

BOARD MEETING DATE: October 4, 2024

AGENDA NO. 3

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

**SYNOPSIS:** In January 2024, the Board amended Rule 1180 and adopted Rule 1180.1, which requires oil refineries, related facilities, and other refineries to fund the installation and operation of fence-line and community air monitoring systems. These actions are to recognize revenue of up to \$5,227,692 and up to \$2,309,469 for Rule 1180 and Rule 1180.1, respectively, into Rule 1180 Special Revenue Fund (78), transfer and appropriate up to \$1,455,400 to Monitoring and Analysis' FY 2024-25 and/or FY 2025-26 Budget, issue purchase orders for air monitoring shelters and vehicles, and add new positions for the planning and implementation of enhanced and additional community air monitoring.

**COMMITTEE:** Administrative, September 13, 2024; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Recognize revenue upon receipt of up to \$5,227,692 and up to \$2,309,469 into Rule 1180 Special Revenue Fund (78) for Rule 1180 and Rule 1180.1 payments, respectively;
2. Upon receipt of funds, transfer and appropriate up to \$385,000 from Rule 1180 Special Revenue Fund (78) into Monitoring and Analysis' (MAD's) FY 2024-25 and/or 2025-26 Budget (Org 42), Capital Outlays Major Object, as indicated in Table 1;
3. Upon receipt of funds, transfer and appropriate up to \$200,000 from Rule 1180 Special Revenue Fund (78) into MAD's FY 2024-25 and/or 2025-26 Budget (Org 42), Services and Supplies Major Object, as indicated in Table 2;
4. Upon receipt of funds, transfer and appropriate up to \$870,400 from Special Revenue Fund (78) into MAD's FY 2024-25 Budget (Org 46), Salaries and Employee Benefits Major Object, as indicated in Table 3;
5. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue a sole source purchase order for up to five air monitoring containers from Martin Container, Inc. (Martin Container) in an amount not to exceed \$135,000 as listed in Table 1;

6. Authorize the Procurement Manager, in accordance with South Coast AQMD's Procurement Policy and Procedure, to issue a purchase order based on solicitation or cooperative agreement, for up to five vehicles in an amount not to exceed \$250,000 as listed in Table 1; and
7. Approve the addition of ten positions for Rule 1180 and 1180.1 planning and implementation, as listed in Table 3.

Wayne Nastri  
Executive Officer

JCL:AP:OP:ld:ir:kdl

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### **Background**

Rule 1180 - Refinery Fenceline and Community Air Monitoring was adopted by the Board in December 2017 and requires all seven major refineries in the South Coast Air Basin (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 pre-determined threshold levels. Rule 1180 also establishes a fee schedule for these refineries to fund the installation, operation, and maintenance of community air monitoring stations, that are operated by South Coast AQMD, to provide air quality information and notifications to the public. The requirements of Rule 1180 apply to the following seven refineries:

- 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.

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 includes 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 following refinery-related facilities:

- 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

Also in January 2024 the Board adopted Rule 1180.1, which requires fenceline air monitoring for three other refineries in the Basin, namely:

- AltAir Paramount, LLC;
- LTR dba World Oil Refining; and
- Valero Wilmington Asphalt Plant

Rules 1180 and 1180.1 establish fee schedules 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. Rule 1180 payments totaling \$3,765,960 from the seven major refineries for the implementation of metals and particulate matter monitoring will be received no later than January 31, 2025. Rule 1180 and 1180.1 payments totaling \$1,461,732 and \$2,309,469 respectively, from refinery-related facilities and other refineries for the planning and implementation of additional community air monitoring stations will be received in two installments no later than January 31, 2025, and January 31, 2026. The facilities subject to Rules 1180 and 1180.1 will also fund ongoing operation and maintenance of community air monitoring through future amendments to Rule 301 – Fees.

### **Proposal**

These actions are to recognize, upon receipt, up to \$5,227,692 and up to \$2,309,469 into the Rule 1180 Special Revenue Fund (78) for Rule 1180 and Rule 1180.1, respectively; transfer and appropriate up to \$385,000 into MAD's FY 2024-25 and/or 2025-26 Budgets (Org 42) Capital Outlays Major Object, as indicated in Table 1; transfer and appropriate up to \$200,000 into MAD's FY 2024-25 and/or 2025-26 Budgets (Org 42) Services and Supplies Major Object (as indicated in Table 2; transfer and appropriate up to \$870,400 into MAD's FY 2024-25 Budgets, Salaries and Benefits Major Object (Org 46), as indicated in Table 3; authorize the procurement manager to issue the purchase orders described below and listed in Table 1; and approve the addition of ten new staff positions for Rule 1180 and Rule 1180.1 community air monitoring planning and implementation, as listed in Table 3. As the community air monitoring plans for

Rule 1180 and Rule 1180.1 are further developed, staff will request Board approval for additional transfers, appropriations from Rule 1180 Special Revenue Fund (78), and purchases for Capital Outlays and Services and Supplies.

