

BOARD MEETING DATE: January 4, 2019

AGENDA NO. 3

PROPOSAL: Transfer and Appropriate Funds, Issue Solicitations and Purchase Orders, Approve Positions for Rule 1180 Implementation and Amend Contract

SYNOPSIS: In June 2018, the Board recognized over \$7 million in revenue into the Rule 1180 Special Revenue Fund (78) for the installation and operation of community air monitoring stations near refineries by January 1, 2020. These actions are to transfer and appropriate up to \$1,996,656 into Science & Technology Advancement's FYs 2018-19 and/or 2019-20 Budgets, issue solicitations and purchase orders for equipment, and add new positions necessary for the implementation of this program. This action is to also amend a contract with FluxSense Inc. for up to \$110,000 to conduct additional community-scale air toxics ambient monitoring.

COMMITTEE: Administrative, December 14, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Transfer and appropriate, upon receipt, up to \$750,000 from the Rule 1180 Special Revenue Fund (78) into Science & Technology Advancement's FYs 2018-19 and/or 2019-20 Budgets, Capital Outlays Major Object, as indicated in Table 1.
2. Authorize the Executive Officer to issue solicitations and, based on results, issue purchase orders for monitoring trailers or containers listed in Table 1.
3. Authorize the Procurement Manager, in accordance with SCAQMD's Procurement Policy and Procedure, to issue sole source, 'prior bid, last price,' or cooperative purchasing purchase order(s) for low emissions vehicles (sedan, truck or van) as listed in Table 1.
4. Transfer and appropriate, upon receipt, up to \$980,000 from the Rule 1180 Special Revenue Fund (78) into Science & Technology Advancement's FYs 2018-19 and/or 2019-20 Budgets, Services and Supplies Major Object, as indicated in Table 2.

5. Transfer and appropriate, upon receipt, up to \$266,656 from the Rule 1180 Special Revenue Fund (78) into Science & Technology Advancement's FY 2018-19 Budget, Salaries and Employee Benefits Major Object, and approve the addition of four positions for Rule 1180 air monitoring planning and implementation, as indicated in Table 3.
6. Authorize the Executive Officer to amend contract with FluxSense Inc. for up to \$110,000 from Science & Technology Advancement's FYs 2018-19 and/or 2019-20 Budgets, Professional and Special Services Account, to conduct additional optical remote sensing surveys to better characterize air toxic emissions from refineries and assess potential impacts in surrounding communities.

Wayne Natri
Executive Officer

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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. These and other refinery-related activities can result in emissions of greenhouse gases, criteria pollutants, toxic air contaminants and other air pollutants. In recent years, community concerns over emissions from refineries have increased, both from routine facility operations and potential releases due to emergency or other unforeseen conditions.

Starting in 2013, 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 this 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 near refineries. Refinery-related monitoring is also a component of MATES V, which is currently ongoing.

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 Refinery Fenceline and Community Air Monitoring requirements, staff is developing a draft plan for community air monitoring systems that will be made available for public review. In June 2018, the Board recognized revenue up to \$7,508,861 in Rule 1180 payments into the Rule 1180 Special

Revenue Fund (78) for the installation of community air monitoring stations near refineries by January 1, 2020. The original estimated payments were reduced to \$7,151,297 because during the rulemaking process one of the eight refineries did not meet the established criteria. Of this amount, \$2,145,390 has already been received and \$5,005,907 is expected to be received by January 30, 2019. Beginning January 2020, the seven refineries will also fund annual operating and maintenance costs for community air monitoring.

In 2015, SCAQMD applied for a U.S. EPA “Community-Scale Air Toxics Ambient Monitoring” grant and was awarded \$569,682 to study air toxic emissions from refineries and the potential impact of such emissions on local communities, utilizing next generation monitoring technologies. On October 2, 2015, the Board authorized the recognition of \$569,682 in revenue into the General Fund and the appropriation of \$508,729 to Science & Technology Advancement’s FYs 2015-16, 2016-17 and/or 2017-18 Budget to conduct a comprehensive study, including assessing the long-term use of Solar Occultation Flux (SOF), an ORS method to monitor air toxic emissions from refineries and estimate annual VOC emissions. FluxSense Inc. was contracted to perform periodic mobile measurements of refinery emissions and conduct continuous mobile measurements of air toxic concentrations in communities adjacent to the refineries in the Basin. FluxSense has performed surveys seasonally (i.e., winter, spring, summer and fall), each lasting for at least two weeks, since 2016. On July 6, 2018, the Board authorized the reallocation and appropriation of up to \$184,000 in estimated remaining community-scale air toxics monitoring funds into Science & Technology Advancement’s FYs 2018-19 and/or 2019-20 Budgets, allocating \$110,000 into the Professional and Special Services Account. The goals and objectives of this EPA-funded community study are in line with those related to the implementation of Rule 1180.

