

**Neighborhood Air Toxics Modeling Project
For
Houston and Corpus Christi
Case # 2:11-MC-00044**

**Phase 1B
Monitoring Network Extension**

Quarterly Report for the Period

July 1, 2016 through September 30, 2016

Submitted to

**The Honorable Janis Graham Jack
United States District Court for the Southern District of Texas
Corpus Christi, Texas**

**Mr. John L. Jones
United States Environmental Protection Agency, Region 6
Dallas, Texas**

**Ms. Susan Clewis
Texas Commission on Environmental Quality, Region 14
Corpus Christi, Texas**

Submitted by

**David Allen, Ph.D.
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Center for Energy and Environmental Resources
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November 30, 2016

I. Introduction

On February 1, 2008, the United States District Court entered an Order (D.E. 981, Order (pp.1, 7-11)) regarding unclaimed settlement funds in Lease Oil Antitrust Litigation (No.11) Docket No. MDL No. 1206. The Court requested a detailed project proposal from Dr. David Allen, the Gertz Regents Professor in Chemical Engineering and the Director of the Center for Energy and Environmental Resources at The University of Texas at Austin (UT Austin), regarding the use of \$9,643,134.80 in the Settlement Fund. The proposal was for a project titled “Neighborhood Air Toxics Modeling Project for Houston and Corpus Christi” (hereinafter “Air Toxics Project”). The Air Toxics Project was proposed in two stages. In Stage 1, UT Austin was to develop, apply, demonstrate and make publicly available, neighborhood-scale air quality modeling tools for toxic air pollutants in Corpus Christi, Texas (Phase 1A) and extend the operation of the air quality monitoring network in Corpus Christi, Texas (Phase 1B). The ambient monitoring results from Stage 1, Phase 1B were to be used in synergy with the neighborhood-scale models (Phase 1A) to improve the understanding of emissions and the spatial distribution of air toxics in the region.

On February 21, 2008, the United States District Court for the Southern District of Texas issued an order to the Clerk of the Court to distribute funds in the amount of \$4,586,014.92, plus accrued interest, to UT Austin for the purposes of implementing Stage 1 of the Air Toxics Project as described in the detailed proposal submitted to the Court by UT Austin on February 15, 2008 (D.E. 998).

Under the Order to Distribute Funds in MDL No. 1206, on March 3, 2008, at the direction of the Settlement Administrator, \$4,602,598.66 was disbursed to UT Austin for Stage 1 of the Project. This amount includes the interest accrued prior to distribution from the MDL No. 1206 Settlement Fund.

In Stage 2, subject to the availability of funds, it was planned that UT Austin would extend the modeling to the Houston, Texas ship channel region, develop a mobile monitoring station that could be deployed in Corpus Christi and in other regions of Texas and/or further extend the operating life of the existing stationary network in the same or a modified spatial configuration. Based on the decision of the U.S. Court of Appeals for the 5th Circuit on June 27, 2011, UT Austin will not be receiving the Stage 2 funding at any point in the future. Further, work on the modeling portion of Stage 1 (Phase 1A) was completed June 30, 2011. Hence, all future progress reports will describe only work on Stage 1, Phase 1B (extending the operation of the air quality monitoring network).

The air quality monitoring network was originally authorized on October 1, 2003, when the United States District Court for the Southern District of Texas issued an order to the Clerk of the Court to distribute funds in the amount of \$6,700,000, plus interest accrued, to The University of Texas at Austin (UT Austin) to implement the court ordered condition of probation (COCP) project *Corpus Christi Air Monitoring and Surveillance Camera Installation and Operation* (Project). Those funds have been expended. Funding for the air quality monitoring network originally created for the COCP Project is now provided through Stage 1, Phase 1B of the Air Toxics Project.

This Stage 1, Phase 1B quarterly report has been prepared pursuant to the requirements of the Air Toxics project and is being submitted to the United States District Court, the United States Environmental Protection Agency (EPA), and the Texas Commission on Environmental Quality (TCEQ).

II. Air Toxics Project – Stage 1 - Phase 1B Overview

Phase 1B of the project reserved approximately 65% of the initial Stage 1 project funds, or approximately \$3 million, to extend the operation of the Corpus Christi ambient air monitoring network. Under Phase 1B, the project team has used these funds to continue the operation and maintenance of the monitoring network initiated under the Corpus Christi Air Monitoring and Surveillance Camera Project.

III. Air Toxics Project – Stage 1 – Phase 1B Progress Report

The focus of work during the quarter ending September 30, 2016, has been directed to the following activities funded by the Stage 1, Phase 1B extension of the Corpus Christi Air Monitoring network.

