San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

APR 01 2011

HEALTHY AIR LIVING™

Lawrence Sambado
A. Sambado & Son Inc
8077 N. Tully Road
Linden, CA 95236

RE: Notice of Final Action - Authority to Construct
Project Number: N-1103540

Dear Mr. Sambado:

The Air Pollution Control Officer has issued Authority to Construct permit to A. Sambado & Son Inc for methyl bromide or propylene oxide fumigation and off-gassing operations, at 16461 E. Comstock Road, Linden, California. Enclosed are copies of the Authority to Construct permit and a copy of the notice of final action to be published approximately three days from the date of this letter.

Notice of the District's preliminary decision to issue this Authority to Construct was published on February 5, 2011. The District's analysis of the proposal was also sent to CARB on December 30, 2010. All comments received following the District's preliminary decision on this project were considered. Response to these comments is attached to this letter.

Comments received by the District during the public notice period resulted in minor changes to the equipment and operating costs in the determining the BACT cost effectiveness analysis for the carbon bed and scrubber system. These changes were minor and did not trigger additional public notification requirements, nor did they have any impact upon the Best Available Control Technology determination or on the amount of offsets required for project approval.

Also enclosed is an invoice for the engineering evaluation fees pursuant to District Rule 3010. Please remit the amount owed, along with a copy of the attached invoice, within 60 days.

Thank you for your cooperation in this matter. If you have any questions, please contact Mr. Rupi Gill at (209) 557-6400.

Sincerely,

David Warner
Director of Permit Services

DW: jk/st

Enclosures

Seyed Sadredin
Executive Director/Air Pollution Control Officer

Northern Region
4800 Enterprise Way
Modesto, CA 95356-8718
Tel: (209) 557-6400 FAX: (209) 557-6475

Central Region (Main Office)
1990 E. Gettysburg Avenue
Fresno, CA 93726-0244
Tel: (559) 230-6000 FAX: (559) 230-6061

Southern Region
34946 Flyover Court
Bakersfield, CA 93308-9725
Tel: 661-392-5500 FAX: 661-392-5585

www.valleyair.org www.healthyairliving.com

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APR 01 2011

Mike Tollstrup, Chief
Project Assessment Branch
Stationary Source Division
California Air Resources Board
PO Box 2815
Sacramento, CA 95812-2815

RE: Notice of Final Action - Authority to Construct
Project Number: N-1103540

Dear Mr. Tollstrup:

The Air Pollution Control Officer has issued Authority to Construct permit to A. Sambado & Son Inc for methyl bromide or propylene oxide fumigation and off-gassing operations, at 16461 E. Comstock Road, Linden, California. Enclosed are copies of the Authority to Construct permit and a copy of the notice of final action to be published approximately three days from the date of this letter.

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Sincerely,

David Warner
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APR 01 2011

Peter J. Joyce
Value Recovery
510 Heron Drive, Suite 301
Bridgeport, NJ 08014

RE: Notice of Final Action - Authority to Construct
Project Number: N-1103540

Dear Mr. Joyce:

The Air Pollution Control Officer has issued Authority to Construct permit to A. Sambado & Son Inc for methyl bromide or propylene oxide fumigation and off-gassing operations, at 16461 E. Comstock Road, Linden, California. Enclosed are copies of the Authority to Construct permit and a copy of the notice of final action to be published approximately three days from the date of this letter.

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Sincerely,

David Warner
Director of Permit Services

DW: jk/st

Enclosures

Stockton Record

NOTICE OF FINAL ACTION
FOR THE ISSUANCE OF AUTHORITY
TO CONSTRUCT PERMIT

NOTICE IS HEREBY GIVEN that the Air Pollution Control Officer has issued Authority to Construct permit to A. Sambado & Son Inc for methyl bromide or propylene oxide fumigation and off-gassing operations, at 16461 E. Comstock Road, Linden, California.

All comments received following the District's preliminary decision on this project were considered.

Comments received by the District during the public notice period resulted in minor changes to the equipment and operating costs in the determining the BACT cost effectiveness analysis of the carbon bed and scrubber system. These changes were minor and did not trigger additional public notification requirements, nor did they have any impact upon the Best Available Control Technology determination or on the amount of offsets required for project approval.

