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**APCD Permitting of Paint Cells**  
**Environmental Technologies Panel Meeting**

**February 18, 2009**

**Mike Chee**

# Facility Expansion Project



# Facility Expansion Project



# Blast & Paint Facility

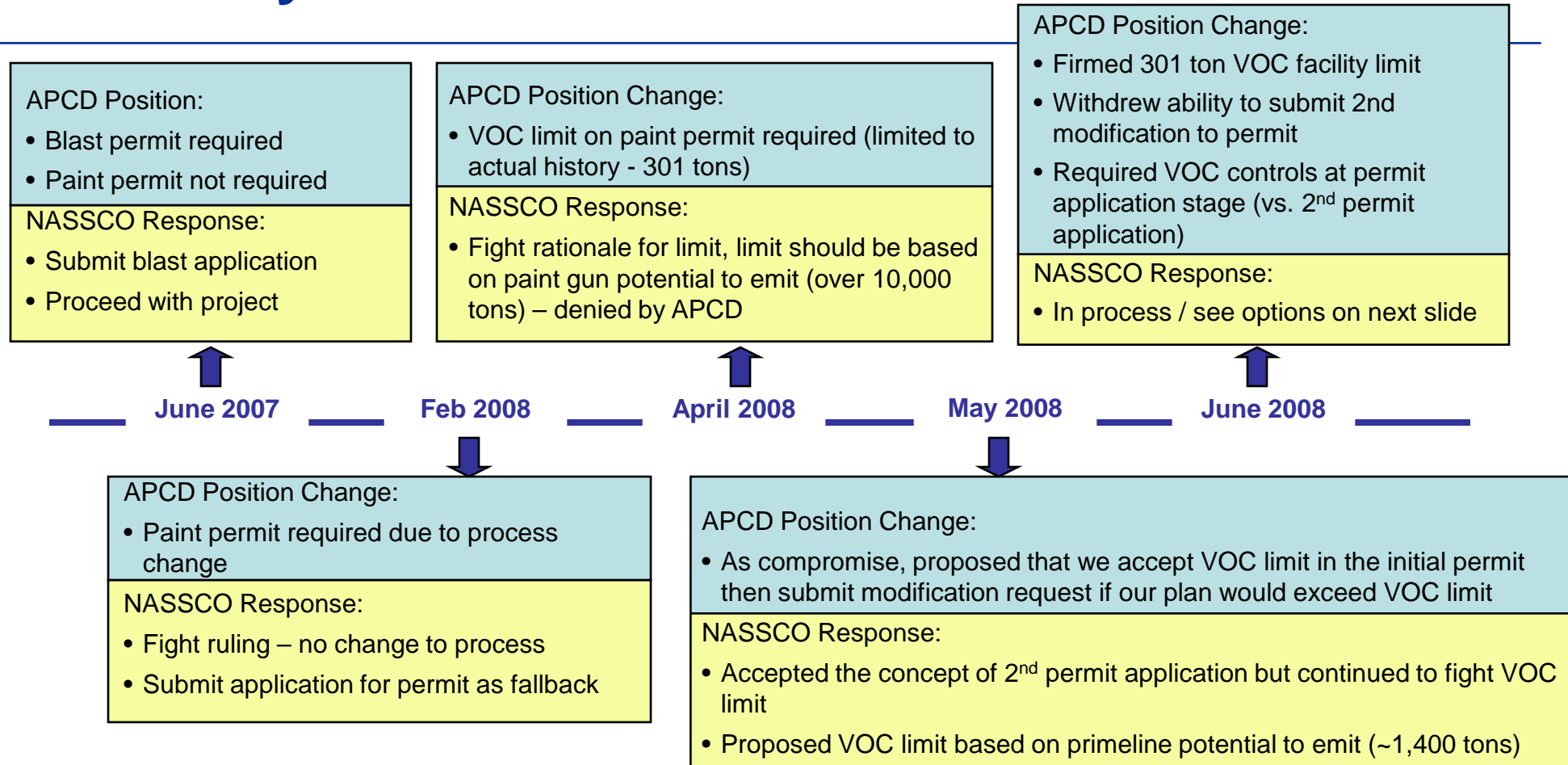
## Paint Permit Background

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- **NASSCO currently holds a combined Air Pollution Control District (APCD) permit for its outdoor marine coating and prime line operations**
  - ◆ Outdoor marine coating – unlimited VOCs
  - ◆ Prime line – restricted to 19.4 tons of VOCs/year
- **In April 2007, NASSCO first began to investigate the potential to build a Blast and Paint Facility**
  - ◆ According to the APCD Chief, Engineering Division, the blast cells would require new permits and the paint cells would not
- **Throughout 2007, NASSCO proceeded defining the blast and paint project scope and specifications based on APCD's permit position**
  - ◆ Blast permit application submitted in October
  - ◆ GD Board approval to construct blast and paint facility obtained in December
  - ◆ NASSCO blast and paint subcontracts were issued in late December and early January

