

**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT**

**Headquarters**

**200 Litton Drive, Ste. 320**

**Grass Valley, CA 95945**

**(530) 274-9360/ FAX: (530) 274-7546**

**Gretchen G. Bennett, APCO**

**Northern Field Office**

**257 E. Sierra Street, Suite E**

**Portola, CA 96122**

**(530)832-0102 FAX:(530) 832-0101**

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

**MONDAY**

**June 26, 2017**

**1:00 p.m.**

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

**June 26, 2017**

**1:00 p.m.**

**Northern Sierra Air Quality Management District (Northern Office)**

**257 E. Sierra Street, Unit E**

**Portola, California**

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

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- I. Standing Orders:**
  - Call to Order.
  - Roll call and determination of quorum.
  
- II. Public Comment:** For items **NOT** appearing on the agenda and within the jurisdiction of the Board. The public may comment on Agenda items as they are discussed.
  
- III. Consent Calendar** These Items Are Expected to Be Routine and Noncontroversial. They Will Be Acted on By the Board at One Time Without Discussion. Any Board Member, Staff Member, or Interested Party May Request That an Item Be Removed From the Consent Calendar for Discussion.
  - A. Approval of regular meeting minutes – May 22, 2017
  
- IV. Administrative Report**
  - A. Proposed Adoption of the FY 2017-2018 Capital and Operating Budget
  - B. Modification of AB 2766 AB 2016-03 Agreement With Hansen Bros
  
- V. Director's Report**
  - A. Status on Portola PM2.5 Nonattainment Area
  - B. Air Quality Data for 2016 (ozone and PM2.5)
  - C. Cannabis Air Quality Issues
  
- VI. Concerns of Board** - The Board may at this time bring up matters it wishes to discuss at the next Board Meeting, as long as no discussions are conducted and no actions are taken, in compliance with the Brown Act.
  
- VII. Schedule next Meeting** – August 28, 2017 – Videoconference/Telephone
  
- VIII. Adjournment**

**PERSONS DESIRING TO ADDRESS THE BOARD**

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

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

**PUBLIC COMMENT:**

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

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

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

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

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

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

Duly accredited representatives of the news media, whom the Chairperson finds not to have participated in the disruption, shall be admitted to the remainder of the meeting.

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

**POSTING AGENDA:**

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

**To:** Northern Sierra Air Quality Management District Board of Directors

**From:** Gretchen Bennitt, Air Pollution Control Officer

**Date:** June 26, 2017

**Agenda Item:** III.A

**Agenda Description:** Approval of regular meeting minutes – May 22, 2017

**Issues:**

The Minutes are attached for Board review/comment/approval.

**Requested Action:**

1. Approval of Regular meeting minutes from May 22, 2017

**ROLL CALL VOTE REQUESTED**

**Attachments:**

1. Draft meeting minutes from May 22, 2017

DISTRICT HEADQUARTERS

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**MINUTES**

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

**May 22, 2017**

**1:00 p.m.**

**The meeting was held by videoconference/teleconference at the following locations:**

**(Site A) VIDEOCONFERENCE/TELEPHONE CONFERENCE**

**Northern Sierra Air Quality Management District (Headquarters)**

**200 Litton Drive, Conference Room 316**

**Grass Valley, California**

**(Site B) VIDEOCONFERENCE/TELEPHONE CONFERENCE**

**Northern Sierra Air Quality Management District (Northern Office)**

**257 E. Sierra Street, Unit E**

**Portola, California**

**(Site C) TELEPHONE CONFERENCE**

**10879A Donner Pass Road, CONFERENCE ROOM**

**Truckee, California**

**Members Present:**

**Supervisor Thrall**

**Supervisor Huebner**

**Supervisor Scofield**

**Supervisor Anderson**

**Supervisor Roen**

**Supervisor Sanchez**

**Members Absent:**

**None**

**I. Standing Orders:**

**Call to Order. Roll Call and Determination of Quorum.**

Chairman Roen called the meeting to order at 1:00 P.M. A quorum was confirmed. Julie Ruiz, Air Pollution Control Specialist II and Gretchen Bennett, APCO were also in attendance.

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

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

**III. Consent Calendar**

**A. Approval of regular meeting minutes – May 22, 2017**

Supervisor Thrall made a motion to approve the Regular Meeting Minutes – April 24, 2017. Supervisor Sanchez seconded the motion. The motion was unanimously approved upon a roll call vote.

**IV. Administrative Report**

**A. Public Hearing for District's FY 2017-2018 Capital and Operating Budget**

The Board opened a public hearing to receive public comments on the District's Preliminary FY 2017-2018 Budget. There were no comments from the public. Ms. Bennitt reported that the Air District had received no written or verbal comments from the public. Ms. Bennitt provided a report on the preliminary FY 2017-2018 Budget and received comments and input from the Board.

**V. Director's Report**

**A. Status on Portola PM2.5 Nonattainment Area**

Julie Ruiz provided an update on the wood stove fair conducted in Portola on April 21, 2017. She also provided an update on how many stoves have been changed out.

**B. Letters of Support for Plumas County Road Projects**

Ms. Bennitt shared with the Board two letters to Plumas County supporting two different proposed road projects - the Bucks Lake Road Reconstruction Project and the Quincy Junction Road Safety Improvement Project.

**VI. Concerns of Board**

Chairman Roen called for any concerns of the Board at all sites. There were two items of discussion. Chair Roen shared information about the impending purchase of the Loyalton cogeneration plant. Supervisor Thrall shared information about a potential large cannabis growing operation in Chester. The Board requested that the air quality issues surrounding cannabis cultivation be placed on the agenda for the next board meeting.

**VII. Schedule next Meeting – June 26, 2017 ----- IN PERSON!**

**VIII. Adjournment**

The meeting adjourned at 1:35 p.m.

**To:** Northern Sierra Air Quality Management District Board of Directors  
**From:** Gretchen Bennitt, Air Pollution Control Officer  
**Date:** June 26, 2017

**Agenda Item: IV.A.**

**Agenda Description:** Proposed Adoption of District's FY 2017-2018 Capital and Operating Budget

**Issues:**

At a regularly scheduled Air District Board meeting on May 22, 2017, a public hearing that was properly noticed was held to receive comments on the FY 2017-2018 Capital and Operating Budget. During the meeting, the Board reviewed and provided comment on the preliminary FY 2017 - 2018 Capital and Operating Budget.

**Approved COLA Increases for Staff and APCO:**

On January 25, 2016, the District Board of Directors adopted Resolutions #2016-01 and #2016-02 which approved an annual 2% COLA for all staff members and the APCO, effective July 1, 2016 and to be effective annually for the following two years on July 1, 2016 and July 1, 2017.

The allowance is subject to rescission and/or modification if the Board of Directors determines, before the effective date of the allowance, that there are insufficient funds to cover those increases.

Staff has determined that with the 2% COLA effective on July 1, 2017, there will be an increase just under \$10,000 - including salary (\$7,550) and estimated PERS increase (\$2,400). Since Revenues exceed Expenditures by \$89,271 staff has determined that the Budget for FY 17/18 can cover the COLA increases to be effective on July 1, 2017.

**Requested Action:**

1. If there are not sufficient funds for the 2% COLA increase for July 1, 2017, vote to rescind or modify the increases.
2. Adopt FY 2017-2018 Capital and Operating Budget and authorize the Chair to sign Resolution #2017-03.

**ROLL CALL VOTE REQUESTED**

**Attachment:**

1. District's Fiscal Year 2017/2018 Preliminary Capital and Operating Budget
2. Resolution # 2017-03

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**FISCAL YEAR 2017/2018  
CAPITAL BUDGET  
Final**

**June 26, 2017**



## EXECUTIVE SUMMARY

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

### RESTRICTED GRANTS BUDGET

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

#### AB2766 Grant Programs

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

Project proponents go through a sometimes competitive process to request full or partial sponsorship for projects which reduce vehicle emissions. \$225,895 of AB2766 funding is slated for approval to be used during Fiscal Year 2017/2018 for projects throughout all three counties. Final grant approvals will be made in September or October 2017. After the Board allocates funds for individual AB projects, any funds which are not allocated to a project go into each county's AB 2766 total allocation account as carryover. These amounts will be added back in to each county's AB allocation in time for the following year's Board approval of projects.

In addition to the FY 2017/2018 AB projects, there is \$309,999 expected to be expended for various encumbered projects. These funds are earmarked in the Restricted Grants Fund Balance.

