

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, March 10, 2020

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. PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS

Any person may address the Council at this time upon any subject for discussion during Closed Session.

E. CLOSED SESSION

1. Public Employee Appointment (§ 54957)
Title: Air Pollution Control Officer

F. RETURN TO OPEN SESSION: (recess if necessary)

- Reconvene in open session
- Report any changes to agenda
- Report any action out of Closed Session

G. APPROVAL OF MINUTES FOR THE MEETINGS OF: NOVEMBER 12, 2019

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H. BOARD MEMBER ISSUES/REPORTS

I. CORRESPONDENCE

J. 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).

K. MATTERS FOR BOARD CONSIDERATION

- 1. Subject:** Election of Chair and Vice Chair for 2020
Recommendation: Conduct Election
- PG. 9 **2. Subject:** Appointment of Erik Edholm as Air Pollution Control Officer
Recommendation: Approve Resolution 19-07 Appointing Erik Edholm as APCO in accordance with Health and Safety Code Section 40750 through 40753, effective March 10, 2020
- PG. 17 **3. Subject:** Report on District Activities
Recommendation: Information only/Receive Report
- PG. 19 **4. Subject:** District Financial Report
Recommendation: Information only/Receive Report
- PG. 25 **5. Subject:** Auditor's Report for Year Ended June 30, 2019
Recommendation: Approve Resolution 19-08 accepting the Basic Financial Statements and Independent Auditor's Report for year ended June 30, 2019
- PG. 55 **6. Subject:** Application for Carl Moyer 22nd Cycle Funding
Recommendation: Approve Resolution 19-09 committing the District to participate in the Carl Moyer Program, accepting Program Funds, and follow the requirements of the Program
- PG. 63 **7. Subject:** Carl Moyer Agricultural Equipment Replacement Program – DJ Wood Family Trust
Recommendation: Approve Resolution 19-10 authorizing the APCO to execute grant agreement 18-21-CMP-04 in the amount of \$35,000.00 with DJ Wood Family Trust
- PG. 83 **8. Subject:** Carl Moyer Agricultural Equipment Replacement Program –South Fork Farms
Recommendation: Approve Resolution 19-11 authorizing the APCO to execute grant agreement 18-21-CMP-05 in the amount of \$35,000.00 with South Fork Farms

L. ADJOURN

NEXT SCHEDULED GOVERNING BOARD MEETING APRIL 14, 2020.

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**UNAPPROVED MINUTES
LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT
GOVERNING BOARD
11-12-19**

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; Chairman Joe Franco, Vice Chairman Mendy Schuster, Directors Chris Gallagher, Kevin Stafford, Jeff Hemphill, Brian Wilson present. Also present were: Erik Edholm, Air Quality Engineer (AQE), and Angelina Chamblee, Administrative Staff Assistant. Director Tom Hammond absent.

C. AGENDA APPROVAL

Motion by Director Stafford, second by Director Gallagher, to approve the August 13, 2019 agenda. Motion carried. Director Tom Hammond absent.

D. APPROVAL OF MINUTES

APPROVAL OF MINUTES FOR THE MEETING OF; June 11, 2019:

Motion by Director Stafford, second by Director Gallagher, to approve the June 11, 2019 Minutes. Motion carried. Director Tom Hammond absent.

APPROVAL OF MINUTES FOR THE MEETING OF; August 13, 2019:

Motion by Director Gallagher, second by Director Hemphill, to approve the August 13, 2019 Minutes. Motion carried. Director Tom Hammond absent.

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

Erik Edholm, Air Quality Engineer gave a report on recent District activities. The District has been involved with the following items since the last meeting:

Carl Moyer Grant Program:

There were some Carl Moyer inspections this month. Schroeder's Irrigation Pump project was completed and inspected. FARMER Program approval and three tractor projects have been included so far.

Wood Stove Replacement Program:

Erik Edholm, Air quality engineer, stated there is one voucher left to close out Cycle 1 funding. Cycle 2 will be an agenda item later in the meeting.

Visible Emission Certification;

Both Erik Edholm and Dan Newton, Air Pollution Control Officer (APCO), drove to Redding to take the Visible Emissions testing and passed. If there are any complaints about dust or smoke Mr. Edholm and Mr. Newton are certified and able to read and site sources for emissions violations.

New Permits;

There is a new gas station coming to Susanville that will be permitted for the vapor recovery components.

2. District's Financial Report

Mr. Edholm presented the Financial reporting from June to October 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 dropped slightly, however, there are a lot of permits that expire in January that will be invoiced in October and November, along with \$34,000.00 in Subvention funding that will bring the balance back up.

3. Carl Moyer Grant Award to Mitchell Ranch

Mr. Edholm presented the proposed Carl Moyer Grant for execution under the District's 20th Cycle grant. The District currently has \$216,267.29 of Cycle 20 and 21 funds available for award. The District is currently accepting applications for cycle 20 and 21 funds.

The proposed grant is to Mitchell Ranch for a tractor replacement project that will replace a 1956 International Harvester with a 2019 John Deere 6110R series; for a total grant of \$35,000.

Motion to approve Resolution 19-03 authorizing the APCO to execute grant agreement 18-21-CMP-01 in the amount of \$35,000.00 to Mitchell Ranch by Director Hemphill, seconded by Director Gallagher. Motion carried. Director Tom Hammond absent.

4. Carl Moyer Grant Award to Randy Jacobsen

The proposed grant is to Randy Jacobsen for a tractor replacement project that will replace a 1977 John Deere 4630 with a 2019 John Deere 5100M series; for a total grant of \$35,000.

