, wood insert, pellet stove, or pellet insert with particulate matter emission rates not exceeding 2.0 g/hr, that are certified to either U.S. EPA “Step 1” or “Step 2” NSPS ¹⁷	Wood stove, wood insert, pellet stove, or pellet insert with particulate matter emission rates not exceeding 2.0 g/hr, that are certified to U.S. EPA “Step 2” NSPS ¹⁸
Natural gas stove or insert	
Propane stove or insert	
Electric stove or insert	
Ductless mini-split heat pump	

The replacement device must be permanently installed by a professional, appropriately licensed Installer participating in this Program. A list of participating Installers will be established by CAPCOA or each participating District. Self-installation of heating devices will not be allowed under this Program. Portable home heating devices, not permanently affixed to the home structure, are not eligible replacement options. Any building permits or other required approvals shall be obtained per local or State ordinances and shall be the responsibility of the Installer or the Applicant. Districts will be responsible for verifying that each change-out is permitted and inspected in accordance with State or local ordinances before payment is issued to the Installer or the Applicant.

III. ELIGIBLE CHANGE-OUTS

Applicants interested in upgrading their uncertified wood stove or wood insert, or fireplace to a U.S. EPA certified wood stove or other cleaner, more efficient heating device qualify for this Program if they meet all of the requirements listed below:

¹⁶ The list of Step 2 compliant heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>. U.S. EPA has requested comment on postponing the compliance deadline for retail of non-Step 2-compliant heaters and pellet stoves and inserts (83 Fed. Reg. 61,574 (Nov. 30, 2018)). Regardless of any postponement of the compliance deadline, the Woodsmoke Reduction Program will only offer incentives toward change-outs with Step 2-compliant devices after May 15, 2020.

¹⁷ Both Step 1 and Step 2 stoves with certified particulate matter emission rates of no more than 2.0 grams/hour are eligible. The list of U.S. EPA certified wood heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>.

¹⁸ The list of Step 2 compliant heaters can be found at <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>. U.S. EPA has requested comment on postponing the compliance deadline for retail of non-Step 2-compliant heaters and pellet stoves and inserts (83 Fed. Reg. 61,574 (Nov. 30, 2018)). Regardless of any postponement of the compliance deadline, the Woodsmoke Reduction Program will only offer incentives toward change-outs with Step 2-compliant devices after May 15, 2020.

- Currently use wood as a primary fuel;
- Use an uncertified wood stove or wood insert, or a fireplace, currently operational, as a primary source of heat;
- Select a replacement device which meets stove eligibility in Section II;
- Plan to have the replacement device professionally installed by a participating Installer;
- Agree to receive training on proper wood storage and wood burning practices (if applicable) and device operation and maintenance; and
- Surrender their old wood stove or insert to the Installer who will render it permanently inoperable and recycle it, if recycling is available in the area.

This Program provides incentives for one replacement per household. Households that previously received Program incentives are not eligible. The replacement device must be a primary source of heat in the house. The Program is available for residences occupied by owners or long-term renters. In the case of rental properties, formal approval from both the property owner and the renter will be required as part of the approval process. In order to qualify for an incentive, the owner will have to agree to not raise the rent of the unit for a period of two years or evict the unit's residents because of increased value of the unit due solely to the newly installed home heating device. Retroactive rebates are not available under this program, so Applicants who remove the old device or purchase a new replacement device prior to being approved for this Program will be disqualified. The old, uncertified device must be rendered permanently inoperable and recycled, if recycling is available in the area, before payment can be issued to the Installer.

Burning wood in a fireplace is very inefficient for home heating purposes; fireplaces are therefore not typically used as a primary source of heat. In rare situations, when an Applicant uses a fireplace as a primary source of heat, the Applicant may qualify for the Program. If the existing fireplace is structurally sound, the Program may offer an incentive to be used towards purchase and installation of a fireplace insert utilizing wood, natural gas, propane, or electricity. However, if the fireplace is lacking structural integrity, the incentive could be used towards the purchase of an eligible free-standing home heating device. In this case, the fireplace and chimney must be rendered permanently inoperable to prevent use of the fireplace. Verification of inoperability would be the responsibility of the District.

