EPA ENFORCEMENT ACCOUNTS RECEIVABLE CONTROL NUMBER FORM FOR ADMINISTRATIVE ACTIONS

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This form was originated by Wanda I. Santiago for	John E. Hulteren Name of Case Attorney	5/21/15 Date
in the <u>ORC (RAA)</u> at <u>918-1113</u> Office & Mail Code Phone number		•
Case Docket Number(AA - 01 - 2015 - 00)25	
Site-specific Superfund (SF) Acct. Number		
V This is an original debt 7	This is a modification	
Name and address of Person and/or Company/Muni Shelburne Shipyard, Frc. 4584 Harbar Read		
Shelburne VT 05482	· · · · · · · · · · · · · · · ·	
Total Dollar Amount of Receivable \$ 32,00 SEP due? Yes No	0 Due Date: 76/22/15 Date Due	
Installment Method (if applicable)		
INSTALLMENTS OF:	•	
1 st \$	OD	
2 nd \$	on	
3 ^{re} \$	on	
4 [±] S	on	
5 th S	on	
For RHC Tracking Purposes:		
Copy of Check Received by RHC	Notice Sent to Finance	
TO BE FILLED OUT BY LOCAL FINANCIAL	L MANAGEMENT OFFICE:	
IFMS Accounts Receivable Control Number		
If you have any questions call: in the Financial Management Office	Phone Number	



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION I – New England 5 Post Office Square - Suite 100 Boston, Massachusetts 02109-3912

BY HAND

May 22, 2015

Wanda Santiago Regional Hearing Clerk U.S. Environmental Protection Agency - Region I 5 Post Office Square - Suite 100 (ORA18-1) Boston, MA 02109-3912

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EPA ORC WS Office of Regional Hearing Clerk

Re: In the Matter of Shelburne Shipyard, Incorporated, Docket No. CAA-01-2015-0025

Dear Ms. Santiago:

Please find enclosed for filing the original and one copy of a Consent Agreement and Final Order ("CAFO") resolving the above-referenced enforcement case. Also enclosed is the original and one copy of a certificate of service documenting that, on this date, a copy of the CAFO and this cover letter were mailed to the Respondent's counsel.

Thank you for your assistance in this matter.

Sincerely,

John E. Hultgren Enforcement Counsel

Enclosures

ecc: Ellen Mercer Fallon, Esq. Abdi Mohamoud, EPA Office of Environmental Stewardship

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 1

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IN THE MATTER OF Shelburne Shipyard, Incorporated 4584 Harbor Road Shelburne, VT 05482

Proceeding under Section 113 of the Clean Air Act Docket No. CAA-01-2015-0025

CONSENT AGREEMENT

A. PRELIMINARY STATEMENT

- This is an administrative penalty assessment proceeding brought under Section 113(d) of the Clean Air Act (the "Act" or "CAA"), 42 U.S.C. § 7413(d), and Sections 22.13 and 22.18 of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits ("Consolidated Rules"), as codified at 40 C.F.R. Part 22.
- Complainant is the United States Environmental Protection Agency, Region 1 (the "EPA"). On the EPA's behalf, Susan Studlien, Director, Office of Environmental Stewardship, is delegated the authority to settle civil administrative penalty proceedings under Section 113(d) of the Act.
- Respondent is Shelburne Shipyard, Incorporated, a corporation doing business in the State of Vermont. Respondent is a "person" as defined in Section 302(e) of the Act, 42 U.S.C. § 7602(e).
- 4. Complainant and Respondent, having agreed that settlement of this action is in the public interest, consent to the entry of this consent agreement ("Consent Agreement" or "Agreement") and the attached final order ("Final Order" or "Order") without

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adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this Consent Agreement and Final Order.

