

BOARD MEETING DATE: June 4, 2021

AGENDA NO. 8

PROPOSAL: Recognize Revenue, Transfer and Appropriate Funds, Issue a Solicitation and Execute Contracts and/or Purchase Orders to Meet Operational Needs for Rule 1180 and Community Scale Monitoring Programs

SYNOPSIS: In June 2018, the Board created the Rule 1180 Special Revenue Fund (78) to establish community air monitoring near refineries. Also, the FY 2021-22 budget includes annual fees from refineries for community air monitoring of \$4.4 million. These actions are to: 1) transfer and appropriate funds of up to \$1,090,000 from the Rule 1180 Special Revenue Fund (78) and 2) appropriate up to \$970,000 from the General Fund to Science & Technology Advancement's (STA) FY 2021-22 Budget for Rule 1180 activities; 3) execute purchase orders for air monitoring equipment and supplies for the Rule 1180 community air monitoring network; 4) issue a solicitation for an independent audit of the Rule 1180 refinery fenceline and community air monitoring network; and 5) recognize revenue and appropriate up to \$60,000 from the EPA Section 103 Community-Scale Air Toxics grant to STA's FY 2021-22 Budget Service & Supplies and Capital Outlays Major Objects.

COMMITTEE: Administrative, May 14, 2021; Recommended for Approval

RECOMMENDED ACTIONS:

1. Transfer and appropriate funds up to \$1,090,000 from the Rule 1180 Special Revenue Fund (78) to Science & Technology Advancement's (STA) FY 2021-22 Budget (Org 42), Services & Supplies (up to \$700,000) and Capital Outlays (up to \$390,000) Major Objects, as indicated in Tables 1 and 2;
2. Appropriate up to \$970,000 from the General Fund Undesignated (Unassigned) Fund Balance for Rule 1180 activities to STA's FY 2021-22 Budget (Org 42), Services & Supplies Major Object, as indicated in Table 2;
3. 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 Tables 1 and 2 and described in this letter:
 - a. Two pure air generators with hydrocarbon scrubbers from Teledyne Advanced

- Pollution Instrumentation (Teledyne) in an amount not to exceed \$20,000;
 - b. Two dilution systems from Teledyne in an amount not to exceed \$45,000;
 - c. Two hydrogen sulfide/sulfur dioxide (H₂S/SO₂) multiple-gas analyzers from Teledyne in an amount not to exceed \$40,000;
 - d. Two aethalometers from Aerosol USA in an amount not to exceed \$65,000;
 - e. Three automated gas chromatography (Auto-GC) systems from Tricorntech in an amount not to exceed \$220,000; and
 - f. Annual consumable supplies required for the operation of Auto-GC systems at Rule 1180 community air monitoring stations in an amount not to exceed \$120,000;
- 4. Authorize the Chairman to issue a solicitation, and based on the results of the solicitation, execute contract(s) and/or purchase order(s) for independent quality assurance audit and specialized auditing equipment for Rule 1180 air monitoring network in an amount not to exceed \$1,200,000, as shown in Table 2; and
 - 5. Recognize revenue and appropriate up to \$60,000 from the EPA Section 103 Community-Scale Air Toxics grant to STA's FY 2021-22 Budget (Org 43) Service & Supplies and Capital Outlays Major Objects, as outlined in Table 3.

Wayne Nastri
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, criteria pollutants, toxic air contaminants, greenhouse gases and other air pollutants.

Rule 1180 - Refinery Fenceline and Community Air Monitoring, was adopted by the Board in December 2017 and requires the seven major refineries in the Basin to measure levels of various air pollutants at their fenceline. This Rule also established a fee schedule to fund community air monitoring stations established and operated by the South Coast AQMD to provide air quality information to the public about the potential impact of refinery 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, respectively, into the Rule 1180 Special Revenue Fund (78) for the installation of community air monitoring stations near refineries. Beginning January 2020, pursuant to Rule 301 - Permitting and Associated Fees, the refineries also started funding annual

operating and maintenance costs totaling \$4,355,430 for refinery-related community air monitoring program 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 2021-22 Budget.

The Rule 1180 refinery fenceline and community air monitoring network began operation in January 2020. This network consists of the fenceline air monitoring systems that have been installed and are operated by each refinery in accordance to their Fenceline Air Monitoring Plans; and the community air monitoring stations established and operated by the South Coast AQMD in accordance with the Rule 1180 Community Air Monitoring Plan. In order to satisfy the Rule 1180 air monitoring requirements, novel optical remote sensing (ORS), Auto-GC and traditional analyzers have been deployed at fenceline and community air monitoring sites, making this monitoring network the first of its kind in terms of complexity and technologies deployed.

Community-Scale Air Toxics Program

In October 2015, the Board recognized \$569,682 in U.S. EPA Section 103 Grant funds to implement Community-Scale Air Toxics Ambient Monitoring projects. This comprehensive effort was to use next generation air monitoring methods to characterize hazardous air pollutant (HAP) emissions from refineries and other industrial sources and assess potential impacts in surrounding communities. Since then, staff has been conducting air monitoring activities in communities near refineries and other industrial emitters of air toxics using ORS and other advanced air monitoring technologies.