There was \$5,499 remaining in account # 588-200-39 (Portola Woodstove Mitigation). The Board allocated this fund to a woodstove changeout program in the Portola area. In 2016, the Board allocated 33,211 of AB2766 funds to Account # 580-200-93 (Portola PM Mitigation). This budget reflects a transfer of the remaining \$5,499 from Account # 588-200-39 (Portola Woodstove Mitigation) to Account # 580-200-93 to be utilized in a

woodstove changeout program in the Portola area.

### **AB923 DMV Surcharge Fees and Programs**

AB923 is only implemented in Plumas County. This funding comes from a DMV surcharge fee of \$2 per each vehicle registered in the county. The District receives 6.25% as an administrative fee. This year, the District expects to receive approximately \$50,000, \$3,125 is utilized for administrative funding. This funding is to be utilized for replacing old diesel school buses per the state's Lower Emission School Bus program or for reducing heavy duty diesel emissions, similar to the Carl Moyer program. Recently the state has approved that this funding can also be utilized for infrastructure for alternatively fueled, low emission school busses. The current fund balance of AB923 funding is \$121,705, providing a total of \$165,580 available for expenditure during FY 2017/2018.

### **Carl Moyer Heavy Duty Diesel Emission Reduction Program**

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

For fiscal year 2017/2018, the District expects to receive revenue of Carl Moyer funding of \$200,000. The District receives 12.5% administrative fee, leaving \$175,000 for the grant program and \$25,000 administrative fee which is revenue for the internal operating budget. The current fund balance amount of Carl Moyer funding is \$4,853, providing a total of \$179,584 available for expenditure during FY 2017/2018.

### **EPA's Targeted Air Shed Grant**

The Air District was approved for a \$2.48 million grant from the U.S. Environmental Protection Agency (U.S. EPA) to reduce air pollution from residential woodstoves. The grant is part of the U.S. EPA's 2015 Targeted Air Shed Grant Program intended to improve air quality in areas of the U.S. with the highest levels of pollution.

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

U.S. EPA grant funds are administered by the Air District and the California Air Resources Board for a five-year voluntary residential wood stove replacement program to encourage owners to replace older wood stoves with cleaner burning devices and

significantly improve air quality and public health in the Portola area.

This will be a five year program (2016-2021) based upon a strict reimbursement basis. Estimates were based upon how much would be spent and reimbursed for each of the five years. The amount of \$1,992,000 for woodstove replacements in the nonattainment area is not to be exceeded over five years. The district estimates that approximately \$398,400 per year will be expended to replace stoves in the nonattainment area. Additionally, the District has been awarded up to \$259,136 for administrative use over the five year period. The District estimates approximately \$59,500 per year will be reimbursed for administrative uses annually.

### **H&S Woodstove Mitigation Fund**

EPA had a settlement with H&S which required H&S to pay a local air district \$400,000 to be used for a woodstove changeout program in a federal nonattainment area. EPA referred H&S to Northern Sierra Air District. An agreement was approved and ratified by the Air District Board during a March 2016 Board meeting. The District had a one-time revenue of \$360,000 deposited into the District's restricted account. Additionally, the District received a one-time revenue of \$40,000 to be deposited into the District's operating budget during FY 2015/2016. Although the district received the funds during FY 15/16, the expenditure of the \$360,000 of funds will occur during FY 15/16, FY 16/17 and FY 17/18.

### **TIMBER (Truck Improvement Modernization Emission Reduction Program)**

The Carl Moyer Truck Improvement/Modernization Benefitting Emission Reductions (TIMBER) Program provides a streamlined approach for replacing older, high-polluting heavy-duty log trucks earlier than required. Although the District has participated in this program during the years of 2013 – 2016, the District will not be participating in FY 2017-2018. There is approximately \$24,531 remaining in the TIMBER restricted fund to be administered. Once that is administered, the TIMBER program will cease.

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Restricted Budget:  
FY 2017 - 2018

Restricted Budget, Fund Balance Accounts			
Account #	Description	FY 2016-2017	FY 2017-2018
301-200-02	Encumbered AB 2766 Funds	214,112	309,999
304-200-01	Planned Expenditures, AB2766 Total Allocation , Nevada Co.	195,932	183,705
304-200-03	Planned Expenditures, AB 2766 Total Allocation, Plumas Co.	35,378	36,337
304-200-04	Planned Expenditures, AB 2766 Total Allocation, Sierra Co.	5,670	5,853
304-200-06	Planned Expenditures, Carl Moyer	75,281	4,584
304-200-10	Planned Expenditures, TIMBER	19,989	24,531
304-200-11	Planned Expenditures, AB923	69,087	121,705
304-200-12	Portola Woodstove Changeout Fund	5,500	0
<b>Restricted Budget, Fund Balance Accounts Total:</b>		<b>\$657,471</b>	<b>\$686,714</b>

Restricted Budget, Revenue					
Account #	Description	FY 2016-2017		FY 2017-2018	
		Grant Funds	Restricted Funds	Grant Funds	Restricted Funds
420-200-01	Govt. Funding, AB 2766 DMV Fees (60% for District Admin)	520,000	208,000	520,000	208,000
420-200-05	Govt Funding, AB923 (6.25% for district admin)	50,000	46,875	50,000	46,875
420-200-18	Govt. Funding, Carl Moyer HD Diesel (12.5% for district admin)	200,000	175,000	200,000	175,000
420-200-91	Govt. Funding, EPA Target Grant for Portola	398,400	398,400	398,400	398,400
421-200-50	Other Income, Interest, Restricted Carl Moyer	0	4,299		4,299
<b>Restricted Budget, Revenue Total:</b>		<b>\$1,168,400</b>	<b>\$832,574</b>	<b>\$1,168,400</b>	<b>\$832,574</b>

Restricted Budget, Expenditures			
Account #	Description	FY 2016-2017	FY 2017-2018
580-200-65	NSAQMD (2015-01, 7,000)	2,993	\$ 470
580-200-52	Nevada County Library, (AB2016-02, \$20,600)		\$ 20,600
580-200-54	Hansen Bros. Enterprises (AB2016-03, \$35,700)		\$ 35,700
580-200-55	Tahoe-Truckee Unified School District (AB2016-04, \$38,844)		\$ 38,844
580-200-51	Superior Court of California (AB2016-05, \$40,000)		\$ 40,000
580-200-63	Town of Truckee (AB2016-06, \$60,787)		\$ 60,787
580-200-76	Incorporated Senior Citizens of Sierra County (2016-01, \$5,670)		\$ 5,670
580-200-10	NevCo Library, Chicago Park Kiosk (AB2014-09, \$33,455)	21,207	\$ 21,207
580-200-69	NevCo CDA & IGS (AB2015-02, 45,000)	45,000	\$ 2,250
580-200-67	Nevada County Public Works (AB2015-04, 30,000)	30,000	\$ 30,000
580-200-07	Nevada County Library (AB2015-05, 25,000)	25,000	\$ 25,000
580-200-71	Nevada County Library (Ab2015-06, 15,500)	15,500	\$ 1,566
580-200-93	Portola PM Mitigation(AB2015-08, 33,211 plus 5499 transferred from 588-200-39	30,192	\$ 27,723
580-200-66	Incorporated Senior Citizens of Sierra County (AB-2015-07,\$5,240)	5,240	\$ 182
580-200-73	Portola MOU (AB-2016-08)	35,378	\$ 29,034
580-200-000	Planned Expenditure of all counties	201,602	225,895
580-200-32	Carl Moyer	250,281	179,584
580-200-30	TIMBER	19,989	24,531
580-200-56	AB 923	115,962	168,580
580-200-91	EPA Target Grant for Portola	398,400	398,400
588-200-39	Portola Woodstove Mitigation \$5,499 transferred to account 580-200-93)	5,500	0
<b>Restricted Budget, Expenditures Total:</b>		<b>\$1,202,244</b>	<b>\$1,336,023</b>

Notes:

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

## **OPERATING BUDGET**

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

### ***Operating Revenue***

Overall, Revenues exceed Expenditures by \$89,271. There is an increase of \$14,826 of predicted revenue from last year's budget. The most significant increase in predicted revenue is likely from the increase in EPA monitoring funding (+ 28,900). A few revenues show a minor increase from the previous year; \$5,000 increase of prescribed burning permit fees, \$1,700 increase in county contribution.

