

**DEPARTMENT OF ENVIRONMENTAL QUALITY  
AIR QUALITY DIVISION  
ACTIVITY REPORT: Scheduled Inspection**

N567726347

FACILITY: Eagle Ottawa Rochester Hills, Ltd.		SRN / ID: N5677
LOCATION: 2930 AUBURN RD, ROCHESTER HLS		DISTRICT: Southeast Michigan
CITY: ROCHESTER HLS		COUNTY: OAKLAND
CONTACT: Tim Reedy, General Manager		ACTIVITY DATE: 08/11/2014
STAFF: Iranna Konanahalli	COMPLIANCE STATUS: Non Compliance	SOURCE CLASS: SM OPT OUT
SUBJECT: FY 2014 scheduled annual inspection of Eagle Ottawa Rochester Hills, LLC. Violation Notice dated July 29, 2014.		
RESOLVED COMPLAINTS:		

**Eagle Ottawa Rochester Hills, LLC. (N5677)  
A Subsidiary of Eagle Ottawa, LLC.  
Everett Smith Group  
FKA Mastercraft Leather Company  
2930 West Auburn Road  
Rochester Hills, Michigan 48309-3505**

**Phone: 248-844-1332 or 248-853-3122-ext. 294  
Fax: 248-853-6068**

**Web: [www.eagleottawa.com](http://www.eagleottawa.com)  
E-mail: [Howardc@eagleottawa.com](mailto:Howardc@eagleottawa.com)**

**PTI No. 433-95A dated January 31, 1997 (ROP and NESHAP / MACT opt-out)  
Void: 433-95 (February 5, 1997).**

**VN: Violation Notice dated July 29, 2014.**

On June 27 and August 11, 2014, I conducted a level-2 scheduled annual inspection of Eagle Ottawa Rochester Hills, LLC. (N5677), a subsidiary of Eagle Ottawa, LLC., Everett Smith Group, an automotive leather coating facility, located 2930 West Auburn Road, Rochester Hills, Michigan 48309-3505. The inspection was conducted to determine compliance with the Federal Clean Air Act; Article II, Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451; Michigan Department of Environmental Quality, Air Quality Division (MDEQ-AQD) administrative rules; and the air use permit (PTI No. 433-95A) conditions.

During the inspection, Mr. Tim Reedy (Phone: 248-844-1292; Fax: 248-853-6065; Mobile: 248-420-7379; E-mail: [reedyt@eagleottawa.com](mailto:reedyt@eagleottawa.com)), General Manager, Mr. Larry Abramowski (Phone: 248-844-1351; Fax: 248-853-6065; Mobile: 248-534-0574; E-mail: [abramowski@eagleottawa.com](mailto:abramowski@eagleottawa.com)), Facility and Maintenance Engineering Manager, and Joseph White (Phone: 248-844-1372; Fax: 248-853-6065; Mobile: 248-935-0243; E-mail: [whitej@eagleottawa.com](mailto:whitej@eagleottawa.com)), Support Technician Environmental Lab Product Development, assisted me.

Ms. Rhonda Robins (248-844-1313), Administrative Asst. for Product Development and Health, Safety & Environmental, separated about December 2013. Mr. Karl Rohr (Phone: 248-844-1326; Fax: 248-853-6065; Mobile: 248-841-1937; E-mail: [rohrk@eagleottawa.com](mailto:rohrk@eagleottawa.com)), Special Projects Manager, dedicates all his time on special projects.

Mr. Craig Howard (Phone: 248-364-7465 or 248-853-3122-ext. 294; Fax: 248-364-7478; E-mail: [howardc@eagleottawa.com](mailto:howardc@eagleottawa.com)), Environmental, Health & Safety Coordinator, separated in December 2008 and Mr. Douglas S. Andrews (Phone: 248-364-7464 or 248-853-3122-ext. ???; Fax: 248-364-7478; Cell: 248-841-7822; E-mail: [andrewsd@eagleottawa.com](mailto:andrewsd@eagleottawa.com)), Global Environmental Engineer, separated in June 2008.

Ms. Wendy Depp, Environmental Manager, and Mr. Scott Brasspeninx, Global Environmental Engineer, who used to maintain the spreadsheet calculations for VOC and HAP, have separated from the company in CY 2007

due to downsizing. Mr. Andrews replaced Mr. Brasspeninx

Everett Smith Group (ESG) is Eagle Ottawa's parent organization, which is a privately held company with investments in core businesses, featuring automotive, leather, sheet metal, rubber, urethanes and thermoplastics. ESG is headquartered in Milwaukee, Wisconsin, U.S.A. Eagle Ottawa is a global manufacturer of high quality automotive upholstery leather. Eagle Tanning works, as it was then known, was founded in 1865. Headquartered in Whitehall, Michigan, the company produced leather items for the horse and buggy trade. In 1916, Eagle Tanning Works merged with Ottawa Leather Company and became known as Eagle Ottawa Leather Company, the largest producer of upholstery leather in the world. The company began to diversify into leather for furniture, shoes, luggage, book binding, sports equipment, assorted novelties, valve-packings and other industrial products. In early 1990s, Eagle Ottawa bought Mastercraft Leather Company of Rochester Hills. Eagle Ottawa started doing business as (dba) Eagle Ottawa Rochester Hills, LLC.

