



air pollution control district
SANTA BARBARA COUNTY

Agenda Item: H-1
Agenda Date: March 19, 2026
Agenda Placement: Discussion
Estimated Time: 15 minutes
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Mike McKay, Air Quality Specialist, (805) 979-8331

SUBJECT: Climate Heat Impact Response Program (CHIRP)

RECOMMENDATION:

Consider recommendations as follows:

1. Receive and file a presentation on the Climate Heat Impact Response Program (CHIRP);
2. Adopt the attached Resolution to authorize the District's participation in implementing California Air Resources Board's (CARB) CHIRP Program, which includes;
 - a. Delegating authority to the District's Air Pollution Control Officer to enter into grant agreements with CARB for the CHIRP Program, substantially similar to the Sample Grant Agreement included as Attachment B, in order to participate in FY 2025-2026 and in future years, for amounts not to exceed \$2,000,000, subject to review and approval by District Counsel, Auditor-Controller, and Risk Management;
 - b. Delegating authority to the Air Pollution Control Officer to make or accept minor amendments to the Grant Agreement in future years, subject to review and approval by District Counsel, Auditor-Controller, and Risk Management; and
 - c. Approving the allocation of \$400,000 from the District's Clean Air Fund in Fiscal Year 2026-27 to provide additional funding for the CHIRP Program.

BACKGROUND:

On July 30, 2021, Governor Gavin Newsom proclaimed a State of Emergency in California due to an extreme heat event, which combined with reduced electricity supply caused by severe drought conditions and wildfires, placed a significant demand and strain on California's energy grid.

The CHIRP incentive program was created through that State of Emergency, which directed the California Air Resources Board (CARB) to develop a state-funded plan to mitigate the effects of additional emissions from increased back-up generator usage and power plants that were allowed to operate outside of normal permit requirements during grid emergencies and periods of extreme heat. The CARB Board approved the CHIRP Mitigation Plan framework in November 2021. While CARB did not request funding to implement CHIRP during 2021, the State of Emergency Proclamation noted the continued importance of grid reliability programs in 2022, and hence, the mitigation plan that was developed was flexible and designed to be deployed quickly if the need were to arise again in the future.

The following summer, California once again faced an extreme heat event, and on August 31, 2022, the Governor proclaimed another State of Emergency in California. In the proceeding days, the Governor issued Executive Orders N-14-22 and N-15-22 which authorized the emergency orders to remain in effect through September 9, 2022. This extreme heat event placed significant demand and strain on California's energy grid with record high energy loads.

This State of Emergency Proclamation directed CARB to implement its CHIRP incentive program that had been created the preceding year, to mitigate excess emissions caused by the Proclamation. Assembly Bill 205 established the source of funding for CHIRP (Pub. Resources Code, § 25791.5) to primarily fund, via local air districts, projects that involve the scrap and replacement of emergency diesel-fueled back-up generators.

DISCUSSION:

In July 2024, CARB distributed the draft CHIRP allocation table to the 24 participating air districts, in which Santa Barbara was allotted a proposed amount of \$75,376. Upon receipt of this proposed allocation, the District's Compliance division discovered discrepancies with the excess emissions that had been reported to CARB during the extreme heat event compared with the actual emissions calculated by the District from data reported by its permitted sources. Working with CARB and the nine sources with permitted diesel back-up generators that operated during the extreme heat event, the following discoveries were made:

- CHIRP data was missing four additional permitted diesel back-up engines that had reported to the District their operations associated with the State of Emergency Proclamation.
- Five of the District's permitted diesel back-up engines included in the CHIRP data had hours of operation which were significantly lower than data provided by sources to the District.

- NOx, PM, and/or ROC emission factors were not consistent with District permitted emission factors.

The District was able to provide more thorough information to CARB that corroborated these discrepancies. With that information, the CHIRP allocation table was updated to show a final allocation amount for Santa Barbara County of \$490,834. These funds may be used for project types that are eligible under the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) or the Community Air Protection Incentives Program, including current and future program memos, advisories, and mailouts where alternative project proposals submitted by the District to CARB will be considered on a case-by-case basis. Since the excess emissions from the extreme heat event were caused by emergency diesel-fueled back-up generators, the District's goal is to use the CHIRP funds to voluntarily install control equipment on these engines or to replace old, emergency diesel back-up generators with the cleanest available technology, with an emphasis on zero-emission equipment. Projects will be prioritized to benefit populations within disadvantaged and low-income communities.

Emergency diesel back-up generators emit several air pollutants, including nitrogen oxides (NOx), carbon monoxide (CO), sulfur oxides (SOx), volatile organic compounds (VOCs), and diesel particulate matter (DPM), which is a main driver of health risk. Across the county, the District currently permits roughly 730 emergency diesel back-up generators. Based on 2024 emissions data, these units accounted for approximately 9 percent of all NOx emissions and 19 percent of all DPM emissions from permitted sources countywide.

The District's implementation of CHIRP is supported by administration funds, the amount of which shall be granted to the District consistent with the most recent Carl Moyer Program Guidelines (which currently is 15%). In addition, pending your Board's approval, the District proposes allocating an additional \$400,000 from the Board approved Clean Air Fund into CHIRP, bringing the program total to \$890,834. Due to the expected high cost of zero-emission back-up generator replacement projects, the District believes that additional funding is warranted to support this program. While the cost of zero-emission generators can be highly variable depending on the fuel type and size, the District is aware that these projects can be quite expensive, as evidenced by a recent application that the District received during the 2025 Clean Air Grants Program for a hydrogen fuel cell generator project with a total project cost of over \$400,000.

FISCAL IMPACT:

CHIRP's Fiscal Year 2025-26 grant fund allocation to the District is \$490,834 (\$73,625 for administration and \$417,209 for projects). These pass-through grant funds were included in the District's Fiscal Year 2025-26 Approved Budget. The additional \$400,000 of proposed Clean Air Fund expenditures will be included in the District's Fiscal Year 2026-27 Proposed Budget.

ATTACHMENTS:

- A. Board Resolution in the matter of participation in California Air Resources Board's Climate Heat Impact Response Program (CHIRP).
- B. Sample 2022 CHIRP Grant Agreement.

ATTACHMENT A

Board Resolution in the matter of participation in
California Air Resources Board's
Climate Heat Impact Response Program (CHIRP)

March 19, 2026

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

1011 West McCoy Lane
Santa Maria, California 93455

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

IN THE MATTER OF PARTICIPATION IN
THE CALIFORNIA AIR RESOURCES
BOARD'S CLIMATE HEAT IMPACT
RESPONSE PROGRAM (CHIRP).