Installers interested in participating in this Program must agree to the Program's terms and conditions by signing an agreement with CAPCOA or the District. Each District will establish their own requirements, but at a minimum, in order to participate in the Program, the Installer will be required to agree to the following:

- Abide by the terms and conditions of the Program;
- Unless verified by the District, verify that the old device and the replacement device qualify for the Program;

- Conduct professional installation of the qualified device in compliance with all applicable State, county, or city codes/ordinances;
- Provide residents with training on device operation and maintenance and, if applicable, for wood burning devices, best practices in wood storage and wood burning; and
- Render the old device inoperable and recycle it, if recycling is available in the area.

Only Installers who have a signed agreement with CAPCOA or the District will be eligible to participate in the Program. Installers will be responsible for ensuring that all installations are done in accordance with any applicable State, county, or city codes/ordinances, including obtaining any applicable permits and having the installation inspected. Agreements must include the components required by this document and should include key milestone dates and participant requirements for maintaining eligibility prior to Project completion.

IV. ELIGIBLE COST

Eligible change-outs costs include the cost of the new device including sales tax, installation including any parts, materials, permits, or labor required for the safe and legal installation of the new device, and removal and disposal of the old wood stove or insert. The Installer will be required to provide a base estimate for the installation of a basic model that will be safe, clean-burning, and efficient. Upgrades above the base estimate will be paid by the Applicant. The incentive structure will be determined by CAPCOA or each individual District but incentives can't exceed the actual total change-out cost and are limited to a maximum of \$5,000 per property or household. Districts will pay the Installer (voucher model) or Applicant (rebate model) the approved incentive amount. Any additional balance due will be paid by the Applicant.

Applicants who remove the high-polluting device or purchase a new device prior to being approved for this Program will be disqualified from obtaining compensatory funds. Wood stoves or inserts designed exclusively for aesthetic and decorative use are not eligible for this Program.

All eligible costs must be supported by appropriate documentation. Any cost that is not directly related to the change-out, including cost of remodeling work beyond what is required to complete the change-out, is not eligible for an incentive. Total costs may not exceed the \$5,000 maximum allowed. Costs incurred outside of the performance period, indirect/overhead costs, and cost of food or beverages (e.g., served during outreach events) are not eligible for reimbursement. Indirect/overhead costs are expenses of doing business that are of a general nature and are incurred to benefit two or more functions within an organization. Examples of indirect costs include salaries and benefits of employees not directly assigned to work on the Program, functions such as personnel, business services, information technology, and salaries of supervisors. Examples of overhead costs include rent, utilities, and supplies.

The total cost of administering the Program (i.e., the total administrative costs incurred by both CAPCOA and Districts) cannot exceed \$300,000, which is 10 percent of the total 2018-2019 appropriation.

V. ELIGIBILITY

Households using uncertified wood stoves, wood inserts, or fireplaces as a primary heat source are eligible for an incentive towards replacing their old heating device with a cleaner option. The incentive amount will be determined by each District in coordination with CAPCOA, but may not exceed a maximum of \$5,000. The general structure of incentives must adhere to the following rules:

- Low-income households and households located in disadvantaged or low-income communities will be eligible to replace their heating device for little or no cost. They will qualify for a higher incentive (Enhanced Incentive). The maximum allowable Enhanced Incentive level is \$5,000;
- All other households, regardless of their income, will qualify for a smaller incentive (Standard Incentive) to be applied towards the purchase and installation of the new device. CAPCOA, in coordination with the District, will determine the maximum allowable Standard Incentive level, not to exceed \$5,000; and
- CAPCOA, in coordination with the District, will implement the Program with the goal of directing 75 percent of the funds for Enhanced Incentives to help low-income households and households in disadvantaged and low-income communities replace their old wood stoves for little or no cost. This goal could be accomplished in a variety of ways and Districts are encouraged to explore different options to assist in meeting this Program-wide goal. Examples of two possible scenarios could include:
 - Conducting a District-wide solicitation during which all applications would be collected and reviewed and priority would be given to those Applicants qualifying for Enhanced Incentives.
 - Implementing the Project in two phases. During the first phase, only applications from low-income households and households in disadvantaged and low-income communities would be accepted. During the second phase, the Project would be open to all Applicants.

Every Applicant using an uncertified wood stove or fireplace as a primary source of heat for their home qualifies for a Standard Incentive without any need for income verification. To qualify for the higher Enhanced Incentive, the Applicant must reside in a disadvantaged or a low-income community or demonstrate a household income not exceeding a low-income threshold specified below. Income verification will not be required for Applicants residing in disadvantaged or low-income communities.