B. JURISDICTION

- This Consent Agreement is entered into under Section 113(d) of the Act, as amended,
 42 U.S.C. § 7413(d), and the Consolidated Rules, 40 C.F.R. Part 22.
- 6. The EPA and the United States Department of Justice jointly determined that this matter, although it involves alleged violations that occurred more than one year before the initiation of this proceeding, is appropriate for an administrative penalty assessment. 42 U.S.C. § 7413(d).
- 7. The Regional Judicial Officer is authorized to ratify this Consent Agreement which memorializes a settlement between Complainant and Respondent. 40 C.F.R. §§ 22.4(a) and 22.18(b).
- The issuance of this Consent Agreement and attached Final Order concludes this proceeding. 40 C.F.R. § 22.18(b)(3).

C. ALLEGED VIOLATIONS OF LAW

- 9. On February 13, 2015, EPA filed a Complaint and Notice of Opportunity for Hearing and initiated this proceeding for the assessment of a civil penalty pursuant to Section 113(d) of the Act, 42 U.S.C. § 7413(d).
- The Complaint alleges that Respondent violated certain provisions at its facility located at 4584 Harbor Road in Shelburne. Vermont (the "Facility"): (1) the National Emission Standards for Hazardous Air Pollutants for Shipbuilding and Ship Repair Facilities (Surface Coating) found at 40 C.F.R. Part 63, Subpart II ("Shipbuilding NESHAP"); (2) CAA Title V operating permit requirements of Sections 502 and 503

of the CAA, 42 U.S.C. §§ 7661a and 7661b; and (3) Vermont state implementation plan ("SIP") requirements within certain federally-approved portions of the Vermont Air Pollution Control Regulations.

D. TERMS OF CONSENT AGREEMENT

- 11. For the purpose of this proceeding, as required by 40 C.F.R. § 22.18(b)(2), Respondent:
 - (a) admits that the EPA has jurisdiction over the subject matter alleged in this Agreement;
 - (b) neither admits nor denies the specific factual allegations of the Complaint and of Section C of this Agreement;
 - (c) consents to the assessment of a civil penalty as stated below;
 - (d) consents to the issuance of any specified compliance or corrective action order;
 - (e) consents to the conditions specified in this Agreement;
 - (f) waives any right to contest the alleged violations of law set forth in the Complaint and Section C of this Agreement; and
 - (g) waives its rights to appeal the Order accompanying this Agreement.
- 12. For the purpose of this proceeding, Respondent:
 - (a) acknowledges that this Agreement constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions;
 - (b) waives any and all remedies, claims for relief and otherwise available
 rights to judicial or administrative review that Respondent may have with

respect to any issue of fact or law set forth in this Order, including any right of judicial review under Section 307(b)(1) of the Clean Air Act, 42 U.S.C. § 7607(b)(1);

- (c) consents to personal jurisdiction in any action to enforce this Agreement or Order, or both, in the United States District Court for the District of Vermont; and
- (d) waives any rights it may possess at law or in equity to challenge the authority of the EPA to bring a civil action in a United States District
 Court to compel compliance with the Agreement or Order, or both, and to seek an additional penalty for such noncompliance, and agrees that federal law shall govern in any such civil action.

13. Penalty Payment

- (a) EPA has compromised the maximum civil penalty of \$37,500 per day per violation authorized in this matter, applying the factors set forth in Section 113(e) of the Act, 42 U.S.C. § 7413(e), and the 1991 Clean Air Act Stationary Source Civil Penalty Policy, including Respondent's significant cooperation in agreeing to perform the non-penalty obligations in Appendix 1 to this Agreement.
- (b) In light of the particular facts and circumstances of this matter, with specific reference to the statutory factors of Section 113(e)(1) of the Act, 42 U.S.C. § 7413(e), and considering Respondent's significant cooperation in agreeing to perform the non-penalty obligations in Appendix 1, EPA has determined that it is fair and proper to assess a civil

penalty for the violations alleged in the Complaint and Section C of this Agreement in the total amount of thirty-two thousand dollars (\$32,000).

