

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Headquarters

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NORTHERN SIERRA

AIR QUALITY MANAGEMENT DISTRICT

BOARD OF DIRECTORS

REGULAR BOARD MEETING

MONDAY

June 27, 2016

AGENDA
NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT
BOARD OF DIRECTORS REGULAR MEETING

June 27, 2016

1:00 p.m.

Northern Sierra Air Quality Management District (Northern Office)
257 E. Sierra Street, Unit E
Portola, California
Grass Valley, California

All items on the agenda may be acted upon by the Board of Directors. No action will be taken nor discussion held at the meeting on business not appearing on the posted agenda.

I. Standing Orders:

Call to Order.

Roll Call and Determination of Quorum.

II. Public Comment: For Items **NOT** Appearing on the Agenda and Within the Jurisdiction of the Board. The Public May Comment on Agenda Items As They Are Discussed.

III. Consent Calendar These Items Are Expected to Be Routine and Noncontroversial. They Will Be Acted on By the Board at One Time Without Discussion. Any Board Member, Staff Member, or Interested Party May Request That an Item Be Removed From the Consent Calendar for Discussion.

A. Approval of Regular Meeting Minutes – May 23, 2016

IV. Administrative Report

A. Status Report of Carl Moyer Funding and Projects

B. Discussion of Possible Modifications to the Air District's Policy for Carl Moyer Distribution.

C. Authorize Chair and Executive Director to sign Carl Moyer Agreement between the Northern Sierra Air Quality Management District and Skoverski Logging

D. Authorize Chair and Executive Director to sign Carl Moyer Agreement between the Northern Sierra Air Quality Management District and Roberti Ranch, Inc.

E. Proposed Adoption of the FY 2016-2017 Capital and Operating Budget

F. Proposed Adoption of the Air District Rule 428, New Source Review Requirements

G. Proposed Adoption of Air District Rule 513, Emissions Statements and Recordkeeping

H. Agreement with North State Truck and Equipment for the Implementation of the Carl Moyer Timber Program

V. Director's Report

- A. 2016 Targeted Airshed Grant Program
- B. Update on Air Quality Data for 2015 (ozone and particulate matter)
- C. Update on Portola Federal PM2.5 Nonattainment Area

VI. Concerns of Board - The Board may at this time bring up matters it wishes to discuss at the next Board Meeting, as long as no discussions are conducted and no actions are taken, in compliance with the Brown Act.

VII. Schedule next Meeting – August 22, 2016 via video and/or teleconference

VIII. Adjournment**PERSONS DESIRING TO ADDRESS THE BOARD**

Meetings of the Board of Directors shall be conducted by the Chairperson in a manner consistent with the policies of the District. The latest edition of Robert's Rules of Order, Revised shall also be used as a general guideline for meeting protocol. District policies shall prevail whenever they are in conflict with Robert's Rules of Order, Revised.

All Board meetings shall commence at the time stated on the agenda and shall be guided by same.

PUBLIC COMMENT:

Provisions for permitting any individual or group to address the Board concerning any item on the agenda of a special meeting, or to address the Board at a regular meeting on any subject that lies within the jurisdiction of the Board of Directors, shall be as follows:

Three (3) minutes may be allotted to each speaker and a maximum of fifteen (15) minutes to each subject matter;

No boisterous conduct shall be permitted at any Board meeting. Persistence in boisterous conduct shall be grounds for summary termination, by the Chairperson, of that person's privilege of address.

No oral presentation shall include charges or complaints against any District employee, regardless of whether or not the employee is identified in the presentation by name or by another reference which tends to identify. All charges or complaints against employees shall be submitted to the Board of Directors under provisions contained in District Policy 1030.

Willful disruption of any of the meetings of the Board of Directors shall not be permitted. If the Chairperson finds that there is in fact willful disruption of any meeting of the Board, he/she may order the room cleared and subsequently conduct the Board's business without the audience present. In such an event, only matters appearing on the agenda may be considered in such a session.

After clearing the room, the Chairperson may permit those persons who, in his/her opinion, were not responsible for the willful disruption to re-enter the meeting room.

Members of the public are given the opportunity to address the Board of Directors directly at each teleconference location.

POSTING AGENDA:

This agenda was posted at least 72 hours prior to the regular meeting at the following locations: Eric Rood Government Center in Nevada City, The Plumas County Courthouse in Quincy, the Litton Building in Grass Valley, the Plumas County Board of Supervisors Chambers in Quincy, Sierra County Courthouse Square in Downieville, and the Nevada County Library in Nevada City. **The agenda and board packet are available on-line prior to the Board Meeting at www.myairdistrict.com**

To: Northern Sierra Air Quality Management District Board of Directors

From: Gretchen Bennitt, Air Pollution Control Officer

Date: June 27, 2016

Agenda Item: III.A

Agenda Description: Approval of regular meeting minutes – May 20, 2016

Issues:

The meeting minutes from the last Board of Director's meetings is attached.

Requested Action:

1. Approval of Regular meeting minutes from May 20, 2016

ROLL CALL VOTE REQUESTED

Attachments:

1. Draft meeting minutes from May 20, 2016

MINUTES

**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT
BOARD OF DIRECTORS REGULAR MEETING**

May 23, 2016

1:00 p.m.

(Site A) VIDEOCONFERENCE/TELEPHONE CONFERENCE

Northern Sierra Air Quality Management District (Headquarters)

200 Litton Drive, Conference Room 316

Grass Valley, California

AND

(Site B) VIDEOCONFERENCE/TELEPHONE CONFERENCE

Northern Sierra Air Quality Management District (Northern Office)

257 E. Sierra Street, Unit E

Portola, California

Members Present:

**Supervisor Roen
Supervisor Swofford
Supervisor Huebner
Supervisor Scofield
Supervisor Anderson
Supervisor Thrall**

Members Absent:

None

I. Standing Orders:

Call to Order. Roll Call and Determination of Quorum.

Chairman Anderson proceeded to chair the meeting and called the meeting to order at 1:01 P.M. A quorum was confirmed. Julie Ruiz, Air Pollution Control Specialist I; Allison King, Business Manager/Clerk of the Board and Gretchen Bennett, APCO were also in attendance.

II. Public Comment:

For Items NOT Appearing on the Agenda and Within the Jurisdiction of the Board. The Public May Comment on Agenda Items As They Are Discussed. Both Teleconference Sites are Allowed an Opportunity for Public Comment.

Chairman Anderson called for public comment at all sites. There was no public comment at any site.

III. Consent Calendar

A. Approval of regular meeting minutes – March 28, 2016

Supervisor Scofield made a motion to approve the regular meeting minutes – March 28, 2016. Supervisor Huebner seconded the motion. The motion was approved upon a roll call vote.

IV. **Administrative Report**

A. **Approval of Northern Sierra Air Quality Management District's AB 2766 DMV Surcharge Fund Program RFP for 2016-2017 Grant Cycle**

There were no major modifications from last year's proposal.

Supervisor Huebner made a motion to approve the Northern Sierra Air Quality Management District's AB 2766 DMV Surcharge Fund Program Request for Proposal for 2016-2017 Grant Cycle with adopted funding option. Supervisor Roen seconded the motion. The motion was unanimously approved upon a roll call vote.

B. **Authorize Chair and Executive Director to sign Carl Moyer Agreement between the Northern Sierra Air Quality Management District and Joy Engineering**

The NSAQMD promotes voluntary diesel engine emission reduction programs under cooperative agreements with eligible applicants to reduce public exposure to ozone precursors and toxic diesel particulate matter. The objective of this Grant Agreement is to reduce these air pollution emissions by partially funding and engine repower for a Caterpillar Earthmoving Track-Type Tractor. The total cost of the project is \$163,770. The total Carl Moyer contract will be limited to \$67,150.62

Supervisor Scofield made a motion to authorize the Chair and Executive Director to sign the Carl Moyer Agreement between the Northern Sierra Air Quality Management District and Joy Engineering. Supervisor Huebner seconded the motion. The motion was unanimously approved upon a roll call vote.

C. **Request for Extension for Nevada County Library AB2766 Grant # 2014-09 (Chicago Park Lending Kiosk)**

Nevada County Library contacted the Air District and requested an extension of their current AB 2766 Grant # 2014-09 to December 31, 2016. Laura Pappani emailed the request to Gretchen Bennitt and Gretchen presented it to the Board.

Supervisor Scofield made a motion to approve the request for extension for Nevada County Library AB 2766 Grant # 2014-09 (Chicago Park Lending Kiosk) to December 31, 2016. Supervisor Huebner seconded the motion. The motion was unanimously approved upon a roll call vote.

D. **Discussion and Possible Direction to Staff Concerning SPI-Loyalton Cogeneration Facility**

Supervisor Roen briefed the Board on the possible acquisition of the SPI Loyalton Cogeneration Facility. The Board requested that staff write a letter of support for purchase of the Biomass Facility in Loyalton by the California to the Agriculture and Natural Resources University of California.

V. **Budget Reports**

A. **Monthly Budget Report – April 30, 2016**

The end of April 2016 Monthly Budget Reports (Restricted, Operating Reports, and the District's Balance Sheet as of April 30, 2016) were available for the Board's review and questions.

B. Preliminary Budget FY 2016-2017

The District issued a public notice in all counties of its jurisdiction 30 days prior to a public hearing that will be held on June 1, 2016. The District's final budget is slated for final approval prior to September 30, 2016.

VI. Director's Report

A. Update on Portola PM2.5 Emission Reduction Program

Staff updated the Board on the **Wood Stove Change Out Fair** – successful turnout. EPA and CARB staff were in attendance. **Wood Stove Change Out Program** – Staff provided a verbal update on amount of applications approved to date, amount of stoves removed to date. **Attainment Plan** – Staff is currently drafting the SIP. A key portion of the draft is the City of Portola Wood Burning Device Ordinance. CARB is requesting that the NSAQMD Board adopt a wood burning device changeout program policy as part of the SIP.

B. Letter of Support for Electric Vehicle Infrastructure on I-80

The Board was updated on the Letter to California Energy Commission from Northern Sierra Air Quality Management District to support electric vehicle infrastructure on Interstate 80 from Colfax to Nevada. The District continues to support electric vehicle infrastructure.

VII. Concerns of Board - The Board may at this time bring up matters it wishes to discuss at the next Board Meeting, as long as no discussions are conducted and no actions are taken, in compliance with the Brown Act.

Chairman Anderson called for any concerns of the Board at all sites. There were no concerns at any site.

VIII. Schedule next Meeting – June 27, 2016 IN PERSON!!

IX. Adjournment.

The meeting was adjourned at 1:47 p.m.

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennitt, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: IV.A

Agenda Description: Status Report of Carl Moyer Funding and Projects

Issues: The Carl Moyer Program is implemented through a partnership between the California Air Resources Board (CARB) and local California air districts. The Health & Safety Code directs CARB to oversee the Carl Moyer Program by managing program funds; developing and revising guidelines, protocols, and criteria for covered vehicle projects; and determining methodologies used for evaluating project cost-effectiveness. CARB also distributes State funds to participating air districts for program implementation each year. Air districts follow the Carl Moyer Program Guidelines to select, fund, and monitor specific clean air projects in their areas.

These guidelines spell out basic requirements for administrative procedures, eligibility criteria for projects in different source categories, cost-effectiveness criteria, and reporting practices. While the guidelines incorporate criteria specified in State law and provide basic standards for program implementation, air districts may impose additional and/or more stringent criteria in order to tailor their programs to meet local needs. This affords air districts with considerable flexibility in Carl Moyer Program implementation while ensuring the proper and responsible use of State funds.

The types of projects the air district currently funds:

- * Engine re-power projects, both on-road and off-road
- * Engine retrofit projects, both on-road and off-road
- * Full replacement of off-road equipment only. Examples: Farm or Agricultural equipment, such as tractors, swathers, or log loaders; or, construction equipment such as wheeled front-end loaders. The primary consideration in this category is the replacement of "OFF-ROAD" diesel powered machinery. That would exclude any vehicle that regularly drives on paved roads, such as dump trucks or water trucks.

Because the regulations are complicated and detailed, each project must be individually qualified by Air District staff.

Requested Action: Informational

Attachments:

1. Carl Moyer Report, FY 15-16, generated June 9, 2016

CARL MOYER REPORT, FY 15-16

Contracts Signed this Fiscal Year, as of June 1, 2016

<u>Name</u>	<u>Contract #</u>	<u>Contract Amount</u>	<u>Amount Disbursed to Date</u>	<u>Project Description</u>
Dennis Marsh (K T Hay Company)	CM 2016-01	\$ 22,521.60	\$ 22,521.60	Ag, Tractor replacement
John Burns (Lafoon Veterinary)	CM 2016-02	\$ 53,121.60	\$ 53,121.60	Ag, Tractor replacement
Chuck Avery (TNT Materials)	CM 2016-03	\$ 99,764.52	\$ 99,764.52	non-Ag, Wheel Loader replacement
Joy Engineering	CM 2016-04	Cancelled**	Cancelled**	non-Ag, Track Type Tractor, repower
Totals:		\$ 175,407.72	\$ 175,407.72	

Contracts Awaiting Board Approval

<u>Name</u>	<u>Contract #</u>	<u>Contract Amount</u>	<u>Amount Disbursed</u>	<u>Project Description</u>
Dave Roberti (Roberti Ranch, Inc)	CM 2016-05	\$ 45,300.00	\$ -	Ag, Swather replacement
Dave Skoverski (Skoverski Logging)	CM 2016-06	\$ 140,000.00	\$ -	Ag, Wheel Loader replacement
Totals:		\$ 185,300.00	\$ -	

Current Carl Moyer Fund Balance: \$ 252,454.78

Current Amount of Encumbered Funds: \$ 185,300.00

Unencumbered Fund Balance: \$ 67,154.78

Moyer Grant money from CARB expected next FY: \$ 175,000.00 (approximately June of 2017)

** On June 6 Joy Engineering submitted a letter to the District requesting their grant be removed from consideration. Grant amount of \$67,150 was deemed insufficient by the applicant.

CARL MOYER REPORT, FY 15-16

SUMMARY

The Carl Moyer Program is implemented through a partnership between the California Air Resources Board (ARB) and local California air pollution control/air quality management districts (air districts). The Health & Safety Code directs ARB to oversee the Carl Moyer Program by managing program funds; developing and revising guidelines, protocols, and criteria for covered vehicle projects; and determining methodologies used for evaluating project cost-effectiveness. ARB also distributes State funds to participating air districts for program implementation each year. Air districts follow the Carl Moyer Program Guidelines (Guidelines) to select, fund, and monitor specific clean air projects in their areas.

These Guidelines spell out basic requirements for administrative procedures, eligibility criteria for projects in different source categories, cost-effectiveness criteria, and reporting practices. While the Guidelines incorporate criteria specified in State law and provide basic standards for program implementation, air districts may impose additional and/or more stringent criteria in order to tailor their programs to meet local needs. This affords air districts with considerable flexibility in Carl Moyer Program implementation while ensuring the proper and responsible use of State funds.

Below is a list of the types of projects the Air District's current policies allow us to fund:

- * Engine re-power projects, both on-road and off-road
- * Engine retrofit projects, both on-road and off-road
- * Full replacement of off-road equipment only. Examples: Farm or Agricultural equipment, such as tractors, swathers, or log loaders; or, construction equipment such as wheeled front-end loaders. The primary consideration in this category is the replacement of "OFF-ROAD" diesel powered machinery. That would exclude any vehicle that regularly drives on paved roads, such as dump trucks or water trucks.

Because the regulations are complicated and detailed, each project must be individually qualified by Air District staff.

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennett, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: IV.B

Agenda Description: Discussion of Possible Modifications to the Carl Moyer Funding Distribution.

Issues:

In the recent past, the air district has found it difficult to disburse Carl Moyer funds. Once the district was contacted by a proposed contractor, the district would determine the maximum amount the contractor is eligible to receive under Moyer Guidelines, and those funds were generally available. The district disbursed the funds on a first-come, first serve basis and very rarely would a contractor would be turned down due to lack of funds.

Recently, the competition for Carl Moyer funds has increased, so the Board recommended that the district consider an equitable system for allocating funds to potential recipients. District staff has prepared a possible guideline for proposed adoption into their Carl Moyer Policy. Staff is looking for input from the Board of Directors. Once the Board has delivered comments, district staff will incorporate these into the Policy and present it to the Board for final adoption. If adopted by the Board, these guidelines will become effective with the date of the Carl Moyer Year 19 district grant award or July 1, 2017.

Carl Moyer Grant Funding Capitation Suggestions

Current Carl Moyer Guidelines cap grant levels at a maximum of 80% of the total project cost. For example: if a tractor replacement cost is \$200,000, then the maximum Carl Moyer grant would be \$160,000. However, air districts have the option of capping their grant awards at an amount less than 80% of the total project cost. Frequently, based on the Cost Effectiveness calculation, the Carl Moyer grant can be much less than 80% of the total project cost.

The more projects the air district can fund, the greater the air quality benefits. Below is a proposed funding schematic that would help to maximize the number of projects funded by the air district while still providing a very generous incentive.

- *Funding Level 1: Projects < or = \$80,000, 66% of total project cost with a cap of \$50,000*
- *Funding Level 2: Projects > \$80,000 and < \$150,000, 66% of total project cost with a cap of \$75,000*
- *Funding Level 3: Projects > or = \$150,000, 66% of total project cost with a cap of \$100,000*

If the Carl Moyer Cost Effectiveness calculation returns a grant amount less than the amount awarded using the District specified funding guidelines, then the grant shall be awarded at that lesser amount.

Requested Action: Direction from Board

Attachments: none

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennitt, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: IV.C

Agenda Description: Authorize Chair and Executive Director to sign Carl Moyer Agreement between the Northern Sierra Air Quality Management District and Skoverski Logging

Issues:

The NSAQMD promotes voluntary diesel engine emission reduction programs under cooperative agreements with eligible applicants to reduce public exposure to ozone precursors and toxic diesel particulate matter. The objective of this Grant Agreement is to reduce these air pollution emissions by fully replacing an uncontrolled wheeled loader with a brand new Tier 4 wheeled loader. The total cost of the project is \$259,313. The total Carl Moyer contract will be limited to \$140,000

Requested Action:

Authorize the Chair to sign the agreement between the Northern Sierra Air Quality Management District and Skoverski Logging

ROLL CALL VOTE REQUESTED

Attachments:

1. Carl Moyer Contract #2016-05 between Northern Sierra Air Quality Management District and Skoverski Logging

GRANT AGREEMENT

between

The Northern Sierra Air Quality Management District

and

John Skoverski of Skoverski Logging

This Agreement is made and entered into this 27th day of June, 2016, by and between the NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT (NSAQMD), an air quality management district formed pursuant to the laws of the State of California, and Participant.

WITNESSETH

This Agreement (“Agreement”) between the Northern Sierra Air Quality Management District, a public agency of the State of California, hereinafter referred to as “District” and **John Skoverski of Skoverski Logging**, hereinafter referred to as “Participant”:

WHEREAS, pursuant to Health and Safety Code §41082, the District may undertake programs that include financial assistance or other incentives to fleet operators for the purchase, conversion, replacement or operation of low-emission motor vehicles; and

WHEREAS, only public or private fleets that permanently reside within Nevada, Sierra, or Plumas Counties qualify for funding; and

WHEREAS, under Resolution No. 2016-03 on January 25, 2016, NSAQMD’s Board of Directors authorized the NSAQMD to participate in the 18th year of the “Carl Moyer Memorial Air Quality Standards Attainment Program (Heavy-Duty Low-Emission Vehicle Incentive Program)”; and

WHEREAS, pursuant to Northern Sierra Air Quality Management District Board Resolution No. 2004-03, the Air Pollution Control Officer is authorized to execute incentive agreements for the “Carl Moyer Memorial Air Quality Standards Attainment Program (Heavy-Duty Low-Emission Vehicle Incentive Program)”; and

WHEREAS, “Participant” represents that the purchase is NOT required by any local, state, and/or federal rule or regulation. For public agencies, controlling board policy does NOT require the purchase.

NOW, THEREFORE, based on their mutual promises, covenants, and conditions, the parties hereby agree as follows:

1. PROJECT

Participant shall perform all activities and work necessary to implement and complete the project set forth in the proposal which is incorporated herein as Exhibit A. Participant agrees to furnish all labor, materials, equipment, licenses, permits, fees, and other incidentals necessary to perform and complete, per schedule, in a professional manner, the services described herein. Participant represents that the Participant has the expertise necessary to adequately perform the project specified in Exhibit A.

In the event of any conflict between or among the terms and conditions of this Agreement, the exhibits incorporated herein, and the documents referred to and incorporated herein, such conflict shall be resolved by giving precedence in the following order of priority:

1. The text of this Agreement;
2. Exhibits A, B, Exhibit B-1a to this Agreement;
3. The NSAQMD Year 18 Carl Moyer Incentive Program Policy and Procedures prepared by the NSAQMD; and,
4. The Carl Moyer Program Guidelines (April 28, 2011) and applicable Carl Moyer Program Advisories.

In addition, unless stricter compliance requirements are defined by Items 1 to 3 in the list above, then the project shall comply with the requirements established in Item 4.

2. PERIOD OF PERFORMANCE/TIMETABLE

Participant shall commence performance of work and produce all work products in accordance with the work schedule and deadlines for performance identified in Exhibit A (Statement of Grant Obligations) unless this Agreement is terminated sooner as provided for elsewhere in this Agreement.

3. EQUIPMENT REPLACEMENT REQUIREMENTS

A. Replacement: The Participant shall provide the NSAQMD with a copy of the final invoice from the dealer from whom the replacement equipment will be purchased. Purchase of any equipment/engine other than the one specified on the submitted final invoice shall constitute a breach of this Agreement.

B. Maintenance: The Participant shall maintain the new grant-funded engine(s)/equipment pursuant to the manufacturer's written specifications. Prior to operating the engine(s)/equipment, the Participant will provide the NSAQMD with a copy of the manufacturer's written maintenance specifications. The Participant will keep a maintenance log containing records of all maintenance performed on the engine(s)/equipment.

The Participant shall make these maintenance logs available for NSAQMD review upon request by the NSAQMD. To ensure accurate engine(s)/equipment reporting, Participant is required to maintain equipment (hour meters, odometers) necessary to determine usage. The Participant must document usage during a failure of such equipment and provide the NSAQMD with that documentation with the Annual

Usage Report. Failure to comply with these conditions will constitute a breach of this Agreement. Failure to maintain the engine(s)/equipment to the manufacturer's specifications will constitute a breach of this Agreement.

C. Operation: The Participant shall operate the new grant-funded engine(s)/equipment pursuant to the manufacturer's written specifications. Prior to operating the engine(s)/equipment, the Participant will provide the NSAQMD with a copy of the manufacturer's written operating specifications. Failure to operate the engine(s)/equipment within the manufacturer's specifications will constitute a breach of this Agreement.

D. Modification: The Participant is prohibited from modifying the engine(s)/equipment configuration. This includes but is not limited to modifications to the engine(s)/equipment, electronic control unit, cooling, exhaust, crank-case ventilation and lubrication systems, power take-offs, and the transmission/gear reduction as applicable. The Participant is required to conduct routine maintenance and repair as needed. All components replaced as part of routine maintenance and/or repair must comply with the original installed engine(s)/equipment configuration and manufacturer's specification. Any modifications to the engine(s)/equipment configuration without written consent from an agent authorized by the manufacturer and the NSAQMD will constitute a breach of this Agreement.

4. PERFORMANCE

This project will result in emission reductions because the replacement engine(s)/equipment has (have) lower emissions than the original engine(s)/equipment. The required emission reductions over the Agreement term are specified in Exhibit A. The performance measure to ensure that the required emission reductions are achieved for this project shall be derived from the total engine operation since it (they) was (were) purchased, based on either fuel usage or engine(s)/equipment hours as Specified in Exhibit A. As required by the Carl Moyer Program Guidelines (April 28, 2011), a minimum of 75 percent of the project's operation must be within California.

Annually, through the term of this Agreement or any amendments to it, and starting one year from the day of the NSAQMD post-inspection, Participant shall provide the NSAQMD with Annual Engine/Equipment Usage Reports as outlined in Exhibit B using the report form in (Exhibit B-1a). Prior to this Agreement being deemed complete, the NSAQMD shall assess whether the engine(s)/equipment was (were) sufficiently operated to achieve the required emission reductions. Engine(s)/equipment operation over the Agreement term, must result in the contracted usage as stated in Exhibit A being achieved. In the case where the actual usage is between plus or minus 30% of the contracted usage, then the NSAQMD shall declare the Agreement complete. In the case where the actual usage is 30% above the contracted usage, the Participant will provide the NSAQMD with the reason for the extra usage and if the NSAQMD, the ARB or their designee(s) deem the reasoning acceptable, the NSAQMD shall declare the Agreement complete. In the case where the actual usage is 30% below the contracted usage or excessive usage is not acceptable to the NSAQMD, the ARB or their designee(s), then one of the following performance compliance options for the project shall be selected by the NSAQMD:

1. The Participant shall repay a portion of the grant amount to the NSAQMD where the repayment portion is determined using the following formula:

$$R = G \times \left(1 - \frac{O_{act}}{O_{con}} \right)$$

Where:

R is the repayment amount;

G is the total grant amount as stated in Paragraph 6;

O_{act} is the total actual engine(s) operation amount since the equipment purchase;

O_{con} is the total required engine(s) operation amount over the term of this Agreement defined in Exhibit A;

or,

2. 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.

5. RECORD KEEPING AND REPORTING

A. Records: Participant shall keep, and provide to NSAQMD or its agents, upon request, accurate financial records (including invoices and published price lists on which Agreement was based) necessary to enable NSAQMD to review Participant's performance of this Agreement. These records shall demonstrate the grant funding has been used for the purchase of engine(s)/equipment and/or provision of services as described in Exhibit A to this Grant Agreement, Statement of Grant Obligations. Participant shall maintain all such records for at least five years after the date on which the engine(s)/ equipment and or/services was (were) purchased.