Motion to approve Resolution 19-04 authorizing the APCO to execute grant agreement 18-21-CMP-02 in the amount of \$35,000.00 to Randy Jacobsen by Director Gallagher, seconded by Director Hemphill. Motion carried. Director Tom Hammond absent.

5. Carl Moyer Grant Award to Loney Sharp

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 of \$28,356.00.

Motion to approve Resolution 19-05 authorizing the APCO to execute grant agreement 18-21-CMP-03 in the amount of \$28,356.00 to Loney Sharp by Director Stafford, seconded by Director Gallagher. Motion carried. Director Tom Hammond absent.

6. Woodsmoke Reduction Year 2

Mr. Edholm gave a report on recent activities. Some things did change for cycle 2 funding. CAPCOA had less funding this year but tried to award the same amount as last year. Cycle 1 was \$150,000 and for cycle 2 we were awarded \$112,000. In order to get the money up front for this cycle APCO will need to sign an agreement with ARB instead of CAPCOA who we signed with during cycle 1.

Motion to approve Resolution 19-06 authorizing the APCO to execute a grant agreement with CARB for the woodsmoke Reduction Program by Director Hemphill, seconded by Vice Chairman Schuster. Motion carried. Director Tom Hammond absent.

I. ADJOURN 3:20 P.M.

Motion by Director Gallagher, second by Vice Chairman Schuster, to adjourn the November 12, 2019 Lassen County Air Pollution Control District Governing Board Meeting. Motion carried. Director Tom Hammond absent.

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Air Quality Engineer
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Administrative Staff Assistant

Meeting of March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: Appointment of Erik Edholm as Air Pollution Control Officer

The California Health and Safety Code has 4 sections relating to the appointment and job duties of the Air Pollution Control Officer, HSC 40750 through 40753, which are attached.

Pursuant to the Agreement between the Lassen County Air Pollution Control District (District) and City of Susanville (City) Concerning Administrative Services, the City desires to provide the services of a City employee to District to serve as the District's Air Pollution Control Officer. The appointment of the City employee as Air Pollution Control Officer shall be at the sole discretion of District Governing Board per Health and Safety Code 40750.

The City is presenting the services of Erik Edholm for appointment to Air Pollution Control Officer for the Lassen County Air Pollution Control District. Mr. Edholm has been employed by the City since 2012, performing numerous duties for the District, and is ready to assume the appointment, subject to the Board's discretion.

Recommendation:

Approve Resolution 19-07 appointing Erik Edholm as Air Pollution Control Officer in accordance with Health and Safety Code Sections 40750 through 40753, effective March 12, 2020

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

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RESOLUTION NO. 19-07

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPOINTING ERIK EDHOLM TO AIR POLLUTION
CONTROL OFFICER**

WHEREAS, the Lassen County Air Pollution Control District is a Local Air Pollution Control District that permits stationary sources of Air Pollution, administers and disperses funds through various State grant programs, and enforces, local, state, and federal rules and regulations; and

WHEREAS, pursuant to California Health and Safety Code section 40701(f), the Lassen County Air Pollution Control District entered in an agreement with the City of Susanville to provide administrative services; and

WHEREAS, pursuant to the Agreement between the Lassen County Air Pollution Control District (District) and City of Susanville (City) Concerning Administrative Services, the City desires to provide the services of a City employee to District to serve as the District's Air Pollution Control Officer; and

WHEREAS, the appointment of the City employee as Air Pollution Control Officer shall be at the sole discretion of District Governing Board per Health and Safety Code 40750; and

WHEREAS, the City has presented Erik Edholm to serve as the District's next Air Pollution Control Officer; and

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby appoints Erik Edholm as the Air Pollution Control Officer for Lassen County Air Pollution Control District.

The foregoing resolution was approved and adopted by the following vote of the Board on
March 10, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

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City of Susanville

(530) 257-1000 • 66 North Lassen Street • Susanville, CA 96130-3904

March 6, 2020

Joe Franco
Governing Board Chairman
Lassen County Air Pollution Control District
720 South St., Susanville, CA 96130

Dear Mr. Franco,

The Agreement Between the Lassen County Air Pollution Control District (District) and the City of Susanville (City) Concerning Administrative Services (Agreement) provides the services of a City employee to serve as the District's Air Pollution Control Officer.

The Air District's current appointee as Air Pollution Control Officer, Dan Newton, has resigned his position, effective March 12, 2020. The City must present a new candidate to serve as the Air Pollution Control Officer. As stipulated in the Agreement the appointment of the Air Pollution Control Officer is at the sole discretion of the District.

The City is proud to present Erik Edholm to serve at the District's next Air Pollution Control Officer. Erik holds a bachelor's degree in Civil Engineering from San Diego State University and eight years of progressively responsible experience that is directly related to air quality management. Erik has served as the District's Air Quality Engineer since 2012 and has managed many programs including enforcement, permitting, grant administration and others.

Sincerely,

Mike Wilson
City Administrator

Kevin Stafford
Mayor
Joseph Franco
Mayor pro tem

Councilmembers:
Brian Moore
Mendy Schuster
Brian Wilson

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HEALTH AND SAFETY CODE - HSC

DIVISION 26. AIR RESOURCES [39000 - 44474] (*Division 26 repealed and added by Stats. 1975, Ch. 957.*)

PART 3. AIR POLLUTION CONTROL DISTRICTS [40000 - 41357] (*Part 3 added by Stats. 1975, Ch. 957.*)

CHAPTER 7. Air Pollution Control Officer [40750 - 40753] (*Chapter 7 added by Stats. 1975, Ch. 957.*)

40750. Each district board shall appoint an air pollution control officer for the district.
(*Added by Stats. 1975, Ch. 957.*)

40751. Subject to the direction of the district board, the air pollution control officer shall appoint district personnel, including any deputies necessary for the prompt and faithful discharge of the air pollution control officer's duties.
(*Amended by Stats. 2010, Ch. 699, Sec. 29.5. (SB 894) Effective January 1, 2011.*)

40752. The air pollution control officer shall observe and enforce all of the following:

- (a) This part and Part 4 (commencing with Section 41500).
- (b) All orders, regulations, and rules prescribed by the district board.
- (c) All variances and standards which the district hearing board has prescribed.
- (d) All permit conditions imposed pursuant to Sections 42301 and 42301.10.

