

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
CALIFORNIA AIR POLLUTION CONTROL OFFICERS ASSOCIATION
AND THE EL DORADO COUNTY AIR QUALITY MANAGEMENT DISTRICT
WOODSMOKE REDUCTION PILOT PROGRAM
FISCAL YEAR 2016-2017 APPROPRIATION**

The California Air Pollution Control Officers Association (“CAPCOA”) and the El Dorado County Air Quality Management District (District) hereby enter into this Memorandum of Understanding (“MOU”), which shall be effective after execution by both parties.

RECITALS

WHEREAS, CAPCOA has entered into a grant agreement (Appendix A) with the California Air Resources Board (CARB) to administer \$5 million in fiscal year 2016-2017 funds appropriated from the Greenhouse Gas Reduction Fund for a state-wide program replacing uncertified, inefficient wood burning devices with cleaner-burning and more efficient devices, getting reductions in greenhouse gases and related co-benefits of particulate and toxic pollutants reductions; and

WHEREAS, the CARB/CAPCOA grant agreement requires CAPCOA to administer the program through the local air pollution and air quality management districts;

WHEREAS, the District has affirmed its interest in participating in the Woodsmoke Reduction Program;

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. The District agrees to abide by any applicable terms and commitments of the Woodsmoke Reduction Pilot Program Guidelines (Exhibit D of Appendix A) dated September 26, 2017 as part of the Climate Investments’ Cap-and-Trade Auction Proceeds’ Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines), found on the Cap-and-Trade Auction Proceeds Funding Guidelines for Administering Agencies website <https://arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines/cc>
2. The District agrees to submit a workplan to CAPCOA for review and approval prior to being allocated funds under the program. The workplan shall provide a description of policies and procedures meeting the requirements of Appendix A. CAPCOA agrees to provide the funds to the District within 30 days of approving the District workplan.
3. District shall place funds advanced in an interest-bearing account and District shall track and report interest accrued on these funds. Interest earned on the funds shall only be used for eligible grant-related expenses.
4. The District understands that additional funding may be available from unallocated funds and funds that may be returned or declined by other participating districts. The District will notify CAPCOA in writing in the event it has allocated all funds to eligible projects and requests additional available funds. If additional funds are available CAPCOA will allocate the funding to Districts based on location, date of request, and demonstrated need. CAPCOA shall amend the District’s Grant Award Cover Sheet.

5. The District will provide quarterly progress reports detailing project information and payments in a format approved and provided by CAPCOA, which at a minimum shall include the information necessary to satisfy the reporting and recordkeeping provisions of sections 8 and 10 of Appendix A. The District agrees to advise CAPCOA if its program is underperforming, and to undergo efforts to improve the performance of the program in order to expend the funding in a timely manner or return to CAPCOA unused funds. The District will return the funds within 45 days of a request from CAPCOA.
6. The District acknowledges that information reported under this Agreement may be made publicly available subject to Section 10.4 in Appendix A.
7. If the District does not comply with the requirements as specified in this MOU and the CAPCOA-approved work plan, the District will return any unallocated funds to CAPCOA, if requested by CAPCOA or CARB. The District agrees that funds to be returned may include any spent on non-compliant projects as well as balances of the unallocated District funds, as determined by CAPCOA, within 45 days of a request from CAPCOA.
8. The District agrees to indemnify, defend and hold harmless CAPCOA and its employees, agents, representatives against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the District or any program participant, and out of the operation of equipment that is purchased with funds from this Grant Award.
9. The District and CAPCOA acknowledge the Project Milestones outlined in Appendix B;
10. Information or data that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this agreement in perpetuity, and shall not release or publish any such information or data.
11. This MOU may be terminated by either party by giving a 30 day written notice to the other, in which case any unallocated funds received by the District must be returned to CAPCOA, within 45 days of a request from CAPCOA.

12.1 INSURANCE REQUIREMENTS

General Provisions

a. Coverage Term: Installer/contractor insurance coverage shall be in force for the complete term of the project agreement. If insurance expires during the term of the project agreement, a new certificate must be received by the District and provided to CAPCOA at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the project agreement

b. Policy Cancellation or Termination and Notice of Non-Renewal: Installer/contractor is responsible to notify the District within five (5) business days before the effective date of any cancellation, non-renewal, or material change that affects required insurance coverage. In the event installer/contractor fails to keep in effect at all times the specified insurance coverage, the District may, in addition to any other remedies it may have, terminate the project agreement upon the occurrence of such event, subject to the provisions of this Grant Agreement.

c. Deductible: Installer/contractor is responsible for any deductible or self-insured retention contained within their insurance program.

d. Primary Clause: Any required insurance contained in the project agreement shall be primary, and not excess or contributory to any other insurance carried by the District or CAPCOA.

e. Insurance Carrier Required Rating: All insurance companies must carry a rating acceptable to the Office of Risk and Insurance Management. If the installer/contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.

f. Endorsements: Any required endorsement must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

g. Inadequate Insurance: Inadequate or lack of insurance does not negate the installer/contractor's obligations under the Agreement.

h. Satisfying an SIR: All insurance required by this Grant Agreement or the project agreements must allow the State to pay and/or act as the installer/contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the installer/contractor's agent in satisfying any SIR is at the District's discretion.

i. Available Coverages/Limits: All coverage and limits available to the installer/contractor shall also be available and applicable to the District.

j. Subcontractors/Manufacturers: In the case of installer/contractor's utilization of subcontractors/manufacturers to complete the contracted scope of work, installer/contractor shall include all subcontractors/manufacturers as insured under installer/contractor's insurance or supply evidence of insurance to the District equal to policies, coverages, and limits required of installer/contractor.

12.2 Commercial General Liability

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

12.3 Automobile Liability

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

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

12.4 Workers' Compensation and Employers' Liability

Installer/contractor must furnish to the District a certificate of insurance to remain in effect at all times during the term of this Agreement. Installer/contractor shall maintain statutory workers' compensation and

employers' liability for all its employees who will be engaged in the performance of the Agreement. Employers' liability limits of \$1,000,000 are required. A sample form is included in Exhibit C. of Appendix A.

13. District agrees that CAPCOA, CARB, the Department of General Services, Department of Finance, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received in accordance with Appendix A. The District agrees to maintain such records for possible audit for a minimum of three (3) years after the term of this Grant is completed, unless a longer period of records retention is stipulated.
14. The District agrees to acknowledge the California Climate Investments (CCI) logo and name as a funding source from the California Air Resources Board's (CARB) Woodsmoke Reduction program whenever projects funded in whole or in part by this Agreement are publicized in any new media, websites, brochures, publications, audiovisuals, or other types of promotional material. The acknowledgement must read as follows: "This publication (or project) was supported by the "California Climate Investments" (CCI) program." Guidelines for the usage of the CCI logo can be found at www.arb.ca.gov/ccifundingguidelines.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

EL DORADO COUNTY AIR QUALITY MANAGEMENT
DISTRICT

CALIFORNIA AIR POLLUTION CONTROL
OFFICERS ASSOCIATION

_____, APCO

Mike Villegas, President

Date

Date

Appendix A: Grant Agreement between the California Air Pollution Control Officers Association and the California Air Resources Board dated February 1, 2018.

Appendix B: Project Milestones/Schedule of Payments

Task	Milestone Description	Scheduled Payment of Grant Funding	
		Project Funds	Administrative Funds
1	Execute Grant Agreement (no later than June 1, 2018)		
2	Submit project plan for approval		
	Project plan approval	\$337,500	
3	Begin installations		
4	Submit quarterly reports		Receive total administrative funding less 10% withholding (\$32,062.50)
5	Complete installations		
6	Final payment requests submitted to CAPCOA (no later than December 31, 2019)		
7	Submit "Closeout" report (no later than January 31, 2020)		Remaining 10% administrative withholding (\$3,562.50)

GRANT AGREEMENT COVER SHEET

GRANT NUMBER
 G16-WSRP-01

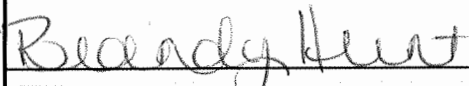
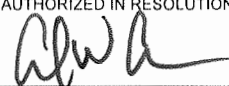
NAME OF GRANT PROGRAM Woodsmoke Reduction Program	
GRANTEE NAME California Air Pollution Control Officers Association	
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER 77-0058264	TOTAL GRANT AMOUNT NOT TO EXCEED \$5,000,000
FISCAL GRANT TERM FROM: January 30, 2018	TO: April 1, 2020
PROJECT PERFORMANCE PERIOD OF GRANT AGREEMENT FROM: January 30, 2018	TO: June 30, 2020

This legally binding Grant Agreement, including this cover sheet and Exhibits attached hereto and incorporated by reference herein, is made and executed between the State of California, Air Resources Board (CARB) and California Air Pollution Control Officers Association (the "Grantee").

- Exhibit A – Budget Summary
- Exhibit B – Project Milestones and Schedule of Payments
- Exhibit C – Insurance Waiver Forms and Examples
- Exhibit D – Woodsmoke Reduction Pilot Program Guidelines

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from ARB.


