

**North Coast Unified
Air Quality Management District**
707 L Street, Eureka, CA 95501
(707) 443-3093
www.ncuaqmd.org



**Meeting of the
North Coast Unified Air Quality Management District
Governing Board of Directors**

Thursday, May 21, 2026 at 10:00 a.m.,
NCUAQMD District Office
707 L Street, Eureka, CA 95501

AGENDA

- | | | |
|-----------|---------------------------------------|--------------------|
| 1. | 10:00 a.m. Call to Order | Board Chair |
| 2. | Roll Call | Clerk |
| 3. | Changes or Deletions to Agenda | Board Chair |

CONSENT AGENDA

- | | | |
|------------|--|--------------------|
| 4. | Consider Approving the Consent Agenda, Items for action, 4.1 through 4.3: The Board may approve the Consent Agenda by single motion in whole or in part with or without further discussion.
<u>Action Requested:</u> Approve Consent Agenda Items 4.1 through 4.3. | Board Chair |
| 4.1 | By Consent, Approve Minutes of April 9, 2026 Board Meeting | |
| 4.2 | By Consent, Accept and File District Activity Report | |
| 4.3 | By Consent, Approve Addendum #5 to APCO Employment Contract | |

REGULAR AGENDA

- | | | |
|-----|---|-------------|
| 5. | Public Comment Period (pursuant to Government Code section 54954.3(a)) | Board Chair |
| 6. | Calendar of Meetings for 2026
<u>Action Requested:</u> Discuss and Revise Calendar of Meetings for 2026 | Board Chair |
| 7. | FPPC Conflict of Interest Code
<u>Action Requested:</u> Approve Filing of “No Change” for District Conflict of Interest Code | APCO |
| 8. | Update on District Pension and Other Post Employment Benefits (OPEB) Liabilities
<u>Action Requested:</u> Accept and File Report | APCO |
| 9. | Public Hearing: Proposed FY 2026-27 District Budget
<u>Action Requested:</u> Close Public Hearing and Adopt the Proposed FY 2026-27 District Budget by Roll-Call Vote | APCO |
| 10. | APCO Report | APCO |
| 11. | Board Member Reports | Board Chair |
| 12. | Adjournment | Board Chair |

The meeting rooms are ADA accessible. Accommodations and access to NCUAQMD meetings for people with special needs must be requested of the Clerk in advance of the meeting.

Agenda Item: 1

Call to Order

Agenda Item: 2

Roll Call

Agenda Item: 3
Changes & Deletions
to the Agenda

Agenda Item: 4

Consent Agenda

Agenda Item: 4.1

**North Coast Unified
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**Minutes of the Regular Meeting of the North Coast
Unified Air Quality Management District Governing
Board of Directors Meeting of
April 9, 2026**

The meeting was called to order by Vice-Chair Councilmember Stillman at 10:02 a.m. at the NCUAQMD District Office: 707 L Street, Eureka, CA.

The meeting location was made available to the public.

MEMBERS PRESENT:

Rex Bohn
Heidi Carpenter-Harris
Alexandra Stillman

Humboldt County Supervisor
Trinity County Supervisor
City of Arcata Councilmember

MEMBERS ABSENT:

Chris Howard
Mike Wilson

Del Norte County Supervisor
Humboldt County Supervisor

STAFF PRESENT:

Brian Wilson
Jason Davis
Penny Costa
Erin Squire

APCO
Deputy APCO
Financial & Admin Services Division Manager
Clerk of the Board

OTHERS PRESENT:

Nancy Diamond

District Counsel

Agenda Item 1: Call to Order

Agenda Item 2: Roll Call

Agenda Item 3: Changes or Deletions to the Agenda

Agenda Item 4: Consider Approving the Consent Agenda

4.1: Approve Minutes of the March 19, 2026 Board Meeting

4.2: By Consent, Accept and File District Activity Report

A motion offered by Supervisor Bohn duly seconded by Supervisor Carpenter-Harris to Adopt Consent Agenda Items 4.1-4.2, is hereby APPROVED by the North Coast Unified Air Quality Management District Board of Directors on this 9th day of April 2026, by the following votes:

UNANMIOUS PASS by the following vote:

Ayes: Supervisor Bohn, Supervisor Carpenter-Harris, and Councilmember Stillman (3)
Nays: None (0)
Abstain: None (0)
Absent: Supervisor Howard and Supervisor Wilson (2)

There was no public comment.

Agenda Item 5: Public Comment Period

There was no public comment.

Agenda Item 6: Resolution of Appreciation for Jason Davis, Deputy APCO

Supervisor Carpenter-Harris recited Resolution 2026-3.

A motion offered by Supervisor Carpenter-Harris, duly seconded by Supervisor Bohn, to Approve Resolution 2026-3: Resolution of Appreciation for Mr. Jason Davis is hereby APPROVED by the North Coast Unified Air Quality Management District Board of Directors on this 9th day of April 2026, by the following votes:

UNANMIOUS PASS by the following vote:

Ayes: Supervisor Bohn, Supervisor Carpenter-Harris, and Councilmember Stillman (3)
Nays: None (0)
Abstain: None (0)
Absent: Supervisor Howard and Supervisor Wilson (2)

There was no public comment.

Agenda Item 7: Public Hearing: Proposed FY 2026-27 District Budget

The Budget Public Hearing was opened at 10:38 a.m. by Vice-Chair Councilmember Stillman. Staff introduced the Proposed 2026-27 FY Operating Budget with a PowerPoint presentation. The presentation was not included in the published board packet and is attached.

The Public Hearing was Continued to the next Regular Board meeting on May 21, 2026.

A motion offered by Supervisor Carpenter-Harris, duly seconded by Supervisor Bohn, to Open the Public Hearing for the 2026-27 District Budget is hereby APPROVED by the North Coast Unified Air Quality Management District Board of Directors on this 9th day of April 2026, by the following votes:

UNANMIOUS PASS by the following vote:

Ayes: Supervisor Bohn, Supervisor Carpenter-Harris, and Councilmember Stillman (3)
Nays: None (0)
Abstain: None (0)
Absent: Supervisor Howard and Supervisor Wilson (2)

There was no public comment.

Agenda Item 8: APCO Report

The APCO reported out on the following:

- District participation in Humboldt County Science Fair
- Update on Financial Audits
- Support Letter for RCEA for CPUC BioMAT Program
- EPA Wildfire Preparedness in Community Buildings Grant Notice
- EPA notice about right to repair
- CARB 2026 Priorities Memo
- District Staff attends 4th International Smoke Symposium

There was no public comment.

Agenda Item 9: Board Member Reports

Councilmember Stillman shared that Humboldt Transit Authority is please to be using our conference room for their Board Meetings.

Agenda Item 10: Adjournment

The Governing Board Meeting was adjourned at 11:19 a.m.

Clerk of the Board Certification:


I hereby certify the foregoing to be a full, true, and correct original record of the above-entitled meeting of the North Coast Unified Air Quality Management District Board of Directors held at the above date and time.



ERIN SQUIRE
Clerk of the Board


4/17/26
Date

The meeting rooms are ADA accessible. Accommodations and access to NCUAQMD meetings for people with special needs must be requested of the Clerk in advance of the meeting.



NCUAQMD Proposed Draft FY 2026-27 Budget


April 9, 2026



Slide 1

FY 2026-27 Proposed Budget Background Information

- ✓ Noticed per California Health & Safety Code, Section 40131
- ✓ 30-day public comment period - began March 10, 2026
- ✓ Initial public hearing - noticed – April 9, 2026
- ✓ Public comment period ends at next scheduled Board meeting (May) when final budget proposed/adopted
- ✓ Proposed Draft Budget has been available for public review in the District office and on the website
- ✓ No public comments have yet been received
- ✓ Per AB 2561, Status of Job Vacancies – there are no job vacancies continually funded in this budget



Slide 2

FY 2026-27 Proposed Budget

Unique Aspects to District Budgeting

- Revenue items can vary greatly (permits, applications, major source (Title V) fees on production/usage, fees based on emissions, grant admin, etc.).
- Expense items can vary greatly (wildfire response unfunded, Group Insurance rate increases, air monitoring station equipment repairs, grant admin, etc.).
- Reimbursement income from grants may not match grant amount allocated under agreement.
- Grant Administration funds may be received in a prior FY and spent from the Reserve Fund in another FY.

Slide 3



FY 2026-27 Proposed Budget

Finances Snapshot

- Grant Admin has shifted from % of grant to “direct reimbursement of actual costs through disbursement requests” – reliance upon unencumbered funds in our Reserve Fund
- Reserve Fund:
 - \$1 million Policy target met, plus a roughly estimated remaining unencumbered amount of about \$300,000
- Liability obligations from last actuarial(s):
 - OPEB Liability ~\$2.4million
 - where Governing Board approved \$2.2 million toward a PARS OPEB Trust (now at \$2.4 million)
 - Pension Obligation ~\$1.6 million

Slide 4



FY 2026-27 Proposed Budget Key Highlights

- Overall Proposed Budget is similar to last adopted FY budget in line items
- The current \$2.9 million dollar Operating Budget includes management of about \$6.3 million dollars in grant programs
- A 3.1% CPI increase was approved by the Board at the last Board meeting in March 2026

Slide 5



FY 2026-27 Proposed Budget Key Items Impacting a Balanced Budget

Significant items on Income side:

- Increase in revenue (\$17k) from EPA 103 Grant [#47110]
- Decrease in revenue from grant admin (\$125k) from RSBPP Grant Admin [#47332] - the large Rural School Bus Pilot Program is its last year (Year 4 funds)
- Actual revenue for the FY from grant reimbursements varies despite grant amount accepted; use of carryover.
- Down the road concern - Burn Permit Fees still at 2019 rates (despite current fees for Rx burn permits and SMPs are offset by Rx Fire Grant funds).

Slide 6



FY 2026-27 Proposed Budget Key Items Impacting a Balanced Budget

Significant items on Expense side:

- Increases in Group Insurance Plans by CalPERS – continual increases over time continue to affect health plan premiums for both employees and retirees [Budget Accts #60175, #60184]
- Increase (+\$3k) in General Liability Insurance [#60350]
- Increase (+\$3k) in Workers' Comp Insurance [#60190]
- Increase (+\$24k) in CalPERS pension liability projected this FY [#60150]
- Over the years there have been steady increases in insurance (SDRMA), health insurance, software/online programs, communications, memberships (CSDA, CAPCOA, etc.), etc.

Slide 7



FY 2026-27 Proposed Budget Preliminary Steps to Balance the Budget

- Measures already taken over the years as cost increased:
 - Deputy APCO position is also now a Division Manager
 - Unfunded one open staff position (Air Quality Specialist) in previous FY -\$110k. [#60050]
- District fees have not been capturing Pension & OPEB liabilities for 13+ years - challenging to catch up with only two increases in X factor-based fees.
- Recent historical deficit budgets:
 - FY 2024-25 deficit budget approved at about -\$ 87k
 - FY 2025-26 deficit budget approved at about -\$187k
 - FY 2026-27 deficit budget draft as proposed - \$ 89k


Slide 8




FY 2026-27 Proposed Budget

Next Steps

- Recommend that at the next (May) Governing Board meeting:
 - Approve budget with projected deficit and rely upon unencumbered Reserve Funds if necessary for any deficit




Slide 9



Proposed Draft FY 2026-27 Budget

Discussion/Questions?



Slide 10

Agenda Item: 4.2

**North Coast Unified
Air Quality Management District**

707 L Street, Eureka, CA 95501

(707) 443-3093

www.ncuagmd.org



TO: North Coast Unified Air Quality Management District Board

FROM: Brian Wilson, APCO

SUBJECT: District Activity & Air Quality Monitoring Report

DATE: May 21, 2026

ACTION REQUESTED: By Consent, Accept and File District Activity Reports

SUMMARY:

Attached is a summary of the major District activities logged during the reporting period and a air quality monitoring report for the most recent period.

NCUAQMD Air Quality Monitoring Report

May 2026

The following information summarizes ambient air quality data with respect to applicable State and Federal Ambient Air Quality Standards (AAQS) for the period of February 2026.

Air Monitoring Data Summary

PM₁₀ AAQS:

- 1) State PM₁₀ 24-hour AAQS -
 - No exceedances were recorded during this period.
- 2) Federal PM₁₀ 24-hour AAQS -
 - No exceedances were recorded during this period.

PM_{2.5} AAQS:

- 1) State and Federal PM_{2.5} 24-hour AAQS -
 - No exceedances were recorded during this period.
 - Weaverville data set includes January-February data, due to instrument downtime.
 - Federal Reference Method Data includes January-February data, due to earlier laboratory delays.

Ozone AAQS:

- 1) State 1-hour O₃ AAQS -
 - No exceedances were recorded during this period.
- 2) State and Federal O₃ 8-hour AAQS -
 - No exceedances were recorded during this period.

Particulate Matter (PM) Levels in Relation to State Ambient Air Quality Standards (AAQS):

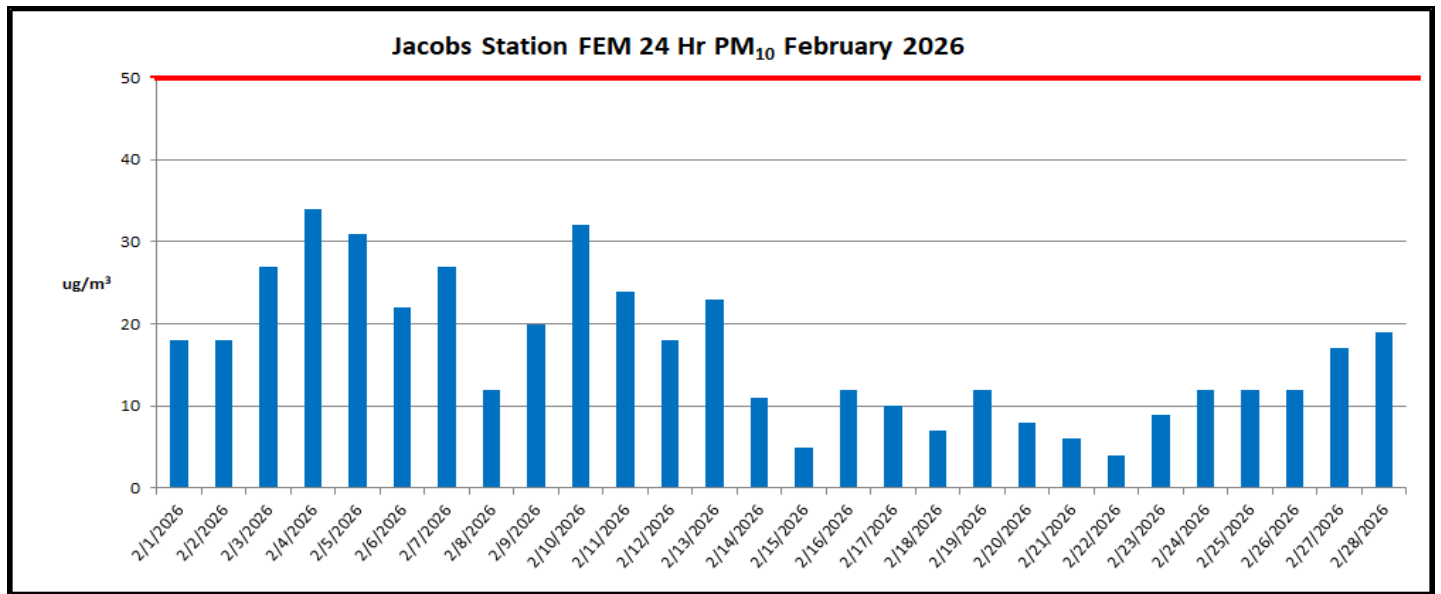
(Excluding data which is undergoing Exceptional Event Exclusion Determination)

Time Period	Air Monitoring Station		
	Jacobs	Crescent City	Weaverville
PM₁₀ 24-hour Average Max (February 2026)	68%	N/A	N/A
PM₁₀ Rolling Arithmetic Mean (March 2025 -February 2026)	91%	N/A	N/A
PM_{2.5} 24-hour Average (FRM) Max (January-February 2025)	52%	N/A	N/A
PM_{2.5} Rolling Arithmetic Mean (FRM) (March 2025-February 2025)	57%	N/A	N/A
PM_{2.5} 24-hour Average (Non-FEM) Max (Jan-February 2026)	N/A	37%*	49%*
PM_{2.5} Rolling Arithmetic Mean (non-FEM) (March 2025-February 2026)	N/A	72%*	81%*

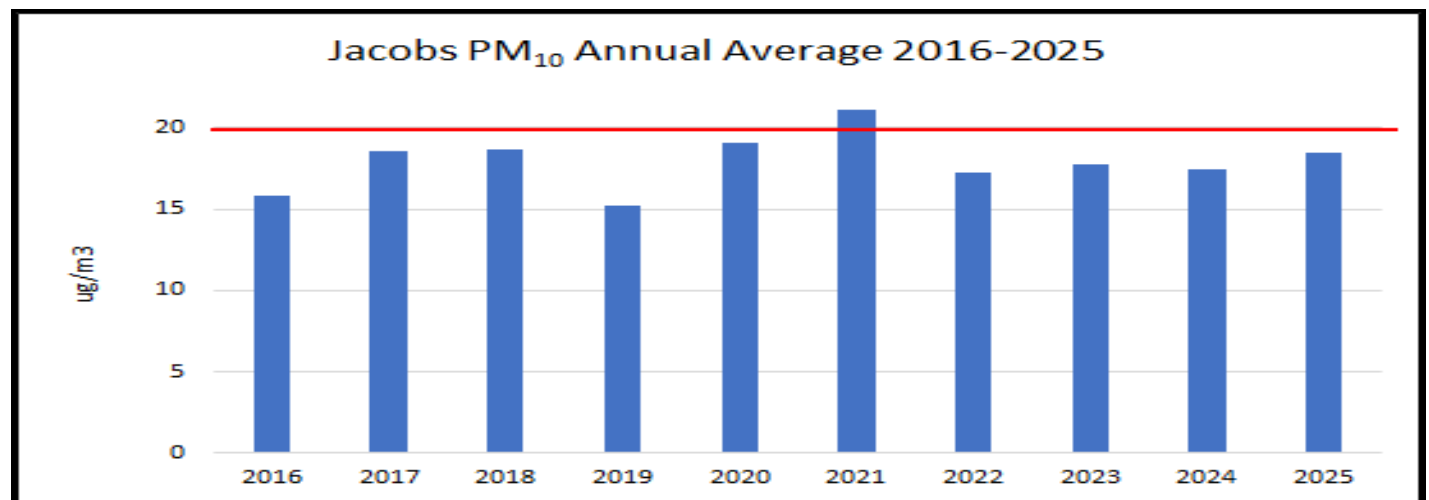
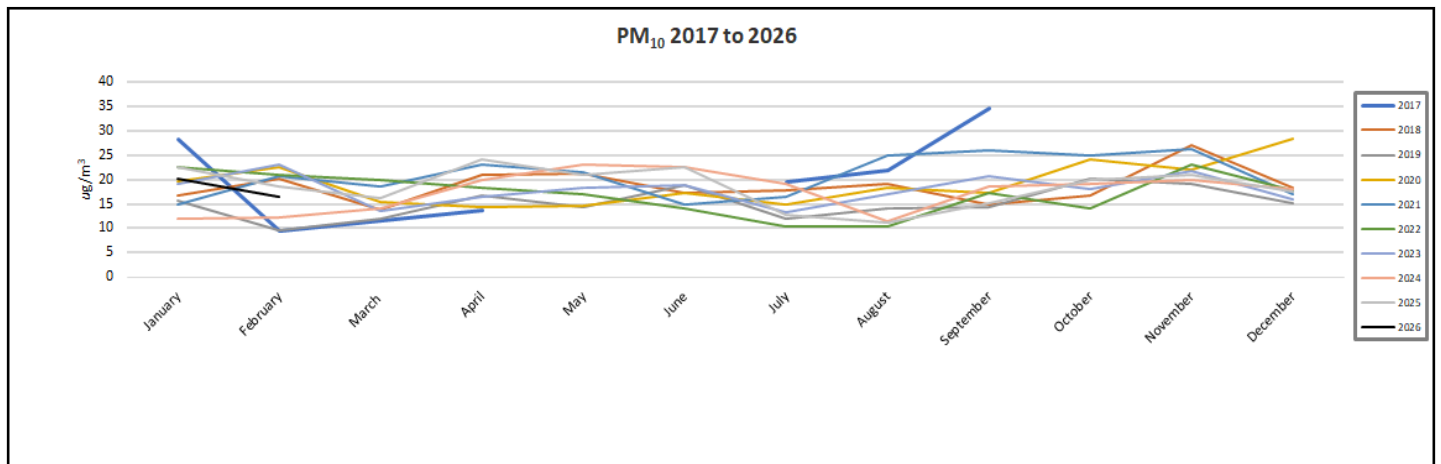
* Instrument not used for Federal Attainment Designation

PM₁₀ Data and Trends:

Eureka, Humboldt County



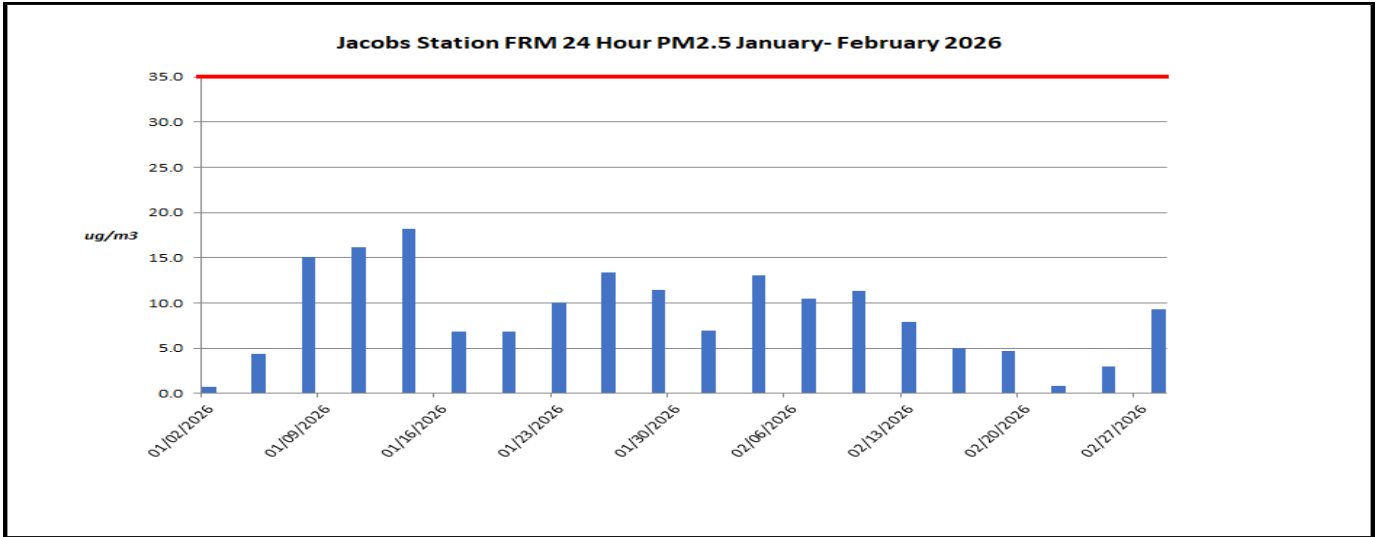
- State PM₁₀ 24-Hour AAQS is 50 ug/m³; Federal PM₁₀ 24-Hour AAQS is 150 ug/m³.
- State and Federal PM₁₀ Annual Arithmetic Mean AAQS is 20 ug/m³
- Humboldt County is classified as non-attainment for the State PM₁₀ AAQS.



