


Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Emily Waddington, Air Quality Specialist, (805) 979-8334

SUBJECT: Additional Funding for Heat Clean Program

RECOMMENDATION:

Consider recommendations as follows:

1. Delegate authority to the Air Pollution Control Officer to execute the attached Memorandum of Understanding (MOU) with the San Luis Obispo County Air Pollution Control District to accept the transfer of \$123,448.73 to supplement the District's implementation of the Heat Clean Program, subject to review and approval by District Counsel, Risk Management, and Auditor-Controller; and
2. Delegate authority to the Air Pollution Control Officer to execute minor amendments to the MOU listed in recommendation 1 above in future years, subject to review and approval by District Counsel, Risk Management, and Auditor-Controller.

BACKGROUND:

The Heat Clean Program (formerly the Woodsmoke Reduction Program) assists households in voluntarily replacing uncertified wood-burning stoves or fireplaces used as primary heat sources with cleaner, more efficient electric heating options, such as electric fireplace inserts or heat pumps. The Program mitigates neighborhood impacts and achieves emission reductions in criteria air pollutants, toxic air contaminants, and greenhouse gases by reducing the amount of woodsmoke emitted from fireplaces and wood stoves throughout Santa Barbara County.

The Program is designed to maximize benefits to low-income households, households located in disadvantaged or low-income communities, and households located on tribal land, with a goal of distributing 75% of funding to these priority populations. The Program is operated by the District in accordance with the California Air Resources Board (CARB)'s Woodsmoke Reduction Program Guidelines.¹ The funds to support the Program come from California Climate Investments, a statewide program that uses Cap-and-Invest dollars to fund projects that reduce harmful emissions, protect public health, strengthen local economies, and support natural environments. With a strong focus on communities most impacted by pollution and limited access to resources, California Climate Investments helps build a more equitable and sustainable future – where all Californians can share in the benefits of climate action. More information on the District's Program is available at www.ourair.org/heatclean/.

With your Board's approval, the District has implemented four cycles of the Heat Clean Program with the fourth cycle currently in operation. This cycle of the Program is initially funded with \$445,004 from CARB through two allocations approved by your Board with Resolution 23-05 in June 2023 and Resolution 24-01 in January 2024. Thus far, the District has completed 182 changeout projects for all four cycles of the Program, with 119 of those projects (87% of total funding), serving low-income communities or low-income households. The District has expended a combined total of \$772,458 on the Program to date, achieving a cost-effectiveness of \$4,357 per ton of PM_{2.5} reduced and \$2,303 per ton of ozone precursors [reactive organic compounds (ROCs) and oxides of nitrogen (NO_x)] reduced.

DISCUSSION:

In May 2026, the California Air Resources Board (CARB) presented the District with an opportunity to receive funds originally allocated to the San Luis Obispo County Air Pollution Control District (SLOAPCD) for its CARB-funded Woodsmoke Reduction Program. Due to limited participation in their program, SLOAPCD had remaining unspent funds in the amount of \$123,448.73. Given the strong demand for our Program, the District expressed interest in accepting these additional funds to further support our current program's implementation. Depending on project type and applicant eligibility, the additional funds would support the completion of at least 10 and up to 49 additional change-out projects.

The additional funds would be subject to CARB's 2022/2023 Woodsmoke Reduction Program Guidelines and previous Grant Agreement G21-WSRP-21-1 the District signed with CARB in June 2023 to implement Cycle 4 of the Program. All additional funds are dedicated solely to project implementation, with no portion available for administrative expenses.

Woodsmoke emitted from fireplaces and wood stoves accounts for approximately 33% of wintertime particulate matter (PM_{2.5} and PM₁₀) emissions in the county. Woodsmoke also emits ozone precursors (ROCs and NO_x), greenhouse gases, black carbon, and other toxic air contaminants. Every year, the District receives complaints about neighborhood impacts due to wood-burning stoves and fireplaces. By authorizing the use of additional funds for the Heat

¹ https://ww2.arb.ca.gov/sites/default/files/2023-11/2021-2022_2022-2023amended_wrp_final_guidelines.pdf

Clean Program, your Board will allow the District to continue to implement this successful cost-effective program that provides valuable health benefits to community members and improves air quality.

FISCAL IMPACT:

Due to an unanticipated opportunity in May 2026 to receive unspent Heat Clean Program implementation funds from the SLOAPCD, these additional pass-through funds were not included in the District's proposed Fiscal Year (FY) 2026-27 budget. If approved, the funds will be eligible for use during FY 2026-27 to further support implementation of the District's ongoing Heat Clean Program. As these are pass-through funds, the District's proposed budget bottom line will remain unaffected. All labor associated with administering this program is already accounted for in the District's proposed FY 2026-27 budget.