The application review for Project #N-1103540 is available for public inspection at http://www.valleyair.org/notices/public_notices_idx.htm and the SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT, 4800 ENTERPRISE WAY, MODESTO, CA 95356.

District's Response to the Comments from Value Recovery

On January 27, 2011, Mr. Peter Joyce of Value Recovery (VR) submitted comments on the District's Preliminary Decision on the public notice project N-1103540. These comments are addressed below:

Comment 1:
VR is concerned about adding site preparation costs into the purchase equipment and installations costs. The letter states,

> "We are extremely concerned that the application of BACT cost standards have been incorrectly applied regarding Option 3 in the Notice of Preliminary Decision – Authority to Construct Project Number N-1103540 and that this application is fatally flawed.
>
> The BACT cost standard to be applied is the cost of purchase equipment and its installation. This is specifically mentioned as the cost standard in the districts BACT policy. In our quotation of November 11, 2010 we specifically state (a copy of our quotation is attached) that our price of $123,133 includes purchase equipment and installation.
>
> At the bottom of page Appendix II-III, the Notice specifically uses the "Total Project Cost" in calculating BACT and this, we believe, is incorrect. The reason this is in error is because this applicant, and any applicant for that matter, can include whatever site preparation costs he chooses in the total project cost to avoid putting in the emissions controls designated by BACT.
>
> And if we review what this particular applicant has done, this is exactly the case."

District Response:
The emissions control technology cost effectiveness analysis was conducted appropriately and consistent with the District's BACT policy.

We see no discussion of site preparation costs necessary to install emission control equipment in VR's letter dated November 11, 2010 to Mr. Sambado. This letter only has a budgetary estimate for "equipment and operating costs". The letter states that "These are not all of the project costs. Some of the excluded items are site preparation, running utilities etc" (emphasis added). We do consider all installation costs, including site preparation, to be appropriate to consider in determinations of cost effectiveness of air pollution control equipment.

The applicant has presented with what we believe to be reasonable installation costs (site preparation and building costs) that would incurred for this type of emissions control equipment. These costs were included as a part of the equipment's capital and

operating costs in the cost-effectiveness analysis. The costs are from the third party licensed contractors and accepted by the District as legitimate.

Comment 2:
VR is concerned that the required equipment footprint is significantly smaller than that of the applicant's proposed concrete pad. The letter states,

> "Our equipment consists of two carbon drums, 2.6 ft in diameter and one scrubber, 5.0 feet in diameter. Room for piping that we would supply plus valving would require a total equipment footprint of 8 x 15 or 120 square feet. The equipment can be set on existing concrete flooring, we will supply supports. The electrical requirement is 20 amps at 220 Volts.

District Response:
The applicant has indicated to the District that the proposed 20 feet × 20 feet pad is necessary to allow 4 feet of space between each piece of the control equipment and 4 feet of space from the equipment to the outer edge. The space is necessary to access equipment to remove or replace it, or to perform any kind of maintenance, or to evacuate personnel in case of an emergency. The District finds these reasons to be legitimate for consideration of the concrete pad to be part of the cost of installation of the controls.

Comment 3:
VR is concerned about the location of the emissions control equipment. The letter states,

> "The applicant has determined, without our input, that the site of the emissions control equipment would be on the other side of a major access way that would require removing cherry trees and preparing the land for a large added value expansion of his facility that is not justified by merely installing emissions controls. This location is 500 ft from existing electrical service. (The equipment quotation for site preparation is enclosed)
>
> In addition, also without our input or agreement, the applicant has decided that he needs
>
> - 400 square ft cement pad with reinforced footings.
> - a 900 square foot steel building."

District Response:
The applicant stated that the proposed location optimizes several factors such as product flow, worker safety, cost, and future growth. The District finds the explanation to be reasonable and therefore the proposed location appears appropriate.

Also, see our response to comment 2.

Comment 4:
VR is concerned about housing the fumigation chamber on the proposed cement pad. The letter states,

> "Since the Notice and current application are for 3,386 cubic foot chamber or the size of one shipping container then it is logical to assume that the building and cement pad are meant to house this chamber and should not be included as part of the emissions control costs. Thus we charge that the applicant has included facility expansion costs in the cost for installation of emissions controls. This makes no sense and is not allowable under BACT."