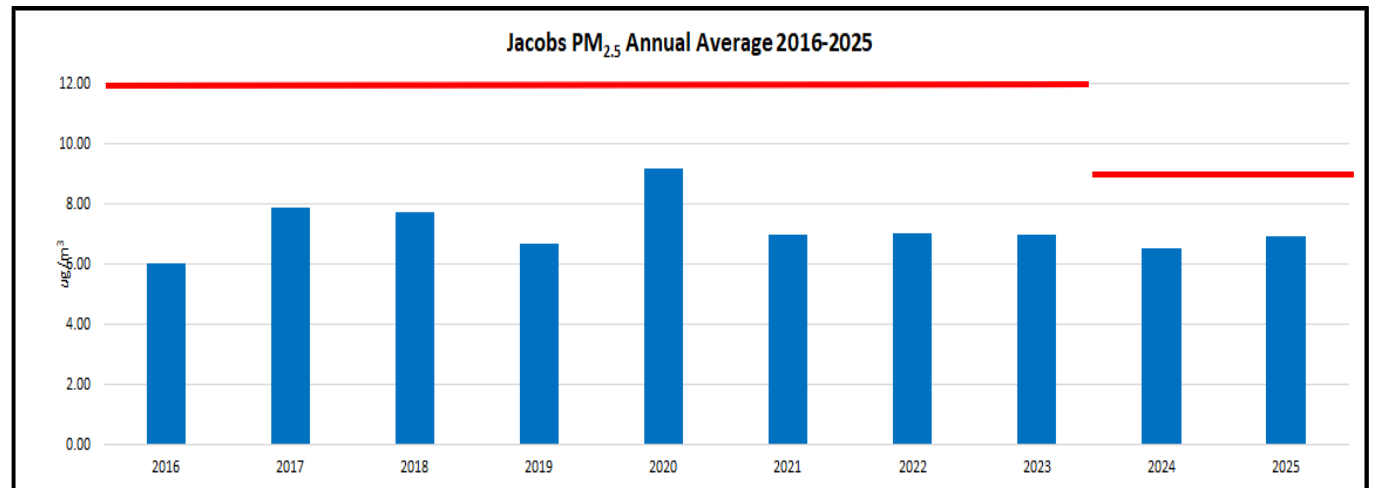
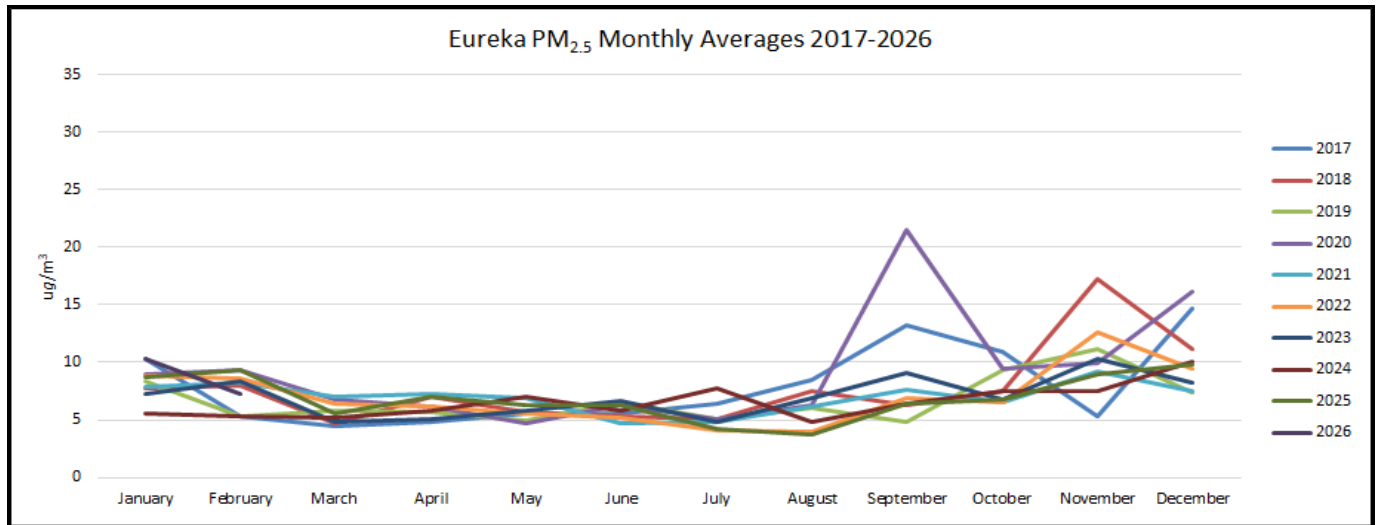
- State PM₁₀ Annual Arithmetic Mean AAQS is 20 ug/m³; There is no separate Federal PM₁₀ annual standard.

PM2.5 Data and Trends:

Eureka, Humboldt County

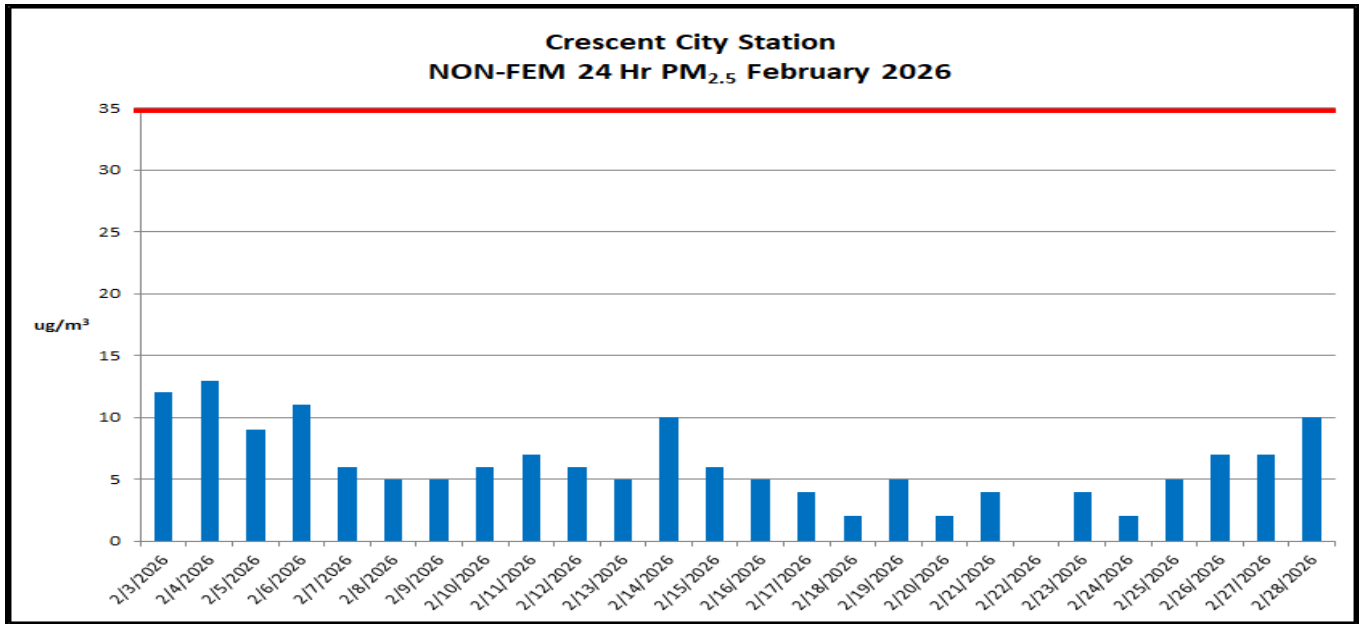


- Federal PM_{2.5} 24-Hour AAQS is 35 ug/m³; There is no separate State PM_{2.5} 24-Hour standard

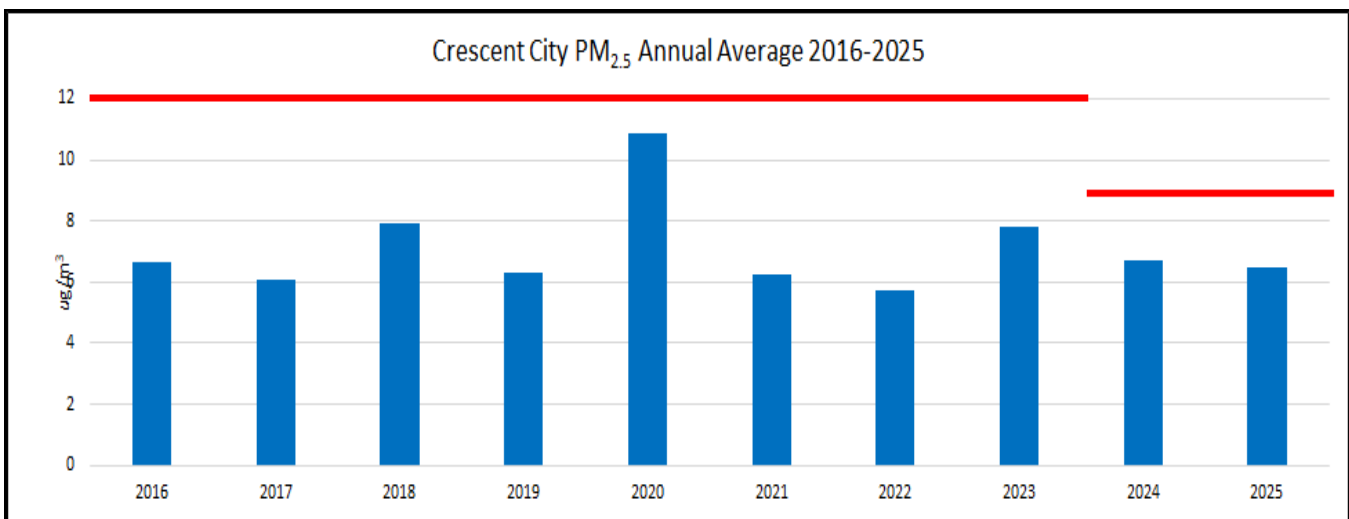
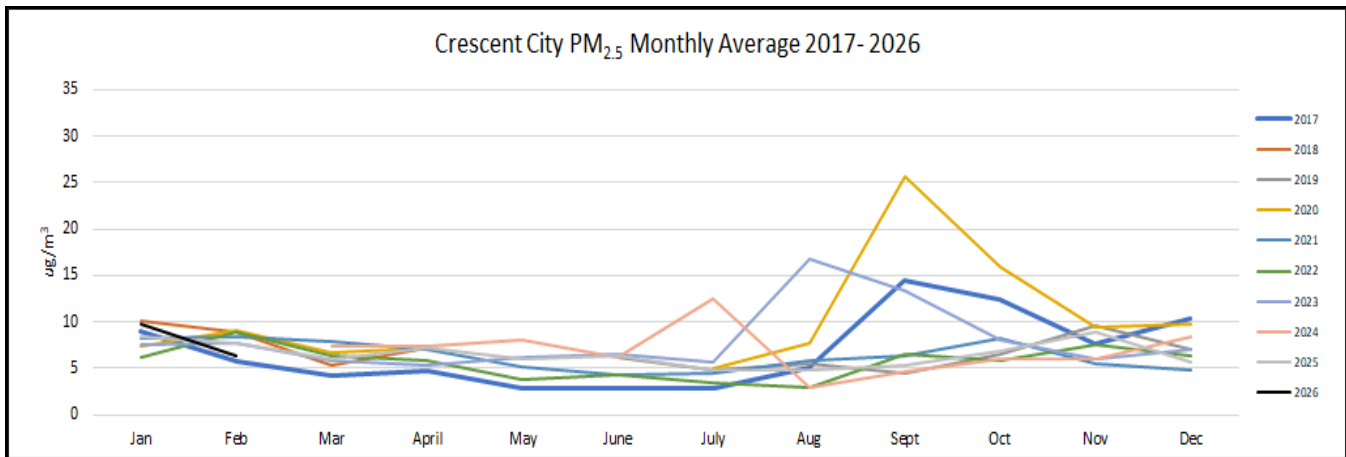


- State PM_{2.5} Annual Arithmetic Mean AAQS is 12 ug/m³;
- Federal PM_{2.5} Annual Standard changed from 12 to 9 ug/m³ in February of 2024.

Crescent City, Del Norte County

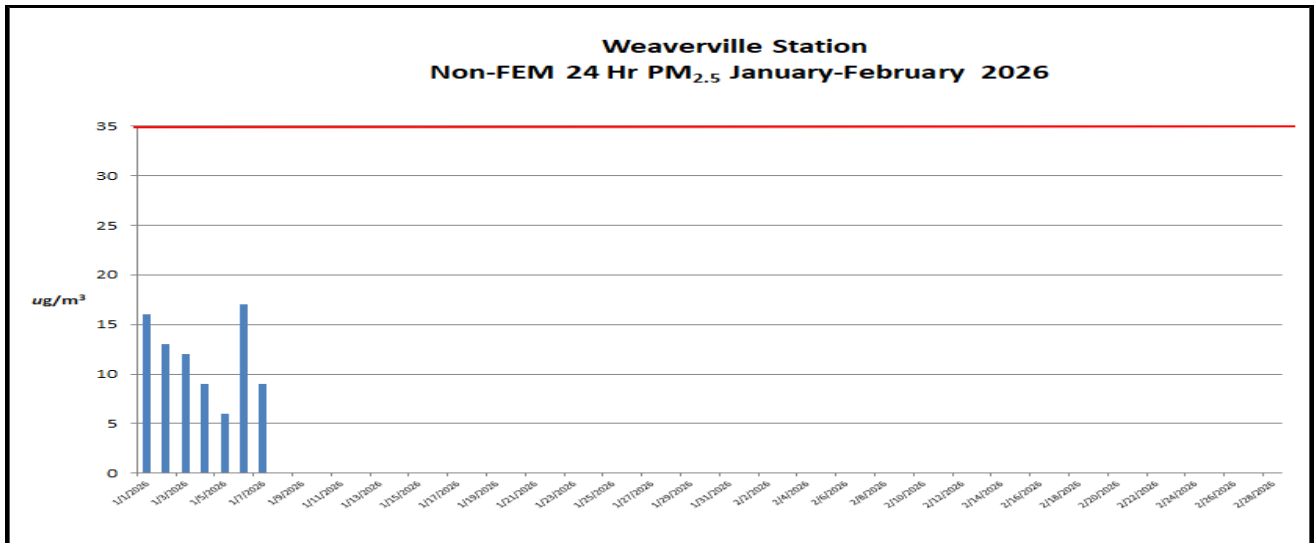


- Federal PM_{2.5} 24-Hour AAQS is 35 ug/m³; There is no separate State PM_{2.5} 24-Hour standard
- This monitor is not used for attainment decisions.

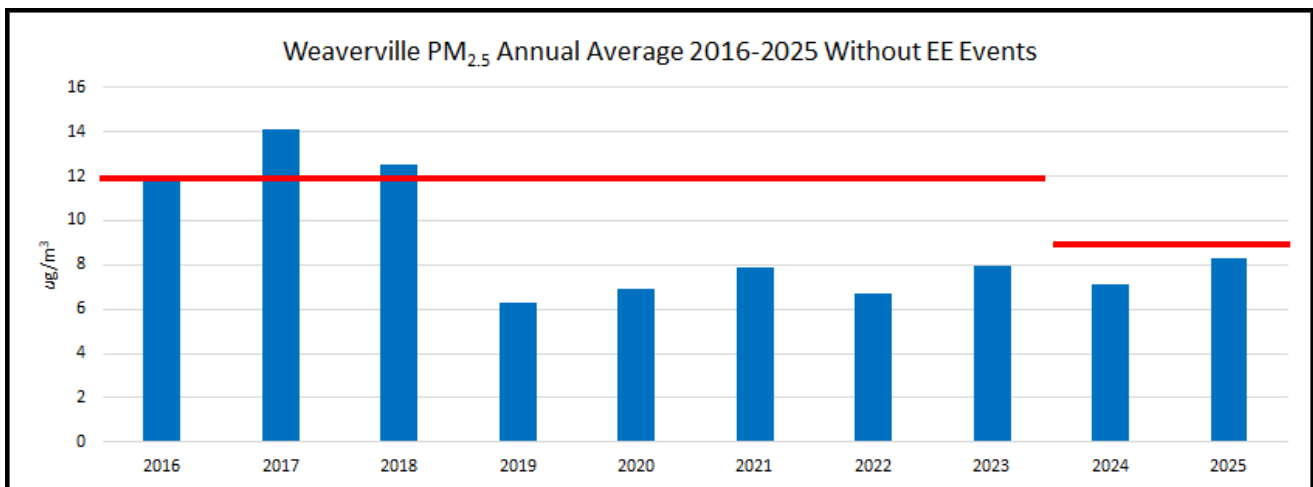
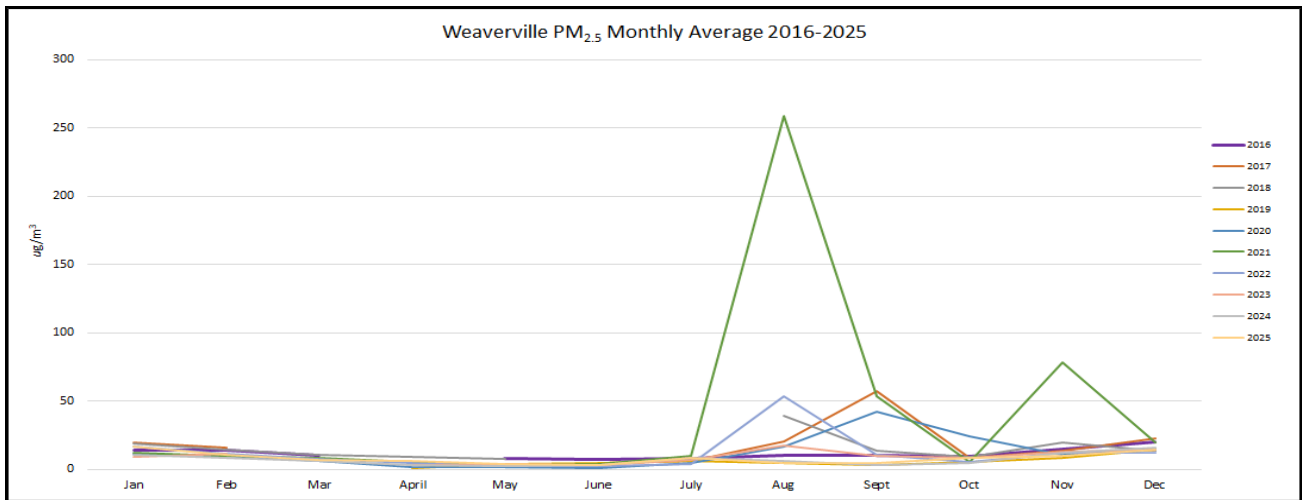


- State PM_{2.5} Annual Arithmetic Mean AAQS is 12 ug/m³; Federal PM_{2.5} annual standard is 9ug/m³
- Federal PM_{2.5} Annual Standard changed from 12 to 9 ug/m³ in February of 2024.
- This monitor is not used for attainment decisions.

Weaverville, Trinity County



- Federal $PM_{2.5}$ 24-Hour AAQS is 35 ug/m^3 ; There is no separate State $PM_{2.5}$ 24-Hour standard.
- This monitor is not used for attainment decisions.



- State $PM_{2.5}$ Annual Arithmetic Mean AAQS is 12 ug/m^3 ; The Federal $PM_{2.5}$ annual standard is 9 ug/m^3
- Federal $PM_{2.5}$ Annual Standard changed from 12 to 9 ug/m^3 in February of 2024
- This monitor is not used for attainment decisions.

2026 Activity Report

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD Totals	2025 Totals
Complaint Responses - General	3	4	3	5									15	51
Complaint Responses - Open Burning	12	18	17	13									60	139
Permissive Burn Days	21	28	31	30									110	321
Non-Permissive Burn Days ("No Burn Day")	10	0	0	0									10	44
Permissive Burn Days (%)	68%	100%	100%	100%									92%	88%
Standard (Residential) Burn Permits Issued	627	262	361	280									1,530	3,205
Non-Standard Burn Permits Issued	571	302	289	204									1,366	2,678
"No Burn Day" Permits Issued	0	0	0	0									0	0
Smoke Management Plans (SMP) Reviewed	16	17	3	3									39	98
SMP Burn Authorizations Issued	211	191	137	142									681	1,581
Acres Authorized	1,764	1,878	732	902									5,276	22,405
Stationary Source Permits Issued (new)	2	4	3	5									14	108
Stationary Source Permits Issued (amended)	0	0	0	0									0	0
Stationary Source Permit Apps. Received	4	2	3	1									10	57
Stationary Source De minimus Determination	0	0	0	1									1	4
Inspections - Major Sources	1	3	8	1									13	59
Inspections - Minor Sources	43	27	44	41									155	373
Inspections - Mobile Sources	1	0	0	0									1	11
Inspections - Asbestos	2	1	2	5									10	33
Asbestos Notifications Processed	8	5	7	5									25	81
Notice(s) of Violation (NOVs) Issued	6	5	1	9									21	53
Environmental Documents Reviewed	2	2	5	10									19	61
Grants Paid: Woodstove	0	0	0	0									0	0
Grants Paid: Moyer	0	0	0	0									0	6
Grants Paid: FARMER	0	0	0	0									0	1
Grants Paid: Rural School Bus	0	0	1	2									3	12
Public Records Requests Received	11	6	5	8									30	54

Agenda Item: 4.3

Approve Addendum to APCO Employment Contract

Agenda Item: 5

Public Comment Period

Agenda Item: 6

**North Coast Unified
Air Quality Management District**
707 L Street, Eureka, CA 95501
(707) 443-3093
www.ncuagmd.org



TO: North Coast Unified Air Quality Management District Board

FROM: Brian Wilson, APCO

SUBJECT: Discuss & Revised Calendar of Meetings for 2026

DATE: May 21, 2026

ACTION REQUESTED: Discuss and Revise Calendar of Meetings for 2026

SUMMARY:

At the beginning of the year, the Governing Board adopted the attached Calendar of Meetings for 2026. At the Board meeting in April, several Board Members recognized conflicts with attending the July 16th Governing Board Meeting. There was a request to put this issue on the agenda for the next (May) meeting discuss and consider cancelling the July meeting and revising the Calendar. Presently, District staff does not have any time-sensitive action items that would require needing a Board meeting in July.

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2026 Governing Board Meeting Calendar

January 8, 2026

March 19, 2026

April 9, 2026

May 21, 2026

July 16, 2026

September 24, 2026

November 12, 2026

Board meetings begin at 10:00 am unless otherwise noted.

In-Person Meeting Location

NCUAQMD Office
707 L Street
Eureka, CA 95501

When applicable and in accordance with current State and Local Government Regulations, Board meetings may be conducted via Zoom Teleconference. Public comments will be accepted by the Board Clerk via email during a remote meeting and may also be made virtually, at the meeting.

Please refer to the published agenda for details on how to attend the meeting, either in-person or virtually as applicable.

The meeting location is ADA accessible. Accommodations and access to NCUAQMD meetings for people with special needs must be requested of the Clerk in advance of the meeting.

Agenda Item: 7

**North Coast Unified
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707 L Street, Eureka, CA 95501
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www.ncuagmd.org



TO: North Coast Unified Air Quality Management District Board

FROM: Brian Wilson, APCO

SUBJECT: FPPC Conflict of Interest Code

DATE: May 21, 2026

ACTION REQUESTED: Approve Filing of “No Change” for District Conflict of Interest Code

DISCUSSION:

Every two years the District is required to review its Conflict of Interest Code to determine whether updates are required, and thereafter to file a status report with the Fair Political Practices Commission (FPPC). Staff recommends a “no change” report be submitted to the FPPC as there have been no significant changes in the District or with District staff duties that would warrant a Code update.

Designated employees, Governing Boards members, Hearing Board members, and their alternates are required to file their statements with the District, who makes these statements available for public inspection and reproduction (Government Code Section 81008). Each year, the District forwards a memorandum to the FPPC attesting to the timely filing of the statements.

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt conflict-of-interest codes. The District’s Conflict of Interest Code incorporates by reference the FPPC conflict of interest regulation (2 Cal. Code of Regs. Sec. 18730) together with a list of District officials and employees “designated” by the District as required to annually file financial disclosure statements. “Designated” employees are those who materially participate in District decision making and/or are conferred with job duties in which they are called upon to routinely exercise judgment. State law separately requires Governing Board members and the APCO to annually file financial disclosure statements. A copy of the District’s Code is attached.