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

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

### **Operating Expenditures**

There is an estimated increase of total expenditures from the previous fiscal year of \$34,921. The increase is primarily due to an increase of \$39,171 in the Salaries and Benefits object level. Broken down, the increases in predicted expenditure come from an approved 2% COLA (increase of \$7,604), and an expected increase of \$17,500 to pay for the services of a part-time accounting professional. The District has added a new account # 520-100-03 (IT) which is predicted to expend \$10,000. The District increased its public education amount from \$2,000 to \$5,000. Last, the District plans to spend \$21,430 more on monitoring equipment, primarily web cameras.

### **Fund Balance**

The District has committed to adding \$50,000 annually to the District's Other Post-Employment Benefits (OPEB) account. This account will increase by \$50,000 annually as required by GASB45. The District provides certain postretirement healthcare benefits, as established by Board Policy, to eligible employees through a single-employer plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA) and administered by the District. Employees who retire from the District shall be eligible to be enrolled in a PERS-provided health insurance plan. If the retiree

is enrolled in a PERS-provided health insurance plan, the District shall pay 100% of the first \$9,600 of the retiree's annual premium. Employees hired after July 1, 2014 shall still be eligible to be enrolled in a PERS-provided health insurance plan upon retirement, but the District shall pay 0% of the retiree's annual premium, upon retirement.

GASB 45 determines the annual OPEB financial obligations based upon the current number of eligible employees and retirees. The net OPEB obligation at the end of the year 2016 was determined to be \$368,540. The District's financial auditor recommended and the Board of Directors agreed that the District expend at least \$50,000/annually and add it to the Fund Balance specific to account until the obligation is fulfilled. The District plans to expend another \$50,000 during FY17/18, bringing the total OPEB amount to \$150,000. This expense of \$50,000 will be repeated annually until the District's annually determined OPEB obligation is met.

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

### **1. Equipment Replacements**

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

### **2. Air Monitoring Program**

The Air District receives \$59,500 from the Environmental Protection Agency for the continued operation of the District's Federal Reference Method (FRM) Network for particulate matter. The District will also continue to pay rent for its monitoring laboratory and purchase miscellaneous equipment to continue to run its existing air quality monitoring network. The District has \$28,430 from the EPA to spend on web cameras and monitoring upgrades at all the air monitoring sites.

### **3. Public Education**

The District will utilize \$5,000 to fund its public education program for FY 2017-2018. This includes purchasing ads for emission reductions, incentive and grant programs.

**Summary**

Expected operating revenue exceeds expected operating expenditures by \$89,271. This includes the \$50,000 annual expenditure to the OPEB fund balance account. The funds received in previous years are encumbered in the District's fund balance accounts, and will be utilized to demonstrate a balanced budget in the final summary, if needed. Although the preliminary budget demonstrates an overall increase to the District's Fund Balance by revenues exceeding operating expenditures by \$89,271, this is crucial to the continuance of the Air District's services. The Air District has experienced a steady decline in its fund balance in previous years to the point where it was almost imperative to employ drastic reductions in expenditures. This predicted increase in the fund balance will assist the District to continue its services in case of any unexpected decreases in revenue in the future.

**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT**

**Final Operating Budget: FY 2017 - 2018**

<b>Resource Report</b>		
	3/31/2017	\$ 632,792
	<i>Difference between Cash Available and Fund Balance Accounts Total:</i>	\$ (208)

<b>Fund Balance Accounts</b>			<i>(Used to track earmarked or encumbered funds)</i>	
Account #	Description		FY 2016-2017	FY 2017-2018
301-100-01	General Fund, Undesignated		0	-
301-100-03	Other Post-Employment Benefits		100,000	150,000
302-100-01	Equipment Replacements / Depreciation		102,000	102,000
303-100-00	Leave Liability		56,000	52,000
304-100-02	Air Monitoring Program		80,000	60,000
304-100-03	Public Education Program	<i>(See Acct# 540-100-05)</i>	5,000	5,000
305-100-01	Contingency, Leashold Improvements		75,000	59,000
305-100-02	Contingency, Emergency Funds		118,000	118,000
305-100-03	Contingency, Litigation		80,000	87,000
<b>Fund Balance Accounts Total:</b>			<b>\$ 616,000</b>	<b>\$ 633,000</b>

<b>Revenue</b>			FY	FY
Account #	Description		2016-2017	2017-2018
401-100-02	Fees, Permit to Operate		34,000	34,000
401-100-04	Fees, Vapor Recovery		19,000	19,000
401-100-05	Fees, Variance Application		500	500
401-100-06	Fees, Source Test		2,000	2,000
401-100-07	Fees, Prescribed Burning		13,000	18,000
401-100-10	Fees, Title V, Fed Op Permit		65,000	65,000
401-100-13	Fees, Fire Dept Response		1,500	1,500
401-100-08	Fees, Woodstove Inspections Quincy		1,500	1,500
405-100-01	Penalties, Permitted Source		35,000	10,000
405-100-02	Penalties, Open Burning		2,500	2,500
420-100-01	Gov't Funding, State Subvention		137,600	137,600
420-100-02	Gov't Funding, Subvention Supplemental		3,500	3,500
420-100-03	Gov't Funding, County Contrib		58,565	60,335
420-100-07	Gov't Funding, PERP Pass-Thru		20,000	18,000
420-100-04	Gov't Funding, EPA	<i>(PM2.5)</i>	52,000	59,500
420-100-06	Gov't Funding, EPA Special 103 grant		7,000	28,430
420-100-88	Gov't Funding, AB 923, Admin Fee		2,500	3,125
420-100-99	Govt. Funding, AB 2766 DMV Fees		320,000	320,000
420-100-11	Govt. Funding, EPA Target, Admin Fee		51,000	55,000
420-100-05	Carl Moyer, Admin Fee		25,000	25,000
421-100-16	Other Income, Sale of Asset		-	-
421-100-17	Other Income, Rules, Copies, Subscr.		100	100
421-100-18	Miscellaneous refunds, miscellaneous		-	-
421-100-21	PERS Employee Paid Contribution		1,500	1,500
421-100-50	Other Income, Interest		3,500	5,000
<b>Revenue Total:</b>			<b>\$ 856,265</b>	<b>\$ 871,090</b>

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**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT**

**Final Operating Budget: FY 2017 - 2018**

Expenditures		Salaries and Benefits (Object Level)	
Account #	Description	FY 2016-2017	FY 2017-2018
501-100-00	Permanent Salaries	380,194	387,798
502-100-00	Overtime	1,000	1,000
504-100-01	Part-Time Employees	7,500	25,000
510-100-02	Medicare	5,500	5,500
510-100-11	Ca State Unemployment	2,000	2,000
510-100-04	Workers' Comp Insurance	6,000	6,000
510-100-05	PERS Retirement	61,342	57,319
510-100-12	PERS Unfunded Accrued Liability	48,202	51,812
510-100-10	PERS Employee Paid Contribution	(3,300)	(3,300)
510-100-08	PERS Health Employee Portion	(10,000)	(8,000)
510-100-13	PERS Health Insurance, Retired Employees	21,000	28,800
510-100-06	PERS Health Insurance	39,000	36,000
510-100-07	Dental/Vision Care	6,250	6,250
<b>Salaries and Benefits Total:</b>		<b>\$ 564,688</b>	<b>\$ 596,179</b>

Expenditures		Services and Supplies (Object Level)	
Account #	Description	FY 2016-2017	FY 2017-2018
520-100-01	Communications	18,000	15,000
520-100-03	IT	na	10,000
521-100-01	Maintenance: Office Equipment	500	500
521-100-02	Maintenance: Vehicles	3,000	3,000
522-100-01	Rent, Structures	32,040	32,040
522-100-02	Utilities, District Offices	3,500	3,500
523-100-01	Office Supplies	5,000	6,000
523-100-02	References, Subscriptions	450	450
523-100-03	Postage, Shipping	1,200	1,200
524-100-00	Memberships	3,000	3,000
525-100-01	Prof Services: Legal	6,000	6,000
525-100-03	Prof Services: Bookkeeping (ADP, internal audit)	18,000	18,000
525-100-04	Prof. Services: County Auditor/GASB 45/GASB 68	4,000	4,000
525-100-05	Prof Services: Board	5,000	5,000
528-100-00	Liability Insurance	8,000	8,000
529-100-00	Legal Notices, Public	500	500
535-100-01	Training, Tuition	1,500	1,500
535-100-02	Travel	3,000	3,000
535-100-03	Gasoline	5,000	5,000
555-100-97	Miscellaneous	-	1,000
535-100-04	Private car mileage	500	500
<b>Services and Supplies Total:</b>		<b>\$ 118,190</b>	<b>\$ 127,190</b>