(*Amended by Stats. 1994, Ch. 727, Sec. 2. Effective January 1, 1995.*)

40753. The air pollution control officer may observe and enforce all provisions of Division 12 (commencing with Section 24000) of the Vehicle Code relating to the emission or control of air contaminants, except Sections 27157, 27157.5, 27158, and 27158.5.

In observing and enforcing such provisions of the Vehicle Code, the air pollution control officer may stop, detain, and inspect any vehicle on a public highway. Any person who interferes with such action, or who refuses to stop a vehicle under his control upon the order, of the air pollution control officer is guilty of a misdemeanor.

(*Added by Stats. 1975, Ch. 957.*)

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Meeting of March 10, 2020

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 FARMER Application Period
 - o Tractor inspections
- Woodsmoke Replacement Program Cycle II
 - o 38 Vouchers issued
 - o 9 Standard Vouchers (\$1500)
 - o 29 Enhanced Vouchers (\$3000)
 - o 24 Projects completed.
- Prescribed Fire Training (Redding)
- Enforcement Case Development Training (Sacramento)
- Facility Inspections
- Renew Existing Permits
- Permit Modifications

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

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Meeting of March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: November 2019 Financial Report

Opening Balance:	\$ 150,783.01
CCI Woodsmoke Program	\$ 3,833.07
Carl Moyer Program Balance	\$ 304,832.48

Net Beginning Balance: \$ 459,448.56

Revenue:

Permits	\$ 122.21
DMV Fee Revenue	\$ 6,651.89
ST OF CA	\$ 0.00
ST OF CA-Farmer Program	\$ 0.00
Carl Moyer	\$ 0.00
CCI Woodsmoke Reduction Program	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00

Total Revenue \$ 6,774.10

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	\$ 1,500.00
Total Expenditures	\$ 20,042.00

Ending Balance \$ 446,180.66

Carl Moyer Program Balance	\$ 304,832.48
CCI Woodsmoke Program	\$ 2,333.07
Net Ending Balance:	\$ 139,015.11

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Administrative Staff Assistant

Meeting of March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: December 2019 Financial Report

Opening Balance:	\$ 139,015.11
CCI Woodsmoke Program	\$ 2,333.07
Carl Moyer Program Balance	\$ 304,832.48

Net Beginning Balance: \$ 446,180.66

Revenue:

Permits	\$ 7,270.83
DMV Fee Revenue	\$ 6,852.56
ST OF CA	\$ 0.00
ST OF CA-Farmer Program	\$ 0.00
Carl Moyer	\$ 0.00
CCI Woodsmoke Reduction Program	\$ 112,689.08
Interest (Fair Market Value Adjustment)	\$ 2,474.13

Total Revenue \$ 129,286.60

Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 17,574.00
Services and Supplies	\$ 968.00
Carl Moyer Grant	\$ 70,000.00
Farmer Grants	\$ 0.00
CCI Grant	\$ 0.00
Total Expenditures	\$ 88,542.00

Ending Balance \$ 486,925.26

Carl Moyer Program Balance	\$ 236,312.23
CCI Woodsmoke Program	\$ 104,641.45
Net Ending Balance:	\$ 145,971.58

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Administrative Staff Assistant

Meeting of March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: January 2020 Financial Report

Opening Balance:	\$ 145,971.58
CCI Woodsmoke Program	\$ 104,641.45
Carl Moyer Program Balance	\$ 236,312.23

Net Beginning Balance: \$ 486,925.26

Revenue:

Permits	\$ 18,873.79
DMV Fee Revenue	\$ 5,630.60
Property Tax	\$ 8,742.20
ST OF CA-Subvention	\$ 34,400.00
Carl Moyer	\$ 0.00
CCI Woodsmoke Reduction Program	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00

Total Revenue \$ 67,646.59

Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 17,574.00
Services and Supplies	\$ 968.00
Carl Moyer Grant	\$ 28,356.00
Farmer Grants	\$ 0.00
CCI Grant	\$ 34,494.63
Total Expenditures	\$ 81,392.63

Ending Balance \$ 473,179.22

Carl Moyer Program Balance	\$ 207,956.23
CCI Woodsmoke Program	\$ 70,146.82
Net Ending Balance:	\$ 195,076.17

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Meeting of March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: Auditor's Report for Year Ended June 30, 2019

The City of Susanville contracted the services of Van Lant & Fankhanel, LLP to provide an independent audit report on the financial statements of the Lassen County Air Pollution Control District for year ended June 30, 2019.

Van Lant & Fankhanel, LLP has submitted the attached Basic Financial Statements and Independent Auditor's Report for year ended June 30, 2019.

Recommendation:

Approve Resolution 19-08 accepting the Basic Financial Statements and Independent Auditor's Report for year ended June 30, 2019.

