



# COMMONWEALTH of VIRGINIA

## DEPARTMENT OF ENVIRONMENTAL QUALITY

### West Central Regional Office

3019 Peters Creek Road, Roanoke, Virginia 24019

Telephone (540) 562-6700, Fax (540) 562-6725

[www.deq.virginia.gov](http://www.deq.virginia.gov)

L. Preston Bryant, Jr.  
Secretary of Natural Resources

David K. Paylor  
Director

Steven A. Dietrich  
Regional Director

## STATE AIR POLLUTION CONTROL BOARD ENFORCEMENT ACTION A SPECIAL ORDER BY CONSENT

### ISSUED TO

**Southern Finishing Company, Incorporated**  
**Registration No. 30515**

#### SECTION A: Purpose

This is a Consent Special Order issued under the authority of Va. Code § 10.1-1307.D, 10.1-1309, and 10.1-1184, and § 10.1-1316.C, between the State Air Pollution Control Board and Southern Finishing Company, Incorporated for the purpose of resolving certain violations of State Air Pollution Control Laws and regulations.

#### SECTION B: Definitions

Unless the context clearly indicates otherwise, the following words and terms have the meaning assigned to them below:

1. "Va. Code" means the Code of Virginia (1950), as amended.
2. "Board" means the State Air Pollution Control Board, a permanent collegial body of the Commonwealth of Virginia as described in Code §§ 10.1-1301 and 10.1-1184.
3. "Department" or "DEQ" means the Department of Environmental Quality, an agency of the Commonwealth of Virginia as described in Va. Code § 10.1-1183.
4. "Director" means the Director of the Department of Environmental Quality.
5. "Order" means this document, also known as a Consent Order.

6. "Southern Finishing Company, Incorporated" or "Southern Finishing" means the corporation certified to do business in Virginia and its affiliates, partners, subsidiaries, and parents.
7. "Facility" means the structure located at 801 East Church Street located in Martinsville, Virginia, which is owned and operated by Southern Finishing.
8. "WCRO" means the West Central Regional Office of DEQ, located in Roanoke, Virginia.
9. "Permit" means the Title V Operating Permit dated January 10, 2005.

### **SECTION C: Findings of Fact and Conclusions of Law**

1. Southern Finishing Company, Inc. owns and operates a facility located on 801 East Church Street in Martinsville, Virginia. The facility is subject to a Title V Operating Permit dated January 10, 2005. This permit authorizes the facility to operate a wood furniture manufacturing facility. In addition to the January 10, 2005 Title V permit, the facility is subject to 40 CFR 63 Subpart JJ, 40 CFR 63 Subpart RRRR, 40 CFR 60 Subpart EE and the Virginia State Air Pollution Control Law, Virginia Code 10.1-1182, et. seq.
2. On January 10<sup>th</sup> and 11<sup>th</sup> 2006, DEQ staff conducted a site inspection of the facility and noted the following violations of federal and State Air Pollution Control Board regulations:
  - A. The facility failed to comply with the VOC emission limit specified in Condition V.A.2 of the Title V permit. Records indicated that VOC emissions from coatings in the metal spray booths were in excess of 3.0 lb VOC/gallon as a monthly average.
  - B. The facility is subject to 40 CFR Part 60 Subpart EE, Standards of Performance for Surface Coating of Metal Furniture. The facility failed to maintain records to demonstrate compliance with the emission limit specified in Condition V.A.8 of the Title V permit (7.51 lbs VOC/gallon solids applied).
  - C. The facility failed to maintain accurate records of coatings, thinners and cleaning materials used for the two metal finishing spray booths in accordance with Condition V.C.1(f) of the Title V permit.
  - D. The facility failed to equip each fabric filter with a device to continuously measure the differential pressure drop in accordance with Condition VI.B.1 of the Title V permit. At the time of the inspection, the differential pressure gauges for fabric filters #1-4 had not been installed.

E. The facility failed to conduct weekly observations of pressure drop readings and maintain a log of results for fabric filters #1-5 in accordance with Condition VI.C.1(b) of the Title V permit.

3. Southern Finishing was issued a Notice of Violation on March 6, 2006.

#### **SECTION D: Agreement and Order**

Accordingly the State Air Pollution Control Board, by virtue of the authority granted it pursuant to Va. Code §§10.1-1309 and 10.1-1316, orders Southern Finishing Company, Inc. and Southern Finishing Company, Inc. agrees, to comply with the terms and conditions set forth in **Appendices A and B** of this order and to pay a civil charge of **\$105,728.00** in settlement of the violations cited in this Order.