The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

California Air Resources Board		GRANTEE'S NAME (PRINT OR TYPE) California Air Pollution Control Officers Association	
SIGNATURE OF ARB'S AUTHORIZED SIGNATORY: 		SIGNATURE OF GRANTEE (AS AUTHORIZED IN RESOLUTION, LETTER OF COMMITMENT, OR LETTER OF DESIGNATION) 	
TITLE Administrative Services Division Chief, CARB	DATE 2/5/18	TITLE Executive Director	DATE 01 Feb 2018
		GRANTEE'S ADDRESS (INCLUDE STREET, CITY, STATE AND ZIP CODE) 1107 9th Street Suite 1005 Sacramento, CA 95814	

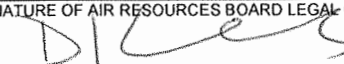
CERTIFICATION OF FUNDING

AMOUNT ENCUMBERED BY THIS AGREEMENT \$5,000,000	FISCAL YEAR/PROGRAM FY 2016/17 / 3510	FUND TITLE Greenhouse Gas Reduction Fund		
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT \$0	(OPTIONAL USE)			
TOTAL AMOUNT ENCUMBERED TO DATE \$5,000,000	ITEM 3900-101-3228	CHAPTER 23	STATUTE 2016	FISCAL YEAR 2016/17
OBJECT OF EXPENDITURE 7100-706-88511				

I hereby certify that the California Air Resources Board Budget Office acknowledges that budgeted funds are available for the period and purpose of the expenditure stated above.

SIGNATURE OF AIR RESOURCES BOARD BUDGET OFFICE: 	DATE 1/29/18
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I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.

SIGNATURE OF AIR RESOURCES BOARD LEGAL OFFICE: 	DATE 1-29-18
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GRANT SUMMARY AND CONTACT INFORMATION

- 1.1. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the *Woodsmoke Reduction Pilot Program – Program Guidelines Fiscal Year 2016-17 Appropriation* (Program Guidelines) dated September 29, 2017, and found in Exhibit D of this Grant Agreement.
- 1.2. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the most recent version of the Climate Investments' Cap-and-Trade Auction Proceeds' *Draft Funding Guidelines for Agencies that Administer California Climate Investments* (Funding Guidelines), found on the Cap-and-Trade Auction Proceeds Funding Guidelines for Administering Agencies website at <https://arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm> and incorporated by reference herein.
- 1.3. The California Climate Investments (CCI) logo and name serves to bring under a single brand the many investments whose funding comes from the Greenhouse Gas Reduction Fund (GGRF). The logo represents a consolidated and coordinated initiative by the State to address climate change by reducing greenhouse gases, while also investing in disadvantaged communities and achieving many other co-benefits. The Grantee agrees to acknowledge the CCI program as a funding source from the California Air Resources Board's (CARB) Woodsmoke Reduction program whenever projects funded, in whole or in part by this Agreement, are publicized in any news media, websites, brochures, publications, audiovisuals, or other types of promotional material. The acknowledgement must read as follows: 'This publication (or project) was supported by the "California Climate Investments" (CCI) program.' Guidelines for the usage of the CCI logo can be found at www.arb.ca.gov/ccifundingguidelines.



1.4. Grant Summary

Program Title: Woodsmoke Reduction Program

The Woodsmoke Reduction Program (Program) is a GGRF-funded program designed to replace high-polluting, uncertified wood stoves, wood

inserts, and fireplaces with cleaner burning, more efficient home heating devices. The 2016/17 GGRF appropriation committed \$5,000,000 for this Program. The Program will be administered by CARB and implemented by the California Air Pollution Control Officers Association (CAPCOA or Grantee) in coordination with local air pollution control districts or air quality management districts (Districts). This Program will further the goals of Assembly Bill 32 (Nunez, Chapter 488, Statutes of 2006) and related statutes to reduce greenhouse gas emissions, as well as provide important co-benefits in reducing black carbon emissions and improving air quality.

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

Funding Amount: \$5,000,000

1.5. Grant Parties and Contact Information

- a. This grant is from the California Air Resources Board (CARB) to CAPCOA.
- b. The CARB Program Liaison is Kasia Turkiewicz or other designee appointed by CARB. Correspondence regarding this Program shall be directed to:

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

- c. The Grantee Liaison is Alan Abbs or other designee appointed by CAPCOA. Correspondence regarding this Program shall be directed to:

Alan Abbs
Director
California Air Pollution Control Officers Association
1107 9th Street, Suite 1005
Sacramento, California 95814
Phone: (916) 441-5700
Email: alan@capcoa.org

- 1.6. Definitions for terms used in this Grant Agreement can be found in Section 12.

2. PROGRAM PERIOD

- 2.1. Performance of work under this grant may commence after full execution of this Grant Agreement, which must be executed by May 15, 2018.
- 2.2. Upon full expenditure of grant funds, the Grantee shall submit a draft final report for each District Project (Project Closeout) to the CARB Program Liaison (see Section 8 of this Grant Agreement) after Program completion.
- 2.3. In order to have sufficient time to process final payments and close out grant agreements, Districts must submit any and all deliverables and payment requests within 45 days after the Project performance period. Grantee must submit any and all requests for payment to Program Liaison by April 1, 2020, to allow for reimbursement to Grantee by June 30, 2020.

3. SCOPE OF WORK

The Program will provide incentives towards the replacement of existing uncertified residential wood burning stoves, wood inserts, or fireplaces used for primary space heating with the following types of home heating devices:

- Certified wood stoves or wood inserts with fine particulate (PM_{2.5}) emission rates not to exceed 4.5 grams/hour and 2.5 grams/hour for non-catalytic and catalytic stoves, respectively;
- Natural gas heating devices;
- Propane heating devices; or
- Electric heating devices.

The Program will be administered by CARB and implemented by CAPCOA (Grantee), in coordination with the Districts. The incentive amount for each individual change-out will vary. CAPCOA will work with individual Districts

throughout the State to determine funding levels needed by each District to implement the Program. Each District's implementation of the Program is considered a separate Project.

- 3.1. CARB is responsible for the following:
 - a. Participation in meetings with Grantee to discuss Program refinements and guide the administration of the Program.
 - b. Review and approve Project elements provided by Grantee.
 - c. Review and approve all grant disbursement requests and distribution of funds to Grantee.
 - d. Work with Grantee to develop templates for data and report submittals at both Program and Project levels.
 - e. Provide Project oversight in conjunction with Grantee.
 - f. Ensure Grantee complies, and ensures Project compliance, with applicable requirements of the Funding Guidelines.
 - g. Review a sufficient number of Projects (number determined by CARB Program Liaison) each year to ensure proper Program implementation as directed by both Program and Funding Guidelines.

- 3.2. Grantee is responsible for the following:
 - a. Grantee's key personnel will participate in an initial meeting with CARB staff before work on the Program begins. The purpose of the initial meeting will be to discuss the overall plan, Program schedule, Project reporting, and any issues that may need to be addressed.
 - b. Additional or more frequent meetings may be scheduled at the discretion of the CARB Program Liaison and the Grantee.
 - c. Grantee will work directly with Districts to determine appropriate level of funding for projects implemented by Districts and will enter agreements (Project agreements) directly with each District to ensure compliance with applicable provisions of the Program Guidelines and this Grant Agreement.
 - d. Grantee will ensure that Districts abide by the insurance requirements in Section 6 of this Grant Agreement.
 - e. Grantee will ensure that Districts will collect and maintain records in accordance with Sections XI and XIII of the Program Guidelines as well as Sections 8 and 10 of this Grant Agreement to comply with reporting and audit requirements.
 - f. Grantee will ensure that only licensed professionals will be used to perform services under this Grant Agreement. Installer must possess an active C-61 (D34 Prefabricated Equipment Contractor) license issued by the California Contractors State License Board throughout the life of the contract and have a minimum of three (3) years of experience of installing home heating devices to manufacturer specifications.
 - g. Grantee will submit all required reports as specified in Section 8 of this Grant Agreement for each reporting cycle.

- h. Grantee will work with Districts to promote the Program with the emphasis on disadvantaged and low-income communities and low-income households.

4. FINANCIAL MATTERS AND GRANT DISBURSEMENTS

- 4.1. Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State or applicable federal law or this Grant Agreement.
- 4.2. Any costs incurred by Grantee prior to Grantee's receipt of a fully executed Grant Agreement shall be incurred solely at the risk of Grantee. In the event that a formal Grant Agreement is not executed, CARB shall not be liable for any amounts expended in anticipation of a formal Grant Agreement.
- 4.3. The maximum amount of this grant for the 2016/2017 Fiscal Year is \$5,000,000. Under no circumstance will CARB provide the Grantee more than this amount. A written Grant Agreement amendment is required if there is a change to lower the amount of this grant.
- 4.4. The budget for this Program is shown in Exhibit A. Grant Disbursement Requests for administrative costs shall not exceed ten (10) percent of the corresponding grant amount. Administrative costs are defined in Section 12.2 of this Grant Agreement.
- 4.5. The total funding may only be reallocated in the event that the Grantee requests less administrative funding than the amount stated in the budget.
- 4.6. Grant funds shall be used only for reasonable costs incurred by the Grantee, including direct project costs and administrative costs as defined in Section 12 of this Grant Agreement. CARB will have sole discretion to accelerate the timeline for allowable disbursements of administration and Program funds identified in Exhibit B. All Districts will need to submit itemized receipts or other information regarding their Projects that would enable CARB to establish that the funds have been used for eligible expenses.
- 4.7. Continued funding is subject to CARB's approval of the reports submitted as outlined in Section 8, as well as any audit or review undertaken. Funding will not be approved if the CARB Program Liaison deems that a Project has not been properly accomplished or documented, claimed expenses are not documented, not valid per the budget, or not reasonable, or the Grantee has not met other terms of the grant.

