BEFORE THE STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In Re:
Petition for Variance
Lockheed Martin Aeronautics Company
Pinellas Park Facility
9300 28th Street North
Pinellas Park, Fl 33782-6122
_____/

Pinellas County
AIRS ID No.: 1030400
OGC File No.: 04-1938

FINAL ORDER GRANTING VARIANCE

BY THE DEPARTMENT:

The Department of Environmental Protection (Department) hereby grants to Lockheed Martin Aeronautics Company ("LM Aero") a variance under Section 403.201, Florida Statutes (F.S.), from the volatile organic compound (VOC) reasonably available control technology (RACT) requirements of Rule 62-296.513, Florida Administrative Code (F.A.C.), for an existing aerospace parts and components manufacturing facility located in Pinellas County, Florida.

Section 403.201(1), F.S., permits the granting of a variance for any one of the following reasons:

(a) There is no practicable means known or available for the adequate control of the pollution involved.
(b) Compliance with the particular requirement or requirements from which a variance is sought will necessitate the taking of measures which, because of their extent or cost, must be spread over a considerable period of time.
(c) To relieve or prevent hardship of a kind other than those provided for in paragraphs (a) and (b).

FINDINGS OF FACT

1. On November 29, 2004, the Department received LM Aero's Petition for Variance, pursuant to section 403.201 (1)(c), F.S., and Rule 62-110.104, F.A.C., from the VOC RACT requirements of Rule 62-296.513, F.A.C. The Department also received LM Aero's $2000 variance processing fee, in accordance with Rule 62-4.050, F.A.C., on November 29, 2004.

2. The LM Aero Pinellas Park facility ("LM Aero-Pinellas") is located at 9300 28th Street North, Pinellas Park, Florida in Pinellas County. LM Aero-Pinellas produces aerospace parts and components, primarily in support of the manufacture and sustainability of military aircraft.

3. The surface coating operations at LM Aero-Pinellas are currently exempt from the VOC RACT requirements of Rule 62-296.513, F.A.C., the Surface Coating of Miscellaneous Metal Parts and Products (MMPP) RACT rule, because these operations emit VOCs at lower rates than those specified in Rule 62-296.500(3)(a), F.A.C, the VOC RACT exemption (emit VOC at rates of not more than 15 pounds {6.8 kilograms} in any one day and 3 pounds {1.4 kilograms} in any one hour). However, given anticipated increases in production levels at LM Aero-Pinellas, VOC emissions from surface coating operations in the near future would exceed the exemption criteria of Rule 62-296.500(3)(a), F.A.C., and become subject to the VOC RACT requirements of Rule 62-296.513, F.A.C.

4. Rule 62-296.513(2)(a)3, F.A.C., requires that no owner or operator of a coating line for miscellaneous metal parts and products shall cause, allow, or permit the discharge into the atmosphere of any VOCs in excess of 3.5 pounds per gallon of coating (0.42 kilograms per liter), excluding water, delivered to a coating applicator that applies extreme performance coatings.

5. Rule 62-296.513(3), F.A.C., requires that the emission limits in Rule 62 296.513(2)(a), F.A.C., shall be achieved by: (a) The application of low solvent coating technology; or (b) Incineration, provided that 90 percent of the volatile organic compounds (VOC measured as total combustible carbon) which enter the incinerator are oxidized to carbon dioxide and water.

6. The anticipated increase in production rate at LM Aero-Pinellas is not expected to yield an average (volume weighted) daily VOC content greater than 3.5 pounds per gallon. The VOC content of the coatings used between July 1, 2004, and October 6, 2004, at LM Aero-Pinellas ranged between 0.67 and 7.38 pounds per gallon and yielded an average (volume weighted) VOC content of 2.78 pounds per gallon.

7. The usage of low solvent coatings to achieve the VOC emission limits in Rule 62-296.513(2)(a), F.A.C., is not a viable option at LM Aero-Pinellas because the coatings used are required to meet various United States Department of Defense (DOD) Military Specifications (MILSPECs). As such, the choice of coatings is dictated by the MILSPEC associated with the function of the coating and the specific role of each part or component in the completed aerospace vehicle. Hence, the use of aerospace specialty coatings that may not individually meet the VOC content requirement of the MMPP Rule is dictated by the nature of the process, and is not self-imposed.

