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PROCEEDINGS

(Hearing Exhibit Nos. 1 through 3 were marked.)

(April 23 2004 12:00 p.m.)

HEARING OFFICER: Good afternoon. My name is Carol Sudman. I'm a hearing officer with the Pollution Control Board. Joining me today is Alisa Liu from the Board's technical unit. This is the hearing for Adjusted Standard 04-1, Petition of Crownline Boats for an Adjusted Standard from 35 Illinois Administrative Code 215.301.

It is April 23, 2004, and we are beginning at 12:00 p.m. I will mention that the City Hall has moved about half a block recently, but I did post a note on the old building, and it does appear that everybody made it all right. It was not a big move, but we had to change facilities, so I apologize for the inconvenience.

I will note for record that there are no members of the public present. Members of the public are allowed to provide public comment, if they so choose. In this petition, Crownline seeks an adjusted standard from a regulation pertaining to the emission of volatile organic material at Crownline's West Frankfort

1 boat manufacturing facility.

2 You should know that it is the
3 Pollution Control Board and not me that will make the
4 final decision in this case. My purpose is to conduct
5 the hearing in a neutral and orderly manner, so that we
6 have a clear record of the proceedings. I will also
7 assess the credibility of any witnesses on the record at
8 the end of the hearing.

9 This hearing was noticed pursuant to
10 the Act and the Board's rules, and will be conducted
11 pursuant to Sections 101.600 through 101.632 and 104.422
12 of the Board's procedural rules.

13 At this time, I would like to ask the
14 parties to please make their appearances on the record.

15 MR. GUARIGLIA: I am Dale Guariglia with the
16 law firm of Bryan Cave representing Crownline Boats.

17 MR. MATOESIAN: Charles Matoesian appearing
18 for the Illinois Environmental Protection Agency.

19 HEARING OFFICER: Thank you very much. Are
20 there any preliminary matters you wish to discuss on the
21 record?

22 MR. MATOESIAN: No.

23 HEARING OFFICER: Mr. Guariglia, would you like

24 to make an opening statement?

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1 MR. GUARIGLIA: I think what I would like to do
2 is to have our first witness speak first, Mr. Tim
3 Claxton of Crownline Boats.

4 HEARING OFFICER: Mr. Matoesian, do you have an
5 opening statement?

6 MR. MATOESIAN: Just a brief one, but they can
7 go ahead.

8 HEARING OFFICER: I mean, are you making an
9 opening statement, or are you ready to --

10 MR. GUARIGLIA: I think we're ready to begin.

11 HEARING OFFICER: Well, let me ask Mr. Matoesian
12 to make your opening statement.

13 MR. MATOESIAN: I was just going to state that
14 we filed a brief or recommendation on January 20, 2004,
15 recommending that this Adjusted Standard be granted, and
16 pursuant to conversation with the Petitioner, we will
17 just stand on our brief at this time.

18 However, I do have Mr. David Bloomberg
19 with me. He's an environmental protection engineer with
20 the air quality planning section for the Bureau of Air,
21 and he is available to answer any questions that the
22 technical staff may have.

23 HEARING OFFICER: Thank you. Mr. Guariglia, you
24 may call your first witness, or is that going to be you?

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1 MR. GUARIGLIA: No. Mr. Claxton will be the
2 first witness.

3 HEARING OFFICER: Mr. Claxton?

4 MR. CLAXTON: Yes.

5 HEARING OFFICER: Would the court reporter
6 please swear in the witness.

7 (AT WHICH POINT IN THE HEARING, TIM
8 CLAXTON WAS SWORN.)

9 HEARING OFFICER: Mr. Claxton, I don't know if
10 you would like -- Mr. Guariglia, would you like to have
11 him sit there, or would you like to have him sit up
12 here?

13 MR. GUARIGLIA: If the court reporter can hear,
14 this is probably just as well.

15 MR. CLAXTON: I will speak up. My name is Tim
16 Claxton. I'm President of Crownline Boats. I'm also
17 one of the owners of Crownline. I would like to thank
18 you, Ms. Sudman, and you, Ms. Liu, for making the
19 appearance today. We appreciate your interest in this
20 matter. Also in the room are other Crownline personnel,

21 as we have identified.

22 Crownline Boats, as I said, is a
23 family-owned manufacturing operation. We're located
24 here in West Frankfort. Ownership of the company is

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1 myself, and two sisters. Myself and one of my sisters
2 are active in the business. The other is not.

3 We began operations as a manufacturing
4 concern in 1991. As a start-up operation, we began
5 with, approximately, 15 employees. Over the course of
6 the last 13 years, we have grown to a company size now
7 of employees in excess of over 650 employees. We're one
8 of the largest employers in Franklin County and the
9 region, at large.

10 We compete in a national and an
11 international marketplace with companies that are much
12 larger than us, much more diverse than us, and companies
13 that, quite frankly, have manufacturing operations that
14 are not in the state of Illinois where we are being
15 asked to comply with some regulations, in specific, the
16 eight-pound-per-hour rule that we are asking the
17 adjustment for.

18 These companies -- we don't -- they
19 don't have to comply with the same regulations that we

20 are being asked to. We are simply here today to ask
21 that the State of Illinois allow us to take to the field
22 on a level field.

23 We have, throughout the life of our
24 business, been -- I think we have been a good corporate

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1 neighbor. We have tried to certainly comply with any
2 regulations that might be placed upon us by any
3 governing body. We just think that we are being asked
4 to meet a regulation that our competitors aren't, and
5 it's puts us at a disadvantage. This is important to
6 Crownline.

