

BOARD MEETING DATE: July 7, 2017

AGENDA NO. 34

PROPOSAL: Execute Contracts for Supplemental Environmental Projects in City of Torrance from ExxonMobil Settlement Agreement Fund

SYNOPSIS: On June 3, 2016, the Board approved the establishment of a Special Revenue Fund to receive and account for Supplemental Environmental Project (SEP) monies received pursuant to a settlement agreement with ExxonMobil. The settlement agreement required ExxonMobil to pay \$2,771,250 into a SEP fund in consideration of violations related to the February 18, 2015 Torrance Refinery explosion and the start-up activities of the Torrance Refinery after repairs were made. On September 2, 2016, the Board released an RFP to announce the availability of funds and solicit proposals for projects to benefit the residents of the City of Torrance. Fifteen proposals were received totaling approximately \$15 million in requested funding. This action is to execute contracts in a total amount not to exceed the SEP fund account.

COMMITTEE: Special Administrative, June 8, 2017; Recommended for Approval

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to execute contracts with the City of Torrance and Sonoma Technology, Inc. for projects in the City of Torrance from the ExxonMobil SEP Fund (Fund 68) in a total amount not to exceed the funds received from ExxonMobil, Inc., as discussed herein;
2. Authorize the Executive Officer to negotiate and execute contracts for the selected project elements, while ensuring the overall funding requirements of the ExxonMobil settlement agreement are met; and

3. Authorize the Executive Officer to utilize the interest earned from the SEP fund to offset administrative costs associated with program implementation.

Wayne Natri
Executive Officer

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Background

On June 3, 2016, the Board approved the establishment of a Special Revenue Fund to receive and account for Supplemental Environmental Project (SEP) monies received pursuant to a settlement agreement with ExxonMobil. The settlement agreement required ExxonMobil to pay \$2,356,250 into a SEP fund in consideration of violations related to the February 18, 2015 Torrance Refinery explosion. The settlement agreement further required ExxonMobil to make an additional \$415,000 SEP fund payment related to the start-up activities of the Torrance Refinery. The total amount paid into the ExxonMobil revenue fund was \$2,771,250.

The use of the ExxonMobil revenue funds, as stated in the settlement agreement is, “SEP Fund payments... shall be managed and used by the District to benefit the residents of the District.” Therefore, use of the funds may have broad application and do not necessarily have to result in emission reductions, but with the stated intent of using the funds to benefit the residents of the District, projects that provide public health and quality of life improvements can be considered. In conjunction with the RFP discussed below, the Board directed that funds be used in or to benefit the residents of the City of Torrance.

Request for Proposals

Staff held a community meeting to solicit input on the development of the RFP on August 24, 2016 at the Toyota Meeting Hall of the Torrance Cultural Arts Center. The intent of the community meeting in the City of Torrance was to solicit input and ideas regarding the use of SEP funds including the types of projects, scoring criteria and other considerations. While at the meeting, a number of project ideas were suggested by community members including infrastructure improvements and community safety, education and emergency preparedness, and addressing air toxics health concerns; however, the majority of the suggestions focused on two types of projects: monitoring and integrated alarm/notification systems. The community also widely expressed that projects be effective in the long term and consideration also be given to funding ongoing maintenance to ensure lasting public health protection. Consideration of all comments helped staff craft an RFP scope and evaluation process to implement projects that will benefit the community.

In addition to the August 24, 2016 community meeting, staff received additional input on project ideas. Staff met with Families Lobbying Against Refinery Exposures (FLARE), and had two meetings with the City of Torrance and Torrance Fire Department. The RFP reflected input on the major topics of interest to the community.

Based on community feedback, the type of projects referenced in the RFP included, but were not limited to the following:

- Air quality monitoring;
- Air quality emergency preparedness/community outreach and education;
- Improvement in siren/alarm and multi-media public notification systems; and
- Infrastructure improvements.

The RFP was released on September 2, 2016 and, given the scope of the RFP and wide range of potential project proponents, the Board approved an extended submittal period of 60 days, which closed on November 2, 2016.

Outreach

Due to the scope of the RFP and the wide range of potential applicants, an enhanced effort was made to conduct outreach to potential applicants in and around the City of Torrance, with the goal of providing information and assistance to potential applicants, including those who may not have previous proposal development experience.

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in newspapers specific to the area, including the Los Angeles Times, Orange County Register, San Bernardino Sun, and Riverside County's Press Enterprise. Staff held a Bidder's Conference and "office hours" at the Ken Miller Recreation Center and the Torrance Cultural Arts Center on September 21, 2016. The "office hours," where SCAQMD technical staff covered a variety of potential project topic areas, was held during typical work and non-work hours to help members of the public, community groups, organizations, local governments and industry in the development of proposals. Up to seven technical staff were made available for 4 hours of one-on-one consultations with prospective applicants. Staff also fielded numerous telephone calls and emails to respond to questions regarding the development of proposals. None of the SCAQMD staff that participated in these "office hours" were involved in the evaluation and technical scoring of proposals.