B. Reports: The Participant shall submit report(s) to the NSAQMD in accordance with the schedule and format specified in Exhibit B (Annual Grant Status Report Format) and Exhibit B-1a (Annual Engine Usage Report). Failure to comply with reporting requirements will trigger District Auditing as specified in the Carl Moyer Program Guidelines.

6. COMPENSATION

NSAQMD may reimburse Participant for up to **One hundred forty thousand dollars (\$140,000.00)** ("Total Grant Award") if and when such funds become available to NSAQMD and are budgeted for this purpose by NSAQMD.

A. Payments: Only expenditures incurred by Participant in the direct performance of this Agreement can be reimbursed by NSAQMD. Participant shall invoice the NSAQMD in accordance with the schedule specified in Exhibit A. Payments by NSAQMD to Participant for any services detailed in Exhibit A shall be permitted only after said services have been satisfactorily rendered, and after a written request and claim from Participant for such payment has been received by NSAQMD. Said written request shall set forth the work completed in

the claim period and shall include copies of any and all invoices or financial records needed to verify that stated costs have been incurred by Participant. Invoices and supporting records shall be submitted to NSAQMD no more often than once every five months, unless prior approval for a greater frequency has been given by NSAQMD. Claims and all supporting documentation shall be submitted to the Northern Sierra Air Quality Management District (NSAQMD), PO Box 2509, Grass Valley, California 95945, Attention: Joe Fish.

NSAQMD shall pay Participant the amount of the Total Grant Award within thirty (30) calendar days after receiving a request for payment and verifying that services have been satisfactorily completed as cited in the invoice.

NSAQMD shall review and pay Participant additional sums toward the Total Grant Award if and when (a) NSAQMD receives additional Carl Moyer grant funds for the next funding cycle, and (b) NSAQMD budgets and allocates such funds for the purpose of funding this Agreement.

Participant expressly understands, acknowledges and agrees that NSAQMD will use reasonable efforts to budget and allocate funds to support this Agreement, however NSAQMD cannot make any guarantees as to the availability or amount of any future reimbursement pursuant to this Agreement except for the Total Grant Award expressly set forth above. Any and all future decisions to budget for or expend monies to support this reimbursement agreement are subject to the sole discretion of the NSAQMD Board and, therefore, this Agreement creates no right or entitlement to any future reimbursement whatsoever. NSAQMD shall have no obligation whatsoever to budget or expend monies for the purpose of fully funding this reimbursement agreement nor to use any funds other than Carl Moyer grant funds for the purpose of funding this Agreement.

Any and all obligations or commitments to reimburse Participant under this Agreement shall expire as of the earlier of (a) **December 1, 2016** or (b) termination of the Agreement pursuant to Paragraph 9, below; and that this Agreement may be terminated whether or not Participant has received its full reimbursement for the Total Grant Award. Therefore, Participant further understands, acknowledges, and agrees that this Agreement may terminate before full reimbursement for the Total Grant Award may be made.

The amount to be paid to Participant under this Agreement shall include all sales and use taxes incurred pursuant to this Agreement, if any, including any such taxes due on equipment purchased by Participant.

B. Surplus Funds: Any part or all of a payment by NSAQMD to Participant, which is not utilized for any reason by Participant to pay costs pursuant to the terms and conditions of this Agreement or as detailed in a claim by Participant, shall be refunded to NSAQMD within 30 days after the end of the project term defined in Paragraph 2 above.

C. Close-out Period: All final claims for repayment shall be submitted by Participant to NSAQMD within sixty (60) days following the final month of

activities for which payment is claimed. No action will be taken by NSAQMD on claims submitted beyond the 60-day close-out period.

D. Repossession: If for any reason the lien holder of the new equipment is required to repossess said equipment, the Participant shall be liable for the repayment of the Total Grant Award to the NSAQMD and agrees to reimburse the NSAQMD the full amount of the Total Grant Award as specified herein within 30 days of such repossession of said equipment.

7. NON-ALLOCATION OF FUNDS

The terms of this Agreement and the services to be provided there under are contingent on the approval and appropriation of funds by the NSAQMD, the State of California and the federal government. NSAQMD upon giving **seven (7) calendar days written notice** to Participant, shall have the right to terminate its obligations under this Agreement if the NSAQMD, the Federal Government or the State of California, as the case may be, does not appropriate funds sufficient to discharge NSAQMD's obligations coming due under this Agreement.

8. INDEPENDENT PARTICIPANT

In performance of the work, duties, and obligations assumed by Participant under this Agreement, it is mutually understood and agreed that Participant, including any and all of Participant's officers, agents, and employees, will at all times be acting and performing as an independent Participant and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venturer, partner, or associate of NSAQMD. Furthermore, except for requirements specifically stated in this Agreement, NSAQMD shall have no right to control, supervise or direct the manner or method by which Participant shall perform its work and function. However, NSAQMD shall retain the right to administer this Agreement so as to verify that Participant is performing its obligations in accordance with the terms and conditions thereof. Participant and NSAQMD shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over matters the subject thereof.

Because of its status as an independent Participant, Participant shall have absolutely no right to employment rights and benefits available to NSAQMD employees. Participant shall be solely liable and responsible for providing to, or on behalf of, itself all legally required employee benefits. In addition, Participant shall be solely responsible and hold NSAQMD harmless from all matters relating to payment of Participant's employees, including compliance with social security, withholding, and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, Participant may be providing services to others unrelated to NSAQMD or to this Agreement.

9. TERMINATION

A. Breach of Agreement: NSAQMD may immediately suspend or terminate this Agreement, in whole or in part, for any of the following reasons:

1. An illegal or improper use of funds;
2. A failure to comply with any term of this Agreement;
3. A substantially incorrect or incomplete report submitted to NSAQMD;
4. Improperly performed services; or
5. Participant breaches any requirements of the Carl Moyer Program Guidelines (April 28, 2011) and applicable Carl Moyer Program Advisories.

In no event shall any payment by NSAQMD constitute a waiver by NSAQMD, the ARB or their designee(s) of any breach of this Agreement or any default which may then exist on the part of Participant, nor shall such payment impair or prejudice any remedy available to NSAQMD, the ARB or their designee(s) with respect to the breach or default. NSAQMD, the ARB or their designee(s) shall have the right to demand of Participant the repayment to NSAQMD of any funds disbursed to Participant under this Agreement which in the judgment of NSAQMD, the ARB or their designee(s) were not expended in accordance with the terms of this Agreement. Participant shall promptly refund any such funds upon demand.

In addition to immediate suspension or termination, NSAQMD, the ARB or their designee(s) may impose any other remedies available at law, in equity, or otherwise specified in this Agreement.

B. Without Cause: Either party may terminate this Agreement at any time after giving the other party at least thirty (30) days advance written notice of intention to terminate. Upon such termination, all the work, if any, produced by Participant shall be promptly delivered to NSAQMD. Additional terms and conditions may apply in the event of termination by the Participant, as identified in Paragraph 27.C of this Agreement.

10. MODIFICATION

Any matters of this Agreement may be modified from time to time by the written consent of all the parties without in any way affecting the remainder.

11. NON-ASSIGNMENT

Neither party shall assign, transfer, or subcontract this Agreement, nor their rights or duties under this Agreement, without the prior express, written consent of the other party.

12. INDEMNIFICATION

Participant agrees to indemnify, save, hold harmless, and at NSAQMD's request, defend NSAQMD, its boards, committees, representatives, officers, agents, and employees from and against any and all costs and expenses (including reasonable attorneys' fees and litigation costs), damages, liabilities, claims, and losses (whether in contract, tort, or strict liability, including, but not limited to, personal injury, death, and

property damage) occurring or resulting to NSAQMD which arises from any negligent or wrongful acts or omissions of Participant, its officers, agents, subcontractors, or employees in their performance of this Agreement.

In addition, by signing this agreement, Participant affirms that the project proposed in Exhibit A to this Grant Agreement has not been funded and is not being considered for funding by another air district, ARB, or any other public agency. Any applicant who is found to have submitted multiple applications for the same project may be banned by the ARB from submitting future applications to Carl Moyer Program solicitations and may be subject to criminal sanctions. A project funded cooperatively by multiple air districts is eligible for funding if the project parameters are coordinated amongst the participating districts and the project meets all applicable Carl Moyer Program criteria. Applicants are allowed to re-apply for project funding if a previous application has been rejected and is no longer being considered for funding or if the applicant withdraws the previous application from the other funding source.

13. INSURANCE

A. Without limiting NSAQMD's right to obtain indemnification from Participant or any third parties, Participant, at its sole expense, shall maintain in full force and effect the following insurance policies throughout the term of this Agreement:

Commercial general liability insurance with minimum limits of coverage in the amount of one million dollars (\$1,000,000) per occurrence;

Commercial automobile liability insurance which covers bodily injury and property damage with a combined single limit with minimum limits of coverage in the amount of one million dollars (\$1,000,000) per occurrence; and,

Workers' compensation insurance in accordance with California law. In the event Participant is exempt from the requirement of maintaining workers compensation insurance, Participant shall provide to the District satisfactory evidence of such exemption.

B. Prior to finalizing this Agreement, Participant shall provide certifications of insurance on the foregoing policies, as required herein, to NSAQMD, stating that such insurance coverages have been obtained and are in full force. The Participant's general commercial liability insurance policy, worker's compensation policy, and automotive general liability shall endorse/name the NSAQMD, its officers, agents, employees, individually and collectively, as additional insured, but only insofar as the engine(s)/equipment provided under this Agreement. Such coverage for additional insured shall apply as primary insurance, and any other insurance maintained by NSAQMD, its officers, agents, and employees, shall be excess only and not contributing with insurance provided under Participant's policies herein. This insurance shall not be canceled or changed without a minimum of thirty (30) days advance, written notice given to NSAQMD.

C. In the event Participant fails to keep in effect at all times insurance coverage as herein provided, NSAQMD may, in addition to other remedies it may have, suspend or terminate this Agreement upon the occurrence of such event.

14. AUDITS AND INSPECTIONS

Participant shall at any time during regular business hours, and as often as NSAQMD, the ARB or their designee(s) may deem necessary, make available to and permit NSAQMD, the ARB or their designee(s) to inspect and audit all of the Participant's engine(s)/equipment and/or records necessary to determine Participant's compliance with the terms of this Agreement.

Participant shall be subject to an audit by NSAQMD, the ARB or their designee(s) to determine if the revenues received by Participant were spent for the reduction of pollution as provided in this Agreement and to determine whether said funds were utilized as provided by law and this Agreement. If, after audit, NSAQMD, the ARB or their designee(s) makes a determination that funds provided to the Participant pursuant to this Agreement were not spent in conformance with this Agreement or any other applicable provisions of law, Participant agrees to immediately reimburse NSAQMD all funds determined to have been expended not in conformance with this Agreement.

Participant shall retain all records and data for activities performed under this Agreement for at least five (5) years from the date of final payment under this Agreement or until all state and federal audits are completed for that fiscal year, whichever is later.

The Participant understands and agrees that the ARB has the authority and reserves the right to monitor and enforce the terms of the contract at any time during the project life to ensure emission reductions are obtained for a minimum of 75 percent operation within California. The NSAQMD, the ARB or their designee(s) may seek whatever legal, equitable and other remedies are available under State law for the owner's failure to comply with the Carl Moyer Program requirements and failure to fully perform under the grant agreement.

15. NOTICES

The persons and their addresses having authority to give and receive notices under this Agreement are as follows:

PARTICIPANT

John Skoverski
Skoverski Logging
11819 Brush Ape Ct.
Nevada City, CA 95959-

NSAQMD

Gretchen Bennitt
Air Pollution Control Officer
Northern Sierra Air Quality Management District
200 Litton Drive, Suite 320
Grass Valley, CA 95945

Any and all notices between NSAQMD and Participant provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly served when

personally delivered to one of the parties, or in lieu of such personal service, when deposited in the United States mail, postage prepared, addressed to such party.

16. POLITICAL ACTIVITY PROHIBITED

None of the funds, materials, property, or services provided under this Agreement shall be used for any political activity, or to further the election or defeat of any candidate for public office.

17. LOBBYING PROHIBITED

None of the funds provided under this Agreement shall be used for publicity, lobbying, or propaganda purposes designed to support or defeat legislation before the Congress of the United States of America or the Legislature of the State of California.

18. CONFLICT OF INTEREST

No officer, employee, or agent of NSAQMD who exercises any function or responsibility for planning and carrying out the services provided under this Agreement shall have any direct or indirect personal financial interest in this Agreement. Participant shall comply with all federal and state conflict of interest laws, statutes, and regulations, which shall be applicable to all parties and beneficiaries under this Agreement and any officer, agent, or employee of NSAQMD.

19. GOVERNING LAW

This Agreement shall be governed in all respects by the laws of the State of California. Venue for any action arising out of this Agreement shall only be in Nevada County, California.

20. BINDING ON SUCCESSORS

This Agreement, including all covenants and conditions contained herein, shall be binding upon and inure to the benefit of the parties, including their respective successors-in-interest, assigns, and legal representatives.

21. TIME IS OF THE ESSENCE

It is understood that for Participant's performance under this Agreement, time is of the essence. The parties reasonably anticipate that Participant will, to the reasonable satisfaction of NSAQMD, complete all activities provided herein within the time schedule outlined in the attachments to this Agreement, provided that Participant is not caused unreasonable delay in such performance.

22. DATA OWNERSHIP

Upon termination or expiration of this Agreement, all data which is received, collected, produced, or developed by Participant under this Agreement shall become the exclusive property of NSAQMD, provided, however, Participant shall be allowed to retain a copy of any non-confidential data received, collected, produced, or developed by Participant

under this Agreement, subject to NSAQMD's exclusive ownership rights stated herein. Accordingly, Participant shall, if requested, surrender to NSAQMD all such data which is in its possession (including its subcontractors or agents), without any reservation of right or title, not otherwise enumerated herein. NSAQMD shall have the right at reasonable times during the term of this Agreement to inspect and reproduce any data received, collected, produced, or developed by Participant under this Agreement. No reports, professional papers, information, inventions, improvements, discoveries, or data obtained, prepared, assembled, or developed by Participant, pursuant to this Agreement, shall be released or made available (except to NSAQMD) without prior, express written approval of NSAQMD while this Agreement is in force.

23. NO THIRD-PARTY BENEFICIARIES

Notwithstanding anything else stated to the contrary herein, it is understood that Participant's services and activities under this Agreement are being rendered only for the benefit of NSAQMD, and no other person, firm, corporation, or entity shall be deemed an intended third-party beneficiary of this Agreement.

24. SEVERABILITY

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Agreement, and the Agreement shall then be construed as if such unenforceable provisions are not a part hereof.

25. TITLE TO EQUIPMENT

Title to and risk of loss of equipment purchased with funds received through this Agreement shall, at all times, vest in and with Participant. Participant acknowledges that NSAQMD did not supply, design or manufacture the equipment or any of its components. This equipment is commercially manufactured and sold by a manufacturer to be determined by Participant. NSAQMD specifically disclaims all warranties, express and implied, including the implied warranties of merchantability and fitness for the intended purpose, as to the purchased equipment, any test equipment or field tests. In no event shall NSAQMD be liable to Participant or any third party for any direct, indirect, consequential, special, incidental, or punitive damages for the design, manufacture, operation, maintenance, performance, or demonstration of the purchased equipment under any theory, including but not limited to, tort, contract, breach of warranty, or strict liability.

26. RIGHTS TO EMISSION REDUCTIONS

With the exception of early compliance credits authorized by State statute or regulations written by the California Air Resources Board, Participant transfers and conveys to NSAQMD all rights and claim to ownership of the emission reductions achieved through the project funded by this Agreement. Participant shall not use or attempt to use the emission reductions achieved by the project as emission reduction credits. Participant hereby fully and completely relinquishes such rights for the useful life of the project as specified in Exhibit A.

27. SPECIAL CONDITIONS

A. Agreement Completion: The entire proposed project must be completed according to the schedule presented in Exhibit A, Statement of Grant Obligations. The NSAQMD, at its discretion, may instead elect to modify the said schedule unless such an extension is not possible as a result of regulatory requirements.

B. Disposal of Replaced Equipment: Participant will be removing from service the existing engine(s)/equipment as outlined in Exhibit A.

C. Termination: Participant may terminate its obligation to operate the low emissions equipment funded under this Agreement for good cause provided that Participant shall reimburse the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement. Notice of termination shall be provided in writing and shall be effective upon completion of the terms of this Paragraph. Such notice shall terminate Participant's obligation under Paragraphs 1 (Project) and 2 (Period of Performance / Timetable) of this Agreement.

D. Replacement, Sale, Relocation or Damage to Engine(s)/Equipment:

1. Replacement: If for any reason, the new engine(s)/equipment is (are) rendered inoperable during the life of this Agreement, the Participant shall notify the NSAQMD of this fact in writing within 15 days and begin working with the NSAQMD to promptly complete one of the two options listed below:

(a) Participant shall replace the engine(s)/equipment with an engine(s)/equipment that has (have) equal or lesser air emissions, as determined by the NSAQMD. Once the replacement engine(s)/equipment is (are) determined, the NSAQMD will amend the Agreement to specify the replacement engine(s)/equipment. The amendment will also extend the life of the Agreement to account for the time that the engine(s)/equipment was (were) out of service and unable to meet the original Agreement performance obligations. In the event that such an amendment is not possible as a result of regulatory requirements, this Agreement's performance requirements shall be addressed by the Participant repaying the NSAQMD a portion of the grant amount based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

(b) If the Participant elects not to replace the inoperable engine(s)/equipment with an engine(s)/equipment that has (have) greater air emissions, as determined by the NSAQMD, then the Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

2. Sale: If for any reason, the new engine(s)/equipment is (are) to be sold by the Participant during the life of this Agreement, the Participant shall notify the NSAQMD of this fact in writing 15 days prior to listing or otherwise preparing for the sale of the engine(s)/equipment and begin working with the NSAQMD to promptly complete one of the following two available options:

(a) Participant shall make compliance with this Agreement a written condition of the sale and a new Agreement between the NSAQMD and the new owner must be finalized as part of the final sale. Sale of the engine(s)/equipment can only occur within Nevada, Sierra or Plumas counties. Copies of all forms pertaining to the sale of the engine(s)/equipment shall be provided to the NSAQMD within 30 days of the sale and the forms shall refer to the existence of this Agreement and the new Agreement in the space provided for Warranties / Appurtenances / Limitations / Exceptions.

(b) If the Participant elects to sell the engine(s)/equipment without the completion of the grant Agreement obligations or the engine(s)/equipment is sold outside of Nevada, Sierra or Plumas counties, the Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

3. Relocation: If for any reason during the life of this Agreement the Participant wants to relocate outside of Nevada, Sierra or Plumas counties and continue to use the new engine(s)/equipment inside California, Participant shall notify the NSAQMD of the specifics of the relocation in writing 15 days prior to the relocation and begin working with the NSAQMD to determine the possibility of modifying the Grant Agreement. If relocation occurs outside of California, Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

4. Damage: If for any reason, the new engine(s)/equipment is (are) damaged but repairable during the life of this Agreement, the Participant shall notify the NSAQMD of this fact in writing within 15 days and begin working with the NSAQMD to promptly complete one of the two options listed below:

(a) Participant shall have the damaged engine(s)/equipment repaired by an agent that is authorized by the manufacturer to complete the repairs. Use of an unauthorized agent for the engine(s)/equipment repair shall constitute a breach of this Agreement. Depending on the needed repair time, the NSAQMD will determine if an amendment to the Agreement is needed to extend the life of the Agreement to account for the time that the engine(s)/equipment will be out of service and unable to meet the original Agreement performance obligations. In the event that such an amendment is not possible as a result of regulatory requirements, this Agreement's performance requirements shall be addressed by the Participant repaying the NSAQMD a portion of the grant amount based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

(b) If the Participant elects not to have the damaged engine(s)/equipment repaired, then the Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

28. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between Participant and NSAQMD with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly included in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first hereinabove written. Electronic signatures are acceptable. Contract will be finalized upon receipt of wet signature of Participant in District office.

Approved: _____ Date: _____
John Skoverski

Approved: _____ Date: _____
Northern Sierra Air Quality Management District
Chair

Approved: _____ Date: _____
Northern Sierra Air Quality Management District
Gretchen Bennitt
Air Pollution Control Officer

EXHIBIT A

STATEMENT OF GRANT OBLIGATIONS

General

The NSAQMD promotes voluntary diesel engine emission reduction programs under cooperative agreements with eligible applicants to reduce public exposure to ozone precursors and toxic diesel particulate matter. The objective of this Grant Agreement is to reduce these air pollution emissions from this off-road piece of equipment in the Participant's fleet by replacing the existing equipment with newer equipment. The equipment is based in Nevada County. This project's cost effectiveness is less than the Carl Moyer Program cost effectiveness limit as defined in the most current version of the Carl Moyer Guidelines (Moyer Guidelines) with the Grant Agreement life being 10 years for agricultural equipment and 5 years for all others.

Project Description

	Existing Equipment	New or Replacement Equipment
Type	Wheeled Loader	Wheeled Loader
Make / Model	Caterpillar / 966C	Caterpillar / 938M
VIN / Year	76J6406 / 1973	To Be Determined / 2016
	Existing Engine	New or Replacement Engine
Make / Model	Caterpillar, 3333	Caterpillar, C7.1 FTA
Serial # / Year	3N300 / 1973	To Be Determined / 2016
Fuel / HP	Diesel / 170 hp	Diesel / 188 hp
Hours of Op.	1200 hrs/yr	455 hrs/yr (+/- 30%)
Family	n/a	GPKXL07.0BN1-008
Eng. Cert.	Uncontrolled	Final Tier 4

Final Disposition of Existing Equipment

The State of California intends that the existing engine(s)/equipment shall be permanently prevented from polluting the air in any location in any manner. Therefore, the engine(s)/equipment shall be rendered permanently inoperable before the Total Grant Award is disbursed by the Air District. The Air District shall do a Final Post Inspection on the existing equipment to ensure that it has been properly rendered permanently inoperable. Typically, that would entail, at a minimum, a hole punched in the engine block and a section of the equipment frame (or some other equivalent structure) permanently removed from the existing equipment.

Total Grant Award

The Total Grant Award for this project shall not exceed \$140,000.00.

Matching Funds

Costs incurred in excess of the Total Grant Award for the project will be the responsibility of the Participant and shall constitute their matching and/or in-kind contribution for the project.

Term of Agreement

1. For the purposes of this Agreement, the term of the Grant Agreement life is defined herein to be **Ten (10)** years from the date of the final post inspection (To be filled in once final post inspection occurs. **Date:**).
2. Installation Deadline: Project shall be completed as soon as possible but must be completed before **December 1, 2016**.
3. No work may begin until contract is fully executed.

EXHIBIT B
ANNUAL GRANT STATUS REPORT FORMAT

Participant shall submit the “Annual Engine/Equipment Usage Report” form below to the NSAQMD for each new low emission engine/equipment funded under this Agreement. The first report is due one year from the day of the NSAQMD post-inspection. The report form will be provided to the NSAQMD annually for the life of the Grant Agreement (either 3 or 10 years). The purpose of this report form is to provide the NSAQMD with feedback as to Participant’s experience with the new low emissions equipment and to provide a record of the actual usage versus the usage identified in the Participant’s grant application. The report shall include the following items:

1. Name and address of Participant;
2. Project Agreement number;
3. Make and model of equipment purchased;
4. Usage information for the new equipment:
 - Hours of use of the new equipment over the past 12 months; or
 - Estimated fuel use with the new equipment over the past 12 months;
5. Discussion of any repairs, problems, or benefits with the equipment.

Northern Sierra Air Quality Management District
Exhibit B-1a: Annual Engine Usage Report
(Agreement#: CMP 2016-05)

INSTRUCTIONS: Complete this Annual Engine Usage Report every year on the anniversary date of the project's post inspection for the life of the Grant Agreement. The report shall be sent to the NSAQMD within 2 weeks of the post inspection anniversary date.

SECTION 1: GRANTEE INFORMATION

Company/Grantee Name: **Skoverski Logging / John Skoverski**

Company/Grantee Address: **Skoverski Logging / 11819 Brush Ape Ct., Nevada City, CA 95959-**

Company/Grantee Phone Number: **(530) 292-1348**

Date: _____

SECTION 2: ENGINE INFORMATION: Please verify the information below and complete any missing information. **Failure to complete information may lead to an immediate engine inspection and audit.**

1. Location of Equipment /Engine Identified Below: _____

New Equipment: **Caterpillar 938M**; VIN: _____

2. Model Year, Make, Model and Family Number of new equipment engine:

New Engine: **2016 Caterpillar C7.1 FTA** Family: **GPKXL07.0BN1-008**

Grant Agreement Usage: **900 hours/yr (+/- 30%)**

3. Engine Serial #: _____

4. Power Rating: : **188 HP**

5. Fuel Type: **Diesel**

SECTION 3: ANNUAL USAGE INFORMATION: Provide the following Engine Usage Information:

1. Report Start Date: _____ (MM/DD/YY)

2. Report End Date: _____ (MM/DD/YY)

3. Percent of Time Operated in California: _____

4. Engine Use within the period stated above (complete all that apply):

_____ hours

_____ gallons

_____ **N/A** _____ miles

5. Has the fleet mod functioned effectively over this period _____

(Yes/No; if No, please attach description of issue(s) & steps taken to resolve issue(s).

Signature _____

Date _____

Mail to: NSAQMD, PO Box 2509, Grass Valley, CA 95945 Fax to: 530-274-7546 Questions: 530-274-9360

To: Northern Sierra Air Quality Management District Board of Directors

From: Gretchen Bennett, Air Pollution Control Officer

Date: June 27, 2016

Agenda Item: IV.D

Agenda Description: Authorize Chair and Executive Director to sign Carl Moyer Agreement between the Northern Sierra Air Quality Management District and Roberti, Inc.

Issues:

The NSAQMD promotes voluntary diesel engine emission reduction programs under cooperative agreements with eligible applicants to reduce public exposure to ozone precursors and toxic diesel particulate matter. The objective of this Grant Agreement is to reduce these air pollution emissions by fully replacing an uncontrolled swather with a brand new Tier 4 swather. The total cost of the project is \$85,000. The total Carl Moyer contract will be limited to \$45,300

Requested Action:

Authorize the Chair to sign the agreement between the Northern Sierra Air Quality Management District and Roberti, Inc.