A. Operations and Maintenance Phase of the Project

All monitoring operations funded under this project ended on May 21, 2016. Subsequently four of the sites (Oak Park – C634, FHR – C632, JI Hailey – C630, and Port Grain – C629) have been satisfactorily decommissioned and restored to their pre-project condition. The two remaining sites (Solar Estates – C633 and Dona Park – C635) have continued to operate under funding from the Texas Commission on Environmental Quality with some reduction in the instrumentation that will remain in operation. These two sites will remain in operation through May 2017, and possibly longer.

Future Quarterly Reports

This will be the final quarterly report now that operations funded by this project have ended and that all funds remaining are anticipated to be expended before the end of next quarter. A final report documenting the 13 years of project activity, including more than 11 years of data collection and analysis, will be prepared and submitted later this year. A presentation of the project final report will be made to the Advisory Board early next year. That will be the last meeting of the project's Advisory Board.

B. Project Management and Planning

Project Management and Planning during this period has focused on decommissioning the four sites (Oak Park – C634, FHR – C632, JI Hailey – C630 and Port Grain – C629), transitioning of the remaining two sites (Solar Estates – C633 and Dona Park – C635), preparation of the final report, budget monitoring of the decommissioning expenditures, and preparation of the final report.

III. Financial Report

As required, the following financial summary information is provided. Details supporting this financial summary are included in the Appendix, on pages 6 through 8.

- A. Total Amount of Air Toxics Project Funds and Other Funds Received Under the Project
The total amount of Air Toxics Project funds received through September 30, 2016 equals \$3,138,696.06. This total includes interest earned through September 30, 2016.
- B. Detailed List of the Actual Expenditures Paid from Air Toxics Project Funds Stage 1, Phase 1B through September 30, 2016
Expenditures of Air Toxics Project funds during this quarter totaled \$146,680.37. The funds remaining in the Air Toxics account (not spent for Stage 1, Phase 1A) are in a separate account so that separate financial reports can be generated.
- C. Total Interest Earned on Air Toxics Project Funds through September 30, 2016
The interest earned during this quarter totaled \$103.14. The Air Toxics Project total interest earned through September 30, 2016 equals \$393,324.38. A report providing detailed calculations of the interest earned on the Air Toxics Project funds are included in the Appendix, on pages 6 through 8.
- D. Balance as of September 30, 2016, in the Air Toxics Project Account
The balance in the Air Toxics Project account, including interest earned totals \$50,535.11.
- E. Anticipated Expenditures for the Funds Remaining in the Air Toxics Project Account – Stage 1, Phase 1A
There are no additional expenditures anticipated for Stage 1, Phase 1A.
- F. Anticipated Expenditures for the Funds Remaining in the Air Toxics Project Account – Stage 1, Phase 1B
All funds remaining after the close of Stage 1, Phase 1A have been allocated to Stage 1, Phase 1B, and the extension of the operation of the Corpus Christi ambient monitoring network, which includes expenditures for decommissioning of the sites and restoration of them to pre-project conditions.

The Stage 1, Phase 1A Neighborhood Air Toxics Modeling Project was originally allocated a budget of \$2,277,564. As of June 30, 2011, final expenditures on Phase 1A totaled \$1,863,081.22. The remaining funds totaling \$414,482.78 were transferred, with the Court's permission, to a new account to allow for easier tracking of the expenses as they are utilized for Stage 1, Phase 1B, the extension of the Corpus Christi Air Monitoring Project.

Quarterly Report Distribution List:

U.S. District Court

Ms. Sondra Scotch, Assistant Deputy-In-Charge, District Court Operations
for distribution to the Honorable Janis Graham Jack

cc:

The University of Texas at Austin

Mr. Lee Smith, Associate Vice President for Legal Affairs

Mr. Vincent M. Torres, Center for Energy and Environmental Resources

Dr. David Sullivan, Center for Energy and Environmental Resources

Texas Commission on Environmental Quality

Ms. Meaghan Bailey, Litigation Division – Headquarters

Ms. Susan Clewis, Director – Region 14

Mr. Chris Owen, Air Quality Division – Headquarters

Mr. Kelly Ruble, Field Operations – Region 14

Environmental Protection Agency

Mr. John L. Jones, Environmental Engineer, Air Enforcement Section, Dallas Regional
Office

Members of the Community Advisory Board of the *Corpus Christi Air Monitoring and
Surveillance Camera Project*

APPENDIX

Financial Report of Expenditures
Financial Report of Interest Earned

Neighborhood Air Toxics Modeling Project for Houston and Corpus Christi - Phase 1B

