ILLINOIS POLLUTION CONTROL BOARD January 4, 1996

| PEOPLE OF THE STATE OF ILLINOIS, | } |
|--|-----------------------|
| Complainant, | (|
| v. |) PCB 95-170 |
| ENVIRONMENTAL CONTROL AND ABATEMENT, INC., |) (Enforcement-Air)) |
| Respondent. | } |

ORDER OF THE BOARD (by J. Yi):

On June 15, 1995 the People of the State of Illinois (State), through the Office of Attorney General, filed a three count complaint, alleging certain violations concerning asbestos removal reporting requirements, pursuant to Sections 42(d) and (e) of the Environmental Protection Act (Act). (415 ILCS 5/31, 42(d) and (e) (1994).) This matter is before the Board today pursuant to a motion to dismiss filed by respondent, Environmental Control and Abatement, Inc., (ECA) on October 17, 1995. For the reasons set forth below the Board denies ECA's motion to dismiss.

PROCEDURAL HISTORY

As stated previously the State filed a complaint against ECA alleging certain violations on June 15, 1995. On October 17, 1995, ECA filed a motion to dismiss the complaint and entered an appearance requesting to appear Pro Hoc Vice. The State filed a motion to file instanter its response to the motion to dismiss, the response and an amended complaint on November 11, 1995. On November 28, 1995, ECA filed a motion requesting leave of the Board to file a reply to the State's response and the reply. On December 27, 1995 the State filed a response to ECA's motion for leave to file a reply. The Board grants ECA's motion to appear

¹Although the State does not explicitly state in its complaint or its amended complaint filed on November 11, 1995 that this action is brought pursuant to its authority given to it by Section 31 of the Act, the Board will assume that the State is also bringing this action under such authority. (415 ILCS 5/31 (1994).)

²The Board in its November 2, 1995 order granted the State's October 27, 1995 motion for extension of time to file its response by November 3, 1995.

Pro Hoc Vice, the State's motion to file instanter its response, ECA's motion for leave to file a reply and the State's response to ECA's motion for leave to reply. 3

FACTS

ECA, a Missouri Corporation also registered in Illinois, performs removal services of asbestos containing material (ACM) prior to demolition or renovation activities. The State alleges that ECA was or is an operator as defined by the National Emission Standards for Hazardous Pollutants (NESHAP). On five different occasions during May 1991 through October 1993, ECA notified the Illinois Environmental Protection Agency (Agency) of its intent to engage in ACM removal activities. ECA performed certain activities at the following sites: Alton Mental Health Center (Alton), Gardner-Denver Main Plant in Quincy, Illinois (Quincy), Environmental Services Building in Urbana, Illinois (Urbana), Boiler House at the W.G. Murray Correctional Center in Centralia, Illinois (Centralia) and at the Highland Junior High School (Highland). (Generally Comp. at 1-3.)

The State alleges in Count I of the complaint that ECA, as operator, was required pursuant to 40 C.F.R. 61.145(b) (1991) to file notice of the activities prior to the start of those activities and that ECA failed to timely file the notifications for its activities at the Quincy, Centralia and Highland sites in violation of Section 9.1(d) of the Act (415 ILCS 5/9.1(d) (1994), 112(c)(1)(B) of the Clean Air Act (42 U.S.C. 7412(c)(1)(B)) and 40 C.F.R. 61.145(b) (1991).4 Furthermore, in Count II of the complaint the State alleges that ECA, as operator, was required to provide certain information to the Agency related to the activities at all five sites and failed to do so in violation of Section 9.1(d) of the Act, 112(c)(1)(B) of the Clean Air Act and 40 C.F.R. 61.145(b)(4)(i) (1991). Finally in Count III of the complaint the State alleges that ECA, as operator, failed to properly revise its notification to the Agency of its activities at the Centralia site in violation of Section 9.1(d) of the Act,

³The State's complaint will be referenced as "Comp. at", ECA's motion to dismiss will be referred to as "Mot. at", the State's response will be referenced as "Resp. at", ECA's reply will be referenced as "Reply at ", the State's amended complaint will be referenced as "Amend. Comp. at " and the State's response to the reply will be referenced as "Resp. to reply at ".

⁴Section 9.1(d)(1) of the Act requires persons in the State of Illinois to meet the requirements of Section 112 of the Clean Air Act and any federal regulations adopted pursuant that section.