Proposal

These actions are to transfer and appropriate up to \$1,996,656 into Science & Technology Advancement’s FYs 2018-19 and/or 2019-20 Budgets for expenditures in Capital Outlays (Table 1), Services and Supplies (Table 2) and Salaries & Employee Benefits (Table 3) Major Objects to support work required under Rule 1180. Services and Supplies in Table 2 include \$650,000 in Building Maintenance Operation which will be used to install ten community monitoring stations near refineries. These actions represent the initial resource appropriations to implement the Rule 1180 monitoring network and will be fully supported by the funding received from the refineries subject to Rule 1180. As plans are further developed with additional stakeholder input, staff may seek Board approval for additional appropriations.

Proposed Purchases through Solicitation Process

Monitoring stations (each comprised of either an air monitoring trailer or container) will be deployed at ten locations that will be selected for community monitoring near seven major refineries in the Basin. These refineries are:

- Tesoro Refining & Marketing Company, LLC, Carson Refinery, Carson;
- Tesoro Refining & Marketing Company, LLC, Wilmington Refinery, Wilmington;
- PBF Energy, Torrance Refining Company, Torrance;
- Chevron Products Company, Chevron El Segundo Refinery, El Segundo;
- Phillips 66 Company, Carson;
- Phillips 66 Company, Wilmington; and
- Valero Energy Corporation, Valero Wilmington Refinery, Wilmington.

One or more solicitations will be issued, as appropriate, to solicit formal bid(s), in accordance with SCAQMD's Procurement Policy and Procedure. Based on the results of the formal bid(s), one or more purchase orders will be issued to purchase air monitoring trailers and/or containers in an amount not to exceed \$500,000, as shown in Table 1.

Proposed Purchases through Sole Source, 'Prior Bid, Last Price,' and/or Cooperative Purchasing Purchase Orders

This action is to authorize the Procurement Manager to purchase up to five vehicles, as listed in Table 1, through sole source, 'prior bid, last price,' and/or cooperative purchasing purchase orders. The vehicles will be used by Rule 1180 staff to perform installation, routine and non-routine calibration, and maintenance and repair of air monitoring equipment for Rule 1180 community air monitoring stations. Low emission vehicles are available from vendors through cooperative purchasing under the State of California, Department of General Services, Procurement Division, and Alternative Fueled Vehicles Contract 1-18-23-23A through H. Low emission sedans, trucks and/or vans will be selected from the vendor on the list with the most competitive price for these types of vehicles. The cost of five vehicles is approximately \$250,000.

Amend Contract

This action is to amend a contract with FluxSense Inc. for up to an additional \$110,000 from Science & Technology Advancement's FYs 2018-19 and/or 2019-20 Budgets, Professional and Special Services Account, to conduct additional ORS surveys.

Staffing Request

This action is to approve the addition of four staff positions for Rule 1180 air monitoring planning and implementation (Table 3). The new staff will be responsible for installation, operation, calibration, maintenance and repair of air monitoring equipment for Rule 1180 community air monitoring stations.

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. Future annual funding will provide sufficient resources for the ongoing community air monitoring operation and maintenance through Rule 301 fees. Sufficient funds are available to amend the contract with FluxSense Inc.

Attachments

- Table 1: FYs 2018-19 and/or 2019-20 Proposed Capital Outlays Expenditures for Rule 1180
- Table 2: FYs 2018-19 and/or 2019-20 Proposed Services and Supplies Expenditures for Rule 1180
- Table 3: FY 2018-19 Proposed Appropriation for Staffing Additions for Rule 1180

Table 1
FYs 2018-19 and/or 2019-20 Proposed Capital Outlays
Expenditures for Rule 1180

Description	Account Number	Quantity	Estimated Amount	Action
Monitoring Container or Trailer	77000	10	\$500,000	RFQ or 'Prior Bid, Last Price'
Vehicles for Field Staff	77000	5	250,000	Sole Source, 'Prior Bid, Last Price,' Cooperative Purchasing
FYs 2018-19 and/or 2019-20 Appropriations			Up to \$750,000	

Table 2
FYs 2018-19 and/or 2019-20 Proposed Services and Supplies
Expenditures for Rule 1180

Description	Account Number	Estimated Amount
Rents and Leases Structure	67350	\$150,000
Building Maintenance Operation	67650	650,000
Auto Mileage	67700	10,000
Communications*	67900	40,000
Office Supplies	68100	25,000
Office Furniture	68200	40,000
Small Tools, Instruments, Equipment*	68300	65,000
FYs 2018-19 and/or 2019-20 Appropriations		\$980,000

*Note: Expenditures may be appropriated in the Capital Outlays Major Object as warranted.

Table 3
FY 2018-19 Proposed Appropriation for
Staffing Additions for Rule 1180

Position Title	Quantity	Estimated Amount
Senior Air Quality Instrument Specialist	1	\$ 70,667
Air Quality Instrument Specialists II	3	195,989
Total:	4	\$266,656

Note: Appropriations for Salary and Benefits are for January–June 2019.