# Blast & Paint Facility

## Summary of Efforts to Obtain Paint Permit



Summary of APCD Positions:	Jun '07	Feb '08	Apr '08	Jun '08
Paint Permit Required	N	Y	Y	Y
VOC Limits	N	N	Y	Y
VOC Controls Required	N	N	N	Y

# APCD Permitting Regulations

- APCD Rule 10 states Authority to Construct (ATC) and Permit to Operate (Permit) must be obtained for any “*article, machine, equipment or other contrivance which may . . . eliminate or reduce or control the issuance of air contaminant*”
- APCD Rule 18(a) requires action on application “*within 180 days*”
- APCD Rule 20.1 prescribes permitting process for “*any new or modified emission unit . . . [or] any relocated emission unit*”
  - ◆ Under Rule 20.1(c)(38) “Modified Emission Unit” is one in which a physical or operational change may result in an “*increase in an emission unit’s potential to emit*”

# APCD Permitting Regulations (cont.)

- APCD Rule 20.1(d)(1)(i)(B) requires that calculation of potential to emit (PTE) be based on
  - ◆ Specific limit contained in existing permit
    - The specific limiting conditions related to the Primeline restrict emissions from outdoor painting to a lower level and should be used to calculate the potential to emit based on 20.1(d)(i)(A)
    - Facility Outdoor and Paint Cell Emission Cap should be 589 Tons per Year based on 20.1(d)(1)(i)(A)
  - ◆ Actual emissions
    - Actuals may be based on “*highest level of emissions occurring during a one-year period within the five-year period preceding the . . . application*”; or
  - ◆ Lower emissions agreed to by parties

# APCD Permitting

## Legal Remedies

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- No clear authority in CAA, State Statutes or Rules to contradict APCD positions
  - ◆ Erection of Blast & Paint Cells does not fall within any Rule exemptions, no case law on application of Rules 10 and 20.1
  - ◆ Court challenge to APCD requires “final action”, *i.e.* issuance or denial of a permit
    - Extremely limited basis for court action based on changing approaches prior to final action (e.g. “Constructive denial” claim)
  - ◆ Likely would need to exhaust administrative remedy (appeal to APCD Board within 30 days of Permit issuance under Rule 25) prior to court challenge
    - Judicial review may be had of “*a decision of a hearing board*” Cal Health & Safety Code 40864(a)
  - ◆ Courts very deferential to regulators in post-permit challenges—available arguments unlikely to succeed
    - No physical or operational change = no modification
    - Paint gun capacity is proper way to determine PTE
    - Best argument: Move to Paint Cells would reduce PM and VOC emissions (due to reduction in waste); continued open-air painting reduces neither