ATTACHMENT:

- A. Memorandum of Understanding between San Luis Obispo County Air Pollution Control District and Santa Barbara County Air Pollution Control District.

ATTACHMENT A

Memorandum of Understanding Between the San Luis Obispo
County Air Pollution Control District and the Santa Barbara
County Air Pollution Control District.

June 25, 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, CA 93455

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE SAN LUIS OBISPO COUNTY AIR POLLUTION CONTROL DISTRICT AND THE
SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT FOR THE PURPOSE OF REDIRECTING
FUNDS FROM WOODSMOKE REDUCTION PROGRAM GRANT AGREEMENT G21-WSRP-20-1**

This Memorandum of Understanding (MOU) is made between the San Luis Obispo County Air Pollution Control District (SLOCAPCD) and the Santa Barbara County Air Pollution Control District (SBCAPCD) to redirect a total of \$123,448.73 of unused funds from the Woodsmoke Reduction Program Grant Agreement G21-WSRP-20-1 between SLOCAPCD and the California Air Resources Board (CARB) to the Woodsmoke Reduction Program Grant Agreement G21-WSRP-21-1 between SBCAPCD and CARB. Transfer funds will be subject to 2022/2023 Woodsmoke Reduction Program Guidelines and Grant Agreement between SBCAPCD and CARB.

RECITALS

- a. The California Climate Investments Woodsmoke Reduction Program (WSRP) is part of 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;
- b. The California Air Resources Board (CARB) developed Program Guidelines for the implementation of the Woodsmoke Reduction Program (WSRP);
- c. In accordance with the agreement between CARB and SLOCAPCD, SBCAPCD will receive a portion of the funding allocated and disbursed to SLOCAPCD to fund projects in Santa Barbara County;
- d. Incentive funding is available on a first-come, first-served basis, and the Program will continue until the allocated funds are depleted.
- e. This is a reallocation of Woodsmoke Reduction Program grant funds pursuant to CARB's review and approval. It is not an assignment of grant responsibility. SLOCAPCD will independently continue to comply with Grant Agreement G21-WSRP-20-1 and SBCAPCD will independently continue to comply with Grant Agreement G21-WSRP-21-1.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises hereafter set forth, the SLOCAPCD and SBCAPCD agree as follows:

1 Purpose of MOU

The purpose of this MOU is for SLOCAPCD to redirect Woodsmoke Reduction Program funds to SBCAPCD in the total amount of \$123,448.73, and for SBCAPCD to accept said Woodsmoke Reduction Program funds re-directed from SLOCAPCD, for distribution in support of the State Woodsmoke Reduction Program.

2 Term of Contract

The term of this MOU will commence upon execution by all parties and terminate on June 30, 2027, or earlier upon mutual agreement between SLOCAPCD and SBCAPCD.

3 Scope of Work

- SBCAPCD will administer the State Woodsmoke Reduction Program with grant funds received from SLOCAPCD as detailed in Exhibit A, pursuant to the terms of existing Grant Agreement G21-WSRP-21-1, including, but not limited to the following:
- Enter into agreement with appropriately licensed installers in SBCAPCD.
- Advertise the program in newspapers, direct mailers, etc. to residents in areas of Santa Barbara County determined to be in the areas of greatest need.
- Process all paperwork required by CARB for the WSRP.
- Process claims for payment to participating installers.

4 Funding

Funding is provided by Senate Bill 563 to be administered by CARB to promote the voluntary replacement of old wood-burning stoves, fireplace inserts, or fireplaces with cleaner and more efficient alternatives. SLOCAPCD and SBCAPCD agree to allow SBCAPCD to receive the re-directed funding allocated to SLOCAPCD in performance of this MOU pursuant to CARB's review and approval. The grant amount to be re-directed from SLOCAPCD is \$123,448.73.

5 Final Report

SBCAPCD will provide SLOCAPCD with electronic copies of the reports submitted to CAPCOA and CARB if requested.

6 Indemnification

SBCAPCD will indemnify and defend SLOCAPCD, its Board of Directors, agents and employees from and against all claims, demands, losses, damages, liability, costs, and expenses of whatever nature including court costs and Counsel fees, accruing or resulting to any person, firm, or corporation who may be injured by the intentional acts or negligence of SBCAPCD in the performance of its obligations under this MOU.

7 Alteration

No alteration or variation of the terms of this MOU will be valid unless made in writing and signed by both parties.

