

BOARD MEETING DATE: June 3, 2022

AGENDA NO. 7

**PROPOSAL:** Transfer and Appropriate Funds, Issue Solicitations and Execute Purchase Orders and/or Contracts, Add/Delete Positions to Meet Operational Needs for Rule 1180 Air Monitoring Program and Apply Savings to Cost of Other Previously Approved Laboratory Equipment

**SYNOPSIS:** In June 2018, the Board created the Rule 1180 Special Revenue Fund (78) to establish a community air monitoring network near refineries. The FY 2021-22 budget for this program includes approximately \$4.4 million in annual fees from refineries for community air monitoring. Based on the recent reassessment of Rule 1180 resources, there is a need to reallocate funds. These actions are to transfer and appropriate funds up to \$800,000 from the Rule 1180 Special Revenue Fund (78), appropriate up to \$893,000 from the General Fund Undesignated (Unassigned) Fund Balance to Science & Technology Advancement's FY 2022-23 Budget, issue solicitations and/or contracts, add/delete positions to meet operational needs for Rule 1180 Air Monitoring Program and apply savings to cover the cost increase for previously approved Laboratory equipment.

**COMMITTEE:** Administrative, May 12, 2022; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Transfer and appropriate funds up to \$800,000 from the Rule 1180 Special Revenue Fund (78) to Science & Technology Advancement (STA) FY 2022-23 Budget (Org 42) Capital Outlays (up to \$100,000) and Services and Supplies (up to \$700,000) Major Objects as indicated in Tables 1 and 2;
2. Appropriate up to \$845,000 from the General Fund Undesignated (Unassigned) Fund Balance for Rule 1180 activities to STA FY 2022-23 Budget (Org 42) Capital Outlays (up to \$225,000) and Services and Supplies (up to \$620,000) Major Objects, as indicated in Tables 1, 2 and 4;
3. Appropriate up to \$48,000 from the General Fund Undesignated (Unassigned) Fund Balance for lab equipment approved as part of the FY 2021-22 Budget to STA FY 2021-22 and/or 2022-23 Budget (Org 44) Capital Outlays Major Objects;
4. 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. Up to two hydrogen sulfide/sulfur dioxide (H<sub>2</sub>S/SO<sub>2</sub>) multiple-gas analyzers from Teledyne Advanced Pollution Instrumentation (Teledyne) in an amount not to exceed \$45,000;
  - b. Up to seven data loggers from Agilaire, LLC (Agilaire) in an amount not to exceed \$80,000; and
  - c. Annual consumables supplies from Tricorntech Corporation (Tricorntech) required for the operation of automated gas chromatography (Auto-GC) systems at Rule 1180 community air monitoring stations in an amount not to exceed \$120,000.
5. Authorize the Procurement Manager in accordance with South Coast AQMD's Procurement Policy and Procedure to issue the following:
- a. A "Prior Bid, Last Price" purchase order or solicitation if deemed appropriate for a hydrogen fluoride (HF) analyzer in an amount not to exceed \$80,000 as listed in Table 1;
  - b. A solicitation, and based on the results of the solicitation, execute a purchase order for a laboratory optical table in an amount not to exceed \$20,000 as shown in Table 1; and
  - c. A solicitation, and based on the results of the solicitation, execute contract(s) and/or purchase order(s) in an amount not to exceed \$100,000 to retrofit an existing 2019 Ford Transit cargo van to be used as a mobile laboratory, as shown in Table 1.
6. Approve the addition of one Senior Staff Specialist position and the deletion of one Senior Air Quality Chemist in STA Advanced Monitoring Technologies branch (Rule 1180 Implementation group) as listed in Table 3; and
7. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to utilize additional funds of up to \$48,000 to issue purchase orders in an amount not to exceed \$238,000 for Laboratory equipment in FY 2021-22 and/or FY 2022-23, as listed in Table 4.

Wayne Natri  
Executive Officer

MMM:JCL:AP:OP

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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 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

The Rule 1180 refinery fenceline and community air monitoring network began operation in January 2020. 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.

#### Laboratory

Due to unexpected cost increases for Laboratory equipment, funding for the purchase of equipment previously authorized in the FY 2021-22 Adopted Budget and the December 2021 Board letter, Agenda No. 5, Action Item 6 is insufficient, as responsive bids for three of these items exceeded the individual authorized amounts and require additional funds to purchase. There is sufficient funding available for the increase in cost for Laboratory equipment as the previously authorized purchase of a Gas Chromatograph with Mass Spectrometer (GCMS) for \$200,000 was purchased at a cost of \$146,946.48 resulting in a \$53,053.52 cost savings.

#### **Proposal**

##### Rule 1180 Program

This action is to transfer and appropriate up to \$100,000 from the Rule 1180 Special

Revenue Fund (78) into STA FY 2022-23 Budget (Org 42) Capital Outlays Major Objects (Table 1) to support air monitoring activities required under Rule 1180.

