

BOARD MEETING DATE: June 1, 2018

AGENDA NO. 6

PROPOSAL: Establish Special Revenue Fund, Recognize Revenue, and Issue Solicitations and Purchase Orders for Community Air Monitoring Stations Near Petroleum Refineries

SYNOPSIS: In December 2017, the Board approved Rule 1180, which requires major petroleum refineries to fund the installation and operation of refinery-related community air monitoring stations by January 1, 2020. These actions are to establish the Rule 1180 Special Revenue Fund (78), recognize revenue for Rule 1180 payments up to \$7,508,861 into the Rule 1180 Special Revenue Fund (78), and issue solicitations and purchase orders for data telemetry server software necessary for the planning and implementation of the community air monitoring stations near petroleum refineries.

COMMITTEE: Administrative, May 11, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Establish the Rule 1180 Special Revenue Fund (78).
2. Recognize revenue, upon receipt, up to \$7,508,861 into the Rule 1180 Special Revenue Fund (78) for the Rule 1180 initial and final payments for implementation of the community air monitoring stations.
3. Authorize the Procurement Manager, in accordance with SCAQMD Procurement Policy and Procedure, to issue solicitation(s) and purchase orders for software upgrades for the data telemetry system servers, including Microsoft Windows Server 2016 and Microsoft SQL Server 2016, in an amount not to exceed \$36,000.

Wayne Nastri
Executive Officer

Background

Petroleum refineries are among the largest stationary sources of air pollution in the South Coast Air Basin (Basin). These sources process crude oil into various products, such as gasoline, diesel fuel, aviation fuel and other fuel oils. Crude oil consists of a complex mixture of hydrocarbon compounds with smaller amounts of impurities, including sulfur, nitrogen, organic acids, metals and various toxic compounds. The processing of crude oil at petroleum refineries can result in potential emissions of greenhouse gases, criteria pollutants, toxic air contaminants and other air pollutants. In recent years, community concerns over emissions from refineries and the potential for community exposure to air contaminants has increased, both from routine facility operations and potential releases due to upset conditions or emergency situations.

SCAQMD has conducted technology demonstration studies to assess the level of air toxics and criteria pollutants on-site and near refineries and compare levels of the shorter-duration sampling to estimated levels expected from reported annual emissions inventories. Ongoing work with optical remote sensing (ORS) and low-cost sensors continue to study air pollutants in communities that are near refineries. Refinery related sampling is also a component of the Multiple Air Toxic Exposure Study (MATES V), which will be conducted throughout 2018 and 2019.

Rule 1180, which was adopted in December 2017, requires real-time fenceline air monitoring systems and establishes a fee schedule to fund refinery-related community air monitoring systems that will provide air quality information to the public about levels of various criteria air pollutants, volatile organic compounds, metals and other compounds at or near the property boundaries of petroleum refineries and in nearby communities.

In accordance with Rule 1180 requirements, staff will develop a draft plan for community air monitoring systems that will be made available for public review prior to Board consideration of the draft plan. Rule 1180 payments totaling \$7,508,861 will be received from the eight major petroleum refineries in the Basin for the planning and implementation of the community air monitoring in two installments - on July 1, 2018 and January 30, 2019. Beginning in January 2020, the refineries will also pay for annual operating and maintenance costs for community air monitoring pending amendments to Rule 301-Fees.

Proposal

These actions are to establish the Rule 1180 Special Revenue Fund (78) and recognize revenue up to \$7,508,861 into the Rule 1180 Special Revenue Fund (78) for the Rule 1180 initial and final payments for implementation of the community air monitoring stations. As plans are further developed, staff will request Board consideration of additional transfers and appropriations from the Rule 1180 fund for equipment, additional staff and other services and supplies.

Proposed Purchases through Solicitation Process

The SCAQMD data telemetry system servers require additional software to allow for the expansion needed to process the additional data from the Rule 1180 community air monitoring stations. Each of the system's 24 processing cores require software for both the Microsoft Windows Server 2016 operating system and the Microsoft SQL Server 2016 relational database. The Procurement Manager will issue one or more solicitations, as appropriate, to solicit formal bids, in accordance with SCAQMD's Procurement Policy and Procedure. Based on the results of the formal bid, one or more purchase orders will be issued to purchase the software licenses for the 24 cores in an amount not to exceed \$36,000.

Benefits to SCAQMD

Funding for the implementation of Rule 1180 will allow SCAQMD to fulfill the requirements of Rule 1180 and the legislative directives of AB 1647, which will result in benefits to environmental justice communities and others working and residing in the Basin.

Resource Impacts

Initial and final payments required from petroleum refineries under Rule 1180 will provide sufficient resources to plan and establish the required community air monitoring program. The proposed amendment to Rule 301 will provide sufficient resources for ongoing community air monitoring operation and maintenance beginning in FY 2019-20.