

BOARD MEETING DATE: April 6, 2018

AGENDA NO. 3

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

SYNOPSIS: CARB is executing Supplemental Environmental Project (SEP) agreements with Western Power Sports, Inc., C.J.J. Farming, JEGS Foundation and Tesoro Companies, Inc., to install and maintain air filtration systems in the South Coast region, with SCAQMD acting as the SEP Implementer. These actions are to recognize up to \$551,875 into the Air Filtration Fund (75), transfer up to \$462,625 as a temporary loan from Clean Fuels Fund (31) to the Air Filtration Fund (75) for the SEP revenue not yet received and execute agreements with the four entities. These actions are to also execute one or more contracts with IQAir North America for installation of air filtration systems in an amount cumulatively not to exceed \$524,282, reimburse the General Fund for administrative costs up to \$27,593 and amend contract(s) with IQAir to provide funding from unspent administrative fees for the purchase of replacement filters. Finally, this action is to authorize the Executive Officer to execute or amend agreements with local school districts, providing access to schools for the purpose of implementing SEP agreements.

COMMITTEE: Technology, March 16, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue, upon receipt, into the Air Filtration Fund (75) as follows:
 - a. Up to \$64,250 from Western Power Sports, Inc.;
 - b. Up to \$25,000 from C.J.J. Farming;
 - c. Up to \$425,125 from JEGS Foundation; and
 - d. Up to \$37,500 from Tesoro Companies, Inc.
2. Transfer up to \$462,625 as a temporary loan from the Clean Fuels Fund (31) into the Air Filtration Fund (75) until all SEP revenue is received.

3. Authorize the Executive Officer to execute agreements with the following for SCAQMD to act as the SEP Implementer for installation and maintenance of air filtration systems:
 - a. Western Power Sports, Inc.;
 - b. C.J.J. Farming;
 - c. JEGS Foundation; and
 - d. Tesoro Companies, Inc.
4. Authorize the Executive Officer to execute or amend agreements with local school districts, providing access to schools for the purpose of implementing SEP agreements.
5. Authorize the Chairman to execute one or more contracts with IQAir North America for installation and maintenance of air filtration systems at one or more schools in an amount cumulatively not to exceed \$524,282 from the Air Filtration Fund (75).
6. Reimburse the General Fund from the Air Filtration Fund (75) for administrative costs up to \$27,593, as needed, to implement the air filtration projects.
7. Authorize the Chairman to amend, as needed, one or more contracts with IQAir North America which are funded by an Air Filtration SEP agreement and approved by this Board Letter or Board Letters dated March 3, July 7 and October 6, 2017, for the purpose of purchasing additional filters using unspent administrative funds from the SEP.

Wayne Nastri
Executive Officer

MMM:FM:NB:PSK

Background

CARB is executing Supplemental Environmental Project (SEP) agreements with Western Power Sports, Inc., C.J.J. Farming, JEGS Foundation and Tesoro Companies, Inc., to install and maintain air filtration systems at one or more schools in Environmental Justice (EJ) communities. All parties have requested SCAQMD act as the SEP Implementer for these projects, which must be completed by December 2019.

IQAir North America was previously selected through two separate competitive bid processes in 2011 and 2013 for air filtration projects, and staff performed a technology status check to ensure no new technologies had come on the market. Furthermore, IQAir was the only qualified manufacturer of high performance panel filters and stand-alone units to meet the performance standards in SCAQMD's 2009 air filtration pilot study as well as through a national testing opportunity conducted by the University of California Riverside CE-CERT at Sunnyslope Elementary School in 2010. To date, through its contractor IQAir, SCAQMD has installed air filtration systems at 71 schools

and a community center. Performance standards from SCAQMD's air filtration pilot study include an average removal efficiency of at least 85 percent for ultrafine PM, black carbon and PM_{2.5}, and noise level below 45 decibels for stand-alone units.

Proposal

CARB staff have requested that schools receiving air filtration systems be in EJ communities or other areas disproportionately impacted by diesel PM and that project completion must occur by December 2019.

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

Date	Event
April 2018	Board Approval
June 2018	Anticipated Execution of Contracts
April - December 2018	Selection of School(s), Site Assessments
June 2018 – December 2019	Installation
December 2019	Final Report

This action is to recognize up to \$64,250 from Western Power Sports, Inc., \$25,000 from C.J.J. Farming, \$425,125 from JEGS Foundation and \$37,500 from Tesoro Companies, Inc., into the Air Filtration Fund (75). These actions are to also transfer \$462,625 as a temporary loan from the Clean Fuels Fund (31) to the Air Filtration Fund (75) until all SEP revenue is received and authorize the Executive Officer to execute agreements with Western Power Sports, Inc., C.J.J. Farming, JEGS Foundation and Tesoro Companies, Inc., for SCAQMD to act as the SEP Implementer for installation and maintenance of air filtration systems.

In addition, these actions are to execute one or more contracts with IQAir North America for installation and maintenance of air filtration systems in an amount cumulatively not to exceed \$524,282, reimburse the General Fund for administrative costs up to \$27,593 from the Air Filtration Fund (75), and authorize the Executive Officer to execute or amend agreements with local school districts, providing access to schools for the purpose of implementing SEP agreements.

Finally, these actions are to amend, as needed, one or more contracts with IQAir which are funded by an Air Filtration SEP agreement and approved by this Board Letter or Board Letters dated March 3, July 7 and October 6, 2017, for the specific purpose of purchasing additional filters using unspent administrative funds from the SEP. The SEP agreements that SCAQMD have entered into have included a provision for a 5% administrative fee which SCAQMD has received as part of the total payment for acting as the SEP Implementer. The General Fund is reimbursed for administrative costs based on actual expenses, and staff is requesting that any unused portion of the

administrative fee for a SEP be used to purchase additional replacement filters for those schools involved in the SEP.

At the time of the Technology Committee meeting, the campaign contribution form for Western Power Sports, Inc. had not yet been received, but was subsequently submitted.

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 is the only manufacturer of high performance panel filters and stand-alone units identified by SCAQMD and CARB staff that meet the performance standards in SCAQMD's 2009 air filtration pilot study. Staff has also consulted with CARB staff to confirm that no new manufacturers of air filtration technologies that meet or exceed the performance standards in the pilot study have been identified since the last RFP process in 2013.

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 in Southern California.

Resource Impacts

Upon receipt, up to \$551,875 from SEP revenue will be recognized into the Air Filtration Fund (75). Since SEP revenue of \$89,250 has already been received from Western Power Sports, Inc., and C.J.J. Farming, up to \$462,625 will be used as a temporary loan from the Clean Fuels Fund (31) until the remaining SEP revenue has been received. Of the \$551,875 in SEP revenue, the contracts with IQAir North America to install and maintain air filtration systems will not cumulatively exceed \$524,282 and reimbursement of administrative costs will not exceed \$27,593. Contract amendments with IQAir will not exceed the amount of any unspent administrative fees.