

BOARD MEETING DATE: September 7, 2018

AGENDA NO. 3

PROPOSAL: Recognize Funds, Execute and Amend Agreements for Installation and Maintenance of Air Filtration Systems, Reimburse General Fund for Administrative Costs, and Purchase Electric School Buses

SYNOPSIS: U.S. EPA is executing two Supplemental Environmental Project (SEP) agreements and has asked SCAQMD to act as the SEP Implementer to install and maintain air filtration systems at schools. These actions are to recognize up to \$575,000 into the Air Filtration Fund (75). These actions are to also execute agreements to install and maintain air filtration systems in an amount cumulatively not to exceed \$2,035,848, from the Air Filtration Fund (75), the LADWP Variance Special Revenue Fund (69), and the LADWP Settlement Projects Fund (38); execute or amend access agreements with local school districts; amend contracts to purchase additional filters using unspent administrative funds; and reimburse the General Fund for administrative costs up to \$28,750 to administer the SEPs. Finally, these actions are to execute a contract to purchase electric school buses in an amount not to exceed \$427,460 from the LADWP Variance Special Revenue Fund (69).

COMMITTEE: Technology, July 20, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize up to \$350,000 from Schneider National, Inc., and \$225,000 from Old Dominion Freight Line, Inc., for SEPs being administered on behalf of the U.S. EPA into the Air Filtration Fund (75).
2. Authorize the Executive Officer to execute agreements with Schneider National, Inc., and Old Dominion Freight Line, Inc., for SCAQMD to implement SEPs for installation and maintenance of air filtration systems and to execute or amend agreements with local school districts for the purpose of implementing SEP agreements.
3. Authorize the Chairman to execute one or more contracts with IQAir North America for installation and maintenance of air filtration systems at schools in an amount cumulatively not to exceed \$2,035,848, comprised of \$546,250 from the Air

Filtration Fund (75), \$1,092,332 from the LADWP Variance Special Revenue Fund (69) and \$397,266 from LADWP Settlement Projects Fund (38).

4. Authorize the Chairman to amend, as needed, one or more contracts with IQAir North America which are funded by an Air Filtration SEP or approved by this Board letter to purchase additional filters using unspent administrative funds.
5. Reimburse the General Fund from the Air Filtration Fund (75) for administrative costs up to \$28,750, as needed, to implement the air filtration projects.
6. Authorize the Executive Officer to execute an agreement with Los Angeles Unified School District for the purchase of up to three electric school buses including installation of charging infrastructure in an amount not to exceed \$427,460 from the LADWP Variance Special Revenue Fund (69).

Wayne Nastri
Executive Officer

MMM:FM:NB:PSK

Background

U.S. EPA is executing Supplemental Environmental Project (SEP) agreements with Schneider National, Inc., and Old Dominion Freight Line, Inc., to install and maintain air filtration systems at schools in Environmental Justice (EJ) communities or geographical target areas identified by the SEP agreement and has once again asked SCAQMD to act as the SEP Implementer.

In 2016, the Los Angeles Department of Water and Power (LADWP) obtained a variance from the SCAQMD Hearing Board for the use of diesel fuel at the Harbor, Haynes and Valley generating stations. The mitigation fees were received into the LADWP Variance Special Revenue Fund (69), recognized by the Board in November 2016. Based on the environmental mitigation plan submitted for this variance, LADWP agreed to provide funding for air filtration systems and electric school buses to Los Angeles Unified School District (LAUSD) and for air filtration systems to Long Beach Unified School District (LBUSD). Funds remaining from a 2001 LADWP settlement Fund (38), recognized by the Board in June 2001, will also be used for installation and maintenance of air filtration systems in schools.

IQAir North America (IQAir) was previously selected through two separate competitive bid processes in 2011 and 2013 for air filtration projects, and staff subsequently performed a technology status check to ensure no new technologies had come on the market. Furthermore, IQAir is the only qualified manufacturer of high performance panel filters and stand-alone units which met the performance standards in SCAQMD's 2009 air filtration pilot study as well as through a national testing opportunity conducted in 2010 by the University of California Riverside's College of Engineering/Center for

Environmental Research and Technology. These performance standards include an average removal efficiency of at least 85 percent for ultrafine PM, black carbon and PM2.5, and noise level below 45 decibels for stand-alone units. To date, SCAQMD has installed air filtration systems at 76 schools and community centers.