7 As I said, we are a family, local
8 company. We have always been in this area. I grew up
9 here. My sisters grew up here. We still live here. We
10 work, play here. We don't feel like we are, in any way,
11 endangering or negatively impacting the environment
12 through our manufacturing process.

13 It would be most appreciative if you
14 would listen to Mr. Guariglia's presentation here today,
15 and see your way clear to a positive recommendation for
16 Crownline. Thank you.

17 MR. MATOESIAN: No questions.

18 HEARING OFFICER: Thank you. Thank you very
19 much, sir.

20 MR. GUARIGLIA: I would like to testify now, so
21 I guess if you would like to swear me in.

22 (At which point in the proceedings, Dale
23 Guariglia was sworn in.)

24 MR. GUARIGLIA: Ms. Sudman, Ms. Liu, thank you

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1 for the opportunity to speak with the Board here today,
2 and come before you.

3 As I mentioned, my name is Dale
4 Guariglia with the law firm Bryan Cave representing
5 Crownline Boats, and we are here today to request an
6 Adjusted Standard on behalf of Crownline Boats from the
7 eight-pound-per-hour rule, as set forth in our petition.

8 I think it may be somewhat helpful to
9 understand a little bit of background as to how we got
10 to this place, procedurally. Crownline had submitted an
11 application for a Title V permit back in the 1990's. As
12 a part of that process of having the permit discussed
13 with the IEPA, at that time, the issue came up as to how
14 Crownline would comply with the eight-pound-per-hour
15 rule. And, also, during this time, the emission factors
16 at Crownline had been using to calculate VOM emissions

17 from its operations were changed. The federal EPA
18 decided that the old emission factors that the industry
19 had been using were no longer accurate or valid, and
20 because they, supposedly, underestimated emissions, and,
21 therefore, issued new emission factors for the
22 boat-building industry, so Crownline began these
23 discussions with IEPA as to how it was going to be
24 demonstrating compliance with the eight-pound-per-hour

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1 rule.

2 During those discussions, there was
3 questions about whether averaging could be used to meet
4 the eight-pound-per-hour rule, and also what the
5 emission source was under the eight-pound-per-hour rule.
6 During those discussions, IEPA determined that averaging
7 should not be used to comply with the
8 eight-pound-per-hour rule, and that that emission source
9 should be considered the part that is being
10 manufactured.

11 As a result of those discussions,
12 Crownline, basically, determined that, if it had to
13 comply with the eight-pound-per-hour rule on a strict
14 hourly basis, that there could be no averaging, that

15 Crownline could not comply on that basis, and,
16 therefore, discussed this with IEPA, and IEPA encouraged
17 Crownline to seek an Adjusted Standard. As a result of
18 that, we filed our petition for an adjusted standard
19 last fall.

20 Also, Crownline was issued a Title V
21 permit back in November of last year, which,
22 specifically, provided that they were to obtain an
23 adjusted standard by the end of this year or to
24 demonstrate their compliance with the

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1 eight-pound-per-hour rule.

2 Let me -- I have prepared a kind of a
3 bullet-point presentation, which I have given to each of
4 you and to IEPA. It is marked I think as Exhibit 3. If
5 you would like, you can follow along with what I have to
6 say. It might just make it a little bit easier. I will
7 follow this fairly closely.

8 I forgot. We do have another set of
9 exhibits, which are a series of photographs. I don't
10 know if you want to mark these. Why don't you mark
11 these as Exhibits 4, 5, 6, and 7 and 8.

12 HEARING OFFICER: Sure. Let me ask you this, do
13 you have any more exhibits coming?

14 MR. GUARIGLIA: I do not think we do, no.

15 HEARING OFFICER: Okay, because I could mark
16 them as a set.

17 MR. GUARIGLIA: That would be fine. We could
18 mark them all as Exhibit 4, instead of 5 photographs, or
19 four photographs.

20 HEARING OFFICER: They all take place at the
21 Crownline facility, I assume?

22 MR GUARIGLIA: Yes.

23 (Exhibit Nos. 4 through 8 were marked.)

24 MR GUARIGLIA: Let me take a brief minute to

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1 talk about Crownline's production process. Essentially,
2 by a six-step process, although I'm combining a few here
3 near the end, but essentially, the first would be mold
4 fabrication where the molds are built in order to make
5 the parts to construct the boats.

6 The second is gelcoat application,
7 essentially, spraying, making the outside smooth part of
8 the boat, and I will spend a little bit more time on
9 that, and then moving to lamination where you are
10 actually constructing the fiberglass part, itself.

11 Grind and trim is, essentially, taking

12 off the excess parts or excess scrap from the parts.
13 You go into woodworking, upholstery, and final assembly
14 where you have things like upholstery, carpets, seats,
15 stereos, the things people like in their boats, and,
16 finally, shipping out.

17 The process that I will spend the most
18 time on talking about here today is gelcoat and
19 lamination because those are the areas where there is
20 the most VOM emissions from the plant, but it is
21 important to point out, though, that, on a strict hourly
22 basis, a number of the other processes, besides gelcoat
23 and lamination, will also not need the
24 eight-pound-per-hour rule on a strict hourly basis.