ROLL CALL VOTE REQUESTED

Attachments:

1. Carl Moyer Contract #2016-06 between Northern Sierra Air Quality Management District and Roberti, Inc.

GRANT AGREEMENT

between

The Northern Sierra Air Quality Management District

and

Dave Roberti of Roberti Ranch, Inc.

This Agreement is made and entered into this 27th day of June, 2016, by and between the NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT (NSAQMD), an air quality management district formed pursuant to the laws of the State of California, and Participant.

WITNESSETH

This Agreement (“Agreement”) between the Northern Sierra Air Quality Management District, a public agency of the State of California, hereinafter referred to as “District” and **Dave Roberti of Roberti Ranch, Inc.**, hereinafter referred to as “Participant”:

WHEREAS, pursuant to Health and Safety Code §41082, the District may undertake programs that include financial assistance or other incentives to fleet operators for the purchase, conversion, replacement or operation of low-emission motor vehicles; and

WHEREAS, only public or private fleets that permanently reside within Nevada, Sierra, or Plumas Counties qualify for funding; and

WHEREAS, under Resolution No. **2016-03** on **January 25, 2016**, NSAQMD’s Board of Directors authorized the NSAQMD to participate in the **18th** year of the “Carl Moyer Memorial Air Quality Standards Attainment Program (Heavy-Duty Low-Emission Vehicle Incentive Program)”; and

WHEREAS, pursuant to Northern Sierra Air Quality Management District Board Resolution No. 2004-03, the Air Pollution Control Officer is authorized to execute incentive agreements for the “Carl Moyer Memorial Air Quality Standards Attainment Program (Heavy-Duty Low-Emission Vehicle Incentive Program)”; and

WHEREAS, “Participant” represents that the purchase is NOT required by any local, state, and/or federal rule or regulation. For public agencies, controlling board policy does NOT require the purchase.

NOW, THEREFORE, based on their mutual promises, covenants, and conditions, the parties hereby agree as follows:

1. PROJECT

Participant shall perform all activities and work necessary to implement and complete the project set forth in the proposal which is incorporated herein as Exhibit A. Participant agrees to furnish all labor, materials, equipment, licenses, permits, fees, and other incidentals necessary to perform and complete, per schedule, in a professional manner, the services described herein. Participant represents that the Participant has the expertise necessary to adequately perform the project specified in Exhibit A.

In the event of any conflict between or among the terms and conditions of this Agreement, the exhibits incorporated herein, and the documents referred to and incorporated herein, such conflict shall be resolved by giving precedence in the following order of priority:

1. The text of this Agreement;
2. Exhibits A, B, Exhibit B-1a to this Agreement;
3. The NSAQMD Year 18 Carl Moyer Incentive Program Policy and Procedures prepared by the NSAQMD; and,
4. The Carl Moyer Program Guidelines (April 28, 2011) and applicable Carl Moyer Program Advisories.

In addition, unless stricter compliance requirements are defined by Items 1 to 3 in the list above, then the project shall comply with the requirements established in Item 4.

2. PERIOD OF PERFORMANCE/TIMETABLE

Participant shall commence performance of work and produce all work products in accordance with the work schedule and deadlines for performance identified in Exhibit A (Statement of Grant Obligations) unless this Agreement is terminated sooner as provided for elsewhere in this Agreement.

3. EQUIPMENT REPLACEMENT REQUIREMENTS

A. Replacement: The Participant shall provide the NSAQMD with a copy of the final invoice from the dealer from whom the replacement equipment will be purchased. Purchase of any equipment/engine other than the one specified on the submitted final invoice shall constitute a breach of this Agreement.

B. Maintenance: The Participant shall maintain the new grant-funded engine(s)/equipment pursuant to the manufacturer's written specifications. Prior to operating the engine(s)/equipment, the Participant will provide the NSAQMD with a copy of the manufacturer's written maintenance specifications. The Participant will keep a maintenance log containing records of all maintenance performed on the engine(s)/equipment.

The Participant shall make these maintenance logs available for NSAQMD review upon request by the NSAQMD. To ensure accurate engine(s)/equipment reporting, Participant is required to maintain equipment (hour meters, odometers) necessary to determine usage. The Participant must document usage during a failure of such equipment and provide the NSAQMD with that documentation with the Annual

Usage Report. Failure to comply with these conditions will constitute a breach of this Agreement. Failure to maintain the engine(s)/equipment to the manufacturer's specifications will constitute a breach of this Agreement.

C. Operation: The Participant shall operate the new grant-funded engine(s)/equipment pursuant to the manufacturer's written specifications. Prior to operating the engine(s)/equipment, the Participant will provide the NSAQMD with a copy of the manufacturer's written operating specifications. Failure to operate the engine(s)/equipment within the manufacturer's specifications will constitute a breach of this Agreement.

D. Modification: The Participant is prohibited from modifying the engine(s)/equipment configuration. This includes but is not limited to modifications to the engine(s)/equipment, electronic control unit, cooling, exhaust, crank-case ventilation and lubrication systems, power take-offs, and the transmission/gear reduction as applicable. The Participant is required to conduct routine maintenance and repair as needed. All components replaced as part of routine maintenance and/or repair must comply with the original installed engine(s)/equipment configuration and manufacturer's specification. Any modifications to the engine(s)/equipment configuration without written consent from an agent authorized by the manufacturer and the NSAQMD will constitute a breach of this Agreement.

4. PERFORMANCE

This project will result in emission reductions because the replacement engine(s)/equipment has (have) lower emissions than the original engine(s)/equipment. The required emission reductions over the Agreement term are specified in Exhibit A. The performance measure to ensure that the required emission reductions are achieved for this project shall be derived from the total engine operation since it (they) was (were) purchased, based on either fuel usage or engine(s)/equipment hours as Specified in Exhibit A. As required by the Carl Moyer Program Guidelines (April 28, 2011), a minimum of 75 percent of the project's operation must be within California.

Annually, through the term of this Agreement or any amendments to it, and starting one year from the day of the NSAQMD post-inspection, Participant shall provide the NSAQMD with Annual Engine/Equipment Usage Reports as outlined in Exhibit B using the report form in (Exhibit B-1a). Prior to this Agreement being deemed complete, the NSAQMD shall assess whether the engine(s)/equipment was (were) sufficiently operated to achieve the required emission reductions. Engine(s)/equipment operation over the Agreement term, must result in the contracted usage as stated in Exhibit A being achieved. In the case where the actual usage is between plus or minus 30% of the contracted usage, then the NSAQMD shall declare the Agreement complete. In the case where the actual usage is 30% above the contracted usage, the Participant will provide the NSAQMD with the reason for the extra usage and if the NSAQMD, the ARB or their designee(s) deem the reasoning acceptable, the NSAQMD shall declare the Agreement complete. In the case where the actual usage is 30% below the contracted usage or excessive usage is not acceptable to the NSAQMD, the ARB or their designee(s), then one of the following performance compliance options for the project shall be selected by the NSAQMD:

1. The Participant shall repay a portion of the grant amount to the NSAQMD where the repayment portion is determined using the following formula:

$$R = G \times \left(1 - \frac{O_{act}}{O_{con}} \right)$$

Where:

R is the repayment amount;

G is the total grant amount as stated in Paragraph 6;

O_{act} is the total actual engine(s) operation amount since the equipment purchase;

O_{con} is the total required engine(s) operation amount over the term of this Agreement defined in Exhibit A;

or,

2. 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.

5. RECORD KEEPING AND REPORTING

A. Records: Participant shall keep, and provide to NSAQMD or its agents, upon request, accurate financial records (including invoices and published price lists on which Agreement was based) necessary to enable NSAQMD to review Participant's performance of this Agreement. These records shall demonstrate the grant funding has been used for the purchase of engine(s)/equipment and/or provision of services as described in Exhibit A to this Grant Agreement, Statement of Grant Obligations. Participant shall maintain all such records for at least five years after the date on which the engine(s)/ equipment and or/services was (were) purchased.

B. Reports: The Participant shall submit report(s) to the NSAQMD in accordance with the schedule and format specified in Exhibit B (Annual Grant Status Report Format) and Exhibit B-1a (Annual Engine Usage Report). Failure to comply with reporting requirements will trigger District Auditing as specified in the Carl Moyer Program Guidelines.

6. COMPENSATION

NSAQMD may reimburse Participant for up to **Forty five thousand, three hundred dollars (\$45,300.00)** ("Total Grant Award") if and when such funds become available to NSAQMD and are budgeted for this purpose by NSAQMD.

A. Payments: Only expenditures incurred by Participant in the direct performance of this Agreement can be reimbursed by NSAQMD. Participant shall invoice the NSAQMD in accordance with the schedule specified in Exhibit A. Payments by NSAQMD to Participant for any services detailed in Exhibit A shall be permitted only after said services have been satisfactorily rendered, and after a written request and claim from Participant for such payment has been received by NSAQMD. Said written request shall set forth the work completed in

the claim period and shall include copies of any and all invoices or financial records needed to verify that stated costs have been incurred by Participant. Invoices and supporting records shall be submitted to NSAQMD no more often than once every five months, unless prior approval for a greater frequency has been given by NSAQMD. Claims and all supporting documentation shall be submitted to the Northern Sierra Air Quality Management District (NSAQMD), PO Box 2509, Grass Valley, California 95945, Attention: Joe Fish.

NSAQMD shall pay Participant the amount of the Total Grant Award within thirty (30) calendar days after receiving a request for payment and verifying that services have been satisfactorily completed as cited in the invoice.

NSAQMD shall review and pay Participant additional sums toward the Total Grant Award if and when (a) NSAQMD receives additional Carl Moyer grant funds for the next funding cycle, and (b) NSAQMD budgets and allocates such funds for the purpose of funding this Agreement.

Participant expressly understands, acknowledges and agrees that NSAQMD will use reasonable efforts to budget and allocate funds to support this Agreement, however NSAQMD cannot make any guarantees as to the availability or amount of any future reimbursement pursuant to this Agreement except for the Total Grant Award expressly set forth above. Any and all future decisions to budget for or expend monies to support this reimbursement agreement are subject to the sole discretion of the NSAQMD Board and, therefore, this Agreement creates no right or entitlement to any future reimbursement whatsoever. NSAQMD shall have no obligation whatsoever to budget or expend monies for the purpose of fully funding this reimbursement agreement nor to use any funds other than Carl Moyer grant funds for the purpose of funding this Agreement.

Any and all obligations or commitments to reimburse Participant under this Agreement shall expire as of the earlier of (a) **October 1, 2016** or (b) termination of the Agreement pursuant to Paragraph 9, below; and that this Agreement may be terminated whether or not Participant has received its full reimbursement for the Total Grant Award. Therefore, Participant further understands, acknowledges, and agrees that this Agreement may terminate before full reimbursement for the Total Grant Award may be made.

The amount to be paid to Participant under this Agreement shall include all sales and use taxes incurred pursuant to this Agreement, if any, including any such taxes due on equipment purchased by Participant.

B. Surplus Funds: Any part or all of a payment by NSAQMD to Participant, which is not utilized for any reason by Participant to pay costs pursuant to the terms and conditions of this Agreement or as detailed in a claim by Participant, shall be refunded to NSAQMD within 30 days after the end of the project term defined in Paragraph 2 above.

C. Close-out Period: All final claims for repayment shall be submitted by Participant to NSAQMD within sixty (60) days following the final month of

activities for which payment is claimed. No action will be taken by NSAQMD on claims submitted beyond the 60-day close-out period.

D. Repossession: If for any reason the lien holder of the new equipment is required to repossess said equipment, the Participant shall be liable for the repayment of the Total Grant Award to the NSAQMD and agrees to reimburse the NSAQMD the full amount of the Total Grant Award as specified herein within 30 days of such repossession of said equipment.

7. NON-ALLOCATION OF FUNDS

The terms of this Agreement and the services to be provided there under are contingent on the approval and appropriation of funds by the NSAQMD, the State of California and the federal government. NSAQMD upon giving **seven (7) calendar days written notice** to Participant, shall have the right to terminate its obligations under this Agreement if the NSAQMD, the Federal Government or the State of California, as the case may be, does not appropriate funds sufficient to discharge NSAQMD's obligations coming due under this Agreement.

8. INDEPENDENT PARTICIPANT

In performance of the work, duties, and obligations assumed by Participant under this Agreement, it is mutually understood and agreed that Participant, including any and all of Participant's officers, agents, and employees, will at all times be acting and performing as an independent Participant and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venturer, partner, or associate of NSAQMD. Furthermore, except for requirements specifically stated in this Agreement, NSAQMD shall have no right to control, supervise or direct the manner or method by which Participant shall perform its work and function. However, NSAQMD shall retain the right to administer this Agreement so as to verify that Participant is performing its obligations in accordance with the terms and conditions thereof. Participant and NSAQMD shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over matters the subject thereof.

Because of its status as an independent Participant, Participant shall have absolutely no right to employment rights and benefits available to NSAQMD employees. Participant shall be solely liable and responsible for providing to, or on behalf of, itself all legally required employee benefits. In addition, Participant shall be solely responsible and hold NSAQMD harmless from all matters relating to payment of Participant's employees, including compliance with social security, withholding, and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, Participant may be providing services to others unrelated to NSAQMD or to this Agreement.

9. TERMINATION

A. Breach of Agreement: NSAQMD may immediately suspend or terminate this Agreement, in whole or in part, for any of the following reasons:

1. An illegal or improper use of funds;
2. A failure to comply with any term of this Agreement;
3. A substantially incorrect or incomplete report submitted to NSAQMD;
4. Improperly performed services; or
5. Participant breaches any requirements of the Carl Moyer Program Guidelines (April 28, 2011) and applicable Carl Moyer Program Advisories.

In no event shall any payment by NSAQMD constitute a waiver by NSAQMD, the ARB or their designee(s) of any breach of this Agreement or any default which may then exist on the part of Participant, nor shall such payment impair or prejudice any remedy available to NSAQMD, the ARB or their designee(s) with respect to the breach or default. NSAQMD, the ARB or their designee(s) shall have the right to demand of Participant the repayment to NSAQMD of any funds disbursed to Participant under this Agreement which in the judgment of NSAQMD, the ARB or their designee(s) were not expended in accordance with the terms of this Agreement. Participant shall promptly refund any such funds upon demand.

In addition to immediate suspension or termination, NSAQMD, the ARB or their designee(s) may impose any other remedies available at law, in equity, or otherwise specified in this Agreement.

B. Without Cause: Either party may terminate this Agreement at any time after giving the other party at least thirty (30) days advance written notice of intention to terminate. Upon such termination, all the work, if any, produced by Participant shall be promptly delivered to NSAQMD. Additional terms and conditions may apply in the event of termination by the Participant, as identified in Paragraph 27.C of this Agreement.

10. MODIFICATION

Any matters of this Agreement may be modified from time to time by the written consent of all the parties without in any way affecting the remainder.

11. NON-ASSIGNMENT

Neither party shall assign, transfer, or subcontract this Agreement, nor their rights or duties under this Agreement, without the prior express, written consent of the other party.

12. INDEMNIFICATION

Participant agrees to indemnify, save, hold harmless, and at NSAQMD's request, defend NSAQMD, its boards, committees, representatives, officers, agents, and employees from and against any and all costs and expenses (including reasonable attorneys' fees and litigation costs), damages, liabilities, claims, and losses (whether in contract, tort, or strict liability, including, but not limited to, personal injury, death, and

property damage) occurring or resulting to NSAQMD which arises from any negligent or wrongful acts or omissions of Participant, its officers, agents, subcontractors, or employees in their performance of this Agreement.

In addition, by signing this agreement, Participant affirms that the project proposed in Exhibit A to this Grant Agreement has not been funded and is not being considered for funding by another air district, ARB, or any other public agency. Any applicant who is found to have submitted multiple applications for the same project may be banned by the ARB from submitting future applications to Carl Moyer Program solicitations and may be subject to criminal sanctions. A project funded cooperatively by multiple air districts is eligible for funding if the project parameters are coordinated amongst the participating districts and the project meets all applicable Carl Moyer Program criteria. Applicants are allowed to re-apply for project funding if a previous application has been rejected and is no longer being considered for funding or if the applicant withdraws the previous application from the other funding source.

13. INSURANCE

A. Without limiting NSAQMD's right to obtain indemnification from Participant or any third parties, Participant, at its sole expense, shall maintain in full force and effect the following insurance policies throughout the term of this Agreement:

Commercial general liability insurance with minimum limits of coverage in the amount of one million dollars (\$1,000,000) per occurrence;

Commercial automobile liability insurance which covers bodily injury and property damage with a combined single limit with minimum limits of coverage in the amount of one million dollars (\$1,000,000) per occurrence; and,

Workers' compensation insurance in accordance with California law. In the event Participant is exempt from the requirement of maintaining workers compensation insurance, Participant shall provide to the District satisfactory evidence of such exemption.

B. Prior to finalizing this Agreement, Participant shall provide certifications of insurance on the foregoing policies, as required herein, to NSAQMD, stating that such insurance coverages have been obtained and are in full force. The Participant's general commercial liability insurance policy, worker's compensation policy, and automotive general liability shall endorse/name the NSAQMD, its officers, agents, employees, individually and collectively, as additional insured, but only insofar as the engine(s)/equipment provided under this Agreement. Such coverage for additional insured shall apply as primary insurance, and any other insurance maintained by NSAQMD, its officers, agents, and employees, shall be excess only and not contributing with insurance provided under Participant's policies herein. This insurance shall not be canceled or changed without a minimum of thirty (30) days advance, written notice given to NSAQMD.

C. In the event Participant fails to keep in effect at all times insurance coverage as herein provided, NSAQMD may, in addition to other remedies it may have, suspend or terminate this Agreement upon the occurrence of such event.

14. AUDITS AND INSPECTIONS

Participant shall at any time during regular business hours, and as often as NSAQMD, the ARB or their designee(s) may deem necessary, make available to and permit NSAQMD, the ARB or their designee(s) to inspect and audit all of the Participant's engine(s)/equipment and/or records necessary to determine Participant's compliance with the terms of this Agreement.

Participant shall be subject to an audit by NSAQMD, the ARB or their designee(s) to determine if the revenues received by Participant were spent for the reduction of pollution as provided in this Agreement and to determine whether said funds were utilized as provided by law and this Agreement. If, after audit, NSAQMD, the ARB or their designee(s) makes a determination that funds provided to the Participant pursuant to this Agreement were not spent in conformance with this Agreement or any other applicable provisions of law, Participant agrees to immediately reimburse NSAQMD all funds determined to have been expended not in conformance with this Agreement.

Participant shall retain all records and data for activities performed under this Agreement for at least five (5) years from the date of final payment under this Agreement or until all state and federal audits are completed for that fiscal year, whichever is later.

The Participant understands and agrees that the ARB has the authority and reserves the right to monitor and enforce the terms of the contract at any time during the project life to ensure emission reductions are obtained for a minimum of 75 percent operation within California. The NSAQMD, the ARB or their designee(s) may seek whatever legal, equitable and other remedies are available under State law for the owner's failure to comply with the Carl Moyer Program requirements and failure to fully perform under the grant agreement.

15. NOTICES

The persons and their addresses having authority to give and receive notices under this Agreement are as follows:

PARTICIPANT

Dave Roberti
Roberti Ranch, Inc.
P.O. Box 35
Loyalton, CA 96118-

NSAQMD

Gretchen Bennitt
Air Pollution Control Officer
Northern Sierra Air Quality Management District
200 Litton Drive, Suite 320
Grass Valley, CA 95945

Any and all notices between NSAQMD and Participant provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly served when

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personally delivered to one of the parties, or in lieu of such personal service, when deposited in the United States mail, postage prepared, addressed to such party.

16. POLITICAL ACTIVITY PROHIBITED

None of the funds, materials, property, or services provided under this Agreement shall be used for any political activity, or to further the election or defeat of any candidate for public office.

17. LOBBYING PROHIBITED

None of the funds provided under this Agreement shall be used for publicity, lobbying, or propoganda purposes designed to support or defeat legislation before the Congress of the United States of America or the Legislature of the State of California.

18. CONFLICT OF INTEREST

No officer, employee, or agent of NSAQMD who exercises any function or responsibility for planning and carrying out the services provided under this Agreement shall have any direct or indirect personal financial interest in this Agreement. Participant shall comply with all federal and state conflict of interest laws, statutes, and regulations, which shall be applicable to all parties and beneficiaries under this Agreement and any officer, agent, or employee of NSAQMD.

19. GOVERNING LAW

This Agreement shall be governed in all respects by the laws of the State of California. Venue for any action arising out of this Agreement shall only be in Nevada County, California.

20. BINDING ON SUCCESSORS

This Agreement, including all covenants and conditions contained herein, shall be binding upon and inure to the benefit of the parties, including their respective successors-in-interest, assigns, and legal representatives.

21. TIME IS OF THE ESSENCE

It is understood that for Participant's performance under this Agreement, time is of the essence. The parties reasonably anticipate that Participant will, to the reasonable satisfaction of NSAQMD, complete all activities provided herein within the time schedule outlined in the attachments to this Agreement, provided that Participant is not caused unreasonable delay in such performance.

22. DATA OWNERSHIP

Upon termination or expiration of this Agreement, all data which is received, collected, produced, or developed by Participant under this Agreement shall become the exclusive property of NSAQMD, provided, however, Participant shall be allowed to retain a copy of any non-confidential data received, collected, produced, or developed by Participant

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under this Agreement, subject to NSAQMD's exclusive ownership rights stated herein. Accordingly, Participant shall, if requested, surrender to NSAQMD all such data which is in its possession (including its subcontractors or agents), without any reservation of right or title, not otherwise enumerated herein. NSAQMD shall have the right at reasonable times during the term of this Agreement to inspect and reproduce any data received, collected, produced, or developed by Participant under this Agreement. No reports, professional papers, information, inventions, improvements, discoveries, or data obtained, prepared, assembled, or developed by Participant, pursuant to this Agreement, shall be released or made available (except to NSAQMD) without prior, express written approval of NSAQMD while this Agreement is in force.

23. NO THIRD-PARTY BENEFICIARIES

Notwithstanding anything else stated to the contrary herein, it is understood that Participant's services and activities under this Agreement are being rendered only for the benefit of NSAQMD, and no other person, firm, corporation, or entity shall be deemed an intended third-party beneficiary of this Agreement.

24. SEVERABILITY

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Agreement, and the Agreement shall then be construed as if such unenforceable provisions are not a part hereof.

25. TITLE TO EQUIPMENT

Title to and risk of loss of equipment purchased with funds received through this Agreement shall, at all times, vest in and with Participant. Participant acknowledges that NSAQMD did not supply, design or manufacture the equipment or any of its components. This equipment is commercially manufactured and sold by a manufacturer to be determined by Participant. NSAQMD specifically disclaims all warranties, express and implied, including the implied warranties of merchantability and fitness for the intended purpose, as to the purchased equipment, any test equipment or field tests. In no event shall NSAQMD be liable to Participant or any third party for any direct, indirect, consequential, special, incidental, or punitive damages for the design, manufacture, operation, maintenance, performance, or demonstration of the purchased equipment under any theory, including but not limited to, tort, contract, breach of warranty, or strict liability.

26. RIGHTS TO EMISSION REDUCTIONS

With the exception of early compliance credits authorized by State statute or regulations written by the California Air Resources Board, Participant transfers and conveys to NSAQMD all rights and claim to ownership of the emission reductions achieved through the project funded by this Agreement. Participant shall not use or attempt to use the emission reductions achieved by the project as emission reduction credits. Participant hereby fully and completely relinquishes such rights for the useful life of the project as specified in Exhibit A.

27. SPECIAL CONDITIONS

A. Agreement Completion: The entire proposed project must be completed according to the schedule presented in Exhibit A, Statement of Grant Obligations. The NSAQMD, at its discretion, may instead elect to modify the said schedule unless such an extension is not possible as a result of regulatory requirements.

B. Disposal of Replaced Equipment: Participant will be removing from service the existing engine(s)/equipment as outlined in Exhibit A.

C. Termination: Participant may terminate its obligation to operate the low emissions equipment funded under this Agreement for good cause provided that Participant shall reimburse the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement. Notice of termination shall be provided in writing and shall be effective upon completion of the terms of this Paragraph. Such notice shall terminate Participant's obligation under Paragraphs 1 (Project) and 2 (Period of Performance / Timetable) of this Agreement.

D. Replacement, Sale, Relocation or Damage to Engine(s)/Equipment:

1. Replacement: If for any reason, the new engine(s)/equipment is (are) rendered inoperable during the life of this Agreement, the Participant shall notify the NSAQMD of this fact in writing within 15 days and begin working with the NSAQMD to promptly complete one of the two options listed below:

(a) Participant shall replace the engine(s)/equipment with an engine(s)/equipment that has (have) equal or lesser air emissions, as determined by the NSAQMD. Once the replacement engine(s)/equipment is (are) determined, the NSAQMD will amend the Agreement to specify the replacement engine(s)/equipment. The amendment will also extend the life of the Agreement to account for the time that the engine(s)/equipment was (were) out of service and unable to meet the original Agreement performance obligations. In the event that such an amendment is not possible as a result of regulatory requirements, this Agreement's performance requirements shall be addressed by the Participant repaying the NSAQMD a portion of the grant amount based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

(b) If the Participant elects not to replace the inoperable engine(s)/equipment with an engine(s)/equipment that has (have) greater air emissions, as determined by the NSAQMD, then the Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

2. Sale: If for any reason, the new engine(s)/equipment is (are) to be sold by the Participant during the life of this Agreement, the Participant shall notify the NSAQMD of this fact in writing 15 days prior to listing or otherwise preparing for the sale of the engine(s)/equipment and begin working with the NSAQMD to promptly complete one of the following two available options:

(a) Participant shall make compliance with this Agreement a written condition of the sale and a new Agreement between the NSAQMD and the new owner must be finalized as part of the final sale. Sale of the engine(s)/equipment can only occur within Nevada, Sierra or Plumas counties. Copies of all forms pertaining to the sale of the engine(s)/equipment shall be provided to the NSAQMD within 30 days of the sale and the forms shall refer to the existence of this Agreement and the new Agreement in the space provided for Warranties / Appurtenances / Limitations / Exceptions.

