

DEPARTMENT OF ENVIRONMENTAL QUALITY
AIR QUALITY DIVISION
ACTIVITY REPORT: On-site Inspection

E811763682

| | | |
|--|--|----------------------------------|
| FACILITY: Crimson Holdings, LLC | | SRN / ID: E8117 |
| LOCATION: 1336 E MAUMEE ST, ADRIAN | | DISTRICT: Jackson |
| CITY: ADRIAN | | COUNTY: LENAWEЕ |
| CONTACT: Dan Hofbauer , Plant Manager 2022 | | ACTIVITY DATE: 07/20/2022 |
| STAFF: Stephanie Weems | COMPLIANCE STATUS: Non Compliance | SOURCE CLASS: MINOR |
| SUBJECT: On-site inspection and odor observation of area around Crimson Holdings. | | |
| RESOLVED COMPLAINTS: | | |

On-Site Inspection/Odor Observation Crimson Holdings, LLC (E8117)

Facility Contacts

Dan Hofbauer – Plant Manager – dhofbauer@crimsonhldg.com

Stephen Letson sletson@crimsonhldg.com

Purpose

On July 20, 2022, an unannounced inspection was conducted at Crimson Holdings, LLC located at 1336 E. Maumee St. in Adrian, Michigan. I was accompanied by Adam Silberg, AQD Intern. The purpose of the inspection was to determine the facility's compliance status with applicable federal and state air pollution regulations, particularly with the Michigan Natural Resources and Environmental Protection Act 451 of 1994, Part 55, Air Pollution Control and the administrative rules, and the conditions of Air Use Permit to Install (PTI) number 38-06, issued February 9, 2006, and to conduct an odor observation in the area in response to ongoing odor complaints received by AQD.

This inspection was a continuation of a series of inspections/complaint investigations/meetings that began on 3/24/2022 due to a significant odor situation that has developed at the Crimson Holdings facility. Please refer to separate MACES reports filed on 3/24/2022, 3/30/2022, 5/05/2022, 5/10/2022, 5/18/2022, 5/24/2022, 5/25/2022, 5/25/2022, 6/12/2022, 6/13/2022, 6/15/2022, 6/23/2022, 6/29/2022, 7/6/2022, 7/14/2022, and 7/15/2022 for additional details. This report covers mostly new items that came out of this inspection.

Facility Location

This facility is located in Adrian, Michigan. It is surrounded by commercial and residential properties.

Regulatory Applicability

This facility operates under PTI 38-06 issued February 9, 2006. This permit consists of EU-SprayDryer, described in the PTI as a milk spray drying operation consisting of a drying chamber, a powder conveyor, a pneumatic conveyor, a fabric filter product collector, and a cyclonic product collector.

Facility Background

Historically, this location was owned by Dairy Farmers of America, and they produced a powdered milk product here.

On December 7, 2021, AQD was notified that Crimson Holdings, LLC acquired the assets located at 1336 East Maumee Street in Adrian, Michigan. Crimson Holdings submitted notification that they would be assuming responsibility for the facility's air permit. Additionally, the letter explained that they would be switching from powdered milk to powdered egg production and that the process for producing powdered egg is the same as that of powdered milk.

On March 11, 2022, AQD received a complaint about odors coming from Crimson Holdings. The complainant described the odors as "organic death".

At 10:20AM on March 11th AQD staff called the complainant to follow-up. The complainant indicated that there have been odor issues since Crimson Holdings took over. Staff notified Crimson Holdings of the complaint and asked for them to investigate the cause and respond by March 18th. A response was received from on March 19th. In this response, Crimson Holdings states that they are working with their chemical vendor, ChemTreat, on recommendations for deodorants. Additionally, the facility is working with their dryer manufacturer for additional input, and they are working to obtain a control agent for the use in the production of egg protein. The company indicated that they will continue to work with EGLE to resolve the problem and ensure compliance under Rule 901 (R 336.1901).

March 24, 2022 – AQD on-site inspection in response to odor complaint received on March 11, 2022. See report date 3/24/2022.

On April 7, 2022, AQD issued a Violation Notice (VN) for modification of the stack without a obtaining a permit modification. A response to the violation was received on April 28, 2022, and the company indicated the stack would be adjusted to meet the permit requirements by September 1, 2022.

AQD received numerous odor complaints on May 5 and May 6, 2022. In response to these complaints AQD conducted an on-site investigation on May 10, 2022.

From May 10 to May 22, 2022, AQD received approximately 10 complaints.

On May 23 and May 24, 2022, AQD received approximately 30 complaints. In response to these complaints, AQD conducted on-site investigations on May 23, May 24, and May 25. Strong odors were observed around the facility and in the surrounding business and residential areas. On all 3 site visits, odors were violations of Rule 901 nuisance odor standards.