1. **\$26,432.00** of this civil charge shall be paid within 30 days of the effective date of this Order. Payment shall be made by check, certified check, money order or cashier's check payable to the "Treasurer of Virginia", delivered to:

Receipts Control  
Department of Environmental Quality  
Post Office Box 1104  
Richmond, Virginia 23218

2. **\$79,296.00** of this civil charge shall be satisfied upon completion by Southern Finishing Company of a Supplemental Environmental Project (SEP) as described in Appendices A and B of this order.
3. The Department has the sole discretion to determine whether the SEP has been completed in a satisfactory manner.
4. Should the Department determine that the Supplemental Environmental Project or alternate SEP has not been completed in a satisfactory manner, the Department shall notify Southern Finishing Company Inc., of such in writing. Within 30 days of such notification, Southern Finishing shall pay the full amount specified in Paragraph 2 above in accordance with the procedures specified in Paragraph 1 above.

#### **SECTION E: Administrative Provisions**

1. The Board may modify, rewrite, or amend the Order with the consent of Southern Finishing Company, Inc. for good cause shown by Southern Finishing Company, Inc. or on its own motion after notice and opportunity to be heard.

2. This Order only addresses and resolves the violation specifically identified herein, including those matters alleged in the Notice of Violation issued to Southern Finishing Company, Inc. on March 6, 2006. This Order shall not preclude the Board or the Director from taking any action authorized by law, including but not limited to: (1) taking any action authorized by law regarding any additional, subsequent, or subsequently discovered violations; (2) seeking subsequent remediation of the facility as may be authorized by law; or (3) taking subsequent action to enforce the Order. This Order shall not preclude appropriate enforcement actions by other federal, state, or local regulatory authorities for matters not addressed herein.
3. For purposes of this Order and subsequent actions with respect to this Order, Southern Finishing Company, Inc. admits the jurisdictional allegations, but does not admit the factual allegations or legal conclusion of law contained herein. DEQ and Southern Finishing Company, Inc. agree that the actions undertaken by Southern Finishing Company, Inc. in accordance with this Consent Order do not constitute an admission of liability by Southern Finishing Company, Inc. Southern Finishing Company, Inc. does not admit, and retains the right to controvert in any subsequent proceedings other than proceedings to implement or enforce this Order, the validity of the Findings of Facts and Conclusions of Law contained in Section C of this order.
4. Southern Finishing Company, Inc. consents to venue in the Circuit Court of the City of Richmond for any civil action taken to enforce the terms of this Order.
5. Southern Finishing Company, Inc. declares it has received fair and due process under the Administrative Process Act, Va. Code §§ 9-6.14:1 *et seq.*, and the Air Pollution Control Law and it waives the right to any hearing or other administrative proceeding authorized or required by law or regulation, and to any judicial review of any issue of fact or law contained herein. Nothing herein shall be construed as a waiver of the right to any administrative proceeding for, or to judicial review of, any action taken by the Board to enforce this Order.
6. Failure by Southern Finishing Company, Inc. to comply with any of the terms of this Order shall constitute a violation of an order of the Board. Nothing herein shall waive the initiation of appropriate enforcement actions or the issuance of additional orders as appropriate by the Board or the Director as a result of such violations. Nothing herein shall affect appropriate enforcement actions by any other federal, state, or local regulatory authority.
7. If any provision of this Order is found to be unenforceable for any reason, the remainder of the Order shall remain in full force and effect.
8. Southern Finishing Company, Inc. shall be responsible for failure to comply with any of the terms and conditions of this Order unless compliance is made impossible by earthquake, flood, other acts of God, war, strike, or such other

occurrence. Southern Finishing Company, Inc. shall show that such circumstances were beyond its control and not due to a lack of good faith or diligence on its part. Southern Finishing Company, Inc. shall notify the DEQ Regional Director in writing when circumstances are anticipated to occur, are occurring, or have occurred that may delay compliance or cause noncompliance with any requirement of the Order. Such notice shall set forth:

- a. the reasons for the delay or noncompliance;
- b. the projected duration of any such delay or noncompliance;
- c. the measures taken and to be taken to prevent or minimize such delay or noncompliance; and
- d. the timetable by which such measures will be implemented and the date full compliance will be achieved.