112(c)(1)(B) of the Clean Air Act and 40 C.F.R. 61.145(b)(3)(1991). (Generally Comp at 3-14.)

MOTION TO DISMISS

ECA raises several arguments in its motion to dismiss as reasons for the Board to grant its motion. However, not all of the arguments are appropriate for a motion to dismiss and are more appropriate for a motion for summary judgement. Nonetheless, we will consider all of the arguments. ECA argues that it is not an operator for project notification purposes as alleged by the State; the requirements of NESHAP do not apply to floor tile removal; that ECA is not responsible to survey for ACM not to be removed at the sites; that NESHAP requirements do not apply to projects that contain less than 260 linear feet of ACM; that the State should be equitably stopped from pursuing its claims and that the State's complaint is barred by the doctrine (Mot. at 5-11.) The "Argument" section of this order of laches. will be divided into subsections relating to each of ECA's reasons the complaint should be dismissed, with its arguments concerning the doctrine of laches and equitable estoppel combined.

APPLICABLE LAW

40 C.F.R. \$61.02 (1991) Definitions

* * *

Owner or operator means any person who owns, leases, operates, controls, or supervises a stationary source.

* * *

Stationary source means any building, structure, facility, or installation which emits or may emit any air pollutant which has been designated as hazardous by the Administrator.

40 C.F.R. §61.141 (1991) Definitions

All terms that are used in this subpart and are not defined below are given the same meaning as in the Act and in subpart A of this part.

* * *

Demolition means the wrecking or taking out of any load-

supporting structural member of a facility together with any related handling operations or the intentional burning of any facility.

* * *

Owner or operator of a demolition or renovation activity means any person who owns, leases, operates, controls, or supervises the facility being demolished or renovated or any person who owns, leases, operates, controls, or supervises the demolition or renovation operation, or both.

* * *

Renovation means altering a facility or one or more facility in components in any way, including the stripping or removal of RACM from a facility component. Operations in which load-supporting structural members are wrecked or taken out are demolitions.

40 C.F.R. §61.145 (1991) Standard of demolition and renovation.

(a) Applicability. To determine which requirements of paragraphs (a), (b), and (c) of this section apply to the owner or operator of a demolition or renovation activity and prior to the commencement of the demolition or renovation, thoroughly inspect the affected facility or part of the facility where the demolition or renovation operation will occur for the presence of asbestos, including Category I and Category II non friable ACM. The requirements of paragraphs (b) and (c) of this section apply to each owner or operator of a demolition or renovation activity, including the removal of RACM as follows:

* * *

(b) Notification requirements. Each owner or operator of a demolition or renovation activity to which this section applies shall:

* * *

ARGUMENTS

ECA asserts it is not an operator for project notification purposes.

ECA states the NESHAP regulations apply to "any person who owns, leases, operates, controls, or supervises a stationary source" citing to 40 C.F.R §61.02. ECA states that pursuant to

42 U.S.C §7411 (a)(3), a stationary source is any building, structure, facility or installation which emits any air pollutant. ECA concludes that the State's complaint is "incorrectly premised" that ECA, as an ACM removal contractor, is an "...'operator' because he controls or supervises the stationary source...". (Mot. at 5.) ECA argues that the premise is incorrect because it did not control or supervise the site when notification was required. ECA asserts that the NESHAP notification requirement does not apply to ACM contractors because project notification is required 10 days prior to on-site work and that the Agency project notification form "...asks for identification of the notifying party as an 'owner, removal contractor or other operator'". (Mot. at 6.) Accordingly, ECA states it cannot be an operator pursuant to NESHAP at the time of the filing of project notification and as a result ECA was not "...subject to the notification requirements under the regulations and statutes". (Mot. at 6.)

In reply to the State's response, ECA asserts that 40 C.F.R. 61.141 "...definition of owner or operator does not specifically mention the asbestos abatement or demolition contractor as an owner or operator" and "[t]herefore, to determine who is an owner or operator requires reference back to the general definitions of 40 C.F.R. 61.02." (Reply at 1.) In addition ECA argues that certain sections of subpart M, specifically 40 C.F.R. 61.145(b)(4)(ii), separate owner or operator from the asbestos removal contractor and that if the asbestos removal contractors were to be defined as owner or operator 40 C.F.R Part 61 would have clearly done so. (Reply at 1.)

