

Jeb Bush
Governor

Department of Environmental Protection

Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

David B. Struhs
Secretary

August 13, 1999

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Mr. Dennis Wilson, VP/General Manager
Sea Ray Boats, Inc.
350 Sea ray Drive
Merritt Island, Florida 32953

Re: DEP File Nos. 0090182-001-AC, 0090093-003-AC
Sea Ray Cape Canaveral Plant


On August 11 we received the enclosed letters from the U.S. Environmental Protection Agency Region IV Office in Atlanta regarding Sea Ray projects. The first one confirms our preliminary decision, which was conveyed to your representatives on July 23 that the Cape Canaveral Project is subject to review under the rules for the Prevention of Significant Deterioration (PSD) at 62-212.400., F.A.C.

On July 19, we received an updated application from your engineer and proposal for a determination of Maximum Achievable Control Technology (MACT) for Hazardous Air Pollutants (HAPs) as required by Rule 62-204.800., F.A.C. On August 3 and August 9, we received by FAX portions of a draft proposal for a separate Best Available Control Technology (BACT) as required under the PSD program. As discussed at our meeting today with your representatives, we are reviewing the information and will soon provide your engineer with a response along with a listing of the submittals needed for a PSD review.

We have been directed by our management to expedite all work on your project. We understand we will have a discussion with your representatives on August 23 to review all pending issues discussed at today's meeting. The Central District relinquished control of the application and our office is tracking it.

Our technical contact is John Reynolds. He was the permit engineer for the first two Sea Ray Projects at the Merritt Island Facility. You may call John at 850/921-9536.

Sincerely,

 8/13
A.A. Linero, P.E. Administrator
New Source Review Section

AAL/al

Cc: Len Kozlov, DEP CD
Angela Morrison, HGSS
Pete Cantelou, P.E., CHP

"Protect, Conserve and Manage Florida's Environment and Natural Resources"

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August 12, 1999

Mr. Al Linero, P.E.
Bureau of Air Regulation
Florida Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399

Re: Proposed Cape Canaveral Plant
(DEP File #0090182-001-AC)
Sea Ray Boats, Inc.
Merritt Island, FL

Dear Mr. Linero:

Please accept this letter as Sea Ray's response to the Department of Environmental Protection's request for additional time to review the air permit application for the above proposed facility, dated May 4, 1999. Pursuant to Florida Statutes Sections 120.60 and 402.0876, Sea Ray consents to additional time for the department to review the permit application beyond the 90 day period that was to expire on August 5, 1999.

Sea Ray agrees to provide an additional two week extension to review the permit application which will be through September 15, 1999. This extension is based upon the understanding that the permit intent letter will be issued on or before August 27, 1999.

Sea Ray remains committed to assist in the review of this application and if any additional information is required, please do not hesitate to contact either Kevin Thompson or our consultant, Pete Cantelou. We will immediately respond so that this process for approval can be completed within the above time period. Sea Ray does understand that DEP has committed to expedite this review and approval process in light of our current schedule for the project. Thank you for your assistance in this matter.

Sincerely,


SEA RAY BOATS



Dennis Wilson
Vice President/General Manager

DW:dn

cc: Angela Morrison
Pete Cantelou

 EPA		United States of America Environmental Protection Agency	
A FAX FROM <u>Region 4</u>			
TO: Al Linero - Division of Air Resources Management		FAX NO: (850) 922-6979	
SUBJECT: Sea Ray Boats - Vonore, TN			
FROM: Jim Little		PHONE NO: (404) 562-9118	
OFFICE: APTMD		FAX NO. FOR: (404) 562-9095	
COMMENTS: Attached is a copy of our letter on the Sea Ray Boats facility located near Vonore, TN. I will send our letter on the Cape Canaveral facility later this morning.			
DATE and TIME: 08/11/99 08:37:30 AM		NO. OF PAGES 5 (incl. cover)	



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

AUG 11 1999

4APT-ARB

David G. Carson, Chief
New Source Permitting Program
Division of Air Pollution Control
Tennessee Department of Environment & Conservation
9th Floor, L & C Annex
401 Church Street
Nashville, Tennessee 37243-1531

Re: Sea Ray Boats, Inc., Monroe County, Tennessee (PSD-TN-159)

Dear Mr. Carson:

This correspondence acknowledges the receipt of the following documents related to a proposed modification by Sea Ray Boats, Inc. (SRB): revised prevention of significant deterioration (PSD) permit application dated February 1999, submitted to us as an attachment to a letter dated April 30, 1999, from the Tennessee Division of Air Pollution Control (TDAPC); additional information sent by fax from TDAPC on July 7, 1999. SRB proposes to increase production levels and to upgrade a dust collection system at the Tellico Lake facility in Monroe County, Tennessee. SRB currently manufactures 17 to 26 foot fiberglass pleasure boats via a gelcoat and polyester resin lamination process. Currently, the facility is permitted to emit 249.48 tons per year (tpy) (via old AP-42 emission factors) or 360.84 tpy (via National Marine Manufacturers Association (NMMA) emissions factors) of VOC's, with styrene as the most significant pollutant of concern. The proposed PSD major modification relates to an increased production level which will increase VOC emissions by 324.37 tpy. This will increase the facility's total emissions to 684.85 tpy. All emissions estimations used in this review will refer to the NMMA emission factors. We have reviewed the package as submitted and have the following significant comments:

A. Best Available Control Technology (BACT) Analysis

1. The submitted PSD application is significantly lacking critical elements of a true top-down BACT analysis as outlined in the October 1990, "New Source Review Workshop Manual". We recommend that the applicant review this manual and revise the BACT analysis as appropriate. As you are aware, the top-down BACT process comprises the following steps: (1) identification of potential control alternatives; (2) elimination of technically infeasible alternatives based on sound physical and chemical principles; (3) ranking of technically feasible alternatives (including reasonable combinations of individual alternatives where appropriate); and (4) acceptance of the top feasible control alternatives

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or elimination of top alternatives on the basis of economic, energy, and environmental considerations. Step 4 is missing entirely from the application for the proposed SRB modification and should be provided. Related to Steps 1 and 2, we recommend that the applicant at a minimum identify any VOC control alternatives in use at other SRB manufacturing facilities that have been deemed not appropriate for the Lake Tellico modification and explain why these alternatives are inappropriate. We further recommend for Steps 1 and 2 that the applicant review current RACT BACT LEAR Clearinghouse (RBLC) listings located on the world wide web at <http://www.mapsweb.rtpnc.epa.gov/RBLCWeb/b102.htm> and the extensive database compiled by EPA for development of this industry's MACT standards.

2. The applicant should specify where and when the use of 35 percent styrene resin, low vapor pressure solvents and water based emulsifiers are applicable. The language used in the application indicates that the 35 percent resins will be used only when and where applicable, if the internal testing proves acceptable, denoting a discretion left only to the facility without quantifiable emissions control. Additional documentation should include both the full potential and availability of current low styrene resins and applicable high volume/low pressure technologies, and a complete assessment of their feasibility. A review of current publications including the "polyester resin/fiberglass" document, developed by the Compliance Assistance Program within the California Environmental Protection Agency, Air Resources Board, Compliance Division, dated April 1999, and others within the fiberglass industry should be evaluated. Copies of the aforementioned document and other fiberglass BACT documents are enclosed. This evaluation should provide a basis to determine potential process and add-on control alternatives to include material and solvent substitution and/or replacements. A detailed evaluation of BACT is critical to this facility in lieu of current industry statistics which indicate that this facility would become a significant styrene source, contributing approximately 680 tpy or 6.8 percent of total industry styrene emissions.

Based on this high styrene emissions rate we would recommend that this facility provide a detailed feasibility and cost evaluation of available add-on controls as well as individual controls. We would suggest that the detailed evaluation of control options focus on process operations that produce the highest VOC emissions - specifically, gelcoat application, lamination, assembly, and final finish.

3. Due to the extended time period between this final PSD application addendum (dated February 1999) and the initial PSD submittal (dated 1996), a current review and analysis of the proposed application should be provided for the alternatives presented in the BACT analysis by the applicant. This request is especially applicable to this facility, in view of the verbally reported modifications to plant operations and equipment. For example, on page 44 of the 1999 application revision, the applicant dismisses activated carbon adsorption as a technically feasible control method based on a publication that is now nearly 10 years old. As another example, although the applicant concludes on pages 45

and 46 of the 1999 application revision that use of a concentrator/thermal oxidizer was "not an option," we understand that this control method is now being considered by the applicant.

4. The PSD application lists the net emissions increase to be based on the difference between the previously permitted maximum emissions and the proposed maximum emissions. The net emissions increase should be based on the difference between the average actual emissions over the most recent two (2) years and the maximum potential to emit after the modifications.
5. Particulate emissions estimates were not provided. The application assumed these emissions to be negligible based on the planned operation and efficiency of cyclone, dust collectors and filter systems. No quantitative information is provided as a basis for this assumption.
6. The applicant has listed the use of AP-42 emission factors for the estimation of current and future potential emissions from styrene. The applicant should not use the AP-42 emissions estimation data as these data are no longer considered valid.