# Blast & Paint Facility Decision

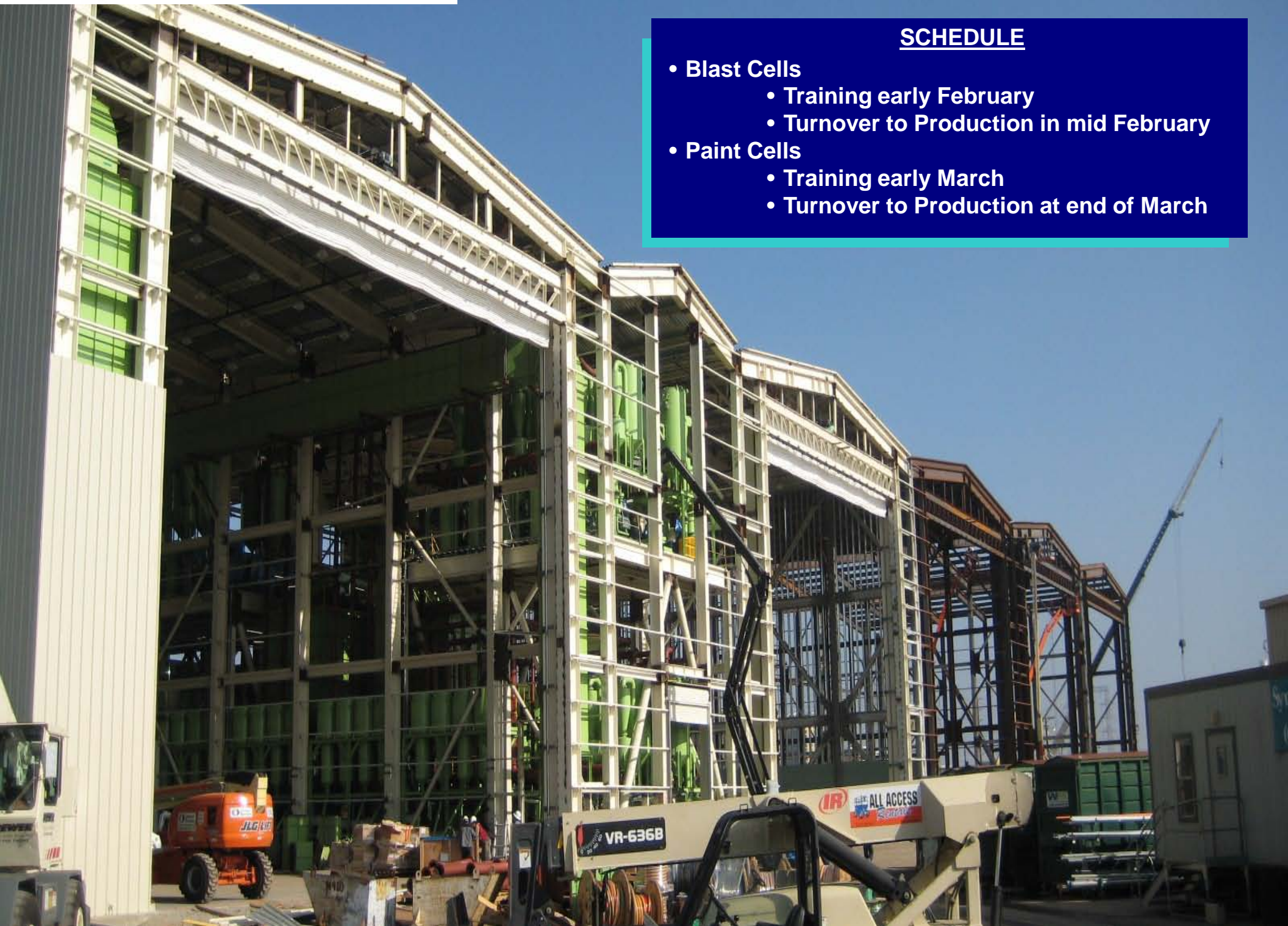
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- **Withdraw application to modify existing paint permit**
- **Proceed with foundation and blast cell construction**
  - ◆ **Contract to erect blast facility with options for paint cells**
    - **Blast cell authority to construct received 6/26/08**
  - ◆ **Develop plan for interim paint equipment storage**
  - ◆ **Make arrangements to paint outside**
- **Reevaluate paint cells and resubmit new source application for paint cells only**
  - ◆ **Determine cost impact of required VOC controls**
  - ◆ **Perform cost benefit analysis of completing cells vs. maintaining paint operations outside**
  - ◆ **Expected Minimum of 6 months before receipt of authority to construct – Obtained in three weeks**

