



## 5A: Proposed Cost Reduction Formula from Bureau Veritas

24 January 2020 Board Meeting

### Introduction

The Board directed staff to work with Bureau Veritas (formerly Maxxam and now referred to as BV Labs) to establish a cost reduction formula that would be used when monitoring equipment failed to meet uptime standards dictated by the Air Monitoring Directive.

BV Labs has developed a proposal that reduces the rental fee paid by PRAMP when equipment does not meet the expected standard.

### Proposal

Following is the proposed approach from BV Labs:

Analyzer Uptime >90% -- 100% rental rate

Analyzer Uptime <90% -- 1% rental rate reduction for each 1% below 90%.

“Each analyzer rents for \$1000/month, so each 1% below 90% results in a \$10 discount. As an example, if we have an analyzer that has 70% uptime in a given month, the discount would be based on the difference between 70% and 90%, so 20% = \$200 discount. We will apply any analyzer discount as a line item credit on the invoice the following month, so you would see all the regular monthly charges followed by an analyzer credit at the bottom of the invoice (with a note stating which station/analyzer it is for).

Please note that the discount will only apply for the three Bureau Veritas owned stations (842, 986 and Reno) and will only apply for issues within our control. We will apply the discount based on when known downtime events occur that we can identify (such as if a monthly calibration fails, invalidating all data back to a known point). If PRAMP identifies an issue resulting in downtime during the monthly reporting process which was not previously identified by Bureau Veritas, please let us know the final downtime and reasons for invalidation; we will review and provide feedback on whether the discount will apply.”

### Board Decision

The Board is asked to decide on the following:

1. Does the Board support inclusion of this formula in the contract to be established with BV Labs?

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