- (c) Respondent agrees to pay the civil penalty of thirty-two thousand dollars
 (\$32,000) ("EPA Penalty") within 60 calendar days of the Effective Date of this Agreement.
- (d) Respondent agrees to make payment by submitting a bank, cashier's, or certified check, to the order of the "Treasurer, United States of America,"

in the amount of thirty-two thousand dollars (\$32,000) to:

U.S. Environmental Protection Agency Fines and Penalties Cincinnati Finance Center P.O. Box 979077 St. Louis, MO 63197-9000

Respondent shall note the case name and docket number of this action on

the check and in an accompanying cover letter, and shall simultaneously

provide copies of the check and cover letter to:

Regional Hearing Clerk U.S. Environmental Protection Agency, Region I 5 Post Office Square Suite 100, Mail Code ORA18-1 Boston, MA 02109-3912

and

John E. Hultgren Enforcement Counsel U.S. Environmental Protection Agency, Region I 5 Post Office Square Suite 100, Mail Code OES4-02 Boston, MA 02109

14. If Respondent fails to timely pay any portion of the penalty assessed under this

Agreement, the EPA may:

- (a) request the Attorney General to bring a civil action in an appropriate district court to recover: the amount assessed; interest at rates established pursuant to 26 U.S.C. § 6621(a)(2); the United States' enforcement expenses; and a 10 percent quarterly nonpayment penalty, 42 U.S.C. § 7413(d)(5);
- (b) refer the debt to a credit reporting agency or a collection agency, 42U.S.C. § 7413(d)(5), 40 C.F.R. §§ 13.13, 13.14, and 13.33;
- (c) collect the debt by administrative offset (i.e., the withholding of money payable by the United States to, or held by the United States for, a person to satisfy the debt the person owes the Government), which includes, but is not limited to, referral to the Internal Revenue Service for offset against income tax refunds, 40 C.F.R. Part 13, Subparts C and H; and
- (d) suspend or revoke Respondent's licenses or other privileges granted by EPA; or suspend or disqualify Respondent from doing business with the EPA or engaging in programs the EPA sponsors or funds, 40 C.F.R. § 13.17.
- 15. <u>Conditions</u>. As a condition of settlement, Respondent agrees to comply with the nonpenalty provisions of Appendix 1 (Terms of Compliance) as of the Effective Date of this Agreement. Appendix 1 is attached hereto and incorporated herein by reference. Respondent shall comply with Appendix 1 beginning with the Effective Date of this CAFO. Respondent shall comply with the requirements specified in Appendix 1, as demonstrated through adequate recordkeeping, until such time as the issuance by the Vermont Department of Environmental Conservation of permits for the Facility with

conditions at least as stringent as those of Appendix 1. Pending the issuance of such permits, Respondent shall comply with the terms of the EPA-approved permit applications.

- (a) Respondent shall be liable for stipulated penalties in the amount of \$1,000
 for each day for the first through fifth day for each failure to perform any
 action required under the provisions of Appendix 1 and \$2,000 for each
 day thereafter for each failure to perform any action required under the
 provision of Appendix 1.
- (b) Respondent shall pay stipulated penalties plus any interest due thereupon within fifteen (15) days of receipt of a written demand by EPA for such penalties. The method of payment shall be in accordance with the provisions of Paragraph 13 herein. EPA may, in its sole discretion, elect not to seek stipulated penalties or to compromise any portion of stipulated penalties that accrue pursuant to this CAFO.
- 16. Respondent agrees that the time period from the Effective Date of this Agreement until all of the conditions specified in Paragraph 15 are completed (the "Tolling Period") shall not be included in computing the running of any statute of limitations potentially applicable to any action brought by Complainant on any claims (the "Tolled Claims") set forth in the Complaint and Section C of this Agreement. Respondent shall not assert, plead, or raise in any fashion, whether by answer, motion or otherwise, any defense of laches, estoppel, or waiver, or other similar equitable defense based on the running of any statute of limitations or the passage of time during the Tolling Period in any action brought on the Tolled Claims.