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1 First, the gelcoat application.
2 Exhibit No. 4 is a photograph, actually, of a mold that
3 is being prepared, and it is being prepared in a gelcoat
4 booth, and the mold that is done as -- this is,
5 actually, the bottom part of a hull of a boat on Exhibit
6 4, and once this mold is prepared, it is essentially
7 flipped over in order to make -- in order to begin the
8 gelcoat process.

9 Exhibit 5 that you have there is a
10 photograph of a deck that is being prepared in the

11 gelcoat process. What the gelcoat process is it's kind
12 of a very interesting, actually, if there is anything
13 interesting in manufacturing, but building, like I said,
14 the hull of a boat you would start with a mold that
15 looks like a big bathtub, and you spray this gelcoat
16 inside of it, which becomes the exterior coating of the
17 hull, so you're, essentially, painting the outside of
18 the hull before you actually even build the hull, so you
19 spray that in the mold, and allow that to cure, and then
20 you would move over to the lamination station where the
21 fiberglass would be put in to create, actually, the
22 hull, and the gelcoat will adhere to the fiberglass to
23 create the hull of the boat.

24 There are 31 air-atomized guns that

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1 are used in the gelcoat booth that are sprayed. The
2 gelcoat is done in a single application that is sprayed
3 into the part or into the mold, and Crownline has
4 already instituted worker protection and also pollution
5 control equipment in having
6 180,000-cubic-feet-per-minute ventilation system in
7 order to keep the air in compliance with the OSHA Worker
8 Protection Standards for styrene. Under the OSHA Worker

9 Protection Standard, you could not have more than 100
10 parts per million of styrene, and, as a result of that,
11 you have to move a lot of air through the facility in
12 order to protect the workers.

13 We do have -- Crownline does have
14 dedicated spray booths to reduce the styrene levels and
15 plant air outside of the booths. It also filters to
16 filter out particular matter, and also uses low styrene
17 resin, 33.4 percent average currently right now.

18 After the molds -- or after the
19 gelcoat is cured, these molds are moved over to the
20 lamination area where the fiberglass is sprayed in using
21 a flow-coat chopper gun. Essentially, what you have is
22 glass fibers that are mixed with a resin and a catalyst,
23 and are sprayed into these molds. If you refer to
24 photographs 6 and 7, that shows the area in the

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1 lamination areas. You can see in the center of
2 photograph 6 there is actually a spraying of lamination
3 that's going on, and then, in photograph 7, marked as
4 Exhibit 7, what happens after or as a part of spraying
5 the fiberglass into the boat mold you do have several
6 people that will be then rolling the fiberglass smooth
7 in there in order to eliminate any air bubbles, so you

8 will have -- there are 24 separate flow-coat applicator
9 guns that are used, and often, when a part is sprayed
10 with these guns, you will have two or more guns being
11 sprayed at the same time.

12 Depending upon the size of the part,
13 you may have more than one layer that is actually layed,
14 and so what you would do is you would spray in a layer,
15 also known as a skin of the fiberglass, wait for that to
16 cure. That would usually be about an hour or two, and
17 then come back in, and lay a second layer in, and
18 depending upon the size of the part, there may be two to
19 three layers that are sprayed in order to complete the
20 part.

21 Crowline also has Worker Protection
22 Push Control Equipment in the lamination area.
23 160,000-cubic-feet-per-minute ventilation system for the
24 OSHA Worker Protection requirements. Panel filters,

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1 also, to control particulate and submerged-fill resin
2 tanks in order to reduce splashing.

3 Let's spend just a minute talking --
4 I'm on page five of my outline on Exhibit 3. Regarding
5 the compliance with the new MACT Standard, since that is

6 the basis for what Crownline is asking to comply with,
7 as opposed to the eight-pound-per-hour rule. Beginning
8 August 23, 2004, Crownline, like all other boat
9 manufactures in the US, are going to have to comply with
10 the new MACT Standard, and this sets a floor using the
11 emission limits achieved by the best performing 12
12 percent of the boat manufactures in the country, and
13 that was -- in most of those companies, most of those
14 manufacturing companies will use lower styrene resins
15 and gelcoats and flow-coat applicators in order to
16 comply with the new MACT Standard.

17 The EPA, in comparing the MACT
18 Standard, determined that end tail stack controls would
19 not be needed -- would not be the MACT floor in order to
20 comply. Crownline is currently in compliance with the
21 emission standards under the MACT, and has been in
22 compliance for about six to eight months, essentially
23 about a year early from what the EPA has required.

24 The -- some of the questions that were

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1 submitted through the Hearing Officer's order asked
2 about what the costs had been for Crownline to comply
3 with the MACT Standard, and in Exhibit No. 1, I have
4 detailed those costs, but let me just mention them here.

5 Essentially, there was a \$96,000 capital cost to
6 Crowline for changing out its air-atomized spray guns
7 to use the lower emission flow-coat guns. There's also
8 about a \$4,000 a week extra expense that Crowline's
9 incurred in labor costs in the sense of it requires more
10 people to, basically, roll out the fiberglass, and also
11 do touch-up in order to just to maintain product quality
12 because, with the lower styrene resins, it does effect
13 product quality, and does require additional labor.

14 There's also about a \$6,000 a year
15 reporting, recordkeeping requirement that will be
16 needed, and then, also, Crowline's spent about \$80,000
17 in consulting costs in just trying to get up to speed
18 with the MACT.

19 Essentially, kind of what this all
20 boils down to is about an amount of \$215,600 per year in
21 costs which Crowline is incurring in complying with the
22 MACT Standard, which works out to be about \$4,312 per
23 ton.

