

Neighborhood Advisory Committee
January 12, 2016

NAC members: NCA: Mary Peveto, Tom Giese, NEDC: Aubrey Baldwin, NWDA: Sharon Genasci, Bob Holmstrom

Not Present: Bob Amundson (NWDA)

ESCO Representatives: Austin Peterson, Travis Quarles

Other Attendee: Jeremy Pritchett (ESCO)

Aubrey Baldwin called the meeting to order at 10:11 AM.

Main Plant Closure

Baldwin wondered if there were any project updates since most projects are already complete. Travis Quarles pointed out that the most significant update to discuss is the pending closure of the Main Plant. Quarles added that the schedule for shutting down the Main Plant has not been finalized. Austin Peterson added that it is currently not possible to specify a closure date. Peterson estimates that complete plant shutdown could occur within 12-18 months from now. Quarles informed the group that ESCO no longer sees value in conducting the engineering study of capture and control methods at the Main Plant.

Baldwin asked if the pending shutdown of the Main Plant is a permanent decision. Quarles reiterated to the group that the plant will permanently close and operations are not planned for the future. Baldwin asked ESCO about the status of the Title V Operating Permit renewal and how the closure will affect the renewal process. Quarles mentioned that ESCO has begun talks with George Davis at Oregon Department of Environmental Quality (DEQ) about the permit renewal. Baldwin asked if the pending closure will alter the netting basis and PSEL for the permit. Quarles stated there will not be an increase in PSEL and that eventually there will be a decrease. Quarles stressed to the group that Plant 3 will remain open. Baldwin expressed concern about additional production at Plant 3 in response to the Main Plant closure. Peterson explained that Plant 3 produces a significantly different product line than the Main Plant thus Main Plant production will not be shifted to Plant 3. Peterson further explained that the parts manufactured at the Main Plant are highly specialized and cannot be produced at Plant 3.

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Baldwin expressed concern about the continued delays of GNA re-negotiations. Quarles explained that ESCO is currently reacting to the Main Plant shutdown announcement. Quarles asked for additional time and patience in moving forward to the next negotiation meeting. Quarles expressed that ESCO intends to continue the Good Neighbor Agreement for Plant 3. Bob Holmstrom asked if the previous binder experiments were conducted at Plant 3 since it's associated with the majority of odor complaints. Quarles explained that binder replacement occurred at Plant 3 as part of the GNA, in an effort to reduce Phenol. Peterson added that most experimentation was performed at Main Plant and is not transferrable to Plant 3 because the manufacturing processes at each plant are significantly different.

Peterson conveyed the importance of continuing the dialogue with the neighbors and reaffirmed that ESCO is committed to continued negotiations. Peterson also highlighted the difficulty of predicting

future trends because operations continue to shift due to the market downturn and production forecast changes.

Mary Peveto mentioned that the GNA is based on the development of the operating permit and communication with DEQ. Peveto expressed the importance of public transparency during the life of the permit and permit renewal process. Peveto recommended that the permit renewal application should be publicly available prior to the release date of the draft permit and public comment period.

Air Permit Renewal

Baldwin asked about the permit renewal deadline. Quarles mentioned that the application deadline is March 1, 2016. Quarles also mentioned that ESCO has begun talks with DEQ about the changes. Peveto asked how confident ESCO is in knowing that the permit application will represent real operations. Quarles explained that the permit renewal will likely change over time to reflect the operational changes and closure of the Main Plant. Quarles further explained that ESCO's current plan is to submit the application assuming that production continues for the Main Plant and then modify the permit as necessary to reflect the changes as they occur. Quarles also suggested that DEQ might decide to issue the permit renewal after shutdown.

Baldwin stated that negotiations with NAC should begin 18 months prior to the expiration date of permit. Peterson mentioned that the intent is to explore the idea of negotiating the permit renewal with NAC. Baldwin countered that the language implies negotiation with NAC. Baldwin expressed concern that the NAC isn't included in the permit renewal communications with DEQ and that it would be beneficial to include the public with DEQ communications. Genasci asked what is causing the uncertainty of the permit renewal timing and plant closure schedule. Holmstrom suggested that the market is the main driving force. Baldwin noted that it is possible that the market could spike which might continue operations at the Main Plant. Quarles claimed that it is remotely possible, but shutdown is almost certain. Peveto asked what will dictate the schedule of the upcoming shutdown. Peterson mentioned that the timing of the shutdown is based on customer demand and the time required to receive part orders from customers. Peterson further explained that once plant operations cease, there is no opportunity to restart and resume plant operations. The Main Plant produces specialized made-to-order parts based on customer demand and specifications. Peterson added that it's important to maintain dialogue with the neighbors and keep the public updated during this process.