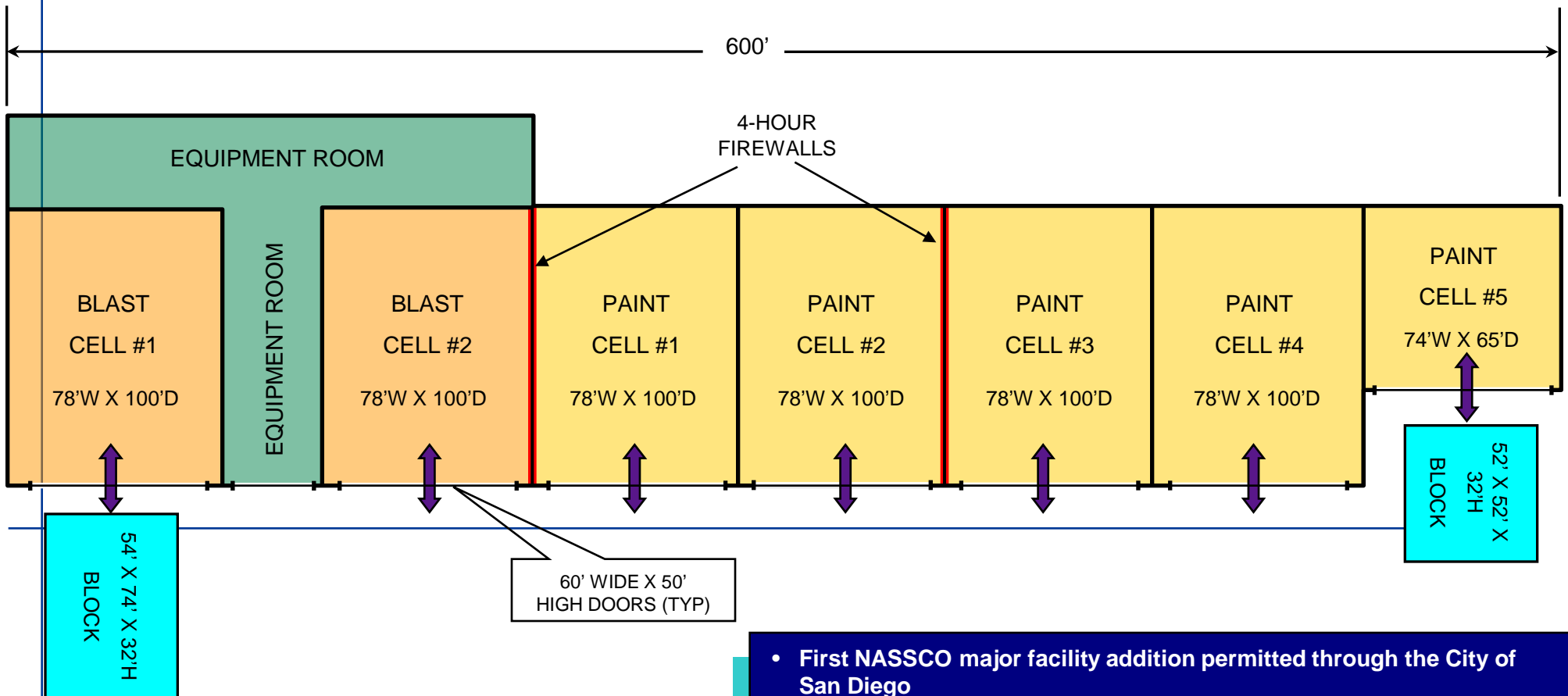
# BLAST & PAINT FACILITY

## SCHEDULE

- **Blast Cells**
  - Training early February
  - Turnover to Production in mid February
- **Paint Cells**
  - Training early March
  - Turnover to Production at end of March