2026 Multi-County Agency Biennial Notice

Name of Agency: _____

Mailing Address: _____

Contact Person: _____ Phone No. _____

Email: _____ Alternate Email: _____

Counties within Jurisdiction, or for Charter Schools, Counties in which the School is Chartered:
(if more space is needed, include an attachment):

No. of Employees* _____ No. of Form 700 Filers* _____

**Including board and committee members*

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

Please identify which statement accurately describes your agency's status.

This agency has reviewed its conflict of interest code. The current code designates all positions which make or participate in making governmental decisions. The designated positions are assigned accurate disclosure categories that relate to the job duties of the respective positions. The code incorporates FPPC regulation 18730 so that all relevant Government Code Sections are referenced.

This agency has reviewed its conflict of interest code and has determined that an amendment is necessary. An amendment may include the following:

New positions which involve the making or participating in the making of decisions which may foreseeably have a material impact on a financial interest

Current designated positions need renaming or deletion

Statutorily required provisions of the code need to be addressed

Disclosure categories need revision

Verification (to be completed if no amendment is required)

This multi-county agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

Signature of Chief Executive Officer

Date

All multi-county agencies must complete and return this notice, including those agencies whose codes are currently under review. Please return this notice no later than **October 1, 2026** to the FPPC at biennialnotice@fppc.ca.gov or 1102 Q Street, Suite 3050, Sacramento, CA 95811.

www.fppc.ca.gov
FPPC Advice: advice@fppc.ca.gov (866.275.3772)
Page 1 of 1

**CONFLICT-OF-INTEREST CODE FOR THE
NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices designating officials and employees and establishing disclosure categories, shall constitute the conflict-of-interest code of the **North Coast Unified Air Quality Management District (District)**.

Individuals holding designated positions shall file their statements with the **District**, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) All statements will be retained by the **District**.

**CONFLICT-OF-INTEREST CODE FOR THE
NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT
APPENDIX A-DESIGNATED POSITIONS**

<u>Designated Positions</u>	<u>Disclosure Category</u>
Deputy Air Pollution Control Officer	1, 3
Permits & Planning Division Manager	1, 3
Compliance & Enforcement Division Manager	1
Controller	2
Hearing Board Members	1
District Counsel	1
Consultants	*

*Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

The Executive Director may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008.)

Public Officials Who Manage Public Investments

The following positions are NOT covered by the conflict-of-interest code because they must file under Gov. Code Section 87200 and, therefore, are listed for informational purposes only:

- Governing Board Members
- Air Pollution Control Officer – Executive Director

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by section 87200.

**CONFLICT-OF-INTEREST CODE FOR THE
NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT
APPENDIX B-DISLCOSURE CATEGORIES**

Disclosure Categories

Category 1

Designated positions in Category 1 must report:

- (a) Investments and business positions in any business entity and sources of income, including gifts, loans and travel payments, from sources that provide services, supplies, materials, machinery or equipment of the type utilized by the District;
- (b) Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from all business entities, governmental entities, and non-profits that are regulated, as well as any homeowner/renter that is fined or cited by, the District including sources subject to permits and enforcement;
- (c) Investments and business positions in any business entity and sources of income, including gifts, loans and travel payments, from sources of the type that engage in the acquisition, disposal or development of real property within the District;
- (d) Investments and business positions in any business entity and sources of income, including gifts, loans and travel payments, from sources of the type that engages in the preparation of environmental impact report or statements; and
- (e) All interest in real property.

Category 2

Designated positions in Category 2 must report:

- (a) Investments and business positions in any business entity and sources of income, including gifts, loans and travel payments, from sources that provide services, supplies, materials machinery or equipment of the type utilized by the designated position's department.

Category 3

Designated positions in Category 3 must report:

Investments and business positions in business entities, and sources of income, including loans, gifts, and travel payments, from sources of the type that receive financial or technical assistance from the District.

How to Amend a Multi-County Agency's Conflict of Interest Code

The law requires that every multi-county agency have a conflict of interest code which identifies all agency officials and employees who make or participate in making governmental decisions. Conflict of interest codes are a fundamental tool in ensuring the public's trust in government officials.

It is essential and legally-required that an agency's conflict of interest code reflect the current structure of its organization and properly identify officials who should be filing Statements of Economic Interests (Form 700).

One of the FPPC's primary goals is to streamline the process for amending conflict of interest codes so the process is more efficient.

Elements of a Conflict of Interest Code:

A conflict of interest code must:

- Provide reasonable assurance that all financial interests that pose a foreseeable conflict of interest will be disclosed;
- Provide to each affected person a clear and specific statement of his or her disclosure requirements; and
- Adequately differentiate between designated employees with different powers and responsibilities.

A Conflict of Interest Code Consists of Three Components:

1) Incorporation Page (Terms of the Code)

This section designates where the Form 700s are filed. Generally, statements are maintained at each agency. However, the FPPC receives certain statements from over 150 agencies including those that contract all administrative functions to a private third party.

Each agency's conflict of interest code references [Regulation 18730](#). This regulation, among other things, provides rules for disqualification procedures, reporting financial interests, and lists the current gift limit.

2) List of Designated Positions

The conflict of interest code must list all agency positions that involve making or participation in making decisions that "may foreseeably have a material effect on any financial interest." This covers agency members, officers and employees who are in positions where it is reasonably foreseeable that the decisions they make or participate in making will have financial impacts.

A committee of volunteers may need to be included in the conflict of interest code if the committee members make or participate in making governmental decisions. The FPPC may ask for a general description of the committee's duties and responsibilities, recent committee minutes and the agency's opinion on whether the committee is solely advisory or should be listed in the conflict of interest code.

Do not include in the list of designated positions those positions that do not have decision-making authority or are solely ministerial, manual or clerical. Each agency is unique and it is important to review job duty statements and organizational charts.

3) Detailed Disclosure Categories

A disclosure category is a description of the types of financial interests officials must disclose on their Form 700. These categories must be tailored to the duties performed that may affect the individual's financial interests.

A conflict of interest code must strike the appropriate balance between protecting an individual's right to privacy, while still ensuring the appropriate disclosure to help avoid conflicts of interest. Normally, only the higher-level agency positions with broad duties, as well as those positions that advise them, require full disclosure. Otherwise, the agency must tailor disclosure so filers are not required to disclose private financial information that does not relate to the duties of his or her public position. If an agency's conflict of interest code requires officials to report all financial interests, the FPPC will request justification for such disclosure.

Depending on the scope of the agency's decision-making authority and financial interests affected, an agency's conflict of interest code can have several disclosure categories. The FPPC has developed standardized categories for procurement, grant funding, information technology, regulatory and licensing programs, and others. You can view the standardized categories [here](#).

Determining When a Conflict of Interest Code Must Be Amended:

Over time, the structure of an agency will change because employees' duties shift, positions are renamed or eliminated, and the organizational structure is modified. When an agency makes these types of changes, the conflict of interest code must be amended accordingly.

Factors to Consider to Determine Whether an Amendment is Required:

- Is the current conflict of interest code more than five years old?
- Have there been any substantial changes to the agency's organizational structure since the current conflict of interest code was approved by FPPC?
- Have any positions been eliminated or renamed since the current conflict of interest code was approved by FPPC?
- Have any new positions been added since the current conflict of interest code was approved by FPPC?

- Have there been any substantial changes in duties or responsibilities for any positions since the current conflict of interest code was approved by FPPC?

If you answered yes to any of the above questions, your agency's conflict of interest code will likely need to be amended.

Process for Amending a Multi-County Agency's Conflict of Interest Code:

There are generally six main steps in amending an agency's conflict of interest code.

1. Gather the Tools You Will Need and Attend [FPPC Training](#)

- Last approved conflict of interest code from FPPC
- Current organizational chart
- Job descriptions
- Agency information (e.g., website link, annual report, budget, press releases)
- FPPC's [Multi-County Agency Code Internal Checklist](#)

2. Complete Your Tasks

- Review the agency's programs and organizational chart and compare to the current conflict of interest code.
- Identify necessary changes and create a draft conflict of interest code. Changes include:
 - Deleting positions that have been eliminated since the last conflict of interest code was adopted or amended
 - Adding new positions to the conflict of interest code as needed
 - Reviewing and revising disclosure categories; and
 - Assigning appropriate disclosure categories to designated positions.

3. Submit the Required Documents to FPPC via email to advice@fppc.ca.gov

- Proposed conflict of interest code in Word in a strikeout/underline format (using last approved conflict of interest code as basis)
- Current organizational chart
- Written description of changes
- Job descriptions/duty statements will be requested on an as-needed basis
- Brief justification when an official is designated to report all financial interests.

4. Complete Agency and FPPC Review and Discussion

Once a draft conflict of interest code and the required documents are received, the FPPC will conduct an initial review. FPPC staff will follow up with you on any questions or concerns regarding the draft conflict of interest code, and may meet with you to clarify any questions.

- This consultation process may result in changes to the draft conflict of interest code. Once the FPPC and the agency agree on the draft conflict of interest code, it is ready for public notice.
- Note: An agency that requires its board to approve the conflict of interest code should obtain that approval at this stage.

5. Conduct the Public Comment Period

- Agencies must provide a public comment period of at least 45 days. Many multi-county agencies will place the draft code on its public meeting agenda, but there is no requirement to do so.
- All employees must be notified and provided 45 days to comment. Notification may be completed via e-mail or internet.
- Agencies must provide FPPC with copy of public notice.
- Agencies must provide FPPC with public comments, if any.
- The FPPC also conducts a 45-day public notice period with the Office of Administrative Law.
- If suggestions during the public comment period result in changes or modifications to the draft code, no further public notice is required as long as the code is substantially similar to the originally noticed code.

6. Complete the Final Approval Process - a Conflict of Interest Code is not effective until it is approved by the FPPC

- Agencies must provide Chief Executive Officer Declaration to FPPC.
- FPPC's Executive Director or designee approves conflict of interest code.
- FPPC sends approval letter to agency.
- The conflict of interest code is effective 30 days from the Executive Director's approval date.

Statutory Authority

[Government Code Sections](#) 87302, 87302.6, 87303, 87306, 87307, 87309, 87310, and 87311

[Regulations](#) 18750

Agenda Item: 8

**North Coast Unified
Air Quality Management District**
707 L Street, Eureka, CA 95501
(707) 443-3093
www.ncuagmd.org



TO: North Coast Unified Air Quality Management District Board

FROM: Brian Wilson, APCO

SUBJECT: Update on District Pension and Other Post Employment Benefit (OPEB) Liabilities

DATE: May 21, 2026

ACTION REQUESTED: Accept and File Report

SUMMARY:

The District continues to move forward with determining and managing its pension liability and Other Post Employment (OPEB) liabilities. In 2022, the District has engaged the services of Total Compensation Services and GovInvest Inc. (now TrueComp) for actuarial services and calculate these liabilities. TrueComp provides services to governments with analytical tools to better determine how to best manage these liabilities and what are the best approaches for the entity.

As of July 1, 2025, the unfunded liability for OPEB was estimated at \$1.5 million, with \$2.2 million funded in an OPEB Trust with PARS. As of July 1, 2024, the pension unfunded liability was estimated at \$1.79 million, where CalPERS is about 77% funded. A representative from TrueComp is scheduled to provide a presentation on Pension and Other Post Employment Benefits (OPEB) liabilities, including recent actuarial information for the District, and to answer questions and discuss options.

BACKGROUND:

In 2012, the Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions. GASB 68 requires that governmental employers that sponsor Defined Benefit plans (i.e., CalPERS) must recognize a Net Pension Liability on their balance sheet, which is the difference between the District's total pension liability (actuarial accrued liability) and actual plan assets. GASB 68 (which replaces the requirements of GASB 27) became effective for fiscal years starting after June 15, 2014.

In 2015, the Government Accounting Standards Board (GASB) issued Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB 75 requires the District to report costs and obligations for postemployment healthcare and other post-employment benefits (called “OPEBs”) much like the current accounting requirement to report pension obligations. Similar to GASB 68, the District must also report its net OPEB liability (difference between the total OPEB liability and assets accumulated in an irrevocable trust) on its Financial Statements. GASB 75 (which replaced the requirements of GASB 45) become effective for fiscal years beginning after June 2017.

The District’s OPEB liability stems from providing full medical benefits to retirees from the date of retirement from the District until they are eligible for Medicare, at which time the District’s insurance is no longer the primary insurance. After this, the District continues to pay the premium as secondary insurance. As of July 1, 2025, the unfunded liability for OPEB was estimated at \$1.5 million, with \$2.2 million funded in an OPEB Trust with PARS. As of July 1, 2024, the pension unfunded liability was estimated at \$1.79 million, where CalPERS is about 77% funded.

There are only a few financial instruments available dedicated solely for prefunding defined benefit plan costs specific for government employers. CalPERS offers the California Employers’ Retiree Benefit Trust (CERBT) Fund, and the California Employers’ Pension Prefunding Trust (CEPPT) Fund. The Public Agency Retirement Services (PARS) Trust is also a viable alternative to the CalPERS option.

In an effort to help public agencies address and manage their GASB 68 and 75 liabilities, PARS has sought and received approval from the IRS in the form of a Private Letter Ruling on its newly developed Post-Employment Benefits Trust Program. PARS has assembled leading professionals to provide the District with the necessary services required under one program to pre-fund both pension and retiree health care liabilities. This would provide the District with an alternative to CalPERS that will allow for greater local control over assets, investment by a professional fund management team selected and monitored by the District, with contributions and distributions from the trust determined at the discretion of the District.

The program has been established as a multiple employer trust so that public agencies regardless of size can join the program to receive the necessary economies of scale to keep administrative fees low and avoid any setup costs. To properly offset liabilities, funds must be set aside in an exclusive benefit, irrevocable trust that cannot be accessed by creditors in order to be accounted for as assets to reduce the liabilities on the District’s financial statements. The trust permits the District, under federal and state law, to invest in a more diversified array of investments to maximize investment returns long term and reduce the District’s liabilities.

To date, more than 500 public agencies have adopted the Section 115 Trust through PARS including Humboldt County, Trinity County, and Humboldt Bay Municipal Water

District to reduce their OPEB or Pension liabilities. Expected benefits offered by the PARS Post-Employment Benefits Trust Program to the District include:

- Contributions placed in an exclusive benefit trust can offset unfunded liabilities, which will lower the District's Net OPEB Liability and address the Net Pension Liability.
- Investment flexibility with Section 115 Trust compared to restrictions on general fund investments.
- Increased risk diversification of plan assets through professional asset management.
- Investments can be tailored to the District's unique demographics.
- Oversight and control of fund management selection, monitoring of performance and ability to replace fund management based on performance criteria.
- Increased flexibility on use of trust assets (i.e., trust assets can be accessed at anytime as long as the assets are used to fund the District's pension and OPEB obligations and defray reasonable expenses associated therewith).
- Lower investment management and administrative expenses compared to CalPERS Pension Program.
- Potential for positive rating agency and investor consideration.

In April 2023, the Governing Board approved both Pension and OPEB Liability Funding Policies (attached). Then in July 2023, the Governing Board adopted a Post-Employment Benefits Trust Program via Resolution 2023-4 (attached). The Governing Board also approved a transfer of \$2.2 million earmarked from the District's Reserve Fund to a Section 114 Trust for Post-Employment Benefits which is managed by the Public Agency Retirement Services (PARS). PARS has partnered with US Bank to serve as trustee and its sub-adviser High Mark Capital Management, Inc., to provide investment management services for the program. The District's OPEB Trust Fund with PARS has now grown to over \$2.5 million (see most recent statement attached).



PENSION FUNDING POLICY

(Approved: 4-20-23)

Overview

The North Coast Unified Air Quality Management District (“District”) has developed a Pension Funding Policy to guide the Governing Board of Directors (“Board”) and Staff in making decisions related to the funding of pension benefits. This document outlines that policy.

1. Purpose Section

The District’s Pension Funding Policy documents the method the District will use to determine its annual pension contributions. The annual pension contributions fund the long-term cost of benefits to the plan participants and annuitants. The policy also:

- Provides guidance in making annual budget decisions;
- Demonstrates prudent financial management practices;
- Reassures bond rating agencies; and
- Shows employees and the public how pensions will be funded

Nothing in this funding policy shall constitute an obligation upon the District, nor act as an implied contract. The District’s Board may revoke or amend this policy whenever it determines the changes to be in the best interest of the District.

2. Background Section

The District provides defined retirement benefits through the California Public Employees’ Retirement System (CalPERS). CalPERS is a multiple-employer public employee defined benefit pension plan.

All full-time and certain part-time District employees are eligible to participate in CalPERS. CalPERS provides retirement, disability and death benefits and annual cost of living adjustments to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities with the State of California. Benefit provisions and all other requirements are established by state statute.

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to the plan members. In order to assure that the plan is financially

sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method that the Board will utilize to determine its Actuarially Determined Contributions to fund the long-term cost of benefits to the plan members and annuitants.

Pension Funding: A Guide for Elected Officials, issued by eleven national groups including the U.S. Conference of Mayors, the International Agency/County Management Association, and the Government Finance Officers Association, established the following five general policy objectives for a pension funding policy:

- Actuarially Determined Contributions. A pension funding plan should be based upon an actuarially determined contribution (ADC) that incorporates both the cost of benefits in the current year and the amortization of the plan's unfunded actuarial accrued liability.
- Fund Discipline. A commitment to make timely, actuarially determined contributions to the retirement system is needed to ensure that sufficient assets are available for all current and future retirees.
- Intergenerational equity. Annual contributions should be reasonably related to the expected and actual cost of each year of service, so that the cost of employee benefits is paid by the generation of taxpayers who receive services from those employees.
- Contributions as a stable percentage of payroll. Contributions should be managed so that employer costs remain consistent as a percentage of payroll over time.
- Accountability and transparency. Clear reporting of pension funding should include an assessment of whether, how, and when the plan sponsor will ensure sufficient assets are available for all current and future retirees.

3. Policy Section

A. Goals of Funding Policy

- 1) The District's goal is to reach 90% funding of the Actuarial Liability by 2032 and 95% percent funding of the Actuarial Liability by 2036.
- 2) The District's goal is to stabilize contribution rates, as a percent of payroll.
- 3) The District's goal is to fund liabilities using the discount rate adopted by the CalPERS Board for funding purposes.
- 4) Periodically, the Board intends to make additional annual contributions to improve the funding of the pension. These contributions may be directly to CalPERS, or to a Section 115 Trust, as specified in Section 3C.

B. Actuarially Determined Contribution (ADC)

- 1) CalPERS actuaries will determine the District's minimum required contribution to CalPERS based on approved Actuarial Standards of Practice as reported in an annual actuarial valuation. The ADC will include the normal cost for current service and amortization of any under-funded amount. The normal cost will be calculated using the entry age normal cost method using economic and non-economic assumptions approved by CalPERS Board of Administration.
- 2) The District will review the CalPERS annual actuarial valuations to validate the completeness and accuracy of the member census data and the reasonableness of the actuarial assumptions.
- 3) The District will contribute an amount no less than the ADC as required by CalPERS.

C. Section 115 Pension Trust Contribution

To address long-term pension costs and rising unfunded accrued liabilities, the District established a Section 115 Trust to pre-fund pension obligations. The objective of contributions to a 115 trust is to increase the plan's funded status by reducing the unfunded accrued liability, lowering annual pension contribution volatility, and reducing ongoing pension costs.

Section 115 Trust Contribution Options:

- 1) The District intends to making additional contributions to the Section 115 Trust each year as possible through its Budgetary process. As part of the budget adoption review cycle, Staff will make recommendations to the Board on the contribution to the Section 115 Trust such that valuation of the annual contribution shall sufficient so as to achieve the funding targets listed in Section 3 (A)(3).
- 2) Upon annual review of the Reserve Fund, Staff will make recommendations to the Board for any additional funds available beyond those earmarked in the Reserve Fund. Upon Board approval, these additional funds will then be provided to the Section 115 Trust.
- 3) Funds deposited by the District into the Section 115 Trust to reduce Pension liability may generate interest at a higher rate than similar funds kept in a General Fund reserve, and these funds could be applied to reduce Pension Liability within the Trust.

Section 115 Trust Usage Options:

- 1) The District may use accumulated Section 115 Trust funds to make some or all of the District's ADC contributions when the Board determines that General Fund Revenues for the year are not sufficient to make those required

contributions.

- 2) The District may use accumulated Section 115 Trust funds to help reach the District's funding goals stated in Section 3A1, or additional goals as determined by the Board.

D. Transparency and Reporting

Funding of the District's pension plans should be transparent to interested parties including plan members, annuitants, the Board and citizens within the jurisdiction (or other stakeholders). In order to achieve this transparency, the following information shall be available:

- 1) Copies of the annual actuarial valuations for the District's CalPERS plans shall be made available to the Board.
- 2) The District's Annual Comprehensive Financial Report shall be published on its website. This report includes information on the District's annual contributions to the pension systems and their funded status.
- 3) The District's annual operating budget shall include the District's contributions to CalPERS.
- 4) The District's Pension Funding Policy shall be published on its website.

E. Review of Pension Funding Policy

Funding a defined benefit pension plan requires a long-term horizon. As such, the Board will review this policy no less frequently than once every five (5) years to determine if changes to this policy are needed to ensure adequate resources are being accumulated.



OTHER POST-EMPLOYMENT BENEFIT (OPEB) FUNDING POLICY

(Approved: 4-20-2023)

Overview

The North Coast Unified Air Quality Management District (“District”) has developed an Other Post-Employment Benefit (OPEB) Funding Policy to guide the Governing Board of Directors (“Board”) and Staff in making decisions related to the funding of OPEB benefits. This document outlines that policy.

1) Purpose Section

The District’s OPEB Funding Policy documents the method the District will use to determine its annual OPEB contributions. The annual OPEB contributions fund the long-term cost of benefits to the plan participants and annuitants. The policy also:

- Provides guidance in making annual budget decisions;
- Demonstrates prudent financial management practices;
- Reassures bond rating agencies; and
- Shows employees and the public how OPEB plans will be funded

Nothing in this funding policy shall constitute an obligation upon the District, nor act as an implied contract. The District’s Board may revoke or amend this policy in the best interests of the District.

2) Background Section

The District provides Retiree Health Benefits to former employees who retire directly from the District through the CalPERS Health Program. These benefits allow retirees to elect medical coverage and have a portion of their premium paid by the District.

The OPEB plan consists of both an Explicit and an Implicit benefit. The Explicit Benefit consists of the portion of the premium paid by the District for the retirees and their beneficiaries. The Implicit Benefit is the higher premium rate paid by the District for its current active employees due to the CalPERS Health Program charging the same premium rate for active employees as it does for retirees, as required under the Public Employees’ Medical & Hospital Care Act (PEMHCA).

The financial objective of funding an OPEB plan is to fund the long-term cost of benefits provided to the plan members. In order to ensure that the plan is financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefiting employees. This funding policy outlines the method the District will utilize to determine its contribution to fund the long-term cost of benefits to the plan members and annuitants.

3) Policy Section

A. Goals of Funding Policy

- 1) The District's goal is to reach 95% funding of its Actuarial Liability by 2023.
 - a. To begin the funding of the Section 115 Trust, the District will make a one-time contribution of \$2.2 Million from funds available in the District's Reserve Fund into a Section 115 OPEB Trust by June 30, 2023.
- 2) Once the goal in Section 3A1 is reached, the District's goal will be to maintain a funded percentage between 90% and 100% of its Actuarial Liability in all future years.
- 3) The District will continue to pay the current year's benefit obligation from the General Fund until the plan reaches its funding goal. If the Board determines that General Fund Revenues for the year are not sufficient to make such payments, the Board may elect to pay some or all of such payments for that year from the Section 115 Trust.
- 4) Once the District reaches its initial funding goal in Section 3A1 above, each year's benefit obligations will be paid from funds in the Section 115 Trust.
- 5) The District intends to make additional contributions to a Section 115 Trust, as specified in Section 3B.
- 6) The District desires that funds deposited into the Section 115 Trust to reduce OPEB liability may generate interest at a higher rate and these funds could be applied to reduce OPEB Liability within the Trust.

