

Department of Environmental Quality
Office of Compliance and Enforcement
700 NE Multnomah Street, Suite 600
Portland, OR 97232-4100
(503) 229-5696
FAX (503) 229-5100
TTY 711

July 19, 2022

CERTIFIED MAIL: 7018 1830 0001 5906 3671

Trillium US, Inc. c/o Graham Stone, Registered Agent 13011 SE Jennifer St, Suite 204 Clackamas, OR 97015

Re: Notice of Civil Penalty Assessment and Order

Case No. AQ/ACDP-NWR-2021-143

This letter is to inform you that the Department of Environmental Quality (DEQ) has issued you a civil penalty of \$26,573 for operating your vacuum pump, chiller, and industrial pump refurbishing and repair facility at 13011 SE Jennifer Street, Clackamas, Oregon, without an Air Contaminant Discharge Permit (ACDP) from DEQ, and for failing to meet the 98% filter overspray capture efficiency requirement for your spray booth as required by National Emission Standards for Hazardous Air Pollutants (NESHAP), Subpart HHHHHHH.

DEQ issued this penalty because operating without an ACDP is a serious violation that poses a risk to human health and the environment. The industrial activities at your facility emit volatile organic compounds, particulate matter and hazardous air pollutants (HAPs). DEQ regulates these emissions through the permitting process to ensure emissions remain below levels that may negatively impact public health and the environment. Furthermore, when a company subject to permitting requirements operates without a permit, the company has avoided regulation and gained an economic advantage over other similar facilities that timely obtained their permit by avoiding the costs of complying with the law. Of the \$26,973 penalty, \$18,373 is the economic benefit you derived by avoiding ACDP initial application and annual permit fees from 2011 until 2021. The purpose of the economic benefit portion of the civil penalty is to ensure a "level playing field," such that a facility does not gain a competitive advantage by failing to invest in compliance with the law. By estimating the economic benefit, DEQ removes the cost savings associated with your company's delayed and avoided costs of applying for an ACDP.

In addition, until 2020, your facility failed to meet the 98% filter capture efficiency requirement for your spray booth, as required by state and federal law. Your surface coating operation includes the use of Teflon coatings that contain chromium compounds, a listed HAP under the federal Clean Air Act. Chromium, when inhaled, is a known carcinogen and can cause other serious health effects.

DEQ appreciates your efforts to correct the violations by applying for a Simple ACDP and upgrading your spray booth filter to a 99.8% capture efficiency. DEQ considered these efforts when determining the amount of civil penalty.

Trillium US, Inc. Case No. AQ/ACDP-NWR-2021-143 Page 2

If you wish to appeal this matter, DEQ must receive a request for a hearing within 20 calendar days from your receipt of this letter. The hearing request must be in writing. Send your request to DEQ Office of Compliance and Enforcement:

Via mail – 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232 Via email – DEQappeals@deq.state.or.us

Via fax - 503-229-6762

Once DEQ receives your request, we will arrange to meet with you to discuss this matter. If DEQ does not receive a timely written hearing request, the penalty will become due. Alternatively, you can pay the penalty by sending a check or money order to the above address.

The attached Notice further details DEQ's reasons for issuing the penalty and provides further instructions for appealing the penalty. <u>Please review and refer to it when discussing this case with DEQ.</u>

DEQ may allow you to resolve part of your penalty through the completion of a Supplemental Environmental Project (SEP). SEPs are environmental improvement projects that you sponsor instead of paying a portion of your penalty. Further information is available by calling the number below or at http://www.oregon.gov/deq/Regulations/Pages/SEP.aspx.

DEQ's rules are available at http://www.oregon.gov/deq/Regulations/Pages/Statutes.aspx or by calling the number below.

If you have any questions, please contact Jenny Root at 503-229-5874.

Sincerely,

Kieran O'Donnell, Manager

Office of Compliance and Enforcement

Enclosures

cc: Owen Rudloff, Northwest Region Office, DEQ

Kon Domele

Melissa Hovey, Northwest Region Office, DEQ

Accounting, DEQ

Donald Hendrix, AO, DEO

Jason Allen, Trillium US, Inc., 13011 SE Jennifer Str., Suite 204, Clackamas, OR 97015