Additionally, potential bidders may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<http://www.aqmd.gov>).

On June 8, 2017, a special evening meeting of the Board’s Administrative Committee was held in the City of Torrance to consider staff’s initial recommendations and receive comments from the community. Testimony was received from more than 15 individuals and there was general support for the staff recommendations. The Committee moved that the item be forwarded to the full Board for consideration at its July 7, 2017 meeting.

Proposals Received

By the 1:00 p.m. PST submittal deadline on November 2, 2016, 15 proposals were received in response to the RFP. A list of proposals received by the filing deadline is provided in Attachment 1. A total of more than \$15 million in funding was requested. The topic areas included: monitoring, alert, and outreach proposals; Hydrogen Fluoride dispersion modeling; education; and emergency preparedness.

Evaluation of Proposals

The RFP contained a point scoring system with the following maximum points available:

Project Evaluation Criteria	
Experience and expertise of Proposer	30
Public health improvements	30
Measurable air quality benefits (emissions reductions, reduced risk exposure, or emissions prevention)	20
Effective use of funds	10
Secondary benefits (number of people benefited, quality of life improvements, other than jobs)	5
Community/government support letters	5
Total	100
Additional Points (15 pts. maximum)*	
Small Business or Small Business joint venture	10 additional points possible
DVBE or DVBE joint venture	10 additional points possible
Use of DVBE or Small Business subcontractors	7 additional points possible
Low-emission vehicle business	5 additional points possible
Local business (including local governments and school districts)	5 additional points possible
Off-peak hours delivery business	2 additional points possible
Most favored customer* (17 point maximum allowable)	2 additional points possible

A minimum technical score of 70 points is required for funding consideration.

Due to the nature of the proposals received, two panels were established to review proposals. The first panel reviewed proposals that contained monitoring, modeling, or alert systems as key components. In accordance with established SCAQMD guidelines, 12 of the 15 proposals were evaluated by a five-member panel (Panel #1), using criteria

outlined in the RFP. The five-member evaluation panel consisted of: one SCAQMD Manager; one Professor of Clinical Preventative Medicine from the University of Southern California; one Branch Chief from CARB; one Director from the Bay Area AQMD, and a Physical Scientist from U.S.EPA. The panel member makeup was: five male; five Caucasian. Panel #2 was comprised of three members that reviewed the remaining three proposals that were of an educational preparedness nature and were likewise evaluated in accordance with established SCAQMD guidelines, using criteria outlined in the RFP. The three-member evaluation panel consisted of: one SCAQMD Manager; one SCAQMD Air Quality Specialist; and one Senior Branch Science Advisor from the California Department of Public Health with expertise in environmental public education. The panel makeup was: one female and two male; one Japanese-American and two Caucasian.

Due to the RFP being open to any project that benefited the Torrance community, it was anticipated that proposals would come from a wide range of applicants. Therefore, applicants needed to either show they had the experience to execute the project or had the capacity to complete the project (i.e., managed through sub-contractors, even if not yet identified). Proposals received points based on the scoring criteria where the most complete proposals with proven technology received the most points. Some proposals may not have scored as high, but that does not diminish their potential benefits, particularly as it relates to the advancement of monitoring technology development and deployment.

A maximum of 15 additional points were available for certain business categories through self-certification. For example, extra points were given to proposals that demonstrated that the primary or sub-contractor was a disabled veteran business enterprise, or a small or local businesses joint venture. Additional points were also given to project proponents who certified their local business status as defined in the RFP. In the interest of fairness and public benefit, and given the large number of proposals received from local government agencies, the scoring included five additional “local business” points applied to cities, counties, public schools, transit agencies, and regional governments doing at least 90 percent of their business in the SCAQMD jurisdiction.

As stated in the RFP, the Board may award contracts to projects not receiving the highest rating in the event the Board determines that another proposal from among those technically qualified would provide the best value considering cost and technical factors.

Proposed Awards and Recommendations

Seven of the fifteen proposals met the minimum technical scoring criteria as outlined in the RFP. The scores, including additional points, are included in Attachment 2.

Based on the scoring and input from the panels, the two highest-scoring proposals (City of Torrance and Sonoma Technology, Inc.) represented the most complete projects that, if implemented, would benefit the community most. However, staff believes that having multiple and overlapping monitoring and alert systems may result in conflicting information and confusion for the public. It is recommended that the best elements from the two top-scoring proposals be combined through a collaborative effort. In staff's view, this represents the best use of funds.