B. OPEB Funding

The District will fund its OPEB obligations as follows:

- 1) Section 115 Trust Contribution Options:
 - a. The District intends to make regular additional contributions to the Section 115 Trust each year equal to the Actuarially Determined Contribution calculated by an Actuary selected by the District.

- b. The Actuarially Determined Contribution shall consist of a Normal Cost payment for current service and a payment to amortize any Unfunded Actuarial Liability (either positive or negative) over a period of no more than 20 years.
- c. Upon annual review of the Reserve Fund, Staff will make recommendations to the Board for any additional funds available beyond those earmarked in the Reserve Fund. Upon Board approval, these additional funds will then be provided to the Section 115 Trust.
- d. During periods of financial hardship, the Board may suspend payment of all or a portion of that year's Actuarially Determined Contribution. As part of the budget adoption review cycle, Staff will make recommendations to the Board on the contribution to the Section 115 Trust such that valuation of the annual contribution shall sufficient so as to achieve the funding targets listed in Section 3A2.

2) Section 115 Trust Usage Options:

- a) Prior to attaining the funding goal described in Section 3A, the District may use accumulated Section 115 Trust funds to make some or all of the District's Benefit payments when the Board determines that General Fund Revenues for the year are not sufficient to make those required payments.
- b) After reaching the funding goal described in Section 3A1, the District will pay the City's Benefit payments from the Section 115 Trust, unless otherwise specified by the Board.

C. Transparency and Reporting

Funding of the District's OPEB plans should be transparent to vested parties including plan members, annuitants, the Board and citizens within the jurisdiction (or other stakeholders). To achieve this transparency, the following information shall be available:

- 1) Copies of the most recent actuarial valuation report for the District's OPEB plan(s) shall be made available to the Board.
- 2) The District's Annual Comprehensive Financial Report shall be published on its website. This report includes information on the District's annual contributions to the OPEB plan(s) and their funded status.
- 3) The District's OPEB Funding Policy shall be published on its website.

D. Review of OPEB Funding Policy

Funding an OPEB plan requires a long-term horizon. As such, the Board will review this policy no less frequently than once every five (5) years to determine if changes to this policy are needed to ensure adequate resources are being accumulated.



**Resolution 2023-4:
Adoption of the Public Agencies Post-Employment Trust
Administered by the Public Agency Retirement Services (PARS)**

WHEREAS, Public Agency Retirement Services (PARS) has made available the PARS Public Agencies Post-Employment Benefits Trust (the "Program") for the purpose of pre-funding pension obligations and/or OPEB obligations; and

WHEREAS, the North Coast Unified Air Quality Management District (District) is eligible to participate in the Program, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, as amended, and the Regulations issued there under, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the District's adoption and operation of the Program has no effect on any current or former employee's entitlement to post-employment benefits; and

WHEREAS, the terms and conditions of post-employment benefit entitlement, if any, are governed by contracts separate from and independent of the Program; and

WHEREAS, the District's funding of the Program does not, and is not intended to, create any new vested right to any benefit nor strengthen any existing vested right; and

WHEREAS, the District reserves the right to make contributions, if any, to the Program.

THEREFORE, BE IT RESOLVED, by the North Coast Unified Air Quality Management District Governing Board (Board) as follows:

1. The Board adopts the PARS Public Agencies Post-Employment Benefits Trust, to be effective immediately upon passage; and
2. The Board appoints the District's Air Pollution Control Officer (APCO), or his/her successor or his/her designee as the District's Plan Administrator for the Program; and
3. The Board authorizes the District's Plan Administrator to execute the PARS legal and administrative documents on behalf of the District and to take whatever additional actions are necessary to maintain the District's participation in the Program and to maintain compliance of any relevant regulation issued or as may be issued; therefore, authorizing him/her to take whatever additional actions are required to administer the District's Program.

Board Chair

Clerk of the Board

Date:

Date:

**North Coast Unified Air Quality
Management District**
707 L Street, Eureka, CA 95501
(707) 443-3093
www.ncuaqmd.org



CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution 2023-4: Adoption of the Public Agencies Post-Employment Trust Administered by the Public Agency Retirement Services (PARS), has passed and was adopted at a Regular Meeting of the North Coast Unified Air Quality Management District held in Eureka, County of Humboldt, State of California, held on the 20th day of July, 2023 by the following vote:

AYES: 4

NOES: 0

ABSENT: 1

ABSTENTIONS: 0

Erin Squire, Clerk of the Board
North Coast Unified Air Quality
Management District

NORTH COAST UNIFIED AQMD
PARS Post-Employment Benefits Trust

Account Report for the Period
2/1/2026 to 2/28/2026

Brian Wilson
Air Pollution Control Officer
North Coast Unified AQMD
707 L st.
Eureka, CA 95501

Account Summary

COPY

Source	Balance as of 2/1/2026	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 2/28/2026
OPEB	\$2,466,212.60	\$0.00	\$41,845.13	\$1,921.49	\$0.00	\$0.00	\$2,506,136.24
Totals	\$2,466,212.60	\$0.00	\$41,845.13	\$1,921.49	\$0.00	\$0.00	\$2,506,136.24

Investment Selection

Source	
OPEB	Moderately Conservative - Strategic Blend

Investment Objective

Source	
OPEB	The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	1.70%	2.77%	10.60%	-	-	-	6/21/2024

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

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Agenda Item: 9

**North Coast Unified
Air Quality Management District**

707 L Street, Eureka, CA 95501

(707) 443-3093

www.ncuagmd.org



TO: North Coast Unified Air Quality Management District Board

FROM: Brian Wilson, APCO

SUBJECT: Proposed FY 2026-27 District Budget

DATE: May 21, 2026

ACTION REQUESTED: Close Public Hearing and Adopt the Proposed FY 2026-27 District Operating Budget by Roll Call Vote

SUMMARY:

Attached is the final Proposed FY 2026-27 District Budget. No public comments have been received regarding the proposed draft budget that was initially publicly noticed on March 8, 2026. The Proposed Budget includes the 3.1% CPI increase to the District X-Factor that was approved at the last Governing Board meeting on April 9, 2026.

Staff will provide additional information at the meeting and answer any questions. The Board is requested to close the Public Hearing and adopt the Proposed FY 2026-27 District Budget by roll-call vote.

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
REGULAR INCOME				
PERMITS				
43050	Non-Standard Burn Permits	120,000	125,000	The Burn Program under District Reg II locally implements CCR Title 17 requirements for open burning. The larger permit is a "Non-Standard" Burn Permit (and may allow other types of burning such as property development, hazard reduction, prescribed burns, etc.). Current fees are tiered for the size of the burn and vary from \$40 (burns<1 acre mtl), \$80 (1-10 acres), \$500 (100-300 acres), \$1,250 (burns>300 acres).
43100	Standard Burn Permits	70,000	75,000	The Burn Program under District Reg II local implements CCR Title 17 requirements for open burning. The smaller permit is a "Standard" Burn Permit that is typically for most residential properties. Current fee is \$2C
43125	Smoke Management Plans (SMPs)	-	-	SMP's are required in conjunction with some Non-Standard Burn Permits when burning could impact a sensitive receptor (school, hospital, centers, homes, etc.) and/or the amount of material to be burned exceeds that outlined in District rules. SMP's are each reviewed and approved, and burning must be done within prescription with a Burn Authorization on a Burn Day. Current Fee is \$65.
43150	Title V Permits	374,250	390,000	The 1990 Amendments to the Federal Clean Air Act (CAA) include a comprehensive operating permit program in Title V (40 CFR Part 70). The Title V permit combines, in a single document, all Federal CAA requirements that apply to these "Major" sources. The following are considered Major sources and are subject to the Title V permit program requirement: Pacific Gas & Electric (PG&E), and the Humboldt Sawmill Company (HSC)
43160	Synthetic Minor Permits	5,670	6,000	Synthetic Minor Sources are not considered a Major (Title V) source because permit conditions restrict operation so that its potential to emit emissions are below that for a Major source
43200	Permits to Operate (PTOs)	300,535	362,000	Annual renewal permit fees for Minor stationary source(s) of emissions and mobile equipment under exiting PTOs, such as diesel engines, hot mix asphalt plants, crematories, etc. District fees established pursuant to H&SC Section 42311
43250	Authority To Construct (ATC) Permits	39,690	55,000	Initial construction permit fees for stationary source and mobile equipment, such as diesel engines, hot mix asphalt plants, crematories, GDFs, etc. Applications received can vary depending on economy, construction activity, etc.
43300	Vapor Recovery Permits	113,410	117,000	Vapor recovery permits are required by District regulations for gas stations (Gasoline Dispensing Facilities-GDFs), bulk terminals, and for Soil Vapor Extractions (SVE).
TOTAL		1,023,555	1,130,000	
FEES				
44025	District share State-wide PERP Fees	30,000	35,000	Under state law, owners or operators of portable diesel engines and certain other types of equipment can register their units under ARB's statewide Portable Equipment Registration Program (PERP) in order to operate their equipment throughout California. These funds represent the District's share of inspection fees for registrations
44050	Emission Reduction Fees	-	-	Pursuant to federal, state, and local laws, voluntary, unrequired emission reductions initiated by stationary sources which are real, permanent and validated may be banked and used for offset credit toward non-attainment pollutants
44150	Application Fees	6,805	6,805	Application fees for permits such as ATCs, existing permit revisions, and existing equipment not under permit (PTOs). Applications received can vary depending on economy, construction activity, etc
44200	ATCM Regulation(s) Fees	500	500	Fees associated with State Air Toxic Control Measures (ATCMs) including Naturally Occurring Asbestos (NOA) mitigation plans
44250	Asbestos NESHAP Fees	17,010	19,000	The EPA minimizes asbestos emission exposure through the National Emission Standards for Hazardous Air Pollutants (NESHAP) pursuant to 40 CFR Part 61. The Asbestos NESHAP provisions require notification and inspection prior to building demolition activity. Fees cover the review and approval of applications and the issuance of asbestos abatement permits. Applications received can vary depending on economy, construction activity, etc.
44350	GHG Fees	192,795	229,000	Applies to sources which have potential to emit Greenhouse Gases (GHGs) such as stationary sources and those affected by the state refrigerant management program. This covers tracking, permitting, inspecting, and emission inventory management.
44400	Hearing Board & Excess Emission Fees	-	-	Under limited conditions, stationary sources may apply for a variance from District regulations by submitting a petition to the District Hearing Board. This account tracks Hearing Board petition fees and Excess Emission Fees.
44510	Hot Spots Emission Inventory	-	-	On a quadrennial basis, the District bills stationary sources in accordance with Regulation IV, Rule 407(3.2) for cancerous and non-cancerous health effects. The billing covers the cost of updating emissions inventory per AB2588, Hot Spots
44600	Air Monitoring Fees (Designated)	102,070	114,000	All permitted sources (PTOs, Vapor Recovery, etc.) pay an air monitoring fee that is designated toward support of the District's Air Monitoring network and activities
44900	Other Fees	-	-	Miscellaneous fees that do not fall into other fee accounts such as expedite fees, outside contract engineering, permit modifications, etc
TOTAL		349,180	404,305	
PENALTIES				
46050	Settlements, Civil	70,000	100,000	Revenue collected from the District's Civil Penalty Fee Program established pursuant to H&SC Section 42402.5 and 42403. The amount Notice of Violations (NOVs) varies each year, but the payment amount can vary depending on the type of violation and given the reduction violators can received using the District's Mutual Settlement Program.
46100	Late Payments	500	500	Assessment of late payments on past due invoices
TOTAL		70,500	100,500	

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
STATE FUNDS				
47050	Subvention, Base	103,200	103,200	Air districts received State Subvention funds because the Legislature recognized that the districts face a number of program mandates under state law that cannot be fully funded (or in some cases, funded at all) through fees on stationary sources or with motor vehicle registration surcharge funds. There are specific requirements and limits for which this money can be used. Under H&SC Section 39802, Base Subvention funding is provided/subvened at a rate of up to \$0.23 per capita but not less than \$34,000 (\$18,000 each county).
47055	Subvention, Supplemental	30,000	30,000	Supplemental Subvention funding received under H&SC 39810 are for programs or expenditures that have been allocated per the District's yearly application and approved by the State. Funds could be targeted for activities such as staff training, rule/SIP revisions, public outreach, unrecovered enforcement costs, supplemental air monitoring equipment and supplies, etc.
47060	CARB AB 617 Community Air Protection Grant Agreement Funding	-	-	Direct reimbursement funding under grant agreement for AB 617 Community Air Protection Program activities such as source evaluations, plan preparation, monitoring, community meetings, reduction plans, emissions reporting, and BARCT implementation. <u>Grant agreement may be amended in future years</u>
47065	CARB AB 197 Emission Inventory Grant Agreement Funding	9,500	9,500	Direct reimbursement funding under grant agreement for AB 197 Emission Inventory activities to review and update emission inventory data in the California Emissions Inventory Development and Reporting System (CEIDARS) database. Annual funding tentatively \$8,500/yr, and grant agreement may be amended in future years. Anticipate annual requests for reimbursement of activities.
47070	CARB Oil & Gas Regulation Grant Agreement Funding	1,000	1,000	Direct reimbursement funding under grant agreement for implementation and enforcement of facilities subject to the CARB Oil & Gas Regulations. The District currently only has one facility that meets the applicability. Anticipate annual requests for reimbursement of activities.
47315	CARB Prescribed Burn Grant Program	160,000	160,000	Direct reimbursement funding under grant agreement for activities that support statewide increase in prescribed fire as envisioned in SB1260/SB960 with CAL FIRE. Under contract with CARB, CAPCOA implements pass through funding to districts via MOA requirements. Each CARB FY grant agreement is for two years implementation. The District uses these funds to offset fee waivers for Non-Standard Burn Permits and Smoke Management Plans (SMPs) associated with prescribed fire projects, wildfire fuel-reducing Air Curtain Incinerators, and costs associated with prescribed fire-wildfire public outreach activities.
47110	EPA 103 Grant - Air Monitoring PM2.5	17,000	34,000	EPA PM2.5 Grant funds that directly fund District PM2.5 air monitoring efforts (labor, equipment, monitor, etc.)
47115	IRA Grant- Air Monitoring	20,000	40,000	EPA Inflation Reduction Act (IRA) Air Monitoring grant. Grant funds that directly fund District air monitoring efforts (labor, equipment, monitor, etc.). These funds received in prior fiscal year and held in Reserve fund
TOTAL		340,700	377,700	
GRANT ADMINISTRATION FUNDS				
48150	AB923 DMV Surcharge - Admin	17,000	17,000	Administration portion of the AB923 DMV Surcharge (\$2 per vehicle). Administration limited to 6.25% of grant funding pursuant to H&SC 44233.
47332	RSBPP Grant Admin (YR 3)	160,000	35,000	Admin income from direct reimbursement of costs incurred with the administration of the Rural School Bus Pilot Program (RSBPP) for YR 3
47333	RSBPP Grant Admin (YR 4)	40,000	25,000	Admin income from direct reimbursement of costs incurred with the administration of the Rural School Bus Pilot Program (RSBPP) for YR 4
47215	State Woodsmoke Reduction Grant Admin Carryover	54,375	54,375	Admin income from the CARB Woodsmoke Reduction Grant (YR 5) which provides 9.5% for administrative expenses (0.5% for CAPCOA oversight). These funds received in prior fiscal year and held in Reserve fund.
N/A-Reserve	District Woodstove Grant Carryover	100,000	100,000	These District Woodstove Grant funds received in prior fiscal years and held in Reserve fund
TOTAL		371,375	231,375	
AB2766 DMV SURCHARGE FUNDING				
48000	AB2766 DMV Surcharge Funding	635,000	635,000	AB2766 Surcharge Funding pursuant to H&SC Sections 44223 and 44225, which authorizes the District to collect up to \$4 per vehicle registered within the District's jurisdiction
TOTAL		635,000	635,000	
MISCELLANEOUS FUNDS				
49350	Other Miscellaneous Income	5,000	5,000	Miscellaneous items not covered by other accounts such fees received for public records requests, District credit card rebates, refund of electricity used for onsite charging stations, etc
TOTAL		5,000	5,000	
INTEREST				
80050	Interest, General Account	15,000	17,000	Interest earned on funds held by the Humboldt County Treasurer
TOTAL		15,000	17,000	
	TOTAL REGULAR INCOME	2,810,310	2,900,880	

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
REGULAR EXPENSE				
APPROPRIATION FOR CONTINGENCIES				
58000	Appropriation for Contingencies	25,000	25,000	Contingency funds are used to address unanticipated fiscal liabilities and changes in the operational activities of the District, which may occur in the course of the year. Contingency funds represent the District's budgeted non-obligated fund. Many of the District's activities require advance funding to receive direct reimbursement
TOTAL		25,000	25,000	
SALARIES & WAGES				
60050	Salaries & Wages	1,184,850	1,250,351	Projected annual base salary and wages for 12 1/2 permanent employees, including any COLA or merit increases.
60100	Outside contract employee(s)	-	-	Costs for temporary and part time employees as outside contractor/support who are not eligible for standard employee benefit
60125	Overtime	1,000	1,000	Wages paid for overtime work.
60150	Retirement - CalPERS	336,035	360,000	The District pays a percentage of gross wages and an annual lump sum amount for the Annual Unfunded Accrued Liability (AUAL). PERS rates and AUAL are established through an actuarial valuation. Costs increase due to the District's pension obligation/debt - this year the AUAL amount represents almost 30% of the total payment to CalPERS.
60175	Employees' Group Insurance	525,550	490,000	District employees are covered under PERS insurance (California Public Employees Retirement System's health insurance plan
60184	Retirees' Group Insurance	160,000	148,000	This account reflects the cost for retirees' health insurance coverage. This is considered part of the District's Other Post Employment Benefits (OPEB) debt obligation.
60186	SDRMA Dental, Vision, Life Insurance	15,600	15,600	This account reflects the cost of the Special District Risk management Authority (SDRMA) ancillary benefits (which include Dental, Vision and Basic Life insurance for employees)
60190	Workers' Compensation Insurance	17,500	21,700	Workers' compensation insurance is paid yearly and is determined based on a combination of State rates and claims experience
TOTAL		2,240,535	2,286,651	
PAYROLL TAXES				
60225	Medicare & Social Security Tax	17,180	18,130	The Medicare tax rate is 1.45% of taxable wages, with no wage limit
60250	CA Taxes, Unemployment Insurance & ETT	2,275	2,275	These taxes are calculated by applying the 2025 contribution rates of 1.5% for State Unemployment Insurance (SUI) and 1% for Employment Training Tax (ETT) to the first \$7,000 wages per employee per calendar year period.
TOTAL		19,455	20,405	
INSURANCE				
60350	General Liability, E&O	30,000	34,500	Premiums for public liability, property damage including fire, burglary, and vehicle coverage, errors and omissions coverage, boiler and money insurance coverage. This expense also includes a rider for various air monitoring stations
TOTAL		30,000	34,500	
PROFESSIONAL SERVICES				
60450	Professional & Special Services	100,000	100,000	Professional and specialized services including financial and auditing services, legal services, outside consulting/support, et
TOTAL		100,000	100,000	
REPAIRS & MAINTENANCE				
60550	Maintenance, Computers & Programs	40,000	30,000	General maintenance costs for computers, software, licenses, and proprietary programs (IT costs, Smartsheet, DocuSign, Zoom, QuickBooks, Google/Gmail, payroll, server, website support, software licences, etc.
60575	Maintenance, Building	25,000	25,000	Building maintenance and repair costs to building
60580	Maintenance, Equipment & Miscellaneous	8,000	8,000	Maintenance activity for equipment not specified in other maintenance accounts (landscape maintenance, etc.
60590	Maintenance, Equip.& Misc.-Air Monitoring	15,000	8,000	Repairs and maintenance of air monitoring stations
60585	Household & Janitorial	8,000	8,000	General janitorial costs for office and garbage pick-up service
TOTAL		96,000	79,000	
SAFETY EQUIPMENT & SUPPLIES				
60855	Safety Equipment	1,000	1,000	Safety equipment such as safety shoes and/or gear for inspections. Includes COVID-19 supplies
TOTAL		1,000	1,000	

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
TRANSPORTATION & TRAVEL				
60950	Vehicles - Gas, Maintenance & Repairs	13,000	10,000	Costs of vehicles' gas, maintenance and repairs including fuel, auto detailings, annual safety checks, oil changes, and car washes
61050	Transportation & Travel - Staff	8,000	8,000	Costs of all transportation including the reimbursement to staff for the costs of meals and lodging, commercial transportation, allowance for use of private vehicles and other travel costs.
61060	Transportation & Travel - APCO	4,000	2,000	Costs of all transportation associated with the APCO including the reimbursement of the costs of meals and lodging, commercial transportation, allowance for use of private vehicles and other travel costs
61075	Transportation & Travel - Board of Directors	4,000	2,000	Travel expenses for governing and hearing board members and District counsel, such as mileage and lodging reimbursement
TOTAL		29,000	22,000	
COMMUNICATIONS				
62050	Communications - General Office	15,000	15,000	Cost of communications services, including monthly telephone at the office and cell phone costs
62060	Communications - Internet	3,600	3,600	Cost of internet communications at various district sites
TOTAL		18,600	18,600	
UTILITIES				
63050	Utilities - Electric & Gas	15,000	14,000	Gas and electric service to the office & various air monitoring stations
63100	Water & Sewer	1,500	1,500	Water and sewer service to the office.
TOTAL		16,500	15,500	
SPECIAL DISTRICT EXPENSE				
64050	Special District Expense - General	8,000	6,000	Other District expenses in this category include payments to Board members at \$100 per meeting (H&SC 40154), etc
64075	Training	4,000	2,000	Employee education and training expenses (registration and class fees)
64100	Memberships & Subscriptions	18,500	17,000	Costs of necessary memberships, subscriptions, and/or licenses (CAPCOA membership, CSDA, etc.)
64150	Public Education	1,000	1,000	Various public education programs and outreach not included in other programs' outreach or expense accounts (i.e. funding provided directly by the District)
TOTAL		31,500	26,000	
OFFICE EXPENSE				
65050	Postage	5,000	5,000	Stamps, metered mail and bulk mail postage.
65100	Office Supplies	5,000	5,000	Office supplies include expendable items such as pens, pencils, ink & toner cartridges, copy paper, binders, envelopes, et
65200	Publications & Legal Notices	5,000	4,000	District costs of publications legally required for reports and notices, and includes costs of public notice:
65225	Printing Costs	2,000	1,500	Printing costs such as printing permit forms and other District publications
65250	Rents & Leases - Building	2,340	2,340	Rental expense for storage unit.
65255	Rents & Leases, Building - Air Monitoring	600	600	Eureka (Alice Birney) Air Monitoring Station monthly rent at \$50 per month
65300	Rents & Leases - Equipment	6,000	6,000	Rent and lease of equipment, including postage meter and copier leases
65350	Office Services	6,000	4,000	Other misc office expense for services (Office/building security system, phone system, office printing/copier services, etc.
TOTAL		31,940	28,440	
CAPITAL OUTLAY				
66075	Equipment <\$5,000	7,000	5,000	Small tools, computer-related and office equipment.
66080	Air Monitoring Equipment <\$5,000	5,000	5,000	Small tools and equipment associated with air monitoring
66100	Fixed Assets >\$5,000	-	-	Major modifications to real property, replacement of vehicles, or purchase of other assets.
66105	Fixed Assets - Air Monitoring >\$5,000	10,000	10,000	Purchase of new equipment for air monitoring stations
TOTAL		22,000	20,000	
GRANT ADMINISTRATION EXPENSE				
67602	RSBPP Grant Admin (YR 3) - Expense	120,000	120,000	Admin income expensed from direct reimbursement of costs incurred with the administration of the Rural School Bus Pilot Program (RSBPP) for YR 3
67603	RSBPP Grant Admin (YR 4) - Expense	30,000	24,000	Admin income expensed from direct reimbursement of costs incurred with the administration of the Rural School Bus Pilot Program (RSBPP) for YR 4

