

BOARD MEETING DATE: August 7, 2026

AGENDA NO. 9

PROPOSAL: Amend Agreement with Phillips 66 Company for Continued Fenceline Air Monitoring at Phillips 66 Wilmington Refinery Using Optical Tent, Recognize Revenue, Appropriate Funds and Amend Contract

SYNOPSIS: Phillips 66 Wilmington Refinery has adopted an optical tent air monitoring system as part of their fenceline air monitoring network for Rule 1180 implementation. Air monitoring oversight, quality control, quality assurance and data reporting are provided by the Regents of University of California, Los Angeles (UCLA) through a contract with South Coast AQMD. These actions are to amend an existing agreement with Phillips 66 Company to continue fenceline air monitoring at the Phillips 66 Wilmington Refinery using an optical tent, recognize revenue, appropriate funds and amend the contract with UCLA for one additional year.

COMMITTEE: Administrative, June 12, 2026; Recommended for Approval

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to amend the current agreement with the Phillips 66 Company to continue operation of the optical tent at their Wilmington Refinery;
2. Recognize revenue up to \$175,000 upon receipt from the Phillips 66 Company into the General Fund;
3. Appropriate up to \$175,000 from the General Fund Undesignated (Unassigned) Fund Balance for the Monitoring and Analysis (MAD) FY 2026-27 and/or 2027-28 Budgets (Org 46), Services & Supplies Major Object; and
4. Authorize the Executive Officer to use these funds to amend the current contract with the Regents of University of California, Los Angeles (UCLA) to continue to provide oversight, quality control, quality assurance, and reporting on the operation of the optical tent air monitoring system at the Phillips 66 Wilmington Refinery for one additional year.

Wayne Nastri
Executive Officer

Background

In 2018-2019, South Coast AQMD conducted the fifth Multiple Air Toxics Exposure Study (MATES V) to collect information on air toxics and their associated health risks based on long-term monitoring at ten fixed locations throughout the South Coast Air Basin. In October 2017, to complement the fixed site monitoring, the Board authorized several Advanced Monitoring projects using state-of-the-art technologies to conduct enhanced air toxics monitoring in communities near refineries. As part of this advanced monitoring, the Board authorized staff to execute a contract with UCLA to design, build, and deploy an optical tent air monitoring system.

The optical tent system was developed and then installed at the Phillips 66 Wilmington Refinery in 2020 to demonstrate its ability to detect fugitive emissions of VOCs and other gaseous species from storage tanks. The advanced scanning capability of the optical tent allowed for a much larger area of coverage compared to simple open path fenceline systems. In addition to its coverage of storage tanks, the optical tent system also monitored portions of the refinery fenceline. After the MATES V advanced monitoring study ended, the optical tent system was adopted by the refinery as part of their fenceline air monitoring system used to satisfy Rule 1180 fenceline monitoring requirements.

Phillips 66 refinery has idled operations since end of 2025. However, storage tanks at the facility continue to be used to store products. The current contract with Phillips 66 to fund operations of the optical tent, expires October 15, 2026. Phillips 66 agreed to fund operations of the optical tent for one additional year through October 15, 2027, and to continue use of this system as part of their fenceline monitoring to satisfy Rule 1180 requirements. The continued operation of the optical tent is mutually beneficial to South Coast AQMD, the Phillips 66 Company, and neighboring communities.

Proposal

This action is to amend the current agreement with the Phillips 66 Company for operation of the optical tent at its refinery in Wilmington for one additional year. Additionally, this action is to recognize anticipated revenue up to \$175,000 from Phillips 66 Company into the General Fund and, upon receipt, to appropriate up to \$175,000 from the General Fund Undesignated (Unassigned) Fund Balance to MAD's FY 2026-27 and/or 2027-28 Budget (Org 46), Services & Supplies Major Object. Finally, this action is to use these funds to amend the current contract with the Regents of University of California, on behalf of UCLA, to continue providing oversight, quality control, quality assurance, and reporting on the operation of the optical tent air monitoring system.

Benefits to South Coast AQMD

Funding for the optical tent system will allow South Coast AQMD to continue to evaluate the effectiveness and long-term operational feasibility of the optical tent system, which has several advantages for early detection and source identification of

VOC emissions inside a refinery; and to fulfill the requirements of Rule 1180, and the legislative directives of AB 1647, which will result in benefits to those who reside and work near refineries.

Resource Impacts

The Phillips 66 Company will fully support the continued operation of the optical tent system at the Phillips 66 Wilmington Refinery for one additional year.