(b) If the Participant elects to sell the engine(s)/equipment without the completion of the grant Agreement obligations or the engine(s)/equipment is sold outside of Nevada, Sierra or Plumas counties, the Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

3. Relocation: If for any reason during the life of this Agreement the Participant wants to relocate outside of Nevada, Sierra or Plumas counties and continue to use the new engine(s)/equipment inside California, Participant shall notify the NSAQMD of the specifics of the relocation in writing 15 days prior to the relocation and begin working with the NSAQMD to determine the possibility of modifying the Grant Agreement. If relocation occurs outside of California, Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

4. Damage: If for any reason, the new engine(s)/equipment is (are) damaged but repairable during the life of this Agreement, the Participant shall notify the NSAQMD of this fact in writing within 15 days and begin working with the NSAQMD to promptly complete one of the two options listed below:

(a) Participant shall have the damaged engine(s)/equipment repaired by an agent that is authorized by the manufacturer to complete the repairs. Use of an unauthorized agent for the engine(s)/equipment repair shall constitute a breach of this Agreement. Depending on the needed repair time, the NSAQMD will determine if an amendment to the Agreement is needed to extend the life of the Agreement to account for the time that the engine(s)/equipment will be out of service and unable to meet the original Agreement performance obligations. In the event that such an amendment is not possible as a result of regulatory requirements, this Agreement's performance requirements shall be addressed by the Participant repaying the NSAQMD a portion of the grant amount based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

(b) If the Participant elects not to have the damaged engine(s)/equipment repaired, then the Participant shall repay the NSAQMD based on the repayment equation specified in Paragraph 4 ("Performance") of this Agreement.

28. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between Participant and NSAQMD with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly included in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first hereinabove written. Electronic signatures are acceptable. Contract will be finalized upon receipt of wet signature of Participant in District office.

Approved: _____ Date: _____
Dave Roberti

Approved: _____ Date: _____
Northern Sierra Air Quality Management District
Chair

Approved: _____ Date: _____
Northern Sierra Air Quality Management District
Gretchen Bennitt
Air Pollution Control Officer

EXHIBIT A

STATEMENT OF GRANT OBLIGATIONS

General

The NSAQMD promotes voluntary diesel engine emission reduction programs under cooperative agreements with eligible applicants to reduce public exposure to ozone precursors and toxic diesel particulate matter. The objective of this Grant Agreement is to reduce these air pollution emissions from this off-road piece of equipment in the Participant's fleet by replacing the existing equipment with newer equipment. The equipment is based in Sierra County. This project's cost effectiveness is less than the Carl Moyer Program cost effectiveness limit as defined in the most current version of the Carl Moyer Guidelines (Moyer Guidelines) with the Grant Agreement life being 10 years for agricultural equipment and 5 years for all others.

Project Description

	Existing Equipment	New or Replacement Equipment
Type	Swather	Swather
Make / Model	New Holland / 1116	Massey Ferguson / 9770
VIN / Year	328851 / 1985	AGCM97700CHS13307 / 2012
	Existing Engine	New or Replacement Engine
Make / Model	Perkins, 4.236	Agco Sisu, 66AWI700
Serial # / Year	U805158C / 1990	X27370 / 2011
Fuel / HP	Diesel / 67 hp	Diesel / 220 hp
Hours of Op.	400 hrs/yr	400 hrs/yr (+/- 30%)
Family	LD 30830	BSIDL07.4G6A
Eng. Cert.	Uncontrolled	Tier 4 - Alt Nox

Final Disposition of Existing Equipment

The State of California intends that the existing engine(s)/equipment shall be permanently prevented from polluting the air in any location in any manner. Therefore, the engine(s)/equipment shall be rendered permanently inoperable before the Total Grant Award is disbursed by the Air District. The Air District shall do a Final Post Inspection on the existing equipment to ensure that it has been properly rendered permanently inoperable. Typically, that would entail, at a minimum, a hole punched in the engine block and a section of the equipment frame (or some other equivalent structure) permanently removed from the existing equipment.

Total Grant Award

The Total Grant Award for this project shall not exceed \$45,300.00.

Matching Funds

Costs incurred in excess of the Total Grant Award for the project will be the responsibility of the Participant and shall constitute their matching and/or in-kind contribution for the project.

Term of Agreement

1. For the purposes of this Agreement, the term of the Grant Agreement life is defined herein to be Ten (10) years from the date of the final post inspection (To be filled in once final post inspection occurs. **Date:**).
2. Installation Deadline: Project shall be completed as soon as possible but must be completed before **October 1, 2016**.
3. No work may begin until contract is fully executed.

EXHIBIT B
ANNUAL GRANT STATUS REPORT FORMAT

Participant shall submit the "Annual Engine/Equipment Usage Report" form below to the NSAQMD for each new low emission engine/equipment funded under this Agreement. The first report is due one year from the day of the NSAQMD post-inspection. The report form will be provided to the NSAQMD annually for the life of the Grant Agreement (either 3 or 10 years). The purpose of this report form is to provide the NSAQMD with feedback as to Participant's experience with the new low emissions equipment and to provide a record of the actual usage versus the usage identified in the Participant's grant application. The report shall include the following items:

1. Name and address of Participant;
2. Project Agreement number;
3. Make and model of equipment purchased;
4. Usage information for the new equipment:
 - Hours of use of the new equipment over the past 12 months; or
 - Estimated fuel use with the new equipment over the past 12 months;
5. Discussion of any repairs, problems, or benefits with the equipment.

Northern Sierra Air Quality Management District
Exhibit B-1a: Annual Engine Usage Report
(Agreement#: CMP 2016-06)

INSTRUCTIONS: Complete this Annual Engine Usage Report every year on the anniversary date of the project's post inspection for the life of the Grant Agreement. The report shall be sent to the NSAQMD within 2 weeks of the post inspection anniversary date.

SECTION 1: GRANTEE INFORMATION

Company/Grantee Name: **Roberti Ranch, Inc. / Dave Roberti**
Company/Grantee Address: **Roberti Ranch, Inc. / P.O. Box 35, Loyalton, CA 96118-**
Company/Grantee Phone Number: **(530) 251-6639**
Date: _____

SECTION 2: ENGINE INFORMATION: Please verify the information below and complete any missing Information. **Failure to complete information may lead to an immediate engine inspection and audit.**

1. Location of Equipment /Engine Identified Below: _____
New Equipment: **Massey Ferguson 9770**; VIN: _____
2. Model Year, Make, Model and Family Number of new equipment engine:
New Engine: **2011 Agco Sisu 66AWI700** Family: **BSIDL07.4G6A**
Grant Agreement Usage: **400 hours/yr (+/- 30%)**
3. Engine Serial #: _____
4. Power Rating: : **220 HP**
5. Fuel Type: **Diesel**

SECTION 3: ANNUAL USAGE INFORMATION: Provide the following Engine Usage Information:

1. Report Start Date: _____ (MM/DD/YY)
2. Report End Date: _____ (MM/DD/YY)
3. Percent of Time Operated in California: _____
4. Engine Use within the period stated above (complete all that apply):
_____ hours
_____ gallons
_____ N/A miles
5. Has the fleet mod functioned effectively over this period _____
(Yes/No; if No, please attach description of issue(s) & steps taken to resolve issue(s).

Signature _____ **Date** _____

Mail to: NSAQMD, PO Box 2509, Grass Valley, CA 95945 **Fax to:** 530-274-7546 **Questions:** 530-274-9360

To: Northern Sierra Air Quality Management District Board of Directors

From: Gretchen Bennitt, Air Pollution Control Officer

Date: June 27, 2016

Agenda Item: IV.E

Agenda Description: Proposed Adoption of the FY 2016-2017 Capital and Operating Budget

Issues:

On June 1, 2016, a public hearing that was properly noticed was held to receive comments on the FY 2016-2017 Capital and Operating Budget. On May 23, 2016, the Board reviewed and provided comment on the preliminary FY 2016 - 2017 Capital and Operating Budget.

Approved COLA Increases for Staff and APCO:

On January 25, 2016, the District Board of Directors adopted Resolutions #2016-01 and #2016-02 which approved an annual 2% COLA for all staff members and the APCO, effective July 1, 2016. The allowance is subject to rescission and/or modification if the Board of Directors determines, before the effective date of the allowance, that there are insufficient funds to cover those increases.

Staff has determined that with the 2% COLA effective on July 1, 2016, there will be an increase just under \$10,000 - including salary (\$7,550) and estimated PERS increase (\$2,400). Since Revenues exceed Expenditures by \$109,367 the Budget for FY 16/17 can cover the COLA increases.

Requested Action:

1. Determine if there are sufficient funds to cover the approved COLA increases, and if there are not sufficient funds, vote to rescind or modify the increases.
2. Adopt FY 2016-2017 Capital and Operating Budget and authorize the Chair to sign Resolution #2016-07.

ROLL CALL VOTE REQUESTED

Attachment:

1. Resolutions #2016-01 and #2016-02
2. District's Fiscal Year 2016/2017 Preliminary Capital and Operating Budget
3. Resolution # 2016-07

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION #2016-01

In the matter of: The Governing Board of Directors' intent to approve a Three-Year Phased Approach with Cost of Living Adjustment (COLA) for the position of Air Pollution Control Officer.

Whereas, the Governing Board of Directors for the Northern Sierra Air Quality Management District (District) has the authority to set wages, salaries, and benefits for all employees of the District; and

Whereas, The Board of Directors approves a Cost of Living Allowance (COLA) of 2.0% for the Air Pollution Control Officer, retroactive to July 1, 2015; and

Whereas, The Board of Directors approves an additional Cost of Living Allowance (COLA) of 2.0% for the Air Pollution Control Officer, to be effective annually for the following two years on July 1, 2016 and July 1, 2017. The July 1, 2016 and July 1, 2017 allowances are subject to rescission and/or modification if the Board of Directors determines, before the effective date of the allowance, that there are insufficient funds to cover those increases; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Northern Sierra Air Quality Management District Governing Board of Directors approve the above-stated Cost of Living Adjustments (COLA)'s for the Air Pollution Control Officer.

On a motion by Supervisor _____, and seconded by Supervisor

_____, the foregoing resolution was approved and adopted by the Governing Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on January 25, 2016, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstaining:

Attest: _____

Allison King, Clerk of the Board Date

Chair of the Board Date

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION #2016-02

In the matter of: The Governing Board of Directors' intent to approve a Three-Year Phased Approach with Cost of Living Adjustment (COLA) for the positions of Air Pollution Specialist (Levels I, II and III), Business Manager and Deputy Air Pollution Control Officer.

Whereas, the Governing Board of Directors for the Northern Sierra Air Quality Management District (District) has the authority to set wages, salaries, and benefits for all employees of the District; and

Whereas, The Board of Directors approves a Cost of Living Allowance (COLA) of 2.0% for the following positions in the District; Air Pollution Specialist, Business Manager, Deputy Air Pollution Control Officer, retroactive to July 1, 2015; and

Whereas, The Board of Directors approves an additional Cost of Living Allowance (COLA) of 2.0% for the Air Pollution Control Officer, to be effective annually for the following two years on July 1, 2016 and July 1, 2017. The July 1, 2016 and July 1, 2017 allowances are subject to rescission and/or modification if the Board of Directors determines, before the effective date of the allowance, that there are insufficient funds to cover those increases; and

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Northern Sierra Air Quality Management District Governing Board of Directors approve the above-stated Cost of Living Adjustments (COLA)'s for the positions of Air Pollution Specialist, Business Manager, and Deputy Air Pollution Control Officer.

On a motion by Supervisor _____, and seconded by Supervisor

_____, the foregoing resolution was approved and adopted by the Governing Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on January 25, 2016, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstaining:

Attest: _____

Allison King, Clerk of the Board Date

Chair of the Board Date

DISTRICT HEADQUARTERS

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Grass Valley, CA 95945
(530) 274-9360 / FAX: (530) 274-7546
email: office@myairdistrict.com or www.myairdistrict.com

NORTHERN FIELD OFFICE

257 E. Sierra, Unit E
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Portola, CA 96122
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email: Julie@myairdistrict.com

**FISCAL YEAR 2016/2017
CAPITAL BUDGET
FINAL**

June 27, 2016

EXECUTIVE SUMMARY

The District's Capital Budget is comprised of two major components - 1) the Restricted Grants Budget and the 2) Operating Budget. Each budget has two separate fund accounts to facilitate the tracking of funds in both budgets and to allow the public better comprehension of the District's overall capital budget. A line-item spreadsheet of both the Restricted and Operating Budgets follows.

RESTRICTED GRANTS BUDGET

The Restricted Grants Budget is solely for pass-through grants from the State of California or the Federal Government (U.S. Environmental Protection Agency) to reduce air pollution emissions in areas where public health is most impacted. The District will be administering this budget through a variety of grant programs, incentives, rebates and public education in cooperation with other local agencies and businesses. For a detailed breakdown of all line items for the Restricted Grant Budget, please refer to the restricted budget spreadsheet.

AB2766 Grant Programs

The District administers the State's AB2766 DMV surcharge grant money to worthwhile projects throughout all three counties of the District. This funding comes from a DMV surcharge fee for each registered vehicle in each county. Nevada and Plumas County charge a fee of \$4/vehicle. Sierra County charges a fee of \$2/vehicle.

Project proponents go through a sometimes competitive process to request full or partial sponsorship for projects which reduce vehicle emissions. \$236,980 of AB2766 funding is slated for approval to be used during Fiscal Year 2016/2017 for projects throughout all three counties. Final grant approvals will be made in September or October 2016. After the Board allocates funds for individual AB projects, any funds which are not allocated to a project go into each county's AB 2766 total allocation account as carryover. These amounts will be added back in to each county's AB allocation in time for the following year's Board approval of projects. During the January 2016 Board meeting, the Board allocated all of Plumas County's amount for FY 16/17 to be allocated to the Portola PM Nonattainment area for purposes of paying the City for services as specified in the Portola/Air District MOU. The total amount allocated to this is \$35,378.

In addition to the FY 2016/2017 AB projects, there is \$214,112 expected to be expended for various encumbered projects. These funds are earmarked in the Restricted Grants Fund Balance.

The following AB2766 past projects were zeroed out due to the completion of their

respective projects. Each of the projects had an amount of funds that were not utilized. The funds will be re-introduced into each respective county as carry-over from prior years:

1. Account # 580-200-53 Hansen Bros. Enterprises (AB2011-02). Amount of remaining funds to be re-introduced into Nevada County - \$4,118.06
2. Account # 580-200-22 Nevada County Information and General Services (AB2011-05). Amount of remaining funds to be re-introduced into Nevada County - \$4,440.32
3. Account # 580-200-07 Nevada County Library (AB2013-04). Amount of remaining funds to be re-introduced into Nevada County - \$14.86
4. Account # 580-2000-09 Nevada County Library (AB2014-05). Amount of remaining funds to be re-introduced into Nevada County – \$0.98.

AB923 DMV Surcharge Fees and Programs

AB923 is only implemented in Plumas County. This funding comes from a DMV surcharge fee of \$2 per each vehicle registered in the county. The District receives 6.25% as an administrative fee. This year, the District expects to receive approximately \$50,000, \$3,125 is utilized for administrative funding. This funding is to be utilized for replacing old diesel school buses per the state's Lower Emission School Bus program or for reducing heavy duty diesel emissions, similar to the Carl Moyer program. Recently the state has approved that this funding can also be utilized for infrastructure for alternatively fueled, low emission school busses. The current fund balance of AB923 funding is \$69,087, providing a total of \$116,587 available for expenditure during FY 2016/2017.

Carl Moyer Heavy Duty Diesel Emission Reduction Program

The District administers the State's Carl Moyer Heavy Duty Diesel Program throughout all three counties in the District. This program is intended to provide incentives to owners of heavy duty diesel engines to retrofit these engines to lower emitting models. This is easily one of the most cost-effective and pollution reducing programs that the State sponsors and the District administers.

For fiscal year 2016/2017, the District expects to receive revenue of Carl Moyer funding of \$200,000. The District receives 12.5% administrative fee, leaving \$175,000 for the grant program and \$25,000 administrative fee which is revenue for the internal operating budget. The current fund balance amount of Carl Moyer funding is \$75,281, providing a total of \$250,281 available for expenditure during FY 2016/2017.

EPA's Targeted Air Shed Grant

The Air District was approved for a \$2.48 million grant from the U.S. Environmental Protection Agency (U.S. EPA) to reduce air pollution from residential woodstoves. The

grant is part of the U.S. EPA's 2015 Targeted Air Shed Grant Program intended to improve air quality in areas of the U.S. with the highest levels of pollution.

In January 2015, the U.S. EPA designated the City of Portola and surrounding parts of Plumas County as a federal nonattainment area for the annual PM2.5 health-based standard. PM2.5 is the fine particle pollution found in smoke. Studies indicate that the main source of smoke in Portola is from residential woodstoves and fireplaces.

U.S. EPA grant funds will be administered by the Air District and the California Air Resources Board for a five-year voluntary residential wood stove replacement program to encourage owners to replace older wood stoves with cleaner burning devices and significantly improve air quality and public health in the Portola area.

This will be a five year program on a strictly reimbursement basis. Estimates were based upon how much would be spent and reimbursed for each of the five years. The amount of \$1,992,000 for woodstove replacements in the nonattainment area is not to be exceeded over five years. The district estimates that approximately \$398,400 per year will be expended to replace stoves in the nonattainment area. Additionally, the District has been awarded up to \$259,136 for administrative use over the five year period. The District estimates approximately \$51,000 per year will be reimbursed for administrative uses annually.

H&S Woodstove Mitigation Fund

EPA had a settlement with H&S which required H&S to pay a local air district \$400,000 to be used for a woodstove changeout program in a federal nonattainment area. EPA referred H&S to Northern Sierra Air District. An agreement was approved and ratified by the Air District Board during a March 2016 Board meeting. The District had a one-time revenue of \$360,000 deposited into the District's restricted account. Additionally, the District received a one-time revenue of \$40,000 to be deposited into the District's operating budget. This \$40,000 of administrative funds are reflected in the District's FY 2015/2016 budget.

Although the district received the funds during FY 15/16, the expenditure of the \$360,000 of funds will occur during FY 15/16, FY 16/17 and FY 17/18.

TIMBER (Truck Improvement Modernization Emission Reduction Program)

The Carl Moyer Truck Improvement/Modernization Benefitting Emission Reductions (TIMBER) Program provides a streamlined approach for replacing older, high-polluting heavy-duty log trucks earlier than required. The TIMBER program helps reduce some of the costs associated with replacing a log truck with a new (not used) log truck. The program can assist in funding up to \$60,000 per vehicle. Although the District has participated in this program for the last three fiscal years, the District will not be participating in FY 2016-2017. There is approximately \$20,000 remaining in the TIMBER restricted fund to be administered. Once that is administered, the TIMBER program will cease.

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Restricted Budget:
FY 2016 - 2017

Restricted Budget, Fund Balance Accounts			
Account #	Description	FY 2015-2016	FY 2016-2017
301-200-02	Encumbered AB 2766 Funds	208,243	214,112
304-200-01	Planned Expenditures, AB2766 Total Allocation , Nevada Co.	170,061	195,932
304-200-03	Planned Expenditures, AB 2766 Total Allocation, Plumas Co.	32,656	35,378
304-200-04	Planned Expenditures, AB 2766 Total Allocation, Sierra Co.	5,262	5,670
304-200-06	Planned Expenditures, Carl Moyer	59,469	75,281
304-200-10	Planned Expenditures, TIMBER	161,271	19,989
304-200-11	Planned Expenditures, AB923	22,240	69,087
304-200-12	Portola Woodstove Changeout Fund	5,500	5,500
Restricted Budget, Fund Balance Accounts Total:		\$657,471	\$620,949

Restricted Budget, Revenue					
Account #	Description	FY 2015-2016		FY 2016-2017	
		Grant Funds	Restricted Funds	Grant Funds	Restricted Funds
420-200-01	Govt. Funding, AB 2766 DMV Fees (60% for District Admin)	520,000	208,000	520,000	208,000
420-200-27	Govt. Funding, TIMBER (10% for District admin)	172,692	155,423	0	0
420-200-05	Govt Funding, AB923 (6.25% for district admin)	50,000	47,500	50,000	46,875
420-200-18	Govt. Funding, Carl Moyer HD Diesel (12.5% for district admin)	200,000	180,000	200,000	175,000
420-200-91	Govt. Funding, EPA Target Grant for Portola	0	0	398,400	398,400
421-200-50	Other Income, Interest, Restricted Carl Moyer	0	5,909	0	4,299
Restricted Budget, Revenue Total:		\$942,692	\$596,832	\$1,168,400	\$832,574

Restricted Budget, Expenditures			
Account #	Description	FY 2015-2016	FY 2016-2017
580-200-65	NSAQMD (2015-01, 7,000)	7,000	\$ 2,993
580-200-10	NevCo Library, Chicago Park Kiosk (AB2014-09, \$33,455)	33,455	\$ 21,207
580-200-69	NevCo CDA & IGS (AB2015-02, 45,000)	-	\$ 45,000
580-200-68	Nevada City Police Dept. (AB2015-03, 38,980)		\$ 38,980
580-200-67	Nevada County Public Works (AB2015-04, 30,000)		\$ 30,000
580-200-07	Nevada County Library (AB2015-05, 25,000)		\$ 25,000
580-200-71	Nevada County Library (Ab2015-06, 15,500)		\$ 15,500
580-200-93	Portola PM Nonattainment Mitigation Fund)AB2015-08, 33,211)		\$ 30,192
580-200-66	Incorporated Senior Citizens of Sierra County (AB-2015-07,\$5,240)	5,240	\$ 5,240
580-200-73	Portola MOU (AB-2016-08)		\$ 35,378
580-200-000	Planned Expenditure of all counties	207,979	201,602
580-200-32	Carl Moyer	244,469	250,281
580-200-30	TIMBER	316,694	19,989
580-200-56	AB 923	69,740	115,962
580-200-91	EPA Target Grant for Portola	0	398,400
588-200-39	Portola Woodstove Changeout Fund	5,500	5,500
Restricted Budget, Expenditures Total:		\$890,077	\$1,241,224

Notes:

1 Carl Moyer interest must be retained within the Restricted Fund and credited to the same account. All other interest can be transferred to the Operating budget per the resolution that established Restricted Fund #6771. Interest shall be apportioned based on the average monthly ratio between the Carl Moyer fund balance and the total restricted fund balance for the period of the fiscal year in which the interest was earned.

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OPERATING BUDGET

The second major portion of the District's overall capital budget is the internal Operating Budget which is outlined in detail in the Operating Budget spreadsheet.

Operating Revenue

Overall, Revenues exceed Expenditures by \$109,367. There is a decrease of \$59,500 of predicted revenue from last year's budget. The most significant reason for this decrease is due to the \$40,000 one-time administrative fee received during FY 2015-2016 from H&S to implement a woodstove changeout program in the Portola area. Additionally, the District will not be receiving the \$15,000 administrative fee from TIMBER as it did in the prior fiscal year. EPA provided a monitoring equipment grant of \$20,500 last year, during FY 2016-17, EPA is only providing \$7,000, a decrease of \$13,500. Lastly, the District predicted a \$10,000 revenue from the sale of assets (surplus vehicle) during FY 2015-16. The vehicle was sold, and the District does not expect to sell any assets during FY 2016-17.

Many revenues show a minor increase from the previous year; \$4,000 increase of permits fees, \$1,500 increase in woodstove inspection fees, \$3,500 increase in EPA monitoring revenue, \$8,000 increase in DMV fees, and a \$5,000 increase in Carl Moyer Administrative fees.

AB 2766 revenue is 37% of total operating revenue. This revenue is used internally for activities that are related to clean air planning and technical studies necessary to implement the California Clean Air Act, and these technical activities should be funded by AB 2766 funds proportionate to the relative contribution of mobile source emissions.

General Administration, the Smoke Management Program, the Planning Program, and the Air Monitoring Program don't have adequate fees to cover costs, and so are supported with State Subvention, county contributions, and miscellaneous revenue line items.

Operating Expenditures

There is an estimated increase of total expenditures from the previous fiscal year of \$19,565. The increase is primarily due to an increase in permanent salaries of \$19,605 and an increase of \$8,000 of fixed assets.

Fund Balance

The District has committed to adding \$50,000 annually to the District's Other Post-Employment Benefits (OPEB) account. This account will increase by \$50,000 annually as required by GASB45. The District provides certain postretirement healthcare

benefits, as established by Board Policy, to eligible employees through a single-employer plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA) and administered by the District. Employees who retire from the District shall be eligible to be enrolled in a PERS-provided health insurance plan. If the retiree is enrolled in a PERS-provided health insurance plan, the District shall pay 100% of the first \$9,600 of the retiree's annual premium. Employees hired after July 1, 2014 shall still be eligible to be enrolled in a PERS-provided health insurance plan upon retirement, but the District shall pay 0% of the retiree's annual premium, upon retirement.

GASB 45 determines the annual OPEB financial obligations based upon the current number of eligible employees and retirees. The net OPEB obligation at the end of the year 2015 was determined to be \$317,210. The District's financial auditor recommended and the Board of Directors agreed that the District expend at least \$50,000/annually and add it to the Fund Balance specific to account until the obligation is fulfilled. The District plans to expend another \$50,000 during FY16/17, bringing the total OPEB amount to \$100,000. This expense of \$50,000 will be repeated annually until the District's annually determined OPEB obligation is met.

The District has two separate accounts to express health insurance expenditures. Account # 510-100-13 is for retired employees, and Account # 510-100-06 is for current employees. However, two employees have elected not to utilize the PERS-provided health benefits plan. According to District Policy, in recognition of the subsequent cost savings to the District, the District will pay the employees 40% of the premium costs saved by the District, or \$3,840, whichever is less. Since there are two employees electing not to utilize the PERS provided plan, this total amount is \$7,680. This \$7,680 expenditure is not included in the Health Insurance expenditure, instead it is included in Account # 501-100-00 Permanent Salaries.