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
67625	State Woodsmoke Reduction Grant Admin (YR 4) - Expense	54,375	54,375	Admin income expensed from direct reimbursement of costs incurred with the administration of the State Woodsmoke Reduction Grant (YR 2)
68075	District Woodsmoke Grant Expense	100,000	100,000	These District Woodstove Grant funds received in prior fiscal years and held in Reserve fund
67630	CARB Prescribed Burn Grant Program - Expense	85,000	85,000	Admin income expensed from direct reimbursement costs incurred with the administration of CARB Prescribed Burn Program Grant
TOTAL		389,375	383,375	
FUNDS TO OTHER AGENCIES				
68200	CARB Air Toxic "Hot Spots" Program	1,500	1,500	Fees collected by the District and passed through to CARB for CARB's Air Toxic "Hot Spots" Program.
68290	Burn Permit Fees to Fire Agencies	12,000	12,000	The District provides \$3 for every Standard Burn Permit issued to each local fire agency
68410	CARB AB 617 Community Air Protection Grant Agreement Funding	-	-	
TOTAL		13,500	13,500	
MISCELLANEOUS EXPENSE				
69100	Uncategorized Expenses	-	-	Miscellaneous uncategorized expenses
69150	Bad Debt/Unpaid Fees/Write-offs	-	-	Unpaid invoices and deductions in fees due to the District
69200	Pension & OPEB Liabilities Fund	-	-	Contribution to the District's Pension and OPEB Liability/Trust Funds either as part of the budget or pulled from the Reserve Fund
TOTAL		-	-	
BANK FEES & INTEREST EXPENSE				
70125	Bank Fees & Charges	2,000	2,000	Regular banking fees associated with checking accounts
70130	Credit Card Expense	8,000	8,000	Bank fees associated with credit card transactions
70150	Late Fees	-	-	
TOTAL		10,000	10,000	
	TOTAL REGULAR EXPENSE	3,074,405	3,083,971	

2,810,310	2,900,880	Total FY 25/26 Income
3,074,405	3,083,971	Total FY 25/26 Expense
-264,095	-183,091	
57,438	73,251	Contribution of FY 25/26 Grant Programs which have a fixed admin % (does not include direct/reimbursement grant admin)
0	0	Contribution to the District's Pension & OPEB Liability Fund (if provided from Reserve)
20,000	20,000	Pulled from Reserve for modifications to District building
-186,657	-89,840	

GRANTS & SPECIAL INCOME				
CARL MOYER GRANT INCOME				
47100	Carl Moyer Program Grant	335,302	334,127	The CARB Carl Moyer Program Grant provides grant incentives for purchasing lower-emission heavy-duty diesel engines. Funding typically covers the cost difference between a new heavy-duty diesel engine and an alternative, clean fuel or lower-emission model. The allocation for 2026-27 FY it is considered the CMP Year 28
47100	Carl Moyer Program Grant carryover	-	-	Carl Moyer Grant program funds carryover from previous fiscal year
47105	Carl Moyer Program Admin	59,171	58,964	The Carl Moyer Grant provides 12.5% for grant admin/expenses (held in District Reserve), which are allocated over several years (typically allocate 80% initial year)
47105A	Carl Moyer Program Grant Admin carryover from previous year	10,101	11,834	The Carl Moyer Grant provides 12.5% for grant admin/expenses (held in District Reserve), which are allocated over several years (typically allocate and carryover 20% for second year)
80150	Interest, Carl Moyer Program Grant	200	200	Estimated interest earned on all Carl Moyer Program Grant funds while held in the Moyer bank account. All interest earned must be available for disbursement to qualified projects.
TOTAL		404,774	405,125	

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
STATE RESERVE (MULTI-DISTRICT) GRANT INCOME				
47350	State Reserve (Multi-District) Grant	-	-	CARB grant funding from the unallocated 5% within the Carl Moyer Program, referred to as State Reserve (Multi-District). Supports state priorities in partnership with air districts. Initially funding went to the TIMBER Program with new funds presently going toward VIP off-road, non-Aq and Ag projects.
47350	State Reserve (Multi-District) Grant carryover	-	-	The State Reserve Grant program funds carryover from previous fiscal year
47355	State Reserve (Multi-District) Admin	-	-	The State Reserve Grant provides 12.5% for grant admin/expenses (held in District Reserve), which are allocated over several years (typically allocate 80% initial year
47355	State Reserve (Multi-District) Admin carryover	-	-	The State Reserve Grant provides 12.5% for grant admin/expenses (held in District Reserve), which are allocated over several years (typically allocate 20% for second year)
TOTAL		-	-	
AB923 DMV SURCHARGE INCOME				
48100	AB923 DMV Surcharge Funds	325,000	325,000	State provided AB923 DMV Surcharge Funds for grant projects pursuant to H&SC 44229, which authorizes the District to receive an additional \$2 per vehicle in the District's jurisdiction.
48100	AB923 DMV Surcharge Funds carryover	1,520,070	1,951,991	AB923 DMV Surcharge Funds Carryover from previous fiscal year
80200	Interest, AB923 DMV Surcharge Funds	200	200	Estimated interest earned on AB923 DMV Surcharge Funds
TOTAL		1,845,270	2,277,191	
RURAL SCHOOL BUS PILOT PROGRAM (YR 3) INCOME				
47327	Rural School Bus Pilot Program (YR 3)	-	-	Through a CARB Grant Agreement, the District administers the state-wide Rural School Bus Pilot Program (RSBPP) Year 3 grant for school buses for rural school districts (allocation was increased beyond initial amount to \$18,550,00, which includes CARB's state match project funds for DERA grant applied to RSBPP)
47327	Rural School Bus Pilot Program (YR 3) carryover	7,375,000	250,000	RSBPP (YR 3) carryover from previous fiscal year and held in the RSBPP (YR 3) financial account
80216	Interest, RSBPP (YR 3) Grant Program	1,000	1,000	Estimated interest earned on RSBPP (YR 3) Grant funds while held in the RSBPP (YR 3) financial account. All interest earned must be available for disbursement to qualified projects
TOTAL		7,376,000	251,000	
RURAL SCHOOL BUS PILOT PROGRAM (YR 4) INCOME				
47328	Rural School Bus Pilot Program (YR 4)	-	-	Through a CARB Grant Agreement, the District administers the state-wide Rural School Bus Pilot Program (RSBPP) Year 4 grant for school buses for rural school districts.
47328	Rural School Bus Pilot Program (YR 4) carryover	4,185,000	2,500,000	RSBPP (YR 4) carryover from previous fiscal year and held in the RSBPP (YR 4) financial account
80217	Interest, RSBPP (YR 4) Grant Program	1,000	1,000	Estimated interest earned on RSBPP (YR 4) Grant funds while held in the RSBPP (YR 4) financial account. All interest earned must be available for disbursement to qualified projects
TOTAL		4,186,000	2,501,000	
WOODSTOVE CHANGEOUT PROGRAM INCOME				
N/A-Reserve	Woodstove Changeout Grant Program	-	-	District Woodstove Grant Program is typically funded by funds from compliance settlement agreement(s). The current funds were received in FY 16/17 and are provided through the Reserve Fund
N/A-Reserve	Woodstove Changeout Grant Program carryover	345,267	345,267	District Woodstove Grant funds carryover from previous fiscal year and held in the District Reserve
TOTAL		345,267	345,267	
STATE WOODSMOKE REDUCTION PROGRAM INCOME				
47210	State Woodsmoke Reduction Grant Program	-	-	State Woodsmoke Reduction Grant Program allocation for YR4. Grant program is implemented by CARB and administered by air districts in coordination with CAPCOA. Implemented by California Climate Investments with GGRF funds
47210	State Woodsmoke Reduction Grant Program carryover	512,445	512,445	State Woodsmoke Grant program YR3 funds carryover from previous fiscal year and held in the State Woodsmoke account
80210	Interest, Woodsmoke Grant Program	100	100	Estimated interest earned on Woodsmoke Reduction Program funds while held in the Woodsmoke financial account. All interest earned must be available for disbursement to qualified projects
TOTAL		512,545	512,545	
FARMER PROGRAM INCOME				
47200	FARMER Grant Program	-	69,554	CARB's Funding Agricultural Replacement Measures for Emission Reductions (FARMER) grant program. A statewide agricultural equipment replacement program similar to the Carl Moyer Program with additional project types. Initially allocates \$5.5 million split among 18 air districts with 9% administration. Funded by GGRF, Air Quality Improvement Funds, Alternative and Renewable Fuel and Vehicle Technology Funds
47200	FARMER Grant Program carryover	-	-	The FARMER Grant program funds carryover from previous fiscal year and held in the FARMER account
47205	FARMER Grant Program Admin	-	14,246	The FARMER Grant provides 9% for administrative expenses

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
47205	FARMER Grant Program Admin carryover from previous year	-	-	The FARMER Grant provides 50% admin carryover from previous fiscal year, held in District Reserve, to be expensed this fiscal year. Estimated interest earned on FARMER Grant Program funds while held in the FARMER Program financial account. All interest earned must be available for disbursement to qualified projects.
80205	Interest, FARMER Grant Program	-	-	
TOTAL		-	83,800	
CHIRP GRANT INCOME				
47120	CHIRP Grant	56,262	-	The Climate Heat Impact Response Program (CHIRP) is an incentive program initiated between CARB and the CEC, to mitigate the extra emissions during declared heat event to relieve pressure on the power grid. Targets backup diesel generators and can be distributed using Carl Moyer Grant guidelines. Air district funding allocation(s) determined by CAPCOA. The CHIRP Grant provides 15% for grant/admin expense.
47120	CHIRP Grant Carryover	-	-	CHIRP Grant funds carryover to next fiscal year and held in Reserve fund
47125	CHIRP Admin	9,929	-	CHIRP Grant program provides 15% for admin/expenses
47125	CHIRP Admin Carryover	-	-	CHIRP Admin funds carryover from previous fiscal year and held in Reserve fund
TOTAL		66,191	-	
TOTAL GRANTS & SPECIAL INCOME		14,736,047	6,375,928	
GRANTS & SPECIAL EXPENSE				
CARL MOYER GRANT EXPENSE				
68100	Carl Moyer Program Grant	335,502	334,127	Carl Moyer Program Grant incentives/project funds provided under contract to recipients.
68100	Carl Moyer Program Grant carryover	-	200	Carl Moyer Program Grant funds carryover to next fiscal year and held in Carl Moyer financial account.
68100A	Carl Moyer Program Grant Admin	47,337	47,171	The Carl Moyer Grant provides 12.5% for grant admin/expenses (held in District Reserve), which are allocated over several years (typically 80% initial year, 20% second year) to roughly cover minor admin expenses during grant term (5-10yrs). This expense is reflected in the operating budget in various accounts (e.g. Salaries & Benefits and Office Expense)
68100A	Carl Moyer Program Grant Admin carryover from previous year	10,101	11,834	Carl Moyer Grant admin of 20% carryover from previous fiscal year, held in District Reserve, to be expensed in this fiscal year.
68100A	Carl Moyer Program Grant Admin carryover to next year	11,834	11,793	Carl Moyer Grant admin of 20% carryover to next year, held in District Reserve, to be expensed next fiscal year.
TOTAL		404,774	405,125	
STATE RESERVE (MULTI-DISTRICT) GRANT EXPENSE				
68350	State Reserve (Multi-District) Grant	-	-	State Reserve Grant incentives/project funds provided under contract to recipients.
68350	State Reserve (Multi-District) Grant carryover	-	-	State Reserve program funds carryover to next fiscal year and held in Carl Moyer financial account.
68350A	State Reserve (Multi-District) Admin	-	-	State Reserve Admin provides 12.5% for grant admin/expenses, where 80% is expensed initial year when funds received. This expense is reflected the operating budget in various accounts (e.g. Salaries & Benefits and Office Expense)
68350A	State Reserve (Multi-District) Admin carryover from previous year	-	-	State Reserve admin of 20% carryover from previous fiscal year, held in District Reserve, to be expensed in this fiscal year.
68350A	State Reserve (Multi-District) Admin carryover to next year	-	-	State Reserve admin of 20% carryover to next year and held in District Reserve, to be expensed next fiscal year.
TOTAL		-	-	
AB923 DMV SURCHARGE FUNDS EXPENSE				
68055	AB923 DMV Surcharge Funds	650,000	650,000	AB923 DMV Surcharge Grant incentives/project funds provided to recipients; AB923 DMV Surcharge Funds also provide yearly match funds for the Carl Moyer Program Grant Program.
68055	AB923 DMV Surcharge Funds carryover	1,195,270	1,627,191	AB923 Grant funds carryover to next fiscal year and held in AB923 financial account, including interest
TOTAL		1,845,270	2,277,191	

North Coast Unified Air Quality Management District - Draft FY 2026-27 Budget

ACCOUNT NUMBER	ACCOUNT NAME	FY 2025-26 ADOPTED	FY 2026-27 PROPOSED	DESCRIPTION AND DETAILS OF ACCOUNTS
RURAL SCHOOL BUS PILOT PROGRAM (YR 3) EXPENSE				
68327	Rural School Bus Pilot Program (YR 3)	7,376,000	251,000	RSBPP (YR 3) Grant incentives/project funds provided under contract to recipients
68327	Rural School Bus Pilot Program (YR 3) carryover	-	-	RSBPP (YR 3) Grant funds carryover to next fiscal year and held in RSBPP (YR 3) financial account
TOTAL		7,376,000	251,000	
RURAL SCHOOL BUS PILOT PROGRAM (YR 4) EXPENSE				
68328	Rural School Bus Pilot Program (YR4)	4,186,000	2,501,000	RSBPP (YR 4) Grant incentives/project funds provided under contract to recipients
68328	Rural School Bus Pilot Program (YR 4) carryover	-	-	RSBPP (YR 4) Grant funds carryover to next fiscal year and held in RSBPP (YR 4) financial account
TOTAL		4,186,000	2,501,000	
WOODSTOVE CHANGEOUT PROGRAM EXPENSE				
68075	Woodstove Changeout Program	100,000	100,000	District Woodstove Grant incentives provided under agreement to recipients.
68075	Woodstove Changeout Program carryover	245,267	245,267	District Woodstove Changeout Program funds carryover and held in District Reserve
TOTAL		345,267	345,267	
STATE WOODSMOKE REDUCTION PROGRAM EXPENSE				
68080	State Woodsmoke Reduction Program	512,545	100,000	State Woodsmoke Grant incentives provided under agreement to recipients
68080	State Woodsmoke Reducton Program carryover	-	412,545	State Woodsmoke Grant funds carryover to next fiscal year and held in State Woodsmoke financial account
TOTAL		512,545	512,545	
FARMER PROGRAM EXPENSE				
68040	FARMER Program	-	69,554	FARMER Grant incentives/project funds provided under contract to recipients
68040	FARMER Program carryover	-	-	FARMER Grant funds carryover to next fiscal year and held in FARMER Grant Program financial account
68040A	FARMER Admin	-	14,246	FARMER Grant program provides 9% for admin/expenses, where 50% admin expensed in first year when funds received. This expense is reflected the operating budget in various accounts (e.g. Salaries & Benefits and Office Expense)
68040A	FARMER Admin carryover from previous year	-	-	FARMER Grant admin of 50% carryover from previous fiscal year, held in District Reserve, to be expensed in this fiscal year
68040A	FARMER Admin carryover to next year	-	-	FARMER Grant admin of 50% carryover to next fiscal year and held in District Reserve
TOTAL		-	83,800	
CHIRP PROGRAM EXPENSE				
68115	CHIRP Program	56,262	-	CHIRP Grant incentives/project funds provided under contract to recipients
68115	CHIRP Program carryover	-	-	CHIRP Grant funds carryover to next fiscal year and held in Reserve fund
68115A	CHIRP Admin	9,929	-	CHIRP Grant program provides 15% for admin/expenses. This expense is reflected the operating budget in various accounts (e.g. Salaries & Benefits and Office Expense).
68115A	CHIRP Admin carryover	-	-	CHIRP Admin funds carryover from previous fiscal year and held in Reserve fund
TOTAL		66,191	-	
TOTAL GRANTS & SPECIAL EXPENSE		14,736,047	6,375,928	
		14,736,047	6,375,928	Total FY 25/26 Grant Income
		14,736,047	6,375,928	Total FY 25/26 Grant Expense
		0	0	

Agenda Item: 10

**North Coast Unified
Air Quality Management District**
707 L Street, Eureka, CA 95501
(707) 443-3093
www.ncuaqmd.org



TO: North Coast Unified Air Quality Management District Board

FROM: Brian Wilson, APCO

SUBJECT: APCO Report

DATE: May 21, 2026

ACTION REQUESTED: Accept and File

The following information is provided as a summary of items of interest to the Board and District. Staff solicits and appreciates any feedback concerning these items or other items of interest from the Board.

1. EPA Denies Petition by EPIC & Humboldt Coalition for Clean Energy to Humboldt Sawmill Company's Title V Permit Operating Permit

The US EPA recently denied a petition submitted in January 2025 from the Environmental Protection Information Center (EPIC) and the Humboldt Coalition for Clean Energy objecting to the District's issuance of an updated Title V operating permit for the Humboldt Redwood Company. The permit issued was a 'significant modification' to the operating permit for the sawmill facility and biomass plant, which was issued pursuant to Title V of the Clean Air Act (CAA) and the District's EPA-approved operating permit program rules. As outlined in the attached Order, the EPA denied the petitioners request for an objection on all four claims.

Previously, in March of 2024, EPIC had issued correspondence to the District Governing Board that claimed that the District erroneously informed HSC and the public that the plant was operating without a valid Title V permit. This same complaint was submitted to the EPA by Dr. Wendy Ring with the Humboldt Coalition for Clean Energy. In October 2024, the EPA responded indicating they agreed with the District that HSC did indeed have a current and valid Title V operating permit and were aware the District planned to renew the permit as a separate action this year.

2. Update on Implementation of State Woodsmoke Reduction Grant

The State Woodsmoke Reduction Pilot Program (Program) is a Greenhouse Gas Reduction Fund (GGRF) funded program designed to replace high-polluting, uncertified wood stoves, wood inserts, and fireplaces with cleaner burning, more efficient home heating devices. The Program is administered by CARB and

implemented by the District in coordination with California Air Pollution Control Officer's Association (CAPCOA).

To be eligible for the Program, a homeowner or renter must currently use an uncertified wood stove, wood insert, or fireplace as a primary heat source. Eligible new devices within the Guidelines of the program include:

- U.S. EPA certified wood stove or wood insert
- Pellet home heating device
- Natural gas home heating device
- Propane gas home heating device
- Electric home heating device
- Ductless mini-split heat pump

The incentive amount will depend on where the property is located and applicant's household income, with some households qualifying for near-full replacement cost. Applicants residing in a census tract identified as a disadvantaged or low-income community can qualify for an enhanced incentive. Applicants residing outside of a census tract identified as a disadvantaged or low-income community who can demonstrate low-income eligibility based on household income can also qualify for enhanced incentives. All other applicants are eligible for a standard incentive.

Incentive amounts were structured as follows:

- Standard Incentive Amount
 - Electric heat pump - \$5,000
 - All other eligible heating devices - \$2,500
- Enhanced Incentive Amount:
 - Electric heat pump - \$12,000
 - All other eligible heating devices - \$7,000

District staff has recently closed the application period for 2026, where 155 applications qualified for the standard incentive and the remaining 136 applicants qualify for the enhanced incentive. Applications were received from the following counties: Humboldt (132), Del Norte (9), Trinity County (14). The applications by replacement type were as follows: catalytic (45), non-catalytic (29), hybrid (32), pellet (18), electric stove heater (3), and electric heat pump (28).

To ensure a seamless experience for both our applicants and participating vendors, the District is issuing award letters in five distinct phases throughout 2026. This staggered approach allows our staff to provide personalized support and ensures our local vendors can manage the increased demand for installations without service delays. Phase 1 letters have already been sent, and Phases 2 through 5 are scheduled for release in later this year.

3. Personnel Changes

Winslow Condon, our *Compliance & Enforcement Division Manager*, was recently promoted to *Deputy Air Pollution Control Officer (Deputy APCO)*. Mr. Condon will be maintaining his current role as a Division Manager, but will also be handling some additional duties and management aspects as Deputy APCO.

4. Legislative Update

The following are key legislation that the California Air Pollution Control Officers Association (CAPCOA) is following or are related to impacting a local air quality districts.

AB 1699 (Rogers D) – Good Fire Act

This legislation designed to expand the use of prescribed burns and cultural burning to reduce wildfire risk in California. Introduced by Assemblymember Chris Rogers in February 2026, the bill aims to remove bureaucratic and liability hurdles that currently limit beneficial fire practices (see attached). Its key provisions are:

- **Liability Protection Expansion:** It indefinitely extends and expands the Prescribed Fire Liability Program, which provides coverage for losses from prescribed fires when commercial insurance is too expensive or unavailable.
- **Eligibility Growth:** Expands program eligibility to include individuals, California Native American tribes, and entities like resource conservation districts and volunteer fire departments.
- **Burn Boss Certification:** Streamlines the certification and recertification process for "burn bosses"—the experts who lead prescribed fires—to increase the available workforce.
- **Removing Bureaucracy:** Eliminates the need for certain department-level approvals for burn plans that have already been reviewed and approved by a certified burn boss.
- **Overtime Pay:** Prohibits state agencies from restricting grant funds to be used for overtime or double-time pay, ensuring workers can be compensated for the 24/7 monitoring required during active burns.

As of April 2026, the bill was passed by committee and referred to the Assembly Appropriations Committee.

AB 1612 (Alanis R) – Incineration of controlled substances

This bill would authorize a local police department, sheriff's office, or state law enforcement agency to purchase and install an incinerator for the sole purpose of destroying seized controlled substances. The bill would require the local police department, sheriff's office, or state law enforcement agency to follow specified federal regulations and to notify the State Air Resources Board and the local air quality management district (or local air pollution control district) of the project. The bill would authorize multiple law enforcement agencies to purchase and install an incinerator for these purposes through a memorandum of understanding that details cost sharing. The bill would exempt a project to purchase and install an incinerator that complies with these requirements from CEQA.



Assemblymember Chris Rogers Introduces the Good Fire Act to Expand Prescribed Burning and Reduce Wildfire Risk

FOR IMMEDIATE RELEASE:
Tuesday, February 3, 2026

Meredith McNamee
Chief of Staff
(916) 319-2002
Meredith.McNamee@asm.ca.gov

SACRAMENTO, CA – Today, Assemblymember Chris Rogers introduced AB 1699 - The Good Fire Act. This comprehensive legislation is designed to significantly expand California's capacity to conduct prescribed burns and cultural burning practices. The bill addresses critical operational, liability, and certification barriers that have limited the state's ability to use beneficial fire as a tool to reduce catastrophic wildfire risk and restore ecological health.

"By removing unnecessary bureaucratic obstacles and expanding liability protections, we're empowering tribes, land managers, and communities to use fire the way it has been used for millennia — as a tool for stewarding our lands and protecting our communities," said Assemblymember Chris Rogers.

California faces an escalating wildfire crisis with millions of acres suffering from fuel build-up due to excessive fire suppression and past management. Prescribed fire and cultural burning are proven, cost-effective tools for reducing hazardous fuels, restoring ecosystems, and protecting communities. However, regulatory complexities, liability concerns, and workforce bottlenecks have prevented these practices from reaching the scale needed to address the crisis.

The Good Fire Act builds on recent executive actions by Governor Newsom that addressed some of these barriers on an emergency basis, codifying those changes into permanent law and expanding protections further.

The Good Fire Act tackles barriers across three key areas:

- *Removing Operational Restrictions:* The bill codifies emergency actions in Governor Newsom's October 29 Executive Order that clarify CAL FIRE assistance on community-led burns does not trigger additional CEQA requirements, makes pre-burn inspections optional for certified burn bosses while preserving CAL FIRE's discretion to inspect when needed, and enables state grant recipients to pay overtime for prescribed fire operations.
- *Addressing Liability Concerns:* The legislation expands eligibility for the Prescribed Fire Liability Claims Fund to include resource conservation districts, volunteer fire departments, and tribal governments. It also eliminates the fund's 2028 sunset date

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and extends liability protections to retired CAL FIRE burn bosses who maintain their certifications.

