

BOARD MEETING DATE: October 2, 2020

AGENDA NO. 5

PROPOSAL: Transfer and Appropriate Funds for Rule 1180 Program, Execute Purchase Orders and/or Contracts and Issue Solicitation

SYNOPSIS: In June 2018, the Board recognized over \$7.0 million in revenue from refineries into the Rule 1180 Special Revenue Fund (78) to establish community air monitoring near refineries. Also, the FY 2020-21 budget includes annual fees for community air monitoring totaling over \$4.5 million. These actions are to: 1) transfer and appropriate funds of up to \$861,000 from the Rule 1180 Special Revenue Fund (78) to Science & Technology Advancement's FY 2020-21 Budget for Rule 1180; 2) execute purchase orders and/or contracts for air quality monitoring equipment and vehicles for the community air monitoring network; and 3) issue a solicitation for an independent audit of the Rule 1180 refinery fence line and community air monitoring network.

COMMITTEE: Administrative, September 11, 2020; Recommended for Approval

RECOMMENDED ACTIONS:

1. Transfer and appropriate funds up to \$861,000 from the Rule 1180 Special Revenue Fund (78) to Science & Technology Advancement's (STA's) FY 2020-21 Budget (Org 42), Services & Supplies (\$795,000) and Capital Outlays (\$66,000) Major Objects, as indicated in Tables 1 and 2, and return any unspent funds to Fund 78.
2. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue sole source purchase orders for the following as listed in Table 1:
  - a. Up to two pure air generators with hydrocarbon scrubbers from Teledyne Advanced Pollution Instrumentation (Teledyne) in an amount not to exceed \$25,000; and
  - b. Up to three hydrogen sulfide/sulfur dioxide (H<sub>2</sub>S/SO<sub>2</sub>) multiple-gas analyzers from Teledyne in an amount not to exceed \$57,000.
3. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue sole source, 'prior bid, last price,' and/or cooperative purchasing purchase orders as listed in Table 1.

4. Authorize the Chairman to issue a solicitation and, based on the results of the solicitation, execute a contract for independent audit of Rule 1180 fenceline and community air monitoring network in an amount not to exceed \$700,000 as listed in Table 2.

Wayne Natri  
Executive Officer

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## **Background**

### *Rule 1180 Program*

Petroleum refineries are among the largest stationary sources of air pollution in the South Coast Air Basin (Basin). Refineries process crude oil into various products, such as gasoline, diesel fuel, aviation fuel and other fuel oils. These and other related activities can result in emissions of greenhouse gases, criteria pollutants, toxic air contaminants and other air pollutants.

Rule 1180 - Refinery Community Air Monitoring and Fenceline was adopted by the Board in December 2017 and requires the major refineries in the Basin to measure levels of various air pollutants at their fenceline. This Rule also established a fee schedule to fund air monitoring stations to provide air quality information to the public about the potential impact of refineries emissions in their communities. In FYs 2017-18 and 2018-19, the Board recognized revenue in two installments of \$2,145,390 and \$5,005,907, into the Rule 1180 Special Revenue Fund (78) for the installation of community air monitoring stations near refineries by January 1, 2020. Beginning January 2020, pursuant to Rule 301- Permitting and Associated Fees, the refineries also started funding annual operating and maintenance costs totaling \$4,507,870 for refinery-related community air monitoring near the following refineries:

- Tesoro Refining & Marketing Company, LLC, Carson;
- Tesoro Refining & Marketing Company, LLC, 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.

Annual operating and maintenance fees pursuant to Rule 301 have been accounted for in the FY 2020-21 Budget.

The Rule 1180 refinery fenceline and community air monitoring network began operations in January 2020. This network consists of the fenceline air monitoring systems that have been installed and operated by each refinery in accordance to their Fenceline Air Monitoring Plans, and community air monitoring stations established and operated by the South Coast AQMD in accordance with the Rule 1180 Community Air Monitoring Plan (see the Rule 1180 webpage for details; [www.aqmd.gov/Rule1180](http://www.aqmd.gov/Rule1180)). In order to satisfy the strict Rule 1180 air monitoring requirements, novel optical remote sensing (ORS) and traditional analyzers have been deployed at all fenceline and community air monitoring sites, making it the first of its kind in the nation in terms of complexity and technologies deployed.