1. Equipment Replacements

\$3,000 will be expended to purchase office equipment such as two new computers. The District keeps a list of equipment and their respective depreciation rates.

During FY 2015-2016, the District sold one of its vehicles, a Toyota Yaris, a surplus vehicle. The District plans to replace the Toyota Tacoma which has over 200,000 miles. The District has budgeted up to \$30,000 to purchase a new 4WD truck to replace the old vehicle. The District will plan to trade the Tacoma when it purchases the new vehicle.

2. Air Monitoring Program

The Air District receives \$52,000 from the Environmental Protection Agency for the continued operation of the District's Federal Reference Method (FRM) Network for

particulate matter. The District will also continue to pay rent for its monitoring laboratory and purchase miscellaneous equipment to continue to run its existing air quality monitoring network. Lastly, the District requested an additional \$7,000 for special monitoring purposes and staff training.

3. Public Education

The District will utilize \$2,000 to fund its public education program for FY 2016-2017. This includes purchasing ads for emission reductions, incentive and grant programs.

Summary

Expected operating revenue exceeds expected operating expenditures by \$119,317. The funds received in previous years are encumbered in the District's fund balance accounts, and will be utilized to demonstrate a balanced budget in the final summary, if needed. Although the budget demonstrates an overall increase to the District's Fund Balance by revenues exceeding operating expenditures by \$119,317, this is crucial to the continuance of the Air District's services. The Air District has experienced a steady decline in its fund balance in previous years to the point where it was almost imperative to employ drastic reductions in expenditures. This predicted increase in the fund balance will assist the District to continue its services in case of any unexpected decreases in revenue in the future.

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2016 - 2017

Resource Report		
	5/31/2016	\$ 615,962
	<i>Difference between Cash Available and Fund Balance Accounts Total:</i>	\$ (38)

Fund Balance Accounts		<i>(Used to track earmarked or encumbered funds)</i>	
Account #	Description	FY 2015-2016	FY 2016-2017
301-100-01	General Fund, Undesignated	0	-
301-100-03	Other Post-Employment Benefits	50,000	100,000
302-100-01	Equipment Replacements / Depreciation	110,000	102,000
303-100-00	Leave Liability	54,000	56,000
304-100-02	Air Monitoring Program	70,000	80,000
304-100-03	Public Education Program <i>(See Acct# 540-100-05)</i>	5,000	5,000
305-100-01	Contingency, Leashold Improvements	30,000	75,000
305-100-02	Contingency, Emergency Funds	93,000	118,000
305-100-03	Contingency, Litigation	40,000	80,000
Fund Balance Accounts Total:		\$ 452,000	\$ 616,000

Revenue			
Account #	Description	FY 2015-2016	FY 2016-2017
401-100-02	Fees, Permit to Operate	25,000	34,000
401-100-04	Fees, Vapor Recovery	19,000	19,000
401-100-05	Fees, Variance Application	1,500	500
401-100-06	Fees, Source Test	2,500	2,000
401-100-07	Fees, Prescribed Burning	13,000	13,000
401-100-10	Fees, Title V, Fed Op Permit	65,000	65,000
401-100-13	Fees, Fire Dept Response	1,500	1,500
401-100-08	Fees, Woodstove Inspections Quincy	-	1,500
405-100-01	Penalties, Permitted Source	35,000	35,000
405-100-02	Penalties, Open Burning	2,500	2,500
420-100-01	Gov't Funding, State Subvention	137,600	137,600
420-100-02	Gov't Funding, Subvention Supplemental	3,500	3,500
420-100-03	Gov't Funding, County Contrib	58,565	58,565
420-100-07	Gov't Funding, PERP Pass-Thru	20,000	20,000
420-100-04	Gov't Funding, EPA <i>(PM2.5)</i>	48,500	52,000
420-100-06	Gov't Funding, EPA Special 103 grant	20,500	7,000
420-100-88	Gov't Funding, AB 923, Admin Fee	2,500	2,500
420-100-99	Govt. Funding, AB 2766 DMV Fees	312,000	320,000
420-100-11	Govt. Funding, EPA Target, Admin Fee	58,000	51,000
420-100-09	TIMBER, Admin Fee	15,000	-
420-100-05	Carl Moyer, Admin Fee	20,000	25,000
421-100-12	H&S Mitigation Admin Fee	40,000	-
421-100-16	Other Income, Sale of Asset	10,000	-
421-100-17	Other Income, Rules, Copies, Subscr.	100	100
421-100-18	Miscellaneous refunds, miscellaneous	-	-
421-100-21	PERS Employee Paid Contribution	1,000	1,500
421-100-50	Other Income, Interest, Operating	1,500	1,500
421-100-51	Other Income, Interest, Restricted	2,000	2,000
Revenue Total:		\$ 915,765	\$ 856,265

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2016 - 2017

Expenditures		Salaries and Benefits (Object Level)	
Account #	Description	FY 2015-2016	FY 2016-2017
501-100-00	Permanent Salaries	360,589	380,194
502-100-00	Overtime	1,000	1,000
504-100-01	Part-Time Office Temp	7,500	7,500
510-100-02	Medicare	5,500	5,500
510-100-03	EDD Unemp/Training Tax	2,000	2,000
510-100-04	Workers' Comp Insurance	6,000	6,000
510-100-05	PERS Retirement	58,942	61,342
510-100-12	PERS Unfunded Accrued Liability	48,202	48,202
510-100-10	PERS Employee Paid Contribution	(2,000)	(3,300)
510-100-08	PERS Health Employee Portion	(15,440)	(10,000)
510-100-13	PERS Health Insurance, Retired Employees	21,000	21,000
510-100-06	PERS Health Insurance	50,000	39,000
510-100-07	Dental/Vision Care	6,250	6,250
Salaries and Benefits Total:		\$ 549,543	\$ 564,688

Expenditures		Services and Supplies (Object Level)	
Account #	Description	FY 2015-2016	FY 2016-2017
520-100-01	Communications	25,000	18,000
521-100-01	Maintenance: Office Equipment	500	500
521-100-02	Maintenance: Vehicles	3,000	3,000
522-100-01	Rent, Structures	32,040	32,040
522-100-02	Utilities, District Offices	2,000	3,500
523-100-01	Office Supplies	5,000	5,000
523-100-02	References, Subscriptions	450	450
523-100-03	Postage, Shipping	1,200	1,200
524-100-00	Memberships	3,000	3,000
525-100-01	Prof Services: Legal	6,000	6,000
525-100-03	Prof Services: Bookkeeping (ADP, internal audit)	15,000	18,000
525-100-04	Prof. Services: County Auditor/GASB 45/GASB 68	2,080	4,000
525-100-05	Prof Services: Board	5,000	5,000
528-100-00	Liability Insurance	10,000	8,000
529-100-00	Legal Notices, Public	500	500
535-100-01	Training, Tuition	500	1,500
535-100-02	Travel	3,000	3,000
535-100-03	Gasoline	7,000	5,000
535-100-04	Private car mileage	500	500
Services and Supplies Total:		\$ 121,770	\$ 118,190

Expenditures		Pass-thru Funds / Internal Programs / Contributions to Other Agencies (Object Level)	
Account #	Description	FY 2015-2016	FY 2016-2017
540-100-02	Alternate Commute Program	750	750
540-100-05	Public Education Program	2,000	2,000
545-100-01	ARB: AB 2588 Fees	770	770
545-100-06	Fire Dept Response Reimbursement	1,500	1,500
Contribution to Other Agencies / Internal Grants Total:		\$ 5,020	\$ 5,020

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2016 - 2017

Expenditures		Fixed Asset Purchases (Object Level)	
		FY	FY
Account #	Description	2015-2016	2016-2017
560-100-01	Office Equipm (2 computers @\$3,000)	9,500	6,000
520-100-04	PM Monitoring Expenses, including rent and utilities, see acct # 420-100-04	10,000	15,000
560-100-05	EPA Special 103 Grant - website upgrade, video cam, BAM tape, conference	20,500	7,000
560-100-04	Vehicle	10,000	30,000
560-100-02	Field Equipment (fixed assets - over \$1,000)	1,000	1,000
Fixed Asset Purchases Total:		\$ 51,000	\$ 59,000

Budget Summary		Available Funding & Expenditures	
		FY	FY
		2015-2016	2016-2017
Available Funding			
Fund Balance Total (<i>encumbered & earmarked reserves</i>)		452,000	616,000
Petty Cash		75	75
Revenue Total		915,765	856,265
Available Funding Total:		\$ 1,367,840	\$ 1,472,340
Expenditures			
Salaries & Benefits Object Level		549,543	564,688
Services & Supplies Object Level		121,770	118,190
Contributions to Other Agencies Object Level		5,020	5,020
Fixed Asset Purchases Object Level		51,000	59,000
Expenditures Total:		\$ 727,333	\$ 746,898
Fund Balance Accounts for Operating Expenses:			
304-100-03	Public Education Program	2,000	2,000
Fund Balance Accounts for Operating Expenses Total:		\$ 2,000	\$ 2,000
(Revenue - Expenditures) + Fund Balance Accounts for Operating Expenses + Petty Cash =		\$ 3,193	\$ 111,442
<i>(A negative number here is a revenue shortfall, a positive number means revenues exceed expenditures.)</i>			

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION #2016-07

Whereas, the Governing Board of Directors for the Northern Sierra Air Quality Management District (District) is required by the California Health and Safety Code (HSC) Section 40130 to adopt a budget in an open process in order to educate the public of the costs and benefits of air quality improvement, and

Whereas, the District has prepared and made available to the public at least 30 days prior to public hearing, a summary of its budget and any supporting documents, and

Whereas, the District has noticed and held a public hearing for the exclusive purpose of reviewing its budget and providing the public with the opportunity to comment on the proposed budget, and

Whereas, the Board reviewed and provided direction to the FY 2016-2017 Budget on May 20, 2016, and

Whereas, the District provided a public hearing on June 1, 2016, which was properly noticed.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Northern Sierra Air Quality Management District Governing Board of Directors the FY 2016-2017 Capital and Operating Budget be adopted as presented in Exhibit A.

On a motion by Supervisor _____, and seconded by Supervisor _____, the foregoing resolution was approved and adopted by the Governing Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on June 27, 2016, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Attest:

Gretchen Bennitt, APCO

Date

Chair of the Board

Date

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennett, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: IV.F

Agenda Description: Proposed Adoption of the Air District Rule 428, New Source Review Requirements

Issues: A new source review (NSR) rule is required under the Clean Air Act for all federally designated nonattainment areas. Adoption of this rule that has been publicly noticed and heard at a public hearing fulfills that obligation. In the absence of a federally approvable local NSR rule, existing federal legislation applies to new major sources in nonattainment areas. Basically, this rule codifies federal NSR requirements at the local level. This rule has been reviewed and commented on by the Environmental Protection Agency, they believe it is federally approvable.

Requested Action: Adopt Rule 428, New Source Review Requirements for New and Modified Major Sources in Federally Designated Nonattainment Areas.

ROLL CALL VOTE REQUESTED

Attachments:

1. Staff Report for Rule 428
2. Proposed Rule 428
3. Resolution 2016-09

STAFF REPORT FOR PROPOSED RULE ADOPTION

RULE 428: New Source Review Requirements for New and Modified Major Sources in Federally Designated Nonattainment Areas

Prepared by Northern Sierra AQMD Staff, February, 2016

Date of Public Hearing: June 8, 2016

Public Comment Deadline: June 10, 2016

Anticipated Date of Rule Adoption: June 27, 2016

INTRODUCTION

The Northern Sierra Air Quality Management District (NSAQMD) is proposing to adopt Rule 428 in fulfillment of federal requirements for a New Source Review (NSR) rule under the Clean Air Act (CAA) as amended 1990. The proposed rule would apply only in portions of the District designated as Nonattainment for National Ambient Air Quality Standards. New Source Review is a preconstruction review program for major or potentially major sources of nonattainment air pollutants and their precursor pollutants.

BACKGROUND

Western Nevada County and the Portola area have been designated under the CAA as Nonattainment areas for the 8-hour ozone National Ambient Air Quality Standards (NAAQS) and the PM_{2.5} Annual NAAQS, respectively. One of the requirements in the CAA is that nonattainment areas must adopt a New Source Review rule. Title 40 of the Code of Federal Regulations (CFR), Part 51 specifies requirements for nonattainment areas. The NSR requirements are mainly found in 40 CFR §51.160 through §51.165.

SUMMARY OF PROPOSED RULE, RULE CHANGES AND RULE REVISIONS, INCLUDING POTENTIAL IMPACTS TO AFFECTED SOURCES AND THE ENVIRONMENT

Rule 428: New Source Review Requirements for New and Modified Major Sources in Federally Designated Nonattainment Areas

A New Source Review (NSR) rule is required under the CAA for all federally designated nonattainment areas. Adoption of this rule fulfills this requirement. This rule was based on a model rule developed by EPA and ARB for California air districts. In the absence of a federally approved local NSR rule, existing federal legislation applies to new major sources in nonattainment areas. Basically, this rule codifies federal NSR requirements at the local level. Laura Yannayon of EPA has already reviewed the proposed Rule 428 and believes it is federally approvable.

NSR is a preconstruction review program that specifically applies in federally designated nonattainment areas. Preconstruction review in the rest of the air district (areas that are not nonattainment) is, instead, subject to Prevention of Significant Deterioration (PSD) rules. The requirements of this rule apply to the proposed construction of any new major stationary source or any major modification located at an existing major stationary source. A major source is currently defined as one emitting at least 100 tons per year of a regulated pollutant, although that threshold could conceivably drop in the future if attainment is not reached by specific dates. There are currently no major sources located in federal nonattainment areas within the Northern Sierra Air Quality Management District boundaries.

If a major source wishes to become established in a federal nonattainment area, there would likely be significant costs associated with obtaining the necessary emission offsets, conducting required analyses and obtaining permits. However, these costs would already be imposed by existing federal and local legislation that apply until this rule is effective. Thus, this rule does not impose any new costs on previous, existing or future sources.

Since this rule is anticipated to be used rarely, if ever, and in the interest of keeping the rule as concise as possible, some of the requirements and most of the definitions are incorporated by reference to appropriate portions of the CFR.

AUTHORITY AND RULE ADOPTION REQUIREMENTS

The District is authorized to regulate sources of air pollutants under the California Health and Safety Code (HSC) §40001 and §40702.

HSC §40728.5 requires a socioeconomic analysis for proposed rules in districts having a population greater than 500,000 persons. The NSAQMD's population is approximately 130,000, so this requirement does not apply.

This rule is exempt from the requirements of CEQA per Class 8 (§15308) of the CEQA Guidelines.

The California Health and Safety Code requires the District to comply with a rule adoption protocol as set forth in §40727 of the Code. There are six findings the District must make when developing, amending, or repealing a rule:

FINDING	DEFINITION	DETERMINATION
Authority	A provision of law or of a state or federal regulation permits or requires the regional agency to adopt, amend, or repeal the regulation.	HSC Sections 40001, 40702, and 41511. Federal Clean Air Act sections 172(c)(5) and 173.
Necessity	A need exists for the regulation, or its amendment, or appeal, as demonstrated by the record or rule making authority.	It is necessary for the NSAQMD to adopt this rule in order to comply with the Clean Air Act and thereby avoid federal sanctions.
Clarity	The regulation is written or displayed so that its meaning can be easily understood by the persons directly affected by it.	The proposed rule is written in such a manner that it can be understood by affected sources, and the rule's subsections are descriptively titled.
Consistency	The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulation.	This rule is consistent with State and federal regulations.
Non-duplication	A regulation does not impose the same requirements as an existing state or federal regulation unless a district finds that the requirements are necessary or proper to execute the powers and duties granted to, and imposed upon, a district.	This rule fills a gap in NSAQMD regulations for federally required New Source Review in nonattainment areas at the pre-application review stage.
Reference	Any statute, court decision, or other provision of law that the district implements, interprets, or makes specific by adopting, amending, or repealing a regulation.	This rule is being proposed consistent with the requirements of CAA Title 1, Part D, Section 172(c)(5) and 40 CFR Part 51, Sections 160-165.

RECOMMENDATION

Approval by the Northern Sierra Air Quality Management District Board of Directors of the above findings and proposed Rule 428.

Rule 428 **New Source Review Requirements for New and Modified Major Sources in Federally Designated Nonattainment Areas**

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Part 1.0 **Applicability Procedures**

1.1 Preconstruction Review Requirements

The preconstruction review requirements of this rule apply to the proposed construction of any new major stationary source or any major modification located at an existing major stationary source, if the stationary source or modification is major for the regulated NSR pollutant for which the area it is to be located is designated nonattainment, as listed in 40 CFR 81.305, except as provided in 40 CFR 51.165(f)(1) through (15). All CFR references included in this rule refer to the CFR as of July 1, 2015.

1.2 Authority to Construct Requirement

No new major stationary source or major modification to which the requirements of this rule apply shall begin actual construction without first obtaining an Authority to Construct issued pursuant to this rule.

1.3 Emission Calculation Requirements to Determine NSR Applicability

The provisions set out in Sections 1.3.1 through 1.3.5 below shall be used to determine if a proposed project will result in a new major stationary source or a major modification to an existing stationary source. These provisions shall not be used to determine the quantity of offsets required for a project under Part 4 of this rule.

1.3.1 Except as otherwise provided in Section 1.4, a project is a major modification for a regulated NSR pollutant if it causes two types of emissions increases: a significant emissions increase and a significant net emissions increase. The project is not a major modification if it does not cause a significant emissions increase. If the project causes a significant emissions increase, then the project is a major modification only if it also results in a significant net emissions increase.

1.3.2 The procedure for calculating (before beginning actual construction) whether a significant emissions increase will occur depends upon the type of emissions units being added or modified as part of the project, according to Sections 1.3.3 through 1.3.5. The procedure for calculating (before beginning actual construction) whether a significant net emissions increase will occur at the major stationary source is contained in the definition of *Net Emissions Increase*. Regardless of any such preconstruction projections, a major modification results if the project causes a significant emissions increase and a significant net emissions increase.

1.3.3 *Actual-to-Projected-Actual Applicability Test for Projects that Only Involve Existing Emissions Units.* A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the projected actual emissions and the baseline actual emissions, for each existing emissions unit, equals or exceeds the significant amount for that pollutant.

1.3.4 *Actual-to-Potential Test for Projects that Only Involve Construction of a New Emissions Unit(s)*. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the PTE from each new emissions unit following completion of the project and the baseline actual emissions of these units before the project equals or exceeds the significant amount for that pollutant.

1.3.5 *Hybrid Test for Projects that Involve Multiple Types of Emissions Units*. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the emissions increases for each emissions unit, using the method specified in Sections 1.3.3 or 1.3.4 above, as applicable, with respect to each emissions unit, equals or exceeds the significant amount for that pollutant.

1.4 Major Sources with Plantwide Applicability Limitations (PAL)

For any major stationary source with a PAL permit for a regulated NSR pollutant, the major stationary source shall comply with the requirements in Part 9.

1.5 Projects Which Rely On a Projected Actual Emissions Test

The provisions of this Section shall apply with respect to any regulated NSR pollutant emitted from projects at existing emissions units located at a major stationary source, other than a source with a PAL permit, if the owner or operator has determined that the project is not a major modification, but has a projected emission increase of at least 50% of the amount that is a *Significant Emission Increase*; and the owner or operator elects to use the method specified in paragraphs (a)(1)(xxviii)(B)(1) through (3) of the definition of *Projected Actual Emissions* to calculate emission increases from the project.

1.5.1 Before beginning actual construction of the project the owner or operator shall document and maintain a record of the following information:

- a. A description of the project;
- b. Identification of the emissions unit(s) whose emissions of a regulated NSR pollutant could be affected by the project; and
- c. A description of the applicability test used to determine that the project is not a major modification for any regulated NSR pollutant, including the baseline actual emissions, the projected actual emissions, the amount of emissions excluded under paragraph (B)(3) of the definition of *Projected Actual Emissions* and an explanation for why such amount was excluded, and any netting calculations, if applicable.

1.5.2 If the emissions unit is an existing emissions unit, before beginning actual construction, the owner or operator shall provide a copy of the information set out in Section 1.5.1 to the APCO. Nothing in this Section shall be construed to require the owner or operator of such a unit to obtain any determination from the APCO before beginning actual construction, except such owner or operator may be subject to the requirements of District Rule 401.

1.5.3 The owner or operator shall monitor the emissions of any regulated NSR pollutant that could increase as a result of the project and that are emitted by any emissions unit identified pursuant to Section 1.5.1(b); and calculate and maintain a record of the annual emissions (in tpy on a calendar year basis) for a period of five years following resumption of regular operations after the change, or for a period of ten years following resumption of regular operations after the change if the project increases the design capacity or potential to emit that regulated NSR pollutant at such emissions unit.

1.5.4 If the emissions unit is an existing electric utility steam generating unit, the owner or operator shall submit a report to the APCO within sixty days after the end of each calendar year during which records must be generated under Section 1.5.3, setting out the unit's annual emissions during the calendar year that preceded submission of the report.

1.5.5 If the emissions unit is an existing emissions unit other than an electric utility steam generating unit, the owner or operator shall submit a report to the APCO if the annual emissions, in tpy, from the project identified in Paragraph 1.5.1(b) exceed the baseline actual emissions by a significant amount for that regulated NSR pollutant, and if such emissions differ from the projected actual emissions (prior to exclusion of the amount of emissions under the definition of Projected Actual Emissions) as documented and maintained pursuant to Paragraph 1.5.1(c). Such report shall be submitted to the APCO within sixty days after the end of such year. The report shall contain the following:

- a. The name, address, and telephone number of the major stationary source;
- b. The annual emissions, as calculated pursuant to Section 1.5.3; and
- c. Any other information that the owner or operator wishes to include in the report (e.g., an explanation as to why the emissions differ from the preconstruction projection).

1.5.6 The owner or operator of the source shall make the information required to be documented and maintained pursuant to this Section available for review upon a request for inspection by the APCO or the general public pursuant to the requirements contained in 40 CFR 70.4(b)(3)(viii).

1.5.7 A "reasonable possibility" under this Section occurs when the owner or operator calculates the project to result in either:

- a. A projected actual emissions increase of at least 50 percent of the amount that is a "significant emissions increase," as defined in this rule (without reference to the amount that is a significant net emissions increase), for the regulated NSR pollutant; or
- b. A projected actual emissions increase that, added to the amount of emissions excluded under paragraph (B)(3) of the definition of *Projected Actual Emissions*, sums to at least 50 percent of the amount that is a "significant emissions increase," as defined in this rule (without reference

to the amount that is a significant net emissions increase), for the regulated NSR pollutant.

c. For a project for which a reasonable possibility occurs under Section 1.5.7(b), but not under Section 1.5.7(a), the provisions of Sections 1.5.2 through 1.5.5 do not apply to the project.

1.6 Secondary Emissions

Secondary emissions shall not be considered in determining whether a stationary source would qualify as a major stationary source. If a stationary source is subject to this rule on the basis of the direct emissions from the stationary source, the requirements of Part 4, but no other provisions of this rule, must also be met for secondary emissions.

Part 2.0 Definitions

2.1 Incorporation by Reference

For the purposes of this rule, in addition to the definitions contained in Section 2.2, the definitions contained in Title 40 CFR 51.165(a)(1).

2.2 Additional Definitions

For the purposes of this rule, the following definitions shall also apply.

“Class I area” means any area listed as Class I in 40 CFR Part 81 Subpart D, or otherwise designated as a mandatory Class I Federal area.

“Complete” means, in reference to an application, that the application contains all of the information necessary for processing the application.

“Emission Reduction Credit (ERC)” means reductions of actual emissions from emission units that are certified by an air district in accordance with applicable district rules and are issued by the air district in the form of ERC certificates.

“Internal emission reductions” are emission reductions which have or will occur at the same major stationary source as the proposed emission increase will occur.

“Local Permit Agency” or “Reviewing Authority” means the Northern Sierra Air Quality Management District.

“PM2.5” means particulate matter with an aerodynamic diameter smaller than or equal to a nominal 2.5 microns. Gaseous emissions which condense to form PM2.5 shall also be counted as PM2.5.

“PM10” means particulate matter with an aerodynamic diameter smaller than or equal to a nominal 10 microns. Gaseous emissions which condense to form PM10 shall also be counted as PM10.

“Permanent” means an emission reduction which is federally enforceable for the life of a corresponding increase in emissions.

“Project” means a physical change in, or change in the method of operation of, an existing stationary source.

“Shutdown” means the cessation of operation of any air pollution control equipment or process equipment for any purpose.

“Startup” means the setting into operation of any air pollution control equipment or process equipment for any purpose except routine phasing in of process equipment.

“Surplus” means the amount of emission reductions that are, at the time of generation or use of an Emissions Reduction Credit (ERC), not otherwise required by federal, state, or local law, not required by any legal settlement or consent decree, and not relied upon to meet any requirement related to the California State Implementation Plan (SIP). However, emission reductions required by a state statute that provides that the subject emission reductions shall be considered surplus may be considered surplus for purposes of this rule if those reductions meet all other applicable requirements. Examples of federal, state and local laws, and of SIP-related requirements, include, but are not limited to, the following:

2.2.1. The federally-approved California SIP;

2.2.2. Other adopted state air quality laws and regulations not in the SIP, including but not limited to, any requirement, regulation, or measure that: (1) the District or the state has included on a legally-required and publicly-available list of measures that are scheduled for adoption by the District or the State in the future; or (2) is the subject of a public notice distributed by the District or the State regarding an intent to adopt such revision;

2.2.3. Any other source- or source-category specific regulatory or permitting requirement, including, but not limited to, Reasonable Available Control Technology (RACT), New Source Performance Standards (NSPS), National Emission Standards for Hazardous Air Pollutants (NESHAP), Best Available Control Measures (BACM), Best Available Control Technology (BACT), and the Lowest Achievable Emission Rate (LAER); and

2.2.4. Any regulation or supporting documentation that is required by the federal Clean Air Act but is not contained or referenced in 40 CFR Part 52, including but not limited to: assumptions used in attainment and maintenance demonstrations (including Reasonable Further Progress demonstrations and milestone demonstrations), including any proposed control measure identified as potentially contributing to an enforceable near-term emissions reduction commitment; assumptions used in conformity demonstrations; and assumptions used in emissions inventories.