8. LM Aero estimates the initial installation cost of a thermal oxidizer control device as $50,000 to $70,000, including anticipated required parametric monitoring equipment. The cost of operating and maintaining the thermal oxidizer unit is estimated to be $35,000 to $50,000 per year. Anticipated annual performance testing is estimated as $15,000 per year. The overall estimated annualized cost for the installation and operation of a thermal oxidizer at LM Aero-Pinellas is estimated to approach $100,000 per year.

9. LM Aero requests that the aerospace manufacturing operations at LM Aero-Pinellas, including the surface coating operations potentially subject to Rule 62-296.513, F.A.C., be regulated according to the guidance presented by the United States Environmental Protection Agency (U.S. EPA) in the Aerospace Industry Control Technology Guideline (Aerospace CTG) document titled "Control of Volatile Organic Compound Emissions from Coating Operations at Aerospace Manufacturing and Rework Operations" (EPA-453/R-97-004). This request was also made in a separately submitted air quality permit application for this facility, submitted to the FDEP South West District (SWD) office on September 7, 2004. LM Aero states that LM Aero-Pinellas will meet the applicable requirements of the Aerospace CTG document.

10. The U.S. EPA states in the Aerospace CTG that this rule is intended to replace the MMPP rule for aerospace facilities, as indicated on page 1-1 of the Aerospace CTG:

> "This CTG is intended to supersede any potential applicability of the Miscellaneous Metal Parts and Products CTG (RACT) requirements for manufacturing and rework operations of aerospace vehicles and components."

11. LM Aero asserts that there is a greater breadth of operations subject to the Aerospace CTG requirements than are subject to the MMPP Rule, which only specifies VOC content limits for primers and topcoats (including any solvent cleaner used). The Aerospace CTG applies to surface coating operations, solvent cleaning operations, adhesive and sealant application, other specialty coating materials that are not applied in a paint booth, and waste handling applications, as given below.

a. Surface coating operations
   i. VOC content limits for primers, topcoats, and specialty coatings
   ii. Application method requirement
b. Solvent cleaning operations
   i. Housekeeping measures
   ii. Hand-wipe cleaning
   iii. Flush cleaning
   iv. Paint gun cleaning
c. Adhesive and sealant application
d. Other specialty coating materials that are not applied in a paint booth
   i. Mold release compounds
   ii. Maskants
   iii. Wet fastener insulation coatings
   iv. Solid film lubricants
   v. Dry film lubricants
e. Waste handling operations

12. LM Aero projects that overall air quality emissions will be less for LM Aero-Pinellas as regulated by the Aerospace CTG based requirements than are allowed by the MMPP rule requirements. LM Aero estimates that VOC emissions from the expanded

facility would be 8.27 tons per year if regulated by the Aerospace CTG based requirements and 10.41 tons per year if regulated by the MMPP rule requirements.

13. The continued LM Aero-Pinellas facility expansion of operations, including staffing, depends upon the granting of this requested variance and issuance of the separately requested air quality permit. This expansion involves the creation of additional employment, currently projected as 40 jobs with a total payroll of approximately $1.25 million per year. This additional work would account for approximately $25 million per year in additional revenue for the facility. LM Aero anticipates the majority of theses jobs will be filled through local hiring, directly contributing to additional employment and revenues for the local economy. Because LM Aero anticipates air quality emission to be less under the Aerospace CTG based requirements than the MMPP requirements (Rule 62-296.513, F.A.C.), there is presumed to be less adverse environmental impact associated with granting this variance than with requiring the LM Aero-Pinellas facility to comply with the MMPP RACT rule.

14. The imposition of the MMPP rule requirements (Rule 62-296.513, F.A.C.) would likely cause considerable additional operating costs that will make it cost prohibitive for the facility to win additional work involving surface coating operations. The facility expansion and growth, including staffing growth described above would likely not happen. Hence, the social impacts are a considerable loss of potential employment and revenue for the local economy. The denial of this petition would likely cause LM Aero-Pinellas to install an add-on control device that will create secondary emissions of criteria pollutants such as NO_x, CO, and PM. These secondary emissions are likely to be of the same order of magnitude of the VOC emissions abated, and may cause adverse environmental impacts.

15. LM Aero has requested a variance from Rule 62-296.513, F.A.C., for 24 months or until the MMPP rule is no longer required in Pinellas County, whichever is earlier.

CONCLUSIONS OF LAW

1. LM Aero has provided sufficient information to enable the Department to evaluate the merits of the Petition for Variance. LM Aero responded promptly to requests for additional information.