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, on July 30, 2021, Governor Gavin Newsom proclaimed a State of Emergency in California due to an extreme heat event, which combined with reduced electricity supply caused by severe drought conditions and wildfires, placed a significant demand and strain on California's energy grid; and

WHEREAS, the Climate Heat Impact Response Program (CHIRP) incentive program was created through that State of Emergency, which directed CARB to develop a state-funded plan to mitigate the effects of additional emissions from increased backup generator usage and power plants that were allowed to operate outside of normal permit requirements during grid emergencies and periods of extreme heat; and

WHEREAS, on August 31, 2022, Governor Gavin Newsom proclaimed another State of Emergency in California due to an extreme heat event, and issued Executive Orders N-14-22 and N-15-22 which authorized the emergency orders to remain in effect through September 9, 2022. This extreme heat event placed significant demand and strain on California's energy grid with record high energy loads; and

WHEREAS, the California Air Resources Board (CARB) has allocated \$22,692,308 to fund CHIRP in Fiscal Year 2025-26 in response to an extreme heat event in 2022. CHIRP is a voluntary program meant to incentivize air districts to replace high polluting, diesel-fueled backup generators with cleaner technology; and

APCD RESOLUTION IN THE MATTER OF CONTINUED
PARTICIPATION IN THE CALIFORNIA AIR RESOURCES
BOARD'S COMMUNITY AIR PROTECTION PROGRAM

WHEREAS, the Santa Barbara County Air Pollution Control District (District) was allocated \$490,834 in Fiscal Year 2025-26 funds from CARB to implement CHIRP using the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) or the Community Air Protection Incentives Program (CAP Incentives Program) guidelines; and

WHEREAS, the District needs to have an agreement with CARB in place to receive these funds; and

WHEREAS, CHIRP will include a grant agreement with CARB that is reviewed and approved by District Counsel, Auditor-Controller, and Risk Management and shall meet program requirements as established by CARB. The grant funds associated with the Fiscal Year 2025-26 CHIRP allocation were included in the District's approved budget for Fiscal Year 2025-26; and

WHEREAS, the District is not required to provide matching funds for CHIRP, and the District's implementation of CHIRP is supported by administration funds, the amount of which shall be granted to the District consistent with the current Carl Moyer Program Guidelines in effect; and

WHEREAS, the District has successfully implemented Carl Moyer Program projects since 1999 to improve air quality in the South Central Coast Air Basin and seeks to reduce emissions from diesel engines through clean air projects.

APCD RESOLUTION IN THE MATTER OF CONTINUED
PARTICIPATION IN THE CALIFORNIA AIR RESOURCES
BOARD'S COMMUNITY AIR PROTECTION PROGRAM

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. The District Board hereby approves the District's participation in CARB's Climate Heat Impact Response Program (CHIRP), and acceptance of funds to implement the program and to fund projects that are eligible under the Carl Moyer Program or the CAP Incentives Program, including current and future program memos, advisories, and mailouts where alternative project proposals submitted by the District to CARB will be considered on a case-by-case basis; and
2. The District Board delegates authority to the Air Pollution Control Officer to enter into grant agreements with CARB for the Climate Heat Impact Response Program, in FY 2025-26, and in future years, for amounts not to exceed \$2,000,000, subject to review and approval by District Counsel, Auditor-Controller, and Risk Management.

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APCD RESOLUTION IN THE MATTER OF CONTINUED PARTICIPATION IN THE CALIFORNIA AIR RESOURCES BOARD'S COMMUNITY AIR PROTECTION PROGRAM

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of the Santa Barbara County, State of California, this 19th day of March 2026, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
CLERK OF THE BOARD

By: _____
Deputy

By: _____
Chair

Date: _____

APPROVED AS TO FORM:

RACHEL VAN MULLEM
COUNTY COUNSEL

By:  _____
Jennifer Richardson (Mar 6, 2026 17:49:09 PST)
Deputy

APPROVED AS TO FORM:

RISK MANAGER

By:  _____
Risk Manager

APPROVED AS TO FORM:

BETSY M. SCHAFFER, CPA
AUDITOR-CONTROLLER

By:  _____
Deputy

ATTACHMENT B

Sample 2022 CHIRP Grant Agreement

March 19, 2026

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

1011 West McCoy Lane
Santa Maria, California 93455



Attachment 3: Sample 2022 CHIRP Grant Agreement

Climate Heat Impact Response Program (CHIRP)

Grant Agreement
Fiscal Year 2025-2026 (CHIRP Year 2022)

General Terms and Conditions

1. Use of Terms:

- a. This Grant Agreement ("Grant" or "Grant Agreement") is entered into by and between the State of California acting by and through the California Air Resources Board (hereinafter referred to as "CARB", the "Grantor", the "State" or the "Board") and the air district named in the coversheet to this Grant (hereinafter referred to as the "Grantee"). Grantor and Grantee are each a "Party" and together the "Parties" to this Grant Agreement.
- b. As referenced in this Grant Agreement, "Grantee" or "Grantees" means and includes, individually and collectively, Grantee's assigns, employees, officers, and directors.
- c. "Grant Recipient" or "Grant Recipients" means and includes, individually and



collectively, subgrantees, sub-awardees, contractors, subcontractors, technical grantees, voucher recipients, awardees, sub-awardees, or any other individual or entity that receives any Grant Funds, but excluding Grantee.

- d. "Day" or "days" means calendar days, unless expressly noted otherwise.
- e. "Grant Funds" means any money or funding provided by the State to Grantee or any Grant Recipient pursuant to this Grant. The total amount of Grant Funds is set out in the Grant Cover Sheet to which this Exhibit is attached. As referenced in this Grant Agreement, the phrases "Grant Funds" and "Grant Award" have the same meaning and are used interchangeably.

2. Grant Objectives and General Administration

The purpose of the Climate Heat Impact Response Program (CHIRP) incentives is to mitigate the emissions caused by the use of backup generators and other power sources that are allowed to operate beyond their permitted or regulated limits during extreme heat events, such as a heatwave. To increase power supply and reduce demand on the electrical grid to avoid power outages, the Governor issues a proclamation of a state of emergency that allows the increased emissions. Unfortunately, the majority of the increased emissions occur in disadvantaged communities affecting the most vulnerable populations. The CHIRP incentive program was established to fund mitigation projects that offset the increased emissions allowed by the proclamation.

a. Authority:

The CHIRP incentive program was created through the Proclamation of a State of Emergency signed by Governor Gavin



Newsom on July 30, 2021¹ (2021 Proclamation), which directed CARB to develop a State-funded mitigation plan. Assembly Bill (AB) 205² established the source of funding for CHIRP.³

b. Project Eligibility:

- i. CHIRP incentives may fund projects that are eligible under the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) or the Community Air Protection Incentives (CAP Incentives), including current and future program memos, advisories, and mailouts.
- ii. Alternative project proposals submitted by Air District will be considered.

c. Program Administration:

Grantee will administer funds received through the CHIRP program in accordance with the administration requirements in Chapter 3, Program Administration, of the 2024 Carl Moyer Program Guidelines (Moyer Guidelines), with the following modifications:

- i. References to "Moyer Program" shall be substituted with "CHIRP", where applicable.
- ii. Provisions that do not apply to CHIRP should be disregarded. This includes, but is not limited to, provisions regarding:
 - a) Rural District Assistance Program,
 - b) Match funds requirement,
 - c) State Reserve program, and
 - d) AB 923 - two dollars and zero cents (\$2) Motor Vehicle fee.

¹ Governor's Proclamation (July 30, 2021), § 7.

² Assembly Bill 205, Stats. 2022, Ch. 61 (AB 205).

³ Pub. Resources Code, § 25791.5.



Therefore, any reference to those elements in the Moyer Guidelines should be disregarded.

- iii. Grantee will follow yearly reporting, progress tracking and funding year liquidation provisions provided in the Moyer Guidelines, where applicable. If relevant reporting mechanisms are not available for CHIRP in the Clean Air Reporting Log, CARB staff will provide an alternative means for the Grantee to report after execution of this Grant agreement.
- iv. CHIRP allocations are established in consultation with the air districts and are not bound by the Moyer Program formula
- v. Grantee must create CHIRP Policies and Procedures, elect to (1) amend their existing Moyer Program and/or CAP Incentives Policies and Procedures to incorporate CHIRP, (2) add CHIRP - policies and procedures as an addendum to that document, or (3) develop a separate CHIRP Policies and Procedures document

d. Project Prioritization:

Heat Impact Project Prioritization (HIPP) elevates the priority of specific projects. The objective is to target the primary source of CHIRP emissions that occur during extreme heat events.