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

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RESOLUTION NO. 19-08

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT ACCEPTING 2018-19 BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

WHEREAS, the Lassen County Air Pollution Control District is a Local Air Pollution Control District that permits stationary sources of Air Pollution, administers and disperses funds through various State grant programs, and enforces, local, state, and federal rules and regulations; and

WHEREAS, pursuant to California Health and Safety Code section 40701(f), the Lassen County Air Pollution Control District entered in an agreement with the City of Susanville to provide administrative services;

WHEREAS, pursuant to the Agreement between the Lassen County Air Pollution Control District and City of Susanville Concerning Administrative Services the City of Susanville provides staff person(s), payroll, personnel, purchasing, warrant preparation, general accounting services, auditing services, and office space under the terms set forth herein; and

WHEREAS, the City of Susanville has contracted with Van Lant & Fankhanel, LLP to provide an Independent Auditor's Report of Lassen County Air Pollution Control District financial statements of the governmental activities and the general fund for year ended June 30, 2019; and

WHEREAS, Van Lant & Fankhanel, LLP has submitted to the Governing Board the Lassen County Air Pollution Control District Independent Auditor's Report for year ended June 30, 2019; and

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby accepts the Lassen County Air Pollution Control District Independent Auditor's Report for year ended June 30, 2019 as depicted in Exhibit A:

The foregoing resolution was approved and adopted by the following vote of the Board on
March 10, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

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**LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT
SUSANVILLE, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2019

**Lassen County Air Pollution Control District
Financial Statements
Year Ended June 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
of the Lassen County Air Pollution Control District
Susanville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Lassen County Air Pollution Control District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Lassen County Air Pollution Control District, as of June 30, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

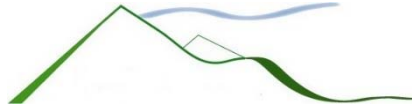
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

Van Lant & Fankhaed, LLP

December 19, 2019



Lassen County Air Pollution Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Our discussion and analysis of the Lassen County Air Pollution Control District's (the District) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2019. This report is to be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$283,774 (net position). Of this amount, \$125,066 are restricted for grant programs and other purposes.
- The District's total net position decreased by (\$232,789) from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund Financial Statements; and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the District's revenue base, to assess the overall health or financial condition of the District.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental-wide financial statements include all the governmental activities of the District. The governmental activities of the District include administration, engineering/compliance, air monitoring, planning and grants. The District does not operate any business-type activities.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. The District has one fund, the General Fund, which is a governmental fund type. The General Fund includes all of the sub-funds the District maintains, including the individual grant program funds such as AB2766, Carl Moyer Grant funding, and the Wood Stove Replacement funding. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements. The fund financial statements can be found in the Basic Financial Statements.

Notes to Basic Financial Statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

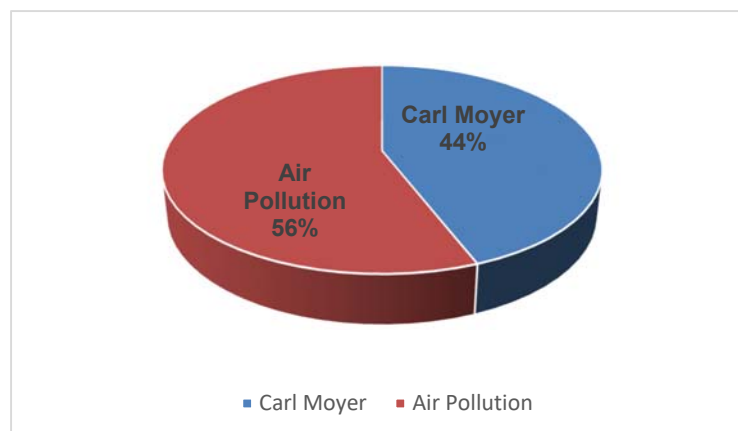
Summary of Net Position For the Year Ended June 30

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Cash and investments	\$ 255,108	\$ 484,487	\$ (229,379)
Receivables:			
Accounts receivable	33,018	31,618	1,400
Interest receivable	1,648	1,958	(390)
Total assets	<u>289,774</u>	<u>518,063</u>	<u>(228,289)</u>
Liabilities			
Accounts Payable	6,000	1,500	4,500
Total liabilities	<u>6,000</u>	<u>1,500</u>	<u>4,500</u>
Fund Balances			
Restricted for grants	125,066	319,562	(194,496)
Unrestricted	158,708	197,001	(38,293)
Total net position	<u>\$ 283,774</u>	<u>\$ 516,563</u>	<u>\$ (232,789)</u>

Net position may serve over time as a useful indicator of the District's financial position. At the close of the fiscal year ended June 30, 2019, the District's assets exceeded its liabilities by \$284 thousand dollars.

Approximately 91% of the District's assets consist of cash and investments.

The ending net position of the District is presented in the basic financial statements as one combined number. The District however separates the Carl Moyer Grant funding in their reports to the board. Carl Moyer represents 44% of the District's net position.



**Revenues,
Expenditures and Changes in Fund Balance
For the Year Ended June 30**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 56,242	\$ 66,960	\$ (10,718)
Intergovernmental	251,637	315,406	(63,769)
General Revenues:			
Property taxes	\$ 15,004	\$ 13,863	\$ 1,141
Investment Income	10,127	6,166	3,961
 Total Revenues	 \$ <u>333,010</u>	 \$ <u>402,395</u>	 \$ <u>(69,385)</u>
Expenses:			
Public Works	222,504	222,500	4
Grants	343,295	328,445	14,850
 Total Expenses	 <u>565,799</u>	 <u>550,945</u>	 <u>14,854</u>
Net change in fund balance	(232,789)	(148,550)	(84,239)
Fund balance, beginning of year	<u>516,563</u>	<u>665,113</u>	<u>(148,550)</u>
Fund balance, end of year	<u><u>\$ 283,774</u></u>	<u><u>\$ 516,563</u></u>	<u><u>\$ (232,789)</u></u>

The District's revenues decreased over the previous year by approximately 17%. This decrease is primarily due to receiving \$135,000 from the State of California for CCI Woodsmoke reduction program and a reduction of \$200,000 from the Carl Moyer program in the 2018-2019 fiscal year. The Intergovernmental revenues includes \$81,237 in DMV AB 2766 fees, \$34,400 in State Air Resources Subvention funds, \$1,000 in administration for Oil and Gas, and \$135,000 in CCI Woodsmoke reduction funding.