This action is to also appropriate up to \$345,000 from the General Fund Undesignated (Unassigned) Fund Balance for Rule 1180 activities to STA FY 2022-23 Budget (Org 42) Capital Outlays and Services & Supplies Major Objects, as indicated in Tables 1 and 2.

In June 2021, the Board authorized up to \$1,200,000 to issue an RFP, and based on its result, to execute contract(s) and purchase order(s) for an 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 fenceline air monitoring systems of all Rule 1180 refineries, the release of RFP# P2022-13 was delayed to May 6, 2022. The selection of qualified contractor(s) will occur in FY 2022-23 (anticipated in Summer 2022) after the prior June 2021 authorization for the transfer and appropriation of funds have lapsed. Therefore, this action is to also transfer and appropriate up to \$700,000 for the Rule 1180 Special Revenue Fund (78) and up to \$500,000 from the General Fund Undesignated (Unassigned) Fund Balance to STA FY 2022-23 Budget (Org 42) Services & Supplies and/or Capital Outlays Major Objects, as indicated in Table 2. Staff will come back to the Board to request authorization to execute contract(s) and purchase order(s) resulted from the recommendations of the review panel.

Along with \$1,119,000 included in the FY 2022-23 Budget funded with annual fees, these actions are to appropriate funds for the resources required to continue the development and operation of the Rule 1180 community monitoring network. These activities are supported by initial funding received from the refineries subject to Rule 1180 and ongoing fees.

#### Proposed Purchases through Sole Source

##### *H2S/SO2 Analyzers*

H2S/SO2 multi-pollutant analyzers are deployed at all Rule 1180 community air monitoring sites. Additional units are needed for quality assurance, equipment verification and instrument replacement purposes. 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 and Federal air monitoring programs. This sole source purchase of up to two H2S/SO2 multi-pollutant analyzers from Teledyne will not exceed \$45,000 as listed in Table 1.

##### *Data Loggers*

Data Loggers are used to log the data collected at all community air monitoring stations that are part of the Rule 1180 network. Up to seven data loggers (Agilaire) will be used for additional data logging capabilities of air monitoring instruments diagnostics

parameters to enhance automated data quality assurance/quality control (QA/QC) capabilities, and for equipment back-up purposes. The technical specifications for these data loggers are consistent with those of equipment already operating within the South Coast AQMD community networks for Rule 1180 and Federal air monitoring programs. This purchase will not exceed \$80,000 as listed in Table 1.

#### *Consumable Supplies*

Auto-GC systems manufactured by 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 as listed in Table 2.

#### Proposed Purchases through Solicitation or “Prior Bid, Last Price”

##### *HF Analyzer*

Continuous real-time measurements of HF are conducted at three community air monitoring stations near the Torrance and Valero Wilmington refineries. Additional HF analyzers will be utilized for quality assurance, equipment verification and instrument replacement purposes. One HF analyzer will be purchased through either “Prior Bid, Last Price” purchase order or solicitation followed by issuance of a purchase order as deemed appropriate and will not exceed \$80,000 as listed in Table 1.

#### Proposed Purchase through Informal Bid

##### *Optical Table*

Rule 1180 community monitoring sites are equipped with advanced optical multi-pollutant analyzers. An optical table is needed to create a stable surface to perform maintenance and repair of optical assembly components of these analyzers. This action is to issue an informal bid for an optical table and execute a purchase order based on the results of this bid. South Coast AQMD Procurement Policy authorizes informal bids for procurements above \$2,500 and below \$25,000. The cost of the optical table and its installation will not exceed \$20,000 as listed in Table 1.

#### Issue Solicitation

##### *Retrofit of an Existing Vehicle*

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. Air monitoring data collected by these analyzers is provided to the public in near-real time. This data is also used to issue air quality notifications when pollutant levels exceed health-based thresholds. Therefore, there is a pressing need to establish capabilities to effectively conduct onsite QA/QC and verification

activities for air monitoring equipment using a mobile platform for QA/QC measurements.

This action is to issue a solicitation to outfit a South Coast AQMD-owned vehicle to function as a mobile QA/QC, audit, verification and air monitoring platform. This action is to also execute a purchase order and/or contract for an amount not to exceed \$100,000 based on the results of the solicitation, as listed in Table 1.

#### Proposed Staffing Changes

This action is to approve the addition of one Senior Staff Specialist position and the deletion of one Senior Air Quality Chemist position for Rule 1180 air monitoring implementation. This staffing will better serve operational needs for the Rule 1180 Community Air Monitoring Program, which requires staff to perform more specialized and complex activities including: analysis and interpretation of the data collected using advanced air monitoring and ORS equipment, development of complex technical and policy documents, and reports for stakeholders.

#### Laboratory

##### Proposed Additional Funding for Laboratory Equipment

This action is to authorize \$48,000 in additional funding for previously approved Laboratory equipment. A summary of affected capital outlays, their original approved amount, and additional proposed funding for each item is provided in Table 4. Additional funding for these items is recognized for use in FY 2021-22 and/or FY 2022-23 through cost-savings from the purchase of a GCMS.