- 17. The provisions of this Agreement shall apply to and be binding upon Respondent, its officers and directors in their corporate capacities, and its successors and assigns. From the Effective Date of this Agreement until the end of the Tolling Period, as set out in Paragraph 16, Respondent must give written notice and a copy of this Agreement to any successors in interest prior to any transfer of ownership or control of any portion of or interest in the Facility. Simultaneously with such notice, Respondent shall provide written notice of such transfer, assignment, or delegation to the EPA. In the event of any such transfer, assignment, or delegation, Respondent shall not be released from the obligations or liabilities of this Agreement unless the EPA has provided written approval of the release of said obligations or liabilities.
- By signing this Agreement, Respondent acknowledges that this Agreement and Order will be fully releasable and available to the public.
- 19. By signing this Agreement, the undersigned representative of Complainant and the undersigned representative of Respondent each certify that he or she is fully authorized to execute and enter into the terms and conditions of this Agreement and has the legal capacity to bind the party he or she represents to this Agreement.
- 20. By signing this Agreement, both parties agree that each party's obligations under this Consent Agreement and attached Final Order constitute sufficient consideration for the other party's obligations. Additionally, both parties agree that Complainant's covenant not to sue Respondent (stated in Paragraph 25) during the time period between the issuance of the attached Final Order and the deadline (stated in Paragraph 15) for Respondent to complete the non-penalty conditions of this Consent Agreement constitutes sufficient consideration for Respondent's obligation to

Consent Agreement and Final Order, Docket No. CAA-01-2015-0025

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completely perform the non-penalty conditions of this Consent Agreement as stated in Paragraph 15, regardless of whether the covenant not to sue subsequently terminates.

- 21. By signing this Agreement, Respondent certifies that, to the best of its knowledge, the information and statements that it supplied to EPA in response to EPA's Reporting Requirement, dated April 5, 2012, were at the time of submission true, accurate, and complete. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.
- 22. Except as qualified by Paragraph 14, each party shall bear its own attorney's fees, costs, and disbursements incurred in this proceeding, and specifically waives any right to recover such costs from the other party pursuant to the Equal Access to Justice Act, 5 U.S.C. § 504, or other applicable law.
- 23. All notices and submissions required by this Order shall be sent to:

If by Respondent:

Abdi Mohamoud Office of Environmental Stewardship U.S. Environmental Protection Agency—Region I Suite 100 Mail Code OES4-2 5 Post Office Square Boston, MA 02109-3912 or mohamoud.abdi@epa.gov

If by EPA:

Mary Griswold, President and Owner Shelburne Shipyard, Incorporated 4584 Harbor Road Shelburne, VT 05482 With a copy to:

Ellen Mercer Fallon, Esq. Langrock Sperry & Wool, LPP 111 South Pleasant Street P.O. Drawer 351 Middlebury, VT 05753-0351 or efallon@langrock.com

E. EFFECT OF CONSENT AGREEMENT AND ATTACHED FINAL ORDER

- 24. In accordance with 40 C.F.R. § 22.18(c), completion of the terms of this Consent Agreement and Final Order resolves only Respondent's liability for federal civil penalties for the violations and facts specifically alleged in the Complaint and Section C of this Agreement.
- 25. Complainant covenants not to sue Respondent for injunctive or other equitable relief for the violations and facts alleged in this matter, but such covenant automatically terminates if and when Respondent fails to timely and satisfactorily complete every condition stated in Paragraph 15 (including payment of any stipulated penalties owed). If and when such covenant terminates, the United States at its election may seek to compel performance of the conditions stated in Paragraph 15 in a civil judicial action under the CAA or as a matter of contract. The covenant not to sue becomes permanent upon satisfactory performance of the conditions stated in Paragraph 15.
- 26. Penalties paid pursuant to this Agreement shall not be deductible for purposes of federal taxes.
- 27. This Agreement constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.