1 BEFORE THE ENVIRONMENTAL QUALITY COMMISSION 2 OF THE STATE OF OREGON 3 IN THE MATTER OF: NOTICE OF CIVIL PENALTY TRILLIUM US, INC., a Nevada corporation, ASSESSMENT AND ORDER 4 Respondent. CASE NO. AQ/ACDP-NWR-2021-143 5 6 I. AUTHORITY 7 The Department of Environmental Quality (DEQ) issues this Notice of Civil Penalty Assessment 8 and Order (Notice) pursuant to Oregon Revised Statutes (ORS) 468.100, ORS 468.126 through 468.140, 9 ORS Chapter 183 and 468A, and Oregon Administrative Rules (OAR) Chapter 340, Divisions 011, 012, 10 200, 216, and 244. II. FINDINGS OF FACT 11 12 1. Respondent owns and operates a vacuum pump, chiller, and industrial pump refurbishing 13 and repair facility at 13011 SE Jennifer Street, Suite 204, Clackamas, Oregon (the Facility). The 14 Facility is located within the Portland Air Quality Maintenance Area (AQMA) as defined in OAR 340-15 204-0010(14). Respondent has owned and operated the Facility since at least December 31, 2005. 16 2. 17 3. As a part of its repair and refurbishing activities at the Facility, Respondent sprays surface 18 coating products, including those containing chromium compounds, onto metal components inside a 19 spray booth, and then dries and cures surface coats in ovens. During spraying, the surface coat products 20 become atomized into a mist or spray and are capable of being emitted into the atmosphere absent 21 controls. 22 Chromium compounds are listed as hazardous air pollutants, identified in Section 112(b)(1) of the Federal Clean Air Act, 42 USC 7412(b)(1), and by the Oregon Environmental Quality 23 24 Commission (EQC) under OAR 340-244-0040. 25 Respondent has sprayed metal components with chromium-containing surface coatings 26 each year at its Facility, beginning in at least 2006 through to present. The chromium-containing 27 surface coatings used by Respondent either contain chromium compounds that are defined by OSHA as

carcinogens at a concentration greater than 0.1 percent by mass or contain chromium compounds at a concentration greater than 1 percent by mass, or both.

- 6. In its surface coating operations, Respondent uses more than 20 gallons of surface coating products containing chromium compounds annually. The Facility has the potential to emit chromium compounds during surface coating activities, but less than 10 tons per year.
- 7. According to 40 Code of Federal Regulations (CFR), Part 63, Subpart HHHHHHH, National Emission Standards for Hazardous Air Pollutants for Paint Stripping and Miscellaneous Surface Coating Operations at Area Sources¹ (Subpart HHHHHHH), owners or operators of facilities that perform spray application of coatings that contain a target HAP, as defined in 40 CFR 63.11180, to a plastic and/or metal substrate on a part or product, except spray coating applications that meet the definition of facility maintenance or space vehicle in 40 CFR 63.11180, are "affected sources" that must comply with all Subpart HHHHHHH requirements (40 CFR 63.11169 through 40 CFR 63.11180). 40 CFR 63.11170(a)(3).
- 8. The Environmental Quality Commission adopted and incorporated Subpart HHHHHHH by reference in OAR 340-244-0220(1) and (5) on December 11, 2009. The rules became effective on December 16, 2009.
- 9. According to 40 CFR 63.11172(b), owners or operators of affected sources whose initial startup date of the affected source was on or before September 17, 2007, were required to comply with Subpart HHHHHHH requirements by January 10, 2011.
- 10. According to 40 CFR 63.11175(a), owners or operators of existing affected sources subject to Subpart HHHHHHH, were required to submit the initial notification required by 40 CFR 63.9(b) of Subpart HHHHHHH applicability, to DEQ by January 11, 2010.
- 11. Respondent first submitted its NESHAP Initial Notification Form of Subpart HHHHHHH applicability to DEQ on July 6, 2021.

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An area source is any stationary source of HAP that is not a major source (emits 10 or more tons per year of a single HAP or 25 or more tons per year of any combination of HAP). 40 CFR 63.2.