24 Crowline -- and let me mention one

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1 thing, also, with regard to the MACT Standard, and our
2 adjusted standard request. The -- I have provided, as

3 Exhibit 1, responses to the questions, and immediately
4 after those responses there is a one page that says,
5 "Crowline Boats, Inc., Revised adjusted standard
6 Language." That is now the new language that Crowline
7 is requesting for the adjusted standard, and this is
8 language that Crowline and the IEPA have discussed, and
9 we are both in agreement as to the terms of that
10 language for the adjusted standard. Do you see that in
11 the packet?

12 MS. LIU: Could you point me in the right
13 direction?

14 MR. GUARIGLIA: Sure. Exhibit 1, the responses.

15 HEARING OFFICER: Page nine.

16 MR. GUARIGLIA: The first page right after --
17 it's a one-page --

18 MS. LIU: Thank you.

19 MR. GUARIGLIA: Sure. If I'm not making myself
20 clear, please stop me, and, you know, feel free to
21 interrupt. Let me talk about just Crowline's
22 investigation of other alternatives to comply with the
23 eight-pound-per-hour rule.

24 Crowline did investigate three

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1 different options for complying with the

2 eight-pound-per-hour rule. One was reducing VOM content
3 in production materials. The second was alternative
4 production methods, i.e., is there a better, different
5 way to make a boat that's only going to have eight
6 pounds per hour emitted, and the third is comply by
7 installing end-of-the-pipe emission controls.

8 Essentially, other than
9 end-of-the-pipe emission controls, none of the other
10 technologies, reducing content of VOM materials and
11 production materials, or doing a different kind of
12 production method, neither of those would cause
13 Crownline to comply with the eight-pound-per-rule-hour
14 rule, so it would only be putting tail stat controls on.

15 Crownline has reduced its VOM content
16 and its production materials in order to comply with the
17 MACT, and has seen reductions in total VOM as a result
18 of that. However, further reduction is really not
19 technically feasible at this point while still being
20 able to maintain product quality. I mean, you are
21 essentially building a boat that is going to be going
22 through a lot of wear and tear, a product that's going
23 through a lot of wear and tear, so this is different
24 than, like, a fiberglass hot tub, so you will have

1 people riding it going at who knows what kind of speeds,
2 so you will want to maintain a very strong product
3 quality in order to protect the safety of the boaters.
4 And so, as a result of that, right now going to a lower
5 styrene resin or gelcoat just has not been able to
6 maintain that product quality.

7 Second, Crownline looked at
8 alternative production methods, and for, both, open
9 molding and closed molding, and those are detailed in
10 our petition in a technical document that will attach to
11 the petition, so I'm not going to go through those, but,
12 essentially, there's really no qualitative data -- or
13 I'm sorry -- quantitative data to show actually how much
14 those alternative methods would reduce emissions, and
15 really without add-on controls, none of those
16 alternatives would allow Crownline to actually comply
17 with the eight-pound-per-hour-rule on a strict hourly
18 basis; and even further, those alternative technologies
19 only relate to the lamination process, bring the
20 fiberglass in the boat, and don't apply to some of the
21 other areas, such as gelcoating, caulking, adhesives
22 that go on the carpet, and so even if an alternative was
23 used in the facility, it would still not allow Crownline
24 to fully comply with the eight-pound-per-hour rule on a

1 strict hourly basis.

2 Let me talk for a minute about the use
3 of tail end or end-of-the-pipe controls for Crownline,
4 and why those are really not feasible. Crownline did
5 obtain cost quotes from Control System Suppliers, took
6 those quotes, put them into an EPA spreadsheet for
7 estimating cost on a per-ton basis, and the costs that
8 were identified were essentially up front capital costs
9 would be needed of 7- to 14-million dollars in order to
10 install those, and also annualized operation costs of
11 four-and-a-half to 6-million dollars every year just to
12 operate these pollution control devices, and also which
13 would, basically, come out to I believe at about \$35,000
14 to \$58,000 per ton of VOM removed, and the reason these
15 costs are so high is because of the OSHA Worker
16 Protection Standard. You have to just move an
17 incredible amount of air through that facility in order
18 to keep the styrene levels low enough that you don't --
19 you're not exposing the workers there to unacceptable
20 levels of styrene. So, as a result of that, when you
21 move that much air through the facility, it just
22 exponentially increases the costs of any end-of-the-pipe
23 pollution control limit.

24 One of the things that Crownline has

1 done is install an \$800,000 air ventilation system in
2 its facility in order to make sure it does comply with
3 the OSHA Standard.

4 Let me talk a minute about the impact
5 on the environment in comparing the adjusted, if
6 Crownline were to comply with the adjusted standard, as
7 opposed to the eight-pound-per-hour-rule. I'm on page
8 11 of my outline, which is Exhibit 3.

9 Essentially, Crownline's pre-MACT
10 compliance emissions were, approximately, 245 tons per
11 year. And Crownline's current emissions are,
12 approximately, 195 tons per year, and this is --
13 sometimes it's hard to do a perfect comparison, and this
14 comparison here is based upon an equal amount of boats
15 being produced in order to compare those, and,
16 obviously, the total amount of VOM produced is going to
17 vary, depending on how many boats, and what models of
18 boats were produced, but, essentially, there's been
19 about a 50-ton reduction that will be realized by
20 Crownline, or is being realized now by Crownline
21 complying with the MACT Standard.

