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BEFORE THE HEARING BOARD OF THE
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

In the Matter of

SOUTH COAST AIR QUALITY
MANAGEMENT DISTRICT,

Petitioner,

vs.

FLEXFIRM HOLDINGS LLC,

[Facility ID No. 187620]

Respondent.

CASE NO. 6239-1

**[JOINT PROPOSED] FINDINGS AND
DECISION FOR A SECOND MODIFIED
ORDER FOR ABATEMENT**

Health and Safety Code § 41700 and District
Rules 402, 1128, and 1147

Date: November 6, 2024

Time: 9:30 a.m.

Place: Hearing Board
South Coast Air Quality
Management District
21865 Copley Drive
Diamond Bar, CA 91765

1 **FINDINGS AND DECISION OF THE HEARING BOARD**

2 This petition for a modification and extension of an Order for Abatement was heard on May
3 28, 2024, pursuant to notice and in accordance with the provisions of California Health and Safety
4 Code Section 40823 and District Rule 812. The following members of the Hearing Board were
5 present: Micah Ali, Chair; Robert Pearman, Vice Chair; Mohan Balagopalan; Cynthia Verdugo-
6 Peralta; and Dr. Jerry P. Abraham, MD, MPH, CMQ. Petitioner, Executive Officer, was represented
7 by Sheri Hanizavareh, Principal Deputy District Counsel, and Josephine Lee, Senior Deputy District
8 Counsel.

9 Respondent, Flexfirm Holdings LLC (hereinafter referred to as “Respondent” or “Flexfirm”),
10 was represented by Malissa Hathaway McKeith, Esq. Flexfirm was not previously represented by
11 legal counsel. At the prior hearings, Flexfirm was represented by CEO Albert Castillo and its
12 technical consultant, Tony Andres. A stipulated Modified Order for Abatement (“First Modified
13 Order”) was entered effective May 28, 2024.

14 Following the First Modified Order, Flexfirm retained legal counsel, Malissa Hathaway
15 McKeith, Esq., Environmental Infrastructure Consultants, LLC, and consultant, Yasmine Stutz of
16 Ramboll Americas Engineering Solutions, Inc. (“Ramboll”). Since that time, the parties have met
17 and conferred both telephonically and in person on numerous occasions to address the compliance
18 challenges facing Flexfirm as a coatings manufacturer. Subsequent to the First Modified Order,
19 Flexfirm sampled its materials and coatings to determine VOC content, and it has run two source
20 tests to determine capture and control efficiencies pursuant to Rule 1128. Flexfirm has made a
21 number of operational changes to its existing equipment. The District has not issued any Notices of
22 Violations for approximately 90 days.

23 The following proposed Stipulated Second Modified Order for Abatement (“Second
24 Modified Order”) reflects Flexfirm’s commitment to purchase new equipment and to file permits to
25 construct and to operate allowing it to comply with District rules. It also reflects agreements with
26 staff in the interim for Flexfirm to continue operations under specified conditions while new
27 equipment is purchased, designed and constructed.

1 The public was given the opportunity to testify. The matter was submitted and evidence
2 received. The Hearing Board finds and decides as follows:

3 **FINDINGS OF FACT**

4 1. Petitioner is a body corporate and politic established and existing pursuant to Health
5 and Safety Code §40000, *et seq.* and §40400, *et seq.*, and is the sole and exclusive local agency with
6 the responsibility for comprehensive air pollution control in the South Coast Basin.

7 2. Respondent Flexfirm Holdings LLC operates a facility subject to the jurisdiction of
8 the District. Flexfirm operates a textile coating facility located at 2300 N. Chico Ave, South El
9 Monte, CA 91733 (“Facility”). Its Facility ID Number is 187620.

10 3. The District previously received over five hundred odor complaints from January
11 2023 through May 2024 from the surrounding area near Flexfirm alleging the Facility as the source
12 of the odor. The District traced the odors back to Flexfirm on several occasions. The District alleges
13 that Respondent is in violation and has been in violation of District Rule 402 since at least May 22,
14 2023. The District has issued thirteen Notices of Violations alleging a violation of District Rule 402
15 and Health and Safety Code section 41700 between May 22, 2023, and May 10, 2024.

16 4. Flexfirm owns and operates a Coating/Curing Oven with Afterburner under Permit to
17 Operate G52678 (“VOC Oven” and “Afterburner”), and a Coating/Curing Oven under Permit to
18 Operate G75719 (“Non-VOC Oven”) [collectively “Equipment”].

19 5. The Equipment is subject to District Rule 1128.