District's Response:
The cement pad is not meant to house the proposed fumigation chamber. The pad size is 20 feet × 20 feet and the fumigation chamber's outside dimensions are 53 feet 6 inch (L) x 9 feet 8 inch (W). Clearly, the pad size is significantly smaller than the container; therefore, the container would not fit on the pad.

Comment 5:
VR is concerned that the applicant has added unreasonable additional labor cost. The letter states,

> "The applicant has included unjustifiable additional labor costs of one hour per fumigation. What labor is being applied for hour per fumigation for our system? Once our equipment is set up and running, and we supply the commissioning effort, the only requirement would be to monitor the methyl bromide scrubber efficiency via the monitors we provide and this requires no additional physical labor since it is a supervisor function that would have to be incurred anyway to properly monitor a fumigation. The only incremental labor required is that the scrubber solution has to be changed every 100 fumigations and require one hour per 100 fumigations and this is included in the maintenance costs."

District's Response
The additional labor being implied would ensure structural integrity of the duct work to the pollution control system, methyl bromide analyzer calibrations, tune-ups, and other similar day-to-day maintenance scheduling to optimally operate the control equipment. Furthermore, the labor would also include preparation of breakdown reports and notifications of the control equipment to various regulatory agencies. The time spent in doing the previously mentioned work would be in addition to the time spent in doing fumigation. Therefore, we believe, an hour per fumigation (on average) is a reasonably justifiable expense for the proposed project.

Comment 6:
VR states that the equipment and installation costs would be less at the proposed use of 4,518 pounds per year of methyl bromide. The letter states,

> "Finally, we see that the applicant has changed (for the third time in our dealings with them) the amount of methyl bromide vented from 4,929 lbs per year as stated in our November 11, 2010 letter to 4,518 lbs/yr due to reducing the number of cycles per year from 600 to 550 as shown in the Notice. As such, we will lower our price for the equipment and installation from $123,133 to $116,293.
>
> This brings our amortized equipment cost to $18,296/yr. We have been told by the potassium thiosulfate supplier that there is a market in California for the waste scrubber solution that contains potassium bromide. Due to the fact that there is a market for the waste solution in California then we can eliminate the waste disposal cost in the operating cost calculation (and there may be a positive cost contribution that we have not included), plus the decreased electricity usage due to the fewer fumigation cycles and lowering our royalty for this project, the operating cost has decreased to $14,048/year bringing the total annual cost to our technology to $32,974 per year. When this is applied to the VOC reduction of 2.03 tons then the cost per ton becomes $16,243 per ton.
>
> We trust that you agree with our determination and require modification of this permit to include methyl bromide emissions controls as required in your BACT standards."

District's Response:
We do not agree that there is a certain market for the waste scrubber solution. However, even using VR's revised costs of $116,293 and $14,048/yr (mentioned above) in addition to the site preparation cost ($133,201) and the labor costs ($13,750) mentioned in the Notice of Preliminary Decision, the cost of reduction would be $33,695/ton (about 5.6% less than the cost per ton found in the Notice of Preliminary Decision). Even after excluding the additional labor costs disputed above, the cost effectiveness is $26,922/ton. In either case, the cost to reduce VOC emissions is still far higher than the BACT threshold of $17,500/ton.

Therefore, VR's pollution control equipment can not be required as BACT for this project.

San Joaquin Valley
AIR POLLUTION CONTROL DISTRICT

HEALTHY AIR LIVING™

AUTHORITY TO CONSTRUCT

PERMIT NO: N-717-6-0 **ISSUANCE DATE:** 03/31/2011

LEGAL OWNER OR OPERATOR: A. SAMBADO & SON, INC.
MAILING ADDRESS: 8077 N TULLY RD
LINDEN, CA 95236

LOCATION: 16461 E COMSTOCK RD
LINDEN, CA 95236

EQUIPMENT DESCRIPTION:
METHYL BROMIDE FUMIGATION, PROPYLENE OXIDE FUMIGATION, AND PROPYLENE OXIDE OFF-GASSING OPERATION CONDUCTED INSIDE AN INDUSTRIAL FUMIGATION SYSTEMS 3,286 CUBIC FEET (INTERNAL DIMENSIONS APPROX. 52' X 7.9' X 8') STEEL CHAMBER VENTED TO AN INDUSTRIAL FUMIGATION SYSTEM PACKED-BED SCRUBBER SYSTEM THAT REDUCES PROPYLENE OXIDE EMISSIONS