Proposal

Rule 1180 Program

This action is to transfer and appropriate up to \$1,090,000 from the Rule 1180 Special Revenue Fund (78) into STA's FY 2021-22 Budget (Org 42) for expenditures in Capital Outlays (Table 1) in an amount not to exceed \$390,000 and Services and Supplies (Table 2) in an amount not to exceed \$700,000 to support air monitoring activities required under Rule 1180.

This action is also to appropriate up to \$970,000 from the General Fund Undesignated

(Unassigned) Fund Balance for Rule 1180 activities to STA's FY 2021-22 Budget (Org 42), Services & Supplies Major Object, as indicated in Table 2.

Along with \$1,119,000 included in the FY 2021-22 Budget funded with annual fees, these actions are to obtain the resources required to continue the development and operation of the Rule 1180 community monitoring network. These activities are fully supported by initial funding received from the refineries subject to Rule 1180 and ongoing fees.

Proposed Purchases through Sole Source

This action is to purchase the following equipment as listed in Table 1 and 2 using the procurement method noted in the Recommended Actions.

Pure Air Generators with Hydrocarbon (HC) Scrubbers

Two air generators equipped with enhanced HC scrubbers will be utilized for quality assurance, equipment verification and equipment replacement purposes. Teledyne pure air generators are uniquely specialized to provide a complete zero air system to support the Rule 1180 community air monitoring activities by South Coast AQMD staff. These zero air systems are currently deployed at all other South Coast AQMD Rule 1180 air monitoring sites, therefore providing compatibility and continuity between all stations. The cost for two Teledyne pure air generators will not exceed \$20,000.

Gas Dilution Systems

Two gas dilution systems will be utilized for quality assurance, equipment verification and equipment replacement purposes. Teledyne gas dilution systems are uniquely specialized to support the Rule 1180 community air monitoring activities by South Coast AQMD staff. These gas dilution systems are currently deployed at all other South Coast AQMD Rule 1180 air monitoring sites, therefore providing compatibility and continuity between all stations. The cost for two Teledyne gas dilution systems will not exceed \$45,000.

Air Monitoring Equipment

Three automated field gas chromatographs (Auto-GCs) and two H₂S/SO₂ multi-pollutant analyzers, and two aethalometers (Aerosol USA) will be utilized for quality assurance, equipment verification and instrument replacement purposes. Three automated field Auto-GCs (TricornTech), two H₂S/SO₂ multi-pollutant analyzers (Teledyne), and two aethalometers (Aerosol USA) will be purchased in an amount not to exceed \$220,000, \$40,000 and \$65,000 respectively. The technical specifications of these air monitoring instruments are consistent with those of equipment already operating within the South Coast AQMD community network for Rule 1180 monitoring.

Consumable Supplies

Auto GC systems (Tricorntech) are deployed at all Rule 1180 community air monitoring sites for measuring a comprehensive array of VOCs and other air toxics. The consumables and the routine maintenance components, consisting of sensor modules, coolant, air pump kits and other small consumables, are required to ensure routine uninterrupted performance of the Tricorntech Auto-GCs. Tricorntech is the sole-source provider of these items due to the use of proprietary technology. The cost of these components purchased from Tricorntech will not exceed \$120,000.

Issue Solicitation (RFP)

Independent Audit and Specialized Auditing Equipment for Rule 1180 Air Monitoring Network

The Rule 1180 refinery fenceline and community air monitoring network consists of dozens 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 been working with the refineries to assure that all fenceline instruments, independent of their vendors, standardize their data acquisition and reporting, and maintain data of the appropriate quality through common calibration, verification, maintenance and other quality assurance procedures and criteria. The same stringent data quality requirements are in effect for all community air monitoring sites. However, due to the innovative nature of the Rule 1180 program and ORS equipment, there is a pressing need to establish a robust quality assurance program and for a qualified independent entity to conduct a systematic review of the entire Rule 1180 network to ensure that the collected data meets the stringent quality assurance criteria of the program.

In October 2020, the Board authorized up to \$700,000 to issue an RFP for independent audit of the Rule 1180 fenceline air monitoring network. Because of delays resulting from the COVID pandemic and with uncertainty about the ability to conduct onsite review of the air monitoring sites required for the audit, an RFP was not released. Also, additional funds are required to include auditing for the community air monitoring network and to develop the appropriate and robust auditing program for this specialized network. This program would include establishing new auditing procedures, developing necessary auditing instrumentation and/or tools, conducting the audit and overseeing the implementation of corrective actions, as needed. This action is to allocate additional funds up to \$500,000 from the Rule 1180 Special Revenue Fund (78) to the Rule 1180 auditing program, and issue an RFP from qualified contractors, research labs or educational institutions to conduct independent technical system and performance audits for the Rule 1180 program and to develop procedures and/or instrumentation for the audit. This action is also to execute contract(s) and purchase order(s) for an amount not to exceed \$1,200,000

based on the results of the RFP. Table 2 also includes itemized appropriations for other Services and Supplies Major Objects.