“Temporary source” means temporary emission sources such as pilot plants, and portable facilities which will be terminated or located outside the District after less than a cumulative total of 90 days of operation in any 12 continuous months.

“Volatile organic compounds (VOC)” is as defined in 40 CFR 51.100(s).

Part 3.0 **Application Requirements**

3.1 Application Submittal

The owner or operator of any proposed project determined to be a major stationary source or major modification pursuant to this rule shall submit a complete application to obtain an Authority to Construct on forms provided by the District and include the demonstrations listed in Sections 3.3 through 3.6 of this rule in the application submittal. Upon determining that an application is complete, the APCO shall communicate in writing to the applicant that the application has been determined to be complete. This determination establishes the application date. Designating an application complete for purposes of permit processing does not preclude the APCO from requesting or accepting any additional information.

3.2 Application Content

At a minimum, an application for an Authority to Construct Permit shall contain the following information related to the proposed project:

3.2.1 An identification and description of all emission points, including information regarding all regulated NSR pollutants emitted by all emission units included in the project.

3.2.2 A process description of all activities, including design capacity, which may generate emissions of regulated NSR pollutants in sufficient detail to establish the basis for the applicability of standards and fees.

3.2.3 A projected schedule for commencing construction and operation for all emission units included in the project.

3.2.4 A projected operating schedule for each emissions unit included in the project.

3.2.5 A determination as to whether the project will result in any secondary emissions.

3.2.6 The emission rates of all regulated NSR pollutants, including fugitive and secondary emission rates, if applicable. The emission rates must be described in tons per year and for such shorter-term rates as are necessary to establish compliance using the applicable standard reference test method or other methodology specified (i.e., grams/liter, ppmv or ppmw, lbs/MMBtu).

3.2.7 The calculations on which the emission rate information are based, including fuel specifications, if applicable and any other assumptions used in determining the emission rates (e.g., HHV, sulfur content of natural gas).

3.2.8 The calculations, pursuant to Section 1.3, used to determine applicability of this rule, including the emission calculations (increases or decreases) for each project that occurred during the contemporaneous period.

3.2.9 The calculations, pursuant to Section 4.3, used to determine the quantity of offsets required for the proposed project.

3.2.10 Identification of existing emission reduction credits or identification of internal emission reductions, including related emission calculations and proposed permit modifications required to ensure emission reductions meet the offset integrity criteria of being real, surplus, quantifiable, permanent and federally enforceable or enforceable as a practical matter.

3.2.11 If applicable, a description of how performance testing will be conducted, including test methods and a general description of testing protocols.

3.3 Lowest Achievable Emission Rate (LAER)

The applicant shall submit an analysis demonstrating that the Lowest Achievable Emission Rate (LAER) has been proposed for each emission unit included in the project which emits a NSR regulated pollutant for which the area the project is to be located in has been classified as nonattainment by EPA and for which the new stationary source or modification is classified as major.

3.4 Statewide Compliance

The applicant shall demonstrate that each existing major stationary source owned or operated by the applicant in the State is in compliance with all applicable emission limitations and standards under the CAA or is in compliance with an expeditious compliance schedule which is federally enforceable.

3.5 Analysis of Alternatives

The applicant shall submit an analysis of alternative sites, sizes, production processes, and environmental control techniques for the proposed source that demonstrates that the benefits of the proposed source significantly outweigh the environmental and social costs imposed as a result of its location, construction, or modification.

3.6 Sources Impacting Class I Areas

The applicant of a proposed new major source or major modification that may affect visibility of a Class I area shall provide the APCO with an analysis of impairment to visibility that would occur as a result of the source or modification and general commercial, residential, industrial, and other growth associated with the project, as required by 40 CFR Section 51.307(b)(2) and 40 CFR Section 51.166(o).

3.7 Application Fees

The applicant shall pay the applicable fees specified in Rule 603.

Part 4.0 Emissions Offsets

4.1 Offset Requirements

4.1.1 Pollutant-specific emissions shall be offset with federally enforceable ERCs or with internal emission reductions.

4.1.2 ERCs from one or more sources may be used, alone or in combination with internal emission reductions, in order to satisfy offset requirements.

4.1.3 Emissions reductions achieved by shutting down an existing emission unit or curtailing production or operating hours may only be credited for offsets if such reductions are surplus, permanent, quantifiable, and federally enforceable; and

a. The shutdown or curtailment occurred after the last day of the base year for the attainment plan for the specific pollutant; or

b. The projected emissions inventory used to develop the attainment plan explicitly includes the emissions from such previously shutdown or curtailed emission units. However, in no event may credit be given for shutdowns that occurred before August 7, 1977.

4.2 Timing

4.2.1 Internal emission reductions used to satisfy an offset requirement must be federally enforceable prior to the issuance of the Authority to Construct which relies on the emission reductions.

4.2.2 Except as provided by Section 4.2.3, the decrease in actual emissions used to generate ERCs or internal emission reductions must occur by no later than the commencement of operation of the new or modified major stationary source.

4.2.3 Where the new emission unit is a replacement for an emission unit that is being shut down in order to provide the necessary offsets, the APCO may allow up to one hundred eighty (180) calendar days for shakedown or commissioning of the new emission unit before the existing emission unit is required to cease operation.

4.3 Quantity

The quantity of ERCs or internal emission reductions required to satisfy offset requirements shall be determined in accordance with the following:

4.3.1 The unit of measure for offsets, ERCs, and internal emission reductions shall be short tons per year (tpy). All calculations and transactions shall use emission rate values rounded to the nearest one one-hundredth (0.01) tpy.

4.3.2 The quantity of ERCs or internal emission reductions required shall be calculated as the product of the amount of increased emissions, as determined in accordance with Section 4.3.3, and the offset ratio, as determined in accordance with Section 4.3.4.

- 4.3.3 The amount of increased emissions shall be determined as follows:
- a. When the offset requirement is triggered by the construction of a new major stationary source, the amount of increased emissions shall be the sum of the PTE of all emissions units.
 - b. When the offset requirement is triggered by a major modification of an existing major stationary source, the amount of increased emissions shall be the sum of the differences between the allowable emissions after the modification and the actual emissions before the modification for each emissions unit.
 - c. The amount of increased emissions includes fugitive emissions if the stationary source is one of the categorical sources.

4.3.4 The ratios listed in Table 1 shall be applied based on the area's designation for each pollutant, as applicable. The offset ratio is expressed as a ratio of emissions increases to emissions reductions.

Table 1. Offset Ratio Requirements by Area Designation and Pollutant

Area Designation	Pollutant	Offset Ratio
Marginal Ozone Nonattainment Area	NO _x or VOC	1:1.1
Moderate Ozone Nonattainment Area	NO _x or VOC	1:1.15
Serious or Severe Ozone Nonattainment Area	NO _x or VOC	1:1.2
PM ₁₀ Nonattainment Area	PM ₁₀ , SO _x , NO _x	1:1
PM _{2.5} Nonattainment Area	PM _{2.5} , SO _x , NO _x , VOC or Ammonia	1:1

4.4 Emission Reduction Requirements

4.4.1 Internal emission reductions or ERCs used to satisfy an offset requirement shall be:

- a. Real, surplus, permanent, quantifiable, and federally enforceable; and
- b. Surplus at the time of issuance of the Authority to Construct containing the offset requirements.

4.4.2 Permitted sources whose emission reductions are used to satisfy offset requirements must appropriately amend or cancel their Authority to Construct or

Permit to Operate to reflect their new reduced PTE, including practicably enforceable conditions to limit their PTE.

4.4.3 Emission reductions must be obtained from the same nonattainment area, except the APCO may allow emission reductions from another nonattainment area if the following conditions are met:

- a. The other area has an equal or higher nonattainment classification than the area in which the source is located;
- b. Emissions from such other area contribute to a violation of the national ambient air quality standard in the nonattainment area in which the source is located; and
- c. The offset ratio of emissions increases to emissions reductions shall be at least 1:1.2.

4.4.4 The use of ERCs shall not provide:

- a. Authority for, or the recognition of, any pre-existing vested right to emit any regulated NSR pollutant;
- b. Authority for, or the recognition of, any rights that would be contrary to applicable law; or
- c. An exemption to a stationary source from any emission limitations established in accordance with federal, state, or county laws, rules, and regulations.

4.5 Restrictions on Trading Pollutants

4.5.1 For the purposes of satisfying the offset requirements the APCO may approve interpollutant emission offsets for precursor pollutants on a case by case basis, except for PM_{2.5}, which is subject to Section 4.5.4. In such cases, the APCO shall impose, based on an air quality analysis, emission offset ratios in addition to the requirements of Table 1. Interpollutant emission offsets must receive written approval by the U.S. Environmental Protection Agency.

4.5.2 PM₁₀ emissions shall not be allowed to offset Nitrogen Oxides or Volatile Organic Compound emissions in ozone nonattainment areas.

4.5.3 In no case shall the compounds excluded from the definition of Volatile Organic Compounds be used as offsets for Volatile Organic Compounds.

4.5.4 Interpollutant offsets between PM_{2.5} and PM_{2.5} precursors are not allowed unless modeling has been used to demonstrate appropriate PM_{2.5} interpollutant offset ratios as approved in a PM_{2.5} Attainment Plan.

Part 5.0 **Administrative Requirements**

5.1 Visibility

The APCO shall consult with the Federal Land Manager on a proposed major stationary source or major modification that may impact visibility in any Class I Area, in accordance with 40 CFR 51.307.

5.2 Ambient Air Quality Standards

The APCO may require an analysis, based on an air quality model, to estimate the effects of a proposed new or modified stationary source in order to verify that its construction or modification would not prevent or interfere with the attainment or maintenance of any ambient air quality standard. The APCO shall take into account the mitigation of emissions through offsets pursuant to this rule and the impacts of transported pollutants on downwind pollutant concentrations. The APCO may impose, based on the analysis, offset ratios greater than those required in Section 4.3.4. The APCO may require that the cost of modeling be borne by the applicant.

5.3 Air Quality Models

All estimates of ambient concentrations required pursuant to this rule shall be based on applicable air quality models, databases, and other requirements specified in 40 CFR Part 51, Appendix W ("Guideline on Air Quality Models"). Where an air quality model specified is inappropriate, the model may be modified or another model substituted. Such a modification or substitution of a model may be made on a case-by-case basis or, where appropriate, on a generic basis. Written approval from the EPA must be obtained for any modification or substitution. In addition, use of a modified or substituted model must be subject to notice and opportunity for public comment.

Part 6.0 **Preliminary Decision**

6.1 Preliminary Decision

Following acceptance of an application as complete, the APCO shall perform the evaluations required to determine compliance with all applicable District, state and federal rules, regulations, or statutes and shall make a preliminary written decision as to whether an Authority to Construct should be approved, conditionally approved, or denied. The decision shall be supported by a succinct written analysis. The decision shall be based on the requirements in force on the date the application is deemed complete, except when a new federal requirement not yet incorporated into this rule applies to the new or modified source.

6.2 Authority to Construct – Preliminary Decision

Prior to issuance of a preliminary written decision to issue an Authority to Construct for a new major stationary source or major modification, the APCO shall determine:

- 6.2.1 That each emissions unit(s) that constitutes the project will not violate any applicable requirement of the District portion of the California State Implementation Plan (SIP); and

6.2.2 That the emissions from the new or modified stationary source will not interfere with the attainment or maintenance of any applicable national ambient air quality standard; and

6.2.3 That the emission limitation for each emission unit that constitutes the project specifies the lowest achievable emission rate (LAER) for such units, as LAER is defined in in this rule.

If the APCO determines that technological or economic limitations on the application of measurement methodology to a particular class of sources would make the imposition of an enforceable numerical emission standard infeasible, the APCO may instead prescribe a design, operational or equipment standard. In such cases, the APCO shall make its best estimate as to the emission rate that will be achieved and must specify that rate in the application review documents. Any permits issued without an enforceable numerical emission standard must contain enforceable conditions which assure that the design characteristics or equipment will be properly maintained or that the operational conditions will be properly performed so as to continuously achieve the assumed degree of control. Such conditions shall be enforceable as emission limitations by private parties under section 304 of the CAA. The term "emission limitation" shall also include such design, operational, or equipment standards; and

6.2.4 The quantity of ERCs or internal emission reductions required to offset the project, pursuant to Section 4.3; and

6.2.5 That all ERCs or internal emission reductions required for the proposed project have been identified and that they have been made federally enforceable or legally and practicably enforceable; and

6.2.6 That the quantity of ERCs or internal emission reductions determined under Section 4.3.2 will be surrendered prior to commencing operation.

6.2.7 Temporary emission sources, such as pilot plants, portable facilities which will be relocated outside of the nonattainment area after a short period of time (not to exceed 12 months), and emissions resulting from the construction phase of a new source, are exempt from Sections 6.2.4, 6.2.5, and 6.2.6.

6.3 Authority to Construct Contents

- 6.3.1 An Authority to Construct for a new major stationary source or major modification shall contain terms and conditions:
- a. which ensure compliance with all applicable requirements and which are enforceable as a legally and practicable matter.

b. sufficient to ensure that the major stationary source or major modification will achieve LAER in accordance with Sections 6.3.2 and 6.3.3.

6.3.2 A new major stationary source shall achieve LAER for each nonattainment pollutant for which it would have the potential to emit at levels which equal or exceed the major source threshold for that nonattainment pollutant.

6.3.3 A major modification shall achieve LAER for each nonattainment pollutant for which it would result in a significant emissions increase and significant net emissions increase at the stationary source. This requirement applies to each proposed emissions unit at which the emissions increase in the pollutant would occur as a result of a physical change, or change in the method of operation, in the emissions unit.

6.4 Authority to Construct – Final Decision

6.4.1 Prior to making a final decision to issue an Authority to Construct for a new major stationary source or major modification, the APCO shall consider all written comments that were submitted within 30 days after the notice of public comment is published and all comments received at any public hearing(s) in making a final determination on the approvability of the application and make all comments available, including the District's response to the comments, for public inspection in the same locations where the District made available preconstruction information relating to the proposed source or modification.

6.4.2 The APCO shall deny any application for an Authority to Construct if she/he finds that the project would not comply with the standards and requirements set forth in District, state, or federal rules or regulations.

6.4.3 The APCO shall make a final decision whether to issue or deny the Authority to Construct proposed in the preliminary decision after determining that the Authority to Construct will or will not ensure compliance with all applicable emission standards and requirements.

6.4.4 The APCO shall notify the applicant in writing of the final decision and make such notification available for public inspection at the same location where the District made available preconstruction information and public comments relating to the source.

Part 7.0 Source Obligations

7.1 Enforcement

Any owner or operator who constructs or operates a source or modification not in accordance with the application submitted pursuant to this rule, any changes to the application as required by the APCO, or conditions of the Authority to Construct shall be subject to enforcement action.

7.2 Termination

Approval to construct shall terminate if construction is not commenced within eighteen months after receipt of such approval, if construction is discontinued for a period of eighteen months or more, or if construction is not completed within a reasonable time. The APCO may extend the 18-month period once upon a satisfactory showing of good cause why an extension is justified. This provision does not apply to the time period between construction of the approved phases of a phased construction project; each phase must commence construction within eighteen months of the projected and approved commencement date.

7.3 Compliance

Approval to construct shall not relieve any owner or operator of the responsibility to comply fully with applicable provisions of the SIP and any other requirements under local, state, or federal law.

7.4 Relaxation in Enforceable Limitations

At such time that a particular stationary source or modification becomes a major stationary source or major modification solely by virtue of a relaxation in any enforceable limitation which was established after August 7, 1980, on the capacity of the stationary source or modification otherwise to emit a pollutant, then the requirements of this rule shall apply to the stationary source or modification as though construction had not yet commenced on the stationary source or modification.

Part 8.0 Public Participation

After the APCO has made a preliminary written decision to issue an Authority to Construct for a new major stationary source or major modification, as specified in Sections 6.1 and 6.2, the APCO shall:

8.1 Opportunity to Comment

Provide public notice in at least one newspaper of general circulation within the District stating the preliminary decision of the APCO, noting how pertinent information can be obtained, and inviting written public comment for a 30-day period following the date of public notice. The notice shall include the time and place of any hearing that may be held, including a statement of procedure to request a hearing (unless a hearing has already been scheduled).

8.2 Materials Availability

No later than the date the notice of the preliminary written determination is published, make available in at least one location in each region in which the proposed source would be constructed, a copy of all materials the applicant submitted, a copy of all materials the applicant submitted, a copy of the preliminary decision, a copy of the proposed permit and a copy or summary of other materials, if any, considered in making the preliminary written decision.

8.3 Forwarding of Public Notice

Send a copy of the public notice available to the applicant, EPA Region 9, any persons requesting such notice and any other identified interested parties, such as other State or local air pollution control agencies, the chief executives of the city and county where the source would be located, any comprehensive regional land use planning agency, and any State, Federal Land Manager, or Indian Governing body whose lands may be affected by emissions from the source or modification.

8.4 Provision for Public Hearing

Provide opportunity for a public hearing for persons to appear and submit written or oral comments on the air quality impact of the source, alternatives to it, the control technology required, and other appropriate considerations, if in the APCO's judgment such a hearing is warranted. The APCO shall give notice of any public hearing at least 30 days in advance of the hearing.

Part 9.0 Plantwide Applicability Limits (PAL)

If applicable and permissible, the APCO shall issue a Plantwide Applicability Limit (PAL) Permit according to the provisions contained in 40 CFR 51.165(f)(1) through (15).

Part 10.0 Invalidation

If any provision of this rule or the application of such provision to any person or circumstance, is held invalid, the remainder of this rule or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT
RESOLUTION #2016-09**

In the Matter of: Adopting Proposed Adoption of District Rule 428, New Source Review Requirements.

Whereas, the Northern Sierra Air Quality Management District (NSAQMD) proposes to adopt Rule 428, New Source Review Requirements as part of a fulfillment of requirements under the Federal Clean Air Act as amended in 1990; and

Whereas, the Environmental Protection Agency has worked with NSAQMD staff and has reviewed the proposed Rule 428 and found it to be federally approvable; and

Whereas, Sections 40001 and 40702 of the California Health and Safety Code (HSC) establish authority for the District to adopt Rules and Regulations as may be necessary to execute the powers and duties granted to, and imposed upon, the District by the HSC and other statutory provisions; and

Whereas, Section 15308 of the CEQA Guidelines provide that actions taken by regulatory agencies as authorized by state law to assure the maintenance, restoration, or enhancement of the environment where the regulatory process involves procedures for protection of the environment, are categorically exempt from CEQA review (Class 8 Categorical Exemption), and

Whereas, said rules have been properly noticed for a 30-day public review period in accordance with HSC sections 40725 and 40726 and a public hearing was held on June 8, 2016; and

Whereas, pursuant to the HSC Section 40727, the Board hereby finds that:

- (a) There is a need to adopt these rules; and
- (b) Under state and local law, the Board has the authority to adopt these rules; and
- (c) These rules, as written, can be understood by the persons directly affected by them; and
- (d) These rules are consistent with existing statutes, court decisions, or other state and federal regulations; and
- (e) These rules, as written, do not duplicate the same requirements of an existing state or federal regulation except to the extent that the rule is necessary or proper to execute the powers and duties granted to or imposed upon the District; and
- (f) These rules have appropriate reference to a statute, court decision, or other provision of law that the District implements, interprets, or makes specific by the rule amendment.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Northern Sierra Air Quality Management District Board of Directors that Rule 428 is hereby adopted, as presented in the District's Staff Report, as part of the Northern Sierra Air Quality Management District Rules and Regulations.

On a motion by Supervisor _____, and seconded by Supervisor _____, the foregoing resolution was approved and adopted by the Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on June 27, 2016, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstaining:

Approve: _____
Chair of Board

Attest: _____

Allison King, Clerk of the Board

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennett, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: IV.G

Agenda Description: Proposed Adoption of Air District Rule 513, Emissions Statements and Recordkeeping

Issues:

A requirement of the Clean Air Act is that federal ozone nonattainment areas must adopt a federally approvable Emissions Statements rule. The proposed rule was developed in coordination with key Environmental Protection staff and is a replacement for the existing Rule 513 – Source Recordkeeping, which does not meet federal standards.

The proposed rule is very similar in effect to the existing rule 513, and will not result in any changes to the District or affected sources do anything. However, the existing rule does not specify all of the details that are required in order for it to be federally approvable. The function of the rule is to require sources to report requested emissions information to the District, which already occurs. It is anticipated that the proposed rule will have no impact on affected sources or the environment, and will not result in any new costs or burdens to affected sources.

Requested Action: Adopt District Rule 513, Emissions Statements and Recordkeeping

ROLL CALL VOTE REQUESTED

Attachments:

1. Staff Report for Proposed Rule adoption of District Rule 513, Emissions Statements and Recordkeeping
2. Proposed District Rule 513, Emission Statements and Recordkeeping
3. Resolution 2016-08

STAFF REPORT FOR PROPOSED RULE ADOPTION

RULE 513: Emissions Statements and Recordkeeping

Prepared by Northern Sierra AQMD Staff, April, 2016

Date of Public Hearing: June 8, 2016

Public Comment Deadline: June 10, 2016

Anticipated Date of Rule Adoption: June 27, 2016

INTRODUCTION

The Northern Sierra Air Quality Management District (NSAQMD) is proposing to adopt Rule 513 in fulfillment of federal requirements for an Emissions Statements rule under the Clean Air Act (CAA) as amended 1990.

BACKGROUND

Western Nevada County has been designated under the CAA as a Nonattainment area for the 8-hour ozone National Ambient Air Quality Standards (NAAQS). One of the requirements in the CAA (Title 1, Section 183(a)(3)(B)) is that ozone nonattainment areas must adopt an Emissions Statements rule. EPA has published guidance on emissions statements requirements, such as the 140-page "Guidance on the Implementation of an Emission Statement Program" (1992). The proposed rule was developed by the NSAQMD in close coordination with EPA, and is a replacement for the existing Rule 513 - Source Recordkeeping, which does not meet federal requirements. Laura Yannayon and Nancy Levin of EPA have already reviewed the proposed Rule 513 and believe it is federally approvable.

SUMMARY OF PROPOSED RULE, INCLUDING POTENTIAL IMPACTS TO AFFECTED SOURCES AND THE ENVIRONMENT

Rule 513: Emissions Statements and Recordkeeping

The proposed rule is very similar in effect to the existing Rule 513, and will not result in any changes to the way the NSAQMD or affected sources do anything. However, the existing rule does not specify all of the details that are required in order for it to be federally approvable. The function of the rule is to require sources to report requested emissions information to the NSAQMD, which already occurs.

It is anticipated that the proposed rule will have no impact on affected sources or the environment, and will not result in any new costs or burdens to affected sources.

AUTHORITY AND RULE ADOPTION REQUIREMENTS

The District is authorized to regulate sources of air pollutants under the California Health and Safety Code (HSC) §40001 and §40702.

HSC §40728.5 requires a socioeconomic analysis for proposed rules in districts having a population greater than 500,000 persons. The NSAQMD’s population is approximately 130,000, so this requirement does not apply.

This rule is exempt from the requirements of CEQA per Class 8 (§15308) of the CEQA Guidelines.

The California Health and Safety Code requires the District to comply with a rule adoption protocol as set forth in §40727 of the Code. There are six findings the District must make when developing, amending, or repealing a rule:

FINDING	DEFINITION	DETERMINATION
Authority	A provision of law or of a state or federal regulation permits or requires the regional agency to adopt, amend, or repeal the regulation.	HSC Sections 40001, 40702, and 41511. Federal Clean Air Act, Title 1, Section 183(a)(3)(B).
Necessity	A need exists for the regulation, or its amendment, or appeal, as demonstrated by the record or rule making authority.	It is necessary for the NSAQMD to adopt this rule in order to comply with the Clean Air Act and thereby avoid federal sanctions.
Clarity	The regulation is written or displayed so that its meaning can be easily understood by the persons directly affected by it.	The proposed rule is written in such a manner that it can be understood by affected sources, and the rule’s subsections are descriptively titled.
Consistency	The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulation.	This rule is consistent with State and federal regulations.
Non-duplication	A regulation does not impose the same requirements as an existing state or federal regulation unless a district finds that the requirements are necessary or proper to execute the powers and duties granted to, and imposed upon, a district.	By replacing the old Rule 513 with a new rule, duplication is avoided.
Reference	Any statute, court decision, or other provision of law that the district implements, interprets, or makes specific by adopting, amending, or repealing a regulation.	These rules are being proposed consistent with the requirements of CAA Title 1, Section 183(a)(3)(B) and EPA guidance.

RECOMMENDATION

Approval by the Northern Sierra Air Quality Management District Board of Directors of the above findings and proposed Rule 513.

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REGULATION V
PERMIT TO OPERATE REGULATIONS

Rule 513 **Emissions Statements and Recordkeeping**

1.0 General

1.1 Purpose

The purpose of this rule is to establish requirements for the submittal of emissions statements from stationary sources pursuant to the requirements of the 1990 amendments to the Federal Clean Air Act [Section 182(a)(3)(B)] and in the interest of verifying compliance with conditions of permits to operate.

1.2 Applicability

The requirements of this rule are applicable to all classes and categories of stationary sources that have actual emissions of, or potential to emit, volatile organic compounds (VOC) or oxides of nitrogen (NOx), and also those for which the District requests emissions information.

1.2.1 The APCO may waive the applicability of section 1.2 for certain classes or categories of sources with actual emissions or potential to emit less than 10 tons per year of actual facility-wide VOC or NOx emissions if the emissions for the class or category of source are included in the base year and periodic emission inventories and the emissions are calculated using emission factors established by the US Environmental Protection Agency (EPA) or other methods acceptable to EPA.