#### Proposed Purchase through Sole Source

##### *Air Monitoring Containers*

These containers will be used to house air monitoring equipment at up to five new community air monitoring sites for Rule 1180 and Rule 1180.1 implementation. Martin Container is a small business located in Compton, California, that has extensive experience 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 and Rule 1180.1 requirements for community air monitoring. The cost for sole source purchase of these shelters will not exceed \$135,000 as listed in Table 1.

#### Proposed Purchase through Solicitation or Cooperative Agreement

##### *Vehicles*

Vehicles transport staff to perform the installation, calibration, maintenance, and repair of air monitoring equipment at community air monitoring stations. Vehicles will be selected through a solicitation process or cooperative purchasing agreement. Low and zero-emission vehicles are available from vendors through cooperative purchasing under the State of California, Department of General Services, Procurement Division, and Alternative Fueled Vehicles Contract 1-22-23-23 A through I. Preference would be given to hybrid or zero-emission models, based on availability of suitable vehicles. The cost of up to five vehicles will not exceed \$250,000 as listed in Table 1.

#### Proposed Staffing Additions

This action is to approve the addition of ten positions for Rule 1180 and Rule 1180.1 as listed in Table 3, to support the additional community air monitoring requirements. The staff will be responsible for the planning, installation, operations, and data management of the community air monitoring stations and also addressing programmatic and administrative needs. New staffing positions will be filled in stages, as needed.

#### **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 of air monitoring containers from Martin Container is under Section VIII.B.2.d (6): Projects requiring compatibility with existing specialized equipment. Martin Container is a small local business that is an established vendor with South Coast AQMD, has supplied air monitoring containers compatible with existing air monitoring stations and equipment, and has provided reliable services to support air monitoring efforts for the last decade.

**Benefits to South Coast AQMD**

The additional staffing and equipment for implementation of Rule 1180 and Rule 1180.1 will allow South Coast AQMD to fulfill the requirements of this fence-line and community air monitoring program. This will result in benefits to environmental justice communities and people working and residing in the Basin near refineries and related facilities.

**Resource Impacts**

Initial and final payments required from petroleum refineries, related facilities, and other refineries under Rule 1180 and Rule 1180.1 provide sufficient funding for additional community air monitoring, including the new staffing needed to properly implement the Rules. Future amendments to Rule 301 will provide resources for ongoing community air monitoring operation and maintenance near facilities subject to Rule 1180 and 1180.1.

**Table 1**  
**FYs 2024-25 and/or 2025-26**  
**Proposed Capital Outlays Expenditures for Rule 1180 and 1180.1**

<b>Description</b>	<b>Qty</b>	<b>Appropriation from Prior Years Budget Savings</b>	<b>Procurement Method</b>
Air Monitoring Containers*	Up to 5	\$135,000	Sole Source
Vehicles	Up to 5	\$250,000	Solicitation or Cooperative Agreement
<b>Total</b>		<b>Up to \$385,000</b>	

\*Expenditures may be appropriated as Services & Supplies or Capital Outlays Major Object, as warranted.

**Table 2**  
**FY 2024-25 and/or FY 2025-26**  
**Proposed Services and Supplies Expenditures for Rule 1180 and 1180.1**

Description	Account Number	Estimated Amount*
Rents and Leases Structure	67350	\$20,000
Professional and Specialized Services	67450	\$50,000
Auto Mileage	67700	\$5,000
Office Expense*	68100	\$35,000
Office Furniture*	68200	\$50,000
Small Tools, Instruments, Equipment*	68300	\$40,000
<b>Total</b>		<b>Up to \$200,000</b>

\*Expenditures may be appropriated as Services & Supplies or Capital Outlays Major Object, as warranted.

**Table 3**  
**FY 2024-25 and/or FY 2025-26**  
**Proposed Appropriations for Staffing Additions for Rule 1180 and 1180.1**

Position Title	Qty	Estimated Amount*
Administrative Assistant I	1	\$53,993
Air Quality Instrument Specialist II	3	\$230,626
Principal Air Quality Instrument Specialist	1	\$90,943
Air Quality Specialist	3	\$282,756
Senior Staff Specialist	1	\$100,528
Program Supervisor	1	\$111,554
<b>Total</b>	<b>10</b>	<b>Up to \$870,400</b>

\*Estimate is for 6 months Salaries & Employee Benefits at Step 5 which includes base salary, retirement cost, insurance, FICA, and SDI.