

**To:** Northern Sierra Air Quality Management District Board of Directors  
**From:** Gretchen Bennett, Air Pollution Control Officer  
**Date:** April 23, 2018

**Agenda Item: IV.D**

**Agenda Description:** Wood Stove Program Workplan for Northern Sierra Air Quality Management District

**Issues:**

The Woodsmoke Reduction Pilot Program is part of California Climate Investments, a statewide program that puts cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment. Assembly Bill 1613 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 or insert used as the primary source of heat with a cleaner burning and more efficient device. The California Air Resources Board (CARB) developed Program Guidelines for the implementation of the Program. The Program, implemented by CARB, will be administered by the California Air Pollution Control Officers Association (CAPCOA) in coordination with local air quality management districts. The Northern Sierra Air Quality Management District (District) will administer Program projects located in Plumas, Sierra and Nevada County.

The attached work plan outlines how the District will administer the Program locally in order meet the goals and requirements of the Wood Smoke Reduction Pilot Program Guidelines and associated agreements with CAPCOA.

The wood stove work plan must be adopted by the Board of Directors and submitted to CAPCOA for final approval in order to receive funds to administer the program.

**Requested Action:** Adopt the Northern Sierra Air Quality Management District Wood Stove Program Workplan

***ROLL CALL VOTE REQUESTED***

**Attachments:**

1. Northern Sierra Air Quality Management District Program Workplan



# California Climate Investments Woodsmoke Reduction Program



## Northern Sierra Air Quality Management District Program Workplan

April 2018

### TABLE OF CONTENTS

INTRODUCTION.....	1
I. Program Goals and Objectives.....	2
II. Project Eligibility and Performance Standards .....	3
Existing Wood Stove.....	3
Replacement Device .....	4
III. Voucher Amounts .....	4
Enhanced Incentive Vouchers .....	4
Standard Incentive Vouchers .....	5
IV. Reporting.....	5
V. Workflow .....	7
VI. Attachments.....	8

## INTRODUCTION

The Woodsmoke Reduction Pilot Program (Program) is part of California Climate Investments, a statewide program that puts cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment—particularly in disadvantaged communities. Assembly Bill 1613 committed \$5,000,000 in funding for replacing uncertified, inefficient wood burning devices with cleaner burning and more efficient devices. Statute establishes investment minimums for disadvantaged and low-income communities and low-income households. The Program is designed to help households replace an uncertified wood stove or insert used as the primary source of heat with a cleaner burning and more efficient device. The California Air Resources Board (CARB) developed Program Guidelines for the implementation of the Program. The Program, implemented by CARB, will be administered by the California Air Pollution Control Officers Association (CAPCOA) in coordination with local air quality management districts. The Northern Sierra Air Quality Management District (District) will administer Program projects located in Plumas, Sierra and Nevada County. This work plan and attached documents outline how the District will administer the Program locally in order meet the goals and requirements of the Woodsmoke Reduction Pilot Program Guidelines and associated agreements with CAPCOA.

### 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. To be eligible for the Program, a homeowner or renter (applicant) must use an uncertified wood stove or wood insert as a primary heat source. The incentive amount will depend on where the property is located and the Applicant's household income, with some households qualifying for full replacement cost. The Program will track households in disadvantaged<sup>1</sup> or low-income<sup>2</sup> communities and low-income<sup>3</sup> households and has the goal to distribute 75 percent of total funding to these populations. Applicants who can demonstrate low-income eligibility based on household income will qualify for higher incentives.

The existing uncertified wood stove or wood insert must be replaced with a certified wood stove or insert, a natural gas or 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. United States Environmental Protection Agency (U.S. EPA) certified

---

<sup>1</sup> Disadvantaged community census tracts are those identified by CalEPA using CalEnviroScreen 2.0. Maps of disadvantaged communities are available at <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>

<sup>2</sup> 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>

<sup>3</sup> 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.

wood stoves burn more cleanly and efficiently, thereby reducing greenhouse gas and particulate matter emissions.