Failure to so notify the Regional Director within 24 hours of learning of any condition above, which the parties intend to assert will result in the impossibility of compliance, shall constitute a waiver of any claim to inability to comply with a requirement of this Order.

9. This Order is binding on the parties hereto, their successors in interest, designees and assigns, jointly and severally.
10. This Order shall become effective upon execution by both the Director or his designee and Southern Finishing Company Inc.
11. This Order shall continue in effect until the Director or Board terminates the Order in his or its sole discretion upon 30 days written notice to Southern Finishing Company, Inc. Termination of this Order, or any obligation imposed in this Order, shall not operate to relieve Southern Finishing Company, Inc. from its obligation to comply with any statute, regulation, permit condition, other order, certificate, certification, standard, or requirement otherwise applicable.
12. By its signatures below, Southern Finishing Company, Inc. agrees to the issuance of this Order.

And it is so ORDERED this 18<sup>TH</sup> day of OCTOBER, 2006.

Steven A. Dietrich *for*  
Steven A. Dietrich, Regional Director  
Department of Environmental Quality

Southern Finishing Company, Inc. agrees to the issuance of this Order.

By: Ed Brown

Date: 10/16/06

Commonwealth of Virginia

City/County of Rockingham

The foregoing document was signed and acknowledged before me this 16 day of October, 2006, by Ed Brown, who is  
(name)

President of Southern Finishing Company, Inc. on behalf of the Corporation.  
(title)

Jane M. Martin  
Notary Public

My commission expires: 10-18-08

#30515



APPENDIX A  
SUPPLEMENTAL ENVIRONMENTAL PROJECT  
WORK PLAN

SOUTHERN FINISHING COMPANY  
801 East Church Street  
Martinsville, Henry County, Virginia

INTRODUCTION AND SUMMARY

Southern Finishing Company (SFC) commits to a penalty offsetting Supplemental Environmental Project (SEP) for the implementation of an environmental and worker health and safety management system (EHSM) at its Martinsville, Virginia facility.

This system sets forth a template of compliance that will give SFC the structure and resources it needs to achieve compliance when implemented, as well as to stay abreast of the changing body of regulatory laws to maintain compliance in the years to come. The environmental parts of the system are based on the ISO 14001 standard and the 17 requirements of the Environmental Management System (EMS) published by the ISO. The system is based on Compliance, Improvement, and Prevention, and the continual improvement cycle of Plan-Do-Check-Act. The health and safety parts will follow a similar approach where possible.

Implementation of this project will begin immediately upon approval of this workplan, and its completion is planned within 24 months as described in the project schedule and proposed project plan shown below.

The management of this project will be headed by an External Project Leadership Team (EPLT) composed of our consultants William D. Albright and Drake Evans. Bill is a recently retired Environmental Engineer formerly with the North Carolina Department of the Environment and Natural Resources. He was with their Division of Pollution Prevention and Environmental Assistance for over 12 years. That Division managed the ISO 14001 and EMS programs for the State, in addition to other activities. Drake Evans has many years experiences with textile and coatings manufacturers and is currently the Loss Prevention Manager for the Senn Dunn Insurance Company of Greensboro, NC. He is also a certified hazardous waste materials manager and an authorized OSHA trainer.

The bulk of the work to develop this system will have to be done by employees of SFC. They will have an Internal Leadership Team (SFC-ILT) composed of Don Powers, General Manger, Ed Powers, Manager of Quality Assurance (and with considerable experience with ISO 9000 and 14001), David Crowder, EHS Manager, and Wayne Wall of the EHS staff (a very experienced operator).

## SCOPE OF WORK

SFC recognizes that responsible and acceptable day-to-day activities and overall company success depend on providing a safe and healthy workplace, and ensuring no negative environmental impacts, neither actual nor perceived, to the facility's neighbors, nor to the environment as a whole. SFC understands the stakeholders in the eventual EMS system are not only those persons responsible for EHS regulatory compliance, but also include many other components both inside and outside the manufacturing facilities, as listed below:

### Intra-company

- Employee safety
- Product quality
- Production efficiency
- Purchasing efficiency
- Facility Maintenance
- Equipment maintenance
- Human resources
- Finance
- Security

### Other Stakeholders

- Insurance brokers / underwriters
- Insurance inspectors and claims adjusters
- Fire marshal and other local emergency responders
- Outside contractors' employees
- Environmental, Health, and Safety regulators
- General public