- i. Grantee will prioritize projects that are located within and benefiting priority populations including disadvantaged communities and low-communities⁴.
- ii. Grantee will prioritize projects that involve the scrap and replacement of emergency standby stationary diesel-fueled backup generators, preferably the backup generators that operate during extreme events

⁴ <https://www.caclimateinvestments.ca.gov/resource-portal-priority-populations/#map>



under a proclamation from the Governor, as described above. Grantee will follow the eligibility requirements in Chapter 11, Emergency Stationary Diesel Generator Replacement Project, of the CAP Incentives 2024 Guidelines.

- iii. In the case where a backup generator project includes a proposal to also fund accompanying power storage, such as a power wall, eligibility of the power storage will be considered as needed.
- iv. If a project that satisfies the HIPP requirements above is not selected for CHIRP funding, the Grantee will provide written explanation of reasons for that decision in their yearly report. The written explanation should describe Grantee's efforts to fund the HIPP project, and the issues experienced. This information will help CARB understand program barriers.

3. Additional Remedies for Non-Compliance:

- a. Without limiting any of the parties' other remedies, and subject to the sections regarding Disputes and Termination below, CARB or its designee may require Grantee to return Grant Funds it received due to termination for cause of this Grant Agreement, or for Grantee's misinformation, misrepresentation, misuse of Grant funds, or fraud. CARB also reserves the right to prohibit Grantee from participating in existing or future CARB programs, projects, or grants due to its substantial non-compliance with any material term or condition of this Grant Agreement.
- b. Grantee shall, for each occurrence, document and promptly notify CARB of any and all suspected or known breaches of this Grant Agreement, misinformation,



misrepresentation, fraud, or misuse of Grant funds carried out by Grantee or any Grant Recipient.

- c. Grantee shall fully cooperate with CARB to investigate, resolve, and take appropriate action to enforce the terms and conditions of any Grant Recipient agreement, and this Grant Agreement, including referring any criminal claims to a prosecuting agency or litigating any civil claims (including for recapture of Grant Funds from Grant Recipients) as determined reasonably necessary and feasible by Grantee, in consultation with CARB.

4. Additional Required Terms for Grant Recipient Agreements Funded by This Grant:

All written agreements and amendments executed after the effective date of this Grant Agreement entered into by and between Grantee and any Grant Recipient using or applying Grant Funds, in whole or in part, (collectively "Related Agreements") shall also contain the following language (or similar language with the same or similar meaning and intent) listed below to the extent applicable or feasible as determined by Grantee:

- a. Conflict Of Interest: By entering into this agreement, said party is or may be a direct or indirect recipient ("Grant Recipient") of funds received from or provided by CARB, and as such certifies, represents, and warrants that it is in compliance with all applicable state and federal conflict of interest laws on the date said agreement is signed and shall remain in compliance with all such laws during the term of the agreement and for any other period required by said applicable federal or state law as they pertain to Grant Recipient's agreement. Grant Recipient further certifies, represents, and warrants that it has no interest, and shall not acquire any interest, direct or indirect, which will



conflict with Grant Recipient's ability to impartially perform under, or complete the tasks described in, the agreement or any related grant programs. Grant Recipient acknowledges, understands, and accepts that Grant Recipient must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest. Grant Recipient acknowledges, understands, and accepts that the nature and extent of any actual, apparent, or potential conflict of interest may be a basis for disqualification from receiving any funds. Grant Recipient certifies, represents, and warrants that Grant Recipient will immediately advise the Grantee in writing of any potential new conflicts of interest as they arise.

- b. Cooperation With Audits: Grant Recipient shall cooperate fully, without delay, in all audits, inquiries, and investigations initiated by or on behalf of Grantee and/or the State of California concerning or relating to compliance with local, state, or federal air quality laws, and with Grant Recipient's agreement, including but not limited to timely submission of any and all records requested and full cooperation with any on-site inspections.
- c. Payment (Recapture) On Demand: Grant Recipient shall, upon notification by Grantee and/or CARB or their authorized representative(s) of an overpayment, a wrongful payment, or a violation of or failure to comply with any term or condition of the Grant Recipient agreement or program requirements or obligations, remit to Grantee or its authorized representative the requested amount within sixty (60) days from the date of issuance of said notice.
- d. Third-Party Beneficiary: Grant Recipient acknowledges, accepts, and agrees that the state of California, acting by and through CARB, is an intended third-party beneficiary to Grant Recipient's agreement. Grant Recipient shall name



CARB and the State of California as third-party beneficiaries in all contracts, subcontracts, grants, subgrants, and other agreements entered into using Grant Funds, or for the purposes of carrying out any of the terms of Grant Recipient's agreement, and, upon request by CARB, to send to CARB a copy of said agreement.

- e. Authorized Signature: Grant Recipient agrees and acknowledges that it has signed or has authorized the signing of the agreement with the Grantee, and by doing so hereby declares under penalty of perjury, under the laws of the State of California, that all statements, responses, and information made or provided by Grant Recipient in or pursuant to the agreement are true and correct, with full knowledge that all statements, responses, and information are subject to investigation and that any incomplete, unclear, false, or dishonest statement, response, or information may be grounds for disqualification from receiving any existing or further funding or participating in any programs or projects using the CARB-provided or Grantee-provided funds, or from doing business with the State of California or the Grantee. Grant Recipient acknowledges, understands and accepts that by providing or making any false statements or providing false information, Grant Recipient may be in violation of the California False Claims Act (Government Code Section 12650 et seq.). Grant Recipient certifies, represents, and warrants that the individual signing on the Grant Recipient's behalf herein is an authorized representative of Grant Recipient with full power and legal authority to sign and by said signature Grant Recipient is bound to and will comply with all terms, conditions, and obligations set forth in this agreement.
- f. Compliance With Air Quality Laws: Grant Recipient warrants and represents



that it is in compliance with all applicable federal, state, and local air quality rules, regulations, and statutes (“air quality laws”), and that it shall remain in compliance with said air quality laws for the term of the agreement with Grantee. Grant Recipient understands, acknowledges, and agrees that compliance with applicable air quality laws is a precondition to the receipt or use of the Grant Funds and is a continuing obligation during the term of the agreement and for any other period required by federal, state, or local law. If payments of Grant Funds have not yet been made, Grant Recipient understands, acknowledges, and agrees that Grantee may, at its discretion, terminate Grant Recipient’s agreement without any obligation to pay any Grant Funds to Grant Recipient for Grant Recipient’s continuing violation of applicable air quality laws. If payments have been made, Grant Recipient understands, acknowledges, and agrees that Grantee may, at its discretion, require Grant Recipient to return some or all of the Grant Funds to the Grantee, in an amount determined by Grantee, for Grant Recipient’s continuing violation of applicable air quality laws. Grant Recipient shall promptly return the Grant Funds to Grantee within the time specified by Grantee.

- g. Non-Exclusive Remedies: The remedies set out in this paragraph are contractual in nature. Nothing stated herein above in any way limits, prevents, or precludes the State of California or the Grantee from taking any enforcement action, exercising any police power, or prosecuting any violation of law against Grant Recipient, its employees, officers, agents, assigns, representatives, contractors, subcontractors, affiliates, grantees, sub-awardees, subgrantees, or any third parties.
- h. Related Agreements must also contain, at a minimum, all of the following:



- i. A clear and accurate description of the material, products, or services to be procured.
- ii. Sufficient detail to determine that funds will be appropriately utilized, which may include a budget, timeline, and other information as required by the grant program guidelines.
- iii. Provisions for appropriate administrative, contractual, or legal remedies in instances where Grant Recipients violate or breach the contract or Grant Agreement terms.
- iv. Provisions for termination by the Grantee, including termination procedures and the basis for settlement.
- v. A statement that assignment of Grant Recipient's agreement will not be made without the advance written consent of Grantee, and may be subject to CARB approval upon request by CARB.
- vi. A provision regarding survival of terms, conditions, and provisions of the Grant Recipient agreement, consistent with Section 46 - Survival below.
- vii. Language conforming to the following sections of this Grant Agreement: Additional Remedies for Non-Compliance; Audit; Availability of Funds; California Climate Investments (if applicable); Compliance with Law; Confidentiality; Conflict of Interest; Electric Vehicle Charging Infrastructure and Equipment; Executive Order N-6-22 - Russia Sanctions; Force Majeure; Funding Prohibitions for Sectarian Purposes and Non-Public Schools; Grantee's Responsibility for Work; Incorporated Documents; Indemnification; Independent Contractor; Labor Compliance for Drayage and Short-Haul (if applicable); Nondiscrimination; Office of Foreign Asset Control; Personally Identifiable Information; Prevailing Wages and Labor Compliance (if applicable); Professionals; Severability;



and Third-Party Beneficiaries. Grantee is not required to use the exact language of these sections from this Grant Agreement, but the terms must have the same legal effect for the Grant Recipient as the sections in this Grant Agreement have for the Grantee.