Community-Scale Air Toxics Program

There is a need to reallocate the remaining program funds to conduct additional community air monitoring activities to align expenditures with the operations of the program. This action is to recognize revenue and appropriate up to \$60,000 from the EPA Section 103 Community-Scale Air Toxics grant to STA's FY 2021-22 Budget (Org 43) Service & Supplies and Capital Outlays Major Objects, as outlined in Table 3. U.S. EPA concurs with the proposed allocations.

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, Riverside County's Press Enterprise, and the Daily News newspapers to leverage the most cost-effective method of outreach to the Porter Ranch area. Additionally, potential bidders may be notified utilizing South Coast AQMD's electronic listing of certified minority vendors. Notice of the RFP will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on South Coast AQMD's website (<http://www.aqmd.gov>) where it can be viewed by making the selection "Grants & Bids." Staff will additionally reach out to potential qualified bidders whose work has been cited in related literature or referred to staff by other subject experts.

Bid Evaluation

A review panel will be appointed by the Executive Officer or his designee and will include a diverse pool of South Coast AQMD staff members familiar with the project subject matter and may include outside experts from other governmental agencies and academia and other technically-qualified experts, to evaluate the proposals in accordance with criteria contained in the attached RFP. The panel will make a recommendation to the Executive Officer for final selection of project(s) and contractor(s).

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, Tricorntech and Aerosol USA 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), gas dilution systems (Teledyne), H2S/SO2 instruments (Teledyne), Auto-GC systems and annual consumable parts (Tricorntech), and aethalometers (Aerosol USA). There are no other vendors who can provide

instruments meeting all required specifications and that are compatible with existing specialized equipment already in operation. 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 residing in the Basin near refineries.

Resource Impacts

The initial payments received from 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. The balance in the Rule 1180 Special Revenue Fund and projected Rule 1180 savings of \$1.1 million from the FY 2020-21 budget will support the activities outlined in this Board letter. U.S. EPA Section 103 Grant funding will support the continuation of the Community-Scale Air Toxics Monitoring program.

Attachments

Table 1: FY 2021-22 Proposed Sole Source Capital Outlays Expenditures for Rule 1180

Table 2: FY 2021-22 Proposed Services and Supplies Expenditures for Rule 1180

Table 3: FY 2021-22 Proposed Expenditures for Community-Scale Air Toxics Program

Table 1
FY 2021-22 Proposed Sole Source Capital Outlays Expenditures
for Rule 1180*

| Description | Quantity | Appropriation from FY 2020-21 Budget Savings | Appropriation from Fund 78 | Total Estimated Amount |
|---|-----------------|---|---------------------------------------|---------------------------------------|
| Pure air generators with HC scrubbers | 2 | \$0 | \$20,000 | \$20,000 |
| H2S/SO2 analyzers | 2 | 0 | 40,000 | 40,000 |
| Gas dilution system | 2 | 0 | 45,000 | 45,000 |
| Automated field-GC systems | 3 | 0 | 220,000 | 220,000 |
| Aethalometers | 2 | 0 | 65,000 | 65,000 |
| FY 2021-22 | | \$0 | \$390,000 | Up to \$390,000 |

*These appropriations are in addition to the ones included in FY 2021-22 Budget funded from annual fees.

Table 2
FY 2021-22 Proposed Services and Supplies Expenditures for Rule 1180*

| Description | Account Number | Appropriation from FY 2020-21 Budget Savings | Additional Appropriations from Fund 78 | Estimated Amount |
|----------------------------------|-----------------------|---|---|--------------------------|
| Quality Assurance Activities** | 67450/77000 | 500,000 | \$700,000 [#] | 1,200,000 |
| Annual Consumables for Auto-GC's | 67600 | 120,000 | 0 | 120,000 |
| Maintenance of Equipment** | 67600/77000 | 200,000 | 0 | 200,000 |
| Communications** | 67900/77000 | 150,000 | 0 | 150,000 |
| FY 2021-22 | | \$970,000 | \$700,000 | Up to \$1,670,000 |

*These are in addition to the ones included in FY 2021-22 Budget funded from annual fees.

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

[#] This \$700,000, authorized by the Board in October 2020, Agenda Item #5, was not used in FY 2020-21.

Table 3
FY 2021-22 Proposed Expenditures for Community-Scale Air Toxics Program

| Description | Account Number | Estimated Amount |
|--------------------------------------|-----------------------|-------------------------|
| Small Tools, Instruments, Equipment* | 68300/77000 | \$45,000 |
| Laboratory Supplies | 68050 | 5,000 |
| Office Supplies | 68100 | 5,000 |
| Communications | 67900 | \$5,000 |
| FY 2021-22 | | Up to \$60,000 |

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