1.2.2 Major sources subject to Title V of the Federal Clean Air Act of 1990 are additionally subject to the recordkeeping and reporting requirements specified in Parts 6.2.6 and 6.2.7 of Rule 522.

2.0 Definitions

2.1 Actual Emissions: Measured or estimated emissions which most accurately represent the emissions from an emissions unit, including fugitive emissions.

2.2 Affected Pollutants: All criteria pollutants for which the District requests emission information. In federally designated ozone nonattainment areas, volatile organic compounds (VOCs) and oxides of nitrogen (NOx) shall specifically be included as affected pollutants.

2.3 Renewal Information Request: An annual information request by the APCO to each source subject to this rule for emissions data including, but not limited to, actual emissions and/or operational data allowing the District to estimate actual emissions.

2.4 Responsible Official: An individual who is responsible for the data presented in the emissions statement, and who accepts legal responsibility for the statement's accuracy. The responsible official is liable to legal review, or in case of fault, to penalties.

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REGULATION V
PERMIT TO OPERATE REGULATIONS

3.0 Source Recordkeeping Requirements

3.1 Recordkeeping

The owner or operator of any permitted stationary source shall maintain records indicating the nature and amounts of emissions from such source and/or any other information as may be deemed necessary by the APCO to determine whether such source is in compliance with applicable emission limitations, control measures and permit conditions.

3.1.1 The APCO may require that such records be certified by a professional engineer registered in the State of California. Such studies shall be made at the expense of the person causing the emissions.

3.1.2 Information reported by the owner or operator and copies of the summarizing reports submitted to the APCO shall be retained by the owner or operator for at least two years after the date on which the emissions statement is submitted.

4.0 Emissions Statement Reporting Requirements

4.1 Reporting

The owner or operator of any stationary source that is subject to this rule shall provide the District with an annual written emissions statement showing actual emissions (or operational data allowing the District to estimate actual emissions from that source), as requested by the District.

4.2 Required Elements

The emission statement shall be on a form or in a format specified by the APCO (the Renewal Information Request) and shall contain the following information:

4.2.1 Actual emissions data or operational data necessary to estimate actual emissions of affected pollutants, in tons per year, for the calendar year prior to the preparation of the emission statement; and

4.2.2 Information regarding seasonal or diurnal peaks in the emission of affected pollutants; and

4.2.3 Certification by a responsible official of the company that the information contained in the emission statement is accurate to the best of their knowledge.

4.3 Timing

Annual emissions statements shall be submitted to the District no later than the date specified in the Renewal Information Request.

5.0 Emissions Statement Administrative Requirements

5.1 District Requirements

The Air Pollution Control Officer shall annually request and require the submission of emissions information (per section 4.2) through a Renewal

REGULATION V
PERMIT TO OPERATE REGULATIONS

Information Request for each applicable source (per section 1.2) within the District.

5.2 Failure to Submit

A failure by the responsible official to submit a Renewal Information Request by the date required shall be deemed a willful failure to furnish information required to disclose the nature and quantity of emissions discharged by the stationary source.

5.2.1 The Air Pollution Control Officer may suspend the permit(s) of such a source.

5.2.2 The Air Pollution Control Officer shall serve notice in writing of such suspension and the reasons for the suspension upon the permittee.

5.2.3 The Air Pollution Control Officer will reinstate the suspended permit(s) when furnished with the required information.

**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT
RESOLUTION #2016-08**

In the Matter of: Adopting Proposed Adoption of District Rule 513, Emissions Statement and Recordkeeping for the Federal Ozone Nonattainment portion of Western Nevada County.

Whereas, the Northern Sierra Air Quality Management District (NSAQMD) proposes to adopt Rule 513, Emissions Statement and Recordkeeping as part of a fulfillment of requirements under the Federal Clean Air Act as amended in 1990; and

Whereas, the NSAQMD has an existing District Rule 513, but the Environmental Protection Agency found the existing rule to not be federally approvable; and

Whereas, the Environmental Protection Agency has worked with NSAQMD staff and has reviewed the proposed replacement Rule 513 and found it to be federally approvable; and

Whereas, Sections 40001 and 40702 of the California Health and Safety Code (HSC) establish authority for the District to adopt Rules and Regulations as may be necessary to execute the powers and duties granted to, and imposed upon, the District by the HSC and other statutory provisions; and

Whereas, Section 15308 of the CEQA Guidelines provide that actions taken by regulatory agencies as authorized by state law to assure the maintenance, restoration, or enhancement of the environment where the regulatory process involves procedures for protection of the environment, are categorically exempt from CEQA review (Class 8 Categorical Exemption), and

Whereas, said rules have been properly noticed for a 30-day public review period in accordance with HSC sections 40725 and 40726 and a public hearing was held on June 8, 2016; and

Whereas, pursuant to the HSC Section 40727, the Board hereby finds that:

- (a) There is a need to adopt these rules; and
- (b) Under state and local law, the Board has the authority to adopt these rules; and
- (c) These rules, as written, can be understood by the persons directly affected by them; and
- (d) These rules are consistent with existing statutes, court decisions, or other state and federal regulations; and
- (e) These rules, as written, do not duplicate the same requirements of an existing state or federal regulation except to the extent that the rule is necessary or proper to execute the powers and duties granted to or imposed upon the District; and
- (f) These rules have appropriate reference to a statute, court decision, or other provision of law that the District implements, interprets, or makes specific by the rule amendment.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Northern Sierra Air Quality Management District Board of Directors that Rule 513 is hereby adopted, as presented in the District's Staff Report, as part of the Northern Sierra Air Quality Management District Rules and Regulations.

On a motion by Supervisor _____, and seconded by Supervisor _____, the foregoing resolution was approved and adopted by the Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on June 27, 2016, by the following roll call vote:

Ayes:

Noes:

Absent:

Abstaining:

Approve: _____
Chair of Board

Attest: _____

Allison King, Clerk of the Board

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennitt, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: IV.H

Agenda Description: Agreement with North State Truck and Equipment for the Implementation of the Carl Moyer Timber Program

Issues:

A requirement of the Carl Moyer Truck Improvement/Modernization Benefitting Emission Reductions (TIMBER) program is to develop agreements with dealers and dismantlers prior to implementing the program.

This agreement is based upon agreements which were developed by the California Air Resources Board staff, modified by Air District staff and reviewed by Nevada County Counsel.

Requested Action:

1. Authorize the Chair to sign the attached agreement #TIMBERDIS-1-2016

ROLL CALL VOTE REQUESTED

Attachments:

1. Grant Agreement # TIMBERDIS-1-2016 between the Northern Sierra Air Quality Management District and North State Truck and Equipment.

GRANT AGREEMENT

between

The Northern Sierra Air Quality Management District

and

North State Truck and Equipment

This Agreement is made and entered into this 27th day of June, 2016, by and between the Northern Sierra Air Quality Management District (NSAQMD), an air pollution control district formed pursuant to the laws of the State of California and North State Truck and Equipment (Dismantler).

WITNESSETH

This Agreement ("Agreement") between the Northern Sierra Air Quality Management District, a public agency of the State of California, hereinafter referred to as "NSAQMD" and North State Truck and Equipment, hereinafter referred to as "Dismantler":

WHEREAS, pursuant to Health and Safety Code §41082, the NSAQMD may undertake programs that include financial assistance or other incentives to fleet operators for the purchase, conversion or operation of low-emission motor vehicles; and

WHEREAS, under NSAQMD Resolution No. 2013-02 on May 20, 2013 the NSAQMD's Board of Directors authorized the NSAQMD to participate in the "Carl Moyer TIMBER Program Multidistrict Project Funds"; and

WHEREAS, pursuant to NSAQMD Board Resolution No. 2013-02 on May 20, 2013, the Air Pollution Control Officer is authorized to execute incentive agreements for the "Carl Moyer TIMBER Program Multidistrict Project Funds"; and

WHEREAS, under NSAQMD Resolution No. 2013-01 on January 28, 2013, the NSAQMD's Board of Directors authorized the NSAQMD to participate in the fifteenth year of the "Carl Moyer Memorial Air Quality Standards Attainment Program (Heavy-Duty Low-Emission Vehicle Incentive Program)"; and

WHEREAS, pursuant to NSAQMD Board Resolution No. 2013-01 on January 28, 2013, the Air Pollution Control Officer is authorized to execute incentive agreements for the "Carl Moyer TIMBER Program Multidistrict Project Funds"; and

WHEREAS, the NSAQMD has not reviewed the Dismantler's operations or reached any conclusion on the quality of the operations. The NSAQMD is allowing the Dismantler to enter into this Agreement solely because the Dismantler has represented to the NSAQMD that it is aware of ARB's TIMBER Program goals, and agrees to abide by the program requirements and Carl Moyer Program Guidelines, current and future program advisories and mail-outs, and supplemental documents related to the TIMBER Program.

NOW, THEREFORE, based on their mutual promises, covenants, and conditions, the parties hereby agree as follows:

1. PAYMENT:

Dismantler will not be paid or otherwise reimbursed directly by the NSAQMD or ARB. Rather, the benefit received by the Dismantler under this Agreement is the opportunity to participate in the Program, which carries the corresponding opportunity to profit through the receipt – for cash or free – of materials that the Dismantler will dismantle with the intent to make a profit. Funding is not available from the NSAQMD through this Agreement for any dismantler or material costs, including hazardous waste abatement fees, labor costs, fines, permits, or other charges resulting from destruction or disposal.

The NSAQMD and Dismantler agree that if the California Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the Program, this Agreement shall be of no further force and effect. In this event the State shall have no liability to pay any funds whatsoever to the NSAQMD and Dismantler or to furnish any other considerations under this Agreement.

2. DISMANTLER OBLIGATION

The Dismantler must comply with the following requirements in accordance with the Carl Moyer Program Guidelines, current and future program advisories and mail-outs, and supplemental documents related to the TIMBER Program, and submit certification to the NSAQMD verifying that the requirements have been met. Within 60 calendar days of receiving vehicles under this Agreement, Dismantler will:

- a. Destroy vehicle and render it physically useless, including completely severing the frame rails so that the frame is no longer capable of being used in a vehicle, and destroying and rendering useless the engine including putting a minimum three-inch diameter hole in the engine block; and
- b. Notify the NSAQMD when the vehicle (chassis and engine) has been properly destroyed and schedule a destruction-inspection with the NSAQMD; and
- c. The dismantler must provide verification that the vehicle is registered with DMV as non-repairable. Verification of filing the form with DMV (REG 488C Application for Salvage Certificate or Non-Repairable Vehicle Certificate, or REG 42 Notice of Acquisition/Report of Vehicle To Be Dismantled) must be provided to the NSAQMD at the dismantle inspection. Within 90 calendar days of the dismantle inspection date, the dismantler must also provide verification to the NSAQMD from DMV that the replaced vehicle has been registered with DMV as non-repairable (non-revivable) with a transaction code L10 (Junk Non-Revivable) or C26 (Junk Non-Revivable Original).

3. DISMANTLER QUALIFICATIONS

Dismantler warrants that it meets the following minimum qualifications for participating in the Program, and will continue to meet these qualifications throughout its participation in the Program. Dismantler must provide written proof that it meets the following qualifications within 48 hours if requested by NSAQMD staff.

- a. Dismantler must have a current, valid Dismantler's license issued by the DMV.
- b. Dismantler must have a current, valid California Environmental Protection Agency Hazardous Material Generator and Storage Permit.
- c. Dismantler must be in compliance with all local, state, and federal regulations, permits and requirements.

d. Dismantler must have a minimum of one active employee who received training by the NSAQMD on the requirements of the Program. If a dismantler has more than one location, then the dismantler must have at least one active employee trained by the NSAQMD at each location that will be accepting TIMBER trucks.

e. Dismantler must have a valid business license issued and has been a dismantler in California for a minimum of the last two years.

4. DISMANTLER INSPECTION

Once the NSAQMD is notified, a dismantler inspection will be scheduled and photos documenting the destruction of the engine will be taken in accordance with the Carl Moyer Program Guidelines, current and future program advisories and mail-outs, and supplemental documents related to the TIMBER Program. The destruction of the engine and vehicle must be documented by the NSAQMD. NSAQMD staff or a designated contractor must verify in person the vehicle identification numbers and engine serial number. Dismantler shall not move the vehicle off of their property or part out a vehicle until a dismantler inspection by the NSAQMD or a designated contractor has been performed and given approval by the NSAQMD.

5. USE OF ENGINE OR VEHICLE PENDING DESTRUCTION

Dismantler may not use or permit the use of, the engines or vehicles, except as necessary to move it for destruction or storage.

6. COMPLIANCE

Because the prompt destruction of vehicles and engines is one of the critical components of the Program, and the parties agree that it will be difficult to determine the monetary damages arising from Dismantler's breach of the requirement to destroy the dismantler vehicle within 60 calendar days, Dismantler agrees that if it fails to destroy the engine and vehicle within the 60-day period, it will pay the NSAQMD up to \$500 per day until the engine and vehicle is destroyed and provide verification that the vehicle has been registered as non-repairable with DMV. Dismantler may request that the NSAQMD extend the 60-day period, and the NSAQMD will not unreasonably withhold its approval of the extension request. Only written extensions are effective. Dismantler will not generally be eligible for an extension if the cause of the delay was within its control.

7. NONCOMPLIANCE

Noncompliance with this Agreement or Carl Moyer Program Guidelines, current and future program advisories and mail-outs, and supplemental documents related to the TIMBER Program may result in the cancellation of the Agreement, recapturing of voucher funds, or any other remedy available under law. ARB and the NSAQMD may disqualify Dismantler from Program participation and seek other remedies as available under the law for noncompliance with this Agreement or Program requirements.

a. Breach of Agreement: The NSAQMD may immediately suspend or terminate this Agreement, in whole or in part, for any of the following reasons:

1. A failure to comply with any term of this Agreement;
2. A substantially incorrect or incomplete report submitted to the NSAQMD;
3. Improperly performed services.

In addition to immediate suspension or termination, NSAQMD, the ARB or their designee(s) may impose any other remedies available at law, in equity, or otherwise specified in this Agreement.

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b. Without Cause: Either party may terminate this Agreement at any time after giving the other party at least thirty (30) days advance written notice of intention to terminate. Upon such termination, all the work, if any, produced by Dismantler shall be promptly delivered to NSAQMD.

8. MODIFICATION

Any matters of this Agreement may be modified from time to time by the written consent of all the parties without in any way affecting the remainder.

9. NON-ASSIGNMENT

Neither party shall assign, transfer, or subcontract this Agreement, nor their rights or duties under this Agreement, without the prior express, written consent of the other party.

10. INDEMNIFICATION

Dismantler agrees to indemnify, save, hold harmless, and at NSAQMD's request, defend NSAQMD, its boards, committees, representatives, officers, agents, and employees from and against any and all costs and expenses (including reasonable attorneys' fees and litigation costs), damages, liabilities, claims, and losses (whether in contract, tort, or strict liability, including, but not limited to, personal injury, death, and property damage) occurring or resulting to NSAQMD which arises from any negligent or wrongful acts or omissions of Dismantler, its officers, agents, subcontractors, or employees in their performance of this Agreement.

11. INSURANCE

a. Without limiting NSAQMD's right to obtain indemnification from Dismantler or any third parties, Dismantler, at its sole expense, shall maintain in full force and effect the following insurance policies throughout the term of this Agreement:

Commercial general liability insurance with minimum limits of coverage in the amount of one million dollars (\$1,000,000) per occurrence;

Commercial automobile liability insurance which covers bodily injury and property damage with a combined single limit with minimum limits of coverage in the amount of one million dollars (\$1,000,000) per occurrence; and,

Workers' compensation insurance in accordance with California law.

In the event Dismantler is exempt from the requirement of maintaining workers compensation insurance, Dismantler shall provide to the NSAQMD satisfactory evidence of such exemption.

b. Prior to finalizing this Agreement, Dismantler shall provide certifications of insurance on the foregoing policies, as required herein, to NSAQMD, stating that such insurance coverages have been obtained and are in full force. The Dismantler's general commercial liability insurance policy, worker's compensation policy, and automotive general liability shall endorse/name the NSAQMD, its officers, agents, employees, individually and collectively, as additional insured, but only insofar as the engine(s)/equipment provided under this Agreement. Such coverage for additional insured shall apply as primary insurance, and any other insurance maintained by NSAQMD, its officers, agents, and employees, shall be excess only and not contributing with insurance provided under Dismantler's policies herein. This insurance shall not be canceled or changed without a minimum of thirty (30) days advance, written notice given to NSAQMD.

c. In the event Dismantler fails to keep in effect at all times insurance coverage as herein provided, NSAQMD may, in addition to other remedies it may have, suspend or terminate this Agreement upon the occurrence of such event.

12. PROGRAM AUDITS AND INSPECTIONS

Dismantler shall at any time during regular business hours, and as often as NSAQMD, the ARB or their designee(s) may deem necessary, make available to and permit NSAQMD, the ARB or their designee(s) to inspect and audit all of the Dismantler's records necessary to determine Dismantler's compliance with the terms of this Agreement.

Dismantler shall retain all records and data for activities performed under this Agreement for at least five (5) years from the date of final payment under this Agreement or until all state and federal audits are completed for that fiscal year, whichever is later.

13. NOTICES

The persons and their addresses having authority to give and receive notices under this Agreement are as follows:

DISMANTLER

North State Truck and Equipment
Steve Hoke, Owner
17011 Clear Creek Rd.
Redding, CA 96001
(530) 241-2851

NSAQMD

Gretchen Bennitt
Executive Director
Northern Sierra Air Quality Management District
200 Litton Drive, Suite 320
Grass Valley, CA 95945

Any and all notices between NSAQMD and Dismantler provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly served when personally delivered to one of the parties, or in lieu of such personal service, when deposited in the United States mail, postage prepared, addressed to such party.

14. POLITICAL ACTIVITY PROHIBITED

None of the materials, property, or services provided under this Agreement shall be used for any political activity, or to further the election or defeat of any candidate for public office.

15. CONFLICT OF INTEREST

No officer, employee, or agent of NSAQMD who exercises any function or responsibility for planning and carrying out the services provided under this Agreement shall have any direct or indirect personal financial interest in this Agreement. Dismantler shall comply with all federal and state conflict of interest laws, statutes, and regulations, which shall be applicable to all parties and beneficiaries under this Agreement and any officer, agent, or employee of NSAQMD.

16. GOVERNING LAW

This Agreement shall be governed in all respects by the laws of the State of California. Venue for any action arising out of this Agreement shall only be in Nevada County, California.

17. BINDING ON SUCCESSORS

This Agreement, including all covenants and conditions contained herein, shall be binding upon and inure to the benefit of the parties, including their respective successors-in-interest, assigns, and legal representatives.

18. NO THIRD-PARTY BENEFICIARIES

Notwithstanding anything else stated to the contrary herein, it is understood that Dismantler's services and activities under this Agreement are being rendered only for the benefit of NSAQMD, and no other person, firm, corporation, or entity shall be deemed an intended third-party beneficiary of this Agreement.

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19. SEVERABILITY

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Agreement, and the Agreement shall then be construed as if such unenforceable provisions are not a part hereof.

20. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between Dismantler and NSAQMD with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly included in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first hereinabove written.

Approved: _____
Steve Hoke, Owner of North State Truck
and Equipment

Date: _____

Approved: _____
Richard Anderson, Chair
Northern Sierra Air Quality Management District

Date: _____

Approved: _____
Gretchen Bennitt, Executive Director
Northern Sierra Air Quality Management District

Date: _____

ATTACHMENT

Attachment I

<p>TIMBER</p> <p>Inspection Form</p> <p>Truck Improvement/Modernization Benefitting Emission Reductions</p>

Type of Inspection:

Existing Vehicle: <input type="checkbox"/> Pre-Inspection <input type="checkbox"/> Pre-Dismantle <input type="checkbox"/> Dismantle
<input type="checkbox"/> New Replacement Vehicle Post-Inspection
Legible Pictures: <input type="checkbox"/> Yes <input type="checkbox"/> No

Applicant Information

COMPANY NAME:	INSPECTION LOCATION:
Owner Name:	
Address:	
City, State, Zip:	
Phone No:	

Vehicle and Engine Information

EXISTING VEHICLE NEW REPLACEMENT VEHICLE

VEHICLE INFORMATION:			
Vehicle Make:	Vehicle Model:	Vehicle Model Year:	
Vehicle Identification Number:	License Plate Number:	Date of Manufacture:	
Odometer Reading:	Vehicle operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Cab Style: <input type="checkbox"/> Conventional <input type="checkbox"/> Cab-over	
DOT Number (if interstate):	CHP number:	Fleet ID:	
Engine Information:			
Engine Make:	Engine Model:	Engine Model Year:	Date of Manufacture:
Serial Number:	Engine Family Number:	Horsepower:	
Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No	Fuel used? <input type="checkbox"/> Diesel <input type="checkbox"/> Other:		

****An operational vehicle must be able to start, move in all directions, and have all operational parts.**

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For Pre-Dismantler Inspection ONLY, Specify

DISMANTLER:	CONTACT NAME:	PHONE:
DMV title delivered and signed by owner? <input type="checkbox"/> Yes <input type="checkbox"/> No		Engine operational? <input type="checkbox"/> Yes <input type="checkbox"/> No

For Dismantler Inspection ONLY, Specify

DISMANTLER:	CONTACT NAME:	PHONE:
Non-Repairable Vehicle or Application for Salvage Certificate, or Notice of Acquisition/Report of Vehicle to be Dismantled filed with DMV? <input type="checkbox"/> Yes <input type="checkbox"/> No		Frame rails completely severed? <input type="checkbox"/> Yes <input type="checkbox"/> No
		Engine destroyed? <input type="checkbox"/> Yes <input type="checkbox"/> No

Comments:

I certify under penalty of perjury that: (1) the information provided above is accurate, (2) the pictures are of the inspected vehicle, (3) the pictures clearly depict the inspected vehicle, and (4) that I understand that this inspection form is incorporated in the agreement with the Northern Sierra Air Quality Management District .

Signature:	Date:
Authorized Name:	
Air District / Dealership:	
Address:	
City, State, Zip:	
Phone No:	

Required Photographs

Digital photos should be clear images with a minimum of 640x480 capture resolution. The Air District will specify the digital media format required to save the pictures on.

(Check the boxes/circles of pictures taken)

Pre-inspection of existing vehicle	Post-inspection of new replacement vehicle
<ul style="list-style-type: none"> <input type="checkbox"/> Vehicle from left side <input type="checkbox"/> Vehicle from right side <input type="checkbox"/> Vehicle from front <input type="checkbox"/> Vehicle from back <input type="checkbox"/> Vehicle Identification Number (VIN) <input type="checkbox"/> Odometer reading <input type="checkbox"/> Engine from drivers side <input type="checkbox"/> Engine tag (if available)* <ul style="list-style-type: none"> <input type="checkbox"/> Engine make <input type="checkbox"/> Engine model <input type="checkbox"/> Engine serial number (ESN) <input type="checkbox"/> Engine family number <input type="checkbox"/> DOT / CHP Numbers <input type="checkbox"/> Permanently attached log bunks 	<ul style="list-style-type: none"> <input type="checkbox"/> Vehicle from front <input type="checkbox"/> Vehicle Identification Number (VIN) <input type="checkbox"/> Odometer Reading <input type="checkbox"/> Permanently attached log bunks <input type="checkbox"/> Engine tag <ul style="list-style-type: none"> <input type="checkbox"/> Engine make <input type="checkbox"/> Engine model <input type="checkbox"/> Engine serial number (ESN) <input type="checkbox"/> Engine family number
Pre-Dismantler inspection of existing vehicle	Dismantler inspection of existing vehicle
<ul style="list-style-type: none"> <input type="checkbox"/> Vehicle from left side <input type="checkbox"/> Vehicle from right side <input type="checkbox"/> Vehicle from front <input type="checkbox"/> Vehicle from back <input type="checkbox"/> Vehicle Identification Number (VIN) <input type="checkbox"/> Odometer Reading <input type="checkbox"/> Engine from drivers side <input type="checkbox"/> Engine serial number (ESN) 	<ul style="list-style-type: none"> <input type="checkbox"/> Vehicle from front <input type="checkbox"/> Vehicle Identification Number (VIN) <input type="checkbox"/> Engine serial number (ESN) <input type="checkbox"/> Cut in frame rails <input type="checkbox"/> Hole in engine block (at least three inches wide)

**If engine tag is missing, additional manufacturers documentation verifying engine make, model and family number associated with the photographed ESN stamped on the engine block must be submitted.*

To: Northern Sierra Air Quality Management District Board of Directors

From: Gretchen Bennitt, Air Pollution Control Officer

Date: June 27, 2016

Agenda Item: V.A

Agenda Description: 2016 EPA Targeted Air Shed Grant Program

Issues:

Once again, the Portola PM2.5 nonattainment area is one of the five worst PM areas in the nation, this time for 2016. Because of this, the EPA is soliciting proposals from the five worst areas. This time, there is twice as many funds available (\$20,000,000), with a \$3,000,000 maximum awarded per project.

The District is working with the City of Portola on obtaining funding for a green waste disposal program.

Requested Action:

None, informational only

Attachments:

none

To: Northern Sierra Air Quality Management District Board of Directors
From: Gretchen Bennitt, Air Pollution Control Officer
Date: June 27, 2016

Agenda Item: V.B

Agenda Description: Update on Air Quality Data for 2015 (ozone and PM2.5)

Issues:

The two ambient criteria pollutants the Air District monitors for are particulate matter (PM2.5) and ozone. Federal Reference Monitors (FRM), or equivalent monitors measure data which is submitted to the State of California Air Resources Board and the Environmental Protection Agency for purposes of determining whether an area is exceeding the National Ambient Air Quality Standards. The Air District also utilizes other air monitors which are used to issue health advisories, provide information to residents, or to proceed with preventative measures to improve air quality.

Ozone

There are two operational federal ozone monitors in the District located in White Cloud and Grass Valley. Due to high ozone values in Grass Valley, western Nevada County has been designated as a federal ozone nonattainment area.