The Chief of the Air Quality Planning and Science Division or designee of CARB may review the Program Liaison's approval or disapproval of a Grant Disbursement Request or submitted report. No funding will be allocated for expenses that, in the judgment of the Chief of the Air Quality Planning and Science Division or designee of CARB, are not reasonable or do not comply with the Grant Agreement.

- 4.8. CARB will withhold payment of ten (10) percent of administrative funds until completion of all work and submission of a Project Closeout report to CARB, as identified in the Funding Guidelines. It is the Grantee's responsibility to submit a Grant Disbursement Request for this final disbursement of funds.
- 4.9. CARB shall disburse funds in accordance with the California Prompt Payment Act, Government Code, Section 927, et seq.
- 4.10. The Grantee shall comply with all oversight responsibilities identified in the Program Guidelines and this Grant Agreement.
- 4.11. CARB or its designee reserves the right to review at any time during the duration of this grant the Grantee's costs of performing the Grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. The Grantee shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all financial records, documents, and other information pertaining to costs, and any matching costs and expenses.
- 4.12. CARB or its designee reserves the right to inspect all work and associated records at any time over the Project life, with a thirty (30) day advance notice. This right shall extend to any subcontracts, and CAPCOA and/or Districts shall include such access in all their contracts or subcontracts.
- 4.13. The Grantee shall retain all financial records referred to above and provide them for examination and audit by the State for three (3) years after final payment under this grant.
- 4.14. The Grantee shall develop and maintain accounting procedures to track reservation and expenditures by grant award, fiscal year, and of all funding sources.
- 4.15. The Grantee shall store all records in a secured and safe storage facility that maintains confidentiality and provides fire and natural disaster protection. Files must be retained during the term of the Grant Agreement plus three (3) years.

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

5. ADVANCE PAYMENT

Consistent with the Legislature's direction to expeditiously disburse grants, CARB is providing advance payments of grant awards in a timely manner to support project initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems. Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments.

Should advance payment be needed for Woodsmoke Reduction Program grants, the following grant protections shall apply:

- 5.1. The advance payment is appropriate for the effective implementation of grants to local air districts, other government entities, non-profits, and community based organizations. CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the grantees interim cash needs.
- 5.2. The grantee assumes legal and financial risk of the advance payment.
- 5.3. Program funds minus administrative costs will be distributed as outlined in Exhibits A and B.
- 5.4. Grantee shall place funds advanced under this section in an interest-bearing account. Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Program Guidelines or will be returned to CARB.

- 5.5. Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with Section 8.5 of this Grant Agreement.
- 5.6. This Grant Agreement contains the terms and conditions under which advance payment may be received.
- 5.7. Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 90 days following the end date of this Grant Agreement (April 1, 2020 as specified in Exhibit B) or the reversion date of the appropriation, whichever occurs first.
- 5.8. CARB may recover from Grantee any grant funds advanced and interest earned pursuant to this section spent on purposes other than those allowed by the terms of this Grant Agreement and may adjust future grants, if any, to account for the non-recoverable amounts of any advance payment that has been improperly used.

6. INSURANCE REQUIREMENTS

6.1. General Provisions

- a. Coverage Term: Coverage needs to be in force for the complete term of the project agreement. If insurance expires during the term of the project agreement, a new certificate must be received by the State at least ten (10) days prior to the expiration of this insurance. Any new insurance must still comply with the original terms of the project agreement
- b. Policy Cancellation or Termination and Notice of Non-Renewal: Installer/contractor is responsible to notify the State within five (5) business days before the effective date of any cancellation, non-renewal, or material change that affects required insurance coverage. In the event installer/contractor fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate the project agreement upon the occurrence of such event, subject to the provisions of this Grant Agreement.
- c. Deductible: Installer/contractor is responsible for any deductible or self-insured retention contained within their insurance program.
- d. Primary Clause: Any required insurance contained in the project agreement shall be primary, and not excess or contributory to any other insurance carried by the State.

- e. Insurance Carrier Required Rating: All insurance companies must carry a rating acceptable to the Office of Risk and Insurance Management. If the installer/contractor is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
- f. Endorsements: Any required endorsement must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
- g. Inadequate Insurance: Inadequate or lack of insurance does not negate the installer/contractor's obligations under the Agreement.
- h. Satisfying an SIR: All insurance required by this Grant Agreement or the project agreements must allow the State to pay and/or act as the installer/contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the installer/contractor's agent in satisfying any SIR is at the State's discretion.
- i. Available Coverages/Limits: All coverage and limits available to the installer/contractor shall also be available and applicable to the State.
- j. Subcontractors/Manufacturers: In the case of installer/contractor's utilization of subcontractors/manufacturers to completed the contracted scope of work, installer/contractor shall include all subcontractors/manufacturers as insured's under installer/contractor's insurance or supply evidence of insurance to the State equal to policies, coverages, and limits required of installer/contractor.

6.2. Commercial General Liability

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

6.3. Automobile Liability

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

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

6.4. Workers' Compensation and Employers' Liability

Contractor must furnish to the State a certificate of insurance to remain in effect at all times during the term of this Agreement. Contractor shall maintain statutory workers' compensation and employers' liability for all its employees who will be engaged in the performance of the Agreement. Employers' liability limits of \$1,000,000 are required. The policy must include:

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

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

7. PROGRAM MONITORING

- 7.1. A meeting will be held between Grantee and CARB before work on the Program begins. The purpose of the meeting will be to discuss the overall Program, details of performing the tasks, including data and report submittal, the Program schedule, and any issues that may need to be resolved.
- 7.2. Any changes in the scope or schedule for the Program shall require the prior written approval of the CARB Program Liaison.
- 7.3. The Grantee shall notify the CARB Program Liaison in writing, immediately if any circumstances arise (technical, economic, or otherwise), that might place completion of the Program in jeopardy. The Grantee shall also make such notification if there is a change in key Program personnel
- 7.4. In addition to implementation reports (discussed in Section 8 of this Grant Agreement), the Grantee shall provide information requested by the

Program Liaison that is needed to assess progress in completing tasks and meeting the objectives of the Program.

- 7.5. Any change in budget allocations, re-definition of deliverables, or extension of the Program schedule must be requested in writing to the CARB Program Liaison and approved by CARB, in its sole discretion.

8. REPORTING

- 8.1. Grantee shall submit an Initial Project report to CARB. This report must be completed for each Project approved by Grantee and shall be provided in a format agreed upon between the CARB Program Liaison and the Grantee. This report shall meet the requirements and specifications of the Program Guidelines and Table 3.A-19 of the Funding Guidelines for "Awarded" projects and shall be submitted once in each funding cycle and updated as needed.
- 8.2. The Grantee shall submit Implementation Reports each reporting cycle (see Table 3.A-1 of the Funding Guidelines). The Implementation Reports shall be provided in a format agreed upon between the CARB Program Liaison and the Grantee. These reports shall meet the requirements and specifications of the Program Guidelines and Table 3.A-19 of the Funding Guidelines for implemented projects and will be submitted as indicated in Table 3.A-1 of the Funding Guidelines.
- 8.3. When the Project is complete, the Grantee shall submit a Project Closeout Report. The Project Closeout Reports shall be provided in a format agreed upon between the CARB Program Liaison and the Grantee. This report shall meet the requirements and specifications of the Program Guidelines and Table 3.A-19 of the Funding Guidelines for closeout and will be submitted upon completion of the project at the next reporting cycle.
- 8.4. A subset of Projects (at least twenty-five percent (25%)) will be selected by CARB for Project Outcome Reporting, consistent with Table 3.B-8 of the Funding Guidelines.
- 8.5. Following receipt of funds, Grantee will submit quarterly fiscal accounting reports to Program Liaison detailing expenditure of funds by Grantee and Districts, including interest accrued on any Program funds received. Grantee shall attach to the quarterly fiscal accounting report an itemized invoice of all expenditures incurred for that reporting period.

9. TERMINATION AND SUSPENSION OF PAYMENTS

- 9.1. CARB reserves the right to terminate this grant upon thirty (30) days' written notice to the Grantee, if CARB determines that the Program has not progressed satisfactorily after conducting an audit (Section 4.13 of this Grant Agreement) or if the Grantee has violated the grant agreement and the Grantee and CARB have been unable to agree on modifications to the Program. In case of early termination, the Grantee may be required to fully or partially repay Program funds spent in violation of the Program or Funding Guidelines and/or the Grant Agreement.
- 9.2. CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. The grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the Grantee chooses to continue work on the Program after receiving a grant suspension order, the Grantee will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB will reimburse the Grantee for any expenses incurred during the suspension that are reimbursable in accordance with the terms of the grant.