Expenses for the year totaled \$565,799, an increase of 3% as compared to the previous year. This increase is primarily due to an increase in Wood Stove replacement grants of \$77,637 and a decrease in Carl Moyer grant awards of \$62,786. In Fiscal Year 2018-2019, the District awarded 57 Woodstove replacement grants and 6 Carly Moyer grants. Expenses for the District include \$222,504 for contract services with the City of Susanville, \$139,460 in grant funding for Wood Stove replacements, and \$203,835 in Carl Moyer grant awards. The District contracts with the City to provide staffing, payroll, personnel, purchasing, accounts payable, general accounting services, auditing services and office space.

Overall, the District's net position decreased by (\$232,789) bringing the net position to \$283,774 as of June 30, 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District currently owns a 2013 Ford Escape with a depreciated value of \$0 and has not issued any debt.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The General Fund balance at June 30, 2019 was \$283,774, a decrease of (\$232,789) from the prior year. The decrease was primarily due to the net of the following factors:

- Grant issuances during the year and reduction of Carl Moyer Allocation.

BUDGETARY HIGHLIGHTS

BUDGET VARIANCES IN THE GENERAL FUND

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Difference</i>	<i>Actual</i>	<i>Variance vs Final Budget</i>
Revenues	\$ 507,306	\$ 607,306	\$ 100,000	\$ 333,010	\$ (274,296)
Expenditures	(581,224)	(671,224)	(90,000)	(565,799)	105,425
Net change in fund balance	<u>\$ (73,918)</u> =====	<u>\$ (63,918)</u> =====	<u>\$ 10,000</u> =====	<u>\$ (232,789)</u> =====	<u>\$ (168,871)</u> =====

Revenues

The actual revenues total of \$333,010 were lower as compared to the final budget of \$607,306. The categories with the largest favorable budget variances were:

- Interest Revenue, \$8,125 more than budget.
- Real Property Taxes, \$2,004 more than budget.
- DMV Fees, \$1,237 more than budget.

Expenditures

Actual expenditures for the year totaled \$565,799 as compared to the final budget of \$671,224. The primary reason for the significant budget variance is fewer grant awards for Carl Moyer and Wood Stove Replacement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY 2019-20 budget was prepared with the assumption that revenues would be about 11% lower than the previous year. Permit fees, DMV fees, and property taxes were projected to remain about the same with a decrease to the Woodsmoke Reduction Program (\$93,575), additions of two new revenue sources AB 617 Admin \$16,994 and Prescribed Burn Admin \$30,753 and a reduction in AB 197 Administration fee of \$9,684. The budget assumes the same contract amount for staffing with decreases to Carl Moyer by (\$56,140), Wood Stove Replacement by (\$16,177), CAPCOA Woodsmoke Program (\$117,000) and the addition of the Prescribed Burn Program of \$27,678. The budget was adopted at the Governing Board meeting of June 11, 2019 by Resolution 18-19.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lassen County Air Pollution Control District, 720 South Street, Susanville California or dnewton@cityofsusanville.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Lassen County Air Pollution Control District
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 255,108
Accounts Receivable	33,018
Interest Receivable	<u>1,648</u>
Total Current Assets	<u>289,774</u>
Total Assets	<u>289,774</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>6,000</u>
Total Current Liabilities	<u>6,000</u>
Total Liabilities	<u>6,000</u>
NET POSITION	
Restricted	125,066
Unrestricted	<u>158,708</u>
Total Net Position	<u><u>\$ 283,774</u></u>

The accompanying notes are an integral part of this statement.

Lassen County Air Pollution Control District
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Governmental Activities Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Total	Governmental Activities
Governmental Activities:					
Public Works	\$ 565,799	\$ 56,242	\$ 251,637	\$ 307,879	\$ (257,920)
Total Governmental Activities	<u>\$ 565,799</u>	<u>\$ 56,242</u>	<u>\$ 251,637</u>	<u>\$ 307,879</u>	<u>(257,920)</u>
General Revenues:					
Property Taxes					15,004
Investment Income					<u>10,127</u>
Total General Revenues					<u>25,131</u>
Change in Net Position					(232,789)
Net Position - Beginning					<u>516,563</u>
Net Position - Ending					<u>\$ 283,774</u>

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**Lassen County Air Pollution Control District
Balance Sheet
Governmental Fund
June 30, 2019**

	General Fund
ASSETS	
Cash	\$ 255,108
Accounts Receivable	33,018
Interest Receivable	<u>1,648</u>
Total Assets	<u><u>\$ 289,774</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>\$ 6,000</u>
Total Liabilities	<u>6,000</u>
Fund Balances:	
Restricted for Grants	125,066
Unassigned	<u>158,708</u>
Total Fund Balances	<u>283,774</u>
Total Liabilities and Fund Balances	<u><u>\$ 289,774</u></u>

The accompanying notes are an integral part of this statement.