- 12. 40 CFR 63.11173(e)(2)(i) requires that all paint booths subject to Subpart HHHHHHH, must be fitted with a type of filter technology that is demonstrated to achieve at least 98% capture of paint overspray. Owners and operators may use published filter efficiency data provided by filter vendors to demonstrate compliance with this requirement.
- 13. Prior to 2020, Respondent's spray booth filter had a rated capture efficiency of 94.68%. In 2020, Respondent installed a new filter on the spray booth that is rated at 99.8% capture efficiency.
- 14. In approximately January 2016, Respondent purchased and installed at its Facility a Safety Kleen Agitating Bath Degreaser, a dip tank cold cleaner, which uses fluids that emit volatile organic compounds (VOCs).
- 15. In accordance with OAR 340-232-0010(3)(i), facilities with dip tank cold cleaners that use fluids that emit VOCs and are located within the Portland AQMA, are subject to and must comply with the Reasonably Available Control Technology (RACT) requirements in OAR 340-232-0180.
- 16. Pursuant to Oregon Administrative Rule (OAR) 340-216-0020(3), no person may construct, install, establish, develop or operate any air contaminant source listed in OAR 340-216-8010 without first obtaining an Air Contaminant Discharge Permit (ACDP) from DEQ or LRAPA.² Table 1 of OAR 340-216-8010, Part B, #59 requires an ACDP for sources that conduct paint stripping and miscellaneous surface coating operations subject to an area source NESHAP under OAR 340 division 244, excluding paint stripping and miscellaneous surface coating operations using less than 20 gallons of coating and 20 gallons of methylene chloride containing paint stripper per year. Table 1, Part B, #88 requires an ACDP for sources that are subject to Reasonably Available Control Technology (RACT) under OAR 340, division 232.
 - 17. On March 1, 2021, Respondent submitted an application for a simple ACDP to DEQ.

III. CONCLUSIONS

- 1. Chromium compounds are:
 - a. "hazardous air pollutants" or "HAP" as defined by OAR 340-200-0020(76),
 - b. "regulated pollutants" as defined by OAR 340-200-0020(134)(a)(E),

² LRAPA issues ACDPs only for sources located in Lane County

Violation 3

5. Respondent violated OAR 340-216-0020(3) by operating an air contaminant source listed in OAR 340-216-8010, Table 1, Part B, #59 and #88 without first obtaining an air contaminant discharge permit (ACDP) from DEQ, as further described in Section II, paragraphs 16 and 17 and Section III, paragraphs 2 and 3 above. Specifically, from January 10, 2011, and ongoing as of the date of this Notice, Respondent has been subject to an area source NESHAP under OAR 340-244-0220(1) and (5) (Subpart HHHHHHH), is engaged in paint stripping and surface coating operations using more than 20 gallons annually of coatings that contain chromium compounds and is required to obtain an ACDP under OAR 340-216-8010, table 1, part B, #59. From approximately January 2016 and ongoing as of the date of this Notice, Respondent's Facility is subject to a RACT under OAR 340-232-0180 and is required to obtain an ACDP from DEQ under OAR 340-216-8010, table 1, part B, #88. This is a Class II violation, according to OAR 340-012-0054(2)(a). DEQ hereby assesses a \$21,373 civil penalty for this violation.

IV. ORDER TO PAY CIVIL PENALTY AND COMPLY

Based upon the foregoing FINDINGS OF FACTS AND CONCLUSIONS, Respondent is hereby ORDERED TO:

- 1. Pay a total civil penalty of \$26,573. The determination of the civil penalties is attached as Exhibits 1 and 2 and are incorporated as part of this Notice.
- 2. Within 30 days of this order becoming final by operation of law or on appeal, until an ACDP is issued, Respondent must:
- a. Comply with all NESHAP, subpart HHHHHHH requirements in 40 CFR 63.11169 through 40 CFR 63.11180.
 - b. Comply with all cold cleaner degreaser RACT requirements in OAR 340-232-0180; and
- c. Submit all reports required by Subpart HHHHHHH and OAR 340, division 232 to: Owen Rudloff, DEQ Northwest Region, 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232.

If you do not file a request for hearing as set forth in Section V below, your check or money

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Office, 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232.

order must be made payable to "State Treasurer, State of Oregon" and sent to the DEQ, Business

V. NOTICE OF RIGHT TO REQUEST A CONTESTED CASE HEARING

You have a right to a contested case hearing on this Notice, if you request one in writing. DEQ

must receive your request for hearing within 20 calendar days from the date you receive this Notice. If

you have any affirmative defenses or wish to dispute any allegations of fact in this Notice or attached

exhibits, you must do so in your request for hearing, as factual matters not denied will be considered

admitted, and failure to raise a defense will be a waiver of the defense. (See OAR 340-011-0530 for

further information about requests for hearing.) You must send your request to: **DEQ**, **Office of**

Compliance and Enforcement, 700 NE Multnomah Street, Suite 600, Portland, Oregon 97232, fax

it to 503-229-6762 or email it to **DEQappeals@deq.state.or.us**. An administrative law judge

employed by the Office of Administrative Hearings will conduct the hearing, according to ORS

Chapter 183, OAR Chapter 340, Division 011 and OAR 137-003-0501 to 0700. You have a right to be

represented by an attorney at the hearing, however you are not required to be. If you are an individual,

you may represent yourself. If you are a corporation, partnership, limited liability company,

Members Civil Relief Act. For more information contact the Oregon State Bar at 1-800-

unincorporated association, trust or government body, you must be represented by an attorney or a duly