A Table with the ozone data for Grass Valley is included. A graph depicting a 19 year trend of ozone air quality is also included.

Although western Nevada County had experienced steadily improving ozone levels in the past 4 years, 2014 and 2015 demonstrated a marked increase in days exceeding the 8 hour ozone standard. It appeared that the area was experiencing an improving trend and the Air District believed it was due to increased emission controls in the upwind communities of the Sacramento and Bay area(s). However, the increases during the summer of 2014 and 2015 area likely due to weather conditions, most specifically wind speed and directions from the upwind areas.

Particulate Matter

There are twelve operational particulate matter monitors in the Air District located in Quincy, Chester, Portola, Truckee, and Grass Valley. Currently, only the Greater Portola area has been designated as a federal PM2.5 nonattainment area. However, the EPA has lowered the federal standards, making it more challenging for the areas to continue to achieve the standards.

Portola exceeded the annual PM2.5 standard, however, the two areas of most concern for exceeding the 24-hour standards are Portola and Quincy.

Of note is that all of the areas experience the highest levels of PM during the winter months.

Requested Action: None, informational only

Attachments:

1. Ozone Data Summary for Grass Valley, CA – 2015
2. Days Exceeding the 8-Hour Ozone National Ambient Air Quality Standard in western Nevada County – 19 Year Trend
3. PM2.5 Data Summary for 2015

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Ozone Data Summary for Grass Valley, CA - 2015

YEAR	NAAQS* Exceedances 8 HR Standard ¹ (75 ppb)		CAAQS* Exceedances. 1 HR Standard (90 ppb)	
	DAYS	HOURS	DAYS	HOURS
	1993	x	x	6
1994	x	x	8	26
1995	x	x	16	77
1996	x	x	20	69
1997 ¹	17	123	8	33
1998	19	117	12	39
1999	28/24 ^{2,3}	203/144 ^{2,3}	21/13 ^{2,3}	50/33 ^{2,3}
2000	29/28 ³	225/213 ³	18	80
2001	23	190	17	48
2002	22	191	20	80
2003	22	208	20	75
2004	14	88	11	34
2005	20	148	15	53
2006	24	223	29	150
2007	9	70	11	33
2008	14	171	10	66
2009	18	123	7	12
2010	6	40	2	3
2011	6	31	3	4
2012	6	30	0	0
2013	4	30	0	0
2014	11	80	0	0
April	1	1	0	0
May	0	0	0	0
June	7	57	4	5
July	2	11	0	0
August	2	29	2	7
September	0	0	0	0
October	0	0	0	0
2015	12	98	6	12

¹ - 8 Hour Standard took effect July 1, 1997. Values for 1997 are from May – Dec.
² - Significant smoke incursions from No. Cal. Wildfires created unprecedented ozone levels in Grass Valley
³ - Value modified to exclude Wildfires and other Exceptional / Natural Events

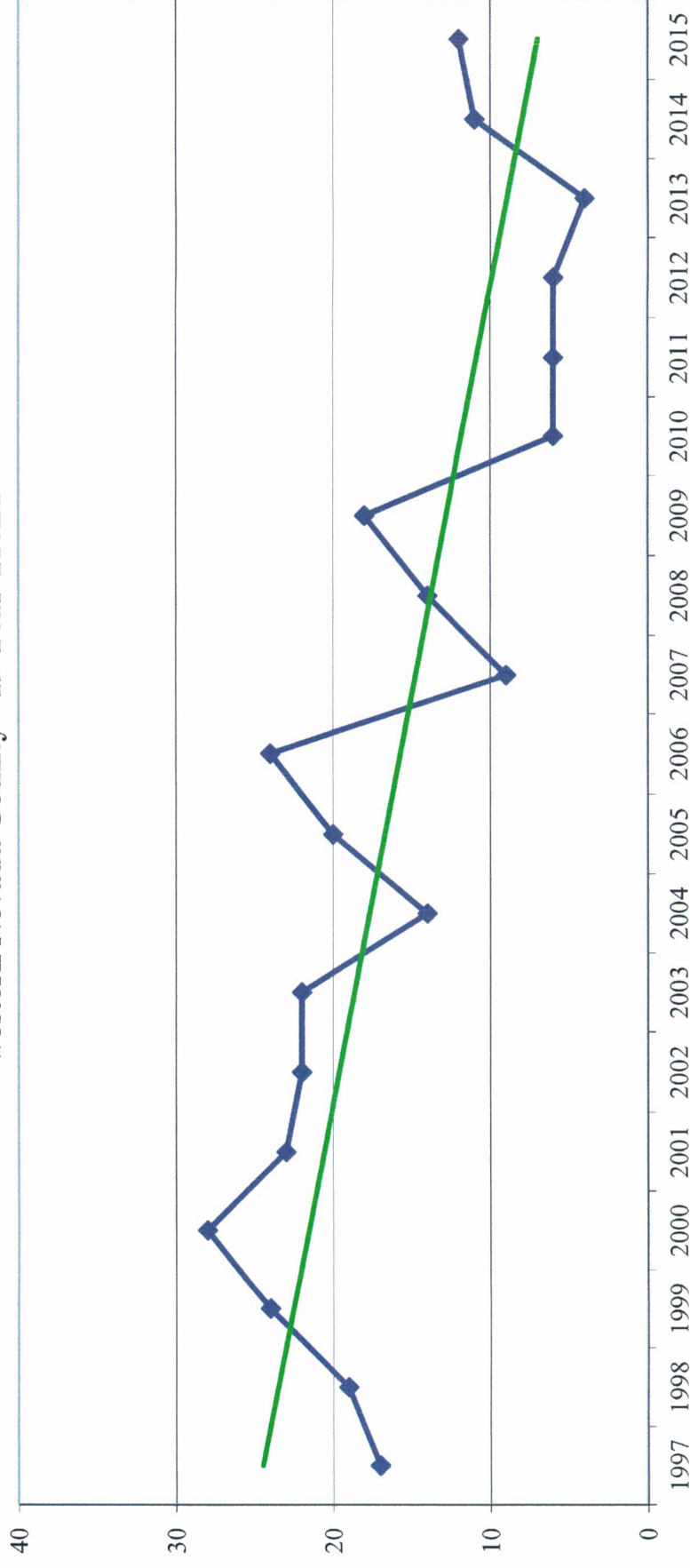
NAAQS* - National Ambient Air Quality Standard
 CAAQS* - California Ambient Air Quality Standard

****Data current as of June 2, 2016**

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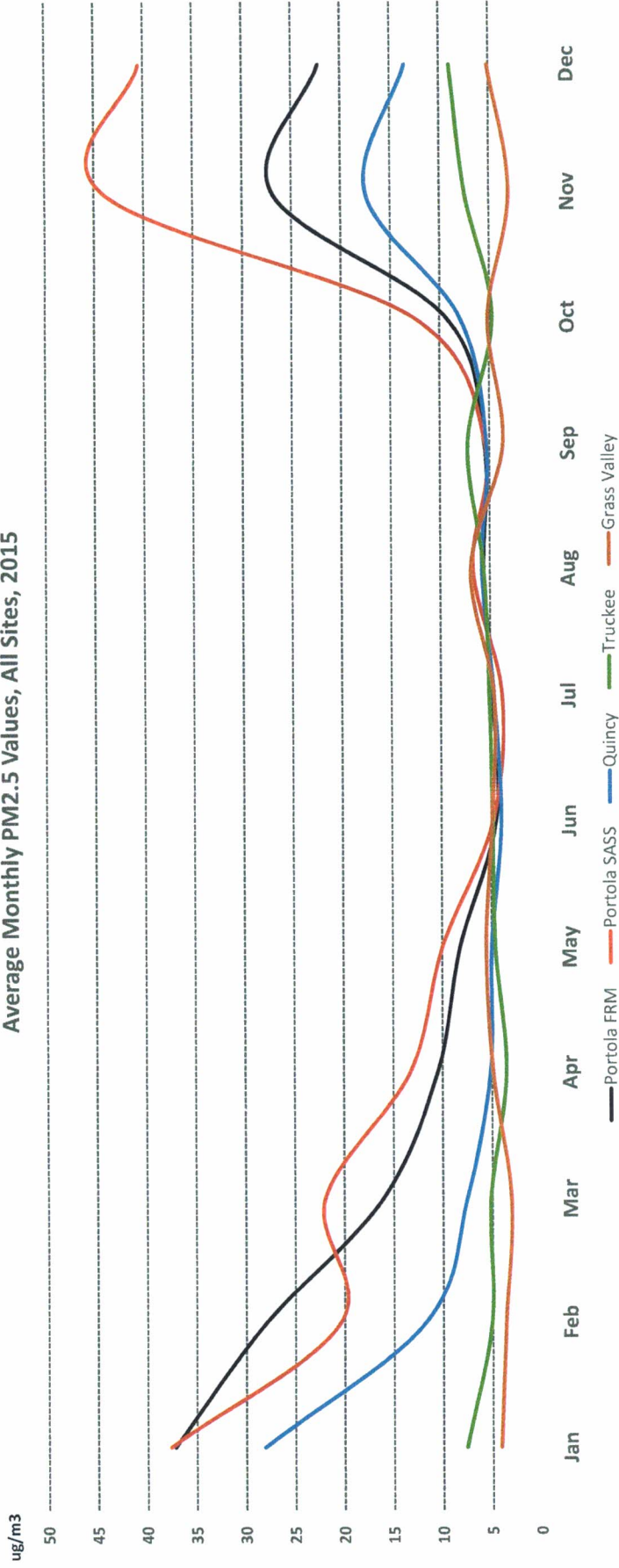
NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Days Exceeding the 8-Hour Ozone National Ambient Air Quality Standard in western Nevada County - 19 Year Trend



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Average Monthly PM2.5 Values, All Sites, 2015



	Portola FRM	Portola SASS	Quincy	Truckee	Grass Valley
Number of Values >35 ug/m ³	7	7	1	0	0
Maximum 24 Hour Value	52.5	66.6	42	15.7	11.5
Annual Arithmetic Mean	13.67	18.04	9.05	5.64	4.55
98 Percentile Value	49.8 <i>3rd highest</i>	59.6 <i>2nd highest</i>	30.5 <i>3rd highest</i>	12.8 <i>3rd highest</i>	11.0 <i>2nd highest</i>
Number of Samples	99	58	109	88	58

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To: Northern Sierra Air Quality Management District Board of Directors

From: Gretchen Bennitt, Air Pollution Control Officer

Date: June 27, 2016

Agenda Item: V.C

Agenda Description: Update on Portola PM2.5 Nonattainment Area

Issues: Staff will update the Board on the status of the Federal nonattainment plan and the woodstove changeout program.

On June 8, 2016, the Portola City Council adopted the attached wood stove and fireplace ordinance.

Requested Action:

None, informational only

Attachments:

1. City of Portola's "Chapter 15.10 - WOOD STOVE AND FIREPLACE ORDINANCE"

Chapter 15.10 - WOOD STOVE AND FIREPLACE ORDINANCE

Sections:

15.10.010 Purpose.

- A. This chapter shall be cited as the "Wood Burning Device Ordinance"
- B. This chapter is enacted for the purpose of improving the air quality within the City limits and protecting the general welfare of the citizens and residents of Portola. The EPA officially designated the Greater Portola area as federal nonattainment for the federal annual standard for PM 2.5 (Particulate Matter with an aerodynamic diameter of 2.5 microns or less), on April 15, 2015. High PM2.5 levels are mostly due to impacts from residential wood stove burning. The City Council finds there is a need to regulate and reduce harmful emissions of exhaust gases from wood-burning heaters and fireplaces, and that an appropriate method of regulation is a wood burning device ordinance.

15.10.020 Definitions.

As used in this chapter:

1. "Air District" means the Northern Sierra Air Quality Management District.
2. "Building" means any residence, mobile home, commercial property or other structure.
3. "Certificate of Compliance" means a document issued by the Control Officer certifying that a building has no more than two wood burning heaters which are EPA-certified and no uncertified wood burning heaters.
4. "City" means the City of Portola.
5. "Control officer" means the official designated by the City Manager.
6. "EPA" shall mean the United States Environmental Protection Agency.
7. "EPA - Certified" means any wood burning heater with a Phase II certification or a more stringent certification as currently enforced in the NSPS.
8. "EPA-Qualified Fireplace" means any fireplace model or retrofit device that has been qualified by EPA under EPA's Voluntary Fireplace Program as emitting no more than 5.1 g/kg.
9. "Fireplace" means any permanently installed indoor or outdoor masonry or factory-built device used for aesthetic or space-heating purposed and designed to operate with an air to fuel ratio greater than or equal to 35 to 1.
10. "New Construction" means any single or multi-family housing unit, for which construction began on or after the effective date of this ordinance. Construction is deemed to occur when the foundation for the structure is installed.
11. "Notice of Exemption" means a document issued by the Control Officer certifying that a building has no wood burning heaters.
12. "NSPS" means New Source Performance Standard. For purposes of this rule the NSPS is the Code of Federal Regulations, Title 40, Part 60, Subpart AAA.
13. "Outdoor Wood-fired Boiler" or "Hydronic Heater" means a fuel burning device designed:
(1) to burn primarily wood or wood pellet fuel; (2) not to be located inside structures

ordinarily occupied by humans; and (3) to heat spaces or water by the distribution through pipes of a fluid, typically water or water and antifreeze mixture, heated in the device.

14. "Pellet Fueled Wood Heater" means a pellet-fueled heater, comprising a forced draft heater with an automatic feed which supplies appropriately sized feed material or compressed pellets of wood, corn, or other biomass material to the firebox.
15. "Permanently Inoperable" means modified in such a way that the wood burning heater can no longer function as a wood burning heater or easily be remodified to function as a wood burning heater. Conversion to other fuels, such as propane, is permitted.
16. "Wood Burning Device" means any wood burning heater or fireplace. Wood burning devices do not include wood-fired residential or commercial barbecue devices, wood-fired fire pits, or wood-fired cookstoves.
17. "Uncertified Wood Burning Device" means any wood burning device that does not meet the performance and emissions standards of a Phase II certification or a more stringent certification as currently enforced in the NSPS. Uncertified wood burning devices do not include wood-fired residential or commercial barbecue devices, wood-fired fire pits, or wood-fired cookstoves.
18. "Wood-Fired Cookstove" means a wood-fired appliance that is designed primarily for cooking food and that has the following characteristics:
 - a. An oven, with a volume of 0.028 cubic meters (1 cubic foot) or greater,
 - b. A device for measuring temperatures,
 - c. A flame path that is routed around the oven,
 - d. A shaker grate,
 - e. An ash pan,
 - f. An ash clean-out door below the oven, and
 - g. The absence of a fan or heat channels to dissipate heat from the appliance.
19. "Wood Burning Heater" means an enclosed wood-burning device capable of and intended for space heating such as a wood stove, pellet-fueled wood heater, or wood-burning fireplace insert.

15.10.030 Requirements for New Wood Burning Devices.

A. Installation of Wood Burning Devices.

1. Wood Burning Heaters: No person shall advertise, sell, offer for sale, supply, transfer or install in any residence or other structure any wood burning heater within the City limits unless it is an EPA certified wood burning heater at the time of sale or transfer.
 - a. No local government authority within the City limits may issue a building permit to any person to install an uncertified wood burning heater; and
 - b. Certified devices shall have a label permanently affixed to them from the United States Environmental Protection Agency (USEPA) which states that the stove is certified to comply with the NSPS standards.

2. Wood Burning Fireplaces: No local government authority within the City limits may issue a building permit to any person to install a wood burning fireplace unless it is an EPA-qualified fireplace or EPA-certified fireplace.

B. Limitation on Number of Wood Burning Devices in New Construction and Remodels.

1. The number of EPA certified wood burning heaters installed on any residential or non-residential property for which a building permit is required shall not exceed one per individual dwelling unit; and
2. The number of EPA-qualified fireplaces installed on any residential or non-residential property for a which a building permit is required shall not exceed one per individual dwelling unit; and
3. No local government authority within the City limits may issue a building permit to any person to install a wood burning device in new construction or remodel, unless it is an EPA-qualified fireplace or EPA certified fireplace or wood heater certified to the level of the current NSPS; and
4. Wood burning devices shall not be considered the sole source of heat in any new construction within the City limits; and
5. The above limitations do not apply to devices that are defined as low emitting:
 - a. EPA-certified pellet fueled wood heater;
 - b. Devices that are exclusively gaseous- or liquid-fueled; and
 - c. EPA-certified wood burning devices that meet a certified emission rate of 1 gram/hour or less of particulate matter.

15.10.040 Requirements for Existing Wood Burning Devices.

A. Existing Wood Burning Heaters and Change of Ownership.

1. In order to complete any escrow transaction, on any residential or commercial property, the current property within the City limits owner must obtain either a 1) Certificate of Compliance or a 2) Notice of Exemption.
2. It is prohibited for any person to complete, or allow the completion of any Escrow transaction upon any residence or mobile home, or other parcel containing a building within the City limits unless each building on the parcel has been issued a Certificate of Compliance by the Control Officer as having no more than two wood burning heaters which are EPA-Certified and no uncertified wood burning heaters.
3. A Certificates of Compliance or Notice of Exemption shall be issued by the Control Officer only upon physical inspection or documentary evidence that reliably establishes compliance with this section.

4. A Certificate of Compliance shall identify all of the following:
 - a. Owner's name.
 - b. Model number and manufacturer for each wood burning heater in the building.
 - c. The street address, Assessor's parcel number, or legal description of the parcel of real property where the building is located.
 - d. The location of the building and the specific location in the building where the wood burning heater is located.

5. A Notice of Exemption shall identify all of the following:
 - a. Owner's name.
 - b. The street address, Assessor's Parcel number, or legal description of the parcel of real property where the building is located.
 - c. The location of the building and whether a space heat source is exclusively utilized, and if so, what heat source is exclusively utilized.

6. The buyer and seller of any real property within the City limits shall observe this section and any disclosure statements supplied by the real estate agents relating to the requirement under this regulation for the inspection of any wood burning heater installed in a building on the property.

7. If the disclosure report indicates that a wood burning heater on the property within the City limits is uncertified, the wood burning heater must be removed from the property and destroyed/recycled at an approved facility or agency. Re-inspection and a copy of documentation from the destroying/recycling facility or agency is required by the Control Officer prior to issuance of a Certificate of Compliance.

8. The Control Officer may issue a Certificate of Compliance for a residence within the City limits without conducting a physical inspection if a person provides evidence that the EPA-certified wood burning heater has been installed in compliance with all applicable building, fire and other codes. This documentation shall include a receipt or invoice from the installation or purchase that includes the manufacturer and model name of the wood burning device.

9. A Certificate of Compliance issued pursuant to this section:
 - a. Remains valid until the residential or commercial property is transferred or conveyed to a new owner or for nine months, whichever comes sooner.
 - b. Does not constitute a warranty or guarantee by the Control Officer that the wood burning heater within the residence or commercial property meets any other standards of operation, efficiency or safety, except the certification standards contained in these regulations.

10. If a residential or commercial property within the City limits is to be sold and does not contain any wood burning heaters, a form approved by the Control Officer, containing

the signatures of both the buyer and seller, attesting to that fact, may be accepted in lieu of an inspection, and the Control Officer may issue a Notice of Exemption. The completed form shall be submitted to the Control Officer within ten days of close of escrow. If the residential or commercial property contains an uncertified wood burning heater which must be removed, the form must not be executed by either the buyer or seller until the removal has been completed. On any subsequent sale, a new Notice of Exemption is required.

11. Upon a change of ownership, no more than two EPA Certified wood burning heaters per building may remain in any property within the City limits, except for the low emitting devices outlined in 15.10.030(B)(5).
12. Upon a change of ownership, no uncertified wood-burning heater may remain in any property within the City limits.
13. The Control Officer may conduct audits after properties have closed escrow and have been recorded under the new owner's name in order to determine compliance with this ordinance. If the Control Officer finds that there is an uncertified wood burning heater in the building, the Control Officer shall require that the uncertified wood burning heater be destroyed/recycled at an approved scrappage/recycling facility or agency within 30 days of notifying the current property owner. A financial penalty may be assessed if noncompliance has been identified or if the current property owner fails to destroy/recycle the heater within the time prescribed in the notice.

B. Existing individual dwelling units with two or more existing EPA Certified Wood Burning Heaters.

Existing individual dwelling units with two or more existing EPA Certified Wood Burning Heaters may not install additional Wood Burning Heaters (certified or uncertified). The above limitation does not apply to heaters that are defined as low emitting, including without limitation the following:

1. EPA certified pellet fueled wood heaters;
2. Devices that are exclusively gaseous- or liquid fueled; and
3. EPA certified wood burning heaters that meet a certified emission rate of 1 gram/hour or less of particulate matter.

15.10.050 Permitted Fuels in Wood Burning Devices, Wood Burning Fireplaces, Wood-Fired Cookstoves, Wood-Fired Fire Pits.

Burning of any fuels or materials in a Wood Burning Device other than the following fuels within City limits shall be in violation of this ordinance:

- A. Seasoned wood (less than 20% moisture content).
- B. Uncolored paper.

- C. Manufactured logs, pellets, and similar manufactured products (i.e., processed fire starters).

15.10.060 Mandatory Curtailment of Wood Burning Heaters, Wood Burning Fireplaces, Wood-Fired Fire Pits and Wood-Fired Cookstoves During Stagnant Conditions.

A. Episodic Wood Burning Curtailment Requirements.

1. Effective January 1, 2021, the requirements of this section shall be in effect during the months of January, February, November, and December. The Air District shall determine when a mandatory curtailment of solid fuel combustion in the City is necessary, notify the community that mandatory curtailment is required, and make such other determinations as are necessary to carry out the objectives of this chapter.
2. No person shall operate a wood burning heater, wood burning fireplace, wood-fired fire pit or wood-fired cookstove within the City limits when a mandatory curtailment is in effect unless the device is an approved and currently registered EPA-Certified Wood Burning Heater.
3. The approved and currently registered EPA-Certified Wood Burning Heater will be maintained and operated according to manufacturer instructions.
4. The Air District will declare a mandatory curtailment whenever it determines that the 24-hour average PM2.5 concentration may exceed 30 ug/m3 AND when adverse meteorological conditions are expected to persist.
5. The criteria for issuing a mandatory curtailment is as follows:
 - a. The Air District will analyze the available air monitoring data and determine whether a trend is continuing; and
 - b. The Air District will contact the National Weather Service located in either Reno or Sacramento to request a specific meteorological forecast specific for the Portola area; and
 - c. If the National Weather Service forecasts adverse meteorological conditions to persist and the Air District ascertains that there is a marked trend of continuing high concentrations of PM2.5 possible, then the Air District will declare a mandatory curtailment.
6. Upon determination that mandatory curtailment is required, the Air District shall notify the public through one or more of the following methods:
 - a. A recorded telephone message.
 - b. Messages posted on the Air District website.
 - c. Electronic mail messages to persons or entities that have requested such notice.
 - d. Notifying broadcast, print or social media operating within the boundaries of the City of Portola.
 - e. Any additional method that the Air District determines is appropriate.

B. Registration of EPA-Certified Devices.

1. Eligibility Requirements – Any EPA-Certified Wood Burning Heater is eligible to be registered with the Air District.
2. Registration Process – Effective July 1, 2020, persons applying to register a Wood Burning Heater shall submit a completed application and supplemental documentation demonstrating compliance with the eligibility requirements to the District. Supplemental documentation shall include the following:
 - a. Receipt or invoice from the installation or purchase that includes the manufacturer and model name of the Wood Burning Heater, or
 - b. A certification from the Air District verifying that the Wood Burning Heater meets the eligibility requirements.
3. Administrative Requirements – The person who registers the Wood Burning Heater shall retain a copy of the Air District issued registration and make it available upon request.

C. Penalties – Any person that violates the provisions of 15.10.060 is subject to the following

1. First time violators: a Notice to Comply or Warning will be issued. The Notice to Comply will require that any EPA-Certified Wood Burning Heater be registered within 30 days.
2. Second time violators: Completion of a wood smoke awareness course that has been approved by the Air District, or payment of a penalty of \$50, or submission of proof of replacement of non-certified device with an EPA-Certified Wood Burning Heater or exclusively gaseous- or liquid-fueled heater.
3. Third time violators: payment of a penalty of \$150 or submission of proof of replacement of non-certified device with an EPA-Certified Wood Burning Heater or exclusively gaseous- or liquid-fueled heater.
4. Fourth time violators: payment of a penalty of \$500 or submission of proof of replacement of non-certified device with an EPA-Certified Wood Burning Heater or exclusively gaseous- or liquid-fueled heater.

15.10.070 Outdoor Wood-Fired Boiler Installation Prohibited.

All outdoor wood-fired boilers are prohibited from installation within the City of Portola.

15.10.080 Wood Stove Retailers/Contractors Required to Provide Educational Materials.

Retailers or Contractors selling or offering for sale new Wood Burning Devices within the City limits shall supply public awareness information with each sale of a Wood Burning Device in the form of pamphlets, brochures, or fact sheets on the following topics:

- A. Proper installation, operation, and maintenance of the Wood Burning Device.
- B. Proper fuel selection and use.
- C. Health effects from wood smoke
- D. Weatherization methods for the home,
- E. Proper sizing of Wood Burning Devices.
- F. Episodic Wood Burning Curtailment levels as defined in Section 15.10.060.

15.10.090 Violations.

Any person who violates any of the requirements of this chapter, or who falsely attests as to information as part of compliance with this chapter, is subject to penalties and punishments as set forth in Chapter 1.10 of this Municipal Code, may be subjected to the applicable penalties and punishments prescribed by law for perjury, and may have any license or permit issued by the City be revoked, including but not limited to a building permit or certificate of occupancy.

15.10.100 - Continuing violations—Each day being a separate violation.

After any person who is responsible for a violation of any provision in this chapter has been given notice of the violation, and such person does not comply or otherwise correct the violation within the time prescribed in the notice, then from that day forward, the continuing violation shall be deemed to be a separate offense on each and every day that the violation persists. A person who knowingly commits or suffers the continuing violation shall be guilty of a separate offense each and every day that the violation persists.