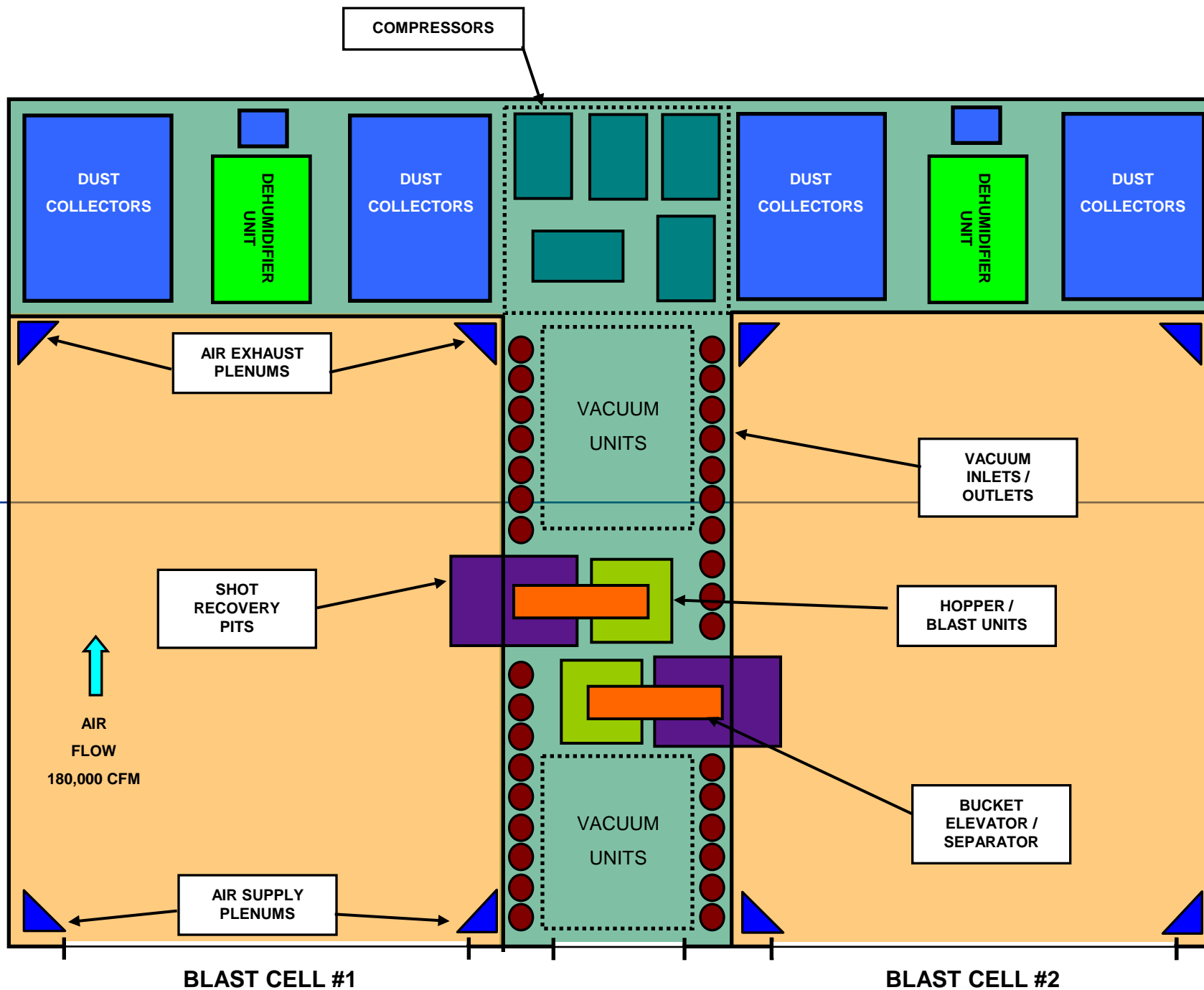


# BLAST & PAINT BUILDING

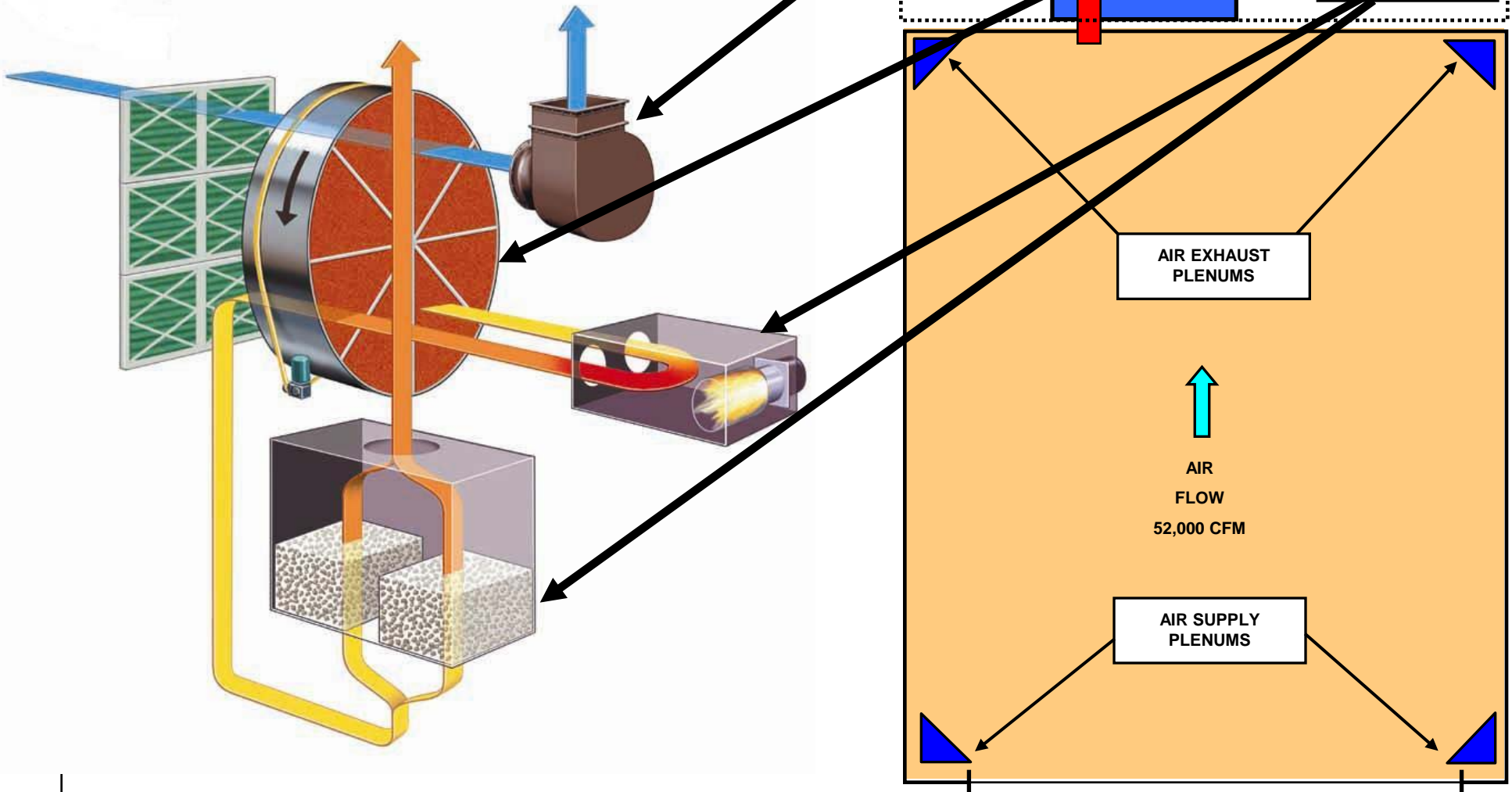


- First NASSCO major facility addition permitted through the City of San Diego
- Largest facility of its kind in the United States
- Built under the new 2007 CBC (California Building Code) with more stringent seismic requirements.
- Fire protection systems for NFPA H2 occupancy in Paint and F1 occupancy in Blast
  - All cells fully sprinkled (including exhaust ducts)
  - Explosion proof fixtures throughout
  - LEL (Lower Explosion Limit) Monitoring in Paint Cells