Active-duty service members have a right to stay proceedings under the federal Service

If you fail to file a timely request for hearing, the Notice will become a final order by default

452-8260, the Oregon Military Department at 503-584-3571, or the nearest United States Armed

without further action by DEQ, as per OAR 340-011-0535(1). If you do request a hearing but later

withdraw your request, fail to attend the hearing or notify DEQ that you will not be attending the

hearing, DEQ will issue a final order by default pursuant to OAR 340-011-0535(3). DEQ designates

Forces Legal Assistance Office through http://legalassistance.law.af.mil. The Oregon Military

authorized representative, as set forth in OAR 137-003-0555.

Department does not have a toll-free telephone number.

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1	the relevant portions of its files, inclu	ding information submitted by you, as the record for purpose	es of
2	proving a prima facie case.		
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5	Date	Kieran O'Donnell, Manager Office of Compliance and Enforcement	
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EXHIBIT 1

FINDINGS AND DETERMINATION OF RESPONDENT'S CIVIL PENALTY PURSUANT TO OREGON ADMINISTRATIVE RULE (OAR) 340-012-0045

<u>VIOLATION 2</u>: Failing to meet the NESHAP Subpart HHHHHHH requirement to

spray in a booth fitted with a filter demonstrated to have a 98% capture efficiency in violation of 40 CFR 63.11173(e)(2)(i), adopted and incorporated by reference in OAR 340-244-0220(1) and (5).

<u>CLASSIFICATION</u>: This is a Class I violation pursuant to OAR 340-012-0054(1)(i).

MAGNITUDE: The magnitude of the violation is moderate pursuant to OAR 340-

012-0130(1), as there is no selected magnitude specified in OAR 340-012-0135 applicable to this violation, and the information reasonably available to DEQ does not indicate a minor or major

magnitude.

<u>CIVIL PENALTY FORMULA</u>: The formula for determining the amount of penalty of each

violation is: $BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB$

"BP" is the base penalty, which is \$4,000 for a Class I, moderate magnitude violation in the matrix listed in OAR 340-012-0140(3)(b)(A)(ii) and applicable pursuant to OAR 340-012-0140(3)(a)(A) because as of 2016, Respondent should have operated under a Simple Air Contaminant Discharge Permit to operate its Facility and is not listed under another penalty matrix.

- "P" is whether Respondent has any prior significant actions, as defined in OAR 340-012-0030(19), in the same media as the violation at issue that occurred at a facility owned or operated by Respondent, and receives a value of 0 according to OAR 340-012-0145(2)(a)(A), because there are no prior significant actions.
- "H" is Respondent's history of correcting prior significant actions and receives a value of 0 according to OAR 340-012-0145(3)(c), because there is no prior history.
- "O" is whether the violation was repeated or ongoing and receives a value of 4 according to OAR 340-012-0145(4)(d), because there were more than 28 occurrences of the violation. In accordance with OAR 340-012-0145(4), each day of violation with a duration of more than one day is a separate occurrence. Respondent operated without meeting the minimum filter capture efficiency requirement from January 10, 2011 until 2020 when Respondent upgraded its filter.
- "M" is the mental state of the Respondent and receives a value of 2 pursuant to OAR 340-012-0145(5)(b). Respondent's surface coating operation sprays chromium containing compounds in its spray booth. Chromium is a listed hazardous air pollutant under the federal

Clean Air Act that is regulated by both federal and state requirements. Therefore, Respondent reasonably should have known it needed to meet a minimum filter capture efficiency in its spray booth to use surface coatings containing chromium.

- "C" is Respondent's efforts to correct or mitigate the violation and receives a value of -3 according to OAR 340-012-0145(6)(c) because Respondent made reasonable efforts to correct the violation by replacing the spray booth filter in 2020 with a new one that is rated at 99.8% capture efficiency.
- "EB" is the approximate dollar value of the benefit gained and the costs avoided or delayed as a result of the Respondent's noncompliance. It is designed to "level the playing field" by taking away any economic advantage the entity gained and to deter potential violators from deciding it is cheaper to violate and pay the penalty than to pay the costs of compliance. In this case, "EB" receives a value of \$0 as any economic benefit derived from the cost difference between a spray booth filter rated at 94.68% and 98% capture efficiency is de minimis.