10. PROGRAM AND PROJECT RECORDS

- 10.1. Grantee will develop and maintain accounting procedures as further described below, Program records include but are not limited to Grantee, financial, and other records. All Program and Project records must be retained by the Grantee for a period of three (3) years after final payment under this grant and shall be stored in a secured and safe storage facility that maintains confidentiality and provides fire and natural disaster protection. All Program and Project records are subject to audit pursuant to Section 4 of this Grant Agreement. Upon completion of the third (3rd) year of record retention, the Grantee shall submit all Program and Project records to CARB.
- 10.2. Without limitation of the requirement to maintain Program and Project accounts in accordance with generally accepted accounting principles, the Grantee must:
 - a. Establish an official file for the Program that will adequately document all significant actions relative to the Program.
 - b. Establish separate accounts that will adequately and accurately depict all amounts received and expended on the Program.
 - c. Establish an accounting system that will adequately depict final total costs of the Program, including both direct and indirect costs.

- 10.3. Other records include all deliverables required under Section 3.2 of this Grant Agreement and those specified in the Program Guidelines.
- 10.4. Grantee will ensure that applicants are made aware that information collected under the auspices of this Program, with the exception of confidential or personally identifiable information as noted in Section 11 of this Grant Agreement, may be made publically available to the extent allowed by federal, State, and local laws and regulations.

11. GENERAL PROVISIONS

- 11.1. **Potential sub-grantee:** Nothing contained in this Grant Agreement or otherwise shall create any contractual relation between CARB and any sub-grantees, and no sub-grant shall relieve Grantee of its responsibilities and obligations under this Grant Agreement. Grantee agrees to be as fully responsible to CARB for the acts and omissions of its sub-grantees and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by Grantee. Grantee's obligation to pay its sub-grantees is an independent obligation from CARB's obligation to make payments to Grantee. As a result, CARB shall have no obligation to pay or to enforce the payment of any moneys to any sub-grantee. Grantee shall not sub-grant any services under this Grant Agreement without the prior approval in writing of CARB.
- 11.2. **Amendment:** No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties.
- 11.3. **Assignment:** This grant is not assignable by the Grantee, either in whole or in part, without the consent of CARB, in writing.
- 11.4. **Compliance with law, regulations, etc.:** The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal, State, and local laws, rules, guidelines, regulations, and requirements.
- 11.5. **Computer software:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- 11.6. **Conflict of interest:** The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws.

- 11.7. **Disputes:** The Grantee shall continue with the responsibilities under this Grant Agreement during any dispute. Grantee staff or management may work in good faith with CARB staff or management to resolve any disagreements or conflicts arising from implementation of this Grant Agreement. However, any disagreements that cannot be resolved at the management level within thirty (30) days of when the issue is first raised with CARB staff in writing shall be subject to resolution by the CARB Executive Officer, or designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
- 11.8. **Environmental justice:** In the performance of this Grant Agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
- 11.9. **Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Grant Agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.
- 11.10. **Force majeure:** Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this Grant Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.
- 11.11. **Governing law and venue:** This grant is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this Grant Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.
- 11.12. **Indemnification:** The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee

or any sub-grantee, and out of the operation of equipment that is purchased with funds from this Grant Award.

- 11.13. **Grantee's responsibility for work:** The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract, or sub-grantee's contract, for work on the Program or any project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work.
- 11.14. **Independent contractor:** The Grantee, and its agents and employees, and sub-grantees, if any, in their performance of this Grant Agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
- 11.15. **Nondiscrimination:** During the performance of this Grant Agreement, the Grantee, sub-grantees, and their contractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. The Grantee and its third party entities shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Grantee and its third party entities shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Grantee and its third party entities shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

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

- 11.16. **No third party rights:** The parties to this Grant Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Grant

Agreement, or of any duty, covenant, obligation or undertaking establish herein.

- 11.17. **Prevailing wages and labor compliance:** If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this Grant Agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- 11.18. **Severability:** If a court of competent jurisdiction holds any provision of this Grant Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.
- 11.19. **Termination:** CARB may terminate this Grant Agreement by written notice at any time prior to completion of projects funded by this Grant Agreement, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this Grant Agreement, within ten (10) days.
- 11.20. **Timeliness:** Time is of the essence in this Grant Agreement. Grantee shall proceed with and complete the Project in an expeditious manner.
- 11.21. **Waiver of rights:** Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this Grant Agreement are in addition to any other rights and remedies provided by law.
- 11.22. **Availability of funds:** CARB's obligations under this Grant Agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this Grant Agreement.
- 11.23. **Confidentiality:** No record that has been designated as confidential by CARB, or is the subject of a pending application of confidentiality, shall be disclosed by the Grantee. Any confidential information or data submitted to CARB by the Grantee may be shared with other divisions within CARB.
- 11.24. **Personally identifiable information:** Information or data that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or

Federal statutes and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this agreement in perpetuity, and shall not release or publish any such information or data.

- 11.25. **Ownership:** All information or data received or generated by the Grantee under this agreement shall become the property of CARB. No information or data received or generated under this agreement shall be released without CARB's approval. This does not prohibit Grantee from promoting the Program. Grantee shall follow the guidelines acknowledging CCI funding and logo use outlined in Section 1.3.
- 11.26. **Audit:** Grantee agrees that CARB, the Department of General Services, Department of Finance, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received. Grantee agrees to maintain such records for possible audit for a minimum of three (3) years after the term of this Grant is completed, unless a longer period of records retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include similar right of the State to audit records and interview staff in any Grant related to performance of this Agreement.

12. DEFINITIONS

- 12.1. **AB 32:** Assembly Bill 32, Global Warming Solutions Act, Nuñez, Chapter 488, Statutes of 2006.
- 12.2. **Administrative Costs:** Consistent with best practices for project administration, these costs are defined as: Indirect costs that are not tied directly or solely to the project; such as distributed administration, non-project related contracts or subscriptions; rent, phones, printing, or mailing services not associated with staff working on the project; or any other costs that are not directly and fully incurred to support the grant.
- 12.3. **Applicant:** Individual resident requesting replacement of older wood stove or device.
- 12.4. **Awarded Project Report:** Also known as the **Initial Project Report**, this is the report submitted to the CARB Liaison when the Grantee has entered into a Project agreement with a District. This report is submitted to the CARB Liaison following the reporting requirements I Section 8.1 of this Grant Agreement and as outlined for "Awarded" projects in Table 3.A-19 of the Funding Guidelines.

- 12.5. **CAPCOA:** California Air Pollution Control Officers Association or Grantee.
- 12.6. **CARB:** California Air Resources Board.
- 12.7. **CCI:** California Climate Investments
- 12.8. **Change-out:** Replacement of individual wood stove (or other device).
- 12.9. **Direct Costs:** Direct costs include project implementation costs and technology costs. Examples are:
- a. **Project Implementation Costs:** Direct project labor and expenses associated with projects, including all components of project implementation, outreach and education, research and data analysis, program evaluation, required reporting, external consultants, third-party contracts for direct support, travel, and information technology related to project implementation.
 - b. **Technology Costs:** Costs associated with vehicles, equipment, and infrastructure that is either used to demonstrate the ability of the technology to achieve emission reductions or to deploy technology to an end user (i.e. business, consumer, etc.) for the purpose of achieving emission reductions. This includes the direct maintenance of these components, if required by the project
- 12.10. **District(s):** Local air pollution control districts or air quality management districts.
- 12.11. **Enhanced Incentive:** A higher incentive given to low-income households and households located in disadvantaged or low-income communities.
- 12.12. **Funding Guidelines:** California Climate Investments' Cap-and-Trade Auction Proceeds' August 2017 *Funding Guidelines for Agencies that Administer California Climate Investments*.
- 12.13. **GGRF:** Greenhouse Gas Reduction Fund.
- 12.14. **Grantee:** California Air Pollution Control Officers Association or CAPCOA.
- 12.15. **Implementation Report:** An update of all incentives/upgrades that have been installed since the last reporting cycle for each Project funded and overseen by Grantee. This report is submitted to the CARB Liaison following the reporting requirements in Section 8.2 of this Grant Agreement and as outlined for "Implemented" projects in Table 3.A-19 of the Funding Guidelines.