Therefore, staff makes the following recommendations for funding:

1. Fund the monitoring element from Sonoma Technology for up to 3 years at a total estimated funding level of \$2,171,250; and
2. Fund integration of the monitoring with the City of Torrance community alert and information system for up to 3 years at a total estimated funding level of \$600,000.

The funding amounts may vary and are subject to change due to negotiation with the project proponents to combine the respective project elements in the collaborative effort.

Benefits to SCAQMD

The SEP Fund was established by a settlement agreement with ExxonMobil. These funds will be used to implement programs to help inform and protect the community during potential future incidents. The proposed project funding supports SCAQMD's ongoing efforts to protect the public and reduce the risk from air pollution.

Resource Impacts

Funding for projects under this RFP will come from monies received from the ExxonMobil settlement in consideration of violations related to the February 18, 2015 Torrance Refinery explosion and violations related to the start-up activities, as required by the settlement agreement. Total funding for these projects shall not exceed \$2,771,250. Interest earned from the SEP fund will be used to offset administrative costs associated with program implementation (currently ~\$11,000). After the completion of the contract period, staff will need to assess and potentially consider support for continued monitoring through other funding mechanisms, including the consideration of any regulatory requirements that may have been promulgated during this period.

Attachments

1. List of Proposals Received
2. Ranking of Proposals
3. Board Meeting Presentation

Attachment 1

List of Proposals Received

RFP: 2017-06 - SEP Fund Air Quality Improvement Projects ExxonMobil - \$2.77M Funding

NO.	NAME	Proposal Topic ⁽¹⁾	Funding Request
1	QSENSE, INC.	Monitoring and Alert system	\$954,986
2	UNIVERSITY OF CALIFORNIA LOS ANGELES - DEPT. OF ATMOSPHERIC AND OCEANIC SCIENCES	Monitoring and Alert system	\$1,674,747
3	DR. GENGHMUN ENG	HF release model to improve emergency planning and response	\$26,000
4	PROVIDENCE LITTLE COMPANY OF MARY FOUNDATION	Public Education - Emergency Preparedness	\$732,426
5	SONOMA TECHNOLOGY, INC.	Monitoring and Alert system	\$1,905,479
6	SULLIVAN ENVIRONMENTAL CONSULTING, INC.	Modeling and exposure assessment to site monitors and establish a monitoring program (no alert component)	\$398,352
7	AIROSENSE INC.	Monitoring and Alert system	\$1,787,500
8	BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE DESERT RESEARCH INSTITUTE (DRI)	Citizen-led monitoring program to develop air quality impacts related to local source emissions	\$969,868
9	CITY OF TORRANCE	Monitoring and Alert system	\$2,739,839
10	TETRA TECH, INC.	Mobile & stationary monitoring to conduct exposure assessment to inform the community to identify potential solutions moving forward	\$1,289,085

Attachment 1 (concluded)

List of Proposals Received

NO.	NAME	Proposal Topic ⁽¹⁾	Funding Request
11	THINK EARTH ENVIRONMENTAL EDUCATION FOUNDATION	Environmental education program for K-12 & adults	\$209,092
12	FLUXSENSE, INC.	Mobile monitoring to conduct emissions characterization to identify hot spot emissions and abatement opportunities	\$884,700
13	LOCAL ACTION APPS, LLC (MELINDA PILLSBURY- FOSTER)	Mobile monitoring combined with live IR thermal video camera with optical gas imaging and website link, including an "EcoEmergency Alert App"	\$796,800
14	AMERICAN ECOTECH L.C.	Monitoring and Alert system, community outreach and education	\$1,092,275
15	RESIDENT OF THE CITY OF TORRANCE ⁽²⁾	Torrance community pool upgrades	unknown
Total Bids Received			\$15,461,149

Foot Notes:

- (1) The "Proposal Topic" description is meant to be a broad summary of the proposed project focus.
- (2) One proposal was received from a community member that, although lacking detail, was given consideration.

Attachment 2

Ranking of Proposals RFP 2017-06

Scoring of Proposals with Monitoring or Modeling as a Key Element

NO.	NAME	Avg. Technical Score (Max. 100 pts.)*	Additional Points (Max. 15 pts.)	Total Score	Rank
9	CITY OF TORRANCE	81.20	15.00	96.20	1
5	SONOMA TECHNOLOGY, INC.	83.60	10.00	93.60	2
1	QSENSE, INC.	72.35	14.00	86.35	3
14	AMERICAN ECOTECH L.C.	73.80	10.00	83.80	4
2	UNIVERSITY OF CALIFORNIA LOS ANGELES - DEPT. OF ATMOSPHERIC AND OCEANIC SCIENCES	82.80	0.00	82.80	5
12	FLUXSENSE, INC.	78.00	2.00	80.00	6
10	TETRA TECH, INC.	67.60	7.00	74.60	
3	DR. GENGHMUN ENG	56.70	15.00	71.70	
6	SULLIVAN ENVIRONMENTAL CONSULTING, INC.	56.40	15.00	71.40	
8	BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE DESERT RESEARCH INSTITUTE (DRI)	68.10	0.00	68.10	
7	AIROSENSE INC.	48.80	0.00	48.80	
13	LOCAL ACTION APPS, LLC (MELINDA PILLSBURY-FOSTER)	41.40	0.00	41.40	