## SYSTEM SUMMARY

Working with these intra- and extra-company stakeholders as appropriate, the EPLT and most, if not all, of SFC's employees at the Martinsville Plant will develop and implement an EHMS System to address the following system categories and subtopics:

### Accident and Incident Procedures

- Hazardous materials spills/releases
- Accident reports
- Hazwoper response guidelines
- Spill reviews
- Emergency response guides

- Emergency response
- Emergency action plan
- Incident response review
- Evacuation plans
- Incident command

Work related injury and illness  
OSHA 300 forms  
Employer's accident report form  
Report of minor injuries form  
Employee statement of injury  
Accident investigation form  
Medical procedure request form  
Accident and incident policy  
Emergency notification policy  
Management system of confidential  
medical records

Emergency response – con't  
Bomb threat written  
procedures  
Sprinkler impairment  
procedures  
Annual update procedures

### **Air Regulations**

Title V air permit  
Records for MACT JJ  
Records for MACT RRRR  
Records for NSPS EE  
Records for VA VOC limit on metals  
Records for compliance reports  
Method 9 forms  
Archived VE forms and records  
Boiler and multicyclone logs  
Fabric filter logs  
Finishing spray booth logs  
EMS equipment inventory  
Wood and metal throughput  
tracking  
Annual combustion of fuel and oil  
Product data sheets archive  
Title V compliance checklist  
Title V guidance manual  
Boiler and multicyclones  
written program  
Fabric filters written  
operating procedures  
Spray booth written  
operating procedures  
Training records  
Possible use of REGmet system

### **Hazardous Materials**

Oil spill prevention  
SPCC document  
Checklists  
Hazardous chemical inventory  
Toxic chemical release inventory

### **Hazardous Wastes**

Written program  
Main waste storage program  
Spray booth satellite procedures  
Disposal manifests  
Inspection logs  
Contingency plans  
Training records  
Job descriptions

### **Universal wastes**

Handling of batteries,  
fluorescent lamps, pesticides,  
mercury thermostats

### **Water Quality**

Stormwater control  
Pollution prevention plan  
Quarterly inspection records  
Training records  
Site evaluation forms  
Archived records

Control device maintenance  
Maintenance log  
Work order log  
Archived records

Wastewater discharge  
Discharge permit  
Test results  
Reports

**Worker Health and Safety**  
OSHA regulations and compliance  
Emergency response & evacuation  
Lockout/tagout  
Electrical safety  
Contractor safety management  
Hazard communications  
Personal protective equipment (PPE)  
Permit-required confined space entry  
Hand and powered portable tools

**Fire Prevention**  
Flammable and combustible  
liquids handling  
Bonding and grounding  
Used rags handling  
Location of all electrical  
equipment near spray booths

Employee safety training matrix

**Facilities Management**  
Periodic review of progress by  
Senior management  
Monitoring of effects on operators  
Monitoring of regulation changes

**Inventory Management**  
Inventory tracking  
Purchase order tracking  
Inventory archive

**Risk Management**  
Virginia Bureau of Insurance requirements  
Worker's Compensation Carrier requirements  
Insurance carrier's requirements

## **WORK PLAN**

Each topic listed above, and in many cases in much more detail, will be systematically addressed to determine the various aspects and impacts of all operations on the environment. The current practices will be evaluated for their strengths and weaknesses and improved where warranted. The 17 sub-sections of section 4 of the ISO EMS program will be the guiding procedure. Action plans will be developed where needed to meet minimum standards, and then to further develop action plans to go beyond compliance levels. The Plan-Do-Check-Act procedure will be used for these programs.

The SFC Martinsville facility is a large plant, and communicating and monitoring programs will require an efficient information system. SFC will attempt to develop an

on-line system, probably Outlook based, that alerts responsible personnel to carryout their assigned observations and recordkeeping responsibilities, and hopefully with a feature that will not allow an alert to be taken off the screen until it has been completed. The plant has been using the Regmet system for air emissions tracking, but it has proven difficult to update at times, and it does not produce some of the required reports. SFC will continue to work with this system in an effort to make it more useful, and hopefully be able to tie it in with the new systems to be developed on the SFC information system for the health and safety sections of this system.

This program will require considerable training of employees, and these will be logged on a matrix similar to Attachment A.

This program includes substantial health and safety sections in addition to the environmental sections. A substantial number of forms and training programs will be provided by Senn Dunn and others. The SFC information system will be further developed to include as many of these as possible to facilitate communications with all employees and to provide the required reports. In addition to the computerized system, a comprehensive set of monitoring logs and check lists will be developed to assist SFC personnel in carrying out all the requirements of this system, such as Attachment B.