CONDITIONS

1. All equipment shall be maintained in good operating condition and shall be operated in a manner to minimize emissions of air contaminants into the atmosphere. [District Rule 2201]
2. No air contaminant shall be discharged into the atmosphere for a period or periods aggregating more than three minutes in any one hour which is as dark as, or darker than, Ringelmann 1 or 20% opacity. [District Rule 4101]
3. No air contaminant shall be released into the atmosphere which causes a public nuisance. [District Rule 4102]
4. Methyl bromide (MeBr) and propylene oxide (PPO) shall be the only fumigants used in this chamber. [District Rule 2201]
5. This chamber shall be equipped with a pressure differential gauge to measure the vacuum pressure, a thermocouple to measure the temperature, and a permanent port to measure fumigant concentration inside the chamber. [District Rule 2201]
6. There shall be no emissions of MeBr or PPO from valves, flanges, connectors, or duct work. The permittee shall use United States Department of Agriculture- Animal and Plant Health Inspection Service (USDA-APHIS) approved analyzers to ensure compliance with this condition. [District Rule 2201]
7. The chamber shall be retained under negative pressure all times during the fumigation and off-gassing cycles. [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

YOU MUST NOTIFY THE DISTRICT COMPLIANCE DIVISION AT (209) 557-6400 WHEN CONSTRUCTION IS COMPLETED AND PRIOR TO OPERATING THE EQUIPMENT OR MODIFICATIONS AUTHORIZED BY THIS AUTHORITY TO CONSTRUCT. This is NOT a PERMIT TO OPERATE. Approval or denial of a PERMIT TO OPERATE will be made after an inspection to verify that the equipment has been constructed in accordance with the approved plans, specifications and conditions of this Authority to Construct, and to determine if the equipment can be operated in compliance with all Rules and Regulations of the San Joaquin Valley Unified Air Pollution Control District. Unless construction has commenced pursuant to Rule 2050, this Authority to Construct shall expire and application shall be cancelled two years from the date of issuance. The applicant is responsible for complying with all laws, ordinances and regulations of all other governmental agencies which may pertain to the above equipment.

Seyed Sadredin, Executive Director / APCO

DAVID WARNER, Director of Permit Services
N-717-6-0 : Mar 31 2011 8:04AM – HOPLONJ : Joint Inspection NOT Required