- 12.16. **Incentive:** The amount of funding given to an applicant to replace an uncertified wood stove, wood insert, or fireplace. The incentive amount will be determined by each District in coordination with CAPCOA.
- 12.17. **Initial Project Report:** Also known as the **Awarded Project Report**, this is the report submitted to the CARB Liaison when the Grantee has entered into a Project agreement with any District. This report follows the reporting requirements in Section 8.1 of this Grant Agreement and as outlined for “Awarded” projects in Table 3.A-19 of the Funding Guidelines.
- 12.18. **Installer:** A licensed professional contracted to remove the uncertified wood stove or insert and install the replacement device, possessing an active C-61 (D34 Prefabricated Equipment Contractor) license issued by the California Contractors State License Board throughout the life of the contract, and have a minimum of 3 years of experience of installing home heating devices to manufacturer specifications.
- 12.19. **Program:** Woodsmoke Reduction Program.
- 12.20. **Program Guidelines:** CARB’s September 29, 2017 *Woodsmoke Reduction Pilot Program, Fiscal Year 2016-2017 Appropriation*.
- 12.21. **Project:** Program implementation at the District level.
- 12.22. **Project Agreement:** The agreement entered into between the Grantee and any sub-grantee to implement the Program at the District level.
- 12.23. **Project Closeout:** The final draft final report submitted by Grantee to the CARB Program Liaison after Program completion. This report follows the reporting requirements in Section 8.3 of this Grant Agreement and as outlined for “Closeout” projects in Table 3.A-19 of the Funding Guidelines.
- 12.24. **Project Profile:** Initial report from Grantee to CARB Program Liaison that incorporates requirements outlined in Table 3.A-19 of the Funding Guidelines. Each Project funded under the Program will require a separate Project Profile.
- 12.25. **Reporting Cycle:** Reporting frequency is on a quarterly basis as defined in the Funding Guidelines, Volume 3, Section V.K.
- 12.26. **Subcontractor:** District or Installer.
- 12.27. **Sub-grantee:** District or Installer or other entity that has entered into an agreement with Grantee or District(s) to perform services related to this Grant Agreement.

Exhibit A: Budget Summary

Woodsmoke Reduction Program Funds	\$4,500,000
Administrative Funds ¹	\$ 500,000
Total Grant Award	\$5,000,000

¹Administrative funds (administrative costs) may not exceed 10% of the total project cost and only 10% of CARB-awarded funds may be used for administrative purposes.

Exhibit B: Project Milestones/Schedule of Payments

Task	Milestone Description	Scheduled Payment of Grant Funding	
		Project Funds	Administrative Funds
1	Execute Grant Agreement (no later than February 1, 2018)	\$4,500,000	Up to \$450,000
2	Execute Project Agreements with Districts (no later than June 1, 2018)		
3	Submit "Awarded" Reports on each project to CARB Liaison		
4	Begin project installations		
5	Begin submitting "Implemented" Reports each reporting cycle.		
6	Begin submitting "Project Outcome" Reports for subset of projects, as requested by CARB Liaison (no later than April 1, 2020)		
7	Begin submitting quarterly fiscal accounting reports upon receipt of funds		
8	Complete project installations		
9	Submit "Closeout" report for each project (no later than April 1, 2020)		
10	Final payment requests submitted to CARB Liaison (no later than April 1, 2020)		Remaining 10% of administrative funds upon CARB approval (\$50,000)
11	Submit final "Project Outcome" Reports for subset of projects, as requested by CARB Liaison (up to 18 months after installations are complete)		
Grant Total Funding Amount		\$5,000,000	

Exhibit C: Insurance Waiver Forms and Examples

Automobile Liability

Contractor's name and address on company stationary

Current Date

Department Name

Re: No Owned Autos

To Whom It May Concern:

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

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

Sincerely,

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

Exhibit C: Insurance Waiver Forms and Examples (continued)

Workers' Compensation and Employers' Liability

Workers' Compensation Statement of Exemption

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

DO NOT SUBMIT THIS FORM IF YOU HAVE EMPLOYEES

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

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

SECTION 1 – REQUIRED INFORMATION

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

SECTION 2 – REQUIRED CHECK BOX

YOU MUST CHECK ONLY ONE OF THE BOXES BELOW.

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

SECTION 3 – REQUIRED SIGNATURE

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

<small>Date</small>	<small>Signature of Contractor (Owner, Partner, or Officer)</small>	<small>Printed Name of Contractor (Owner, Partner, or Officer)</small>
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Exhibit D: Woodsmoke Reduction Pilot Program Guidelines

Woodsmoke Reduction Pilot Program
Program Guidelines
Fiscal Year 2016-2017 Appropriation
September 29, 2017

Woodsmoke Reduction Pilot Program

Program Guidelines

FISCAL YEAR 2016-2017 APPROPRIATION

September 29, 2017



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Appendix A: Reporting Requirements

EXECUTIVE SUMMARY

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

The California Air Resources Board (CARB) developed the Program Guidelines for the implementation of the Woodsmoke Reduction Pilot Program (Program). Assembly Bill 1613² committed \$5,000,000 in funding for replacing uncertified, inefficient wood burning devices with cleaner-burning and more efficient devices. The Program is designed to help households replace an uncertified wood stove, wood insert, or fireplace used as a primary source of heat with a cleaner burning and more efficient device. The replacement devices emit less greenhouse gas (GHG) and other air pollution; they also are less likely to start fires than old stoves that may have been improperly installed. The Program will offer incentives towards the purchase and installation of the qualifying device. The Program, implemented by CARB, will be administered by the California Air Pollution Control Officers Association (CAPCOA) in coordination with local air pollution control districts or air quality management districts (Districts). CAPCOA will determine how much funding will be available to each District participating in the Program. California residents using uncertified wood stoves, wood inserts, or fireplaces as a primary heat source in Districts awarded GGRF funds are eligible for this Program. The incentive amount will vary depending on the location of the residence and the household income, with some households qualifying for full replacement cost. The Program will include an outreach and educational component to ensure that households make informed decisions about how to burn and what to burn in order to maximize the efficiency of the device and minimize pollution. This Program will further the goals of AB 32,³ reduce GHG emissions, improve air quality, and protect the health, safety, and well-being of California residents.

These Program Guidelines apply to the Fiscal Year (FY) 2016-17 GGRF appropriations and will be updated in future years if the Program is reauthorized with additional funds. The replacement of existing wood burning devices with cleaner technologies

¹ <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/auctionproceeds.htm>

² AB 1613, (Committee on Budget, Chapter 370, Budget Act of 2016), Item 3900-101-3228, Section 10, Provision 4

³ AB 32, California Global Warming Solutions Act of 2006: http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_0001-0050/ab_32_bill_20060927_chaptered.pdf

provides an important opportunity to secure the co-benefit of reduced near-source exposure to woodsmoke. Therefore, contingent on reauthorization and funds, future guidelines will continue to maximize GHG reductions and also prioritize particulate pollution reductions, while still addressing the need to provide applicants within low income communities or households funding for cleaner home heating options. This includes considering opportunities to include applicants from urban areas that exceed particulate matter air quality standards where wood burning may not be a primary heat source. Future guidelines can also consider administrative streamlining based on the experience gained through implementation during this first year.

I. PROGRAM GOALS AND OBJECTIVES

The Program furthers the goals of AB 32 and reduces GHG emissions by offering incentives toward the replacement of existing uncertified residential wood burning devices used for space heating with certified, high-efficiency devices. The Program will be funded through the appropriation of \$5,000,000 in the fiscal year (FY) 2016-2017 from the Greenhouse Gas Reduction Fund (GGRF). The Program, implemented by CARB, will be administered by CAPCOA in coordination with Districts. CAPCOA will determine how much funding will be available to each District participating in the Program. To be eligible for the Program, a homeowner or renter, for the purpose of this document referred to as an Applicant, must currently use an uncertified wood stove, wood insert, or fireplace as a primary heat source. The incentive amount will depend on where the property is located and Applicant's household income, with some households qualifying for full replacement cost. The Program will maximize benefits to households in disadvantaged or low-income communities and low-income households and has as a goal to distribute 75 percent of total funding to these populations. Applicants residing in a census tract identified as a disadvantaged⁴ or low-income⁵ community can qualify for higher incentives. Applicants residing outside of a census tract identified as a disadvantaged or low-income community who can demonstrate low-income eligibility based on household income can also qualify for higher incentives.⁶ All other Applicants are eligible for lower incentives. Benefits to disadvantaged and low-income communities and low-income households will be evaluated using criteria in Table 2.A-12

⁴ Disadvantaged community census tracts are those identified by CalEPA using CalEnviroScreen 3.0. Maps of disadvantaged communities are available at <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>

⁵ For the purpose of this program, low-income communities are census tracts with a median household income at or below 80 percent of the statewide median household income or with a median household income at or below the threshold designated as low-income by Department of Housing and Community Development's State Income Limits adopted pursuant to the Health and Safety Code Section 50093. A final map of low-income communities is under development and is currently available in draft form at: <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/upcomingevents.htm>

⁶ For the purposes of this program, low-income households are those with household incomes at or below 80 percent of the statewide median household income or with household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093. Districts will be responsible for verifying household income eligibility.

of CARB's 2017 draft Funding Guidelines.⁷ Projects are expected to meaningfully address an important community need by reducing exposure to local environmental contaminants, such as toxic air contaminants and criteria air pollutants.

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

The replacement device must be installed by a professional, appropriately licensed stove installer (Installer) and meet local fire and building codes. A professionally installed device will improve the health, safety, and comfort of all residents. To ensure reductions in emissions are permanent, any stove removed through this Program must be rendered permanently inoperable and recycled, if recycling is available in the area. The Program will include outreach and educational components to both inform residents about the benefits of switching to cleaner burning home heating devices and train them on the proper operation and maintenance to maximize the device efficiency and minimize pollutant emissions.