Applicants residing outside of disadvantaged and low-income communities wishing to be considered for Enhanced Incentives are required to demonstrate that their household income does not exceed one of the following thresholds:

- 1) 80 percent of the Statewide Median Household Income (MHI);¹⁹ or
- 2) County-specific California Department of Housing and Community Development (HCD) low-income limits.²⁰

Districts will be responsible for verifying household income eligibility. Districts can qualify an Applicant based on the higher allowable maximum income (80 percent MHI or HCD low-income limits).

For purposes of the Woodsmoke Reduction Program, there are multiple methods to demonstrate household income eligibility. Applicants may demonstrate eligibility by presenting pay stubs or tax returns for each person living in the residence to District personnel for verification and, if qualifying using the HCD low-income limits, reporting the number of people in the household.

Eligibility may also be established through proof of participation in an existing federal or State low-income assistance program, several examples of which are listed below. In cases where an Applicant chooses to demonstrate eligibility through participation in an alternate low-income program, Districts will work with CARB staff to verify that the alternate program's income limits do not exceed Enhanced Incentive income limits for their area.

- U.S. Department of Agriculture Women, Infants and Children (WIC) Program;
- U.S. Department of Health and Human Services Low Income Energy Assistance Program (LIHEAP);
- California Alternate Rates for Energy (CARE) Program with a participating California utility company.

VI. APPROVAL PROCESS

In order to participate in the Program, Applicants will be required to complete an application. Applicants must agree to provide information to the District and allow the District and/or Installer to verify that information. Applicants must agree to receive training on proper wood storage and wood burning practices (if applicable) and device operation and maintenance. The District will be responsible for verifying the following:

¹⁹ U.S. Census Bureau, American Community Survey , 5-year Estimates available at: <https://www.census.gov/quickfacts/table/PST045215/06>

²⁰ California Department of Housing and Community Development Official State Income Limits available at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

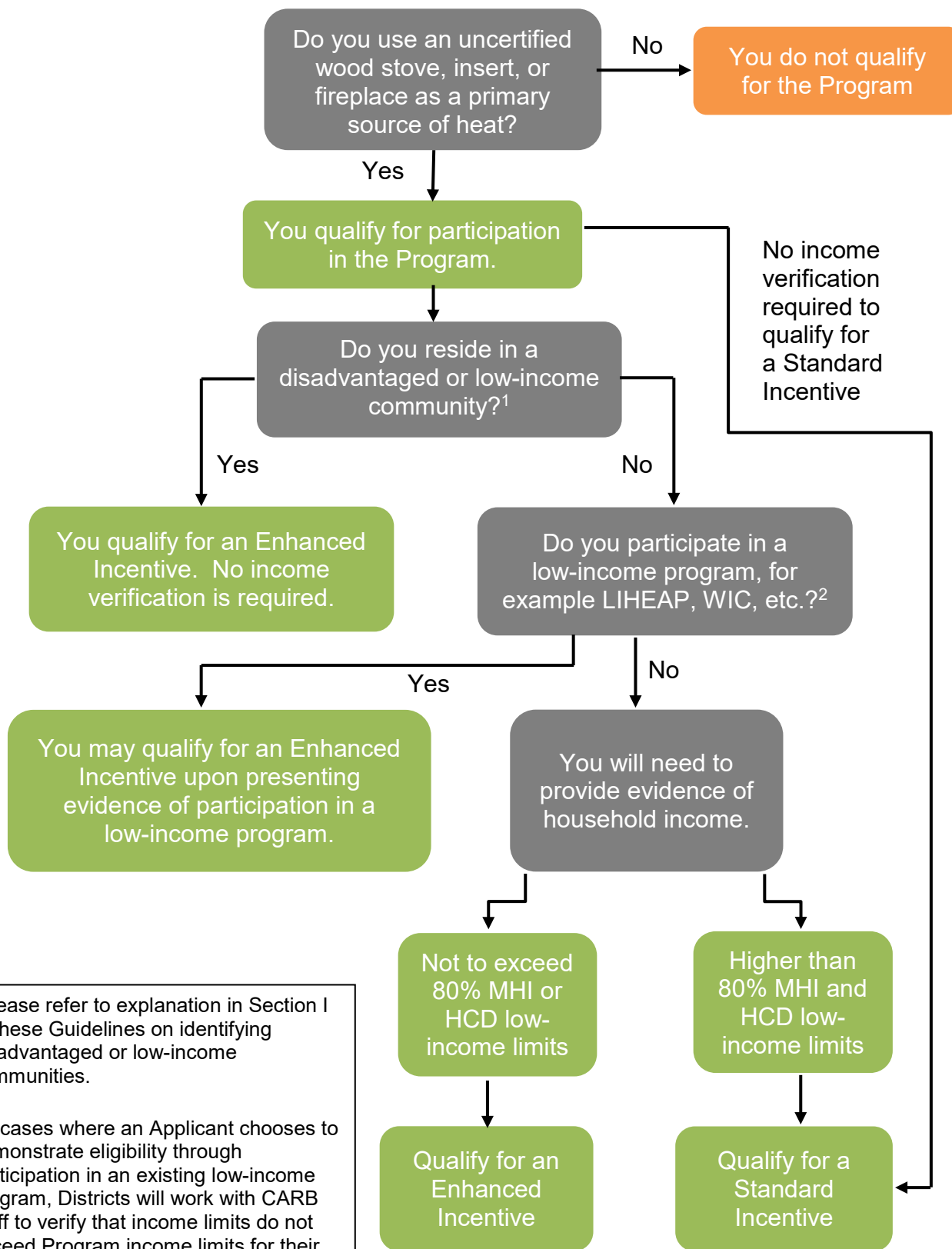
- Eligibility of the existing device - ensuring that the existing wood stove, wood insert, or fireplace²¹ is uncertified, operational, and used as a primary heat source in the house;
- Eligibility of the replacement stove – ensuring that the replacement device is eligible for the Program as described in Section II; and
- If applying for the Enhanced Incentive, eligibility as a resident of a disadvantaged or low-income community or a low-income household.