The replacement device must be installed by a professional, appropriately licensed stove installer (Installer) and meet local fire and building codes. To ensure that the reductions in emissions are permanent, any stove removed through this program must be rendered permanently inoperable and recycled. 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.

## II. Project Eligibility and Performance Standards

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 before payment can be issued to the Installer.

### Existing Wood Stove

---

To be eligible for the Program, the Applicant must rely on an existing stove, insert, or fireplace that is uncertified, operational, and used as a primary source of heat in the residence. In order to determine if the existing stove qualifies for the program, the Applicant may do the following:

- 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 list of current and historically certified wood stoves found on the List of EPA Certified Wood Stoves.<sup>4</sup>
- 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 this Program. These stoves will have a label permanently affixed to them stating that the stove is certified to comply with 1988, 1990, or 2015 standard.

The Applicant will certify the eligibility of their current wood stove on the Voucher Application Form. The application will be reviewed by the District to determine if preliminary qualification requirements have been met. The stove's eligibility will be verified by the Installer during an in-home estimate.

---

<sup>4</sup> <https://www.epa.gov/compliance/list-epa-certified-wood-stoves>

## Replacement Device

The uncertified wood stove or wood insert 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;
- Natural gas home heating device;
- Propane gas home heading device or;
- Electric home heating device.

The replacement device must be installed by a professional, appropriately licensed Installer participating in this Program. The installation must adhere to all applicable local and State building codes. A list of participating Installers will be established by 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. The applicant will also agree to receive training on proper wood storage and wood burning practices (if applicable) and device operation and maintenance.

Installers interested in participating in this program must agree to the terms and conditions of this Program by signing an agreement with the District. Only installers who have a signed agreement with the District will be eligible to participate in the Program.

### **III. Voucher Amounts**

#### Enhanced Incentive Vouchers

Applicants that are eligible for Enhanced Vouchers will receive a voucher that will cover all eligible project costs up to an initial maximum of **\$3,500**. The Enhanced Voucher amount can be increased on a case by case basis if the Retailer can show through an estimate submitted to the District prior to work start that extraordinary circumstances require additional funds. Extraordinary circumstances may include mandatory code or fire safety upgrades, the need to heat a home with large square footage, or unusual configurations. If the District approves the estimate, the Voucher amount will be amended by the District. Designer upgrades and work not necessary for the safe operation of the new device will not be considered. 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 device, and disposal of the old stove or insert. All eligible costs must be supported by appropriate documentation. 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. Districts will pay the Installer the approved incentive amount. Any additional balance due will be paid by the Applicant.

Applicants are eligible for the Enhanced Voucher if the wood-burning device is in a census tract within Plumas, Sierra and Nevada County designated as a Low Income Community or Disadvantaged Community. Low income communities are identified on the following map: <https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm>.

Applicants may also demonstrate their income eligibility by submitting proof of participation in one of the following low-income assistance programs:

- 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 any utility company;

Applicants with household incomes between 60 and 80 percent of MHI do not typically qualify for the programs listed above. Therefore, to qualify for the Low Income Qualified Voucher, the Applicant will have to demonstrate their income eligibility directly to the District. This could be accomplished by presenting pay stubs, tax returns, or income statements for each person living in the residence and, if qualifying using the HCD low-income limits, reporting the number of people in the household. Currently under MHI, 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. See footnotes on page 2.

#### Standard Incentive Vouchers

---

All other applicants not eligible for the Enhanced Voucher will be eligible for a voucher amount of **\$1,000**. The voucher may be used towards eligible project costs.

## IV. Reporting

CAPCOA and the Districts will be responsible for reporting and recordkeeping. All reports must be consistent with the quantification methodologies<sup>5</sup> and reporting guidance<sup>6</sup> developed by CARB and the requirements established in these Program Guidelines. 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.

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

- Tracking number for each device;
- Location of change-out;

---

<sup>5</sup> Available at [www.arb.ca.gov/cci-quantification](http://www.arb.ca.gov/cci-quantification)

<sup>6</sup> Available at [www.arb.ca.gov/cci-fundingguidelines](http://www.arb.ca.gov/cci-fundingguidelines).