**Lassen County Air Pollution Control District
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2019**

Fund balances - total governmental fund	\$ 283,774
Amounts reported for governmental activities in the statement of net position are different because:	
There were no reconciling differences for fiscal year 2019.	<u>-</u>
Net Position of Governmental Activities	<u><u>\$ 283,774</u></u>

Lassen County Air Pollution Control District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended June 30, 2019

	General Fund
REVENUES	
Property Taxes	\$ 15,004
Licenses and Permits	56,242
Intergovernmental	251,637
Investment Income	10,127
	<hr/>
Total Revenues	333,010
	<hr/>
EXPENDITURES	
Current:	
Public Works	565,799
	<hr/>
Total Expenditures	565,799
	<hr/>
Net Change in Fund Balances	(232,789)
Fund Balance, Beginning of Year	516,563
	<hr/>
Fund Balance, End of Year	\$ 283,774
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Lassen County Air Pollution Control District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Fund to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances - governmental fund	\$ (232,789)
Amounts reported for governmental activities in the Statement of Activities are different because:	
There were no reconciling differences for fiscal year 2019.	<u>-</u>
Change in net position of governmental activities	<u><u>\$ (232,789)</u></u>

Lassen County Air Pollution Control District
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lassen County Air Pollution Control District (District) is a Local Air District governing the Lassen County Region. Lassen County is located in North Eastern California and is part of the Northeastern Plateau Air Basin. The District Board is a six member board comprised of three members from the Lassen County Board of Supervisors and three members from the City of Susanville, City Council. The following is a summary of the significant accounting policies of the Lassen County Air Pollution Control District (the District) in conformity with accounting principles generally accepted in the United States of America.

A. Relationship to the City of Susanville

The City of Susanville provides administrative and accounting services for the District and acts in a fiduciary capacity for the District. The District's activities are accounted for in an agency fund on the City of Susanville's financial statements.

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accounting records of the District are recorded in the General Fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Since the District is not required to account for activity in another fund, all activity of the District is recorded in the General Fund.

Government-wide Financial Statements

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These financial statements present summaries of activities for the District.

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District

Lassen County Air Pollution Control District
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all governmental funds. All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The District reports a single governmental fund – the general fund.

C. Cash and Investments

The District's cash and investments consist of cash and investments pooled with the City of Susanville.

**Lassen County Air Pollution Control District
Notes to Financial Statements
Year Ended June 30, 2019**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Net Position

In the Government-Wide Financial Statements, net position is classified as follows:

Invested in Capital Assets - This amount consists of capital assets net of accumulated depreciation.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount represents net position that does not meet the definition of *Invested in Capital Assets* or *Restricted Net Position*.

E. Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the Board of Directors by ordinance or resolution to formally commit part of the fund balance or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Board of Director's action utilizing the same type of action that was originally used.

**Lassen County Air Pollution Control District
Notes to Financial Statements
Year Ended June 30, 2019**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assigned Fund Balance - Amounts that are constrained by the Board's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of the Fund in excess of what can properly be classified in one of the other four categories, or negative balances.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has no items that qualify for reporting in this category.

G. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires District management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Property Taxes

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs.

**Lassen County Air Pollution Control District
Notes to Financial Statements
Year Ended June 30, 2019**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions. Property tax revenues are recognized in the fiscal year for which taxes have been levied and collected within sixty days of fiscal year end.

The following are significant dates relating to the City's property taxes:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	November 1 and February 1	August 1
Delinquency dates	December 10 and April 10	August 31

2) CASH AND INVESTMENTS

The City of Susanville (City) maintains a cash and investment pool used by all funds of the City, including the District. The District does not own specifically identifiable securities of the City's pool. The District's portion of this pool is reported on the financial statements as "cash and investments". Investment policies and associated risk factors applicable to the District's funds are those of the City of Susanville and are included in the City's Comprehensive Annual Financial Report. Cash and investments are reported as follows:

Equity in City Cash and Investment Pool	\$ 255,108
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The District currently does not maintain any other deposits or investments.

Equity in the Cash and Investment Pool of the City of Susanville

The District has equity in the cash and investment pool managed by the City of Susanville. The District is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Susanville. The District has not adopted an investment policy separate from that of the City of Susanville. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

3) COMMITMENTS AND CONTINGENCIES

The District is subject to litigation arising in the normal course of business. In the opinion of the District's management, there is no pending litigation that is likely to have a material adverse effect on the financial position of the District.

As of June 30, 2019, in the opinion of District management, there were no other outstanding matters that would have a significant effect on the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION

**Lassen County Air Pollution Control District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive/ (Negative)
REVENUES				
Property Taxes	\$ 13,000	\$ 13,000	\$ 15,004	\$ 2,004
Licenses and Permits	70,000	70,000	56,242	(13,758)
Intergovernmental	423,306	523,306	251,637	(271,669)
Investment Income	1,000	1,000	10,127	9,127
	<u>507,306</u>	<u>607,306</u>	<u>333,010</u>	<u>(274,296)</u>
EXPENDITURES				
Current:				
Public Works	<u>581,224</u>	<u>671,224</u>	<u>565,799</u>	<u>105,425</u>
	<u>581,224</u>	<u>671,224</u>	<u>565,799</u>	<u>105,425</u>
Net Change in Fund Balance	(73,918)	(63,918)	(232,789)	(168,871)
Fund Balance, Beginning of Year	<u>112,136</u>	<u>112,136</u>	<u>516,563</u>	
Fund Balance, End of Year	<u>\$ 38,218</u>	<u>\$ 48,218</u>	<u>\$ 283,774</u>	<u>\$ (168,871)</u>

Budget Reporting

The District adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with accounting principles generally accepted in the United States of America.

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Lassen County Air Pollution Control District
Susanville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Lassen County Air Pollution Control District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Lant & Fankhaenel, LLP

December 19, 2019

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 March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: Application for Carl Moyer 22nd Cycle Funding

Attached is the application for the District to receive 22nd Cycle Carl Moyer funding in the tentative amount of \$200,000. An amount of \$25,000 would be allowed for administrative fees (staff time, advertising, etc). The District would continue to use these funds to support retrofit, repower and replacement projects for agriculture, commercial, and municipal projects as applicable.