2. Based upon the factual findings recited above, LM Aero has demonstrated that compliance with the rule requirement will cause an unnecessary economic hardship and may cause an adverse environmental impact since an add-on control would be required that would produce secondary emissions of criteria pollutants such as NO_x, CO, and PM while compliance with the applicable Aerospace CTG regulations is expected to yield lower facility-wide VOC emissions than the rule-specified technology for a considerably lower cost and without producing secondary emissions .

3. This hardship is subject to potential relief under section 403.201(1)(c), F.S. The Department therefore has jurisdiction to grant the relief sought.

DETERMINATION

The Department grants a variance from the volatile organic compound (VOC) reasonably available control technology (RACT) requirements of Rule 62-296.513, F.A.C., under Section 403.201(1)(c), F.S., to temporarily exempt LM Aero from the requirement to restrict the VOC content of surface coatings at LM Aero-Pinellas to 3.5 pounds per gallon of coating (0.42 kilograms per liter), excluding water, and use either low solvent coating technology or incineration to comply with the VOC emissions limit. The Department grants this variance subject to the terms of this Order, for a period not to exceed 24 months. This variance from the VOC RACT provisions of Rule 62-296.513, F.A.C., does not relieve LM Aero-Pinellas from compliance with all other DEP requirements including permitting requirements. LM Aero must properly apply for and obtain all permits for LM Aero-Pinellas prior to implementation of this variance.

1. This variance expires 2 years from the date of signature of this final order.

2. If LM Aero intends to seek renewal of this variance, application for renewal shall be made no less than 180 days prior to the expiration date applicable in Condition #1.

3. This variance shall not apply to any other new or existing state or federal rule which may require VOC emission control.

4. LM Aero-Pinellas shall comply with the VOC content limits contained in the attached Aerospace CTG document (EPA-453/R-97-004) in lieu of complying with the VOC content limits contained in Rule 62-296.513, F.A.C., the Miscellaneous Metal Parts and Products (MMPP) RACT Rule.

5. For purposes of this variance, the term "surface coating" shall mean a material applied to the surface of an aerospace vehicle or component to form a decorative, protective, or functional solid film, or the solid film itself.

6. LM Aero-Pinellas shall maintain a current list of surface coatings in use, including those not subject to a VOC content limit in the attached Aerospace CTG document, with category, quantity used, VOC content as applied for those coatings subject to the Aerospace CTG, and VOC content as received for those coatings not subject to the Aerospace CTG. LM Aero shall also maintain a current list of cleaning solvents in use with quantity used and VOC content.

7. For each surface coating used which is subject to a VOC content limit in the attached Aerospace CTG document, LM Aero-Pinellas shall use manufacturer's supplied data or Method 24 of 40 CFR Part 60, Appendix A to determine the VOC content of the surface coating.

8. For each surface coating used, LM Aero-Pinellas shall record monthly surface coating usage on a 12 month rolling basis.

9. For each cleaning solvent used, LM Aero-Pinellas shall record monthly cleaning solvent usage on a 12 month rolling basis.

RIGHT TO APPEAL

A party to this order has the right to seek judicial review of it under Section 120.68, F.S., by filing a notice of appeal under Rule 9.110, Florida Rules of Appellate Procedure, with the clerk of the Department in the Office of General Counsel, Mail Station 35, 3900 Commonwealth Boulevard, Tallahassee, Florida 32399-3000, and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice must be filed within thirty days after this order is filed with the clerk of the Department.

DONE AND ORDERED this 16th day of March 2005 in Tallahassee, Florida.

Michael Cooke

Michael Cooke
Director, Division of Air Resource Management
Department of Environmental Protection
2600 Blair Stone Road, Mail Station 5500
Tallahassee, Florida 32399-2400
Telephone 850/921-9540

CERTIFICATE OF SERVICE

The undersigned duly designated deputy agency clerk hereby certifies that this ORDER GRANTING VARIANCE was sent by certified mail before the close of business on March 16, 2005 to the person listed:

Steve Cobb, Lockheed Martin Aeronautics Company, Pinellas Park, Florida

FILING AND ACKNOWLEDGMENT:

FILED, on this date, pursuant to s. 120.52, Florida Statutes, with the designated Agency Clerk, receipt of which is hereby acknowledged. All copies were mailed before the close of business on the date below to the persons listed.

Barbara J. Friday — Clerk

March 16, 2005 — Date

Copies furnished to:

Randy Heinig, Lockheed Martin Aeronautics Company, Pinellas Park, Florida
Carl Jacobsen, Lockheed Martin Aeronautics Company, Marrieta, Georgia
Mitchell J. Hait, Ph.D., P.E., Golder Associates Inc.
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