8. The scrubber sprays and/or nozzles shall be inspected at a frequency recommended by the scrubber manufacturer, or at least once every six months, whichever is more stringent. [District Rule 2201]
9. The scrubber shall be operated in a manner to reduce at least 98% VOC from PPO use. [District Rule 2201]
10. While using PPO, the VOC emissions, including off-gassing shall not exceed any of the following limits: 2.5 lb/day and 450 lb/year, equivalent to the use of 154.0 lb-PPO/day and 28,028 lb-PPO/year. [District Rule 2201]
11. The product fumigated with PPO shall be retained in this chamber for at least 24 hours to collect residual PPO from the product. During this period, the chamber shall be maintained under negative pressure and at or above a temperature of 125øF. [District Rule 2201]
12. The scrubber shall be in operation while venting PPO from this chamber during the PPO fumigation and off-gassing operations. The scrubber shall be operated until the PPO concentration in the chamber drops to or below 2 ppmv. PPO concentration in the chamber shall be measured using gas detection tubes (such as Draeger brand or District approved equivalent). Should the applicant decide to use different methodology, the methodology must be approved by the District prior to its use. [District Rule 2201]
13. MeBr injection rate shall not be more than the recommended product specification in treating schedules established by the USDA-APHIS or established in import/export document. The MeBr injection rate and the associated document showing the injection rate shall be kept on file for each commodity fumigated in this chamber. [District Rule 2201]
14. While using MeBr, the VOC emissions shall not exceed any of the following limits: 16.4 lb/day and 4,518 lb/year, equivalent to the use of 16.4 lb-MeBr/day and 4,518 lb-MeBr/year. [District Rule 2201]
15. The chamber shall be vented to the atmosphere until the MeBr concentration in the chamber drops to or below 5 ppmv. MeBr concentration in the chamber shall be measured using gas detection tubes (Draeger brand or District approved equivalent) or USDA-APHIS approved analyzers. Should the applicant decide to use different methodology, the methodology must be approved by the District prior to its use. [District Rule 2201]
16. Source testing to demonstrate compliance with the scrubber's minimum control efficiency requirement shall be conducted within 60 days of initial startup. [District Rule 2201]
17. The acceptable scrubber liquid pH range shall be established during initial source testing. The acceptable scrubber liquid pH range shall be that for which compliance with the scrubber's minimum control efficiency is demonstrated, and this pH range shall be placed on the Permit to Operate. [District Rule 2201]
18. Source testing shall be conducted using the methods and procedures approved by the District. The District must be notified at least 30 days prior to any compliance source test, and a source test plan must be submitted for approval at least 15 days prior to testing. [District Rule 1081]
19. Sampling facilities for source testing shall be provided in accordance with the provisions of Rule 1081 (Source Sampling). [District Rule 1081]
20. Source testing to measure the scrubber's control efficiency shall be conducted using the following test methods: EPA Method 2, 2A, or 2D for flow rate and Method 25, 25A, 25B, or 25D for measuring total gaseous organic concentrations at the inlet and outlet of the control device. Should it be determined that another set of test methods is more appropriate for use in demonstrating compliance with the minimum control efficiency requirements, such test methods shall be approved by the District prior to initial source testing. [District Rule 1081]
21. The results of each source test shall be submitted to the District within 60 days thereafter. [District Rule 1081]
22. The following records shall be maintained for PPO fumigation operation: 1.) date, 2.) name of the commodity fumigated, 3.) chamber pressure (negative), in inches of mercury column after injecting the fumigant and other inert gas, 4.) pH of the scrubber solution, 5.) chamber temperature in øF , 6.) fumigation cycle start time, 7.) fumigation cycle end time including chamber air washes, 8.) concentration in the chamber, ppmv after completing chamber air washes, 9.) amount of the fumigant used in pounds, and 10.) total amount of the fumigant used up to date. [District Rule 2201]
23. The following records shall be maintained for the PPO off-gassing operation: 1.) date, 2.) name of the commodity fumigated, 3.) chamber pressure (negative) in inches of mercury column, 4.) pH of the scrubber solution, 5.) chamber temperature in øF, 6.) off-gassing cycle start time, 7.) off-gassing cycle end time including chamber air washes, 8.) concentration in the chamber, ppmv, after completing chamber air washes. [District Rule 2201]

CONDITIONS CONTINUE ON NEXT PAGE

24. The following records shall be maintained for MeBr fumigation operation: 1.) date, 2.) name of the commodity fumigated, 3.) recommended fumigant use from USDA-APHIS or import/export document, 4.) chamber pressure (negative), in inches of mercury column after injecting the fumigant and other inert gas, 5.) fumigation cycle start time, 6.) fumigation cycle end time including chamber air washes, 7.) concentration in the chamber, ppmv after completing chamber air washes, 8.) amount of the fumigant used in pounds, and 9.) total amount of the fumigant used up to date. [District Rule 2201]
25. The permittee shall maintain records of the scrubber maintenance, inspections and repair. The records shall include: 1.) date of inspection, 2.) name of the components inspected, 3.) corrective action taken, and 4.) identification of the individual performing the inspection and the company affiliation. [District Rule 2201]
26. The facility-wide VOC emissions shall not exceed 49,999 pounds based on a 12 consecutive month rolling total. [District Rule 2201]
27. The permittee shall keep records of the facility-wide annual VOC emissions. [District Rule 2201]
28. All records shall be maintained and retained on-site for a period of at least 5 years and shall be made available for District inspection upon request. [District Rule 1070]