The application requires adoption of a Board Resolution (attached) committing the District to participate in the Carl Moyer Program, accepting Program Funds, and follow the requirements of the Program.

Recommendation:

Approve Resolution 19-09 committing the District to participate in the Carl Moyer Program, accepting Program Funds, and follow the requirements of the Program.

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

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RESOLUTION NO. 19-09

A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT ACCEPTING CARL MOYER PROGRAM FUNDS FROM THE CALIFORNIA AIR RESOURCES BOARD.

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, California Health and Safety Code section 44287 requires air districts participating in the Carl Moyer Program to provide match funding, and Carl Moyer Program Guidelines (CMP Guidelines) have established a match requirement of 15 percent of State funds received, with an exemption from this requirement for districts receiving the minimum grant award of \$200,000;

WHEREAS, the District may also have projects that qualify for grant funds through the “Rural District Assistance Program” (RAP);

WHEREAS, the District may also have projects that qualify for multidistrict grant funds under the Truck Improvement/Modernization Benefitting Emission Reductions (TIMBER) Program;

WHEREAS, the District may be invited to accept Carl Moyer Program funds from other districts through inter-district transfer;

NOW, THEREFORE, BE IT RESOLVED that the LCAPCD does hereby approve the District’s continued participation in the Carl Moyer Program, and the acceptance of funds allocated and awarded to the District for eligible projects and program administration each year until 2021, in accordance with the terms and conditions of CMP grant agreements; and

BE IT FURTHER RESOLVED that the LCAPCD will comply with Carl Moyer Program requirements as specified in sections 44275 through 44299.2 of the Health and Safety Code, the applicable CMP Guidelines, and the District’s CMP Policies and Procedures;

BE IT FURTHER RESOLVED that the LCAPCD commits to provide sufficient funds to meet the match requirements specified in the CMP Guidelines, as applicable, each year until 2021; and

BE IT FURTHER RESOLVED that the LCAPCD authorizes the parties specified below to accept qualified projects, grant funds, and administrative funds awarded to the District through the RAP funding program each year until 2021; and

BE IT FURTHER RESOLVED that the LCAPCD authorizes the parties specified below to accept multidistrict grant funds and administrative funds awarded to the District for TIMBER projects each year until 2021 and

BE IT FURTHER RESOLVED that the Air Pollution Control Officer/Executive Officer [and/or other individual(s) or positions named herein is/are] authorized to execute on behalf of the District grant agreements with ARB, and all other necessary documents to implement and carry out the purposes of this resolution, each year until 2021.

The foregoing resolution was approved and adopted by the following vote of the Board on March 10, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

ATTACHMENT 2: CARL MOYER PROGRAM FISCAL YEAR 2019-2020 (YEAR 22) APPLICATION

MSCD/ITAB-099 (REV. 10/2019) PAGE 1 OF 3

This application must be received by California Air Resources Board by **January 10, 2020**.

E-mail a signed application to Deborah Paselk at Deborah.Paselk@arb.ca.gov.

SECTION 1: APPLICANT DISTRICT

District Name: Lassen County APCD
Street Address: 720 South Street
City/Zip Code: Susanville 96130
Contact Person: Dan Newton
Telephone Number: 530-257-1041
E-mail Address: dnewton@cityofsusanville.org

SECTION 2: CARL MOYER PROGRAM FUNDING REQUEST

Check one box and if applicable, enter the dollar amount.

District requests:

<input type="checkbox"/> Tentative allocation ("Total Allocation" amount from Attachment 1).
<input type="checkbox"/> Greater amount than tentative allocation, if available: \$
<input checked="" type="checkbox"/> Minimum allocation of \$200,000 (no match required).
<input type="checkbox"/> Minimum allocation and authorizes the funds be designated to the Rural District Assistance Program (RAP) for these years. Identify the applicable years: <input type="checkbox"/> Current Year 22 <input type="checkbox"/> Year 23 <input type="checkbox"/> Year 24 <input type="checkbox"/> Year 25 <input type="checkbox"/> Year 26
<input type="checkbox"/> Tentative allocation and authorizes the funds be designated to a lead air district for these years. Identify the applicable years: <input type="checkbox"/> Current Year 22 <input type="checkbox"/> Year 23 <input type="checkbox"/> Year 24 <input type="checkbox"/> Year 25 <input type="checkbox"/> Year 26 Identify the Lead District:
<input type="checkbox"/> No Carl Moyer Program funds. District declines all funding for Year 22.

ATTACHMENT 2: CARL MOYER PROGRAM FISCAL YEAR 2019-2020 (YEAR 22) APPLICATION

MSCD/ITAB-099 (REV. 10/2019) PAGE 2 OF 3

**SECTION 3: DISTRICT MATCHING FUNDS
(15% OF FUNDING REQUEST, FOR APPLICATIONS OVER \$200,000)**

Total District Match:	
------------------------------	--

Specify match funding by Source and Amount:

Source of Funding	Dollar Amount

Match Funds Subtotal:	
------------------------------	--

Estimated In-Kind Administration:	
--	--

SECTION 4: PROGRAM ADMINISTRATION

Check the box with the percentage for program administration that best applies to the District. If the District wishes to request a program administration grant percentage lower than the 6.25% or 12.5% allowed under statute (H&SC § 44299.1) please check last box and enter the percentage.

<input type="checkbox"/> 6.25% (District with one million or more inhabitants)
<input checked="" type="checkbox"/> 12.5% (District under one million inhabitants)
<input type="checkbox"/> The District requests program administration funds be included in this grant at a lower portion than allowed by statute.
Percent of the total grant:

SECTION 5: BOARD RESOLUTION

Check one box and complete the date if applicable.