Expenditures		Pass-thru Funds / Internal Programs / Contributions to Other Agencies (Object Level)	
Account #	Description	FY 2016-2017	FY 2017-2018
540-100-02	Alternate Commute Program	750	750
540-100-05	Public Education Program <i>(see Acct# 304-100-03)</i>	2,000	5,000
545-100-01	ARB: AB 2588 Fees	770	770
545-100-06	Fire Dept Response Reimbursement <i>(see Acct# 401-100-13)</i>	1,500	1,500
<b>Contribution to Other Agencies / Internal Grants Total:</b>		<b>\$ 5,020</b>	<b>\$ 8,020</b>

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NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

Final Operating Budget: FY 2017 - 2018

Expenditures		Fixed Asset Purchases (Object Level)	
		FY	FY
Account #	Description	2016-2017	2017-2018
560-100-01	Office Equipm (2 computers @\$3,000)	6,000	6,000
520-100-04	PM Monitoring Expenses, including rent and utilities, see acct # 420-100-04	15,000	15,000
560-100-05	EPA Special 103 Grant - website upgrade, video cam, BAM tape, conference	7,000	28,430
560-100-04	Vehicle	30,000	0
560-100-02	Field Equipment (fixed assets - over \$1,000)	1,000	1,000
<b>Fixed Asset Purchases Total:</b>		<b>\$ 59,000</b>	<b>\$ 50,430</b>

Budget Summary		Available Funding & Expenditures	
		FY	FY
		2016-2017	2017-2018
<b>Available Funding</b>			
Fund Balance Total ( <i>encumbered &amp; earmarked reserves</i> )		616,000	633,000
Petty Cash		75	75
Revenue Total		856,265	871,090
<b>Available Funding Total:</b>		<b>\$ 1,472,340</b>	<b>\$ 1,504,165</b>
<b>Expenditures</b>			
Salaries & Benefits Object Level		564,688	596,179
Services & Supplies Object Level		118,190	127,190
Contributions to Other Agencies Object Level		5,020	8,020
Fixed Asset Purchases Object Level		59,000	50,430
<b>Expenditures Total:</b>		<b>\$ 746,898</b>	<b>\$ 781,819</b>
<b>Fund Balance Accounts for Operating Expenses:</b>			
304-100-03	Public Education Program	2,000	5,000
<b>Fund Balance Accounts for Operating Expenses Total:</b>		<b>\$ 2,000</b>	<b>\$ 5,000</b>
<b>(Revenue - Expenditures) + Fund Balance Accounts for Operating Expenses + Petty Cash =</b>		<b>\$ 3,193</b>	<b>\$ 94,346</b>
<i>(A negative number here is a revenue shortfall, a positive number means revenues exceed expenditures.)</i>			

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**NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT**

**RESOLUTION #2017-03**

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

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

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

**Whereas**, the Board reviewed and provided direction to the FY 2017-2018 Budget on May 22, 2017, and

**Whereas**, the District provided a public hearing on May 22, 2017, which was properly noticed.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, by the Northern Sierra Air Quality Management District Governing Board of Directors the FY 2017-2018 Capital and Operating Budget be adopted as presented in Exhibit A.

On a motion by Supervisor \_\_\_\_\_, and seconded by Supervisor \_\_\_\_\_, the foregoing resolution was approved and adopted by the Governing Board of Directors of the Northern Sierra Air Quality Management District at a regular meeting held on June 26, 2017, by the following roll call vote:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

**Attest:**

\_\_\_\_\_  
Gretchen Bennett, APCO Date

\_\_\_\_\_  
Chair of the Board Date

**To:** Northern Sierra Air Quality Management District Board of Directors  
**From:** Gretchen Bennitt, Air Pollution Control Officer  
**Date:** June 26, 2017

**Agenda Item: IV.B**

**Agenda Description:** Modification of AB 2766 AB 2016-03 Agreement With Hansen Bros.

**Issues:**

In the original agreement AB 2016-03, Hansen Bros. Enterprises (HBE) requested \$35,700 to replace 7 diesel particulate filters on 7 of their diesel trucks. Since the signing of that agreement, one of those trucks was involved in an accident and had to be scrapped. Additionally, the cost of modifying the existing trucks to accept the new filters has increased considerably beyond the original estimates. Therefore, HBE is requesting to use the original grant amount to replace 6 diesel particulate filters. Such a change will reduce the cost effectiveness of the project by approximately 15%.

**Requested Action:**

1. Approval of Agreement to replace 6 filters instead of 7 filters at the original grant amount of \$35,700.

**ROLL CALL VOTE REQUESTED**

**Attachments:**

1. Letter from Hansen Bros. Enterprises requesting change to agreement
2. Agreement No. AB 2016-03 – A

Northern Sierra AQMD  
PO Box 2509  
Grass Valley CA

May 9, 2017

Attn: Joe Fish

Agreement No. **AB 2016-03**

Dear Joe Fish:

We have completed installing the replacement diesel exhaust filters for the recalled Cleaire filters.

There have been many modifications and events that have changed the scope of this project. The original estimate was not as complete as expected due to unforeseen circumstances. I know this does not change the total Grant amount but may change how we fill out the payment request.

One of the trucks that was to get a replacement filter was totaled just before we ordered the new filters, so now we have only 6 trucks that received the new filters.

Below is a list of the trucks and the changes that were required.

<b><u>Truck #</u></b>	<b><u>Reason for change of price</u></b>	<b><u>Original Price</u></b>	<b><u>Final Price</u></b>
TR225	replace burned out catalyst (DOC)	\$5,860.03	\$7,682.78
TR226	replace burned out catalyst (DOC)	\$5,860.03	\$7,411.10
TR218	2006 engine had twin turbo's, ran too cold for replacement filter Had to change to a complete Horizon filter system	\$5,860.03	\$21,339.76
TR227	Truck was wrecked and totaled	\$5,860.03	0
TD448	less modifications to brackets required	\$8,753.49	\$8,734.87
TD470	more modifications to brackets required	\$8,753.49	\$9,264.30
TD493	less modifications to brackets required	\$8,753.49	\$8,734.87
<b><u>Total AB 2766 Funds \$35,700.00</u></b>		<b><u>Original Total Project Costs: \$49,700.59</u></b>	<b><u>Final Costs: \$63,167.68</u></b>

Please advise me on how I need to show this on the payment request.

Sincerely,

Lerry Peterson  
Vice President

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**AGREEMENT**

This Agreement, originally made and entered into the 1<sup>st</sup> day of **January, 2017**, by and between the Northern Sierra Air Quality Management District, a unified air pollution control district formed pursuant to California Health and Safety Code §40150, et seq. (the "DISTRICT"), and the [Hansen Bros. Enterprises](#) (the "CONTRACTOR"), *is hereby modified on June 26, 2017. This agreement does supersede Agreement AB 2016-03.*

**RECITALS:**

**WHEREAS**, the California Clean Air Act requires local air pollution control districts to reduce emissions from motor vehicles; and

**WHEREAS**, AB 2766, codified in California Health and Safety Code §44223, authorizes districts to impose a fee of up to four dollars upon certain registered motor vehicles within the district, and the Governing Board of the DISTRICT has imposed said fee (\$4 per vehicle in Nevada and Plumas Counties and \$2 per vehicle in Sierra County); and

**WHEREAS**, said legislation requires the DISTRICT to use said funds for activities to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988; and

**WHEREAS**, DISTRICT staff reviews proposals for eligible projects for the purpose of making funding recommendations to the Governing Board of the DISTRICT; and

**WHEREAS**, on **October 24, 2016**, after holding a public meeting and considering the recommendations of DISTRICT staff, the DISTRICT Board of Directors approved funding for this project; and

**WHEREAS**, CONTRACTOR has proposed a project that meets the eligibility criteria for funding approved by the DISTRICT, which is consistent with the goals of Health and Safety Code §44220 through §44247; and

**WHEREAS**, CONTRACTOR represents that it is willing and able to perform the activities set forth herein.

**NOW, THEREFORE**, based on their mutual promises, covenants, and conditions,

the parties hereby agree as follows:

## 1. **PROJECT**

*The original contract said that the CONTRACTOR shall perform all activities and work necessary to complete the project: **Replacement of 7 Diesel Cleaire Particulate Filters**, as set forth in the proposal, which is attached hereto and incorporated herein as Exhibit A. At the request of the CONTRACTOR, and with the consent of the Northern Sierra Air Quality Management District's Board of Directors, the project description is hereby modified to read: **Replacement of 6 Diesel Cleaire Particulate Filters** . The CONTRACTOR agrees to furnish all labor, materials, equipment, licenses, permits, fees, and other incidentals necessary to perform and complete, in a professional, the services described herein. CONTRACTOR represents that CONTRACTOR has the expertise necessary to adequately perform the project specified in said Exhibit A.*

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

1. The text of this Agreement;
2. Exhibit A to this Agreement; and
3. The "AB 2766 DMV Surcharge Fund Program RFP" prepared by the DISTRICT and dated **May 23, 2016** and
4. The "AB 2766 DMV Surcharge Fund Program Project Guidance.