Consent Agreement and Final Order, Docket No. CAA-01-2015-0025

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- 28. The terms, conditions, and compliance requirements of this Agreement may not be modified or amended except upon the written agreement of both parties, and approval of the Regional Judicial Officer.
- 29. Any violation of this Order may result in a civil judicial action for an injunction or civil penalties of up to \$37,500 per day per violation, or both, as provided in Section 113(b)(2) of the Act, 42 U.S.C. § 7413(b)(2), as well as criminal sanctions as provided in Section 113(c) of the Act, 42 U.S.C. § 7413(c). The EPA may use any information submitted under this Order in an administrative, civil judicial, or criminal action.
- 30. Nothing in this Agreement shall relieve Respondent of the duty to comply with all applicable provisions of the Act and other federal, state, or local laws or statutes, nor shall it restrict the EPA's authority to seek compliance with any applicable laws or regulations except as stated under Paragraphs 24 and 25 herein, nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit.
- 31. Nothing herein shall be construed to limit the power of the EPA to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.
- 32. The EPA reserves the right to revoke this Agreement and settlement penalty if and to the extent that the EPA finds, after signing this Agreement, that any information and statements provided by Respondent in response to EPA's Reporting Requirement, dated April 5, 2012, were materially false or inaccurate at the time such information

and statements were provided to the EPA, and the EPA reserves the right to assess and collect any and all civil penalties for any violation described herein. The EPA shall give Respondent notice of its intent to revoke, which shall not be effective until received by Respondent in writing.

F. EFFECTIVE DATE

33. Respondent and Complainant agree to issuance of the attached Final Order. Upon filing, the EPA will transmit a copy of the filed Consent Agreement to the Respondent. This Consent Agreement and attached Final Order shall become effective after execution of the Final Order by the Regional Judicial Officer, on the date of filing with the Hearing Clerk.

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The foregoing Consent Agreement In the Matter of Shelburne Shipyard, Incorporated, Docket No. CAA-01-2015-0025, is Hereby Stipulated, Agreed, and Approved for Entry.

FOR RESPONDENT:

Mmld 5 Date '4] 15 Signature MARY M GRISWOLD PRESIDENT Printed Name: Title: P.O. BOX 6/0 SHELBURNE, VT 05482 Address:

Respondent's Federal Tax Identification Number: 05-035747/

The foregoing Consent Agreement In the Matter of Shelburne Shipyard, Incorporated, Docket No. CAA-01-2015-0025, is Hereby Stipulated, Agreed, and Approved for Entry.

FOR COMPLAINANT:

DATE

Susan Studlien, Director Office of Environmental Stewardship U.S. Environmental Protection Agency – Region 1 5 Post Office Square Suite 100, Mail Code OES4-5 Boston, MA 02109-3912 The foregoing Consent Agreement In the Matter of Shelburne Shipyard, Incorporated, Docket No. CAA-01-2015-0025, is Hereby Stipulated, Agreed, and Approved for Entry.

FOR COMPLAINANT:

13/15

Susan Studlien, Director Office of Environmental Stewardship U.S. Environmental Protection Agency – Region 1 5 Post Office Square Suite 100, Mail Code OES4-5 Boston, MA 02109-3912

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 1

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IN THE MATTER OF Shelburne Shipyard, Incorporated 4584 Harbor Road Shelburne, VT 05482 Proceeding under Section 113 of the Clean Air Act

Docket No. CAA-01-2015-0025

FINAL ORDER

In accordance with 40 C.F.R. § 22.18(b) of the United States Environmental Protection Agency's Consolidated Rules of Practice, the parties to this matter have forwarded the foregoing executed Consent Agreement for final approval. Section 113(d)(1) of the Clean Air Act, 42 U.S.C. § 7413(d)(1), authorizes EPA to issue an administrative penalty to enforce the requirements of this Act. In addition, Section 113(d)(2)(B) of the Clean Air Act, 42 U.S.C. § 7413(d)(2)(B), authorizes EPA to compromise the maximum civil penalty of \$37,500 per day per violation by applying the penalty factors set forth in Section 113(e)(1) of the CAA, 42 U.S.C. § 7413(e)(1), to the facts and circumstances of this case, including Respondent's significant cooperation to date and agreement to perform non-penalty conditions. Pursuant to these provisions, EPA has modified the maximum civil penalty and imposed the conditions described in Section D and Appendix 1 of the Consent Agreement. Respondent has consented to the terms of this Consent Agreement.