<input type="checkbox"/> This application has been duly approved and authorized by the District governing board, as specified in the attached resolution.
<input checked="" type="checkbox"/> This application is scheduled to go before the District Board.
Date scheduled to go before the District Board:
02/11/2020

ATTACHMENT 2: CARL MOYER PROGRAM FISCAL YEAR 2019-2020 (YEAR 22) APPLICATION

MSCD/ITAB-099 (REV. 10/2019) PAGE 3 OF 3

SECTION 6: DISTRICT CONTACT INFORMATION

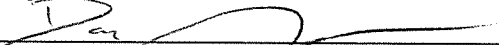
District Air Pollution Control Officer	Telephone Number	Email Address:
Dan Newton	(530) 257-1045	dnewton@cityofsusanville.org

District CMP Manager	Telephone Number	Email Address:
Erik Edholm	(530) 252-4247	eedholm@cityofsusanville.org

District Complete Mailing Address: 720 South Street, Susanville, CA 96130
District Telephone Number: (530) 257-1041

SECTION 7: DISTRICT APCO/EO APPROVED SIGNATURE

To the best of my knowledge and belief, the information in this application is true and correct. Unless my district has declined or designated these grant funds, an up-to-date Carl Moyer Program District Policies and Procedures Manual, based on current Carl Moyer Program Guidelines, is maintained at the District's office.

Signature of Air Pollution Control Officer: 	Date of Signature: 01/03/2020
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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 March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: Carl Moyer Grant Award, DJ Wood Family Trust

Attached is a proposed Carl Moyer Grant for execution under 21st Cycle grant, of which the District currently has \$117,911.29 Cycle 21 funds available for award. The proposed grant is to DJ Wood Family Trust for a tractor replacement project that will replace a 1983 International Harvester Hydro 84 with a 2019 Kubota M62TLB series, for a total grant amount of \$35,000.

Recommendation:

Approve Resolution 19-10 authorizing the APCO to execute grant agreement 18-21-CMP-04 in the amount of \$35,000 to DJ Wood Family Trust.

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

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RESOLUTION NO. 19-10

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPROVING CARL MOYER GRANT AGREEMENT
18-21-CMP-04 WITH DJ WOOD FAMILY TRUST.**

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 March 10, 2020 Resolution 19-09 Accepting Carl Moyer Program Funds from the California Air Resources Board;

WHEREAS, Resolution 19-09 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 19-09, each year until 2021;

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-04 with DJ Wood Family Trust;

The foregoing resolution was approved and adopted by the following vote of the Board on March 10, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

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**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 **DJ Wood Family Trust** (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 March 10, 2020, 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 **August 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 **September 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	Dennis Wood PO Box 270031 Susanville, CA 96127 Phone: (530) 310-9309

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%	750 Hours

Existing Vehicle Information

Make: International Harvester	Model: Hydro 84	Model Year: 1983	GVWR:
Vehicle Identification Number: 0810822C013675	Fleet Identification Number:	License Plate:	Odometer:

Existing Engine Information

Make: International Harvester	Model: 4.0L	Model Yr: 1983	Serial Number: N/A	HP: 65	Hour Meter: N/A
Fuel Type: Diesel					

New or Replacement Vehicle Information

Make: Kubota	Model: M62TLB-LB	Model Year: 2019	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: Kubota	Model: V2403-CR-TE4	Model Yr: 2019	Serial Number: TBD	HP: 63	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 Kubota M62TLB-LB		750	.456	\$46.67	\$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.

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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 March 10, 2020

To: Governing Board

From: Dan Newton, APCO

Subject: Carl Moyer Grant Award, South Fork Farms

Attached is a proposed Carl Moyer Grant for execution under 21st Cycle grant, of which the District currently has \$117,911.29 Cycle 21 funds available for award. The proposed grant is to South Fork Farms for a tractor replacement project that will replace a 1973 Case Agri King with a 2017 Case Farmall 120 U, for a total grant amount of \$35,000.

Recommendation:

Approve Resolution 19-11 authorizing the APCO to execute grant agreement 18-21-CMP-05 in the amount of \$35,000 to South Fork Farms.

Respectfully Submitted,

Dan Newton
 Air Pollution Control Officer

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RESOLUTION NO. 19-11

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR
POLLUTION CONTROL DISTRICT APPROVING CARL MOYER GRANT AGREEMENT
18-21-CMP-05 WITH SOUTH FORK FARMS.**

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 March 10, 2020 Resolution 19-09 Accepting Carl Moyer Program Funds from the California Air Resources Board;

WHEREAS, Resolution 19-09 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 19-09, each year until 2021;

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-05 with South Fork Farms;

The foregoing resolution was approved and adopted by the following vote of the Board on March 10, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

Joe Franco, Chairman
Lassen County Air Pollution Control District

ATTEST:

Dan Newton
Air Pollution Control Officer

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**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 **South Fork Farms** (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 March 10, 2020, 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 **August 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 **September 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	South Fork Farms PO Box 201 Milford, CA 96130 Phone: (775) 666-7434

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%	750 Hours

Existing Vehicle Information

Make: Case	Model: Agri King 970	Model Year: 1973	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

Existing Engine Information

Make: Case	Model: 4.0L	Model Yr: 1973	Serial Number: N/A	HP: 100	Hour Meter: N/A
Fuel Type: Diesel					

New or Replacement Vehicle Information

Make: Case	Model: Farmall 120U	Model Year: 2017	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: FPT	Model: F5GFL413U* B	Model Yr: 2017	Serial Number: TBD	HP: 120	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
2017 Case Farmall 120 U		600	.226	\$46.67	\$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.