5. Advance Payments:

- a. Consistent with the Legislature's direction to expeditiously disburse grants, CARB in its sole discretion may provide advance payments of Grant Funds in a timely manner to support the Grant program initiation and implementation.
- b. Grantee agrees that all advance payment requests submitted by Grantee will comply with the applicable provisions of Health and Safety Code section 39603.1, title 17 of the California Code of Regulations (C.C.R.) Sections 91040 to 91044, and Government Code section 11019.3 (for advance payments to Grant Recipients). In the event that these laws are revised or applicable new laws enacted, such revised or new laws will supersede the provisions of this section to the extent they conflict.
- c. Only CARB shall authorize an advance payment. CARB may provide advance payment to Grantee if CARB determines all of the following:
 - i. The advance payment is necessary to meet the purposes of the Grant program or project and is intended to alleviate a practical business or economic situation that would inhibit the program or project.
 - ii. The use of the advance payment is adequately regulated by Grant or budgetary controls, and is limited to the specific activities set forth in the Grant Agreement.
 - iii. Grantee shall revert all Grant Funds to CARB that are not liquidated by the term end date or if the Grant is terminated pursuant to the terms of this



Grant Agreement. "Liquidate" means that all moneys allocated for the Grant have been spent by Grantee for eligible project expenses.

- iv. The Grantee is either a small air district or meets all of the following criteria:
 - (a) Has no outstanding financial audit findings related to any of the Grant Funds eligible for advance payment.
 - (b) Is in good standing with the Franchise Tax Board and Internal Revenue Service and, if the Grantee falls out of good standing with the Franchise Tax Board or Internal Revenue Service after advance payment is made, Grantee must return to any unliquidated Grant Funds to CARB. To the extent that Grantee is exempt from state or federal tax liability, Grantee may provide proof of such exemption in lieu of demonstrating good standing.
 - (c) Submits a spending plan to CARB for review prior to receiving the advance payment. "Spending plan" means an outline of how the advanced funds will be spent within the term of the Grant Agreement, including project schedules, timelines, milestones, and Grantee's fund balance for all state grant programs. CARB shall consider the available fund balance when determining the amount of the advance payment.
 - (d) Reports to CARB any material changes to the spending plan within thirty (30) days of the material change. "Material Changes" means a change to the spending plan of twenty-five (25) percent or more in any line item in the spending plan.
- d. In the event of Grantee's nonperformance, Grantee shall return all Grant Funds received via advance payment that are not liquidated, pursuant to the terms of



this Grant Agreement. Grantee shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.

- e. Grantee may, but is not required to, provide advance payment of Grant Funds to Grant Recipients that are within the scope of "Recipient Entity," as defined in Health and Safety Code section 39603.1, subd. (b)(2)(A), subject to the following additional requirements:
 - i. Advance payment to Grant Recipients is subject to prior approval from CARB.
 - ii. Grantee shall assume all legal and financial risk of the advance payment. If Grantee provides any funding from the advance payment to any Grant Recipient, Grantee shall be liable to CARB for any failures by Grant Recipients to ensure that the Grant Funds are used in accordance with state statutes, regulations, requirements, and the relevant terms and conditions of this Grant Agreement.
 - iii. CARB and Grantee shall prioritize advance pay to qualifying Grant Recipients and projects serving disadvantaged, low-income, and under-resourced communities, or organizations with modest reserves and potential cashflow problems.
 - iv. The advance pay shall not exceed 25 percent of the total amount or contract awarded to that qualifying Grant Recipient. At CARB's sole and absolute discretion, the advance pay may exceed the 25 percent limit if CARB has determined, in writing, that the project requires a larger advance, and the qualifying Grant Recipient provides sufficient justification and documentation for that larger advance.
 - v. Grantee shall only authorize advance payments up to the minimum immediate cash requirements necessary to carry out the purpose of the



approved activity, program, or project, as solely determined by CARB and subject to CARB's advance written approval of the qualifying Grant Recipient's workplan and written justification.

- vi. The qualifying Grant Recipient shall:
- (a) Complete, and submit to Grantee, an Advance Payment Request Form. The Advance Payment Request Form shall be provided by CARB to the Grantee after the Grant execution.
 - (b) Submit a certification to CARB of compliance with subsections (c) through (k) below, for each Advance Payment Request Form.
 - (c) Submit documentation, as required by CARB, to support the need for advance payment, which may include, but is not limited to, invoices, contracts, estimates, payroll records, and financial records.
 - (d) Demonstrate that Grant Recipient has no outstanding financial audit findings related to any of the Grant Funds eligible for advance payment; and, are in good standing with the California Franchise Tax Board and United States Internal Revenue Service, or if the entity is a private, non-profit organization, that they are in good standing as an organization exempt from taxation under Section 501 (c)(3) of the Internal Revenue Code.
 - (e) Provide an itemized budget for the eligible costs the advanced payment will fund, indirect or other costs needed to operate, and a spending plan, as defined in C.C.R, title 17, section 91041, subd. (k), developed in a form and manner specified by CARB.
 - (f) Obtain insurance in an amount commensurate with the assessed risk, if required by CARB and stipulated within the Grant Recipient's agreement or contract.



- (g) Deposit any funds received as an advance payment into a federally insured account of the Grant Recipient that provides the ability to track interest earned and withdrawals. Any accumulated interest shall be deemed to be Grant or contract moneys, subject to federal and state laws and regulations, and the Grant Recipient shall report interest earned on the advance payment to CARB. The Grant Recipient's account shall be in the Grant Recipient's name, and not in the name of any of its directors, officers, partners of a partnership entity, or members of a limited liability company.
- (h) Establish procedures to minimize the amount of time that elapses between the transfer of funds and the expenditure of those funds by the Grant Recipient. Further advance payments may be made if Grant Recipient is able to demonstrate that a sufficient amount of previously advanced funds has been expended or that a plan is in place to ensure the expenditure of those funds in a timely manner, as determined by the CARB.
- (i) Provide progress reports on the expenditure of advanced funds no less than on a quarterly basis, consistent with all provisions of this section, and as otherwise required by CARB.
- (j) Provide a final progress report to CARB following the expenditure of an advance payment that includes a summary of work completed, proof of expenditure, and other associated information as determined by CARB.
- (k) Return to CARB or the Grantee any unused portion of the advance payment, including interest earned on the advance payment, no later than thirty (30) calendar days after the termination, cancellation, or



expiration of the Grant Recipient's agreement or contract, or such longer period as CARB may provide at its sole discretion.

6. Alternative Enforcement:

The remedies set out in this Grant Agreement are contractual in nature. Nothing stated in this Grant Agreement in any way limits, prevents, or precludes the State of California from taking any enforcement action, exercising any police power, or prosecuting any violation of law.