22 If Crownline were to comply with the
23 eight-pound-per-hour rule, assuming that we could reduce
24 our emissions down to eight pounds per hour, we have --

1 Crownline has calculated that the emissions would be,
2 approximately, 144 tons a year, so there would be about
3 an additional 50-ton decrease of emissions, if we could
4 comply with the eight-pound-per-hour rule.

5 Let me mention why that is not
6 significant. Really, for a couple reasons. One, is, in
7 order to comply, we would need tail stat controls for
8 the entire facility, and one of the options would be to
9 put on an oxidizer at the facility, which is going to
10 require an incredible amount of natural gas to be
11 burned. As a result of that, you are going to have
12 energy consumption that we wouldn't have otherwise, and
13 you're also going to have NOx being produced, which you
14 wouldn't have otherwise by just complying with the MACT
15 Standard, so you are going to get some additional air
16 contaminates as a result of putting on tail stat
17 controls.

18 Also, the other thing is the
19 eight-pound-per-hour rule is a little unique in the
20 sense that there may be, theoretically, able to comply
21 with it, but, yet, still emit the same amount of total
22 VOM. For example, let's say you could develop a resin
23 or a gelcoat that cured over a longer period of time.

1 which would be a violation of the eight-pound-per-hour
2 rule, let's say it would be able to be spread out over
3 two hours and have seven pounds in one hour, seven
4 pounds in a second hour, you would be in compliance with
5 the eight-pound-per-hour-rule, but you would still have
6 the same amount of VOM being produced, and what we
7 believe by complying with the MACT is that we are having
8 a real reduction in the total amount of VOM produced.

9 Let me talk, also, about ozone impact
10 from Crownline's operation, and comparing between if
11 we're complying with the MACT, which we are, versus
12 complying with the eight-pound-per-hour rule.
13 Essentially, what we had done was we had performed an
14 ambient air quality impact analysis that Crownline's
15 consultant, Andy Polcyn with Advanced Environmental, had
16 prepared. And looking at a few scenarios, one would be
17 if we complied with the MACT, versus if we complied with
18 the eight-pound-per-hour rule, and this air impact
19 quality modeling, essentially, looks at what the
20 background concentration of ozone is, and then looks at
21 what the extent of increase would be based upon a level
22 of VOM being emitted by the plant.

21 as opposed to the eight-pound-per-hour rule, but then
22 again, as I also mentioned, there would be additional
23 NOx submitted if we did comply with the
24 eight-pound-per-hour rule, so, essentially, kind of the

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1 bottom line is that we would see a very insignificant
2 possible increase in ozone, but the other thing to keep
3 in mind here is that Crownline's current emissions, as
4 complying with MACT, are still 40 to 50 tons less as a
5 couple years ago, so, as compared to where we were a
6 couple years ago, we are really not asking for an
7 increase here at all. We are saying we are decreasing
8 our emissions by complying with the MACT Standard, and
9 these emissions -- Crownline's current emissions should
10 not cause any exceedence of the one-hour ozone standard,
11 and based upon this chart, you would have to, basically,
12 triple to quadruple Crownline's emissions up to,
13 approximately, 917 tons per year before you would get
14 close to an actual exceedence of the one-hour ozone
15 rule.

16 Let me mention I guess briefly cross
17 media impact from complying with the adjusted standard,
18 as opposed to eight-pound-per-hour rule. Essentially,
19 we just don't see that there would really be any

20 increase in cross media impacts from complying with the
21 adjusted standard. As a matter of fact, the EPA
22 indicated, when they developed the MACT Standard, that
23 there would be no adverse impact on water quality.
24 There would be no increased energy consumption.

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1 Actually, the amount of solid waste would actually
2 decrease.

3 Going over to page 15 of my outline
4 talking, basically, about the justification for this
5 rule, and why the factors relating to Crownline are
6 substantially and significantly different than what the
7 Board looked at when they developed the
8 eight-pound-per-hour rule.

9 The eight-pound-per-hour rule was
10 promulgated in 1971 as a catch-all provision, and the
11 factors relied upon by the Board -- it's kind of hard to
12 tell what they were really thinking 30 years ago -- more
13 than 30 years ago -- but what we have kind of seen in
14 some of the Board decisions it looks like it was
15 twofold; one, to exceedence of the one-hour ozone
16 standard, and the other was to reduce odors; and,
17 basically, both of those really should not be an issue

18 in its application to Crownline, in that Crownline is
19 putting a system in place in order to eliminate odors.
20 Several -- probably 10 years ago -- there was an odor
21 problem from the facility, and they have installed
22 equipment in order to reduce that, and since then, there
23 really hasn't been any complaints in the community about
24 odor from the facility; and, second, as I mentioned

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1 earlier, the increased impact ozone is insignificant
2 from Crownline's operation, so the factors that the
3 Board was really designed to look at were not really
4 that -- are really not applicable to Crownline's
5 application.

6 I guess, moreover, not only looking at
7 what the Board looked at in `71, but what also the Board
8 didn't look at in `71 because they couldn't have looked
9 at it as thinking about all the things that have
10 happened since `71, and that if the Board had known
11 about some of these developments, maybe they would have
12 or maybe would have made the eight-pound-per-hour rule
13 different, and, essentially, what you have back in `71
14 there was no emission data for boat building, and that
15 came out in 1991, and, also, that was significantly
16 changed in the late 1990's and had the Board had that

17 information, they may have done something different.