## **Proposal**

### *Rule 1180 Program*

This action is to transfer and appropriate up to \$861,000 from the Rule 1180 Special Revenue Fund (78) into STA's FY 2020-21 Budget (Org 42) for expenditures in Capital Outlays (Table 1) in an amount not to exceed \$66,000 and Services and Supplies (Table 2) in an amount not to exceed \$795,000 to support work required under Rule 1180. Along with \$1,650,000 included in the FY 2020-21 Budget for Services and Supplies and Capital Outlays funded with annual fees, these actions are to obtain the resources required to continue implementation and operation of the Rule 1180 community monitoring network. These activities are fully supported by funding received from the refineries subject to Rule 1180 initial and ongoing fees.

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

This action is to purchase the following equipment as listed in Table 1 using the procurement method noted.

#### *Pure Air Generators with Hydrocarbon (HC) Scrubbers*

Pure air generators equipped with enhanced HC scrubbers are currently being used at all Rule 1180 community air monitoring sites. The additional two scrubbers will be used for quality assurance and equipment verification purposes. Teledyne pure air generators are uniquely specialized to provide a complete zero air system to support the Rule 1180 community air monitoring sites set-up by staff. These zero air systems are currently being used at all other South Coast AQMD Rule 1180 air monitoring sites, therefore providing compatibility and continuity between all stations. The cost for up to two Teledyne pure air generators will not exceed \$25,000.

### *H2S/SO2 Analyzers*

H2S/SO2 multi-pollutant analyzers will be used to conduct real-time, high-resolution measurements of these compounds at three community monitoring stations near refineries. Seven of these analyzers are currently installed at other Rule 1180 community air monitoring sites. The proposed addition of three more instruments will ensure continuous monitoring of these compounds at all Rule 1180 community air monitoring sites. Teledyne H2S/SO2 multi-pollutant analyzers are fully compatible with those used in the existing South Coast AQMD air monitoring network, including Rule 1180 air monitoring. The cost for up to three Teledyne H2S/SO2 analyzers will not exceed \$57,000.

### *Air Monitoring Equipment*

Extractive ultra-violet differential optical adsorption spectrometer (UV-DOAS) and Fourier-transform infrared spectroscopy (FTIR) optical multi-pollutant analyzers, automated field gas chromatographs (Auto-GCs), Teledyne gas dilution systems and other supporting equipment will be used to complete the measurements of all required pollutants at all Rule 1180 community air monitoring stations. One extractive UV-DOAS and FTIR optical multi-pollutant analyzer (FluxSense), up to two automated field Auto-GCs (Tricorntech), and one gas dilution system (Teledyne) will be purchased in an amount not to exceed \$220,000, \$150,000, and \$25,000 respectively, through either sole source or 'prior bid, last price' purchase orders. The technical specifications of these proposed air monitoring instruments are consistent with those of equipment already used within the South Coast AQMD community network for Rule 1180 monitoring.

### *Vehicles*

This action is to authorize the Procurement Manager to purchase up to three vehicles, either BEV, PHEV or SULEV, if available, for field staff, as listed in Table 1. The vehicles will be used by staff to perform calibration, maintenance and repair of air monitoring equipment for all Rule 1180 community air monitoring stations. The purchase will be made through a solicitation process, 'prior bid, last price', or through a Cooperative Purchasing Agreement. 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 or vans will be selected from the vendor on the list with the most competitive price for these types of vehicles. The cost of the vehicles will not exceed \$120,000.

### Issue Solicitation (Request for Proposals)

#### *Independent Audit of Rule 1180 Fenceline and Community Air Monitoring Network*

The Rule 1180 refinery fenceline and community air monitoring network consists of a substantial number of novel ORS and traditional analyzers deployed at fenceline and community air monitoring sites. While similar technologies are deployed at all sites,

different contractors are using different instrument makes/models for conducting fenceline air monitoring at different refineries. Staff have worked with the refineries to assure that all fenceline instruments, independent of their vendors, standardize their data acquisition and reporting, and maintain data of the highest quality through common calibration, verification, maintenance, and other quality assurance procedures and criteria. The same stringent data quality requirements are in effect for the community air monitoring sites. However, due to the innovative nature of the Rule 1180 program and ORS equipment, there is a pressing need for a qualified independent entity to conduct a systematic review of the entire Rule 1180 network to ensure that the collected data meets the quality assurance criteria of the program. This action is to issue a request for proposals (RFP) from qualified firms, research labs or educational institutions to conduct independent technical systematic and performance audits of the Rule 1180 refinery fenceline and community air monitoring network; and based on the results of the RFP, execute a contract for an amount not to exceed \$700,000, as listed in Table 2. Table 2 also includes itemized appropriations for other Services and Supplies Major Objects.