7. Amendment:

No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing and signed by authorized representatives of the Parties. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the Parties. Unless otherwise approved by CARB, requests for amendment of this Grant Agreement must be made at least thirty (30) days prior to the Grant term end date.

8. Americans With Disabilities Act (ADA):

Grantee must ensure that writings, products, and services submitted, uploaded, or otherwise provided to CARB by Grantee or any Grant Recipients, which is intended to be publicly posted or otherwise distributed to the public by CARB, Grantee, and/or any Grant Recipients, comply with Web Content Accessibility Guidelines 2.0, level AA, (upon the effective date applicable to air districts under 28 C.R.F 35.200(b)(2)), and otherwise meet the accessibility requirements set forth in California Government Code Sections 7405 and 11135, Section 202 of the federal Americans with Disabilities Act (42 U.S.C. § 12132), and Section 508 of the federal Rehabilitation Act (29 U.S.C. § 794d) and the regulations promulgated



thereunder (36 C.F.R. Part 1194) (collectively, the "Accessibility Requirements"). For any writing provided to CARB in PDF format, Grantee shall, upon request, also provide an electronic version in the original electronic format (for example, Microsoft Word or Adobe InDesign). Grantee's obligations under this provision do not apply to writings, products, and services submitted using forms, templates, or documents provided by CARB.

- a. CARB may require Grantee to provide proof of compliance with the requirements described above, and may, at its discretion, perform testing to verify compliance.
- b. Grantee agrees to respond to and resolve any complaint brought to its attention regarding accessibility of deliverables provided under this Grant.
- c. Deviations from the Accessibility Requirements are permitted only upon the written consent of CARB.

9. Assignment:

This Grant is not assignable by Grantee, either in whole or in part, without the consent of CARB in the form of a written amendment signed by authorized representatives of both Parties.

10. Audit:

Grantee agrees that CARB, the California Department of General Services, the California Department of Finance, the California State Auditor, and/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 Grant funds received. Grantee agrees to maintain such records for possible audit



for a minimum of five (5) years from the date of termination, cancellation, or expiration of this Grant Agreement or for five (5) years after a State-funded incentive activity has concluded, whichever is later. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include a similar right of the State to audit records and interview staff in any agreement with any Grant Recipient related to performance of this Agreement.

11. Authority:

Each person executing this Grant Agreement on behalf of a Party represents that they are duly authorized to execute, bind, and deliver this Grant Agreement on said Party's behalf.

12. Availability Of Funds:

It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Grant does not appropriate sufficient funds for the program, this Grant shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Grantee or any Grant Recipient or to furnish any other considerations under this Grant and Grantee shall not be obligated to perform any provisions of this grant.

13. Compliance With Law:

Grantee agrees that during the term of this Grant Agreement, it will, at all times, comply with, and require its Grant Recipients to comply with, all applicable federal, State, and local laws in performing under this Grant Agreement or any



agreement funded by this Grant.

14. Computer Software and Project Data:

“Project Information Resources” means data, database, information, personally identifiable information (PII), documentation, materials, computer software, website, and any intellectual property (IP) that is developed, substantially modified, licensed, or acquired by Grantee or Grant Recipients, with any Grant Funds in performance of this Grant Agreement. Project Information Resources may be in hard copy form, such as computer printouts, or may be retained in machine form, such as computer memory or storage media.

Computer software developed or substantially modified using primarily Grant Funds must include a copyleft license comparable to GNU General Public License v3.0 (GPLv3) (available at <https://www.gnu.org/licenses/gpl-3.0.html>) or later version if the software source code is intended to be licensed or otherwise released to the public. Other copyrightable Project Information Resources developed or substantially modified using primarily Grant Funds that are intended to be shared forward by the public must include a copyleft license comparable to Creative Commons Attribution Share Alike license version 4.0 or later (available at <https://creativecommons.org/licenses/by-sa/4.0/legalcode.en>). Exceptions to the copyleft license requirement of this subsection include where:

- a. The sharing of the material is restricted by law or regulation;
- b. The sharing of the material would create a risk to the detriment of national security, confidentiality of State, Grantee or Grantee Recipient information, or individual privacy;



- c. The sharing of the material would create a risk to the stability, security, or integrity of the systems or personnel of the State, Grantee, Grant Recipient or of the material's owner;
- d. The sharing of the material would create a risk to the State's, Grantee's, Grant Recipient's, or the material owner's, mission, programs, or operations.

CARB disclaims title and ownership rights to Project Information Resources. However, Grantee, to the extent it has the right to do so, grants to CARB a no-cost, royalty-free, non-exclusive, transferable, irrevocable, worldwide, perpetual license to use, reproduce, share, publish, translate, and make collective works of the Project Information Resources, including computer software executable files but excluding for this license to CARB any computer source code, subject to applicable law on privacy and confidentiality. Grantee shall require Grant Recipients to grant CARB similar license rights to the extent Grant Recipient has the right to do so.

Grantee certifies that it has appropriate systems and controls in place to ensure that Grant Funds will not be used in the performance of this Grant Agreement for the acquisition, operation, development, or maintenance of computer software or other intellectual property in violation of copyright or any other intellectual property laws. Grantee shall require Grant Recipients to make similar certifications.

15. Confidentiality:

Except as may be required by law, such as the California Public Records Act (California Government Code Section 7920.000 et seq.), court order, or legal process (such as a subpoena), no record which has been designated as



confidential by CARB shall be disclosed by Grantee. If Grantee believes disclosure of a confidential record may be required by law, Grantee shall first give CARB at least ten (10) calendar days' written notice prior to any planned disclosure so CARB can seek an order preventing disclosure from a court of competent jurisdiction.

Grantee acknowledges that it will identify any information it provides CARB that it asserts is confidential in accordance with California Code of Regulations, title 17, sections 91011 and 91022. Grantee acknowledges that, as provided in California Code of Regulations, title 17, sections 91010, any information provided to CARB may be released (1) to the public upon request, except trade secrets which are not emission data or other information which is exempt from disclosure or the disclosure of which is prohibited by law, and (2) to the federal Environmental Protection Agency, which protects trade secrets as provided in Section 114(c) of the Clean Air Act and amendments thereto (42 USC 7401 et seq.) and in federal regulations. Grantee further acknowledges that CARB may anonymize and aggregate confidential information it receives and make such information public.

16. Conflict Of Interest:

Grantee certifies that it is, and shall remain, in compliance with all applicable State and federal conflict of interest laws during the entire term of this Grant Agreement. Grantee will have no interest, and shall not acquire any interest, direct or indirect, which will conflict with its ability to impartially perform under, or complete the tasks described in, this Grant. Grantee must disclose any direct or indirect financial interest or situation which may pose an actual, apparent, or potential conflict of interest with its duties throughout the Grant term. CARB may



consider the nature and extent of any actual, apparent, or potential conflict of interest in Grantee's ability to perform the Grant. Grantee must immediately advise CARB in writing of any potential new conflicts of interest throughout the term of this Grant Agreement.

17. Construction:

This Grant Agreement shall not be construed more strongly against either Party regardless of who is more responsible for its preparation.

18. Cumulative Remedies:

The rights and remedies of the Parties to this Grant Agreement, whether pursuant to this Grant Agreement or in accordance with law, shall be construed as cumulative, and the exercise of any single right or remedy shall constitute neither a bar to the exercise of nor the waiver of any other available right or remedy.

19. Disbursement Request and Deadline:

The Grantee shall initially submit a draft Grant Disbursement Request to the CARB Project Liaison to complete a Grant Disbursement Request package pre-review.