18 Also, just the OSHA Worker Protection
19 Standard, and the need to plush so much air through
20 these facilities. That's not something the Board
21 considered back in '71, nor could it have done that, nor
22 could it have ever foreseen there would be the OSHA
23 Standard, and also just the recently-issued MACT
24 Standard, that now there is a federal guideline

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1 specifically for reducing VOM emissions from boat
2 manufacturers.

3 Essentially, the existence of these
4 factors justify the granting of an adjusted standard. I
5 do have, on page 17, it talks about -- of my outline --
6 that those adjusted standards will be consistent with
7 federal law. That is definitely clear, since we are
8 basically, essentially, asking to comply with the MACT
9 Standard, which is a federal standard.

10 There is also no federal equivalent to
11 the eight-pound-per-hour rule, so it's not like we are
12 asking to get out of something that's also a federal
13 requirement. And the adjusted standard will become part
14 of the Illinois SIP, which is part of the federal

15 regulations.

16 Let me conclude by, basically, saying
17 that this is a very important issue for Crownline, and
18 it would put Crownline in a significant competitive
19 disadvantage to its competitors in other states, if this
20 adjusted standard was not issued.

21 As I mentioned, I don't think --
22 Crownline does not believe that the factors the Board
23 looked at are the same when they developed, in 1971, the
24 eight-pound-per-hour rule, as to what the factors are

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1 that are applicable to Crownline, as far as the adjusted
2 standard. The Board did not consider many factors that
3 it, obviously, could have, because of these developments
4 that have occurred since then.

5 I mentioned, also, that the adjusted
6 standard will have little impact on the environment
7 compared to the eight-pound-per-hour rule, and is also
8 reducing Crownline's emissions compared to what they
9 were before. Just the cost of tail stat controls, the
10 inability to use other alternatives means that, if
11 Crownline were to have to comply with the
12 eight-pound-per-hour rule, they would be, essentially,
13 putting themselves out of business just because of the

14 extra costs of \$4 million to \$6 million a year that just
15 cannot be added to the bottom line here by increasing
16 both stats.

17 It is Crownline's desire to continue
18 to operate in Southern Illinois. They are locally owned
19 and operated here, but I think I would be remiss if I
20 did not say that, if the adjusted standard is not
21 granted, that Crownline would be faced with tough
22 decisions, and one of those would be whether it could
23 move to another state where the eight-pound-per-hour
24 rule is not in existence. That's not Crownline's

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1 desire. They would prefer to stay right here in
2 Southern Illinois, but it may make it difficult to do
3 that, so thank you very much. That is all I have to say
4 for now.

5 HEARING OFFICER: Thank you. Mr. Matoesian, do
6 you have any questions?

7 MR. MATOESIAN: No thank you.

8 HEARING OFFICER: Ms. Liu, do you have any
9 questions for Mr. Guariglia?

10 MS. LIU: If it would be all right, Exhibit 1 is
11 rather lengthy, and I would like to look it over.

12 HEARING OFFICER: Would you like to take a short
13 recess?

14 MR. GUARIGLIA: Before we do that, let me just
15 spend a minute just walking through Exhibit 1, and the
16 attachments on there. There are several attachments.

17 The first is, as I mentioned before,
18 the revised language for the adjusted standard, which
19 Crownline has come to agreement on with the IEPA, and in
20 addition to complying with the MACT Standard, paragraph
21 A, essentially, says that we will also -- Crownline will
22 continue to investigate other ways and methods and
23 production that may lower our VOM emissions there, and,
24 also, the IEPA can request any reasonable test for

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1 Crownline to conduct in order to look at different
2 technologies or production materials that would also
3 lower VOM, so we have a continuing obligation to do
4 that, and are also going to agree to provide a report
5 once a year to the IEPA as to what efforts we have
6 taken, and what would be the results of those tests.

7 Also attached -- the second thing
8 that's attached is I think a six-page document. The
9 first page is entitled "Exhibit 1." The Order had asked
10 whether we had pounds-per-hour emission calculations for

11 our gelcoat and lamination area because, in our
12 technical document, we did have those for small parts.

13 This document is those calculations.
14 Essentially, the last two pages show the pound-per-hour
15 based upon per boat model. You will see Exhibit 5 and
16 Exhibit 6. We had not included those in the technical
17 document because they were developed in the year 2000
18 based upon some old production data that, over time,
19 Crownline realized was really not current data, and may
20 not have been as accurate as Crownline would like, so we
21 had not included this in the technical document. Since
22 the Order, specifically, asked if we had this, we are
23 providing it here, but we have put on notes on the
24 document indicating that there is some concern about its

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1 exact accuracy. We think that it probably overestimates
2 emissions. We have gone back -- Crownline, its
3 consultant, Advanced Environmental, has gone back, and
4 looked at several of the boat models since then, and has
5 determined that, even though these estimates do
6 overestimate some of the emissions, there will still be
7 boat models that would still not comply with the
8 eight-pound-per-hour rule on a strict hourly basis.

8 month showing how we calculated that emission
9 limitation, and, also, what our emissions were.

10 So, hopefully, that helps a little bit
11 in your review as to what these documents are, and we
12 would also be happy to answer any questions and
13 technical questions. I do have Crownline's consultant,
14 Andy Polcyn, who could better able answer these kind of
15 detailed questions than I can.

16 HEARING OFFICER: Thank you. We will take a
17 brief recess to allow Ms. Liu to review this document,
18 so we'll go off the record now. Thank you.

19 (A small break was taken at 1:06 p.m.)