In response the State argues that ECA improperly relies on the general provisions of NESHAP but should utilize the "...more specific definitional section of subpart M of NESHAP..." which clearly defines ECA as an owner or operator. (Resp. at 10.) The State argues, pursuant to 40 C.F.R 61.141, that ECA is "...an operator of renovation activities and, therefore, is subject to the notification requirements...". (Resp. at 12.)

In its response to the reply, the State argues that "...the fact that 'asbestos abatement contractor' nor 'demolition contractor' do not appear in 40 C.F.R. §61.141 is not dispositive as to the issue of EC&A's 'owner or operator' status." (Resp. to Reply at 2.) The State asserts that the plain language and intent of 40 C.F.R. §61.141 and the activities conducted at each site by ECA demonstrates that ECA was an "...'owner or operator' within the meaning of NESHAP regulations." (Resp. to Reply at 2-5.) Additionally, the State argues that ECA cannot contract out from its liabilities and obligations under NESHAP with an owner or operator of a facility. (Resp. to Reply at 5-7.) Furthermore, the State asserts that "...the People have elected to proceed against EC&A as opposed to the owners or operators of the facilities in question, and EC&A should not be allowed to

exempt itself from the NESHAP regulations or restrict the Attorney General's prosecutorial discretion based upon its falsely premised contract claim" and that "EC&A is the owner or operator of the renovation projects at issue, and as such, independent of its contractual arrangements, EC&A has an absolute obligation to comply with the NESHAP regulations, and failed to do so." (Resp. to Reply at 7.)

ECA argues that NESHAP does not apply to floor tile removal at the Highland site.

ECA argues that the Highland site activity does not fall under the NESHAP regulations because it involved the removal of floor tile which has been deemed non-friable material and is exempted from the NESHAP regulations. (Mot. at 7.) ECA states that the preamble to the 1990 amendments to the Federal NESHAP notes state that Category I non-friable ACM is not subject to the (Mot. at 7.) ECA explains that "...as a courtesy to IEPA, a project notification was provided by ECA on behalf of the project owner" for the Highland site. In addition, ECA states that it provided the plan for glovebag method removal as part of that notification as a precaution if the nonchemical means of removal failed, and not because the floor tile became friable ACM which would then be regulated by NESHAP. (Mot. at 7.) concludes that the Highland site project was not regulated by NESHAP because the floor tile remained non-friable and in order for NESHAP to apply the State must allege and prove that the floor tile, because of the removal method, became friable. (Mot. at 7.)

The State disagrees with ECA's assertion that the floor tile did not become friable during the removal process and thus not regulated by NESHAP. (Resp. at 13.) Additionally, the State argues that the notification form utilized by ECA does not request for contingency plans but for the actual work plans for the site. The State asserts that ECA provided those descriptions, the glovebag method, because ECA felt that the removal of floor tile and mastic material would become friable and therefore regulated by NESHAP. (Resp. at 14) Furthermore, the State explains that there is no issue of "work practices", but about proper notification and, therefore, it does not need to demonstrate whether the material became friable but rather whether there was proper notification. (Resp. at 15-17.)

ECA asserts it is not responsible to survey for ACM not to be removed at the Highland, Urbana, Quincy and Alton sites.

ECA states that it is an independent contractor who does not possess the information required to conduct the survey at the site and that the owner or operator of the building is in the better position to provide such information. (Mot. at 8.) ECA argues that to require the ACM removal contractor to survey the

building "...would be a severe and undue burden and cost prohibitive expense to a removal contractor". (Mot. at 8.) ECA asserts that it was only conducting the scope of its activities pursuant to its contract and supervised access concerned only those areas. (Mot. at 8.) ECA concludes that since it does not have control of the site prior to the removal of the asbestos it should not be responsible for conducting the survey. (Mot. at 8.)

In response, the State asserts that 40 C.F.R. §61.145(a) requires owners and operators to thoroughly inspect the affected facility or part of the facility where the demolition or renovation operation will occur and that ECA can not "...avoid its obligations under NESHAP by exempting itself through contractual agreements with the owner of the facility." (Resp. at 18.) In addition, the State argues that other sections of NESHAP, i.e. 40 C.F.R. §61.145(b)(4)(iv), discuss the duty to conduct inspections. (Resp. at 17-18.) Furthermore, the State asserts that it is neither attempting to create new burdens for ECA nor requiring ECA to inspect the whole facility, but rather it is enforcing the NESHAP regulations. (Resp. at 18-19, Resp. to Reply at 19.)