There are, as of May 2014, eight (down from fourteen in 2007; increased in China from one plant to two) leather plants world-wide, including two US plants. The eight plants are: one in Hungary, three in Mexico (2 owned and 1 partnership), two in China, one in Rochester Hills, Michigan, USA, one in Thailand. Michigan plant operated as a back-up production facility from October 2008 to July 2012. About July 2012, full production started at Rochester Hills but Eagle Ottawa did not satisfy Rule 336.1290 conditions of exemption of Rule 336.1201 resulting in July 29, 2014, Violation Notice.

Leather is unique material because of its luxurious yet extremely wear resistant properties. Properly produced, and made from the highest quality raw materials, leather is strong, durable and breathable for the greatest driver and passenger comfort.

Eagle Ottawa Rochester Hills (fka Mastercraft Leather Company), or simply Eagle Ottawa, operated an existing leather trimming and coating process under PTI No. 433-95. On January 31, 1997, the permit was revised as PTI No. 433-95A to add two new spray coating lines, to adjust existing coating formulations and to remove one existing permitted roller coating line. PTI No. 433-95A covers two roll coaters with ovens, five spray booths with ovens and two air off drying tunnels; water curtains and wet cyclonic scrubbers control over-spray paint particulate matter in spray booths; roller coaters do not emit particulate matter and hence are not controlled. Three R&D spray coating booths and three R&D roller coaters are not part of PTI No. 433-95A and are operating pursuant to Rule 336.1290 exemption.

According to Mr. Howard's e-mail dated October 30, 2008, as of June 2008, the Rochester plant converted the existing production facility into a R&D facility. At any rate, Eagle wanted to keep the permits because it wanted operate this plant as a back-up to its Mexican plant. I confirmed on October 29, 2008, and May 19, 2011, during a walk-through inspection that all coating operations were idled and there was no indication of production activity. However, based upon FY 2014 inspection, both R & D and Production lines started operating as full production lines regardless of Rule 290 emissions restrictions.

### **July 29, 2014, Violation Notice**

AQD issued a Violation Notice (VN) dated July 29, 2014:

- Concerning Permit-to-Install (PTI) No. 433-95A (Special Condition (SC) Nos. 19, 21) for failure to perform the required VOC calculations;
- Concerning Rule 336.1201 for not meeting Rule 336.1290 conditions of exemption, installing new coating lines / booths
- Concerning Permit-to-Install (PTI) No. 433-95A ( (SC Nos. 19, 20, 21) for failure perform HAP emission calculations.

Please, refer to the VN for additional details.

### **Potential-to-Emit Calculations for VOC**

Rule 336.1210 (ROP) violations may exist. Hence, AQD requested in the July 2014 Violation Notice letter Potential-to-Emit (PTE) calculations for VOC. The PTE calculations have the following three parts:

1. Permitted (PTI No. 433-95A) coating lines / booths: PTE = 67 tons of VOC per year
2. Formerly Rule 290 (also used for R & D) exempt coating lines / booths that are now full unconstrained production lines: PTE based upon maximum design capacity and 8,760 hours per year operation. PTE = X tons of VOC per year
3. New coating lines / booths even though some of them replaced existing permitted coating lines: PTE based upon maximum design capacity and 8,760 hours per year operation. PTE = Y tons of VOC per year

Based upon three parts above, facility-wide PTE = (67 + X + Y) tons per year VOC

**Conclusion:**

Eagle Ottawa is not compliance. AQD issued a Violation Notice (VN) dated July 29, 2014.

**FYI - July 29, 2014, VN.**

July 29, 2014

Mr. Tim Reedy  
 General Manager  
 Eagle Ottawa Rochester Hills, LLC  
 2930 West Auburn Road  
 Rochester Hills, Michigan 48309-3505

SRN: N5677, Oakland (63) County

Dear Reedy:

**VIOLATION NOTICE**

On June 27, 2014, the Department of Environmental Quality (DEQ), Air Quality Division (AQD) conducted an inspection of Eagle Ottawa Rochester Hills, LLC ("Eagle Ottawa") located at 293 West Auburn Road, Rochester Hills, Michigan. The purpose of this inspection was to determine compliance with the requirements of the federal Clean Air Act; Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451), the administrative rules; and the conditions of Permit to Install (PTI) number 433-95A dated January 31, 1997 (ROP and NESHAP/MACT opt-out).