20 HEARING OFFICER: We'll go back on the record
21 now. Ms. Liu, do you have any questions for
22 Mr. Guariglia?

23 MR. LIU: Just a couple. I want to thank you
24 very much for the thoroughness of the exhibits you

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1 provided in response to the Hearing Officer-ordered
2 questions. I really appreciate it. It's very nice to
3 have it in hand in writing, so thank you for that.

4 I just had a couple questions, as I
5 was going through it. On page 7 of Hearing Exhibit

6 No. 1, you respond to question 5 A-1 at the very bottom.

7 MR. GUARIGLIA: Yes.

8 MS. LIU: In your response, you say that
9 Crownline's pre-MACT emissions were, approximately, 204
10 tons of HAPs per year. I was wondering if that might
11 have been a misprint. I noticed in the technical
12 document to the petition, Exhibit 3 of Appendix 6 and
13 Exhibit 4, they list the pre-MACT scenario and the MACT
14 scenario with the total emissions per year, and I
15 believe the pre-MACT number was 244.82 tons.

16 MR. GUARIGLIA: Could we have Mr. Polcyn sworn
17 in?

18 (At which point in the proceedings, Andrew
19 Polcyn was sworn.)

20 HEARING OFFICER: Would you please state your
21 name before we begin.

22 MR. POLCYN: My name is Andrew Polcyn with
23 Advanced Environmental Associates, their consultant to
24 Crownline. The number of 244.82, is that what you're

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1 looking at, that Table 14? This is Exhibit 3 of
2 Appendix 6.

3 MS. LIU: Yes.

4 MR. POLCYN: This is strictly showing VOM. The

5 HAPs -- there's a differentiation between HAPs, or
6 hazardous air pollutants, and VOM. Not all HAPs are
7 VOM, so, consequently, you are going to have more VOM
8 because there are materials that are not hazardous, as
9 defined by USEPA, so, therefore, that's why you have got
10 a number of 244, or 245, let's say, for total VOM,
11 versus the HAPs that are just the hazardous fraction of
12 that.

13 MS. LIU: Thank you for clarifying that. Just
14 to follow up, I don't remember ever seeing a
15 differentiation in the tables of the total HAPs and the
16 total VOM's since the eight-pound-per-hour rule just
17 refers to VOM's, in general. I kind of looked at it
18 this way. On page eight of the responses in Exhibit 1,
19 Crownline estimates, in point five, that there is a 25
20 percent reduction in its HAPs emissions by complying
21 with the MACT Standard, and I was just wondering if you
22 could elaborate on which figures you used to come up
23 with the 25 percent.

24 MR. POLCYN: The 25 percent is based on -- first

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1 of all, you have to look at the baseline, where do we
2 start from, and we were looking at data back from year

3 2000, I believe, as a starting point. In other words,
4 looking at what the amount of HAP existed, as applied
5 pre-MACT, before MACT, such as in the resin and the
6 gelcoat, and then after compliance with the MACT, which
7 is the current scenario, what the differential would be
8 there, so, basically, we wound up using, initially, the
9 original data. So, for instance, just to go back where
10 we showed a difference of about a 50-ton reduction, that
11 was looking at, actually we used the year 2003 data more
12 recently, the mix of boats to have a most representative
13 scenario of what's going on right now, and had Crownline
14 been using the old resins, meaning the high-styrene
15 resins and gelcoats, then the emissions would have been
16 X so many tons. I can't remember what that number is
17 right off the top of my head, and then the current
18 scenario where they currently are is 50 tons less,
19 basically, so did that answer your question or did I
20 just confuse you more?

21 MS. LIU: You're going along the lines I'm
22 thinking. I was just wondering if you could point me to
23 the numbers you use. Is the 204 your pre-MACT number
24 minus 50 tons?

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1 MR. POLCYN: You are referring to which response

2 here? You said page eight?

3 A. Page eight, point number five. The
4 response begins, "Crowline estimates its percent
5 reduction in total HAP emissions at, approximately, 25
6 percent."

7 MR. POLCYN: Honestly, I don't recall. I would
8 have to take a look at that, but Dale may be -- hold on
9 one second. Let me grab that.

10 MR. GUARIGLIA: The pre-MACT would have been 204
11 tons of HAPs and the MACT compliance would have been
12 153, or, basically, 154 tons rounded up, which would be
13 a difference of 50 tons.

14 MS. LIU: Does that happen to appear anywhere in
15 the exhibits or the petition?

16 MR. GUARIGLIA: We included it in the exhibits.
17 I don't believe it does in the sense that most of the
18 information we provided originally with the technical
19 document were based upon total VOM's, and the questions
20 in the order were related to HAPs, and so I don't know,
21 unless these would have that. We could provide that to
22 you, if you would like, but I don't know that we have --
23 I don't know that it is in these materials.

24 MS. LIU: Would that be difficult to do?

1 MR. POLCYN: No.

2 MS. LIU: That would be helpful, maybe in the
3 post-hearing brief, or something like that.

4 MR. GUARIGLIA: We could do it as a follow-up
5 to the hearing. That would be no problem at all.

6 MS. LIU: One last question. In the back part
7 of your Hearing Exhibit 1, the MACT Compliance Summary,
8 the several tables that you provided by month on the
9 calculated HAP emissions. I was wondering if you could
10 elaborate on some of the abbreviations used in the
11 column headings. There was a mass used, and then
12 underneath it the letters "MI." And pounds per year. I
13 was wondering what "MI" stood for.