ECA asserts that NESHAP does not apply to projects of less than 260 lineal feet of ACM. (Centralia site)

ECA states that it conducted two separate and distinct removal projects which individually are less than 260 linear feet (1.f.) and thus NESHAP does not apply to the projects at the Centralia site. (Mot. at 8.) ECA argues that the two "...separate and distinct abatement operations were conducted nearly three months apart and, in fact, the total amount of ACM removed in March was well below the 260 l.f. threshold and the total removed in June pursuant to the May courtesy notice was also well below the 260 l.f. threshold." (Mot. at 8.) asserts that the State is mistaken to combine the projects pursuant to 40 C.F.R §61.145(a)(4)(iii) because the projects took place 3 months apart and were in response to separate actions. (Mot. at 8-9.) Finally, ECA states that "...if the Agency's allegations are assumed arguendo to be true, which ECA denies, then the State's allegation exhibit a sincere attempt by ECA to cooperate with the Agency" and that nothing alleged demonstrates any danger occurred to the environment or persons. (Mot. at 9.)

The State argues in response that ECA's statements are an oversimplification of 40 C.F.R. §61.145(a)(4)(iii). (Resp. at 20.) The State asserts that the original March 11, 1992 notification for the Centralia site was clearly deficient on several grounds, but in particular, it failed to properly measure the amount of material being removed. (Resp. at 21.) The State also asserts that ECA recognized the deficiency and stated that it will be submitting revised notification. (Resp. at 21.) The

State asserts that the revised notifications dated May 15 and May 28 signed by the president of ECA state "...that 285 square feet of material would be removed..." and that this amount would trigger the requirements of NESHAP. (Resp. at 22.) The State argues that the revised notifications, while one being designated as an original notification, should be treated as a continuation of the original March 11, 1995 project or as one project because the revised notifications state the removal is taking place in the same boiler house as referenced in the March 11, 1992 notification. (Resp. at 22.) As a result, the State asserts that the notification requirements of NESHAP are applicable to the Centralia site because it involved the removal of an amount ACM totaling more than 260 l.f. (Resp. at 22.)

ECA argues that the equitable doctrine of laches and equitable estoppel should be applied.

ECA asserts that the State's complaint should be equitably estopped or barred by the operation of the equitable doctrine of (Mot. at 9-11.) ECA states that the projects at issue occurred between May of 1991 and October of 1993 and that "...latest communication of any kind from IEPA was a November 24, 1993 Compliance Inquiry Letter ("CIL") for the Alton project." (Mot. at 9.) ECA further states that it had no knowledge or reason to suspect that any enforcement action was being pursued until the March 1995 meeting with the Illinois Attorney General. (Mot. at 9.) ECA asserts that "[t]he delays in enforcement against ECA are unconscionable because they induced ECA to believe that no enforcement would be pursued on these projects." (Mot. at 9.) As such, ECA argues that the delay has materially prejudiced its ability to defend itself and therefore the State should be equitably estopped from bringing its complaint. at 10.)

In addition to the equitable estoppel argument, ECA argues that the State's complaint should be barred by the operation of the equitable doctrine of laches. (Mot. at 10.) ECA cites to Hauser v. Chicago Park District, 263 Ill.App.3d 39, 640 N.E.2d 294, 295 (Ill.App. 1994), Summers v. Village of Durand, 267 Ill.App.3d 767, 643 N.E.2d 272, 275 (Ill. App. 1994), and Lee v. City of Decatur, 256 Ill.App.3d 192, 627 N.E.2d 1256, 1258 (Ill.App. 1994) for the proposition that the State's filing the complaint roughly three years after the alleged violations occurred should be barred. (Mot. at 10.) ECA argues that the State was aware of the pertinent facts within 30 days of the CILs and have not provided any reasonable explanation for the delay in filing the instant complaint. (Mot. at 10.) ECA concludes that State's complaint should be barred by the operation of the equitable doctrine of laches. (Mot. at 10.)