During the June 27, 2014 inspection, staff observed the following:

Process Description	Rule/Permit Condition Violated	Comments
Five permitted (excluding one Rule 290) spray topcoat booths, two roller basecoat booths (excluding two Rule 290)	Permit to Install (PTI) No. 433-95A, Special Condition (SC) Nos.19, 21	Eagle Ottawa failed to keep VOC records and calculate emissions beyond December 2013.
Previously Rule	Rule 336.1201	Eagle Ottawa installed and operated these

290 regulated coating lines, Gemata line installed about April 2014 in the R & D area and Natalie Roller Coating Line installed about January 2013	(Permit-to-Install)	coating booths/lines without obtaining a Permit-to-Install. Required Rule 290 records and calculations were not kept; lack of proper records means failure to meet the conditions of Rule 201 exemption as described in the Rule 290. Besides Rule 290 an R & D line ran for many years as full production lines. New lines that replaced some existing lines were installed without permit.
Entire facility (including all coating booths and lines)	PTI No. 433-95A, SC No.19, 20, 21	Eagle Ottawa failed to perform HAPs emissions calculations.
Note: PTI No. 433-95A may be revised (PTI No. 433-95A → PTI No. 433-95B) as an ROP and MACT synthetic minor permit to include all processes: viz. coating processes, paint kitchen, etc. Please include correct stack heights in the revision.		

During this inspection, Eagle Ottawa was unable to produce emission records beyond December 2013. This is a violation of the recordkeeping and emission limitations specified in Special Condition number 19 of PTI number 433-95A .

During this inspection, it was noted that Eagle Ottawa had installed and/or commenced operation of unpermitted leather coating lines (Gemata line installed about April 2014 in the R & D area and Natalie Roller Coater Line installed about January 2013 in the Production area) at this facility.

In addition, two basecoat and one spray topcoat booths were operating under Rule 336.1201 exemption pursuant to Rule 336.1290. The required records for Rule 290 have not been kept for several years. Hence these booths are also operating in violation of Rule 201. Some coating lines/booths are replaced by new coating lines/booths.

The AQD staff advised Eagle Ottawa on June 27, 2014 that this is a violation of Act 451, Rule 201.

A program for compliance may include a completed PTI application for the the coating lines process equipment. An application form is available by request, or at the following website:  
[http://www.deq.state.mi.us/aps/nsr\\_information.shtml#AUP](http://www.deq.state.mi.us/aps/nsr_information.shtml#AUP)

Be advised that Rule 201 requires that a permit be obtained prior to installation, construction, operation, reconstruction, relocation, or alteration of any process or process equipment which may be a source of an air contaminant.

Under the State of Michigan's Air Pollution Control law and the federal Clean Air Act, a Renewable Operating Permit (ROP) program has been developed and implemented in Michigan. This program requires major sources of air emissions to obtain a facility-wide air use permit. This permit serves as a mechanism for consolidating and clarifying all air pollution control requirements which apply to the source. Rule 210(5) of Part 55, Air Pollution Control, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451), requires major sources to submit an application to the Department of Environmental Quality (DEQ), Air Quality Division (AQD) not more than 12 months after a stationary source commences operation as a major source, as defined by Rule 211(1)(a) of Act 451.

Please submit Potential-to-Emit (PTE) calculations for Volatile Organic Compounds (VOC) considering the coating lines permitted (PTI No. 433-95A PTE = 67 tpy), rule 290 coating lines which breached Rule 290 limits because Eagle Ottawa failed to keep Rule 290 records as prescribed by AQD (also, Eagle Ottawa ran them as full production lines) and newly installed coating lines. Existing PTI No. 433-95A (SC 13) limits VOC emissions to 67 tons per year for the permitted coating lines. Existing PTI No. 433-95A (SC 20) limits hazardous air pollutants (HAP) emissions to 9 tpy (single HAP) and 22.5 tpy (aggregate HAPs). While SC 20 covers all processes including all coating lines (both existing and new) at this geographic site, SC13 covers only permitted lines

(excludes Rule 290/R & D lines and newly installed lines). Please demonstrate compliance with HAP limits (PTI No. 433-95A, SC 20)

Please initiate actions necessary to correct the cited and submit a written response to this Violation Notice by August 19, 2014 (which coincides with 21 calendar days from the date of this letter). The written response should include: the dates the occurred; an explanation of the causes and duration of the ; whether the ongoing; a summary of the actions that have been taken and are proposed to be taken to correct the and the dates by which these actions will take place; and what steps are being taken to prevent a reoccurrence.

If Eagle Ottawa believes the above observations or statements are inaccurate or do not constitute violations of the applicable legal requirements cited, please provide appropriate factual information to explain your position.

Thank you for your attention to resolving the cited above and for the cooperation that was extended to me during my inspection of June 27, 2014. If you have any questions regarding the or the actions necessary to bring this facility into compliance, please contact me at the number listed below.

Sincerely,

Iranna Konanahalli

Air Quality Division  
586-753-3741 or konanahalli@michigan.gov

IK/DC

cc/via email: Ms. Lynn Fiedler, DEQ  
Ms. Teresa Seidel, DEQ  
Mr. Thomas Hess, DEQ  
Mr. Christopher Ethridge, DEQ

NAME Iranna Konanahalli DATE 08/12/2014 SUPERVISOR CJE