BOARD MEETING DATE: December 4, 2026 AGENDA NO. 4

PROPOSAL: Recognize Revenue, Transfer and Appropriate Funds, Issue Purchase Orders and Solicitation for Community Air Monitoring Near Refineries and Related Facilities

SYNOPSIS: In January 2024, the Board amended Rule 1180 and adopted Rule 1180.1, which require petroleum refineries, other refineries, and related facilities to fund the installation and operation of community air monitoring systems. In October 2024, the Board recognized revenue of up to $5,227,692 and up to $2,309,469 for Rules 1180 and 1180.1, respectively, into the Rule 1180 Special Revenue Fund (78) to establish community monitoring systems. Additionally, refineries and facilities pay the annual operating and maintenance fees for the community air monitoring systems totaling $7,961,250 for FY 2026-27. These actions are to (1) recognize revenue of up to $2,121,316 into the FY 2026-27 General Fund Budget, (2) appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (3) appropriate up to $372,000 from the General Fund Undesignated Fund Balance, (4) transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) to the Monitoring and Analysis FY 2026-27 and/or FY 2027-28 Budgets, (5) issue sole source purchase orders for air monitoring and supporting equipment and services to meet the needs of operating the community air monitoring systems, and (6) issue purchase orders based upon results from a solicitation for office essentials for additional Rules 1180 and 1180.1 staff.

COMMITTEE: Administrative, November 13, 2026; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue of up to $2,121,316 into the FY 2026-27 General Fund (01) Budget;
2. Appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance into the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42) Services and Supplies Major Object;

3. Appropriate up to $372,000 from the General Fund Undesignated Fund Balance for Rule 1180 activities to the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42), Capital Outlays Major Object (up to $190,000) and Services and Supplies (up to $182,000), as indicated in Tables 1 and 2;
4. Transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) to the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42), Capital Outlays Major Object, as shown in Table 1;
5. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue sole source purchase orders for the equipment and services listed in Tables 1 and 2; and
6. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue purchase orders based on the results of a solicitation for office essentials for Rule 1180 and 1180.1 staff, as listed in Table 1.

Wayne Nastri
Executive Officer

JCL:SD:OP:ld:ir:kdl:rb

Background

Rule 1180 - Refinery Fenceline and Community Air Monitoring was adopted by the Board in December 2017 and requires all seven major petroleum refineries in the Basin to measure the ambient levels of various air pollutants at their fenceline and notify the public if the concentration of any measured pollutant is above predetermined threshold levels. Rule 1180 also establishes a fee schedule for refineries to fund the installation, operation, and maintenance of community air monitoring stations that are operated by South Coast AQMD, and to provide air quality information and notifications to the public. The requirements of Rule 1180 apply to the seven refineries listed in Appendix A.

The Rule 1180 refinery fenceline and community air monitoring network has been in operation since January 2020. Novel optical remote sensing (ORS), automated gas chromatography, and traditional analyzers have been installed at multiple fenceline and community air monitoring sites, making this network the first of its kind in terms of complexity and technology deployed.

In January 2024, the Board approved amendments to Rule 1180, which include additional air monitoring requirements for air toxic metals and particulate matter at the fenceline of the original seven Rule 1180 facilities. The amended rule also requires the development and installation of new fenceline air monitoring systems at the five

refinery-related facilities (related facilities) listed in Appendix A. Also, in January 2024, the Board adopted Rule 1180.1, which requires fenceline air monitoring for three other refineries in the Basin, as listed in Appendix A.

Rule 1180 establishes a one-time fee schedule to fund the addition of air toxic metals and particulate matter monitoring at community sites near the original seven Rule 1180 refineries, and the planning and implementation of community air monitoring stations near new facilities that were added in recent amendments to Rule 1180. Rule 1180 payments totaling $3,765,960 from the seven major petroleum refineries for the implementation of metals and particulate matter monitoring were received in January 2025. Rule 1180 payments totaling $1,461,732 from related facilities for the planning and implementation of community air monitoring stations were due in two installments (the first installment totaling $438,518 in January 2025, and the second installment totaling $1,023,214 in January 2026).

Rule 1180.1 payments totaling $2,309,469 from other refineries for the planning and implementation of community air monitoring stations were due in two installments (the first installment totaling $692,841 in January 2025, and the second installment totaling $1,616,628 in January 2026).

The facilities subject to Rules 1180 and 1180.1 also fund ongoing Operation and Maintenance (O&M) of community air monitoring through Rule 301 – Fees, totaling $7,961,250 for FY 2026-27, with $5,839,934 included in MAD's FY 2026-27 adopted budget.