Grantee shall submit all Grant Disbursement Requests to CARB's Accounting Section at Grants@arb.ca.gov with a CC to MSCDgrants@arb.ca.gov. Grantee must submit this electronically, based on CARB's current electronic submission guidance at the time of request. Requests for payment must be made with the Grant Disbursement Request Form and contain all documentation required with the form.

Grant disbursement requests must be submitted by the Grantee to CARB no later



than May 1, 2027 to ensure adequate time for processing prior to the end of CARB's fiscal year. The funds specified in this Grant Agreement must be disbursed by CARB to Grantee by June 30, 2027.

20. Disputes:

Prior to exercising any rights or remedies which may arise as a result of any breach of this Grant Agreement, or for any disagreements or conflicts arising from the implementation of this Grant Agreement, the Party alleging the breach, disagreement, or conflict will provide the other Party written notice of the term or condition which is alleged to have been breached, or the disagreement or conflict that has arisen. Grantee shall continue with the responsibilities under this Grant Agreement during any such dispute, unless otherwise directed in writing by CARB. Grantee staff or management and CARB staff or management shall work together in good faith to resolve any such breach, disagreement, or conflict. However, any disputes that cannot be resolved at the management level within 30 days from the date on the above written notice, or a longer period as CARB may provide at its sole discretion, shall be subject to resolution by the CARB Executive Officer, or their designated representative, in accordance with the other terms of this Grant Agreement. Such resolution may include termination of the Grant Agreement per Section 48 - Termination. Nothing contained in this paragraph is intended to limit any of the rights or remedies that the parties may have under law. This provision does not apply to Section 26 - Force Majeure.

21. Electric Vehicle Charging Infrastructure and Equipment:

Grantee must ensure the following requirements are included in all Grant Recipient agreements for electric vehicle charging infrastructure funded with



Grant Funds, in whole or in part:

a. Installation:

- i. Prior to authorizing work, a Grant Recipient that was awarded funds to install electrical charging equipment for use by on-road transportation vehicles must:
 - (a) Certify that the project will comply with Public Utilities Code section 740.20 (Section 740.20) requirements or describe why the requirements do not apply to the project. The certification shall be signed by the Grant Recipient's authorized representative. For the purpose of this requirement, the certification may be included as a provision contained in the agreement with the Grant Recipient.
 - (b) Acknowledge that Electric Vehicle Infrastructure Training Program (EVITP) Certification Numbers of each EVITP-certified electrician that will install electric vehicle charging infrastructure or equipment shall be submitted after work is completed as a condition of reimbursement.
- ii. Evidence such as Certification Numbers are not required to be obtained by Grantee if the Section 740.20 requirements do not apply to a project.
- iii. Prior to remitting payment to a Grant Recipient, Grantee shall collect all Section 740.20 Certifications to ensure the project complied with all Section 740.20 requirements, where applicable, and shall retain Certification Numbers in accordance with Grantee's records retention schedule.
- iv. The requirements of this section do not apply to any of the following:
 - (a) Electric vehicle charging infrastructure installed by employees of an



electrical corporation or local publicly owned electric utility;

- (b) Electric vehicle charging infrastructure funded by monies derived from credits generated from the Low Carbon Fuel Standard Program (Sub-article 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations); and
- (c) Single-family home residential electric vehicle chargers that can use an existing 208/240-volt outlet.

b. Reporting:

Under Public Resources Code section 25231.5, the California Energy Commission (CEC) is required to develop uptime recordkeeping and reporting standards for electric vehicle chargers (EVCs) that will apply to all State-funded EVCs installed between January 1, 2024, and January 1, 2035. Grantee shall require Grant Recipients for the installation of AC Level 2 and Direct Current Fast Charger (DCFC) EVCs to comply with the CEC standards as required by section 25231.5, for a minimum of 6 years, unless the CEC decides a longer time span is more appropriate. The requirements in this section do not apply to EVCs that are excluded under California Code of Regulations, title 20, section 3120 et seq., including but not limited to:

- i. Temporary chargers;
- ii. Off-grid chargers;
- iii. Private residential chargers, including chargers used solely for private use by residents of a residential real property containing four or fewer dwelling units, or any charger used solely for private use by residents of



a single unit of a residential real property containing more than four dwelling units for which one or more of the residents of that unit would be the exclusive charging station operator(s) or site host(s) of the charger; and,

- iv. Research chargers.

22. Entire Agreement:

This Grant Agreement constitutes the entire agreement and understanding between the Parties and supersedes and replaces any and all prior negotiations and agreements of any kind, whether written or oral, between the Parties concerning this Grant Agreement.

23. Environmental Justice:

In the performance of this Grant Agreement, Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that seeks to ensure the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, including priority populations (e.g., disadvantaged communities, low-income communities, and low-income households) of the State.

24. Executive Order N-6-22 - Russia Sanctions:

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts and



grants with, and to refrain from entering any new contracts and grants with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine that Grantee is a target of Economic Sanctions or is knowingly conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Grant Agreement pursuant to the terms of this Grant Agreement.

25. Fiscal Management Systems and Accounting Standards:

Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracking of Grant Funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal, State, or local law and this Grant Agreement. Unless otherwise prohibited by federal, State, or local law, the Grantee further agrees that it will maintain a separate Grant Fund or ledger account to manage, administer, account for, and safeguard Grant Funds for their restricted use and purpose. Grant Funds are restricted funds and may not be used to supplement Grantee's other responsibilities or obligations. At a minimum, Grantee shall use generally accepted accounting principles.

As restricted funds, Grant Funds are not assets of the Grantee and shall not be used, obligated, or relied upon for any purposes other than those purposes and uses that are authorized under applicable law, this Grant Agreement, and any applicable grant program guidelines, guidance documents, and/or implementation manuals. Grant Funds shall not be used as collateral for any debt, loan, or other borrower commitments of Grantee or Grant Recipients. All Grant Fund accounts shall adequately and accurately depict all amounts received and



expended. Where Grantee has received multiple grants from CARB, all Grant Fund accounts should adequately track funds for each grant award by reference to the specific grant number.

26. Force Majeure:

Neither CARB nor Grantee are liable for nor will be deemed to be in default for any delay or failure in performance under this Grant Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, government declaration of emergency, national or State declared pandemics, lockouts, labor disputes, fire, flood, earthquakes, or other physical natural disasters. If either Party intends to invoke this clause to excuse or delay performance, the Party invoking the clause must provide written notice to the other Party immediately, but no later than within fifteen (15) calendar days of when the force majeure event occurs and reasons that the force majeure event is preventing that Party from or delaying that Party in performing its obligations under this Grant.

Notwithstanding any other provision of this Grant Agreement, CARB may terminate this Grant Agreement immediately in writing without penalty to either party in the event Grantee invokes this clause. If the Grant Agreement is not terminated by CARB pursuant to this clause, upon completion of the event of force majeure, Grantee must, as soon as reasonably practicable, recommence the performance of its obligations under this Grant Agreement. Grantee must also provide a revised performance schedule to minimize the effects of the delay caused by the event of force majeure. A force majeure event does not relieve a Party from liability for an obligation which arose before the occurrence of that



event.

27. Funding Prohibitions for Sectarian Purposes and Non-Public Schools:

Grantee and Grant Recipients may use or authorize the use of CARB-provided funds only in any manner that is consistent with applicable laws, including California Constitution, article XVI, section 5, and article IX, section 8 (prohibiting grant fund awards to non-public schools), and federal law. CARB reserves the right to obtain additional information from Grantee and others to determine compliance with the California Constitution, article XVI, section 5, and article IX, section 8. Failure by Grantee to provide any information requested by CARB may result in denial of Grant Funds or termination of this Grant Agreement pursuant to the terms of this Grant Agreement.