PENALTY CALCULATION: Penalty = BP + $[(0.1 \times BP) \times (P + H + O + M + C)]$ + EB = \$4,000 + $[(0.1 \times $4,000) \times (0 + 0 + 4 + 2 + -3)]$ + \$0 = \$4,000 + (400×3) + \$0 = \$4,000 + \$1,200 + \$0 = \$5,200

EXHIBIT 2

FINDINGS AND DETERMINATION OF RESPONDENT'S CIVIL PENALTY PURSUANT TO OREGON ADMINISTRATIVE RULE (OAR) 340-012-0045

<u>VIOLATION 3</u>: Operating an air contaminant source listed in OAR 340-216-8010,

Part B, # 59 and #88 without first obtaining an ACDP from DEQ, in violation of ORS 468A.045(1)(b) and OAR 340-216-0020(3).

<u>CLASSIFICATION</u>: This is a Class II violation pursuant to OAR 340-012-0054(2)(a).

MAGNITUDE: The magnitude of the violation is moderate pursuant to OAR 340-

012-0130(1), as there is no selected magnitude specified in OAR 340-012-0135 applicable to this violation, and the information reasonably available to DEQ does not indicate a minor or major

magnitude.

<u>CIVIL PENALTY FORMULA</u>: The formula for determining the amount of penalty of each violation is: $BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB$

"BP" is the base penalty, which is \$2,000 for a Class II, moderate magnitude violation in the matrix listed in OAR 340-012-0140(3)(b)(B)(ii) and applicable pursuant to OAR 340-012-0140(3)(a)(A) because as of 2016, Respondent should have been operating under a Simple Air Contaminant Discharge Permit to operate its Facility and is not listed under another penalty matrix.

- "P" is whether Respondent has any prior significant actions, as defined in OAR 340-012-0030(19), in the same media as the violation at issue that occurred at a facility owned or operated by Respondent, and receives a value of 0 according to OAR 340-012-0145(2)(a)(A), because there are no prior significant actions.
- "H" is Respondent's history of correcting prior significant actions and receives a value of 0 according to OAR 340-012-0145(3)(c), because there is no prior history.
- "O" is whether the violation was repeated or ongoing and receives a value of 4 according to OAR 340-012-0145(4)(d), because there were more than 28 occurrences of the violation. In accordance with OAR 340-012-0145(4), each day of violation with a duration of more than one day is a separate occurrence. Respondent has operated the Facility without an ACDP from at least January 10, 2011, to present.
- "M" is the mental state of the Respondent and receives a value of 4 pursuant to OAR 340-012-0145(5)(c) because Respondent's conduct was negligent. Respondent's surface coating operation sprays chromium containing compounds. Chromium is a listed hazardous air pollutant under the federal Clean Air Act that is regulated by both federal and state requirements. In addition, in 2016, Respondent added a degreaser to its operations that uses

products that emit VOCs, another air contaminant regulated by federal and state Clean Air Act requirements. As such, Respondent failed to take reasonable care to inquire with DEQ whether permitting or other regulatory requirements existed for the surface coating line or degreaser, or to otherwise research applicable requirements for these operations to avoid the foreseeable risk of operating an air contaminant source without an ACDP from DEQ.

- "C" is Respondent's efforts to correct or mitigate the violation and receives a value of -3 according to OAR 340-012-0145(6)(c) because, once aware of the violation, Respondent made reasonable efforts to correct the violation by submitting a Simple ACDP application to DEQ on March 1, 2021.
- "EB" is the approximate dollar value of the benefit gained and the costs avoided or delayed as a result of the Respondent's noncompliance. It is designed to "level the playing field" by taking away any economic advantage the entity gained and to deter potential violators from deciding it is cheaper to violate and pay the penalty than to pay the costs of compliance. In this case, "EB" receives a value of \$18,373. This is the amount Respondent gained by avoiding spending \$1,920 in 2011 for the initial permit application fee for a General ACDP and the 2011 annual fee; avoiding spending \$720 for the 2012 annual fee; avoiding spending \$864 each year for the 2013 through 2015 annual fees; delaying spending \$7,200 from January 2016 until March 2021 for the initial application fee for a Simple ACDP; avoiding spending \$4,608 for the 2016 annual permit fee; avoiding spending \$2,304 each year for the 2017 through 2020 annual fees and avoiding spending \$806 for the 2020 Cleaner Air Oregon annual fee. This "EB" was calculated pursuant to OAR 340-012-0150(1) using the U.S. Environmental Protection Agency's BEN computer model.

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PENALTY CALCULATION: Penalty = BP + [(0.1 \times BP) \times (P + H + O + M + C)] + EB = $2,000 + [(0.1 \times $2,000) \times (0 + 0 + 4 + 4 + -3)] + $18,373 = $2,000 + (200 \times 5) + $18,373 = $2,000 + $1,000 + $18,373 = $21,373
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