* A minimum technical score of 70 points is required for funding consideration

Scoring of Proposals without Monitoring as a Key Element

NO.	NAME	Avg. Technical Score (Max. 100 pts.) *	Add'l Points (Max. 15 pts.)	Total Score	Rank
4	PROVIDENCE LITTLE COMPANY OF MARY FOUNDATION	87.33	5.00	92.33	1
11	THINK EARTH ENVIRONMENTAL EDUCATION FOUNDATION	59.33	0.00	59.33	
15	RESIDENT OF THE CITY OF TORRANCE	29.67	0.00	29.67	

* A minimum technical score of 70 points is required for funding consideration

**Environmental Improvement Projects
to be Implemented Under the
Supplemental Environmental Projects Fund**

**Governing Board Meeting
July 7, 2017**



Background



- Torrance refinery explosion
February 2015 & restart in May 2016
- Settlement funds received totaling \$2,771,250
 - In June 2016, Governing Board created a Supplemental Environmental Project (SEP) fund
- Settlement agreement calls for the funds to be used to “...benefit the residents of the District.”
 - Therefore, does not necessarily have to reduce emissions
- Funds to be used within or to benefit the City of Torrance

RFP Process

- Community meeting to solicit ideas and input for use of funds (August 24, 2016)
- RFP issued for project proposals (September 2, 2016)
- Bidder's conference & "office hours" held in Torrance (September 21, 2016)
- Proposal submittal date extended to 60-days (November 2, 2016)
- Special Administrative Committee (June 8, 2017)



Examples of Projects Suggested at Community Meeting (August 2016)

- Air quality monitoring;
- Air quality emergency preparedness/community outreach and education;
- Improvement in siren/alarm and multi-media public notification systems; and
- Infrastructure improvements



Summary of Projects Submitted

- 15 proposals submitted
- Totaling ~\$15,500,000
- Submittals generally fell into the following categories:
 - Monitoring, alert, & public notification systems
 - Modelling
 - Emergency preparedness
 - Public education
 - Other
- Two evaluation panels

Proposal Scoring

(minimum 70 Point technical score)

NAME	Proposal Topic	Funding Request	Technical Score	Add'l Points	Total Score
CITY OF TORRANCE	Monitoring and Alert system	\$2,739,839	81.20	15.00	96.20
SONOMA TECHNOLOGY, INC.	Monitoring and Alert system	\$1,905,479	83.60	10.00	93.60
PROVIDENCE LITTLE COMPANY OF MARY FOUNDATION	Public Education - Emergency Preparedness	\$732,426	87.33	5.00	92.33
QSENSE, INC.	Monitoring and Alert system	\$954,986	72.35	14.00	86.35
AMERICAN ECOTECH L.C.	Monitoring and Alert system, community outreach and education	\$1,092,275	73.80	10.00	83.80
UNIVERSITY OF CALIFORNIA LOS ANGELES - DEPT. OF ATMOSPHERIC AND OCEANIC SCIENCES	Monitoring and Alert system	\$1,674,747	82.80	0.00	82.80
FLUXSENSE, INC.	Mobile monitoring to conduct emissions characterization to identify hot spot emissions and abatement opportunities	\$884,700	78.00	2.00	80.00

Staff Recommendations

- Two highest scoring proposals represent the most complete projects with greatest benefit to the community
- Both contain monitoring/alert system
 - Having multiple/overlapping systems may be confusing
- Combine the best elements from each
 - Sonoma Technology – fenceline/community monitoring
 - City of Torrance – integrated alert and notification
 - Both have public input elements

Recommendations (cont.)

- Fund Sonoma Technology, Inc. for up to 3 years at a total estimated funding level of \$2,171,250; and
- Fund the City of Torrance community warning system for up to 3 years at a total estimated funding level of \$600,000.

Changes to funding amounts may occur due to negotiations to combine the respective project elements in the collaborative effort

Recommended Board Actions

1. Authorize the Executive Officer to execute contracts with the City of Torrance and Sonoma Technology, Inc. in total amount not to exceed the funds received from ExxonMobil for the SEP fund
2. Authorize the Executive Officer to negotiate contract awards, while ensuring the overall funding requirements of the ExxonMobil settlement agreement are met
3. Authorize the Executive Officer to utilize the interest earned from the SEP fund to offset administrative costs