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

II. STOVE ELIGIBILITY AND PERFORMANCE STANDARDS

A. Existing Wood Stove

To be eligible for the Program, Applicant must rely on an existing stove or insert that is uncertified, operational, and used as a primary source of heat in the residence. An uncertified stove or insert is one that does not comply with the performance and emission standards as defined in Title 40 Code of Federal Regulations, Part 60, Subpart AAA, February 28, 1988, or any subsequent revisions. In order to determine if the existing stove is uncertified, Applicant may do the following:

⁷ CARB's 2017 draft Funding Guidelines available at:
<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/fundingguidelines.htm>

- Determine when the stove was installed. Stoves installed prior to 1988 do not comply with the particulate emission standards and therefore qualify for this Program.
- Check the stove model against the U.S. EPA current⁸ and historical⁹ list of certified wood heaters. If the stove's manufacturer and model is not on the current and historical lists, the stove is considered uncertified.
- Check the back of the stove for a certification label. Stoves which do not have any label describing particulate matter emission standards qualify for this Program. Wood stoves certified by the U.S. EPA to comply with the particulate emission standards are not eligible for replacement through this Program. These stoves will have a label, similar to that pictured in Figure 1, permanently affixed to them stating that the stove is certified to comply with 1988, 1990, or 2015 standard.

Applicants will determine the eligibility of their current wood stove. Applications will be reviewed by the District to determine if preliminary qualification requirements have been met. The stove's eligibility will be verified by the District or an Installer during an in home estimate.

Applicants may also qualify for this Program if they can document using a fireplace as a primary source of heat. Section III, Eligible Home Heating Replacements, includes more information on how to qualify for this type of change-out.

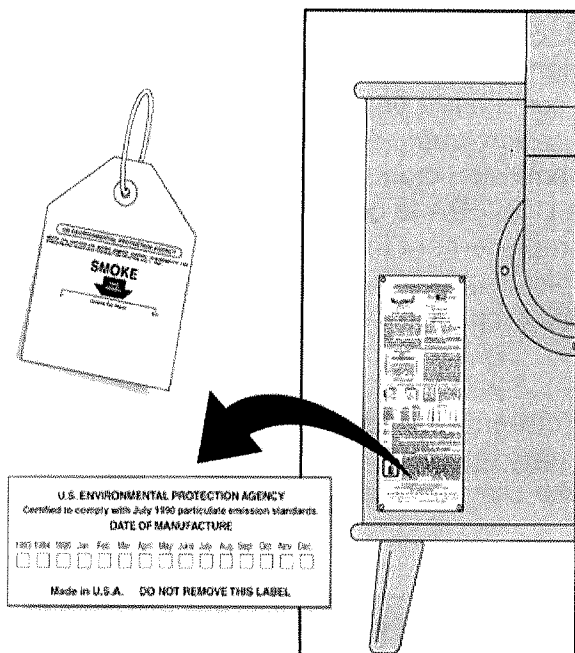
Only operational devices, currently installed in a residence, and used as a primary source of heat qualify for this Program. Applicants who remove the device prior to an in-home estimate will be disqualified.

⁸ Current list of U.S. EPA certified wood heaters: <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>

⁹ Historical list of U.S. EPA certified wood heaters: <https://www.epa.gov/compliance/historical-list-epa-certified-wood-heaters>

Figure 1. U.S. EPA Stove Certification Label

EPA certification label circa 1988 to present



B. Replacement Device

The uncertified wood stove, wood insert, or fireplace must be replaced by a cleaner-burning and more efficient device. Applicants may select one of the following replacement options:

- U.S. EPA certified wood stove or wood insert with emission rates not to exceed 4.5 grams/hour and 2.5 grams/hour for non-catalytic and catalytic stoves, respectively;¹⁰
- Natural gas home heating device;
- Propane home heating device; or
- Electric home heating device.

The replacement device must be installed by a professional, appropriately licensed Installer participating in this Program. A list of participating Installers will be established by CAPCOA or each participating District. Self-installation of heating devices will not be allowed under this Program. Any building permits or other required approvals shall be obtained per local or State ordinances and shall be the responsibility of the Installer or the Applicant. Districts will be responsible for verifying that each change-out is

¹⁰ These emissions rates represent the toughest emission standards set by the federal or state government. CARB encourages CAPCOA and Districts to consider only allowing replacement stoves that meet even stricter emission standards than the ones mentioned above.

permitted and inspected in accordance with State or local ordinances before payment is issued to the Installer or the Applicant.

III. ELIGIBLE HOME HEATING REPLACEMENTS

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

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

This Program provides incentives for one replacement per household. The replacement device must be a primary source of heat in the house. The Program is available to both homeowners and renters. In the case of rental properties, formal approval from the property owner will be required as part of the approval process. Retroactive rebates are not available under this program, so Applicants who remove the old device or purchase a new replacement device prior to being approved for this Program will be disqualified. The old, uncertified device must be rendered permanently inoperable and recycled, if recycling is available in the area, before payment can be issued to the Installer.

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

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

- Abide by the terms and conditions of the Program;
- Unless verified by the District, verify that the old device and the replacement device qualify for the Program;
- Conduct professional installation of the qualified device in compliance with all applicable State; county, or city codes/ordinances;
- Provide residents with training on device operation and maintenance and, if applicable, for wood burning devices, best practices in wood storage and wood burning; and
- Render the old device inoperable and recycle it, if recycling is available in the area.

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

IV. ELIGIBLE COST

Eligible project costs include the cost of the new device including sales tax, installation including any parts, materials, permits, or labor required for the safe and legal installation of the new device, and removal and disposal of the old stove or insert. The Installer will be required to provide a base estimate for the installation of a basic model that will be safe, clean-burning, and efficient. Upgrades above the base estimate will be paid by the Applicant. The incentive structure will be determined by CAPCOA or each individual District. Districts will pay the Installer (voucher model) or Applicant (rebate model) the approved incentive amount. Any additional balance due will be paid by the Applicant.

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

All eligible costs must be supported by appropriate documentation. Costs incurred outside of the performance period, indirect/overhead costs, and cost of food or beverages (e.g., served during outreach events) are not eligible for reimbursement. Indirect/overhead costs are expenses of doing business that are of a general nature and are incurred to benefit two or more functions within an organization. Examples of indirect costs include salaries and benefits of employees not directly assigned to work on the Program, functions such as personnel, business services, information technology, and salaries of supervisors. Examples of overhead costs include rent, utilities, and supplies.

The total cost of administering the Program (i.e., the total administrative costs incurred by both CAPCOA and Districts) cannot exceed \$500,000, which is 10 percent of the total 2016-2017 appropriation.

V. ELIGIBILITY

Households using uncertified wood stoves, wood inserts, or fireplaces as a primary heat source are eligible for an incentive towards replacing their old, uncertified device with a cleaner, more efficient heating device. The incentive amount will be determined by each District in coordination with CAPCOA, but the general structure of incentives must adhere to the following rules:

- Low-income households and households located in disadvantaged or low-income communities will be eligible to replace their heating device for little or no cost. They will qualify for a higher incentive (Enhanced Incentive). CAPCOA, in coordination with the District, will determine the maximum allowable Enhanced Incentive level;
- All other households, regardless of their income, will qualify for a smaller incentive (Standard Incentive) to be applied towards the purchase and installation of the new device. CAPCOA, in coordination with the District, will determine the maximum allowable Standard Incentive level; and
- CAPCOA will implement the Program with the goal of directing 75 percent of the funds for Enhanced Incentives to help low-income households and households in disadvantaged and low-income communities replace their old wood stoves for little or no cost. This goal could be accomplished in a variety of ways and Districts are encouraged to explore different options to assist in meeting this Program-wide goal. Examples of two possible scenarios could include:
 - Conducting a District-wide solicitation during which all applications would be collected and reviewed and priority would be given to those Applicants qualifying for Enhanced Incentives.
 - Implementing the Project in two phases. During the first phase, only applications from low-income households and households in disadvantaged and low-income communities would be accepted. During the second phase, the Project would be open to all Applicants.

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

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

- 1) 80 percent of the Statewide Median Household Income (MHI);¹¹ or
- 2) County-specific HCD low-income limits.¹²

Districts will be responsible for verifying household income eligibility. Districts can qualify an Applicant based on the higher allowable maximum income (80 percent MHI or HCD low-income limits). Under MHI, as of the publication of these guidelines, any household with income not exceeding \$49,454 is considered low-income. The HCD low-income limits vary depending on the county and household size.¹³

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

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

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

¹¹ U.S. Census Bureau, American Community Survey 2015, 5-year Estimates (2011-2015) available at: <https://www.census.gov/quickfacts/table/PST045215/06>

¹² California Department of Housing and Community Development. State Income Limits for 2016 is available at: <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/inc2k16.pdf>.

¹³ Ibid.