Proposal

These actions are to (1) recognize up to $2,121,316 from O&M Fees for Rules 1180 and 1180.1 into the FY 2026-27 General Fund (01) Budget, (2) appropriate up to $2,121,316 from the General Fund Undesignated Fund Balance into the MAD FY 2026-27 and/or 2027-28 Budgets (Org 42), (3) appropriate $372,000 from the General Fund Undesignated Fund Balance to the MAD FY 2026-27 and/or 2027-28 Budgets, and (4) transfer and appropriate up to $180,000 from the Rule 1180 Special Revenue Fund (78) for Rule 1180 and 1180.1, subject to the availability of funds, to the MAD FY 2026-27 and/or 2027-28 Budgets. These actions are also to authorize the Procurement Manager to (5) issue sole source purchase orders for equipment and services listed in Tables 1 and 2 and (6) issue purchase orders based upon results from a solicitation for office essentials for Rules 1180 and 1180.1 staff, as described below and as listed in Table 1.

<u>Proposed Purchase Through Sole Source</u>

Air monitoring and supporting equipment at the ten existing Rule 1180 community air monitoring stations have been in operation since 2019, and key instruments and components require replacement within the next three years to ensure consistent operations and quality data. A replacement plan will be implemented to replace selected

units each year, ensuring uninterrupted measurements and community notifications. Below are the air monitoring equipment and instrument components, and air monitoring container needed to supply the replacement plan.

H2S Analyzers
H2S analyzers will be used for continuous real-time monitoring of H2S. This data is also used to issue community air quality notifications. The purchase of one H2S analyzer from Teledyne API (Teledyne) will not exceed $30,000 as listed in Table 1.

Air Conditioning Systems
The air conditioning system replacement will ensure stable temperature conditions inside the Rule 1180 community air monitoring stations. KLM HVAC & Refrigeration (KLM HVAC) is a local business in Long Beach that has extensive expertise in the installation, service, and repair of air conditioning systems in South Coast AQMD air monitoring stations. KLM HVAC has an in-depth understanding of controlled-environment requirements to operate air monitoring instrumentation and is uniquely qualified to select and install the appropriate air conditioning equipment. The cost to purchase and install up to two air conditioning systems will not exceed $40,000, as listed in Table 1.

Air Monitoring Container
The air monitoring container will be used to replace an aging air monitoring trailer which houses air monitoring equipment at the Guenser Park Rule 1180 Community Air Monitoring Station. Martin Container LLC (Martin Container) is a small business that has extensive experience in manufacturing shelters outfitted with specialized features for the purpose of air monitoring stations such as inlet ports, electrical wiring, and environmental controls required for advanced air monitoring equipment. All existing South Coast AQMD Rule 1180 community air monitoring containers are manufactured by this vendor, who is uniquely qualified to provide specialized containers that fully satisfy Rule 1180 requirements for community air monitoring. The cost to purchase the air monitoring container will not exceed $50,000, as listed in Table 1.

Annual Consumable Supplies, Quality Assurance Service, and Software License
Optical multi-pollutant analyzers manufactured by FluxSense, Inc. (FluxSense) are deployed at all Rules 1180 and 1180.1 community air monitoring sites for measuring a comprehensive array of VOCs and other air toxics, and for providing real-time community air quality notifications. The consumables, consisting of specialized light sources, are required to ensure routine uninterrupted performance of the optical multi-pollutant analyzers. Quality assurance services and software licenses are also required to ensure timely review and verification of real-time data and community air quality notifications provided to the communities near the refineries and facilities subject to Rules 1180 and 1180.1. FluxSense is the sole source provider of these items due to the use of proprietary technology and their unique qualifications. The cost of annual

consumable supplies including installation, quality assurance services, and the software license purchased from FluxSense will not exceed $95,200, $112,500, and $71,800, respectively, as listed in Table 2.

Proposed Purchase Through Solicitation

Office Essentials

The workspace occupied by Rules 1180 and 1180.1 air monitoring team in South Coast AQMD's Long Beach Office was configured in 2019 based on the initial staffing levels. Since then, several modifications have been made to the team's staffing in order to optimize the team's efficiency and meet operational needs. Furthermore, additional positions were added for implementation of more community air monitoring requirements introduced by the January 2024 amendment of Rule 1180, and adoption of Rule 1180.1. As a result, a reconfiguration plan will be developed to accommodate the new group structure and to increase the team's efficiency and productivity. This action is to issue a solicitation for quotations from vendors to provide modular furniture systems, other essential office furnishings, and furniture moving and installation services at the South Coast AQMD's Long Beach Office. This action is also to execute purchase orders based on the result of the solicitation. The cost to purchase these office essentials will not exceed $250,000, as listed in Table 1.