Pursuant to 40 C.F.R. § 22.18(b) of EPA's Consolidated Rules of Practice and Section 113(d) of the Clean Air Act, 42 § 7413(d), the Consent Agreement is incorporated by reference into this Final Order and is hereby ratified. The Respondent, Shelburne Shipyard, Incorporated,

is ordered to pay the civil penalty amount in the total amount of \$32,000 in the manner indicated. The terms of the Consent Agreement will become effective on the date it is filed with the

Regional Hearing Clerk.

SO ORDERED THIS DAY OF 2015. lay

LeAnn Jensen Acting Regional Judicial Officer

Consent Agreement and Final Order, Docket No. CAA-01-2015-0025

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APPENDIX 1

Terms of Compliance Consent Agreement and Final Order Shelburne Shipyard, Incorporated, Shelburne, Vermont

1. Respondent shall comply with the National Emission Standards for Hazardous Air Pollutants for Shipbuilding and Ship Repair Facilities (Surface Coating) found at 40 CFR Part 63, Subpart II ("Shipbuilding NESHAP"). If Respondent opts to operate the Facility not as an "affected source," as that term is defined at 40 C.F.R. § 63.782, Respondent shall record the total volume of coatings applied to "ships," as that term is defined under 40 C.F.R. § 63.782, at the Facility (irrespective of who applies the coatings), compile records monthly, and maintain such records for a minimum of five years pursuant to 40 C.F.R. § 63.788(b)(1), starting no later than the Effective Date of the CAFO. If Respondent opts to operate the Facility as an "affected source," as that term is defined at 40 C.F.R. § 63.782, Respondent shall comply with all applicable requirements of the Shipbuilding NESHAP pursuant to 40 C.F.R. § 63.781(a), starting no later than the Effective Date of the CAFO.

2. Within 60 days of the Effective Date of the CAFO, Respondent shall submit to EPA for its review, a draft application for a (1) permit for the Facility pursuant to Vermont Air Pollution Control ("VT APC") Regulations 5-501, 5-502, and 5-253.20; and (2) Title V operating permit for the Facility pursuant to Sections 502(a) and 503(c) of the Clean Air Act, 42 §§ 7661a(a) and 7661b(c). Within seven days of receipt of EPA's final notice that the draft application is satisfactory, Respondent shall submit the VT APC permit and Title V permit application to the Vermont Department of Environmental Conservation ("VT DEC"). Respondent shall apply for a synthetic minor source permit for the Facility through the use of an emissions cap of nine tons per rolling 12-month period for total Facility emissions of: (1) any hazardous air pollutants ("HAPs"), as defined under Section 112(a)(6) of the Clean Air Act, 42 §§ 7412(a)(6), and 40 C.F.R. § 63.782; plus (2) any volatile organic compounds ("VOCs"). (If HAPs and VOCs overlap they do not have to be double counted with respect to adhering to the nine ton cap).

3. Respondent shall comply with the above terms, as demonstrated through adequate recordkeeping, until such time as the VTDEC issues permits with provisions at least as stringent.

4. Respondent shall implement a record-keeping system that will record the information necessary to demonstrate compliance with the CAFO.

5. Respondent shall submit to EPA quarterly reports for 12 months to demonstrate compliance with the terms of the CAFO. The first quarterly report will cover the three calendar-month period following the Effective Date of the CAFO. Respondent shall submit each quarterly report within 60 days of the end of the quarter.

CERTIFICATE OF SERVICE

I certify that the foregoing "Consent Agreement" and "Final Order," in the Matter of Shelburne Shipyard, Incorporated, Docket No. CAA-01-2015-0025, were sent to the following persons on the date noted below:

Original and One Copy (Hand-Delivered):

Wanda Santiago Regional Hearing Clerk U.S. Environmental Protection Agency - Region I 5 Post Office Square Suite 100, ORA18-1 Boston, MA 02109-3912

Copy, including (First class mail) Ellen Mercer Fallon, Esq. Langrock Sperry & Wool, LPP 111 S. Pleasant Street P.O. Drawer 351 Middlebury, VT 05753-0351

Dated: 5/22/15

John E. Hultgren Enforcement Counsel U.S. Environmental Protection Agency - Region 1 5 Post Office Square Suite 100, Mail Code OES04-2 Boston, MA 02109-3912