SFC and its consultant(s) anticipate frequent meetings and regular correspondence with the Virginia DEQ throughout the implementation of this SEP.

## **BACKGROUND AND RATIONALE**

### **Guiding Policy**

In settlements of environmental enforcement cases, the U.S. Environmental Protection Agency (EPA) requires the alleged violators to achieve and maintain compliance with Federal environmental laws and regulations and to pay a civil penalty. To further EPA's goals to protect and enhance public health and the environment, in certain instances environmentally beneficial projects, or SEPs, may be part of the settlement. *The primary purpose of the SEP Policy is to encourage and obtain environmental and public health protection and improvements that may not otherwise have occurred without the settlement incentives provided by this Policy.*

All SEP proposals should clearly have a "reasonable geographic nexus to the violation." For this purpose, prospective SEPs would be of such a nature to facilitate the necessary recordkeeping and checks to obtain compliance. SFC proposes to implement an EMS to provide adequate recordkeeping and facilities management. Employing this system will offer benefits that will affect various aspects of SFC's operations, including but not limited to:



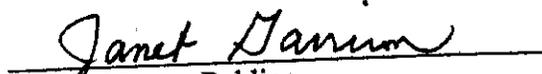
- a. Improved environmental performance
- b. Enhanced compliance tracking
- c. Pollution prevention and resources conservation
- d. Reduced risks
- e. Improved employee awareness of environmental issues and responsibilities
- f. Qualification for recognition and incentive programs

**Schedule and Costs**

This is a very involved system that will be developed and implemented over the course of 24 months. It is difficult to estimate the costs of the EPLT, SFC-ILT, many hours of most, if not all, SFC employees, and new equipment and software, etc. It has been estimated it will cost at least \$250,000.

 PRESIDENT

The foregoing document was signed and acknowledged before me this 25th day of September, 2006, by Ed Brown, who is the President and Owner of Southern Finishing Company, Inc. on behalf of the Corporation.

  
Notary Public

My commission expires: 10-18-08

## **APPENDIX B**

### **Supplemental Environmental Project (SEP)**

The Virginia State Air Pollution Control Board orders Southern Finishing Company, Inc. (Southern Finishing) to implement the Environmental, Health, and Safety Management System as proposed in the Supplemental Environmental Project Work Plan submitted to the Department on September 27, 2006.

In addition to the foregoing, Southern Finishing agrees to the following terms and conditions, which shall be enforceable under this order:

- A. Southern Finishing will develop and implement the EHSM System at the Martinsville facility and address the following categories and subtopics first:  
Air Regulations – Title V Permit
- B. Southern Finishing shall submit quarterly Progress Reports to DEQ within 90 days from the effective date of this order; and every 90 days thereafter until completion. The Progress Reports shall contain the following information:
  1. A detailed description of the EHSM System as implemented to date;
  2. A detailed description and accounting of costs expended on the project during the reporting period.
- C. The Supplemental Environmental Project shall be completed within 24 months from the effective date of this Order. Southern Finishing shall submit a SEP Completion Report which shall contain the following information:
  1. A detailed description of the Environmental, Health, and Safety Management System as implemented;
  2. Itemized costs, documented by copies of purchase orders, receipts, invoices or cancelled checks;
  3. Certification that the Supplemental Environmental Project has been fully implemented pursuant to the provisions of this Order.
- D. Southern Finishing shall submit all notices and reports required by this Order to Frank H. Adams, Air Compliance Manager, Department of Environmental Quality, 3019 Peters Creek Road, Roanoke, Virginia, 24019; by first class mail.
- E. Southern Finishing shall maintain legible copies of documentation of the underlying data for all documents or reports submitted to DEQ pursuant to this Order, and shall provide the documentation to DEQ within seven days of a request for such information.
- F. In all documents or reports, submitted to DEQ pursuant to this Order, Southern

Finishing shall by its' officers, sign and certify under penalty of law and in conformance with 9 VAC 5-20-230 that the information contained in such document or report is true, accurate and not misleading by signing the following statement:

"I certify under penalty of law and I have examined and am familiar with the information submitted in this document and all attachments and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment."

- G. In the event that Southern Finishing publicizes this Supplemental Environmental Project, Southern Finishing shall state in a prominent manner that the project is part of a settlement for an enforcement action with DEQ.