## 2. **PERIOD OF PERFORMANCE/TIMETABLE**

CONTRACTOR shall commence performance of work and produce all work product in accordance with the work schedule and deadlines for performance identified in Exhibit A, which is attached hereto and incorporated herein, unless this Agreement is terminated sooner as provided for elsewhere in this Agreement. In addition, the CONTRACTOR shall make arrangements with the DISTRICT to receive Project Guidance training from the DISTRICT for any CONTRACTOR's Program Manager assigned to the project during the term of the Agreement.

The CONTRACTOR shall submit regular progress reports, at intervals set forth in

the Project Guidance or as otherwise requested by the DISTRICT, detailing the work performed during the current reporting period; work planned for the next reporting period; problems identified, solved, and the percentage of each task completed. CONTRACTOR shall provide DISTRICT with a comprehensive final written report prior to final reimbursement payment. Said final report shall be complete and shall document the work performed under this Agreement, the emissions reduction achieved (if applicable), as calculated using the methodologies and format required by the DISTRICT, and shall report all co-funding and in-kind contributions actually received.

### **3. COMPENSATION**

In no event shall the total obligation of the DISTRICT under this Agreement exceed **\$35,700 for Exhibit A**. Compensation shall be for work completed in accordance with this agreement, starting **January 1, 2017**, and continuing through the term of this agreement, ending **December 31, 2017**.

CONTRACTOR shall obtain through other sources sufficient additional monies (co-funding) to fund the total cost of the project as outlined in Exhibit A. Satisfactory written evidence of such funding commitments shall be provided to DISTRICT prior to the release by DISTRICT of any funds under this Agreement, with the exception of user fee revenue. In the event funding from other sources for the balance of the cost of the project, as outlined in Exhibit A, is not received by CONTRACTOR, DISTRICT reserves the right to terminate or renegotiate this Agreement. In that event, if requested by the DISTRICT, CONTRACTOR shall return any DISTRICT funds advanced. All co-funding and in-kind contributions must be documented as they are received, in accordance with generally accepted accounting principles. The value assigned to in-kind contributions must be consistent with the market value of the goods or service being donated. Co-funding in the form of fee revenue must be documented as it is received (e.g. receipts log for cash), in accordance with generally accepted accounting principles. Fee revenue should normally be used to offset operating expenses or otherwise accrued per the proposal.

**A. PAYMENTS:** Advance payments shall not be permitted. The DISTRICT shall reimburse CONTRACTOR monthly (or quarterly), in arrears, after receipt of a



reimbursement request that includes all documentation necessary to verify expenses were incurred, in compliance with the requirements listed in the *Project Guidance*, and the DISTRICT has approved payment. Reimbursement requests shall be mailed to Northern Sierra Air Quality Management District, Attention: Joe Fish.

Payment shall be made to CONTRACTOR by the DISTRICT upon submission and evaluation of the CONTRACTOR'S invoice, documentation, and period report. Said invoice shall set forth the work completed pursuant to this Agreement, broken down by work tasks, in compliance with the *Project Guidance*. Allowable expenditures under this Agreement are specifically established and included in Exhibit A attached hereto and incorporated herein.

Upon receipt of proper documentation, and verification that CONTRACTOR has satisfactorily completed the work agreed to and for which compensation is sought, DISTRICT will issue payment to CONTRACTOR within thirty (30) calendar days.

The amount to be paid to CONTRACTOR under this Agreement includes all sales and use taxes incurred pursuant to this Agreement, if any. The CONTRACTOR shall not receive additional compensation for reimbursement of such taxes and shall not decrease work to compensate therefore.

Concurrently with the submission of any invoice for payment, CONTRACTOR shall certify (by providing copies of invoices issued, checks, receipts, or other documentation) that complete payment has been made to any and all subcontractors conducting any portion of the work of this contract.

No administrative costs are to be reimbursed for the work performed. Administrative costs must be borne by outside source funding or provided as "in-kind" contributions. Administrative costs, as used herein, are defined as overhead costs (e.g. salaries and benefits, and services and supplies of the administrative officer(s), legal personnel, maintenance and finance departments; of the governing body; and some secretarial support) that are **NOT** chargeable directly to a specific project or program or operating function, but are charged proportionately to the department or functions that do directly charge to a project or program. Indirect costs include administrative costs. Thus, direct costs for labor charged to a project must not include a portion that is administrative as defined above.

It is understood that all expenses incidental to CONTRACTOR'S performance of services under this Agreement shall be borne exclusively by CONTRACTOR.

**B. Surplus Funds:** Any compensation which is not expended by CONTRACTOR pursuant to the terms and conditions of this Agreement by the project completion date shall automatically revert to the DISTRICT. Only expenditures incurred by the CONTRACTOR in the direct performance of this Agreement will be reimbursed by the DISTRICT. Allowable expenditures under this Agreement are specifically established and included in Exhibit A, attached hereto and incorporated herein.

#### **4. NON-ALLOCATION OF FUNDS**

The terms of this Agreement and the services to be provided thereunder are contingent on the approval of funds by the appropriating government agency. Should sufficient funds not be allocated, the services provided may be modified or this Agreement terminated at any time by giving the CONTRACTOR thirty (30) days' prior written notice.

#### **5. INDEPENDENT CONTRACTOR**

In performance of the work, duties, and obligations assumed by CONTRACTOR under this Agreement, it is mutually understood and agreed that CONTRACTOR, including any and all of CONTRACTOR'S officers, agents, and employees, will at all times be acting and performing as an independent contractor and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venturer, partner, or associate of the DISTRICT. Furthermore, DISTRICT shall have no right to control or supervise or direct the manner or method by which CONTRACTOR shall perform its work and function. However, DISTRICT shall retain the right to administer this Agreement so as to verify that CONTRACTOR is performing its obligations in accordance with the terms and conditions thereof.

Because of its status as an independent contractor, CONTRACTOR shall have absolutely no right to employment rights and benefits available to DISTRICT employees. CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, itself and save DISTRICT harmless from all matters relative to payment of CONTRACTOR'S employees, including compliance with Social Security, withholding, and all other regulations governing such matters. It is acknowledged that during the term of this

Agreement, CONTRACTOR may be providing services to others unrelated to the DISTRICT or to this Agreement.

**6. COMPLIANCE WITH ALL LAWS** CONTRACTOR and DISTRICT shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over the matters which are the subject of this agreement, and contractors shall maintain all necessary permits or licenses for the duration of this agreement.

**7. TERMINATION**

**A. Breach of Agreement:** The DISTRICT may immediately suspend or terminate this Agreement, in whole or in part, where in the determination of the DISTRICT there is:

1. An illegal or improper use of funds;
2. A failure to comply with any term of this Agreement;
3. A substantially incorrect or incomplete report submitted to the DISTRICT; or
4. Improperly performed services.

In no event shall any payment by the DISTRICT constitute a waiver by the DISTRICT of any breach of this Agreement or any default which may then exist on the part of the CONTRACTOR. Nor shall such payment impair or prejudice any remedy available to the DISTRICT with respect to the breach or default. The DISTRICT shall have the right to demand of the CONTRACTOR the repayment to the DISTRICT of any funds disbursed to the CONTRACTOR under this Agreement which in the judgment of the DISTRICT were not expended in accordance with the terms of this Agreement. The CONTRACTOR shall promptly refund any such funds upon demand.

In addition to immediate suspension or termination, DISTRICT may impose any other remedies available at law, in equity, or otherwise specified in this Agreement.

**B. Without Cause:** Either party may terminate this Agreement at any time upon giving the other party at least thirty (30) days' advance, written notice of intention to

terminate. In such case, the CONTRACTOR shall, subject to paragraph 3, be paid the reasonable value of all services satisfactorily rendered and actual, reasonable costs incurred up to the time of the termination. Upon such termination, all the work product produced by CONTRACTOR shall be promptly delivered to the DISTRICT.