  - (2) 4-Hour firewalls for separation

# BLAST CELLS DETAIL



VOC ABATEMENT SYSTEM



# New Blast & Paint Facility cont.



# New Blast & Paint Facility cont.



**Vacuum Recovery**



**Auto Dumper**

# New Blast & Paint Facility cont.

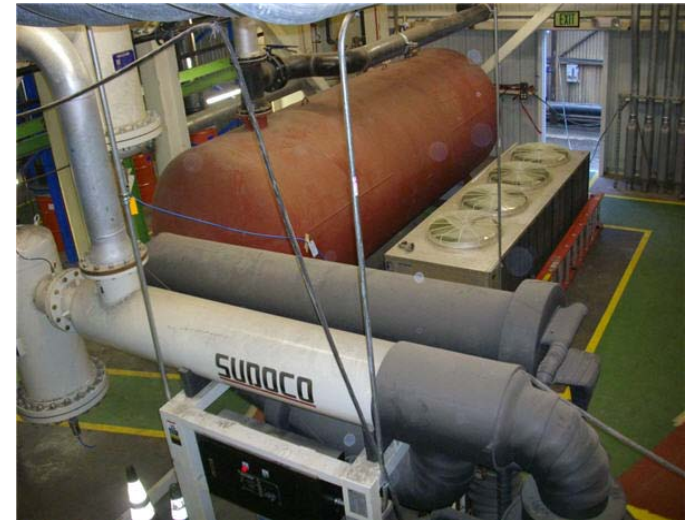
**Control Room**



**Air Dryer**



**Compressor**



# New Blast & Paint Facility cont.



**Paint Cells**



**Inside view**

# New Blast & Paint Facility cont.



↑  
**VOC Abatement  
Equipment (Qty. 5)**



↗  
**Rotor Concentrator  
Wheel (Qty. 5)**