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 and FluxSense 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. There are no other vendors who can provide the equipment, supplies, software, and services that fully meet all required specifications to satisfy Rule 1180 air monitoring requirements, and that are compatible with existing specialized equipment already in operation. The request for sole source purchases from KLM HVAC and Martin Container are made under Section VIII.B.2.d (6): Projects requiring compatibility with existing specialized equipment. KLM HVAC and Martin Container are small local businesses that are established vendors with South Coast AQMD, have supplied air conditioning services and air monitoring containers, respectively, compatible with existing air monitoring stations and equipment, and have provided reliable services to support air monitoring efforts for the last decade.

Benefits to South Coast AQMD

Maintaining and updating air monitoring equipment will allow for uninterrupted, continuous operation of the Rule 1180 community air monitoring network and ensure that reliable and timely air monitoring data is provided to communities near refineries. The expansion of community air monitoring stations will allow South Coast AQMD to fulfill the new requirements in the amended Rule 1180 and newly adopted Rule 1180.1.

This will result in benefits to the people that live and work near refineries and related facilities.

Resource Impacts

Initial and final payments are required from petroleum and other refineries, and related facilities under Rule 1180 and Rule 1180.1 to provide sufficient funding for additional community air monitoring in properly implementing these rules. Amendments to Rule 301 will provide resources for ongoing community air monitoring O&M near facilities subject to Rules 1180 and 1180.1. The most recent Rule 301 amendment for O&M fees was approved by the Board in October 2025. California Health and Safety Code §42705.6 requires petroleum refineries to fund the costs of refinery-related community air monitoring.

Attachments

Table 1: Proposed Capital Outlays Expenditures for Rules 1180 and 1180.1 for FY 2026-27 and/or 2027-28

Table 2: Proposed Services & Supplies Expenditures for Rules 1180 and 1180.1 for FY 2026-27 and/or 2027-28

Appendix A: List of Refineries, Related Facilities and Other Refineries Subject to Rules 1180 and 1180.1

Table 1
Proposed Capital Outlays Expenditures for Rules 1180 and 1180.1
for FY 2026-27 and/or 2027-28

Description	Qty	Appropriation from Rule 1180 Special Revenue Fund (78)	Appropriation from General Fund Undesignated Fund Balance for Rule 1180*	Rule	Procurement Method
H2S Analyzer	1		$30,000	1180: refineries	Sole Source
Air Conditioning Systems**	2		$40,000	1180: refineries	Sole Source
Air Monitoring Container	1		$50,000	1180: refineries	Sole Source
Office Essentials**	1		$70,000	1180: refineries	Solicitation
Office Essentials**	1	$90,000		1180: related facilities	Solicitation
Office Essentials**	1	$90,000		1180.1	Solicitation
Total		**Up to $180,000**	**Up to $190,000**		

*Savings from prior Fiscal Years
**Expenditures may be appropriated to Services & Supplies or Capital Outlays Major Object, as warranted

Table 2
Proposed Services & Supplies Expenditures for Rules 1180 and 1180.1
for FY 2026-27 and/or 2027-28

Description	Appropriation from General Fund Undesignated Fund Balance for Rule 1180 – Major Refineries*	Appropriation from FY 2026-27 Annual O&M Fees	Total for Each Expenditure
Services and Supplies, Various Categories		$2,023,816	**$2,023,816**
Annual Consumable Supplies for Optical Multi-Pollutant Analyzers**	$63,500	$31,700	**$95,200**
Annual Quality Assurance Services for Optical Multi-Pollutant Analyzers **	$75,000	$37,500	**$112,500**
Annual Software License Renewal for Optical Multi-Pollutant Analyzers**	$43,500	$28,300	**$71,800**
Total for Each Funding Source	**Up to $182,000**	**Up to $2,121,316**	

*Savings from prior Fiscal Years
**Sole Source Procurement

Appendix A

List of Refineries, Related Facilities and Other Refineries Subject to Rules 1180 and 1180.1

List of Refineries Subject to Rule 1180

- Tesoro Refining & Marketing Company, LLC, Carson;
- Tesoro Refining & Marketing Company, LLC, Wilmington;
- Torrance Refining Company, LLC, Torrance;
- Chevron Products Company, El Segundo;
- Phillips 66 Company, Los Angeles Refinery, Carson;
- Phillips 66 Company, Los Angeles Refinery, Wilmington; and
- Valero Wilmington Refinery (permitted as Ultramar, Inc.), Wilmington.

List of Related Facilities Subject to Rule 1180

- Air Products and Chemicals, Inc., Carson;
- Air Products and Chemicals, Inc., Wilmington;
- Tesoro Refining and Marketing Co., LLC (Sulfur Recovery Plant);
- Kinder Morgan Liquids Terminals, LLC; and
- Tesoro Logistics, Carson Crude Terminal.

List of Other Refineries Subject to Rule 1180.1

- Air Products Manufacturing, LLC (formerly AltAir Paramount, LLC);
- LTR dba World Oil Refining; and
- Valero Wilmington Asphalt Plant.