The application will be reviewed to determine if the preliminary qualification requirements have been met. Figure 2 illustrates the approval process and helps determine Program eligibility. The District will notify the Applicant whether the application was approved for participation in the Program. Districts must inform Applicants that applications will be treated in accordance with Public Records Act requirements and that certain information, subject to those requirements, may be publicly disclosed.

Once approved, the Applicant will schedule an in-home estimate with a participating Installer. The Installer will verify the stove's eligibility and present an estimate to the Applicant. The District will have the flexibility to run the Program as a voucher or a rebate model. If a Program follows a voucher model, qualified Applicants are issued vouchers that provide an instant discount of the cost of purchase, installation, and disposal of a qualifying device. If a Program follows a rebate model, qualified Applicants are issued rebates after they submit the required documents showing that they have purchased a qualifying device, had it installed by a participating Installer, and properly disposed of their old appliance. Districts must verify that the old device was deemed permanently inoperable and recycled, if recycling is available in the area, before issuing payment for the change-out. Districts choosing to follow a rebate model must ensure that low-income households and households in disadvantaged and low-income communities are able to participate. This may require offering vouchers in lieu of rebates or administering the Project with a combination of rebates and vouchers.

²¹ All fireplaces are considered uncertified heating devices.

Figure 2. Approval Process



VII. GHG REDUCTIONS

Switching from an uncertified wood stove or a fireplace to a U.S. EPA certified wood stove reduces GHG emissions as certified stoves are cleaner burning and more energy efficient. Design features in newer wood stoves promote more complete combustion, reducing emissions of methane, a GHG pollutant.²² They also typically use a third less wood to produce the same amount of heat as an uncertified stove.²³ A one-third reduction in wood burning will further reduce GHG emissions by approximately the same amount. Switching from an uncertified wood stove to a natural gas, propane, or electric heater will typically reduce GHG emissions. In the absence of a mechanism to verify that the wood burned in an Applicant's primary heating device is waste material harvested pursuant to an approved timber management plan prepared in accordance with the Z'berg-Nejedly Forest Practice Act of 1973 or other locally or nationally approved plan and harvested for the purpose of forest fire fuel reduction or forest stand improvement, biogenic CO₂ is included in the calculation of GHG benefits for these devices.

VIII. OUTREACH AND EDUCATION

CAPCOA and the Districts will be responsible for promoting the Program and helping households understand the benefits of changing from an uncertified wood stove to a cleaner home heating device. Since the Program-wide goal is to distribute 75 percent of total funding to residents of disadvantaged and low-income communities and low-income households, the outreach should focus on reaching this segment of the population.

The Program requires an educational component to ensure that the new home heating devices, particularly wood stoves, are properly operated and maintained to maximize energy efficiency and achieve the lowest possible emission rates. With proper burning techniques and properly seasoned wood, the amount of wood used could be significantly reduced. While a new wood stove typically pollutes less than an old one, user operation is important for achieving estimated reductions. CAPCOA and the Districts will be required to ensure that each change-out is supplemented with a training component. This could be accomplished by having Installers train homeowners following the installation. Districts will be required to obtain verification of training.