- *Reducing Credential Bottlenecks*: The bill creates pathways for federally-trained and CAL FIRE burn bosses to obtain California Certified Burn Boss (CARX) qualifications without duplicating training, and reduces CARX recertification requirements from annual to every three years.

The legislation has garnered strong support from tribal nations, conservation organizations, and academic institutions working on prescribed fire expansion:

"Karuk people burn to care for our lands, promote biodiversity, and protect our communities, and we have done so since Time Immemorial" said Bill Tripp, Director of Natural Resources and Environmental Policy, Karuk Tribe. "Beneficial fire has not always been appropriately prioritized, but the Good Fire Act puts it front and center, recognizing that cultural burning and prescribed fire are not just land management tools — they are essential practices for ecological and cultural health. By reducing operational and regulatory barriers, and expanding liability protections afforded through the Claims Fund, this bill will enable tribes, organizations, and communities to bring more good fire back to California."

"California cannot solve the wildfire crisis without dramatically scaling up prescribed fire, and we cannot scale up without addressing the regulatory and liability barriers that prevent qualified practitioners from doing this essential work," Paul Mason, Vice President for Policy & Incentives at Pacific Forest Trust, the bill sponsor. This legislation will help unlock the full potential of California's prescribed fire workforce and facilitate the use of beneficial fire that our forests desperately need."

"California has made amazing progress on beneficial fire in recent years, piloting innovative ideas and breaking down barriers to this important work" said Lenya Quinn-Davidson Director of the University of California Agriculture and Natural Resources Fire Network. "The Good Fire Act continues that progress, fine-tuning key policies and programs and making them more expansive and more durable long-term. With this bill and all of the inspiring work that's happening throughout the state, our beneficial fire future feels increasingly within reach."

###

Chris Rogers was elected to the state Assembly in 2024. As the Assemblymember for the Second Assembly District, he represents Sonoma, Mendocino, Humboldt, Del Norte and Trinity counties. Learn more about Assemblymember Rogers [here](#).



Bill Text: CA AB1699 | 2025-2026 | Regular Session | Introduced California Assembly Bill 1699

Bill Title: Good Fire Act: Prescribed Fire Liability Pilot Program: burn bosses: California Environmental Quality Act.

Spectrum: Slight Partisan Bill (Democrat 5-3)

Status: *(Introduced)* 2026-02-04 - From printer. May be heard in committee March 6. [AB1699 Detail]

Download: California-2025-AB1699-Introduced.html

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1699

**Introduced by Assembly Member Rogers
(Principal coauthor: Assembly Member Hadwick)
(Coauthors: Assembly Members Caloza, Connolly, Gallagher, and Wallis)
(Coauthors: Senators Arreguín and Grayson)**

February 03, 2026

An act to amend Sections 4477, 4493, and 4500 of, to add Sections 4497.3 and 21080.49.1 to, and to repeal Section 4503 of, the Public Resources Code, relating to wildfire, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1699, as introduced, Rogers. Good Fire Act: Prescribed Fire Liability Pilot Program: burn bosses: California Environmental Quality Act.

Existing law establishes, until January 1, 2028, the Prescribed Fire Liability Pilot Program, to be administered by the Department of Forestry and Fire Protection, to increase the pace and scale of the use of prescribed fire and cultural burning and to reduce barriers for conducting prescribed fires and cultural burning. Existing law creates the Prescribed Fire Claims Fund in the State Treasury to support coverage for losses from prescribed fires and cultural burning by nonpublic entities, such as cultural fire practitioners, private landowners, and nongovernmental entities. Under existing law, moneys in the fund are under the control of the department, and the department or a contracted third-party administrator is authorized to direct payments for claims from the fund, consistent with specified guidelines adopted by the department. These guidelines include, among other things, (1) a requirement that an eligible claim relate to either a prescribed fire conducted or supervised by a burn boss, as defined, or a cultural burn conducted or supervised by a cultural fire practitioner, and (2) a requirement that a claim shall not be paid from the fund unless the department reviewed and approved a burn plan before the prescribed fire or cultural burning. Existing law requires, upon order of the Department of Finance, the \$20,000,000 appropriated to the Department of Forestry and Fire Protection by the Legislature in the Budget Act of 2021 be transferred into the fund, and provides that all moneys deposited or transferred into the fund be continuously appropriated to the department for these purposes.

By Executive Order N-35-25, Governor Gavin Newsom suspended the limitation on public and governmental agencies enrolling in the Prescribed Fire Liability Pilot Program to the extent that the limitation would prohibit resource conservation districts and volunteer fire departments or districts from such enrollment.

This bill would establish the Good Fire Act, which would indefinitely extend the Prescribed Fire Liability Program. The bill would also expand program eligibility by changing the entities who may receive coverage for losses from prescribed fires and cultural burning from nonpublic entities to individuals and entities other than the department or the federal government, as provided. By extending the term

of a continuous appropriation and authorizing the expenditure of continuously appropriated funds for new purposes, the bill would make an appropriation.

This bill would eliminate the requirement for department approval for a plan reviewed and approved by a burn boss. The bill would also require the guidelines to include methods for prioritizing broadcast burns and burns by non-public individuals or entities or California Native American tribes in the event the fund is oversubscribed.

Existing law requires the State Fire Marshal, with the involvement of the Statewide Training and Education Advisory Committee, to develop a curriculum for, or amend into an existing curriculum, a certification program for burn bosses who possess authority to engage in a prescribed burning operation and to enter into the necessary contracts related to a prescribed burning operation. Existing law requires this curriculum to provide for the initial certification as well as the continuing education of burn bosses. Under existing law, specified civil liability protections and eligibility for claims from the Prescribed Fire Claims Fund extend to prescribed burns that, among other things, are reviewed and approved by a burn boss certified pursuant to these provisions, as provided.

This bill would require, as part of the continuing education of burn bosses, the State Fire Marshal to require recertification no sooner than every 3 years. The bill would also require the department, in consultation with the Statewide Training and Education Advisory Committee, to consider methods to increase the pool of available instructors for the certification program, including the use of non-department instructors. The bill would require the department to develop a mechanism to allow specified individuals to be designated as a burn boss. The bill would authorize these individuals certified pursuant to this process to use the above-described recertification process to maintain currency.

Existing law authorizes an entity that owns or controls brush-covered land, forest lands, woodland, grassland, shrubland, or a combination of those types of land within a state responsibility area to apply to the Department of Forestry and Fire Protection for permission to use prescribed burning for certain public purposes. Existing law requires the department, upon receipt of an application, to inspect the land in company with the applicant to determine whether a permit shall be granted, as provided.

By Executive Order N-35-25, Governor Gavin Newsom suspended the above-described requirement that the department conduct a site visit or inspection before issuing a state burn permit for projects undertaken by burn bosses or cultural fire practitioners.

This bill would authorize the department to waive the inspection requirement or modify the standard precautions for an application submitted by specified individuals.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

Existing law exempts from CEQA specified wildfire risk reduction projects, including, among other projects, projects consisting of a prescribed fire or fuel reduction to reduce wildfire risk by reestablishing the fire return interval appropriate to the ecosystem for biodiversity or other benefits, excluding projects located on coastal sage scrub habitat or any other sensitive habitat.

By Executive Order N-35-25, Governor Gavin Newsom suspended the requirements of CEQA as applied to the Department of Forestry and Fire Protection to the extent necessary for the department to assist local agencies and beneficial fire practitioners to complete beneficial fire projects that limit dangerous wildfire conditions to the greatest extent feasible.

This bill would exempt from CEQA those actions taken by the department to assist in the implementation of prescribed fire or cultural burning projects that do not otherwise require compliance with CEQA.

Existing law establishes various grant programs for purposes of wildfire prevention.

This bill would prohibit a state agency, department, board, or commission that has awarded grant funds or other sources of funding to an awardee, who is paying individuals engaged in the preparation for or implementation of beneficial fire projects from those funds, from restricting overtime or double rates of pay in the disbursement of those funds, as provided.

Digest Key

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

Bill Text

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited as, the Good Fire Act.

SEC. 2. The Legislature finds and declares all of the following:

(a) California has taken extraordinary actions to protect residents from catastrophic wildfires in recent years because effective, ecologically appropriate management of public and private lands across our state is critical to limiting dangerous wildfire conditions that threaten life and property and ensuring healthy, resilient ecosystems.

(b) California's landscapes evolved with both natural ignitions and indigenous use of fire, and past policies that attempted to eradicate wildfires from these landscapes resulted in unintended adverse consequences, including overly dense forests and conditions that exacerbate risks of ignitions becoming large, dangerous fires.

(c) Beneficial fire includes practices known as "cultural fire," "cultural burning," "prescribed fire," "prescribed burning," "good fire," and "managed fire," which are practices that enable many types of landscapes to benefit from fire to protect communities and safeguard natural and cultural resources.

(d) Beneficial fire has a proven track record of restoring the health of California's fire-adapted landscapes and limiting the intensity and severity of subsequent wildfires, thereby reducing the risk of large, catastrophic wildfires.

(e) California's use of beneficial fire has expanded in recent years, and beneficial fire treatments doubled between 2021 and 2024 thanks to tribal, state, federal, local, and nonprofit partners. To reach state goals for both initial treatment and maintenance, however, significantly more beneficial fire is needed.

(f) In light of the forest conditions and risk of catastrophic fires, it is critical that the state take more action to further expedite and expand beneficial fire projects, where appropriate, to enable practitioners to more effectively implement safe and effective beneficial fire projects.

SEC. 3. Section 4477 of the Public Resources Code is amended to read:

4477. (a) The State Fire Marshal, with the involvement of the Statewide Training and Education Advisory Committee, shall develop a curriculum for, or amend into an existing curriculum, a certification program for burn bosses, who, pursuant to Section 4476, possess authority to engage in a prescribed burning operation and to enter into the necessary contracts related to a prescribed burning operation. The curriculum shall provide for the initial certification as well as the continuing education of burn bosses. *As part of the continuing education of burn bosses, the State Fire Marshal shall require recertification no sooner than every three years. The department shall consider methods to increase the pool of available instructors for the certification program, including the use of nondepartment instructors.* It is the intent of the Legislature that this curriculum become a regular part of the training of firefighters conducted by the Department of Forestry and Fire Protection and all other appropriate accredited training providers.

(b) In addition to the curriculum and certification program developed pursuant to subdivision (a), the *department shall, in consultation with the Statewide Training and Education Advisory Committee, develop a mechanism to allow individuals certified by the department as a prescribed fire incident commander or equivalent, individuals qualified for the National Wildfire Coordinating Group position title of "Prescribed Fire Burn Boss Type 1" or "Prescribed Fire Burn Boss Type 2" or equivalent, or individuals certified as prescribed fire managers or similar positions by other states pursuant to a certification program that is substantially similar to the program described in subdivision (a) to be designated as a state-certified burn boss pursuant to subdivision (a). Once certified, an individual may use the recertification process provided in subdivision (a) to maintain currency.*

(c) *In addition to the curriculum and certification program developed pursuant to subdivision (a), the department shall develop a training program for prescribed fire users to certify professionals in any agency or organization as burn bosses. The department shall certify these individuals to a common standard. It is the intent of the Legislature that the department use its discretion to ensure that burn bosses are thoroughly qualified to engage in prescribed burning operations prior to issuing certifications.*

~~(e)~~

(d) On or before July 1, 2023, the State Fire Marshal, with the involvement of the Statewide Training and Education Advisory Committee, in consultation with the California Conservation Corps, the Regional Forest and Fire Capacity program, a statewide intertribal organization or indigenous stewardship network, and the Sierra Nevada Conservancy, shall develop a proposal to establish a prescribed fire training center. In developing the proposal, the State Fire Marshal shall do all of the following:

(1) Collaborate with the University of California Cooperative Extension, fire safe councils, relevant California State Universities, California Native American tribes, tribal organizations, cultural fire practitioners, resource conservation districts, and other relevant stakeholders on the development of the proposal.

(2) Identify potential funding sources for the proposal, including, but not limited to, federal funds, and consider the proposal's eligibility for those funding sources.

(3) Identify potential locations for a prescribed fire training center.

(4) Identify opportunities for satellite learning landscapes to support the work of the prescribed fire training center.

(5) Ensure that cultural fire practitioners are engaged in the development and ongoing leadership of the prescribed fire training center.

~~(d)~~

(e) On or before January 1, 2023, the State Fire Marshal shall post and update on its internet website the number of burn bosses with an active burn boss certification.

~~(e)~~

(f) Adherence to the best practices outlined in the curriculum and certification process established pursuant to this section shall constitute prima facie evidence of due diligence.

SEC. 4. Section 4493 of the Public Resources Code is amended to read:

4493. (a) (1) Upon receipt of an application, the department shall inspect the land in company with the applicant to determine whether a permit shall be granted, shall prescribe the manner in which the site for the prescribed burning shall be prepared, and shall require any precautions to be taken by the applicant as may be considered reasonable to prevent damage to the property of others by reason of the burning. The precautions shall, if deemed necessary, include the advance preparation of firebreaks and the firefighting equipment and personnel desirable to conduct the prescribed burning.

(2) *Notwithstanding paragraph (1), the department may waive the inspection requirement or modify the standard precautions described in paragraph (1) for an application submitted by any of the following individuals:*

(A) *A person certified pursuant to Section 4477 to conduct prescribed burning operations and to enter into contracts related to prescribed burning operations.*

(B) *A person qualified for the National Wildfire Coordinating Group position title of "Prescribed Fire Burn Boss Type 1" or "Prescribed Fire Burn Boss Type 2."*

(C) *A cultural fire practitioner, as defined in Section 3333.8 of the Civil Code.*

(D) *Other parties as determined by the director.*

(b) In issuing the permit, the department shall consider the availability of nondepartmental contingency resources when determining whether to require department contingency resources as part of the required precautions.

(c) The department shall, to the extent feasible, employ burn suspensions at the unit level, and not at the state or regional level, to not unreasonably restrict prescribed burning operations that are within prescription.

SEC. 5. Section 4497.3 is added to the Public Resources Code, immediately following Section 4497.2, to read:

4497.3. (a) A state agency, department, board, or commission that has awarded grant funds or other sources of funds to an awardee, who is paying individuals engaged in the preparation for or implementation of beneficial fire projects from those funds, shall not, in the disbursement of the award, restrict payment covering the cost of providing overtime or double rates of pay unless that restriction is required by the applicable statute establishing the funding.

(b) The restriction in subdivision (a) shall apply to, but not be limited to, the department's Forest Health Program.

SEC. 6. Section 4500 of the Public Resources Code is amended to read:

4500. (a) For purposes of this section, the following terms have the following meanings:

(1) "Burn boss" means either of the following:

(A) A person certified pursuant to Section 4477 to conduct prescribed burning operations and to enter into contracts related to prescribed burning operations.

(B) A person ~~qualified~~ *who possesses current qualification* for the National Wildfire Coordinating Group position title of "Prescribed Fire Burn Boss Type 1" or "Prescribed Fire Burn Boss Type 2."

(2) "Cultural burn" has the same meaning as set forth in Section 3333.8 of the Civil Code.

(3) "Cultural fire practitioner" has the same meaning as set forth in Section 3333.8 of the Civil Code.

(4) "Fund" means the Prescribed Fire Claims Fund established pursuant to subdivision (c).

(5) "Program" means the Prescribed Fire Liability Pilot Program established pursuant to subdivision (b).

(b) The Prescribed Fire Liability Pilot Program is hereby established, to be administered by the department, to increase the pace and scale of the use of prescribed fire and cultural burning and to reduce barriers for conducting prescribed fires and cultural burning.

(c) (1) (A) The Prescribed Fire Claims Fund is hereby created in the State Treasury to support coverage for losses from prescribed fires and cultural burning ~~by nonpublic entities, such as cultural fire practitioners, private landowners, and nongovernmental entities. led by individuals and entities other than the department or the federal government.~~ The moneys in the fund shall be under the control of the department, and the department, or the third-party administrator with whom the department contracts pursuant to subdivision (d), is authorized to direct payments for claims from the fund, consistent with this section and the guidelines adopted by the department pursuant to subdivision (e).

(B) Upon order of the Department of Finance, the amount in Item 3540-102-0001 of the Budget Act of 2021 (Chapter 240 of the Statutes of 2021) shall be transferred into the fund.

(C) Notwithstanding Section 13340 of the Government Code or any other law, all moneys deposited or transferred into the fund, including pursuant to subparagraph (B), shall be continuously appropriated, without regard to fiscal years, to the department for purposes of this section.

(2) (A) Except as provided in subparagraph (B), notwithstanding any other law, the Controller may use moneys in the fund for cash flow loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. Interest shall be paid on all moneys loaned to the General Fund and shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund.

(B) This paragraph does not authorize any transfer that would interfere with the department's ability to carry out the purposes of this section.

(d) (1) The department may contract with any entity, including another state agency, to serve as a third-party administrator to administer or to assist in administering the fund, including, but not limited to, managing and operating the fund, adjusting claims made to the fund, and paying claims from the fund. Subject to prior written approval by the Insurance Commissioner pursuant to Section 1063.19 of the Insurance Code, the California Insurance Guarantee Association may serve as a third-party administrator of the fund. Participation by the California Insurance Guarantee Association shall be governed by the Insurance Commissioner's authority over its Plan of Operation, pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

(2) A third-party administrator with whom the department contracts pursuant to this subdivision, including the California Insurance Guarantee Association, is prohibited from settling or adjusting any claims to the fund while seeking to subrogate against the fund.

(3) (A) Notwithstanding any other law, advertising, competitive bidding, and protest requirements, and the requirement for Department of General Services approval, do not apply to a contract of no more than three years entered into by the department in the 2022–2023 fiscal year with a third-party administrator pursuant to this subdivision. However, subsequent contracts shall be awarded in accordance with applicable state laws and policies.

(B) In the event that a third-party administrator with whom the department contracts with pursuant to this subdivision, including the California Insurance Guarantee Association, is prohibited by law from settling or adjusting any claims to the fund as a result of seeking to subrogate against the fund, the department may award a contract to a new third-party administrator for the limited purpose of settling and adjusting those claims only and that contract shall not be subject to existing advertising, competitive bidding, and protest requirements, or the requirement for Department of General Services approval.

(e) The department shall collaborate with other relevant state agencies, cultural fire practitioners, and burn bosses to establish guidelines governing the program and the administration of the fund, including the payment of claims from the fund. The guidelines shall include, at a minimum, all of the following requirements:

(1) An eligible claim shall relate to either of the following:

(A) A prescribed fire conducted or supervised by a burn boss.

(B) A cultural burn conducted or supervised by a cultural fire practitioner.

(2) A claim shall not be paid from the fund unless, at a minimum, all of the following conditions are met:

(A) (i) The department reviewed and approved a burn plan before the prescribed fire or cultural burning.

(ii) Notwithstanding clause (i), a department approval shall not be required for a plan reviewed and approved by a burn boss.

(B) A burn permit, if required, and all other permits required to conduct the prescribed fire or cultural burn were obtained.

(C) The department determines that the prescribed fire or cultural burn complied with, as applicable, the terms and conditions of all burn plans, burn permits, and other permits required to conduct the prescribed fire or cultural burn.

(3) The maximum amount the fund shall pay for losses arising from any one prescribed fire or cultural burn event is two million dollars (\$2,000,000). For purposes of this paragraph, "losses arising from any one prescribed fire or cultural burn event" means all activities conducted pursuant to any one burn plan and, if required, burn permit.

(4) Methods for prioritizing broadcast burns and burns by nonpublic individuals or entities or California Native American tribes in the event the fund is oversubscribed.

(f) The department shall post the guidelines established pursuant to subdivision (e) on its internet website.

(g) Notwithstanding any other law, the state's liability for all claims for covered losses established pursuant to this section and the guidelines developed by the department pursuant to subdivision (e) shall be limited as described in this section and to the amount in the fund.

(h) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to the guidelines developed by the department pursuant to subdivision (e) and used by the department or a third-party administrator with whom the department contracts pursuant to subdivision (d) to implement the program and to administer the fund.

(i) A person engaging with a Native American tribe, tribal organization, or cultural fire practitioner pursuant to this article shall respect tribal sovereignty, customs, and culture.

SEC. 7. Section 4503 of the Public Resources Code is repealed.

~~4503. This article shall remain in effect only until January 1, 2028, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2028, deletes or extends that date.~~

SEC. 8. Section 21080.49.1 is added to the Public Resources Code, immediately following Section 21080.49, to read:

21080.49.1. This division does not apply to actions taken by the Department of Forestry and Fire Protection to assist in the implementation of prescribed fire or cultural burning projects that do not otherwise require compliance with this division.

**BEFORE THE ADMINISTRATOR
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

Petition No. IX-2025-1

In the Matter of

Humboldt Redwood Company, LLC

Permit No. NCU 060-12

Issued by the North Coast Unified Air Quality Management District

ORDER DENYING A PETITION FOR OBJECTION TO A TITLE V OPERATING PERMIT

I. INTRODUCTION

The U.S. Environmental Protection Agency (EPA or the “Agency”) received a petition dated January 1, 2025, (the “Petition”) from the Environmental Protection Information Center and the Humboldt Coalition for Clean Energy (the “Petitioners”), pursuant to Clean Air Act (CAA) section 505(b)(2).¹ The Petition requests that the EPA Administrator object to operating permit No. NCU 060-12 (the “Permit”) issued by the North Coast Unified Air Quality Management District (NCUAQMD) to the Humboldt Redwood Company, LLC (HRC) sawmill (the “HRC facility”) in Humboldt County, CA. The Permit was issued pursuant to title V of the CAA and NCUAQMD’s EPA-approved operating permit program rules.² This type of operating permit is also known as a title V permit or part 70 permit.

Based on a review of the Petition and other relevant materials, including the Permit, the permit record, and relevant statutory and regulatory authorities, and as explained in Section IV of this Order, the EPA denies the Petition requesting that the EPA Administrator object to the Permit.

¹ 42 U.S.C. § 7661d(b)(2).

² 42 U.S.C. §§ 7661–7661f; NCUAQMD Regulation V; *see also* 40 C.F.R. part 70 (title V implementing regulations).

II. STATUTORY AND REGULATORY FRAMEWORK

A. Title V Permits

CAA section 502(d)(1) requires each State to develop and submit to the EPA an operating permit program to meet the requirements of title V of the CAA and the Agency's implementing regulations at 40 C.F.R. part 70.³ NCUAQMD submitted a title V program governing the issuance of operating permits in 1994. The EPA granted interim approval of NCUAQMD's title V operating permit program in 1995 and full approval in 2001.⁴

All major stationary sources of air pollution and certain other sources are required to apply for and operate in accordance with title V operating permits that include emission limitations and other conditions as necessary to assure compliance with applicable requirements of the CAA, including the requirements of the applicable implementation plan.⁵ One purpose of the title V operating permit program is to "enable the source, States, EPA, and the public to understand better the requirements to which the source is subject, and whether the source is meeting those requirements."⁶ Title V operating permits compile and clarify, in a single document, the substantive air quality control requirements derived from numerous provisions of the CAA. By clarifying which requirements apply to emission units at the source, title V operating permits enhance compliance with those applicable requirements of the CAA. The title V operating permit program generally does not impose new substantive air quality control requirements, but does require that permits contain adequate monitoring, recordkeeping, and reporting requirements to assure the source's compliance with the underlying substantive applicable requirements.⁷ Thus, the title V operating permit program is a vehicle for compiling the air quality control requirements as they apply to the source's emission units and for providing adequate monitoring, recordkeeping, and reporting to assure compliance with such requirements.

B. Review of Issues in a Petition

State and local permitting authorities issue title V permits pursuant to their EPA-approved title V operating permit programs. Under CAA section 505(a) and the relevant implementing regulations found at 40 C.F.R. § 70.8(a), States are required to submit each proposed title V operating permit to the EPA for review.⁸ Upon receipt of a proposed permit, the EPA has 45 days to object to final issuance of the proposed permit

³ 42 U.S.C. § 7661a(d)(1).

⁴ 60 Fed. Reg. 21720 (May 3, 1995); 66 Fed. Reg. 63503 (Dec. 7, 2001). This program is codified in NCUAQMD Regulation V.