On May 26, 2022 an onsite inspection and meeting was conducted. This inspection was a multi-agency inspection conducted with members of EGLE AQD, United States Environmental Protection Agency (US EPA), Michigan Department of Health and Human Services (MDHHS), Lenawee County Health Department, Crimson Holdings, and Fishbeck (Crimson Holding's consultants). See inspection report dated 5/26/22.

On May 26, 2022 a new Violation Notice was issued to Crimson Holdings for violating Rule 901(b) on May 23, 24 & 25 and for a Rule 201 violations for a meaningful change in emissions occurring from the process without a permit. A response was received on June 2, 2022 that included a process flow diagram. The response also indicated that the facility does not agree with Rule 201 violation, but they are committed to submitting a PTI application by the end of June. This PTI application is to include an Odor Management Plan, information for the modified stack, and information for the odor neutralizer. Furthermore, the response stated that the facility is working with contractor to correct stack issues. A design has been finalized, but they are encountering supply chain issues. Additionally, the facility stated that they were currently testing odor neutralizers on the process and looking into odor mitigation efforts for the DAF room. Lastly, the response included a statement that they would conduct emissions testing and submit a test plan.

On June 8, 2022 Crimson Holdings submitted a test plan for their proposed emissions testing.

On June 10, 2022 AQD staff sent a letter to Crimson Holdings in response to their VN response. This letter outlined that AQD does not agree with the facility's assessment of the use of the Right to Farm Act and the facility's claim that they did not violate Rule 201. Additionally, the letter states that the exact ingredients of the odor neutralizer(s) being used at the facility needs to be disclosed to AQD or we recommend the facility discontinue using the neutralizer(s). Finally, a list of information was requested from the facility including a schedule for all action items included in the facility's VN response, detailed timelines for changes to the stack diameter and orientation, submittal of a PTI, a detailed schedule for installation of air control for the ventilation of the DAF room, detailed and specific information about the odor neutralizer(s) being used at the facility, detailed information regarding the baghouse, a detailed schedule for the change in the carbon exhaust orientation on the sludge tank, and detailed information regarding any additional steps the facility implements to address odors.

Odor complaints continue to be received from nearby residents and businesses. Odor observations were conducted on 6/12/2022, 6/13/2022, and 6/29/2022. Rule 901 level odors were not observed during these times.

On 6/15/2022 an onsite inspection was conducted with staff from the Michigan Department of Agriculture and Rural Development. Corrective action updates were discussed, and an odor observation was conducted in the neighborhood near the facility. 901 level odors were not observed at that time. See inspection report for 6/15/22.

Stack testing was conducted at the facility on 6/21/2022. As of the date of this inspection, AQD is still awaiting the complete stack testing results.

AQD Jackson District Office has since been assigned a summer intern, Adam Silberg. Adam continues to conduct odor observations in the area of Crimson Holdings. He conducted odor observations on 7/6/2022 and 7/14/2022. During the observation on 7/14, Adam noted level 3 type odors in the residential/business area. On 7/15/2022, AQD staff, Diane Kavanaugh Vetort, conducted another odor

observation in the area to confirm Adam's findings. She noted distinct, level 3 and 4 odors in the residential area. A violation notice will be sent for the 901 odors.

Meetings continue to be held with MDHHS, MDARD, EPA, the City of Adrian, and Lenawee County Health Department to discuss next steps as new information becomes available.

Arrival

I arrived in the vicinity of Crimson Holdings around 7:28 AM. Winds were out of the SSW at about 9 MPH.

Upon my approach to the facility, odors were noted North of the facility on Maumee and South of the facility on Church street. I parked outside the facility on Church Street to wait for Adam to arrive.

Once Adam arrived, we walked down Church Street to Dean Street. We walked north and south along Dean Street but no odors were detected. We then walked back down Church Street towards the facility so that we could do a walk around the perimeter of the facility. As we walked around, we noted strong odors on Church and Maumee Streets directly next to the facility.

After our walk around, we entered the facility, signed in, and met with Dan Hofbauer and Stephen Letson.

Pre-Inspection Meeting

A pre-inspection meeting was held between Dan, Stephen, Adam, and I.

I explained to Dan that Adam is our intern and he has been conducting odor observations in the area. I explained that I wanted to bring Adam along today so that he can observe the process.

I then explained that Diane had conducted an odor observation in the area on 7/15 and noted level 3 and 4 odors in the residential area. I explained that a violation notice will be issued for violating Rule 901(b). Dan indicated that he had spoken with Diane on Friday about the odors she observed.

We then discussed the outstanding corrective actions to the facility's main stack. I asked Dan if there was any update on the installation date. Dan said that he doesn't have an updated timeframe. He indicated that he was scheduled to have a meeting today to discuss this. He hopes to get an install date by the end of this week. I asked him to provide an update to us at the end of the week, and he agreed that he could do that.

During internal AQD meetings the height of the new stack has been a point of discussion, so I asked Dan about this and if it would be taller than the tallest point of the building near that stack. Dan said it would not be taller than that higher roofed area. He explained that the new stack will be about halfway to the height of that addition. I asked why they decided to not make it taller than that rooftop. He indicated that he's not completely sure why, but he does believe that there would

need to be some structural changes to the building to be able to accommodate the weight of a taller stack.