28. GenAI Technology Use and Reporting:

a. Definitions:

- i. "Generative AI (GenAI)" means "an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system's training data." (Gov. Code § [11549.64](#).)
- ii. "Deliverable" means "software, services, goods, works of authorship, and any other items (e.g., reports, documentation) to be delivered pursuant to this Grant Agreement, including any incidental items."

b. Grantee must notify CARB in writing, within 15 days, or a longer period agreed to by CARB, and require their Grant Recipients to notify CARB in writing in the same timeframe, if they:

- i. Intend to provide GenAI as a deliverable to CARB; or,



- ii. Intend to utilize any previously unreported GenAI, including GenAI from third parties, to complete all or a portion of any deliverable that materially impacts:
 - (a) Functionality of a State system;
 - (b) Risk to the State; or,
 - (c) Performance under this Grant Agreement.

For avoidance of doubt, the term “materially impacts” shall have the meaning set forth in State Administrative Manual (SAM) § 4986.2 Definitions for GenAI.

- c. Notification shall be provided to CARB’s Project Liaison identified in this Grant Agreement.
- d. At the direction of CARB, Grantee shall discontinue, and require their Grant Recipients to discontinue, the provision to CARB of any previously unreported GenAI that results in a material impact to the functionality of a State system, risk to the State, or Grant performance, as determined by CARB.
- e. If the use of previously undisclosed GenAI is approved by CARB, then upon request by CARB, Grantee will amend the Grant Agreement accordingly, and their related agreements with Grant Recipients, which may include incorporating the GenAI Special Provisions into these agreements, at no additional cost to the State.
- f. CARB, at its sole discretion, may consider Grantee’s failure to disclose or discontinue the provision or use of GenAI as described above, or to incorporate terms as requested in this section into their agreements with Grant Recipients, to constitute a material breach of the Grant Agreement when such failure results in a material impact to the functionality of the system, risk to the



State, or Grant performance. CARB is entitled to seek any and all remedies available to it under law as a result of such breach, including but not limited to termination of the Grant Agreement pursuant to the terms stated herein.

29. Governing Law and Venue:

This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and Grantee hereby agree that any action arising out of this Grant Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California, Sacramento location. Grantee hereby waives any existing sovereign immunity for the purposes of this Grant Agreement.

30. Grantee's Responsibility for Work:

CARB shall not be responsible for disputes arising out of Grantee's contracts or agreements for work on a project funded by this Grant Award, including but not limited to payment disputes with Grant Recipients. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance or payment of work under this Grant Agreement.

31. Incorporated Documents:

Grantee is authorized to administer this as a local program according to the requirements described in the following documents, which are incorporated by reference into the Grant Agreement:

- a. Exhibit B - 2024 Carl Moyer Program Guidelines and any future board-approved versions, current program advisories and mail-outs, and future



program advisories and mail-outs issued during the Grant term (collectively “Moyer Guidelines”). The Carl Moyer Guidelines may be found at: [2024 Carl Moyer Program Guidelines](#) (revised October 2024) | California Air Resource Board.

- b. Exhibit C - Grantee’s Policies and Procedures for the Carl Moyer Program (Refer to Ch.3, Section D.5. of the Carl Moyer Program 2024 Guidelines).
- c. Exhibit D - Community Air Protection Incentives 2024 Guidelines, current program advisories and mail-outs, and future program advisories and Mail-outs issued during the Grant term (collectively “CAP Incentive Guidelines). The CAP Incentives Guidelines may be found at: [Community Air Protection Incentives 2024 Guidelines](#) (revised May 2025) | California Air Resources Board.
- d. Exhibit E - Grantee’s Policies and Procedures for the CAP Program Incentives (Refer to Ch.3, Section B.5 of the CAP Program Incentives 2024 Guidelines).

32. Indemnification:

Grantee agrees to indemnify, defend, and hold harmless the State of California, CARB, and its/their officers, employees, agents, representatives, and successors-in-interest against and for any liability, loss, and expense, including reasonable attorneys’ fees, from and for any and all claims for injury or damages (collectively, “Losses”) arising out of Grantee’s or any Grant Recipient’s performance of this Grant Agreement, except for Losses arising out of the gross negligence or willful misconduct of CARB.

33. Independent Contractor:

Grantee, and its Grant Recipients, in their performance of this Grant Agreement,



shall act in an independent capacity and not as officers, employees, or agents of the State of California.

34. Insurance:

Unless Grantee is self-insured, Grantee shall add the State of California as an additional insured on all insurance policies it carries in relation to this Grant during the Term of this Grant Agreement. Grantee and all Grant Recipients shall maintain all insurance as required by federal, State, or local law.

If Grantee is self-insured, in whole or in part, Grantee shall provide CARB with written acknowledgement of this fact at the time of the execution of this Grant Agreement. CARB may require financial information to justify Grantee's self-insured status. If at any time after the execution of this Grant Agreement, Grantee abandons its self-insured status, Grantee shall immediately (by the next business day) notify CARB of this fact and shall comply with all of the terms and conditions of this Section pertaining to insurance requirements.

35. Labor Compliance for Drayage and Short-Haul:

Grantee shall ensure that all agreements with any and all Grant Recipients who receive or use any Grant Funds to purchase, or lease for greater than one year, new drayage or short-haul trucks contain a requirement that as a condition of Grant Fund receipt or use and as a condition of participation in the Program, Grant Recipients must comply at all times with all applicable provisions of California Health and Safety Code sections 39680 through 39693, which require Grant Recipients to maintain compliance with applicable labor law, retain direct control over the manner and means for performance of any individual using or driving the vehicle, and other requirements.



36. Liquidation and Return of Funds:

Funds not liquidated by June 30 of the eighth (8th) year following the Grant Agreement execution (**June 30, 2033**) must be returned to CARB by **September 28, 2033**. "Liquidate" means that all moneys allocated for the Grant have been spent by Grantee for eligible project expenses. Liquidate includes expenditure of Grant Funds related to performance under the grant program and not due to any loss incurred in an uninsured or under insured bank or investment account.

In the event the Grant is terminated prior to the term end date, Grantee shall transfer to CARB all Grant Funds that are not liquidated, including any advance payment and any earned interest, within thirty (30) days of the notice of termination, or a longer period as CARB may provide in its sole discretion. This shall include Grant Funds remaining after accounting for (1) expenses incurred, and (2) funds encumbered in agreements for the purchase or lease of equipment that were executed before receipt of the termination notice. Upon demand by CARB, such funds shall also include Grant Funds recaptured by the Grantee pursuant to Section 4.c above. Grantee shall report to CARB any Grant Funds committed in executed equipment-purchase agreements that are not spent within one year of the termination notice, and shall return said funds to CARB upon demand.

37. Nondiscrimination:

- a. During the performance of this Grant Agreement, Grantee shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision making,



medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age (over 40), sexual orientation, veteran or military status, or any other characteristic protected by law, or unlawfully deny family-care leave, medical-care leave, pregnancy-disability leave, or other legally-protected leave. Grantee shall ensure that the evaluation and treatment of its employees and applicants for employment are free of such discrimination and harassment. Grantee shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, title 2, section 11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a)-(f), set forth in Chapter 5 of Division 4.1 of title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

- b. During the performance of this Grant, Grantee shall comply with the provisions of California Government Code section 11135; Title VI of the U.S. Civil Rights Act of 1964; Section 504 of the federal Rehabilitation Act of 1973; the federal Age Discrimination Act of 1975; Section 13 of the Federal Water Pollution Control Act of 1972; and U.S. Environmental Protection Agency's implementing regulations at 40 C.F.R. Parts 5 and 7.
- c. Grantee shall give written notice of their respective obligations under this clause to labor organizations with which any may have a collective bargaining or other agreement.
- d. Grantee shall permit access by representatives of the California Civil Rights Department, CARB, or U.S. Environmental Protection Agency (U.S. EPA) upon



reasonable notice to access all sources of information as required to ascertain compliance with this clause.