⁵ 42 U.S.C. §§ 7661a(a), 7661b, 7661c(a).

⁶ 57 Fed. Reg. 32250, 32251 (July 21, 1992).

⁷ 40 C.F.R. § 70.1(b); *see* 42 U.S.C. § 7661c(c); 40 C.F.R. § 70.6(c)(1).

⁸ 42 U.S.C. § 7661d(a).

if the Agency determines that the proposed permit is not in compliance with applicable requirements under the CAA.⁹ If the EPA does not object to a permit on the Agency's own initiative, any person may, within 60 days of the expiration of the EPA's 45-day review period, petition the Administrator to object to the permit.¹⁰

Each petition must identify the proposed permit on which the petition is based and identify the petition claims.¹¹ Any issue raised in the petition as grounds for an objection must be based on a claim that the permit, permit record, or permit process is not in compliance with applicable requirements or requirements under 40 C.F.R. part 70.¹² Any arguments or claims the petitioner wishes the EPA to consider in support of each issue raised must generally be contained within the body of the petition.¹³

The petition shall be based only on objections to the permit that were raised with reasonable specificity during the public comment period provided by the permitting authority (unless the petitioner demonstrates in the petition to the Administrator that it was impracticable to raise such objections within such period or unless the grounds for such objection arose after such period).¹⁴

In response to such a petition, the CAA requires the Administrator to issue an objection to the permit if a petitioner demonstrates that the permit is not in compliance with the requirements of the CAA.¹⁵ Under CAA section 505(b)(2), the burden is on the petitioner to make the required demonstration to the EPA.¹⁶ As courts have recognized, CAA section 505(b)(2) contains both a "discretionary component," under which the Administrator determines whether a petition demonstrates that a permit is not in compliance with the requirements of the CAA, and a nondiscretionary duty on the Administrator's part to object if such a demonstration is made.¹⁷ Courts have also made clear that the Administrator is only obligated to grant a petition to object under CAA section 505(b)(2) if the Administrator determines that the petitioner has demonstrated

⁹ 42 U.S.C. § 7661d(b)(1); 40 C.F.R. § 70.8(c).

¹⁰ 42 U.S.C. § 7661d(b)(2); 40 C.F.R. § 70.8(d).

¹¹ 40 C.F.R. § 70.12(a).

¹² 40 C.F.R. § 70.12(a)(2).

¹³ If reference is made to an attached document, the body of the petition must provide a specific citation to the referenced information, along with a description of how that information supports the claim. In determining whether to object, the Administrator will not consider arguments, assertions, claims, or other information incorporated into the petition by reference. *Id.*

¹⁴ 42 U.S.C. § 7661d(b)(2); 40 C.F.R. § 70.8(d); *see* 40 C.F.R. § 70.12(a)(2)(v).

¹⁵ 42 U.S.C. § 7661d(b)(2); *see also* *New York Public Interest Research Group, Inc. v. Whitman (NYPIRG)*, 321 F.3d 316, 333 n.11 (2d Cir. 2003).

¹⁶ 42 U.S.C. § 7661d(b)(2); *see* *WildEarth Guardians v. EPA*, 728 F.3d 1075, 1081–82 (10th Cir. 2013); *MacClarence v. EPA*, 596 F.3d 1123, 1130–33 (9th Cir. 2010); *Sierra Club v. EPA*, 557 F.3d 401, 405–07 (6th Cir. 2009); *Sierra Club v. Johnson*, 541 F.3d 1257, 1266–67 (11th Cir. 2008); *Citizens Against Ruining the Environment v. EPA*, 535 F.3d 670, 677–78 (7th Cir. 2008); *cf.* *NYPIRG*, 321 F.3d at 333 n.11.

¹⁷ *Sierra Club v. Johnson*, 541 F.3d at 1265–66 (“[I]t is undeniable [that CAA section 505(b)(2)] also contains a discretionary component: it requires the Administrator to make a judgment of whether a petition demonstrates a permit does not comply with clean air requirements.”); *NYPIRG*, 321 F.3d at 333.

that the permit is not in compliance with requirements of the CAA.¹⁸ When courts have reviewed the EPA's interpretation of the ambiguous term "demonstrates" and the Agency's determination as to whether the demonstration has been made, they have applied a deferential standard of review.¹⁹ Certain aspects of the petitioner's demonstration burden are discussed in the following paragraphs. A more detailed discussion can be found in the preamble to the EPA's proposed petitions rule.²⁰

The EPA considers a number of factors in determining whether a petitioner has demonstrated noncompliance with the CAA.²¹ For each claim, the petitioner must identify (1) the specific grounds for an objection, citing to a specific permit term or condition where applicable; (2) the applicable requirement as defined in 40 C.F.R. § 70.2, or requirement under 40 C.F.R. part 70, that is not met; and (3) an explanation of how the term or condition in the permit, or relevant portion of the permit record or permit process, is not adequate to comply with the corresponding applicable requirement or requirement under 40 C.F.R. part 70.²²

If a petitioner does not satisfy these requirements and provide sufficient citations and analysis, the EPA is left to work out the basis for the petitioner's objection, which is contrary to Congress's express allocation of the burden of demonstration to the petitioner in CAA section 505(b)(2).²³ Relatedly, the EPA has pointed out in numerous previous orders that generalized assertions or allegations did not meet the

¹⁸ *Citizens Against Ruining the Environment*, 535 F.3d at 677 (stating that CAA section 505(b)(2) "clearly obligates the Administrator to (1) determine whether the petition demonstrates noncompliance and (2) object if such a demonstration is made" (emphasis added)); see also *Sierra Club v. Johnson*, 541 F.3d at 1265 ("Congress's use of the word 'shall' . . . plainly mandates an objection whenever a petitioner demonstrates noncompliance." (emphasis added)).

¹⁹ See, e.g., *Voigt v. EPA*, 46 F.4th 895, 902 (8th Cir. 2022), *WildEarth Guardians*, 728 F.3d at 1081–82; *MacClarence*, 596 F.3d at 1130–31.

²⁰ When the EPA finalized this rulemaking in 2020, the Agency referred back to (but did not repeat) the proposed rule's extensive background discussion regarding the petitioner's demonstration burden. See 85 Fed. Reg. 6431, 6433, 6439 (Feb. 5, 2020) (final rule); 81 Fed. Reg. 57822, 57829–31 (Aug. 24, 2016) (proposed rule); see also *In the Matter of Consolidated Environmental Management, Inc., Nucor Steel Louisiana*, Order on Petition Nos. VI-2011-06 and VI-2012-07 at 4–7 (June 19, 2013) (*Nucor II Order*).

²¹ See generally *Nucor II Order* at 7.

²² 40 C.F.R. § 70.12(a)(2)(i)–(iii).

²³ See *MacClarence*, 596 F.3d at 1131 ("[T]he Administrator's requirement that [a title V petitioner] support his allegations with legal reasoning, evidence, and references is reasonable and persuasive."); see also *In the Matter of Murphy Oil USA, Inc.*, Order on Petition No. VI-2011-02 at 12 (Sept. 21, 2011) (denying a title V petition claim in which petitioners did not cite any specific applicable requirement that lacked required monitoring); *In the Matter of Portland Generating Station*, Order on Petition at 7 (June 20, 2007) (*Portland Generating Station Order*).

demonstration standard.²⁴ Also, the failure to address a key element of a particular issue presents further grounds for the EPA to determine that a petitioner has not demonstrated a flaw in the permit.²⁵

Another factor the EPA examines is whether the petitioner has addressed the State or local permitting authority's decision and reasoning contained in the permit record.²⁶ This includes a requirement that petitioners address the permitting authority's final decision and final reasoning (including the State's response to comments) if these documents were available during the timeframe for filing the petition. Specifically, the petition must identify if the permitting authority responded to the public comment and explain how the permitting authority's response is inadequate to address (or does not address) the issue raised in the public comment.²⁷

The information that the EPA considers in determining whether to grant or deny a petition submitted under 40 C.F.R. § 70.8(d) generally includes, but is not limited to, the administrative record for the proposed permit and the petition, including attachments to the petition. The administrative record for a particular proposed permit includes the draft and proposed permits, any permit applications that relate to the draft or proposed permits, the statement required by § 70.7(a)(5) (sometimes referred to as the "statement of basis"), any comments the permitting authority received during the public participation process on the draft permit, the permitting authority's written responses to comments, including responses to all significant comments raised during the public participation process on the draft permit, and all materials available to the permitting authority that are relevant to the permitting decision and that the permitting authority

²⁴ See, e.g., *In the Matter of Luminant Generation Co., Sandow 5 Generating Plant*, Order on Petition No. VI-2011-05 at 9 (Jan. 15, 2013); see also *Portland Generating Station Order* at 7 ("[C]onclusory statements alone are insufficient to establish the applicability of [an applicable requirement]."); *In the Matter of BP Exploration (Alaska) Inc., Gathering Center #1*, Order on Petition Number VII-2004-02 at 8 (Apr. 20, 2007); *In the Matter of Georgia Power Company*, Order on Petitions at 9–13 (Jan. 8, 2007) (*Georgia Power Plants Order*); *In the Matter of Chevron Products Co., Richmond, Calif. Facility*, Order on Petition No. IX-2004–10 at 12, 24 (Mar. 15, 2005).

²⁵ See, e.g., *In the Matter of EME Homer City Generation LP and First Energy Generation Corp.*, Order on Petition Nos. III-2012-06, III-2012-07, and III-2013-02 at 48 (July 30, 2014); see also *In the Matter of Hu Honua Bioenergy*, Order on Petition No. IX-2011-1 at 19–20 (Feb. 7, 2014); *Georgia Power Plants Order* at 10.

²⁶ 81 Fed. Reg. at 57832; see *Voigt*, 46 F.4th at 901–02; *MacClarence*, 596 F.3d at 1132–33; see also, e.g., *Finger Lakes Zero Waste Coalition v. EPA*, 734 Fed. App'x *11, *15 (2d Cir. 2018) (summary order); *In the Matter of Noranda Alumina, LLC*, Order on Petition No. VI-2011-04 at 20–21 (Dec. 14, 2012) (denying a title V petition issue in which petitioners did not respond to the State's explanation in response to comments or explain why the State erred or why the permit was deficient); *In the Matter of Kentucky Syngas, LLC*, Order on Petition No. IV-2010-9 at 41 (June 22, 2012) (denying a title V petition issue in which petitioners did not acknowledge or reply to the State's response to comments or provide a particularized rationale for why the State erred or the permit was deficient); *Georgia Power Plants Order* at 9–13 (denying a title V petition issue in which petitioners did not address a potential defense that the State had pointed out in the response to comments).

²⁷ 40 C.F.R. § 70.12(a)(2)(vi).

made available to the public according to § 70.7(h)(2). If a final permit and a statement of basis for the final permit are available during the EPA’s review of a petition on a proposed permit, those documents may also be considered when determining whether to grant or deny the petition.²⁸

C. New Source Review

The major New Source Review (NSR) program encompasses two core types of preconstruction permit requirements for major stationary sources. CAA title I, part C establishes the Prevention of Significant Deterioration (PSD) program, which applies to new major stationary sources and major modifications of existing major stationary sources for pollutants for which an area is designated as attainment or unclassifiable for the National Ambient Air Quality Standards (NAAQS) and for other pollutants regulated under the CAA.²⁹ CAA title I, part D establishes the major nonattainment NSR (NNSR) program, which applies to new major stationary sources and major modifications of existing major stationary sources for those NAAQS pollutants for which an area is designated as nonattainment.³⁰ The EPA has two largely identical sets of regulations implementing the PSD program. One set, found at 40 C.F.R. § 51.166, contains the requirements that State PSD programs must meet to be approved as part of a State Implementation Plan (SIP). The other set of regulations, found at 40 C.F.R. § 52.21, contains the EPA’s Federal PSD program, which applies in areas without a SIP-approved PSD program. The EPA’s regulations specifying requirements for State NNSR programs are contained in 40 C.F.R. § 51.165.

While CAA title I, parts C and D address the major NSR program for major sources, CAA section 110(a)(2)(C) addresses the permitting program for new and modified minor sources and for minor modifications to major sources. The EPA commonly refers to this program as the “minor NSR” program. States must also develop minor NSR programs, along with the major source programs, to attain and maintain the NAAQS. The Federal requirements for State minor NSR programs are outlined in 40 C.F.R. §§ 51.160–51.164. These Federal requirements for minor NSR programs are less prescriptive than those for major sources and, as a result, there is a larger variation of requirements in EPA-approved State minor NSR programs than in major source programs.

The EPA partially approved NCUAQMD’s PSD program as part of the California SIP for all pollutants other than nitrogen oxides (NO_x) and particulate matter <2.5 μm in diameter (PM_{2.5}), as well as PM_{2.5} precursors.³¹ NCUAQMD’s major and minor NSR provisions, as

²⁸ 40 C.F.R. § 70.13.

²⁹ 42 U.S.C. §§ 7470–7479.

³⁰ 42 U.S.C. §§ 7501–7515.

³¹ See 40 C.F.R. §§ 52.220(c)(153)(ii)(B), (155)(v)(B), 52.270(b)(2); 50 Fed. Reg. 30941 (July 31, 1985). Although NCUAQMD has amended its local regulations governing its NSR program after the EPA approved those rules into the SIP, the 1985 version of those regulations remains the version that is incorporated into the federally enforceable SIP.

incorporated into the California SIP, are contained in portions of NCUAQMD Regulation I, Rules 200 and 220. The EPA promulgated two limited Federal Implementation Plans (FIPs) that govern the PSD program for NO_x and PM_{2.5} (and PM_{2.5} precursors) to fill in the gaps of NCUAQMD's SIP-approved PSD program. Those FIPs incorporate the provisions of 40 C.F.R. § 52.21 into the California SIP for NCUAQMD.³²

If the EPA has approved a State's title I permitting program or if a permitting authority has been delegated authority to implement a Federal title I permitting program (whether PSD, NNSR, or minor NSR), NSR permits issued following public notice and the opportunity for public comment and judicial review establish the NSR-related "applicable requirements" for the purposes of title V. As with "applicable requirements" established through other CAA authorities, the terms and conditions of those permits should be incorporated into a source's title V permit without a further round of substantive review as part of the title V process. The EPA has explained and reiterated this interpretation in numerous orders.³³ The EPA also recently proposed rule revisions to more clearly reflect this approach, and that proposed rulemaking explains at length the legal and policy underpinnings of this approach.³⁴ Accordingly, the EPA will generally not consider the merits of a permitting authority's NSR permitting decisions in a petition to object to a source's title V permit.³⁵ Rather, any such challenges should be raised through the appropriate title I permitting procedures or enforcement authorities.

³² See 40 C.F.R. 52.270(b)(2)(iv) and (v); 76 Fed. Reg. 48006 (Aug. 8, 2011); 82 Fed. Reg. 14608 (Mar. 22, 2017).

³³ See, e.g., *In the Matter of Big River Steel, LLC*, Order on Petition No. VI-2013-10 at 8–20 (Oct. 31, 2017) (*Big River Steel Order*).

³⁴ See 89 Fed. Reg. 1150, 1160–84 (Jan. 9, 2024).

³⁵ See *Big River Steel Order* at 8–9, 14–20. However, as the EPA noted in the *Big River Steel Order*, there may be circumstances that "warrant a different approach." *Big River Steel Order* at 11 n.20. The preamble to the proposed Applicable Requirements Rule includes a summary of the different fact patterns in which EPA has (or has not) applied this approach. See 89 Fed. Reg. at 1163–64, 1165–70. Additionally, even in situations where this approach applies, the EPA does view monitoring, recordkeeping, and reporting to be part of the title V permitting process and will therefore continue to review whether a title V permit contains monitoring, recordkeeping, and reporting provisions sufficient to assure compliance with the terms and conditions established in a preconstruction permit. See, e.g., *In the Matter of South Louisiana Methanol, LP*, Order on Petition Nos. VI-2016-24 and VI -2017-14 at 10–11 (May 29, 2018) (*South Louisiana Methanol Order*); *Big River Steel Order* at 17, 17 n.30, 19 n.32, 20. Moreover, as the EPA has explained, "[a] decision by the EPA not to object to a title V permit that includes the terms and conditions of a title I permit does not indicate that the EPA has concluded that those terms and conditions comply with the applicable SIP or the CAA. However, until the terms and conditions of the title I permit are revised, reopened, suspended, revoked, reissued, terminated, augmented, or invalidated through some other mechanism, such as a state court appeal, the 'applicable requirement' remains the terms and conditions of the issued preconstruction permit and they should be included in the source's title V permit." *Big River Steel Order* at 19.

III. BACKGROUND

A. The Humboldt Redwood Company Facility

Humboldt Redwood Company, LLC owns and operates the HRC facility, a combined lumber manufacturing and electric generating facility in Scotia, California.³⁶ This stationary source of air pollution was initially constructed in 1989. The HRC facility consists of three wood waste fired boilers, each capable of contributing up to 150,000 pounds of steam per hour (equivalent to 235 million British thermal unit (MMBtu) of heat input per hour) to three steam turbine generators to produce electricity for internal use and sale. The HRC facility has a total rated power output of 57.5 megawatts. For each boiler, PM₁₀ and PM_{2.5} from the combustion process are controlled with a mechanical multiclone followed by an electrostatic precipitator (ESP). The HRC facility controls NO_x and carbon monoxide (CO) by a forced overfire air system. The HRC facility is a title V major source of PM₁₀, PM_{2.5}, NO_x, and CO.

B. Permitting History

NCUAQMD first issued a title V permit to HRC in 1998. On April 12, 2023, HRC applied for three authorizations to construct a modification to the HRC facility (to allow for the installation of a multiclone control as a replacement of an existing cyclone system on three boilers) as well as a title V permit modification (incorporating the terms of the authorizations to construct).³⁷ On July 24, 2024, NCUAQMD published notice of a draft permit, subject to a public comment period that ended on August 26, 2024. On September 24, 2024, NCUAQMD submitted the proposed permit, along with its responses to public comments (RTC), to the EPA for the Agency's 45-day review. The EPA's 45-day review period ended on November 7, 2024, during which time the Agency did not object to the proposed permit. On November 14, 2024, NCUAQMD issued the three authorizations to construct and separately finalized the modification to the title V Permit. On December 17, 2024, NCUAQMD further revised the title V Permit, which NCUAQMD posted to the NCUAQMD website and provided to the EPA.

C. Timeliness of Petition

Pursuant to the CAA, if the EPA does not object to a proposed permit during the Agency's 45-day review period, any person may petition the Administrator within 60 days after the expiration of the 45-day review period to object.³⁸ The EPA's 45-day review period ended on November 7, 2024. Thus, any petition seeking the EPA's

³⁶ The Permit was issued to the Humboldt Redwood Company, LLC. The Petition, as well as certain portions of the Permit, refer to the Humboldt Sawmill Company, LLC (HSC), a related corporate entity that was listed as the permittee of the associated preconstruction permits discussed below.

³⁷ The three authorizations to construct and the title V permit described in this paragraph were processed during the same time period but issued in separate documents.

³⁸ 42 U.S.C § 7661d(b)(2).

objection to the Permit was due on or before January 6, 2025. The Petition was submitted by email on January 1, 2025. Therefore, the EPA finds that the Petitioners timely filed the Petition.

IV. EPA DETERMINATIONS ON PETITION CLAIMS

A. Claim 1: The Petitioners Claim That “Failure to Apply BACT in Response to a Substantial Increase in Post Project [Potential to Emit] PTE Violates Federally Approved District PSD Rules and Commits an Environmental Injustice.”

Petition Claim: The Petitioners claim that the PSD program requirement to install Best Available Control Technology (BACT) was applicable to the replacement of the boilers’ cyclones for multiclone control devices, and that the EPA must object to the Permit because it failed to include conditions to implement this requirement.³⁹

The Petitioners provide background on the demographics on the population surrounding the HRC facility to emphasize the point that NCUAQMD’s failure to require BACT for this project will harm local residents with a disproportionate impact on low-income youth, elders, and residents with heart and lung disease.⁴⁰

The Petitioners claim that NCUAQMD Rules 110 and 220 require BACT when modifications of existing facilities increase PTE.⁴¹ The Petitioners disagree with several points of NCUAQMD’s engineering evaluation, in which NCUAQMD concluded that there would be no change in emissions. Specifically, the Petitioners disagree that the HRC facility’s pre-project PTE should be calculated based on the maximum hourly heat rating of each boiler operating for 8,760 hours per year and that the replacement of the existing boiler cyclones with multiclones is a replacement with devices of similar size, capacity, and pollution collection efficiency.⁴²

The Petitioners state:

40 CFR 70.2 defines PTE as “the maximum capacity of a stationary source to emit any air pollutant under its physical and operational design. Any physical or operational limitation on the capacity of a source to emit an air pollutant, including air pollution control equipment and restrictions on hours of operation . . . shall be treated as part of its design if the limitation is enforceable by the Administrator.” HSC’s cyclones are part of its physical design which limit its capacity to emit pollutants by limiting the number of

³⁹ See Petition at 4–7.

⁴⁰ See *id.* at 4–5.

⁴¹ *Id.* at 5 (citing NCUAQMD Rule 110(a), Rule 220(a), (b); 40 C.F.R. § 52.220(c)(155)(v)(B)).

⁴² *Id.* at 7 (citing NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler A (Nov. 13, 2024)).

boilers that operate at one time. This limitation is federally enforceable because failure to shut down and clean up the ESPs would result in violations of the National Emission Standards for Hazardous Air Pollutants (NESHAP) for Major Source Industrial Boilers particulate emissions and opacity operating limits. 40 CFR 63 Subpart DDDDD.⁴³

The Petitioners suggest that frequent shutdowns at the HRC facility required the redundancy of three boilers to generate two boilers' worth of electricity and that this was a physical and operational limit on the HRC facility's pre-project PTE. The Petitioners reference a June 20, 2018, letter from HRC to NCUAQMD that explains that one of the boilers, which was previously not in operation, was being brought back online to fill in during maintenance shutdowns of two other boilers. The Petitioners provide that the three boilers' continuous emission monitoring system records from 2018–2024 show a pattern of rotating operation of the three boilers.⁴⁴ The Petitioners suggest that NCUAQMD's calculation of the pre-project PTE fails to account for the "operational and design limitations posed by the cyclones, requiring three boilers to generate two boilers' worth of electricity."⁴⁵

The Petitioners contend that the HRC facility's PTE must be based on the operational capacity of the whole emissions unit, including the boiler, cyclone, and ESP.⁴⁶ The Petitioners claim that replacing cyclones with multiclones for the purpose of increasing efficiency and capacity and decreasing the frequency of shutdowns for ESP maintenance downtime would result in a significant increase in maximum emissions given that the replacements would allow all three boilers to function full time. The Petitioners suggest that NCUAQMD's conclusion that the post-project PTE will not change "ignores the superior capacity and pollution collection efficiency of multiclones . . . and the significant increase in maximum emissions that would occur if Boilers A, B, and C went from a rotating dyad to a full time triad."⁴⁷ The Petitioners propose that "[g]iven the limitations posed by the cyclones, the net pre-project PTE is double this amount and the net post-project PTE is triple this amount, representing an increase of CO, PM, and NO_x greater than the Significance Thresholds in District Rule 110 E.1. Table 1."⁴⁸

EPA Response: For the following reasons, the EPA denies the Petitioners' request for an objection on this claim.

Claim 1 challenges NCUAQMD's determination that minor NSR requirements, as opposed to major NSR requirements (including BACT), are the applicable requirements of the SIP that apply to the HRC facility's project to replace the cyclone with a multiclone

⁴³ *Id.* at 6.

⁴⁴ *Id.*

⁴⁵ *Id.* at 7.

⁴⁶ *Id.* at 6.

⁴⁷ *Id.* at 7.

⁴⁸ *Id.*

in each boiler line. Claim 1 raises the question whether challenges to permit conditions based on NSR preconstruction permitting authority under title I of the CAA should be considered by the EPA in addressing a petition to object to a title V operating permit under CAA section 505(b)(2).