### **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. The request for sole source purchases from Teledyne, FluxSense, and Tricorntech are made under Sections VIII.B.2.c(1): The unique experience and capabilities of the proposed contractor; VIII.B.2.c(2): The project involves the use of proprietary technology; and VIII.B.2.d(6): Projects requiring compatibility with existing specialized equipment. These vendors are uniquely qualified to provide zero air generators with enhanced hydrocarbon scrubbers (Teledyne), H<sub>2</sub>S/SO<sub>2</sub> instruments (Teledyne), extractive optical multi-pollutant analyzers (FluxSense), automated field GC (Tricorntech), and gas dilution systems (Teledyne). There are no other vendors who can provide instruments meeting all required specifications. The proposed equipment, which is currently being used at Rule 1180 and other air monitoring stations, will allow for full specialized equipment compatibility throughout the South Coast AQMD air monitoring network.

### **Benefits to South Coast AQMD**

Funding for the implementation of Rule 1180 will allow the South Coast AQMD 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 living in the Basin near refineries.

### **Resource Impacts**

The initial payments received from petroleum refineries under Rule 1180 provide sufficient resources to establish the required community air monitoring program. Rule 301 annual fees will provide sufficient resources for ongoing community air monitoring operation and maintenance.

**Attachments**

Table 1: FY 2020-21 Proposed Capital Outlays Expenditures for Rule 1180

Table 2: FY 2020-21 Proposed Services and Supplies Expenditures for Rule 1180

**Table 1  
FY 2020-21 Proposed Capital Outlays Expenditures for Rule 1180\***

<b>Description</b>	<b>Quantity</b>	<b>Appropriated in the Adopted FY 2020-21 Budget (Org 42)</b>	<b>Appropriation from Fund 78</b>	<b>Total Estimated Amount</b>	<b>Action</b>
Pure air generators with HC scrubbers	2	\$25,000	\$0	\$25,000	Sole Source
H2S/SO2 analyzers	3	57,000	0	57,000	Sole Source
Extractive UV-DOAS and FTIR optical multi-pollutant analyzer**	1	174,000	46,000	220,000	Sole Source, 'Prior Bid, Last Price'
Automated field-GC systems	2	150,000	0	150,000	Sole Source, 'Prior Bid, Last Price'
Gas dilution system	1	25,000	0	25,000	Sole Source, 'Prior Bid, Last Price'
Vehicles	3	100,000	20,000	120,000	'Prior Bid, Last Price,' Cooperative Purchasing
<b>FY 2020-21</b>		\$531,000	\$66,000	<b>Up to \$597,000</b>	

\*Appropriations approved in the July 12, 2019, Agenda 7, Table 1, Board letter for FYs 2019-20 and/or 2020-21 have been fully appropriated and expended in FY 2019-20.

\*\*Note: During the procurement process, these items may be categorized as Capital Outlays or Services and Supplies depending on whether the item is purchased, leased, or contracted as a service.

**Table 2**  
**FY 2020-21 Proposed Services and Supplies Expenditures for Rule 1180\***

<b>Description</b>	<b>Account Number</b>	<b>Appropriated in the Adopted FY 2020-21 Budget (Org 42)</b>	<b>Additional Appropriations from Fund 78</b>	<b>Estimated Amount FY 2020-21</b>
Rents and Leases Structure	67350	\$274,000	\$5,000	\$279,000
Professional and Specialized Services**	67450	250,000	85,000	335,000
Independent Audit Contract	67450	0	700,000	700,000
Building Maintenance Operation	67650	30,000	5,000	35,000
Other Services and Supplies Categories**		565,000	0	565,000
<b>FY 2020-21</b>		<b>\$1,119,000</b>	<b>\$795,000</b>	<b>Up to \$1,914,000</b>

\*This supersedes FY 2020-21 Services and Supplies Appropriations in Table 2 presented to the Board on July 12, 2019, Agenda 7.

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