Additionally as to the Urbana site, ECA states that Mr. Otto Klien represented to ECA that "...individual project notification

was unnecessary because its individual project would be covered by the annual notification filed by the University of Illinois and updated quarterly." (Mot. at 4.) ECA further states that "[n]o correspondence was sent to ECA to retract Mr. Klien's interpretation...", and "[n]or was there any further action taken by IEPA with respect to this matter until March of this year, 1995". (Mot. at 4.)

In response the State argues that the complaint should not be barred by the doctrine of equitable estoppel or the doctrine of laches because ECA was on continuing notice that the sites at issue were under the potential risk of enforcement due to the (Resp. at 22-23.) In addition, the ongoing communication. State maintains that ECA induced the Agency to hold its enforcement case in abeyance to give ECA an opportunity to administratively comply with the NESHAP requirements. (Resp. at In addition, ECA was afforded an opportunity to respond to each CIL issued to the facility during the time period, either in writing or by meeting with the Agency. (Resp. at 23-25.) Furthermore, the State asserts that it never indicated that the violations at issue with respect to the five sites were resolved or that no enforcement action would be taken. (Resp. at 23.) The State argues that it should not be penalized for acting in good faith and trusting the respondent to correct its problems administratively. (Resp. at 24.)

The State also argues that ECA is incorrect in stating that there was no further communication. (Resp. at 24.) The State maintains that "...an Enforcement Notice Letter ("ENL") was sent to the respondent on January 31, 1995...", "[s]econd, as explained above, five CIL's issued between May 1991 and October 1993 clearly give ECA continuing notice that a history of noncompliance was developing and these matters could be potentially subject to enforcement", and finally "...ECA's CIL response letters indicated that ECA was intending to take certain corrective actions to achieve compliance... and that "...such assurance made by ECA caused the State to hold its potential enforcement case in abeyance." (Resp. at 24-25.) The State concludes that it was not reasonable for ECA to assume that the compliance issues related to the five sites were resolved and that State should not be barred in pursuing its complaint. (Resp. at 26.)

In response to ECA's statements concerning the Urbana site and Mr. Klien, the State asserts that the claim is erroneous on several grounds. (Resp. at 26.) The State argues that ECA could not rely on the statements of Mr. Klien because they were made after the ECA was required to make the notifications. (Resp. at 26.) The State further states that ECA is mistaken as to what Mr. Klien's statements meant and that Mr. Klien never "...stated that the Urbana notification nor any of the other notifications at issue in the State's complaint would not be referred to

enforcement." (Resp. at 26.) Finally the State argues that Mr. Klien did not advise ECA to destroy its records and even if he did ECA is required to "...maintain records and submit quarterly reports, and to date, no quarterly updates have been submitted to the IEPA regarding the Urbana notification". (Resp. at 27.)

DISCUSSION

The Board will discuss the arguments concerning equitable estoppel and the equitable doctrine of laches prior to the discussion of the other arguments made by ECA. The Board has held that the equitable doctrine of laches generally does not apply to enforcement actions brought before the Board under the (See City of Des Plaines, Gail Papasteriadis, and Gabriel and Linda Gulo v. Solid Waste Agency of Northern Cook County, (May 20, 1993), PCB 92-127.) In assessing the period in which claims will be barred by laches, equity follows the law, and generally courts of equity will adopt the period of limitations established by statute. <u>Beynon Building Corp. v. National</u> <u>Guardian Life Insurance Co.,</u> (2d Dist. 1983), 118 Ill. App. 3d 754, 455 N.E.2d 246,253. Thus, when the right to bring a lawsuit is not barred by the statute of limitations, unless conduct or special circumstances make it inequitable to grant relief, the equitable doctrine of laches does not operate to bar a lawsuit (Id.) The State's claim was brought pursuant to Sections 31, 42(d) and (e) of the Act, none of which contain an express statutory limitation period, and the Act does not provide for a specific statutory limitation period within which a complaint must be filed. In addition, the record does not demonstrate that the delay in the filing of the complaint has caused prejudice.