Proposal

U.S. EPA staff have requested that schools receiving air filtration systems be in EJ communities or other areas disproportionately impacted by diesel PM and for project completion to occur by December 2019. For the SEP with Old Dominion Freight Line, Inc., schools in Rialto, followed by Colton or San Bernardino will be prioritized. The funding includes five percent for reimbursement of administrative costs.

For the 2016 LADWP settlement (LADWP Variance Special Revenue Fund (69)), LAUSD will purchase up to three electric school buses and install charging infrastructure at LAUSD’s Sun Valley bus depot. To be eligible for funding, subsequent to Board approval and prior to contract execution, LAUSD must apply, and get approval, for funding from the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project (HVIP) funds from CARB. The LADWP funds will then be used to pay for the balance of the electric school buses not exceeding \$115,000 per bus, after subtracting the HVIP voucher amount. If LAUSD is not successful in securing HVIP funds but is still interested in purchasing the buses solely with SCAQMD funding, contracts will be executed up to the approved amount. Funding for electric charging infrastructure will not exceed \$82,460 and must include panel and transformer upgrades as required at the Sun Valley bus depot. In addition, as part of the 2016 LADWP settlement (LADWP Variance Special Revenue Fund (69)), LAUSD and LBUSD will install and maintain air filtration systems at schools located near the Harbor and Haynes generating stations. This can include installation of air filtration systems or replacement filters at schools which already have air filtration systems in place. Finally, \$397,266 from the 2001 LADWP settlement (Fund 38) will be used to fund additional air filtration systems. Staff will work with school districts to select and prioritize which schools will receive air filtration systems.

The proposed schedule for installation and maintenance of air filtration systems in one or more schools in EJ communities is as follows:

| Date | Event |
|----------------------------|--|
| September 2018 | Board Approval |
| October 2018 | Anticipated Execution of Contracts |
| October 2018–March 2019 | Selection of Schools, Site Assessments |
| October 2018–December 2019 | Installation |
| October 2018–October 2023 | Maintenance (varies by school) |
| December 2019 | Final Report |

These actions are to: 1) recognize up to \$575,000 from SEP agreements into the Air Filtration Fund (75); 2) authorize the Executive Officer to execute agreements with Schneider National, Inc., and Old Dominion Freight Line, Inc., to implement SEPs for installation and maintenance of air filtration systems and to execute or amend agreements with local school districts for the purpose of implementing SEP agreements; 3) execute and amend agreements with IQAir North America for installation and maintenance of air filtration systems at schools in an amount cumulatively not to exceed \$2,035,848, comprised of \$546,250 from the Air Filtration Fund (75), \$1,092,332 from the LADWP Variance Special Revenue Fund (69) and \$397,266 from the LADWP Settlement Projects Fund (38); 4) amend, as needed, contracts with IQAir North America funded by an air filtration SEP to purchase additional filters using unspent administrative funds; 5) reimburse the General Fund from the Air Filtration Fund (75) for administrative costs up to \$28,750; and 6) authorize the Executive Officer to execute an agreement with LAUSD for the purchase of electric school buses including charging infrastructure in an amount not to exceed \$427,460 from the LADWP Variance Special Revenue Fund (69).

Sole Source Justification

Section VIII. B. 2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. This request for a sole source award is made under provision B.2.c (1): The desired services are available from only the sole-source based upon the unique experience and capabilities of the proposed contractor or contractor team. IQAir remains the only manufacturer of high performance panel filters and stand-alone units identified by SCAQMD and CARB staff that meet the performance standards required to complete the work.

Benefits to SCAQMD

This project will reduce children's exposure to criteria and toxic pollutants and ultrafine PM. Health studies have determined that fine and ultrafine PM, including diesel PM, present the greatest air pollution health risk to sensitive receptors in EJ communities identified in the SEP agreements.

Resource Impacts

Through previous Board actions, \$1,519,792 from LADWP has already been recognized into the LADWP Variance Special Revenue Fund (69) and \$397,266 into the LADWP Settlement Projects Fund (38). The new contracts with IQAir will not cumulatively exceed \$2,035,848, and the contract amendments with IQAir to purchase additional filters will not exceed the amount of any unspent administrative fees. Reimbursement of administrative costs will not exceed \$28,750. And finally, the contract with LAUSD will not exceed \$427,460.