#### **Outreach**

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the solicitation 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 in the Los Angeles area. Additionally, potential bidders may be notified utilizing South Coast AQMD's electronic listing of certified minority vendors. Notice of the solicitation 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 to evaluate the proposals in accordance with criteria contained in the

solicitation. The panel will make a recommendation to the Executive Officer for final selection of 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, Agilaire 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. Teledyne and Agilaire are uniquely qualified to provide H2S/SO2 instruments and data loggers, respectively, and Tricorntech is uniquely qualified to provide annual consumable parts for Auto-GC systems. There are no other vendors who can provide this equipment 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 and comparability throughout the South Coast AQMD air monitoring network.

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

Funding for the implementation of Rule 1180 will allow South Coast AQMD to fulfill the requirements of Rule 1180, 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 resources to establish the required community air monitoring program. Rule 301 annual fees will provide resources for ongoing community air monitoring operation and maintenance. The part of the remaining balance in the Rule 1180 Special Revenue Fund and projected Rule 1180 savings from the FY 2021-22 Budget will support the activities outlined in this Board letter.

There is sufficient funding available for the increase in cost for Laboratory equipment as the previously authorized purchase of a GCMS was purchased below cost.

### **Attachments**

- Table 1: FY 2022-23 Proposed Capital Outlays Expenditures for Rule 1180
- Table 2: FY 2022-23 Proposed Services and Supplies Expenditures for Rule 1180
- Table 3: FY 2022-23 Proposed Staffing Addition/Deletion for Rule 1180
- Table 4: Proposed Increased Capital Outlay Expenditures for Laboratory

**Table 1**  
**FY 2022-23 Proposed Capital Outlays Expenditures for Rule 1180\***

<b>Description</b>	<b>Quantity</b>	<b>Appropriation from FY 2021-22 Budget Savings</b>	<b>Appropriation from Fund 78</b>	<b>Procurement Method</b>
H2S/SO2 Analyzer	2	45,000	0	Sole Source
Data Loggers	7	80,000	0	Sole Source
HF Analyzer	1	80,000	0	Solicitation, or Prior Bid, Last Price
Optical Table	1	20,000	0	Informal Solicitation then Purchase Order
Retrofit of Vehicle	1	\$0	\$100,000 <sup>#</sup>	Solicitation, then Purchase Order(s) or Contract(s)
<b>Totals</b>		<b>Up to \$225,000</b>	<b>Up to \$100,000</b>	

\*These appropriations are in addition to the ones included in FY 2022-23 Budget funded from annual fees.

<sup>#</sup>Expenditures may be appropriated as Capital Outlays or Services and Supplies Major Object, as warranted.



**Table 2**  
**FY 2022-23 Proposed Services and Supplies Expenditures for Rule 1180\***

<b>Description</b>	<b>Quantity</b>	<b>Appropriation from FY 2021-22 Budget Savings</b>	<b>Appropriation from Fund 78</b>	<b>Procurement Method</b>
Quality Assurance Activities <sup>#</sup>	N/A	500,000	700,000	Solicitation, then Contract(s)
Consumable Supplies	N/A	\$120,000	\$0	Sole Source
<b>Total</b>		<b>Up to \$620,000</b>	<b>\$700,000</b>	

\*These appropriations are in addition to the ones included in FY 2022-23 Budget funded from annual fees.

<sup>#</sup>Expenditures may be appropriated as Services and Supplies or Capital Outlays Major Object, as warranted.

**Table 3**  
**FY 2022-23 Proposed Staffing Addition/Deletion for Rule 1180\***

<b>Position Title</b>	<b>Quantity</b>	<b>Estimated Amount</b>
Senior Staff Specialist	1	\$177,985
Senior Air Quality Chemist	-1	-\$170,620
<b>Total</b>	<b>0</b>	<b>\$7,365</b>

\*Salaries & Employee Benefits at Step 5 include base salary, retirement cost, insurance, FICA & SDI.

**Table 4**  
**Proposed Increased Capital Outlays Expenditures for Laboratory**

<b>Description</b>	<b>FY 2021-22 Adopted Budget Authorized Amount</b>	<b>Proposed Increased Amount*</b>	<b>Proposed Total</b>
Automated Wilhelmy Plate Tensiometer	\$35,000	\$7,000	\$42,000
Source-Level SCD for Speciated Sulfur	85,000	23,000	\$108,000
Karl Fischer Auto- Titrator with Analytical Balance and PC	70,000	18,000	\$88,000
<b>Total</b>	<b>\$190,000</b>	<b>\$48,000</b>	<b>\$238,000</b>

\* The increase in cost for this equipment is covered by cost savings of \$53,053.52 from the previous purchase of a Gas Chromatograph with Mass Spectrometer (GCMS).