Six elements must be shown in order for the doctrine of equitable estoppel to apply: (1) Words or conduct by the party against whom the estoppel is alleged constituting either a misrepresentation or concealment of material facts; (2) knowledge on the part of the party against whom the estoppel is alleged that representations made were untrue; (3) the party claiming the benefit of an estoppel must not have known the representations to be false either at the time they were made or at the time they were acted upon; (4) the party estopped must either intend or expect that his conduct or representations will be acted upon by the party asserting the estoppel; (5) the party seeking the estoppel must have relied or acted upon the representations; and (6) the party claiming the benefit of the estoppel must be in a position of prejudice if the party against whom the estoppel is alleged is permitted to deny the truth of the representations made. (City of Mendota v. Pollution Control Board, (October 1, 1987) 112 Ill. Dec. 752, 756.)

The Board has rarely applied the doctrine of estoppel.

(See, City of Herrin v. Illinois Environmental Protection Agency, (March 17, 1994) PCB 93-195 at 8.) In those cases where we have applied it, we found that there that the Agency affirmatively misled a party and then sought enforcement against that party for acting on the Agency's recommendation. (See In the Matter of: Pielet Brothers' Trading, Inc., (July 13, 1989) AC 88-51, 101 PCB 131, and IEPA v. Jack Wright, (August 30, 1990) AC 89-227.) In this case we do not find that the Agency or the State affirmatively misled ECA. ECA was fully aware of the fact that the Agency intended to pursue an enforcement action as evidenced by the responses to the CILs and the assurances of compliance. In addition, ECA has not demonstrated that the inaction or delay in filing the complaint resulted in a misrepresentation or concealment of material facts. Therefore the Board will not apply the doctrine of estoppel in this case.

<u>ECA asserts it is not an operator for project notification purposes.</u>

We find that ECA is an "operator" as defined by the more specific definitions contained in 40 C.F.R. §61.141. As that section states: "[a]ll terms that are used in this subpart and are not defined below are given the same meaning as in the Act and in subpart A of this part." However, 40 C.F.R. §61.141 does define "owner or operator", "renovation" and "demolition". Therefore, the definition of owner or operator contained 40 C.F.R. 61.02 does not control. The definition for owner or operator of a demolition or renovation activity "...means any person who owns, leases, operates, controls, or supervises the facility being demolished or renovated or any person who owns, leases, operates, controls, or supervises the demolition or renovation operation, or both." (Emphasis added.) (40 C.F.R. The definition of renovation "...means altering a facility or one or more facility components in any way, including the stripping or removal of RACM from a facility component." (Emphasis added.) (40 C.F.R. §61.141.) Therefore reading the definition of owner or operator along with the definition of renovation, an asbestos removal contractor such as ECA may also be an owner or operator of a demolition or renovation activity. There is nothing which indicates that the definition of owner or operator of a demolition or renovation activity as defined 40 C.F.R. §61.141 is different for the purposes of the notification in 40 C.F.R. §61.145(b).

Having found ECA an owner or operator under the definition of subpart M, which includes the requirements of 40 C.F.R. §61.145(a), ECA is responsible to thoroughly inspect the affected facility or part of that facility where the demolition or renovation operation will occur for the presence of asbestos, including Category I and Category II non-friable ACM is applicable. As the State explains, ECA is not required to inspect the whole facility only that portion where the activity

is to take place.

Concerning the remaining two arguments presented by ECA, that the NESHAP requirements do not apply to floor tile removal at the Highland site, and that NESHAP does not apply to projects at the Centralia site because the removal of ACM was less than 260 lineal feet, the Board denies the motion to dismiss at this time because these arguments involve issues of fact which need to be developed at hearing. We anticipate that these issues, among others, will be discussed at hearing or in post-hearing briefs. Thus, the Board denies ECA's motion to dismiss.

CONCLUSION

The Board finds that ECA is an owner or operator of a demolition or renovation activity pursuant to the NESHAP regulations and is thereby obligated to meet the NESHAP notification requirements. The Board is not making a finding as to whether ECA did or did not fulfill its obligations under those requirements. As for the other issues raised in the motion to dismiss, for the reasons stated above, the Board denies ECA's motion to dismiss and directs the parties to proceed to hearing.

IT IS SO ORDERED.

Board member Emmett E. Dunham concurred.

I, Dorothy M. Gunn, Clerk of the Illinois Pollution Control Board, hereby certify that the above order was adopted on the day of _______, 1996, by a vote of ________.

Dorothy M. Gunn, Clerk

Illinois/Pollution Control Board