20 6. Flexfirm conducted a source test of the Afterburner in November 2023. The results
21 of the source test demonstrated a VOC destruction efficiency of 74.5%, which did not meet the Rule
22 1128 requirement of a VOC destruction efficiency of at least 95%.

23 7. Flexfirm has installed and maintained a non-resettable totalizing fuel meter on the
24 Afterburner that may be used to demonstrate less than one pound of NO_x per day averaged over a
25 calendar month pursuant to Rule 1147(g)(1)(B).

26 *Updates Since the First Modified Order*

27 8. Since the May 2024 hearing, Flexfirm has hired new legal counsel and consultant
28 Ramboll.

1 9. Flexfirm has implemented operational changes voluntarily and/or in accordance with
2 the First Modified Order, including:

- 3 • Sealed up openings, improving the inward velocity in the oven, matched the limit
4 controlled and the temperature controllers to reflect a more uniform temperature
5 indication;
- 6 • Provided afterburner gas usage records for January 2023 to the present to South Coast
7 AQMD;
- 8 • Performed sampling and VOC analysis of all coating materials and provided results
9 to South Coast AQMD;
- 10 • Recalibrated the modulating damper motor and firing rate gas valve to smooth out the
11 operation;
- 12 • Contacted the afterburner temperature controller representative as to methods of fine-
13 tuning the instrument to optimize its operation to improve the temperature
14 oscillations;
- 15 • Purchased a new exhaust variable frequency drive motor;
- 16 • Made repairs to the inner ducting to prevent leaks;
- 17 • Installed a new viewing port to observe characterization of the flame;
- 18 • Adjusted production to stay under 230,550 scf of gas per month which it has
19 accomplished since August 2024; and
- 20 • Increased maintenance.

21 10. Since the hearing on May 28, 2024 to date, the District has issued only three Notices
22 of Violation alleging a violation of District Rule 402 and Health and Safety Code section 41700
23 based on verified complaints. No Notices of Violation for odor nuisance have been issued since
24 August 7, 2024.

25 11. On or around June 20, 2024, pursuant to the First Modified Order, Flexfirm conducted
26 a second source test of the Afterburner through a third-party source test company, Alliance
27 Technologies. The source test results demonstrated a destruction efficiency of <95.7% and were
28 submitted to the South Coast AQMD for expedited evaluation on or around August 16, 2024.

1 12. South Coast AQMD Source Test Engineering determined that source test results could
2 not be used to determine compliance with Rule 1128 due to deficiencies in the test methodology
3 conducted by Alliance Technologies, which biased the destruction efficiency high. Alliance
4 Technologies is a third-party contractor listed on the District's Lab Approval Program. After the
5 District's Source Testing division determined that the results could not be used to determine Rule
6 1128 compliance, Flexfirm again paid Alliance Technologies to conduct another source test to
7 determine Rule 1128 compliance. The follow-up source test was conducted on October 15, 2024,
8 with Ramboll and District staff present. Those results are still pending.

9 13. To demonstrate compliance with Rule 1128 and Rule 1147, Flexfirm has committed
10 to purchasing either a new afterburner and permanent total enclosure or, alternatively, a new
11 afterburner and ovens. Either option requires significant investment of capital as well as the time
12 and expense of designing, permitting and constructing the equipment. The advantage of installing
13 an afterburner and permanent total enclosure instead of a completely new oven is the reduced time
14 for construction and the substantially lower costs. Flexfirm's consultants and District staff are
15 diligently working to determine which option is most feasible.

16 **CONCLUSION**

17 1. The continued operation of the Equipment may result in violations of District Rules
18 203, 1128, and Rule 1147 and odor nuisances in violation of District Rule 402 and Health and Safety
19 Code Section 41700.

20 2. The issuance of the prayed for Stipulated Second Modified Order is not expected to
21 result in the closing or elimination of an otherwise lawful endeavor, but if it does result in such
22 closure or elimination, it would not be without a corresponding benefit in reducing air contaminants.

23 3. This Stipulated Second Modified Order is not intended to be nor does it act as a
24 variance.

25 4. The issuance of this Stipulated Second Modified Order upon a fully noticed hearing
26 will not constitute a taking of property without due process of law.

27 5. There is good cause to issue this Stipulated Second Modified Order to assure that
28 operation of the equipment is done in a manner that will minimize and mitigate excess emissions

1 and bring the Facility into compliance as expeditiously as practicable while allowing the company
2 to remain in business.