²² Residential wood stove emissions are in AP 42, Fifth Edition, Volume I, Chapter 1, External Combustion Sources, Section 1.10, web link: <https://www3.epa.gov/ttn/chief/ap42/ch01/final/c01s10.pdf>

²³ U.S. EPA Burn Wise Publication, How to Implement a Wood-Burning Appliance Changeout Program, September 15, 2014; web link: <https://www.epa.gov/sites/production/files/2015-08/documents/howtoimplementawoodstovechangeout.pdf>

IX. CO-BENEFITS

In many communities throughout the State, uncertified wood stoves are a major source of air pollution. Replacing these highly polluting and inefficient stoves with cleaner home heating options can significantly reduce emissions of fine particulate (PM2.5), black carbon, and toxic air contaminants. These emission reductions will vary depending on the type of the replacement device, with the natural gas, propane, or electric devices offering the greatest reductions. Certified wood stoves or inserts have significantly lower emissions compared to uncertified stoves. These emission reductions, however, could diminish due to improper operation or lack of proper maintenance. Reductions in black carbon, PM2.5, and toxic air contaminants will reduce the impacts of climate change and improve indoor and outdoor air quality and visibility. In some parts of the State, the PM2.5 co-benefit reductions could have a significant impact on a region's ability to attain ambient air quality standards.

Reductions in PM2.5 pollution will have significant short- and long-term health benefits. Short-term exposures to PM2.5 can aggravate lung disease, causing asthma attacks and acute bronchitis, and may also increase susceptibility to respiratory infections. Long-term exposures have been associated with reduced lung function and the development of chronic bronchitis and even premature death.

Consumers should be able to save approximately 20 percent of their annual fuel cost through the use of professionally installed, certified, high efficiency wood stoves.²⁴ Many old stoves are improperly installed, posing significant safety concerns, including health impacts and potential fires. Professional installation required under this Program will ensure that newly installed stoves meet local fire and building codes. If a replacement device is installed in a residence that does not have functional smoke and carbon monoxide detectors, the Program may pay for purchasing and installing new detectors. The Program may support the local economy and job creation by increasing demand for, and installation of, certified wood stoves and other clean heating devices.

X. KEY DATES AND DEADLINES

CARB posted the Program Guidelines for public review and comments on December 5, 2018. The public comment period closed on December 21, 2018 and comments were reviewed and incorporated into the Program Guidelines where appropriate. As a next step, CARB will draft grant agreements with CAPCOA and/or individual Districts. These agreements must be signed and fully executed before funds can be released. If CAPCOA acts as an intermediary between CARB and the Districts, it will be required to enter into separate agreements with the Districts. These separate agreements must ensure compliance with these Program Guidelines and any agreement between CAPCOA and CARB. Any work done prior to a District grant agreement being fully signed and executed will be ineligible for funding. The deadline

²⁴ Based on the difference in efficiency between uncertified and certified stove: <https://www3.epa.gov/ttn/chief/ap42/ch01/final/c01s10.pdf>

for executing all grant agreements is June 30, 2020 and the deadline for submitting requests for payment to CARB is April 1, 2022.

XI. REPORTING AND GHG QUANTIFICATION

CCI Funding Guidelines set tracking and reporting requirements for agencies that administer GGRF programs, such as CARB. Each District participating in the Program will be responsible for recordkeeping and providing CAPCOA and/or CARB with information necessary to fulfill Program reporting requirements. CAPCOA will be responsible for compiling the reports and submitting them electronically to CARB. All reports must be consistent with the CCI Funding Guidelines,²⁵ quantification methodologies,²⁶ reporting guidance,²⁷ and the requirements established in these Program Guidelines. The Program implemented in each participating District will be considered a Project with most of the reporting done on a Project basis. The Project will be comprised of all change-outs for which Program funds are being used, within the District's jurisdiction, along with the administrative work required to implement them. Some reported Project information will be publicly available on the CARB website, including the amount of funding spent on change-outs that benefit disadvantaged communities, low-income communities, and low-income households.