B. Ambient Impact Assessments

1. Class I Area Impact Analysis - Four Class I areas are within 100 km of the SRB facility. Of these, two are within 30 km. As with the Class II impact analysis, no quantitative impact assessments were provided for these areas. Our comments on the three qualitative assessments that were provided are as follows:

Prevailing wind analysis - Knoxville, Tennessee, meteorological data were used to represent the wind direction frequency expected at Vonore, TN. The Knoxville meteorological data display a SW to NE predominant flow that may be caused by local Knoxville terrain features not representative of the Vonore site.

Biogenic vs. anthropogenic VOC emissions - The application notes that, over the southeastern region, biogenic VOC emissions are much larger than anthropogenic emissions. This fact is associated with the long-term values over the whole southeast and does not address the short-term, location-dependent impact concerns associated with the effect of SRB's VOC emissions at the nearest Class I area.

Visibility - Although not addressed quantitatively, the facility was indicated to be an insignificant emitter of pollutants contributing to visibility impairment - sulfates, particulate matter, and nitrogen oxides.

We understand that the Federal Land Managers (FLM's) for the four Class I areas within 100 km of the plant were notified about the proposed modification in late 1997.

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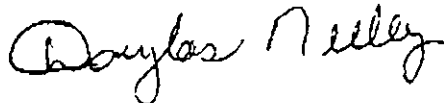
However, due to the substantially increased VOC emission rate estimates since this initial notification, the FLM's should be re-notified and provided with current estimates.

2. **Monitoring Data** - The 1999 application revision did not contain any ozone monitoring data to address current ozone levels in the local area near the facility and in the Class I areas within 100 km of the facility. The current background levels of ozone are important in order to evaluate the significance of the VOC emissions increase expected from the proposed modification.

According to recent information from TDAPC, SRB will be conducting post-construction ambient ozone monitoring. If this is the case, we recommend that monitoring be continued at least as long as required to determine compliance under the new 8-hour national ambient air quality standard for ozone.

Thank you for the opportunity to comment on this package. If you have any questions, please contact Mr. Leonardo Ceron of the EPA Region 4 staff at (404) 562-9129.


Sincerely,



R. Douglas Neeley
Chief
Air and Radiation Technology Branch
Air, Pesticides, and Toxics
Management Division

Enclosures

BACT Analysis for Master Craft Boat Company, Vonore, Tennessee
Polyester Resin/Fiberglass Technical Manual, California Air Resources Board

 EPA		United States of America Environmental Protection Agency	
A FAX FROM <u>Region 4</u>			
TO: Clair Fancy - FDEP Al Linero - FDEP ✓		FAX NO: (850) 922-6979	
SUBJECT: Sea Ray Boats			
FROM: Jim Little		PHONE NO: (404) 562-9118	
OFFICE: APTMD		FAX NO. FOR: (404) 562-9095	
COMMENTS: We will mail another copy.			
DATE and TIME: 08/11/99 10:25:32 AM		NO. OF PAGES 4 (incl. cover)	

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ATLANTA FEDERAL CENTER
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ATLANTA, GEORGIA 30303-8960

AUG 11 1999

4APT-ARB

Mr. C.H. Fancy, Chief
Bureau of Air Regulation
Florida Department of Environmental Protection
Twin Towers Office Building
2600 Blair Stone Rd.
Tallahassee, Florida 32399-2400

SUBJ: Applicability of Prevention of Significant Deterioration Permitting Requirements,
Proposed Sea Ray Boats Facility, Merritt Island, Florida

Thank you for your letter of July 27, 1999, requesting comments on a permit application submitted by Sea Ray Boats, Inc. (Sea Ray). Sea Ray proposes to construct a fiberglass boat manufacturing facility in Merritt Island, Florida. The facility is referred to as the Cape Canaveral Plant and will be located approximately one mile from an existing Sea Ray fiberglass manufacturing facility referred to as the Merritt Island Plant.

Sea Ray contends that the two facilities should be viewed as separate emission sources. Further, Sea Ray proposes emissions for the Cape Canaveral Plant that are slightly less than the prevention of significant deterioration (PSD) permitting applicability threshold if the facility is treated as a separate source. You have requested comments from us on the question of PSD applicability.

For two facilities to be considered part of the same source under PSD regulations, generally they must be under common control, belong to the same major industrial grouping, and be located on one or more "contiguous or adjacent" properties. The two facilities are clearly under common control and belong to the same major industrial grouping. Our determination is that the Cape Canaveral Plant and the Merritt Island Plant are located on adjacent properties and should be considered as one source for PSD permitting purposes. This determination is based on the following considerations.