**Accounting Report for the Quarter
7/1/16 - 9/30/16**

A. Total Amount of Air Toxics Funds and Other Funds Received Under This Proposal

Total Grant Amount:	\$2,745,371.68
Total Interest Earned:	\$393,324.38
Total Funds Received:	\$3,138,696.06

B. Summary of Expenditures Paid by Air Toxics Funds

	Yr 1 Budget	Year 2 Budget	Year 3 Budget	Year 4 Budget	Adjustments Prior Quarter	Adjustments This Quarter	Adjusted Budget	Prior Activity	Current Activity 7/1/16 - 9/30/16	Encumbrances	Remaining Balance 7/1/16 - 9/30/16
Salaries-Prof	12	\$111,654.00	\$183,063.49	\$31,566.18	\$31,566.18	\$28,706.24	\$0.00	\$354,989.91	(\$349,509.96)	(\$5,003.78)	\$488.17
Fringe	14	\$24,563.88	\$40,273.97	\$11,051.05	\$11,051.05	\$27,283.01	\$0.00	\$103,171.81	(\$122,675.50)	(\$121.96)	-\$32,558.94
Salaries-CEER	15	\$0.00	\$0.00	\$10,538.09	\$0.00	\$72,369.44	\$0.00	\$82,928.53	(\$82,891.18)	\$0.00	\$37.35
Salary Holding	16	\$133,401.93	\$0.00	\$0.00	\$0.00	(\$133,401.93)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Quality Assurance	41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cell Phone Allowance	42	\$0.00	\$300.00	\$360.00	\$360.00	\$750.00	\$0.00	\$1,410.00	(\$1,350.00)	(\$75.00)	-\$15.00
SEP Reserve	43	\$10,800.00	\$0.00	\$0.00	\$0.00	(\$10,800.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contingency	47	\$0.00	\$0.00	\$5,000.00	\$5,000.00	(\$1,393.34)	\$0.00	\$3,606.66	(\$3,196.75)	\$0.00	\$409.91
Monthly M&O	50	\$0.00	\$0.00	\$20,908.45	\$20,908.45	\$48,073.57	(\$34.48)	\$68,947.53	(\$68,274.78)	(\$459.80)	\$212.95
Equipment & Spare Parts	51	\$0.00	\$32,584.00	\$17,539.29	\$17,539.29	\$244.21	\$0.00	\$50,367.50	(\$50,367.50)	\$0.00	\$0.00
Telephone SWB-DSL/RR	52	\$0.00	\$8,454.00	\$8,707.47	\$8,707.47	\$12,162.20	\$0.00	\$29,323.67	(\$29,323.67)	\$0.00	\$0.00
Electric	53	\$0.00	\$22,438.00	\$23,086.69	\$23,086.69	\$25,094.93	\$0.00	\$70,619.62	(\$70,619.62)	\$0.00	\$0.00
Gases	54	\$0.00	\$10,811.00	\$10,676.72	\$10,676.72	\$9,959.67	\$0.00	\$31,447.39	(\$31,447.39)	\$0.00	\$0.00
Other Costs	55	\$0.00	\$0.00	\$200,000.00	\$200,000.00	(\$200,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Consultant Services - Holding	60	\$80,000.00	\$0.00	\$0.00	\$0.00	(\$80,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Consultant Services - ORSAT/TMSI	61-62	\$0.00	\$184,750.38	\$466,081.72	\$466,081.72	\$756,822.60	\$0.00	\$1,417,754.70	(\$1,409,166.76)	(\$8,587.94)	\$0.00
Program Income Expenses	66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$200,460.87)	(\$106,314.98)	-\$319,874.15
Analytical	68	\$0.00	\$27,839.39	\$6,458.00	\$6,458.00	\$89,059.61	\$0.00	\$123,357.00	(\$115,257.00)	(\$8,100.00)	\$0.00
Travel	75	\$0.00	\$3,000.00	\$1,000.62	\$1,000.62	\$1,620.20	\$34.49	\$5,655.31	(\$5,655.31)	\$0.00	\$0.00
Equipment	80	\$0.00	\$0.00	\$0.00	\$0.00	\$43,700.00	\$0.00	\$43,700.00	(\$43,700.00)	\$0.00	\$0.00
Indirect Costs	90	\$54,062.97	\$78,527.13	\$130,946.14	\$130,946.14	\$94,555.71	\$0.00	\$358,091.85	(\$357,564.29)	(\$5,205.08)	-\$4,697.42
TOTALS		\$414,482.78	\$602,041.36	\$1,003,920.42	\$993,382.33	\$724,927.12	\$0.00	\$2,745,371.68	(\$2,941,480.58)	(\$146,680.37)	(\$356,117.13)