VI. APPROVAL PROCESS

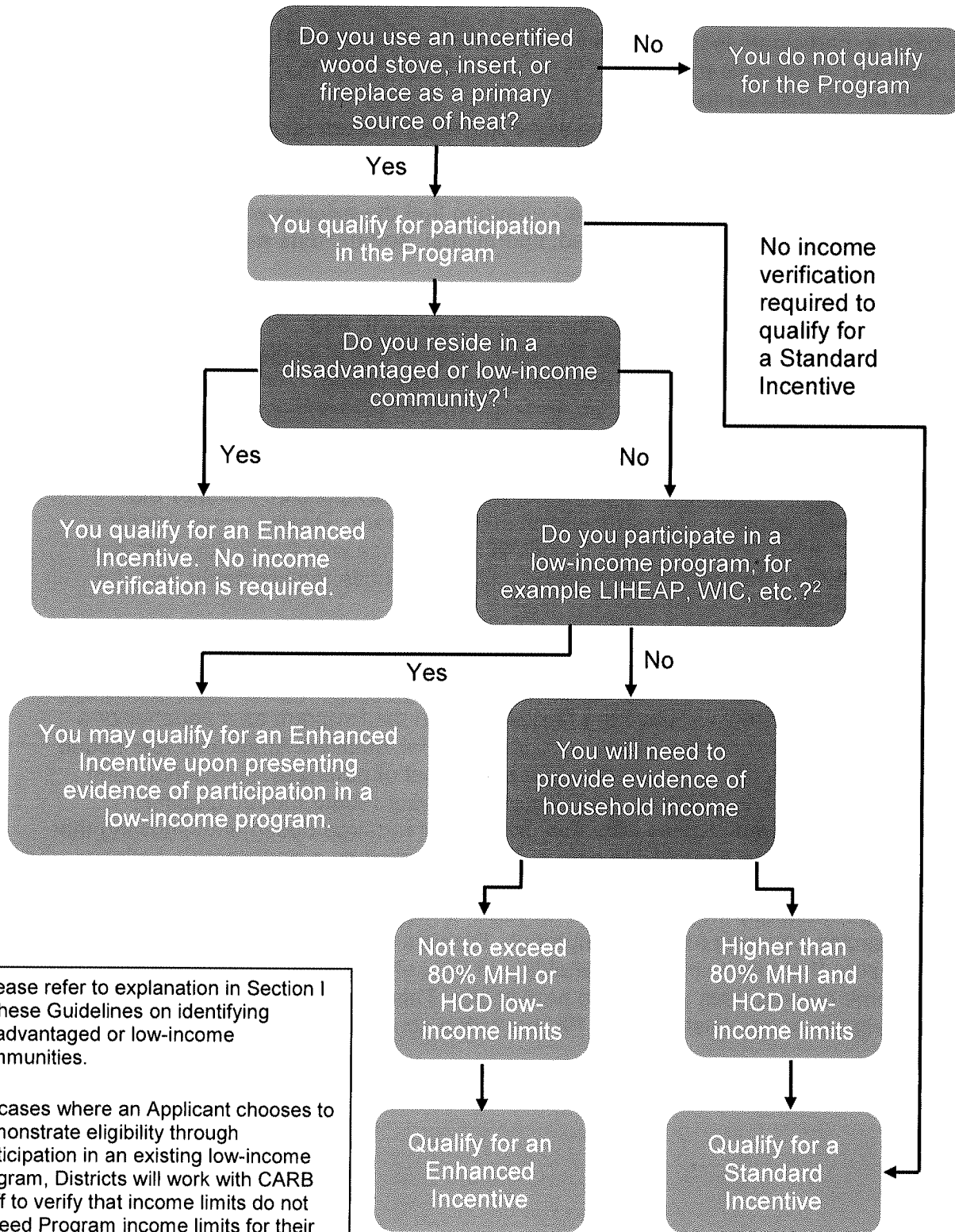
In order to participate in the Program, Applicants will be required to complete an application. Applicants must agree to provide information to the District and allow the District and/or Installer to verify that information. Applicants must agree to receive training on proper wood storage and wood burning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

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

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

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

Figure 2. Approval Process



¹Please refer to explanation in Section I of these Guidelines on identifying disadvantaged or low-income communities.

²In cases where an Applicant chooses to demonstrate eligibility through participation in an existing low-income program, Districts will work with CARB staff to verify that income limits do not exceed Program income limits for their area.

VII. GHG REDUCTIONS

Switching from an uncertified wood stove or a fireplace to a U.S. EPA certified wood stove reduces GHG emissions as certified stoves are cleaner burning and more energy efficient. Design features in newer wood stoves promote more complete combustion, reducing emissions of methane, a GHG pollutant.¹⁴ They also typically use a third less wood to produce the same amount of heat as an uncertified stove.¹⁵ A one-third reduction in wood burning will further reduce GHG emissions by approximately the same amount. Switching from an uncertified wood stove to a natural gas, propane, or electric heating device also reduces GHG emissions. In the absence of a mechanism to verify that the wood burned in an Applicant's primary heating device is waste material harvested pursuant to an approved timber management plan prepared in accordance with the Z'berg-Nejedly Forest Practice Act of 1973 or other locally or nationally approved plan and harvested for the purpose of forest fire fuel reduction or forest stand improvement, biogenic CO₂ is included in the calculation of GHG benefits for these devices.

VIII. OUTREACH AND EDUCATION

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

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

¹⁴ Residential wood stove emissions are in AP 42, Fifth Edition, Volume I, Chapter 1, External Combustion Sources, Section 1.10, web link: <https://www3.epa.gov/ttn/chief/ap42/ch01/final/c01s10.pdf>

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

IX. CO-BENEFITS

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

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

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

X. KEY DATES AND DEADLINES

CARB posted the Program Guidelines for public review and comments on August 7, 2017. The public comment period closed on August 21, 2017. Comments were reviewed and incorporated into the Program Guidelines where appropriate. As a next step, CARB will draft grant agreements with CAPCOA. These agreements must be signed and fully executed before funds can be released. CAPCOA will enter into separate agreements with the Districts. Any work done prior to a District grant agreement being fully signed and executed will be ineligible for funding.

In order to have sufficient time to process final payments and close out grant agreements, Districts must submit all deliverables and payment requests within 45 days after the Project performance period. The deadline for executing all grant agreements is June 30, 2018 and the deadline for all CARB payments to CAPCOA is June 30, 2020.

XI. REPORTING AND GHG QUANTIFICATION

Each District participating in the Program will be responsible for recordkeeping and providing CAPCOA with information necessary to fulfill Program reporting requirements. CAPCOA will be responsible for compiling the reports and submitting them electronically to CARB. All reports must be consistent with the quantification methodologies¹⁶ and reporting guidance¹⁷ developed by CARB and the requirements established in these Program Guidelines. The Program implemented in each participating District will be considered a Project with most of the reporting done on a Project basis. The Project will comprise of all of the change-outs, for which Program funds are being used, within the District's jurisdiction along with the administrative work required to implement them. Some reported Project information will be publicly available on the CARB website, including the amount of funding that is being spent on projects that benefit disadvantaged communities, low-income communities, and low-income households.

Since the Program is funded by the GGRF, the reporting requirements listed in Table 3.A-19 of the draft Funding Guidelines will apply to all Projects.¹⁸ A subset of Projects will be selected for a project outcome reporting outlined in Table 3.B-8 of the draft Funding Guidelines.¹⁹ Both tables, 3.A-19 and 3.B-8, are included in Appendix A.

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

- Tracking number for each change-out;
- Location of change-out;
- Incentive amount and, if applicable, verification that Applicant qualifies for an Enhanced Incentive based on the location of the property in a disadvantaged or low-income census tract or Applicant's household income;
- Criteria the change-out meets for benefiting a disadvantaged community, low-income community, or low-income household and description of how the change-out meets respective community need(s);
- Type of wood burning device being replaced (stove, insert, or fireplace);
- Replacement device type and model;
- Quantity of wood burned annually before replacement;
- Replacement device emission rates and efficiency (if available);

¹⁶ Available at www.arb.ca.gov/cci-quantification

¹⁷ CARB released updated draft Funding Guidelines in August 2017 (available at www.arb.ca.gov/cci-fundingguidelines). These draft Funding Guidelines are subject to change based on public input and Board direction. While the draft provides an indication of what is currently required, administering agencies must incorporate all provisions reflected in the draft Funding Guidelines and subsequent Board approved Funding Guidelines

¹⁸ Ibid.

¹⁹ Ibid.

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

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

Net GHG reductions from wood stove replacement will be calculated using the CARB approved GHG Quantification Methodology for Fiscal Year 2016-17 available at the Cap-and-Trade Auction Proceeds Quantification Materials webpage.²⁰ CARB will also develop methodologies to quantify some additional project co-benefits. CAPCOA will be responsible for performing calculations and reporting results to CARB as part of the reports outlined above.

XII. DISBURSEMENT OF FUNDS

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

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

XIII. AUDITING

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

²⁰ <https://www.arb.ca.gov/cqi-quantification>

CARB shall review a sufficient number of projects each year to ensure proper Program implementation. The District responsible for the project selected for audit will be contacted at least 30 days in advance. The audit should include all books, papers, accounts, documents, photographs, and other records related to the project for which Program funds were used. The District will be expected to assign an employee familiar with the project and accounting procedures to assist the State auditor and have the project records, including cancelled warrants, readily available for inspection.