I then asked Dan if he knew when the remaining stack test results would be available. He said that he has spoken with Lillian Woolley, the facility's consultant, and she is working to try and get them either today or tomorrow.

Onsite Inspection Narrative

Before heading out onto the facility floor, we were provided with hair nets and boot covers. Additionally, we had to wash our hands.

We began the facility walk through in the receiving bay. This is where the egg product is unloaded from tanker trucks. Dan explained that the liquid egg is pumped through pre-filters to remove any eggshells, and he pointed out the pre-filters that are located in the receiving bay. We then went back into the main plant area where Dan pointed out another filter. He explained that they run the egg through a secondary filter that has a 25-micron screen. He said this is relatively new to the process. He explained that, after going through these screens, the egg is then stored in 1 of 3 tanks where it gets pumped to the dryer.

Adam asked where the eggs come from. Dan explained that the eggs come from breakers or graders. These eggs are ones that get screened out of the normal processes that eggs go through for human consumption. They may get screened out due to various reasons, but some being if their size does not meet the specified grading size or if there is a spot of blood in the egg.

Next, we walked through the area where the storage tanks are located. Adam asked about the size of the tanks. Dan explained that the tanks are 10,000 gallons each, and they can fit 2 tanker trucks of eggs in each tank. He said that it can take about 24 hours for them to use all of the egg in one tank. Dan explained that whenever a tank is emptied is gets washed out. He also indicated that the receiving bay is washed down every night.

We then walked by the reverse osmosis process equipment. This equipment was previously used during the milk drying process but isn't currently being used for the egg drying process. Dan explained that they plan to use the reverse osmosis system later this year.

We then observed the DAF room. Though there were still odors, this room was extremely less odorous than during my previous inspection on 5/10. Dan explained that they are now running the DAF system at a slower, consistent rate so that the tank isn't getting full.

We then walked through an area where the facility unloads the totes of liquid egg. Dan explained that the eggs unloaded from totes go through the same process and filter as the eggs from the tanks.

We then observed the pasteurizer equipment. Again, this equipment was used during the powdered milk production process. Dan explained that they don't currently run this process a lot, but they plan to use it all the time in the future.

We then observed the dryer. We were able to observe the liquid egg being sprayed into the dryer and the powdered product that is produced.

After the egg goes through the dryer, the powder is conveyed from the dryer to a tote filler. We observed this process.

We then walked upstairs to observe the top of the dryer and the odor neutralizer area. Dan showed us the odor neutralizer tank. The facility was using the CT9118 today. Dan explained that he had recently received 3 large barrels of the odor neutralizer and he was already working to put in another order to make sure that they don't run out. I was able to smell the odor neutralizer when we entered the area.

Next, we exited the building and we began a walk around the facility. We started on Maumee Street heading west. Odors were detected on Maumee St. near the facility's shipping area. We then walked towards the sludge tank area. I was able to see the facility had corrected the orientation of the tank exhaust. See the picture below. No odors were detected near the sludge tank. We continued our walk around the perimeter of the building. We detected more odors near the DAF room area on Church Street. The facility has installed carbon filters on the DAF room exhaust vents, and these appear to help as the odor in this area is no longer right next to these vents. The odor is detected when you step out away from the building, leading me to believe it is odors coming from the stack emissions.

Post-Inspection Meeting

We had a post-inspection meeting outside near the facility entrance. Dan explained that he will provide an update to us at the end of the week about the stack correction. Additionally, he said that they continue to work on their odor management plan, and he hopes to have that to us by the end of the week as well.

Dan also explained that he spoke with Greg Elliot from the City of Adrian yesterday. They discussed the upcoming Lenawee County fair that is to be held at the adjacent fairgrounds. Dan explained that the fair starts with a parade on Sunday that runs from downtown to the fairgrounds and that people line up all along the street to see it. Dan said they are planning to shutdown operations on Sunday morning and will not operate again until late Sunday evening, so they won't be operating during the parade. I asked about the operations for the rest of the week. He said that they have secured enough of the odor neutralizer and he believes that this will help with operations during the rest of the week.

We thanked Dan and Stephen for their continued cooperation in resolving the ongoing issues.

We departed the facility around 10:38AM.

Compliance Summary

Crimson Holdings continues to be in noncompliance. The company continues to work to address the ongoing odor issue. A VN for Rule 901(b) is being sent for the odors observed on 7/15/2022.



Image 1(Map) : Map of streets walked - includes Dean St., Gulf, Church St., and E. Maumee St. Circles indicate where odors were observed (on Church St. next to facility and on E. Maumee St. next to facility).



Image 2(Sludge Tank) : Photo of the corrected exhaust stack for the sludge tank.

NAME Steph Weems

DATE 7/20/2022

SUPERVISOR 