1. The separation distance of one mile is definitely within the distances previously determined by the U.S. Environmental Protection Agency (EPA) to deem separated facilities as adjacent. For example, in a letter from EPA Region 4 dated May 12, 1999, we rendered a determination on whether two facilities under common ownership and located approximately one mile apart should be considered adjacent for Title V permitting purposes. Although we concluded that the two facilities could be considered separate based primarily on a lack of interdependence, we also made the following statement: "For this and future such determinations, our position is that

- separate facilities could be considered a single source for Title V permit applicability purposes strictly on the basis of proximity without regard to whether the facilities are dependent on each other or physically connected in some way." We are of the same opinion for PSD applicability determinations as for Title V applicability determinations.
2. The Cape Canaveral Plant raises our attention because it will not be a small emission source. It will have the potential to emit 211 tons per year (tpy) of volatile organic compounds (VOC). This potential emission rate is more than double the 100-tpy emissions threshold that would make the facility a major PSD source on its own if it were in one of the 28 listed PSD categories, and more than five times the PSD significant emission rate for VOC. Moreover, Sea Ray proposes to emit 125 tpy of styrene from the Cape Canaveral Plant. Styrene is a hazardous air pollutant (HAP), and the proposed styrene emission rate is more than ten times the amount (10 tpy) that would cause the proposed facility by itself to be classified as a major HAP source under the national emission standards for hazardous air pollutant (NESHAP) program and under the Title V operating permit program.
 3. The existing Merritt Island Plant has a permit that allows 426 tpy of VOC emissions, a major portion of which we assume is styrene and other HAP emissions. The distance between the Merritt Island Plant and the proposed Cape Canaveral Plant is close enough that emissions from the two facilities could interact and impact the same ambient environment regardless of whether they are operationally independent. Therefore, within the broad air quality protection objectives of the prevention of significant deterioration regulations, a review of the control technology and ambient impact aspects of the Cape Canaveral Plant is certainly indicated if PSD review is merited on a procedural basis (that is, on the basis of site adjacency).
 4. Sea Ray's letter dated July 14, 1999, makes a case for judging the proposed and existing facilities as having "no functional inter-relationship." However, Sea Ray chose for some definite reason to locate the proposed facility within close proximity of the existing facility. (We deem the proximity to be close in view of the fact that the separation distance between the two sites is less than the combined linear frontage of the sites.) We grant that the closeness of the sites may be merely a result of an area with features conducive for one boat manufacturing facility also being conducive for a similar facility. Nevertheless, Sea Ray's intentional selection of a site so close to the site of the existing facility appears at face value to suggest some sort of advantage in having the two facilities near each other, even if nothing more than the advantage of corporate communication efficiency. Please note, however, that the primary basis for our determination in this case is not whether the two facilities are interdependent.

Taking these various factors into account, we restate our determination that the Cape Canaveral Plant and the Merritt Island Plant should be considered as part of the same source for

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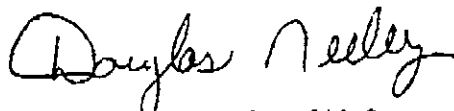
PSD permitting applicability purposes. Should you agree with our determination, we recommend that you convey to Sea Ray the following advantages of having the Cape Canaveral facility undergo PSD review:

- Should Sea Ray decide at a future date to make the two facilities in some way functionally dependent or physically connected, the question of PSD permitting requirements will already be resolved.
- Similarly, should Sea Ray arrange in future to purchase or lease the property between the two sites, this would not trigger the need to re-visit the issue of adjacency.
- If the two facilities are treated as one source and a single PSD permit is issued for both facilities, Sea Ray will be able to credit emission reductions at one facility against future emission increases at the other. If FDEP decides to separate the two facilities for PSD permitting purposes, Sea Ray will not be allowed to use emission decreases at one facility in a netting analysis to avoid major or minor new source review (NSR) permitting for a future modification at the other facility.
- Grouping the two facilities as one source and obtaining a PSD permit will avoid any future investigation by EPA after the new facility begins operation as to whether Sea Ray improperly circumvented PSD regulations. Similar scrutiny by potential public intervenors would also be avoided.

If FDEP decides that the two facilities should be separated for PSD applicability purposes, none of these advantages would apply. Further, if the Cape Canaveral facility is permitted as a separate emission source and thereby avoids PSD review, we would view any "minor" modifications at the facility in the near term that result in VOC emission increases as a possible case of improper PSD circumvention.

If you have any questions or comments concerning this letter, please contact Jim Little at (404) 562-9118.

Sincerely,



R. Douglas Neeley, Chief
Air and Radiation Technology Branch
Air, Pesticides, and Toxics
Management Division