## **8. MODIFICATION**

Any matters of this Agreement may be modified from time to time by the written consent of all the parties.

## **9. NON-ASSIGNMENT**

Neither party shall assign, transfer, or subcontract this Agreement, nor their rights or duties under this Agreement, without the prior, express, written consent of the other party. CONTRACTOR shall provide a written request to the DISTRICT for consent on any such changes described above. Contractor shall provide to the DISTRICT as much advance notice on developments related to such changes described above as is reasonably possible.

## **10. INDEMNIFICATION**

CONTRACTOR agrees to indemnify, save, hold harmless, and at DISTRICT'S request, defend the DISTRICT, its boards, committees, representatives, officers, agents, and employees from and against any and all damages, liabilities, claims, and losses (whether in contract, tort, or strict liability, including, but not limited to, personal injury, death, and property damage) occurring or resulting to DISTRICT which arise from any negligent or wrongful acts or omissions of CONTRACTOR, its officers, agents, subcontractors, or employees in their performance of this Agreement, and from any and all damages, liabilities, claims, and losses (whether in contract, tort, or strict liability, including, but not limited to, personal injury, death, and property damage), occurring or resulting to any person, firm, corporation, or entity who may be injured or damaged when such injury or damage arises from any negligent or wrongful acts, or omissions of CONTRACTOR, its officers, agents, subcontractors, or employees in their performance of this Agreement.

## 11. INSURANCE

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

1. Commercial general liability insurance with minimum limits of coverage in the amount of One Million Dollars (\$1,000,000) per occurrence;
2. Commercial automobile liability insurance which covers bodily injury and property damage with a combined single limit with minimum limits of coverage in the amount of One Million Dollars (\$1,000,000) per occurrence;
3. Workers compensation insurance in accordance with California law.

B. Such insurance policies shall name the DISTRICT, its officers, agents, and employees, individually and collectively, as additional insured (except worker's compensation insurance). Such coverage for additional insured shall apply as primary insurance, and any other insurance maintained by the DISTRICT, its officers, agents, and employees, shall be excess only and not contributing with insurance provided under the CONTRACTOR'S policies herein. This insurance shall not be canceled or changed without a minimum of thirty (30) days' advance, written notice given to the DISTRICT.

C. Prior to the commencement of performing its obligations under this Agreement, CONTRACTOR shall provide certificates of insurance on the foregoing policies, as required herein, to the DISTRICT, showing that the coverage meets all of the requirements described above.

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

E. If the CONTRACTOR is a government entity, then it may self-insure such of those risks identified above under the same terms and conditions set forth above.

## 12. AUDITS AND INSPECTIONS

CONTRACTOR shall keep full books and records relating to work required by this contract. CONTRACTOR shall at any time during regular business hours, and as often as DISTRICT may deem necessary, make available to DISTRICT for examination all of its records and data with respect to the matters covered by this Agreement. CONTRACTOR shall, and upon request by DISTRICT, permit DISTRICT to audit and inspect all of such records and data necessary to ensure CONTRACTOR'S compliance with the terms of this Agreement.

CONTRACTOR shall be subject to an audit by DISTRICT or its authorized representative to determine if the revenues received by CONTRACTOR were spent for the reduction of air pollution as provided in AB 2766 and to determine whether said funds were utilized as provided by law and this Agreement. If, after audit, DISTRICT makes a determination that funds provided CONTRACTOR pursuant to this Agreement were not spent in conformance with this Agreement, or AB 2766 or any other applicable provisions of law, CONTRACTOR agrees to immediately reimburse to DISTRICT all funds determined to have been expended not in conformance with said provisions.

Contractor shall be subject to the examination and audit of the Auditor General for a period of three (3) years after final payment under contract (Government Code §10532).

## 13. NOTICES

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

CONTRACTOR	DISTRICT
<b>Hansen Bros. Enterprises</b>	Northern Sierra AQMD
Attn: <b>Lerry Peterson</b>	Attn: Gretchen Bennitt, Executive Director
<b>P.O. Box 1599</b>	P.O. Box 2509
<b>Grass Valley, CA 95945</b>	Grass Valley, CA 95945

Any and all notices between the DISTRICT and the CONTRACTOR provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly served when personally delivered to one of the parties, or in lieu of such personal services,

when deposited in the United States mail, postage prepaid, addressed to such party.

**14. POLITICAL ACTIVITY PROHIBITED**

None of the funds, materials, property, or services provided under this Agreement shall be used for any political activity, or to further the election or defeat of any candidate for public office contrary to federal or state laws, statutes, regulations, rules, or guidelines.

**15. LOBBYING PROHIBITED**

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

**16. CONFLICT OF INTEREST**

No officer, employee, or agent of the DISTRICT shall have any direct or indirect personal financial interest in this Agreement. CONTRACTOR shall comply with all federal and state conflict of interest laws, statutes, and regulations, which shall be applicable to all parties and beneficiaries under this Agreement and any officer, agent, or employee of the DISTRICT.

**17. GOVERNING LAW**

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

**18. BINDING ON SUCCESSORS**

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

**19. TIME IS OF THE ESSENCE**

It is understood that for CONTRACTOR'S performance under this Agreement, time is of the essence. The parties reasonably anticipate that CONTRACTOR will, to the

reasonable satisfaction of the DISTRICT, complete all activities provided herein within the time schedule outlined in the attachments to this Agreement, provided that CONTRACTOR is not caused unreasonable delay in such performance.

## **20. DATA OWNERSHIP**

Upon termination or expiration of this Agreement, all data which is received, collected, produced, or developed by CONTRACTOR shall be delivered to the DISTRICT. Contractor shall be allowed to retain a copy of any non-confidential data received, collected, produced, or developed by CONTRACTOR under this Agreement subject to the DISTRICT'S exclusive ownership rights stated herein. Accordingly, CONTRACTOR shall, if requested, surrender to DISTRICT all such data which is in its possession (including its subcontractors, or agents), without any reservation of right of title, not otherwise enumerated herein.

DISTRICT shall have the right at reasonable times during the term of this Agreement to inspect and reproduce any data received, collected, produced, or developed by CONTRACTOR under this Agreement. No reports, professional papers, information, inventions, improvements, discoveries, or data obtained, prepared, assembled, or developed by the CONTRACTOR, pursuant to this Agreement, shall be released or made available (except to the DISTRICT) without prior, express written approval of the DISTRICT while this Agreement is in force.

## **21. NO THIRD-PARTY BENEFICIARIES**

Notwithstanding anything else stated to the contrary herein, it is understood that CONTRACTOR'S services and activities under this Agreement are being rendered only for the benefit of DISTRICT, and no other person, firm, corporation, or entity shall be deemed an intended third-party beneficiary of this Agreement. All third party involvement shall relate to a bona fide air quality benefit, otherwise, the third party must be a co-funder, contributing at least a proportionate value for the benefit they are receiving.

## **22. OWNERSHIP OF EMISSIONS REDUCTIONS**

All emissions reductions achieved by the project are the property of the DISTRICT. The CONTRACTOR has no legal rights to any emissions reductions credits that may be



generated as a result of the project. Emissions reductions from funded projects are not transferable and may not be used as emissions offsets.

**23. CONTRACTOR'S REPRESENTATION**

CONTRACTOR shall present proof of license to do business in the state of California or provide other certification proving the contractor is a legal business entity. Proof shall also be provided showing that the person signing the agreement on behalf of the CONTRACTOR is duly authorized to enter into a binding legal agreement.

**24. SEVERABILITY**

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

**25. ENTIRE AGREEMENT**

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

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

**CONTRACTOR:**  
**Hansen Bros. Enterprises**

**DISTRICT:**  
Northern Sierra AQMD

By: \_\_\_\_\_  
Signing Authority

By: \_\_\_\_\_  
Paul Roen, Chair

\_\_\_\_\_  
Print Name and Title (Signing Authority)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Gretchen Bennitt, Executive Director

Tax I.D. No. \_\_\_\_\_

Date: \_\_\_\_\_

**To:** Northern Sierra Air Quality Management District Board of Directors

**From:** Gretchen Bennitt, Air Pollution Control Officer

**Date:** June 26, 2017

**Agenda Item:** V.A

**Agenda Description:** Status on Portola PM2.5 Nonattainment Area

**Issues:** This is a standing agenda item. Staff will update Board of any developments, issues or information.

**Requested Action:** None, informational only

**Attachments:**  
none

**To:** Northern Sierra Air Quality Management District Board of Directors  
**From:** Gretchen Bennett, Air Pollution Control Officer  
**Date:** June 26, 2017

**Agenda Item: V.B**

**Agenda Description:** Update on Air Quality Data for 2016 (ozone and PM2.5)

**Issues:**

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

**Ozone**

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

A Table with the ozone data for Grass Valley is included.