Holmstrom asked how closure of the main plant will affect pollution. Holmstrom also asked for clarification of what percentage of waste from the Main Plant goes to Sauvie Island and a percentage of feed stock and scrap that is associated with the Main Plant. Peterson explained that the quantities of feed stock and cut scrap are similar for each plant, but sand is reused more often at Plant 3 than the Main Plant. Quarles added that Plant 3 sends less waste to the landfill and overall emissions will decrease as a result of plant closure.

Baldwin asked ESCO to describe the conversations with DEQ regarding the permit renewal. Quarles explained that ESCO has not had detailed conversations with DEQ, only a broad overview. Genasci wanted confirmation that there will be no production at Main Plant. Peterson confirmed that plant operations will cease entirely and no additional production will shift from the Main Plant to Plant 3. Peterson added that Plant 3 only produces small products and is not capable of manufacturing products associated with the Main Plant.

Baldwin expressed the importance of scheduling meetings with ESCO and DEQ to include NAC involvement. Baldwin added that the group will need some lead time to plan meetings with ESCO and DEQ. Peveto speculated that ESCO will know more about the timing 6 months from now. Peterson confirmed that this is correct. Genasci added that it is important for the neighbors to understand that ESCO is only closing the Main Plant and that Plant 3 will continue operations. Quarles added that ESCO has been very transparent about the closure and that NAC members should continue to communicate the latest news to the neighbors.

Chapman Monitoring Update

Peveto requested an update regarding the damaged monitoring equipment. Quarles explained that the damage was repaired and that ESCO is currently checking on the status. Peveto added that she doesn't have additional information to report regarding Chapman other than taking over John Krallman's responsibilities. Peveto added that the project is near completion and the next meeting is scheduled in 10 days.

ESCO - DEQ Communications

Quarles informed the group that ESCO has updated the Air Emission Control Device Operating Plan (AECODP). The updates include personnel changes and equipment removal from the Doghouse (Plant 2). Quarles explained that ESCO obtained DEQ approval for the installation of an automated (robotic) spray paint booth to replace a manual paint spray paint booth at Plant 3.

Baldwin asked why the potential emissions are increasing for the robotic paint booth. Quarles mentioned that the robotic device is rated at a higher capacity than the manual paint booth, but it can paint more efficiently in a realistic scenario. Peterson added that the decision was made to increase efficiency, reduce overspray, and reduce worker hand fatigue. The robotic device scans each individual part to apply only the exact amount of paint required thus minimizing overspray and VOC emissions. Baldwin claimed that the permit modification contradicts the actual expectation of reduced emissions and the neighbors can reasonably expect an emissions increase based on the Type 2 Permit Change document. Peterson added that Plant 3 does not intend to increase painting capacity. Peterson explained that if production increases, it's beneficial to use the robotic device instead of manual painting because emissions will realistically be less. Peterson noted that production was significantly higher in 2012 and all parts were painted by hand and emissions would have been significantly lower if an automated paint arm was used in lieu of a manual device. Baldwin reiterated that the permit change document suggests an emissions increase if the robotic device is operated at capacity. Quarles added that the document refers to the maximum capacity of the robotic paint applicator, not the realistic maximum operations of the plant. Baldwin suggested that this discrepancy should be explained in the permit and clarification should be readily available to the public.

Complaint Trend Report

Quarles explained that ESCO received 2 complaints in the 4th Quarter of 2015, both associated with Plant 3. Genasci claimed that Ethics Point is not user friendly for the public and the system could be improved. Holmstrom asked Genasci if her complaint system has received a higher number of complaints than Ethics Point. Genasci said no. Holmstrom suggested that the neighbors are not complaining because perhaps they have become accustomed to ESCO operations. Genasci provided examples of local residents with air quality concerns. Baldwin suggested that the scale of the first graph be reset and include a note for 2012 because it skews the complaint trends. Baldwin also recommended to remove

the 2012 data and include a note describing why it was removed. Quarles asked the group if the scaling and representation of the graphs need improvement. Holmstrom recommended to focus on the Plant 3 graphs since the plant will remain operational.

Schedule

Quarles informed the group that the next NAC meeting is scheduled for April 12, 2016. Peveto suggested a meeting in mid to late Spring to include public participation regarding the latest news at ESCO and the pending plant closure.

Public Comment: None present

The meeting adjourned at 11:09 AM.