14 MR. POLCYN: Without going back to the MACT
15 Standard, all of these items, "PEI" and "MI" those all
16 come from the MACT Standard, the equations, and I can
17 pull that out. It's all -- that's included in the Title
18 V permit, as well as -- let me find an equation. All
19 the definitions -- it starts on 44234. All of the terms
20 are defined in -- I believe the ones you are talking
21 about, M sub I, it's in the federal register on page
22 44236. That's of the August 22, 2001, publication, so
23 for instance, M sub I is massive of open molds and resin
24 of gelcoat, and used in the past 12 months of the

1 operation. N is the number of different open-molded
2 resins used, and so forth. There's quite a few
3 definitions that are in here, PVI. We didn't define
4 those because they are in the standard, but if you need
5 that, we can certainly provide that as an adjunct to the
6 submittal.

7 MS. LIU: Could you put that in this, as well,
8 since we don't, actually, incorporate the Federal
9 Register in the record for this hearing? That would be
10 good to know, if it was a question that came up in the
11 future.

12 MR. POLCYN: For the record, all of the
13 calculations were done using the USEPA it's called point
14 value averaging method to demonstrate compliance to,
15 both, calculate the emission limit that Mr. Guariglia
16 mentioned earlier that it's calculated on a monthly
17 basis, and then, once you do that, then you use another
18 set of equations to determine are you, in fact, in
19 compliance because the compliance is, basically, not so
20 much total emissions, as it is emissions per pound of
21 material applied.

22 It's just like other standards that
23 exist right now. As an example, if you are applying
24 paint, there's a paint rule where you are allowed to

1 have no more than so much in the amount of VOC's or
2 VON's in that material, and it's typically per gallon or
3 in some mass measure.

4 MS. LIU: Just out of curiosity, you don't
5 actually paint the boats. It's a gelcoat?

6 MR. POLCYN: Gelcoat is like painting, yes.
7 It's an art, actually. If you do it wrong, it doesn't
8 look very good. You don't sell the boat.

9 MR. GUARIGLIA: You paint it before you actually
10 build it, so it's a sprayed in the molds first.

11 MR. POLCYN: It's a pigmented type of resin,
12 but, basically, it's to provide the appearance of the
13 boat and the rest of the resin that's typically called
14 the production resin provides the strength of the boat,
15 whether it's the hull or the deck, the thickness that
16 would withstand the bumps and waves of Kentucky Lake or
17 Rend Lake.

18 MS. LIU: I do have one question for the Agency.
19 In their testimony, Crownline indicated that the Agency
20 was agreeable to its revised wording for the adjusted
21 standard. Do you support that that?

22 MR. MATOESIAN: Yes, we do.

23 HEARING OFFICER: I will give the Agency an
24 opportunity to elaborate further on their position.

24 this -- you don't have anything further you would like

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1 to add at this time?

2 MR. MATOESIAN: No, we don't.

3 HEARING OFFICER: Well, before we hear closing
4 arguments, if there are any, let's go off the record to
5 discuss a transcript and briefing schedule.

6 (Discussion was held off the record.)

7 HEARING OFFICER: We've just had an
8 off-the-record discussion regarding the transcript and
9 post-hearing submittals. The transcript of these
10 proceedings will be available from the court reporter by
11 May 5, 2004, and will be posted on the Board's website.
12 The public comment deadline is May 20, 2004. Public
13 comment must be filed in accordance with Section 101.628
14 of the Board's procedural rules.

15 The parties have decided to do a
16 concurrent filing of their post-hearing submittals.
17 These are not going to be traditional briefs, but they
18 are actually going to be responsive filings to some
19 questions Alisa had, as well as any other final
20 arguments the parties wish to make. Those documents
21 will be due on May 14, and the Mailbox Rule will apply.

22 Mr. Guariglia, would you like to make

23 a closing statement?

24 MR. GUARIGLIA: No, I do not.

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1 HEARING OFFICER: Mr. Matoesian?

2 MR. MATOESIAN: No, I do not.

3 HEARING OFFICER: Okay. At this time, I will
4 note that there are still no members of the public
5 present.

6 I will proceed to make a statement as
7 to the credibility of witnesses testifying during this
8 hearing. Based on my legal judgment and experience, I
9 find all of the witnesses testifying to be credible.

10 At this time, I will conclude the
11 proceedings, and I thank all of you for your
12 participation. We stand adjourned.

13 (Hearing was adjourned at 1:35.)

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1 STATE OF ILLINOIS)
2 COUNTY OF ST. CLAIR)SS

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4 I, Holly A. Schmid, a Notary Public in
5 and for the County of Williamson, DO HEREBY CERTIFY that
6 pursuant to agreement between counsel there appeared
7 before me on April 23, 2004, at the office of the West
8 Frankfort City Hall, West Frankfort, Illinois, Mr. Dale
9 Guariglia, Mr. Andrew Polcyn, and Mr. Tim Claxton, who
10 were first duly sworn by me to testify the whole truth
11 of their knowledge touching upon the above matter so far
12 as they should be examined and their examination was
13 taken by me in shorthand and afterwards transcribed upon
14 the typewriter (but not signed by the witnesses, and
15 said hearing is herewith returned.

16 IN WITNESS WHEREOF I have hereunto set
17 my hand and affixed my Notarial Seal this 1st day of
18 May, 2004.

19

20

HOLLY A. SCHMID

21

Notary Public -- CSR

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084-98-254587

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