As noted in section II.C of this Order, the EPA's position on this issue can be summarized as follows: if a permitting authority authorizes construction by issuing a title I NSR permit that was subject to public notice and the opportunity for public comment and judicial review, the terms and conditions of that NSR permit define the "applicable requirements" of the SIP for purposes of title V permitting. As with "applicable requirements" established through other CAA authorities, the terms and conditions of the NSR permit should be included in a source's title V permit without a further round of substantive review as part of the title V process. This interpretation is explained more fully in the proposed Applicable Requirements Rule, the *Big River Steel Order*, and many subsequent orders, including the *South Louisiana Methanol Order*.⁴⁹

The *South Louisiana Methanol Order* addressed a procedurally similar situation. There, the EPA explained:

In this case, those emissions units at the site required to undergo PSD review are found in the PSD permit for [South Louisiana Methanol]. This PSD permit—Permit No. PSD-LA780(M-1)—was issued in a separate permit document from the title V permit, pursuant to regulations approved by the EPA under title I of the CAA. As such, this PSD permit, including the BACT limits established in that permit, establishes the NSR-related "applicable requirements" that must be incorporated into the title V permit. The fact that the PSD permit was finalized at the same time as the title V permit does not affect this determination. Therefore, the task of LDEQ in issuing or modifying the title V permit is to incorporate the terms and conditions of the underlying title I permit (PSD-LA-780(M-1)), and to ensure that the title V permit contains adequate monitoring, recordkeeping, and reporting requirements to assure compliance with those terms and conditions. Any challenges to the validity of decisions made during the PSD permit proceeding—including the determination of BACT and the establishment of BACT limits—should have been raised through the appropriate title I avenues or through an enforcement action. See *Big River Steel Order* at 15–20; La. R.S. 30:2050.11 (administrative adjudicatory hearings); La. R.S. 30:2050.21 (judicial review, appeal). The Petitioners may not now use the title V petition process to raise concerns

⁴⁹ See 89 Fed. Reg. at 1160–84. The EPA has applied the same approach to questions regarding PSD applicability in cases in which a title V permit and minor NSR permit were issued at the same time. See, e.g., *In the Matter of Yuhuang Chemical Inc. Methanol Plant*, Order on Petition Nos. VI-2017-5 & VI-2017-13 at 7-8 (Apr. 2, 2018).

over those PSD decisions. Accordingly, the challenges in Claim IV of the Petition to the BACT determinations made in Permit No. PSD-LA-780(M1) are denied.⁵⁰

Here, too, NCUAQMD issued three authorizations to construct the modifications at the HRC facility. These NSR permits—Permit Nos. ATC#001241-1, ATC#001262-1, ATC#001263-1—were issued in a separate permit document from the title V permit, pursuant to regulations approved by the EPA under title I of the CAA. As such, the terms and conditions of those NSR permits establish the NSR-related “applicable requirements” that must be incorporated into the Permit. To the extent the public wished to challenge those NSR-related decisions, the public had other available avenues to do so. For example, the minor NSR authorizations in the Permit were subject to legal challenge through the NCUAQMD Hearing Board administrative appeal process, followed by an appeal in State court.⁵¹ Alternatively, the public could pursue enforcement if the public believes HRC violated requirements of the SIP.⁵² Unless and until the relevant underlying NSR permit terms are revised, the terms of those underlying NSR permits establish the “applicable requirements” that should be incorporated into the Permit without further substantive review. Here, the Petitioners do not claim that NCUAQMD failed to properly incorporate into the Permit the terms and conditions of a preconstruction permit “issued pursuant to regulations approved or promulgated through rulemaking under title I.”⁵³ Thus, the Petitioners have failed to demonstrate the title V Permit is “not in compliance with the applicable requirements,” and therefore the EPA denies the Petitioners’ request for an objection on Claim 1.⁵⁴

Alternatively, even if it were appropriate for the EPA to consider the merits of the Petitioners’ challenges to NCUAQMD’s NSR permitting decisions in the present title V petition Order, the Petitioners have not demonstrated a basis for the Agency to object to the Permit.

The PSD program requirement to install BACT only applies to the construction of a new major stationary source or a major modification at an existing stationary source.⁵⁵ Thus, to substantiate a claim that HRC was required to install additional pollution controls reflecting BACT, the Petitioners needed to demonstrate that replacing the cyclones with multiclones was a “major modification” subject to the PSD permit program.

As the EPA has previously stated:

⁵⁰ *South Louisiana Methanol Order* at 9–10 (some citations omitted).

⁵¹ See NCUAQMD Regulation VI (Hearing Board Procedures); Cal. Health and Safety Code §§ 42302.1 (appeals to hearing board), 40864 (judicial review of hearing board decision).

⁵² 42 U.S.C. § 7604(a)(1), (a)(3).

⁵³ 40 C.F.R. § 70.2 (definition of “applicable requirement,” paragraph (1)).

⁵⁴ 42 U.S.C. § 7661d(b)(2).

⁵⁵ NCUAQMD Regulation 200; 42 U.S.C. § 7479(2)(C); 40 C.F.R. § 51.166.

[W]here a petitioner’s request that the Administrator object to the issuance of a title V permit is based in whole, or in part, on a permitting authority’s alleged failure to comply with the requirements of its approved PSD program (as with other allegations of inconsistency with the Act), the burden is on the petitioner to demonstrate to the Administrator that the permitting decision was not in compliance with the requirements of the Act. Specifically in the case where a permitting authority determined that a project was not subject to PSD requirements, the petitioner must demonstrate that a project resulted in a “major modification,” including the requisite emission increases. The EPA has acknowledged that PSD applicability determinations are complex In particular, determining whether a significant emissions increase or a significant net emissions increase would occur in the context of PSD can be particularly challenging. . . . Nevertheless, examining whether the requisite emissions increases would occur are basic elements of a PSD applicability determination. The EPA is under no duty to object where, as is the case here, commenters had not raised all of these elements before the state permitting authority. Further, where petitioners do not provide an adequate demonstration with regard to these elements, as is the case here, the EPA is under no duty to object.⁵⁶

As explained in section II.C of this Order, for the pollutant CO, the 1985 version of NCUAQMD Rule 220 (which the EPA approved into the California SIP) governed the source obligations under PSD in 2024. NCUAQMD Rule 220 references and incorporates the August 7, 1980, version of the EPA’s PSD program regulation at 40 C.F.R. § 52.21.⁵⁷ Thus, for purposes of the modification in 2024, a “major modification” is defined as a physical change or change in the method of operation at an existing major stationary source that causes a significant “net emissions increase” at that source of any pollutant regulated under the CAA.⁵⁸

The term “net emissions increase” is defined as:

[T]he amount by which the sum of the following exceeds zero: (a) Any increase in actual emissions from a particular physical change or change in method of operation at a stationary source; and (b) Any other increases

⁵⁶ *In the Matter of Appleton Coated, LLC, Combined Locks Mill*, Order on Petition Nos. V-2013-12 and V-2013-15 at 15 (Oct. 14, 2016) (citing *In the Matter of Georgia Pacific, Consumer Products LP Plant*, Order on Petition No. V-2011-1 at 6–7 (July 23, 2012); *In the Matter of CEMEX, Inc., Lyons Cement Plant*, Order on Petition No. VIII-2008-01 at 3 (Apr. 20, 2009)).

⁵⁷ An introductory section of the NCUAQMD regulations titled “Chapter II – Permits” specifically identifies the August 7, 1980, version of 40 C.F.R. § 52.21 as referenced or incorporated by various other provisions within NCUAQMD Rule 220. Both Chapter II and the relevant sections of Rule 220 are incorporated into the California SIP. See 40 C.F.R. § 52.220(c)(155)(v)(B).

⁵⁸ 40 C.F.R. § 52.21(b)(2)(i) (1980); 45 Fed. Reg. 52676, 52736 (Aug. 7, 1980).

and decreases in actual emissions at the source that are contemporaneous with the particular change and are otherwise creditable.⁵⁹

The term “actual emissions” is defined as:

[T]he actual rate of emissions of a pollutant from an emissions unit, as determined in accordance with subparagraphs (ii)—(iv) below. (ii) In general, actual emissions as of a particular date shall equal the average rate, in tons per year, at which the unit actually emitted the pollutant during a two-year period which [precedes] the particular date and which is representative of normal source operation. The Administrator shall allow the use of a different time period upon a determination that it is more representative of normal source operation. Actual emissions shall be calculated using the unit’s actual operating hours, production rates, and types of materials processed, stored, or combusted during the selected time period. (iii) The Administrator may presume that source-specific allowable emissions for the unit are equivalent to the actual emissions of the unit. (iv) For any emissions unit which has not begun normal operations on the particular date, actual emissions shall equal the [PTE] of the unit on that date.⁶⁰

The EPA has historically applied the text in these provisions to require that one must first determine whether the physical or operational change in question would itself result in an increase in actual emissions. If it would not, the EPA has reasoned that such a change could not result in a “net emissions increase.” In determining the difference in emissions from the change at the unit, the 1980 version of these regulations was generally understood to require that the actual emissions after the change be based on the PTE of the modified units, based on the language in paragraphs (iii) and (iv) above.

If the difference between emissions before and after the modification is “significant,” the next step under this 1980 version of 40 C.F.R. § 52.21 is to identify and quantify any other prior increases and decreases in actual emissions that would be contemporaneous with the particular change and otherwise creditable. The final step is to total the increase from the particular change with the other contemporaneous increases and decreases. If the total exceeds zero, a “net emissions increase” would result from the change.

By contrast, for the pollutants PM_{2.5} and NO_x, the Federal rules that govern the applicability of PSD are those in the modern version of 40 C.F.R. § 52.21, pursuant to the partial FIP described in section II.C of this Order. The current version of this regulation, adopted in 2002, more explicitly requires a two-step process similar to that which the

⁵⁹ 40 C.F.R. § 52.21(b)(3) (1980); 45 Fed. Reg. at 52736.

⁶⁰ 40 C.F.R. § 52.21(b)(21) (1980); 45 Fed. Reg. at 52737.

EPA had applied under the 1980 version of this regulation, but the current regulations contain different requirements for calculating the rate of emissions before and after the change. The physical or operational change (*i.e.*, project) must result in a “significant emissions increase” of a regulated NSR pollutant and a “significant net emissions increase” of that pollutant from the source.⁶¹ Federal regulations define a “significant emissions increase” as “an increase in emissions that is significant (as defined in paragraph (b)(23) of this section) for that pollutant.”⁶² Further, the regulations define a “significant net emissions increase” as “the amount by which the sum of the following exceeds zero: (A) The increase in emissions from a particular physical change or change in the method of operation at a stationary source as calculated pursuant to paragraph (a)(2)(iv) of this section; and (B) Any other increases and decreases in actual emissions at the major stationary source that are contemporaneous with the particular change and are otherwise creditable.”⁶³

The Petitioners have not demonstrated that the multiclone replacement project constituted a major modification under the applicable regulations described above, which the Petitioners generally fail to acknowledge or evaluate. As an initial matter, the Petitioners do not show that the baseline emissions period selected for analysis in NCUAQMD’s engineering evaluation failed to comply with these requirements. NCUAQMD used the previous two years (2022–2023) to calculate the pre-project actual emissions for Boilers A, B, and C.⁶⁴ The Petitioners do not demonstrate that this selection was inconsistent with the regulatory requirements for calculating baseline emissions described above. Instead of addressing whether NCUAQMD’s calculation of baseline emissions was inconsistent with the relevant regulatory requirements, the Petitioners suggest an alternative baseline emissions value, generally asserting that the “net pre-project PTE is double” the annual emission limits of a single boiler.⁶⁵ However, the Petitioners fail to demonstrate that such a baseline value is compelled by the relevant regulations. Similarly, the Petitioners do not address the applicable rules for projecting post-project emissions. Instead of addressing whether NCUAQMD’s calculation of post-project emissions was inconsistent with the relevant regulatory requirements, the Petitioners again suggest an alternative post-project emissions value, generally asserting that the “net post-project PTE is triple” the annual emission limits of a single boiler.⁶⁶ These conclusory assertions—untethered to the relevant legal framework and generally unsupported by technical analysis—do not meet the Petitioners’ burden to demonstrate that the project involved a significant emissions

⁶¹ 40 C.F.R. § 52.21(b)(2)(i).

⁶² 40 C.F.R. § 52.21(b)(40).

⁶³ 40 C.F.R. § 52.21(b)(3); *see* 40 C.F.R. § 52.21(b)(23) (defining “significant”).

⁶⁴ NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler A at 18–22 (Nov. 13, 2024); NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler B at 18–22 (Nov. 13, 2024); NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler C at 18–22 (Nov. 13, 2024).

⁶⁵ Petition at 7.

⁶⁶ *Id.*

increase, as required to determine whether PSD should apply, and therefore the Petitioners do not demonstrate that the Permit is missing applicable BACT requirements. In summary, the Petitioners focus simply on comparing what the Petitioners believe is the correct calculation of baseline (pre-project) actual emissions to post-project potential emissions, but the Petitioners do not demonstrate that their conclusion is compelled by the applicable regulations or that NCUAQMD's conclusion is inconsistent with those regulations.

Even if the Petitioners had demonstrated based on applicable regulations that the comparison of baseline (pre-project) actual emissions to post-project potential emissions would have resulted in a significant emissions increase, the second step of the PSD applicability analysis involves consideration of a significant net emission increase. The Petitioners' argument omits the necessary analysis of a significant net emission increase. Specifically, the Petitioners have not analyzed if there were "any other increases and decreases in actual emissions at the source that are contemporaneous with the particular change and are otherwise creditable," as required to determine whether PSD should apply.

In summary, even if it were appropriate for the EPA to consider the merits of the Petitioners' NSR-related challenges—a point the Agency does not concede—the Petitioners have failed to demonstrate that the Permit does not assure compliance with any applicable requirements related to NSR because the Petitioners have failed to demonstrate that this project triggered PSD. The Petitioners have not put forth the adequate analysis to determine that the project would have resulted in a major modification and that, as a result, the Permit is missing applicable requirements. Therefore, the EPA denies the Petitioners' request for an objection on Claim 1.

B. Claim 2: The Petitioners Claim That "Reasonable Possibility Reporting of Post Project Emissions is Omitted from the Permit."

Petition Claim: The Petitioners assert that "[i]f EPA finds that BACT is not applicable, the Reasonable Possibility Standard still applies to this project."⁶⁷ The Petitioners suggest that fuel supply and high market prices for renewable energy in California create a reasonable possibility that HRC would take advantage of the increase in net boiler operating hours provided by the multiclones and cause a significant emissions increase as defined in 40 C.F.R. § 52.21(b)(23).⁶⁸ The Petitioners opine that while the Permit requires annual emissions reporting, it does not specify that this reporting requirement is also associated with the reasonable possibility obligations in 40 C.F.R. § 52.21(r)(6)(iv). The Petitioners surmise that "including [the reasonable possibility reporting obligations] as an applicable requirement is important to increase the awareness of the source,

⁶⁷ *Id.* (citing 40 C.F.R. § 52.21(r)(6)(iv)).

⁶⁸ *Id.*

[NCUAQMD], and the public that [NCUAQMD] has a duty to apply BACT if HSC's reported emissions increase."⁶⁹

EPA Response: For the following reasons, the EPA denies the Petitioners' request for an objection on this claim.

The Petitioners have not demonstrated that the "reasonable possibility" reporting requirements in 40 C.F.R. § 52.21(r)(6)(iv)⁷⁰ were triggered by the project to install the multiclone control and therefore the Petitioners have not demonstrated that these reporting requirements are applicable requirements that must be included in the Permit.

As explained in section II.C of this Order, for the pollutant CO, the 1985 version of NCUAQMD Rule 220 (which the EPA approved into the California SIP) governs the source obligations under PSD. NCUAQMD Rule 220 references and incorporates the August 7, 1980, version of 40 C.F.R. § 52.21.⁷¹ That prior version of the EPA's regulations does not include any of the "reasonable possibility" reporting obligations that are now codified at 40 C.F.R. § 52.21(r)(6), which were promulgated in 2002.⁷² Thus, those reporting requirements are not applicable requirements for CO.

For the pollutants PM_{2.5} and NO_x, the Federal rules that govern the source obligations under PSD are those in the modern version of 40 C.F.R. § 52.21, pursuant to the partial FIP described in section II.C of this Order. The reporting obligations in 40 C.F.R. § 52.21(r)(6) only apply "in circumstances where there is a reasonable possibility, within the meaning of paragraph (r)(6)(vi) of this section, that a project that is not a part of a major modification may result in a significant emissions increase of such pollutant, and the owner or operator elects to use the method specified in paragraphs (b)(41)(ii)(a) through (c) of this section for calculating projected actual emissions."⁷³ Notably, the reporting requirements of 40 C.F.R. § 52.21(r)(6) are not applicable if the owner or operator elects to calculate post-project emissions using PTE (instead of projected actual emissions), as allowed by 40 C.F.R. 52.21(b)(41)(ii)(D).

⁶⁹ *Id* at 8.

⁷⁰ This regulation states, in part: "If the unit is an existing electric utility steam generating unit, the owner or operator shall submit a report to the Administrator within 60 days after the end of each year during which records must be generated under paragraph (r)(6)(iii) of this section setting out the unit's annual emissions during the calendar year that preceded submission of the report." 40 C.F.R. § 52.21(r)(6)(iv).

⁷¹ An introductory section of the NCUAQMD regulations titled "Chapter II – Permits" specifically identifies the August 7, 1980, version of 40 C.F.R. § 52.21 as referenced or incorporated by various other provisions within NCUAQMD Rule 220. Both Chapter II and the relevant sections of Rule 220 are incorporated into the California SIP. *See* 40 C.F.R. § 52.220(c)(155)(v)(B).

⁷² *See* 67 Fed. Reg. 80186 (Dec. 31, 2002).

⁷³ 40 C.F.R. § 52.21(r)(6). Note that the paragraphs cross-referenced by this regulation, which were formerly codified at 40 C.F.R. § 52.21(b)(41)(a)–(c), were recently re-codified at 40 C.F.R. § 52.21(b)(41)(A)–(C).

Here, the Petitioners have not demonstrated that HRC elected to calculate post-project NO_x or PM_{2.5} emissions using the projected actual emissions methodology specified in 40 C.F.R. § 52.21(b)(41)(ii)(A)–(C). Instead, according to the Petitioner’s own analysis (discussed in Claim 1) and portions of NCUAQMD’s engineering evaluation, it appears that post-project emissions estimates were based on an analysis of post-project PTE.⁷⁴

In summary, the Petitioners have failed to demonstrate that the Permit should contain provisions to assure compliance with the reasonable possibility requirements in 40 C.F.R. § 52.21(r)(6). For the pollutant CO, these reporting requirements are not applicable, and for the pollutants PM_{2.5} and NO_x, the Petitioners have not demonstrated that these reporting requirements were triggered by the multiclone project. Therefore, the EPA denies the Petitioners’ request for an objection on Claim 2.

C. Claim 3: The Petitioners Claim That “Annual Boiler Emissions Limits Far Exceed PSD Significance Thresholds, Don’t Assure Compliance with Applicable Requirements and Mislead the Source, the District, and the Public about How Much Pollution HSC is Allowed to Emit.”

Petition Claim: The Petitioners argue that the basis for HRC’s avoidance of PSD and BACT applicability—specifically, statements that proposed project actual emissions will not increase—“creates an applicable requirement under New Source Review . . . that HSC not increase its emissions above PSD significance thresholds, and a need for limits in the permit which ensure compliance.”⁷⁵ The Petitioners state that the Permit’s annual emission limits for each boiler are not consistent with this obligatory applicable requirement. The Petitioners request that the EPA object to the Permit “and require a facility wide limit on boiler emissions, hours of operation, or fuel combustion that will keep net boiler emissions below the PSD threshold.”⁷⁶

EPA Response: For the following reasons, the EPA denies the Petitioners’ request for an objection on this claim.

As a preliminary matter, this claim was not raised with reasonable specificity during the public comment period, as required by CAA section 505(b)(2) and 40 C.F.R. §§ 70.8(d) and 70.12(a)(2)(v). In addition, the Petitioners have not demonstrated that it was impracticable to raise this objection within such period, and there is no basis for finding that grounds for such objection arose after such period. This presents an independent basis for the EPA to deny Petitioners’ request for an objection on this claim.

⁷⁴ NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler A at 20 (Nov. 13, 2024); NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler B at 20 (Nov. 13, 2024); NCUAQMD Engineering Evaluation, Humboldt Sawmill Company, LLC Multiclone Replacement – Boiler C at 20 (Nov. 13, 2024).

⁷⁵ Petition at 8.

⁷⁶ *Id.*

Even if this Petition claim had been adequately raised during the public comment period, it would present no basis for an EPA objection. The EPA can only object to title V permits that do not comply with the CAA. More specifically, the CAA provides the EPA with authority to object to permits that contain provisions “not in compliance with the applicable requirements of [the CAA], including the requirements of an applicable implementation plan.”⁷⁷

The Petitioners generally cite to 40 C.F.R. § 52.21 as the “applicable requirement” that would “require a facility wide limit on boiler emissions, hours of operation, or fuel combustion that will keep net boiler emissions below the PSD threshold.”⁷⁸ The Petitioners do not identify any specific applicable requirement under either NCUAQMD’s SIP or the FIP at 40 C.F.R. § 52.21 that would automatically transform emission estimates upon which a PSD non-applicability decision was based into binding, enforceable emission limits. There is no such requirement in the EPA’s regulations. The Petitioners provide no additional information in support of this claim. Therefore, the EPA denies Petitioners’ request for an objection on Claim 3.

D. Claim 4: The Petitioners Claim That the “2029 Expiration Date Continues District’s Long Standing Deprivation of Public Right to Comment on Title V Permit Renewals.”

Petition Claim: The Petitioners state that the Permit, first issued in 1998, has never been renewed. The Petitioners opine that NCUAQMD’s “failure to renew HSC’s Title V permit and provide public notification and opportunity for public comment has deprived the public of its rights under 40 CFR 70.7(h) for over 20 years.”⁷⁹ The Petitioners request that the EPA object to the Permit “on the basis of the 2029 expiration date” listed in the Permit.⁸⁰ The Petitioners express concern that including a 2029 expiration date in the Permit could be interpreted by the public as evidence that the Permit has been renewed, when in fact it has not been renewed in 20 years.⁸¹

EPA Response: For the following reasons, the EPA denies the Petitioners’ request for an objection on this claim.

The Petitioners specifically request the EPA object to the Permit on the basis of the 2029 expiration date that was listed on the Permit. This claim was rendered moot when NCUAQMD revised the Permit to remove the erroneous 2029 expiration date. NCUAQMD then provided that revised final Permit to the EPA and made it available on NCUAQMD’s public website on December 17, 2025. Thus, even assuming for the sake of

⁷⁷ 42 U.S.C. § 7661d(b)(1), (2).

⁷⁸ Petition at 8.

⁷⁹ *Id.*

⁸⁰ *Id.* at 9.

⁸¹ *Id.*

argument that including the incorrect expiration date in the Permit could have presented a basis for the EPA's objection to the Permit, this issue has been resolved.

The Petitioners do not identify any other way in which NCUAQMD's delayed issuance of a renewal permit resulted in the specific permit action that is the subject of the Petition failing to satisfy the CAA or the EPA's implementing regulations at 40 C.F.R. part 70. Therefore, the EPA denies the Petitioners' request for an objection on Claim 4.⁸²

V. CONCLUSION

For the reasons set forth in this Order and pursuant to CAA § 505(b)(2) and 40 C.F.R. § 70.8(d), I hereby deny the Petition as described in this Order.

Dated: May 5, 2026



Lee Zeldin
Administrator

⁸² Although the Petitioners have not identified any basis for the EPA to object to the Permit at this time, the Agency observes that per CAA and regulatory timelines, permitting authorities are obligated to issue final permits on title V permit renewal applications within 18 months of receipt of application. 42 U.S.C. § 7661b(c); 40 C.F.R. § 70.4(b)(6), 70.7(a)(2). The EPA encourages NCUAQMD to prioritize issuance of timely permit renewals.

Agenda Item: 11

Board Member Reports

Agenda Item: 12

Adjournment