- e. Grantee acknowledges and agrees that, pursuant to Government Code section 11136, whenever CARB has reasonable cause to believe that Grantee or Grant Recipients has violated any of the provisions of Government Code section 11135 or section 12900 et seq., or any of the provisions of California Civil Code sections 51, 51.5, 51.7, 54, 54.1, or 54.2, or any regulation adopted to implement these sections or Article 1 (commencing with Government Code section 12960) of Chapter 7 of the Government Code, then CARB will notify Grantee or, where applicable, the Grant Recipient, of such violation and will submit a complaint detailing the alleged violations to the California Civil Rights Department for investigation and determination pursuant to Government Code sections 11136 and 12960 et seq.
- f. Grantee acknowledges and agrees that in the event of Grantee's or its Grant Recipients' noncompliance with this provision, Grantee or Grant Recipient may be subject to remedial action determined appropriate and consistent with applicable law by CARB, the California Civil Rights Department, or the U.S. EPA, including but not limited to termination of this Grant Agreement pursuant to the terms of this Grant Agreement.
- g. Grantee acknowledges that CARB's Civil Rights Policy applies to this Grant Agreement and CARB will administer this Grant consistent with such policy. The policy may be found at: <https://ww2.arb.ca.gov/california-air-resources-board-and-civil-rights>.
- h. Grantee shall include the provisions of this Nondiscrimination Section in all



contracts, subcontracts, and agreements, including but not limited to those with Grant Recipients, where work is performed to fulfill any term or condition of this Grant Agreement. Grantee shall notify CARB if it becomes aware that a Grant Recipient has violated the provisions of this Section and take appropriate remedial action as required by law or by CARB.

38. Office Of Foreign Asset Control:

Transactions may be or are prohibited if they involve the property or interests in property of an entity or individual listed on the Office of Foreign Asset Control (OFAC) targeted lists. OFAC publishes lists of targeted individuals, groups, and entities, which can be found at <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>. Refer also to the U.S. Department of the Treasury website: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>. The property and interests in property of an entity that is 50 percent or more owned by one or more persons whose property and interests in property are blocked pursuant to any part of 31 C.F.R. chapter V are also blocked, regardless of whether the entity itself is listed.

Grantee shall include in all recipient agreements an acknowledgment that the Grant Recipient and its agents and property are not in violation of any federal law pertaining to any entity or individual listed on any of the OFAC lists. Grantee shall notify CARB within 15 calendar days if it has knowledge that Grantee or any Grant Recipient is in violation of any federal law pertaining to any entity or individual listed on any of the OFAC lists.



39. Order of Precedence:

In the event of any inconsistency between the exhibits, attachments, specifications, or provisions which constitute this Grant Agreement, the following order of precedence shall apply:

- a. Grant Agreement Cover Sheet
- b. Exhibit B - 2024 Carl Moyer Program Guidelines and any future board-approved versions, current program advisories and mail-outs, and future program advisories and mail-outs issued during the Grant term (collectively "Moyer Guidelines"). The Moyer Guidelines may be found at: 2024 Carl Moyer Program Guidelines (revised October 2024) | California Air Resource Board.
- c. Exhibit D - Community Air Protection Incentives 2024 Guidelines, current program advisories and mail-outs, and future program advisories and Mail-outs issued during the Grant term (collectively "CAP Incentive Guidelines"). The CAP Incentives Guidelines may be found at: Community Air Protection Incentives 2024 Guidelines (revised May 2025) | California Air Resources Board.
- d. Exhibit A - Grant Agreement Terms and Conditions
- e. All other Exhibits incorporated into the Grant Agreement or as otherwise listed on the Grant Agreement Cover Sheet.

40. Paragraph Headings:

The headings and captions of the various paragraphs, subparagraphs and sections hereof are for convenience only, and they shall not limit, expand, or otherwise affect the construction or interpretation of this Grant Agreement.



41. Personally Identifiable Information (PII):

Information or data that personally identifies an individual or individuals is confidential in accordance with relevant State or federal statutes and regulations. Grantee shall comply with all applicable State or federal statutes or regulations regarding the receipt, use, storage, and release of PII, including by safeguarding all such information or data which comes into their possession under this Grant Agreement and not releasing or publishing any such information or data, except as required by law, court order, or legal process (such as a subpoena).

42. Prevailing Wages and Labor Compliance:

Where applicable, Grantee agrees to be bound by and comply with all the provisions of California Labor Code Section 1771 et seq. regarding prevailing wages. Grantee shall ensure that all agreements subject to reimbursement from this Grant Agreement include language requiring compliance with the applicable provisions of California Labor Code Sections 1720-1861.

43. Project Equipment:

Project Equipment means any products, objects, vehicles, computers, hardware, vessels, engines, machinery, apparatus, implements or tools acquired by Grantee. All such Project Equipment shall be used for the Grant project or program for which it was acquired and for as long as needed or required by the Grant project or program. All such Project Equipment shall be primarily, but need not be exclusively, used for such Grant project or program.



44. Professionals:

Grantee agrees that only licensed professionals will be used to perform services under this Grant Agreement where such services are called for and licensed professionals are required for those services under State law.

45. Severability:

If a court of competent jurisdiction holds any provision of this Grant Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, shall not be affected.

46. Survival:

All provisions in this Grant Agreement shall survive its termination, cancellation, or expiration, except the following sections (unless otherwise required by law):
Additional Required Terms for Grant Recipient Agreements Funded by This Grant;
Amendment; Americans with Disabilities Act; Assignment; Compliance with Law;
Conflict of Interest; Disbursement Deadline; Disbursement Request;
Environmental Justice; Executive Order N-6-22 - Russia Sanctions; Force Majeure;
Funding Prohibitions for Sectarian Purposes and Non-Public Schools; GenAI Use and Reporting; Insurance; Labor Compliance for Drayage and Short-Haul;
Nondiscrimination (except for 37.d); Office Of Foreign Asset Control; Prevailing Wages and Labor Compliance; Professionals; and Timeliness.

47. Term:

This Grant Agreement shall be effective upon full execution of the Grant



Agreement Cover Sheet and shall continue in full force and effect until the Grant Agreement expires, is terminated or all conditions of the Grant Agreement have been met, whichever occurs first. This Grant Award is conditional based on CARB receipt and approval of a fully executed Grant Agreement.

48. Termination:

CARB may terminate this Grant Agreement with cause by written notice at any time prior to completion of projects funded by this Grant Award. Termination with cause means a violation by Grantee of any provision of this Grant Agreement after such violation has been called to the attention of Grantee and after failure of the Parties to resolve the dispute pursuant to Section 20 Disputes.

49. Timeliness:

Time is of the essence in this Grant Agreement. Grantee shall proceed with and complete the Projects funded by this Grant Agreement in an expeditious manner.

50. Third-Party Beneficiaries:

Grantee represents, warrants and agrees that CARB and the State of California are third-party beneficiaries in all contracts, subcontracts, grants, subgrants and other agreements entered into using Grant Funds, or for the purpose of carrying out any of the terms or conditions of this Grant Agreement during the Term.

The existence of this Grant Agreement does not create, and nothing stated in this Grant Agreement creates, rights in or grants remedies to any third-party or third parties, other than CARB and the State of California as stated in this section, as a



beneficiary or beneficiaries of this Grant Agreement, or of any duty, covenant, obligation or undertaking established herein.

51. Waiver Of Rights:

Any waiver of rights with respect to a default or other matter arising under the Grant Agreement at any time by either Party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies provided for in this Grant Agreement to either Party are in addition to any other rights and remedies provided by law.