C. Interest Earned by Air Toxics Funds as of 7/1/16 - 9/30/16

Prior Interest Earned:	\$393,221.24
Interest Earned This Quarter:	\$103.14
Total Interest Earned to Date:	\$393,324.38

D. Balance of Air Toxics Funds as of 7/1/16 - 9/30/16

Total Grant Amount:	\$2,745,371.68
Total Interest Earned:	\$393,324.38
Total Expenditures:	(\$3,088,160.95)
Remaining Balance:	\$50,535.11

I certify that the numbers are accurate
and reflect actual expenditures
for the quarter


Accounting Certification
20-7700-09

Neighborhood Air Toxics Modeling Project for Houston and Corpus Christi - Stage 1 Phase 1A

**Accounting Report for the Quarter
7/1/16 - 9/30/16**

A. Total Amount of Air Toxics Funds and Other Funds Received Under This Proposal

Total Grant Amount:	\$1,863,081.22
Total Interest Earned:	\$344,222.10
Interest Transferred to Phase 1B	(\$344,222.10)
Total Funds Received:	\$1,863,081.22

B. Summary of Expenditures Paid by Air Toxics Funds

		Yr 1 and Yr2 Budget	Year 3 Budget	Adjustments Prior Quarter	Adjustments This Quarter	Adjusted Budget	Prior Activity	Current Activity 7/1/16 - 9/30/16	Encumbrances	Remaining Balance 7/1/16 - 9/30/16
Salaries-Prof	12	\$616,882.00	\$228,508.00	(\$95,903.26)	\$0.00	\$749,486.74	(\$749,486.74)	\$0.00	\$0.00	\$0.00
Salaries-CEER	15	\$66,780.00	\$24,045.00	(\$11,435.81)	\$0.00	\$79,389.19	(\$79,389.19)	\$0.00	\$0.00	\$0.00
Fringe	14	\$149,185.00	\$55,852.00	(\$22,669.10)	\$0.00	\$182,367.90	(\$182,367.90)	\$0.00	\$0.00	\$0.00
Supplies	50	\$61,991.00	-\$5,831.00	(\$21,633.36)	\$0.00	\$34,526.64	(\$34,526.64)	\$0.00	\$0.00	\$0.00
Contingency	51	\$6,746.00	\$27,805.00	(\$34,551.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Consultants	60	\$22,500.00	\$2,500.00	(\$25,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subcontracts	61-63	\$600,000.00	\$0.00	(\$54,943.78)	\$0.00	\$545,056.22	(\$545,056.22)	\$0.00	\$0.00	\$0.00
Modeling/Computer Svc	67	\$46,500.00	\$12,500.00	(\$59,000.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Computation Center	68	\$0.00	\$1,800.00	\$0.00	\$0.00	\$1,800.00	(\$1,800.00)	\$0.00	\$0.00	\$0.00
Tuition	71	\$17,727.00	\$0.00	(\$125.00)	\$0.00	\$17,602.00	(\$17,602.00)	\$0.00	\$0.00	\$0.00
Travel	75	\$15,000.00	\$5,000.00	(\$17,403.03)	\$0.00	\$2,596.97	(\$2,596.97)	\$0.00	\$0.00	\$0.00
Equipment	80	\$17,500.00	\$7,500.00	(\$17,755.00)	\$0.00	\$7,245.00	(\$7,245.00)	\$0.00	\$0.00	\$0.00
Indirect Costs	90	\$243,122.00	\$53,952.00	(\$54,063.44)	\$0.00	\$243,010.56	(\$243,010.56)	\$0.00	\$0.00	\$0.00
TOTALS		\$1,863,933.00	\$413,631.00	(\$414,482.78)	\$0.00	\$1,863,081.22	(\$1,863,081.22)	\$0.00	\$0.00	\$0.00

C. Interest Earned by COCP Funds as of 7/1/16 - 9/30/16

Prior Interest Earned:	\$344,222.10
Interest Earned This Quarter:	\$0.00
Interest Transferred to Phase 1B	-\$344,222.10
Total Interest Earned to Date:	\$0.00

D. Balance of COCP Funds as of 7/1/16 - 9/30/16

Total Grant Amount:	\$1,863,081.22
Total Interest Earned:	\$0.00
Total Expenditures:	(\$1,863,081.22)
Remaining Balance:	\$0.00

I certify that the numbers are accurate
and reflect actual expenditures
for the quarter


Accounting Certification
26-7699-41