In order to document and calculate reductions in GHG, black carbon, and PM2.5 emissions, and document other co-benefits and benefits to disadvantaged communities, low-income communities, and low-income households, CAPCOA and/or Districts will be responsible for collecting and maintaining the following information for each change-out:

- Tracking number for each change-out;
- Location of change-out;
- Incentive amount and, if applicable, verification that Applicant qualifies for an Enhanced Incentive based on the location of the property in a disadvantaged or low-income census tract or Applicant's household income;
- Documents proving the change-out benefits a disadvantaged community, low-income community, or low-income household and description of how the change-out meets respective community need(s);
- Type of wood burning device being replaced (stove, insert, or fireplace);
- Replacement device type and model;
- Quantity of wood burned annually before replacement;
- Replacement device emission rates and efficiency (if available);
- Installation date;
- Copy of final permit (City, County, or State);
- Photographic evidence of change-out completion, including "before" and "after" photos showing the devices in relation to the room where they were/are installed;

²⁵ <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2018-funding-guidelines.pdf>

²⁶ Available at www.arb.ca.gov/cci-quantification

²⁷ *ibid.*

- Verification of destruction of uncertified stove (including recycling if available locally) or, where applicable, verification of rendering fireplace and chimney permanently inoperable;
- Verification that the resident was trained on device operation and maintenance and, if applicable, following best practices in wood storage and wood burning for residential space heating;
- GGRF dollars spent; and
- Information on jobs and training opportunities created and whether employees are residents of disadvantaged or low-income communities or low-income households.

Documentation of each wood stove replacement must include all of the parameters above, which are necessary for quantifying the reductions. Record keeping and tracking will be retained by CAPCOA or the District for three years after the Project Closeout report is submitted.

Net GHG reductions from wood stove replacement will be calculated using the CARB approved GHG Quantification Methodology for Fiscal Year 2018-2019 available at the [Cap-and-Trade Auction Proceeds Quantification Materials](#) webpage.²⁸ CARB will also develop methodologies to quantify some additional Project co-benefits. CAPCOA will be responsible for performing calculations and reporting results to CARB as part of the reports outlined above.

XII. DISBURSEMENT OF FUNDS

Funds cannot be disbursed until there is a fully executed grant agreement between CARB and CAPCOA and/or the individual District. Only those actual and direct Program related costs incurred during the approved term of the grant agreement and as specified in the grant agreement budget will be eligible for payments.

Each District shall maintain an accounting system that accurately reflects fiscal transactions with the necessary controls and safeguards. The accounting system must retain itemized receipts and invoices for all Program funds for at least three years after final payment is made by CARB.

XIII. PROGRAM REVIEW

The State of California has the right to inspect all work and associated records at any time over the Project life. This right shall extend to any subcontracts, and CAPCOA and/or Districts shall include such access in all their contracts or subcontracts.

CARB shall review a sufficient number of Projects each year to ensure proper Program implementation. The District responsible for the Project selected for program review will

²⁸ <https://www.arb.ca.gov/cc-quantification>

be contacted at least 30 days in advance. The program review should include all books, papers, accounts, documents, photographs, and other records related to the Project for which Program funds were used. The District will be expected to assign an employee familiar with the Project and accounting procedures to assist the State reviewer and have the Project records, including cancelled warrants, readily available for inspection.

If the program review reveals that the District did not follow these Program Guidelines and/or the grant agreement, does not have proper documents to demonstrate following Program Guidelines and/or the grant agreement, or violated any State or federal law or policy, a corrective action plan will be put in place. The District will have three months to implement the corrective measures. A follow-up program review will be conducted to verify that the deficiencies are fully mitigated. If the corrective actions were not implemented or new problems were discovered during the follow-up program review, a second corrective action plan will be established. If the second follow-up program review is less than satisfactory, the grant agreement with that District will be terminated immediately and the District will be prohibited from receiving any future funding from this Program. The District may be required to fully or partially repay Program funds spent in violation of these Program Guidelines and/or the grant agreement.

The following are examples of Program deficiencies:

- Replacing a wood stove, wood insert, or fireplace not eligible for the Program;
- Installing a device not eligible for the Program;
- Issuing an Enhanced Incentive to an ineligible Applicant;
- Exceeding the maximum amount of \$5,000 for a single change-out;
- Failing to properly document each change-out;
- Failing to properly dispose of the old stove; and
- Allowing an Applicant to install his/her replacement device.

If deficiencies are identified during a program review, CARB will be responsible for communicating them to the District, giving the District an opportunity to respond, and, if necessary, assist in drafting a corrective action plan. Districts must make every effort, including requesting assistance from CARB, if necessary, to ensure that the deficiencies are fully mitigated.