- 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 project meets for benefiting a disadvantaged community, low-income community, or low-income household and description of how the project meets a community need;
- Type of wood stove being replaced;
- Replacement device type and model;
- Quantity of wood burned annually before replacement;
- Replacement device emission rates and efficiency (if available);
- Installation date;
- 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 following best practices in wood storage, wood burning for residential space heating, and device maintenance requirements of a new device;
- GGFR dollars spent
- Information on jobs and training opportunities created and whether employees are residents of disadvantaged or low-income communities or low-income households.

Each wood stove replacement must include all of the parameters necessary for quantifying the reductions. Record keeping and tracking will be retained by the District for three years after the "Project Closeout" report is submitted by CAPCOA. In order to have sufficient time to process final payments and to close out the grant agreement, the District must submit all deliverables and payment requests within 45 days after the project performance period.

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 the state Program Guidelines. 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.

The table below includes important reporting milestones.

Task	Milestone Description	Scheduled Payment of Grant Funding	
		Project Funds	Administrative Funds
1	Execute Grant Agreement <b>(no later than June 1, 2018)</b>		
2	Submit project plan for approval		
	Project plan approval	Receive project funds	
3	Begin installations		
4	Submit quarterly reports		Receive administrative funding less 10% withholding
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

## V. Workflow

The following workflow will be used to expend funds in a timely manner and to track information required by CARB and CAPCOA:

1. Prior to Program implementation, the District will train participating retailers and sign the Retailer Agreement. The District will also conduct outreach to notify the public about the Program.
2. The application process begins when the applicant completes the Voucher Application Form. Voucher applications will be available through the District office, the District website (website address) and at participating retailers.
3. Staff will review the application for completeness. If the applicants request an Enhanced Voucher, staff will confirm eligibility.
4. Vouchers will be issued in the order received, with an expiration date of four (4) weeks from issuance.
5. Vouchers will be accepted by participating retailers at the time of sale and applied as a discount. Retailers will notify the District of a sale once the customer has signed a contract or entered into a binding purchase agreement. For Enhanced Vouchers, retailers will provide the District a cost estimate for District approval prior to installation.
6. Installation must be completed by a licensed contractor with a valid building permit within 90 days of purchase. The retailer / installer will complete the Voucher Tracking Form to track progress. When the old device is delivered to the recycler, the Recycler Certification Form will be completed.
7. Retailers will provide training to the applicant to ensure the new device is properly operated and maintained to maximize energy efficiency and achieve the lowest possible emission rates. The Acknowledgement of Training Form will be used to document the training requirement.
8. Retailers will be reimbursed by the District once the installation is complete, the replaced device is properly dismantled and recycled, and required documents are submitted to the District.

9. The District will submit the required documentation and reports to CAPCOA and retain all necessary Program information.

## **VI. Attachments**

1. Voucher Application Checklist Cover Letter
2. Voucher Application Form
3. Voucher
4. Retailer Checklist Cover Letter
5. Voucher Tracking Form
6. Recycler Certification Form
7. Owner / Tenant Agreement for Rental Properties
8. Retailer Agreement
9. Acknowledgement of Training Form

**ENGAGEMENT LETTER**

March 27, 2018

To the Board of Directors  
Northern Sierra Air Quality Management District  
PO Box 2509  
Grass Valley, CA 95945

Dear Board Members,

We are pleased to confirm our understanding of the services we are to provide Northern Sierra Air Quality Management District for the year ended June 30, 2018.

As required by federal and state legal requirements, we are a Certified Public Accounting Firm, duly authorized to practice, and licensed by the California State Board of Accountancy. License Number COR5923.

We will audit the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Northern Sierra Air Quality Management District as of and for the year ended June 30, 2018.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Northern Sierra Air Quality Management District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Northern Sierra Air Quality Management District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Required supplementary information under GASB 34.
- 3) Supplementary schedules required by the California State Controller.

**Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Northern Sierra Air Quality Management District

**Susanville:**

1740 Main Street, Suite A, Susanville, CA 96130  
530.257.1040 Fax: 530.257.8876

sa@sa-cpas.com  
www.sa-cpas.com

**Chester:**

PO Box 795, Chester, CA 96020  
530.258.2272 Fax: 530.258.2282

85

and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of Northern Sierra Air Quality Management District's financial statements. Our report will be addressed to the Board of Directors of Northern Sierra Air Quality Management District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Northern Sierra Air Quality Management District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial

statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Northern Sierra Air Quality Management District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### **Other Services**

We will prepare the Districts Annual Financial Transactions Report for the California State Controller's Office (billed separately) for years ended June 30, 2018 based on information provided by you. We will assist in preparing the financial statements and related notes of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you. We will assist in maintaining the District's Depreciation Schedule. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide 15 copies of our reports to Northern Sierra Air Quality Management District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of SingletonAuman PC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the cognizant agency, the State Controller's Office, or the General Accounting Office or its designee, a federal agency

88

providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of SingletonAuman PC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 1, 2018 and to issue our reports no later than December 15, 2018. Clay Singleton, Principal is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our professional fees are based on the time spent on an engagement at our standard hourly rates. Our hourly rates are established in relation to the level of experience of the individual assigned to the audit. We believe that our services, approach and technique provide the capability to achieve cost savings while maintaining the highest quality standards. Our proposed fee includes all related expenses including travel costs and 15 copies of the audit report. We will not charge for out-of-pocket expenses such as mileage or per diem associated with this engagement.

The proposed fee for the audit of the Northern Sierra Air Quality Management District for the year ending June 30, 2018 is as follows:

<u>For the Year Ended</u>	<u>Audit Fee</u>
June 30, 2018	\$12,400

**\*Single Audit Fee if required (If Federal Expenditures Exceed \$500,000)**  
A Single Audit would add an additional \$5,000 per year to the contract total.

Our audit proposal is based on the expectation that your books will be closed, balanced and in auditable condition for the audit period. If during the course of the project the nature or scope of our work should change, we would discuss such matters with you and any effects of our fee estimates. The estimated fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary for any reason, we will discuss it with you and arrive at a new estimate before we incur any additional cost.

*Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. Our 2014 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Northern Sierra Air Quality Management District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Clay Singleton, Principal  
SINGLETONAUMAN PC

**RESPONSE:**

This letter correctly sets forth the understanding of Northern Sierra Air Quality Management District.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

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



**To:** Northern Sierra Air Quality Management District Board of Directors  
**From:** Gretchen Bennitt, Air Pollution Control Officer  
**Date:** April 23, 2018

**Agenda Item: IV.E**

**Agenda Description:** Woodstove Changeout Agreement with CAPCOA

**Issues:** Attached is the woodstove agreement between the District and CAPCOA to implement the District's woodstove changeout program. County Counsel has also reviewed and comments were incorporated.

**Requested Action:** Authorize the Chair and the APCO to sign the agreement

**ROLL CALL VOTE REQUESTED**

**Attachments:**

1. Memorandum of Understanding Between the California Air Pollution Control Officers Association and the Northern Sierra Air Quality Management District Woodsmoke Reduction Pilot Program. Fiscal Year 2016-2017 Appropriation.

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

The California Air Pollution Control Officers Association ("CAPCOA") and the Northern Sierra 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 grant agreement, including but not limited to 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>. For the funding amount of \$225,000).
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 District's distribution of funds allocated to the District hereunder in the amount of \$225,000.
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, except as required by law.
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

The District shall require all installer/contractors that are paid by the grant funds shall maintain the following insurance:

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](http://www.arb.ca.gov/ccifundingguidelines).

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

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

CALIFORNIA AIR POLLUTION CONTROL OFFICERS ASSOCIATION

\_\_\_\_\_, Chair

\_\_\_\_\_  
Mike Villegas, President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

NORTHERN SIERRA AIR QUALITY MANAGEMENT DISTRICT

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

\_\_\_\_\_  
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	\$225,000	
3	Begin installations		
4	Submit quarterly reports		Receive total administrative funding less 10% withholding (\$21,375.00)
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 (\$2,375.00)