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

The following are examples of Program deficiencies:

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

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

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APPENDIX A

REPORTING REQUIREMENTS

Table 3.A-19. Woodsmoke Reduction Program Reporting Requirements for all Projects

Table 3.A-19 WOODSMOKE REDUCTION (ALL PROJECTS)
CARB will work with administering agencies to develop reporting templates for data submittal. Provided below are the primary items that administering agencies need to track and report. Additional information may be required to respond to official data requests.
<p>Administering agencies must report data for each project, as described below:</p> <p>For each grant to an administrator or air district that implements an incentive program:</p> <ul style="list-style-type: none"> - The grantee will need to compile data from individual incentive recipients or individual households and provide that compiled data to the administering agency. - The administering agency will then submit data to CARB with a summary of distributed incentives, by grantee and by census tract.
<p>Selected (Optional) - Prior to executing a legal agreement with a funding recipient, when the administering agency announces a new funding recipient or allocates new funds for an existing funding recipient, the agency may choose to report the following data on "selected" projects. Report once at next reporting cycle (only update if needed). "Selected" projects that have been "awarded" will need to be removed from the reported list.</p>
1. Funding Recipient
2. Project Name
3. Project Type
4. Project Description
5. Total GGRF Funding (\$)
6. Estimated Total Project GHG Emission Reductions (MTCO _{2e} over quantification period)
<p>Awarded - When the administering agency executes a legal agreement with a funding recipient to administer a program and distribute incentives (e.g., a contract, grant agreement, amendment to add new funding), the agency must report data on "awarded" projects. Report once at next funding cycle (only update if needed).</p>
1. Project Identification Number
2. Subprogram
3. Funding Recipient
4. Project Name
5. Project Description
6. Date Project Selected
7. Project Completion Date (anticipated or actual)
8. Total GGRF Funding (\$)
9. Fiscal Year(s) for GGRF Appropriation that is Funding the Project
10. Estimated Number of Dwellings to Receive Upgrades
11. Quantification Period as Defined by QM (years)
12. Estimated Total Project GHG Emission Reductions (MTCO _{2e} over quantification period)

Table 3.A-19 WOODSMOKE REDUCTION (continued) <i>(CARB Woodsmoke Program)</i>
Awarded (continued)
13. Estimated Project Co-Benefits and Indicators: <ul style="list-style-type: none"> a. Number of woodstoves replaced b. Wood Burning Reductions (cords) c. Criteria Air Pollution Reductions (tons) d. Green Waste Diverted from Burning (tons)
14. Other Project Benefits or Results
15. Date Operational
16. Date GHG Emission Reductions Begin
17. Version Tracking Date (this date indicates which document versions (e.g., quantification methodology, CalEnviroScreen, Expenditure Record) were applicable when the administering agency selected the project)

Implemented - When incentives have been distributed to consumers or when installations are complete and project locations are known, the administering agency must report the following data on "implemented" projects. Report this data each reporting cycle for all incentives/upgrades that have been distributed/installed since the previous data submittal.

1. Census Tract
2. Total Project Cost (\$) (within census tract, including both GGRF and non-GGRF funds, during this reporting cycle)
3. Total GGRF Funding (\$) (within census tract, during this reporting cycle)
4. Number of Dwellings Upgraded (within census tract, during this reporting cycle)
5. Quantification Period as Defined by QM (years)
6. Estimated Total Project GHG Emission Reductions (MTCO ₂ e over quantification period) (for incentives issued within census tract during this reporting cycle)
7. If the Project Benefits AB 1550 Populations (disadvantaged communities; low-income communities; low-income households):* <ul style="list-style-type: none"> a. Indicate which AB 1550 criteria table was used to evaluate the project (e.g., Table 2.A-1). Use CARB's Funding Guidelines, Volume 2, Appendix 2.A to find the appropriate table. b. Identify each type of AB 1550 population that the project benefits (e.g., low-income households and low-income community census tracts within ½-mile of a disadvantaged community census tract). Refer to Appendix 2.A, AB 1550 criteria table, Step 1. Maps/lists that identify AB 1550 populations are available at: www.calepa.ca.gov/envjustice/ghginvest. c. Describe the approach used to determine that the project meaningfully addresses a community or household need (e.g., hosting community meetings to engage local residents). Refer to Appendix 2.A, AB 1550 criteria table, Step 2. d. Describe how the project meaningfully addresses a community or household need (e.g., project will reduce transportation costs).

* Projects that were selected before the effective date of these Funding Guidelines may still need to report on benefits based on the SB 535 criteria in CARB's 2015 Funding Guidelines. CARB will work with administering agencies to determine data submittal formats for SB 535 benefits, as needed.

Table 3.A-19 WOODSMOKE REDUCTION (continued)*(CARB Woodsmoke Program)***Implemented (continued)**

- e. Indicate one criterion that was used to qualify the project as providing benefits to AB 1550 populations. Refer to Appendix 2.A, AB 1550 criteria table, Step 3.
- f. Provide a qualitative description of how the project benefits AB 1550 populations. Include quantitative metrics if available.
- g. Identify each census tract where the project benefits an AB 1550 population.
- h. For each type of AB 1550 population identified in (b) above, report the total GGRF dollars that benefit that population within each census tract identified in (g) above (e.g., during this reporting cycle \$X.X million benefited disadvantaged community residents in census tract ##; during this reporting cycle \$X.X million benefited low-income community residents in census tract ##).
- i. For each type of AB 1550 population identified in (b) above, report the total number of dwellings upgraded which benefit that population within each census tract identified in (g) above (e.g., during this reporting cycle 1,500 dwellings were upgraded for disadvantaged communities in census tract ##; during this reporting cycle 2,000 dwellings were upgraded for low-income communities in census tract ##).

8. Project Co-Benefits and Indicators (within census tract during this reporting cycle):

- a. Number of woodstoves replaced
- b. Wood Burning Reductions (cords)
- c. Criteria Air Pollution Reductions (tons)
- d. Green Waste Diverted from Burning (tons)

9. Other Project Benefits or Results (during this reporting cycle)**10. Program-level Information**

Project Outcome Reporting - For a subset of projects, as identified by the administering agency, the agency must submit data for project outcome reporting (details are provided in Table 3.B-8) once "operational."

Closeout - When the project is "complete" (the legal agreement with the funding recipient has ended or when all funds associated with that contract are expended, whichever is later), the administering agency must report the following data. Report once at next reporting cycle.

1. Status ("completed" or "cancelled")**2. Describe Completed Project or Provide Other Project Details****3. Updated Information (provide the following updates if needed and if applicable):**

- a. Estimated Total Project GHG Emission Reductions (MTCO₂e over quantification period)
- b. Number of woodstoves replaced
- c. Wood Burning Reductions (cords)
- d. Criteria Air Pollution Reductions (tons)
- e. Green Waste Diverted from Burning (tons)

Table 3.B-8. Project Outcome Reporting Requirements for a Subset of Projects

Table 3.B-8 CARB – Woodsmoke Reduction Program (Subset of Projects)		
Subset of Projects: Project outcome reporting is only required for a subset of projects. The administering agency will report on project outcomes for at least 25 percent of Woodsmoke Reduction Program projects. Each project selected for project outcome reporting will report on the outcomes at a minimum of 50 percent of the households where change-outs were performed.		
Project Milestone that Initiates the Start of Project Outcome Tracking: Project outcome tracking begins the first home heating season after a woodstove change-out.*		
Frequency and Duration of Project Outcome Tracking and Data Collection: Project outcome tracking ends 18 months after the start of tracking. Collection of project outcome data ends after the administering agency has collected data for the full project outcome tracking period. At a minimum, the administering agency needs to collect data annually but may establish more frequent data collection requirements.		
Frequency and Duration of Project Outcome Reporting: The administering agency will compile and submit project outcome reporting data to CARB once a year. Reporting on project outcomes ends after the administering agency has submitted reports to CARB which cover the full project outcome tracking period.		
Metrics to be Tracked and Reported and Methods for Data Collection:		
Metric	Unit	Method
Tracking dates of data submission	mm/dd/yyyy	n/a
Description of selected change-outs	n/a	Quantity of change-outs selected for project outcome reporting by change-out type and census tract (e.g., within census tract "X": 2 fireplaces replaced with certified non-catalytic wood stoves or wood inserts; 26 uncertified wood stoves or wood inserts replaced with certified non-catalytic wood stoves or wood inserts; 8 uncertified wood stoves or wood inserts replaced with certified catalytic wood stoves or wood inserts; 4 uncertified wood stoves or wood inserts replaced with propane home heating device; 4 uncertified wood stoves or wood inserts replaced with electric home heating devices; 7 uncertified wood stoves or wood inserts replaced with natural gas home heating devices)
Change in wood use	Cords/home heating season	Comparison of quantity of wood burned for heat during the home heating season* before upgrades to the usage during the current home heating season (wood usage data is obtained from household survey)
For household with new electric, propane, or natural gas home heating device: change in energy use	kWh, mmbtu, or scf/home heating season	Comparison of energy usage data during the home heating season* before change-out to the usage during the current home heating season (energy usage is obtained from household survey or utility records)

* Home heating season is defined as October through March.