Although western Nevada County had experienced steadily improving ozone levels in the past 4 years, ozone levels began increasing in 2014. 2016 demonstrated a marked increase in days exceeding the 8 hour ozone standard. It is unclear what has caused this increase in ambient Ozone. However, since ozone is a secondary pollutant which develops primarily from vehicle emissions and is transported to western Nevada County, it is likely from an increase in vehicle emission in the Sacramento and Bay Area regions combined with unfavorable meteorological conditions.

**Particulate Matter**

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

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

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

**Requested Action:** None, informational only

**Attachments:**

1. Air Quality Data Summary for 2016
2. Ozone Data Summary for Grass Valley, CA – 2016
3. Days Exceeding the 8-Hour Ozone National Ambient Air Quality Standard in western Nevada County – 11 Year Trend
4. Hours Exceeding the 8-Hour Ozone National Ambient Air Quality Standard in Western Nevada County

## Air Quality Data Summary for 2016 Northern Sierra Air Quality Management District

### Federal 24-Hour PM<sub>2.5</sub> (98<sup>th</sup> Percentile) Standard: 35 µg/m<sup>3</sup>

<u>Monitor Location</u>	<u>2016 24-Hour 98<sup>th</sup> Percentile</u> Micrograms per cubic meter (µg/m <sup>3</sup> )	<u>3-Year Average (Design Value)*</u> Micrograms per cubic meter (µg/m <sup>3</sup> )
Portola	46	50
Quincy	29	30
Truckee	17	15
Grass Valley	12	28

### Federal Annual PM<sub>2.5</sub> Standard: 12 µg/m<sup>3</sup>

<u>Monitor Location</u>	<u>2016 Annual Mean</u> Micrograms per cubic meter (µg/m <sup>3</sup> )	<u>3-Year Average (Design Value)*</u> Micrograms per cubic meter (µg/m <sup>3</sup> )
Portola	13.9	14.6
Quincy	8.8	9.0
Truckee	6.2	6.3
Grass Valley	4.6	5.0

### Federal Ozone Standard: 70 ppb \*\*

<u>Monitor Location</u>	<u>2016 4th Highest</u> Parts per Billion (ppb)	<u>3-Year Average (Design Value)</u> Parts per Billion (ppb)
Grass Valley	86	83

\* EPA makes attainment decisions based on the 3-year Average (Design Value). However, area reevaluations for PM<sub>2.5</sub> attainment decisions probably will not occur until approximately 2019.

\*\* The 2015 Federal Ozone Standard of 70 ppb is being challenged in court. If it is rescinded, the Standard will probably revert to the 2008 Standard of 75 ppb.

Additional Note: If the 2016 value is lower than the corresponding 3-year Average, that indicates an improvement in 2016 as compared to the previous 2 years. There were improvements in all areas for all pollutant parameters except Grass Valley Ozone and Truckee 24-hour PM<sub>2.5</sub>.

# NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

## Ozone Data Summary for Grass Valley, CA - 2016

YEAR	NAAQS* Exceedances 8 HR Standard <sup>1</sup> (70 ppb)		CAAQS* Exceedances. 1 HR Standard (90 ppb)	
	DAYS	HOURS	DAYS	HOURS
2006	79	1065	29	150
2007	55	626	11	33
2008	52	548	10	66
2009	39	320	7	12
2010	17	132	2	3
2011	20	137	3	4
2012	21	142	0	0
2013	22	142	0	0
2014	33	270	0	0
2015	31	275	6	12
April	2	11	0	0
May	0	0	0	0
June	4	46	2	10
July	14	160	3	15
August	18	167	3	3
September	7	43	0	0
October	1	8	1	1
<b>2016<sup>4</sup></b>	<b>46</b>	<b>435</b>	<b>9</b>	<b>29</b>
\1 - Based on 70 ppb 8 Hour Standard \2 - Significant smoke incursions from No. Cal. Wildfires created unprecedented ozone levels in Grass Valley \3 - Value modified to exclude Wildfires and other Exceptional / Natural Events \4 - 2016 is the first year of the new 8-Hr Ozone NAAQS of 70 ppb. Previous standard was 75 ppb.				

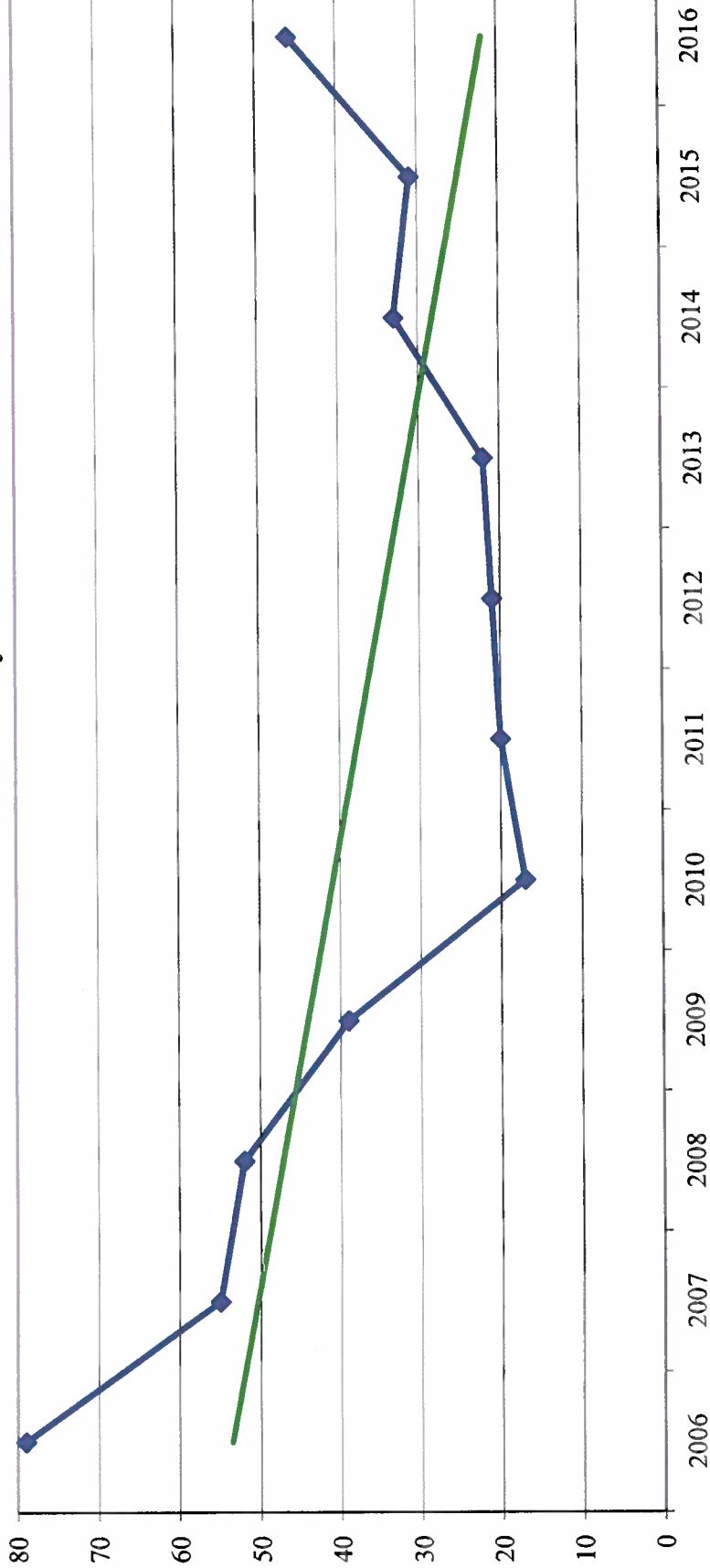
NAAQS\* - National Ambient Air Quality Standard