3 **SECOND MODIFIED ORDER**

4 THEREFORE, subject to the aforesaid statements and good cause appearing, the Hearing
5 Board hereby orders Respondent to immediately cease and desist from violating District Rules 203,
6 402, 1128, 1147, and California Health and Safety Code Section 41700, or in the alternative comply
7 with the following conditions and increments of progress:

8 *No modifications to Conditions 1 through 12.*

9 *Condition 13 shall be replaced with the following:*

10 Condition 13: Respondent shall limit emissions to no more than 1,666 pounds of VOC per
11 month from all Equipment at the Facility. Monthly VOC emissions shall be calculated using
12 methods approved by District Permitting and Engineering division.

13 *No modifications to Conditions 14 through 16.*

14 *Conditions 17 through 26 shall be replaced with the following:*

15 Condition 17: Respondent shall test the VOC content of all applied coatings to paper, fabric,
16 or film substrate used at the Facility that were reformulated after September 2024 no later than
17 December 13, 2024, pursuant to the test methods set forth in Rule 1128(f)(1).

18 Condition 18: Respondent shall submit the VOC content results, specifying which oven line
19 each coating was processed in, to the South Coast AQMD (astewart@aqmd.gov and
20 amartinez2@aqmd.gov) within three (3) business days after receipt of results. Condition 19:
21 Respondent shall, within ninety (90) calendar days of issuance of this modified Order, submit a
22 complete permit application for the new equipment (“New Equipment”) under Rule 301(v)
23 Expedited Processing to replace the existing Non-VOC Oven and VOC Oven and Afterburner
24 and/or Afterburner and permanent structure in compliance with Rule 1128(c)(2) and Rule 1147
25 Table 2 – NOx and CO Emissions Limits.

26 Condition 20: Respondent shall, within One Hundred Twenty (120) calendar days of
27 issuance of this Second Modified Order, provide copies of purchase orders for all components and
28 services necessary to construct and install the New Equipment to South Coast AQMD staff

1 (astewart@aqmd.gov and amartinez2@aqmd.gov). Respondent shall pay for expedited shipping
2 and/or delivery for all components and services as available.

3 Condition 21: Respondent shall, within thirty (30) days of submitting a complete permit
4 application for the New Equipment, submit a source test protocol to the District for approval to
5 determine compliance with Rule 1128 and Rule 1147 for the New Equipment.

6 Condition 22: Respondent shall complete construction of the New Equipment no later than
7 six (6) months after permit issuance by the District, unless an extension is requested and approved
8 in writing to South Coast AQMD (cgill@aqmd.gov). The request for extension shall be supported
9 by documentation setting forth the reason for delay and shall not exceed 90 calendar days unless
10 further extension is approved by this Board.

11 Condition 23: Within thirty (30) calendar days of completing construction of the New
12 Equipment, Respondent shall conduct a source test pursuant to the requirements of the approved
13 source test protocol to determine Rule 1128 and Rule 1147 compliance. In addition, Respondent
14 shall notify the South Coast AQMD (astewart@aqmd.gov and amartinez2@aqmd.gov) of the
15 following:

- 16 a. A source test notification no less than ten (10) calendar days prior to the scheduled
17 source test date;
- 18 b. A notification of source test completion within 3 business days; and
- 19 c. A copy of the source test results within 3 business days of receipt.

20 Condition 24: Respondent shall request expedited review and processing of both the Source
21 Test Protocol and the Source Test Report to the South Coast AQMD by submitting the Expedited
22 Evaluation Request Form 222-XST.

23 Condition 25: Parties shall appear before the Hearing Board for a status/modification hearing
24 on March 25, 2025.

25 Condition 26: The Hearing Board may modify this Order for Abatement without the
26 stipulation of the parties upon a showing of good cause therefore, and upon making the findings
27 required by Health and Safety Code Section 42451(a) and District Rule 806(a). Any modification
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1 of the Order shall be made only at a public hearing held upon 10 days published notice and
2 appropriate written notice to Respondent.

3 Condition 27: Unless terminated earlier, the Hearing Board shall retain jurisdiction over this
4 matter until December 30, 2025, at which time this Order for Abatement, if it has not been properly
5 extended, shall expire.

6 Condition 28: This Order for Abatement does not act as a variance, and Respondent is
7 subject to all rules and regulation of the District, and with all applicable provisions of California
8 law. Nothing herein shall be deemed or construed to limit the authority of the District to issue
9 Notices of Violation, or to seek civil penalties, criminal penalties, or injunctive relief, or to seek
10 further orders for abatement, or other administrative or legal relief.

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12 **FOR THE BOARD:** _____

13 **DATED:** _____

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15 Reviewed by Malissa Hathaway McKeith, Representative for Respondent

16 Prepared by Josephine Lee and Sheri Hanizavareh, Attorneys for Petitioner
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