Termination

- 8** Either party may terminate this MOU without cause upon thirty (30) days written notice served upon the other party. Any unspent funds will be returned to CARB.

9 Notices

Any notice, demand, request, consent, or approval that either party hereto may be or is required to give the other, must be in writing, and be either personally delivered or sent by prepaid, certified first class mail, return receipt requested, addressed as follows:

To SBCAPCD

Aeron Arlin Genet
Air Pollution Control Officer
Santa Barbara County APCD
260 N. San Antonio Road, Suite A
Santa Barbara, CA 93110

To SLOCAPCD

Karl Tupper
Air Pollution Control Officer
San Luis Obispo County APCD
3433 Roberto Court
San Luis Obispo, CA 93401

- A. Change of Address: Either party may change the address for service by giving 30 days advance written notice to the other party.
- B. Effective Date: All notices will be effective upon receipt and will be deemed received: (i) upon delivery if personally delivered, (ii) on the 5-day following deposit in the mail, if sent by certified mail, (iii) upon the date stated in the facsimile delivery confirmation, if sent by facsimile, or (iv) the next business day if sent by e-mail.

10 Audit of SBC APCD Records

SBCAPCD will maintain appropriate financial records relating to this MOU, and SLOCAPCD may demand access to these financial records to perform an audit of any work performed under this MOU. SBCAPCD must make these records available to SLOCAPCD thirty (30) days after receiving a written request for the records from SLOCAPCD, and SBCAPCD will retain the records as required by State Guidelines.

11 Timely Performance

The parties agree to work together in good faith to timely carry out their obligations under this MOU.

12 Waivers

Waiver by either party of any default, breach or condition precedent will not be construed as waiver of any other default, breach or condition precedent or any other right hereunder.

13 Severability

If any provision of this MOU is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provisions of this MOU, and this MOU will be construed and enforced as if the invalid or unenforceable provision had not been included.

14 Statutory Limitations

This MOU and any payments for compensation and expenses are subject to the provisions and limitations imposed by federal and State law. SLOCAPCD has no liability for payment of any compensation and expenses that are found to be in contravention of federal or State law provided that the payment was not made because of SLOCAPCD's intentional acts or negligence.

SBCAPCD will reimburse SLOCAPCD for any funds paid by it under this MOU that are later determined to be in contravention of any federal and state law provided that the payment was not made because of SLOCAPCD's intentional acts or negligence.

15 Contract Administrator:

Aeron Arlin Genet is the named Contract Administrator for this MOU. It is the responsibility of the Contract Administrator to: 1) verify compliance with the terms and conditions of the MOU, 2) determine that the work has been completed, 3) ensure that funding is available to pay approved invoices, and 4) approve all invoices under the MOU.

16 Authority to Bind:

The persons signing on behalf of the parties to this MOU warrant that they have the legal authority to execute this MOU.

Executed by:

Santa Barbara County APCD

San Luis Obispo County APCD

Aeron Arlin Genet
Air Pollution Control Officer

Karl A. Tupper
Air Pollution Control Officer

Approved to as form:

Michelle L. Gearhart
SLO County APCD Counsel

Woodsmoke Reduction Program Memorandum of Understanding

This Woodsmoke Reduction Program Memorandum of Understanding is by and between the San Luis Obispo County Air Pollution Control District and the Santa Barbara County Air Pollution Control District.

APPROVED AS TO FORM:


RACHEL VAN MULLEM COUNTY
COUNSEL

By: 

District Counsel

APPROVED AS TO FORM:


MARISA KAHN
RISK MANAGER

By: 

Risk Manager

APPROVED AS TO FORM:

BETSY M. SCHAFFER, CPA
AUDITOR-CONTROLLER

By: 

Deputy

EXHIBIT A

SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT shall

- Follow Grant Agreement G21-WSRP-21-1, the State Program Guidelines for the Woodsmoke Reduction Program and SBCAPCD Workplan for the California Climate Investments Woodsmoke Reduction Program.
- Develop and enter into agreements with Woodsmoke installers licensed to perform work in Santa Barbara County to ensure old wood-burning stoves, fireplace inserts, or fireplaces are rendered inoperable and instruct residents on proper operation of new Woodsmoke.
- Perform outreach for the Program, utilizing newspapers, direct mailers, door hangers, social media, etc. in Santa Barbara County as needed.
- Process all paperwork and reporting for the Program, including applications, payment claims, and any tracking documents required by the Program.
- Submit payment claims to the SBCAPCD, approving grant reimbursements to the participating installers of the Program.
- Provide SLOCAPCD with electronic copies of reports submitted to CAPCOA and CARB if requested.