CAAQS\* - California Ambient Air Quality Standard

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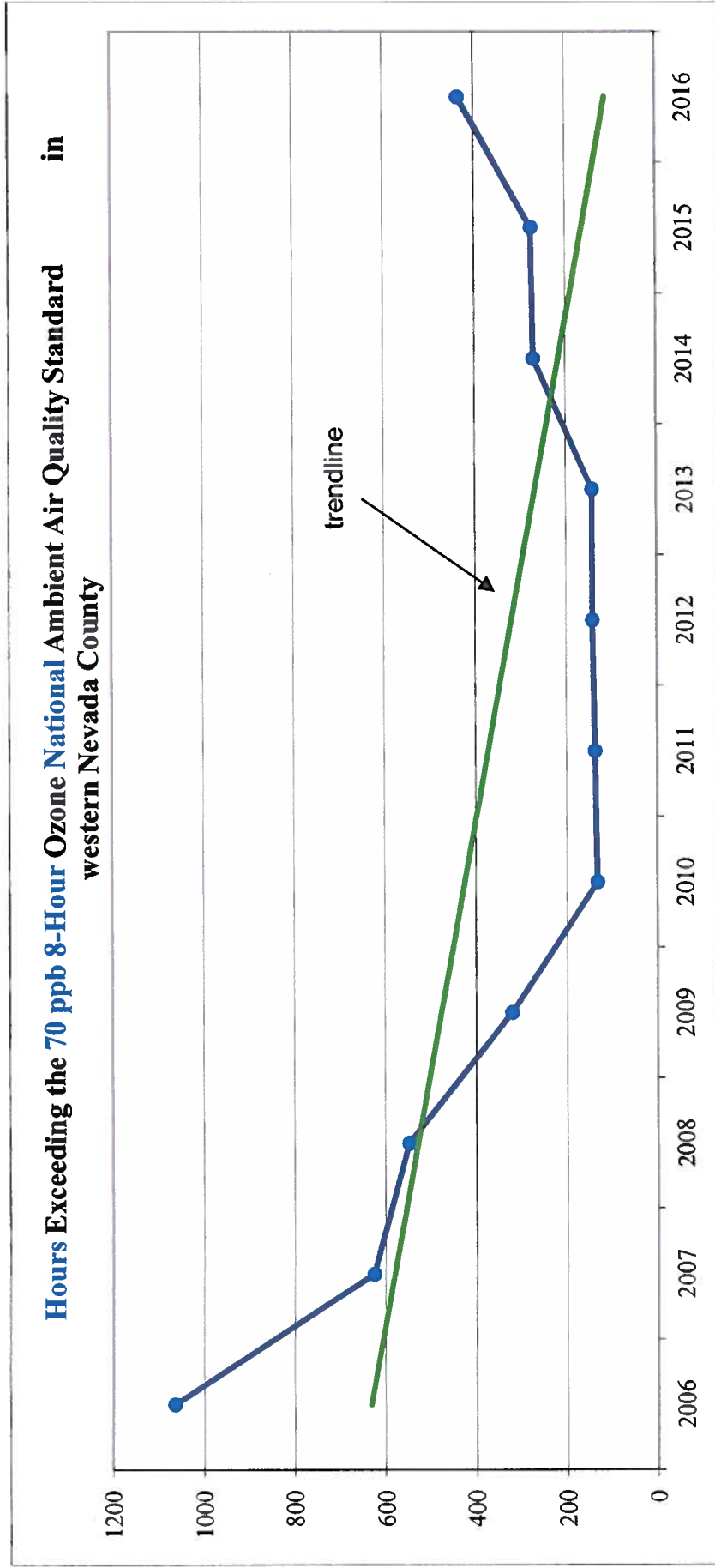
# NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

**Days Exceeding the 70 ppb 8-Hour Ozone National Ambient Air Quality Standard in western Nevada County - 11 Year Trend**





# NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT



**To:** Northern Sierra Air Quality Management District Board of Directors

**From:** Gretchen Bennett, Air Pollution Control Officer

**Date:** June 26, 2017

**Agenda Item:** V.C

**Agenda Description:** Cannabis Air Quality Issues

**Issues:**

The main air quality issues relating to Cannabis fall into the categories of odors, dust, open burning, processing and public smoking. The available solutions are mainly through zoning, odor controls and regulations.

State agencies have proposed a cultivation regulation, and expect to have a licensing program in place by January 2018.

Existing rules control emissions from open burning, odor, large diesel generators and dust. Appropriate land use zoning is the simplest and least ambiguous way to minimize air quality impacts from Cannabis operations.

**Odors**

Odors from Cannabis plants increase as they approach maturity (mainly in the fall), and vary with quantity, variety, atmospheric conditions and other factors. Many people find the smell objectionable, even hundreds of yards away. Cannabis odors have no widely recognized health effects. The proposed cultivation regulation does not address odor, but commenters have encouraged the State to include odor provisions in the next version.

Several expensive technologies exist that could control odors from indoor gardens, such as carbon filtration and afterburners. Otherwise, appropriate siting of gardens and plant/crop size limitations are the most effective methods for minimizing odor impacts. Siting restrictions may be established and enforced through zoning specifications, homeowner association CC&Rs and local rules.

Generators (discussed below) and fertilizers are other potential odor sources.

**Potentially Applicable Rule**

**NSAQMD Rule 205: Nuisance.**

*A person shall not discharge from any source whatsoever such quantities of air contaminants or other material which cause injury, detriment, nuisance or annoyance to any considerable number of persons, or to the public, or which endanger the comfort, repose, health or safety of any such persons, or the public, or which cause to have a natural tendency to cause injury or damage to business or property.*

**Exception:** *The provisions of Rule 205 do not apply to odors emanating from*

*agriculture operations necessary for the growing of crops or raising of fowl or animals.*

Notes: "Air contaminants" include odors, per Rule 102: Definitions. Also, the Exception applies to the "growing" of crops; it does not necessarily apply to the post-harvest processing of crops.

**Nuisance rules are notoriously difficult for air agencies to enforce because of the subjective nature of a perceived nuisance and the wide range of individual sensitivity.**

## **Dust**

### Potentially Applicable Rule

NSAQMD Rule 226: Dust Control (excerpt).

*Any person shall take all reasonable precautions to prevent dust emissions. Reasonable precautions may include, but are not limited to, cessation of operations, cleanup, sweeping, sprinkling, compacting....*

Notes: Commercial agricultural operations are exempt from dust control requirements. Other activities that disturb more than 1 acre require a Dust Control Plan.

## **Generators**

Many growers use gas or diesel generators for lighting, ventilation and temperature control, especially for indoor grows. Diesel and gasoline exhaust contain toxics. The proposed regulation prohibits the use of generators, except temporarily for power outages or emergencies.

### Potentially Applicable Rules

The NSAQMD's basic permitting threshold is 1,000 lbs/yr of a single pollutant. Otherwise, diesel generators under 50 hp and most other generators are exempt from regulation. Diesel generators greater than 50 hp are regulated under statewide Airborne Toxic Control Measures. These long, complex regulations are enforced by the NSAQMD. There is also the potential for local rules to contain generator restrictions.

## **Open Burning**

Some growers burn leftover leaves and stalks, which is currently legal during burn season. Also, when a grower is clearing a growing area or trimming trees to increase light, the waste vegetation is often disposed via open burning. Cannabis waste burns sometimes include prohibited materials such as plastic containers, tarps and irrigation lines.

The proposed cultivation regulation does not include burning as a waste disposal option.

### Potentially Applicable Rules

The NSAQMD's 300-Series rules govern open burning. The California Health and Safety Code and NSAQMD Rule 302 prohibit burning items other than vegetation. With diligent enforcement and extensive public education, garbage burning incidents have

decreased greatly over the past 20 years. Non-residential burning requires a permit from the NSAQMD, which contains conditions to minimize smoke impacts.

**Pesticides and Herbicides**

Some growers use toxic pesticides and herbicides, which could endanger the public if not used properly. The proposed cultivation regulation contains measures to prevent public exposure to pesticides from cannabis crops. The NSAQMD has no pesticide/herbicide regulations, as this fall under State jurisdiction.

**Processing**

Some methods for processing Cannabis into products of various concentrations involve the use of toxic chemicals. Rules relating to water quality and fire safety have some bearing on chemical-based processing. The only NSAQMD rule that could apply is the nuisance rule included above (unless annual emissions exceed 1,000 lbs/yr of a single pollutant, which would be unlikely).

**Public Smoking**

The NSAQMD has no rules about smoking. Local ordinances may specify legal smoking locations. State law prohibits smoking in many areas, including within 20 feet of a door, operable window or air intake of a public building.

**Requested Action: None, informational only**

**Attachments: none**