

P0380

MAWILA

DEPARTMENT OF ENVIRONMENTAL QUALITY  
AIR QUALITY DIVISION  
ACTIVITY REPORT: Scheduled Inspection

P038054913

FACILITY: Sakthi Automotive Group USA, Inc		SRN / ID: P0380
LOCATION: 6401 WEST FORT STREET, DETROIT		DISTRICT: Detroit
CITY: DETROIT		COUNTY: WAYNE
CONTACT: Deepak Bhalla , Director of Purchasing and Facilities		ACTIVITY DATE: 07/22/2020
STAFF: Stephen Weis	COMPLIANCE STATUS: Compliance	SOURCE CLASS: SM OPT OUT
SUBJECT: Compliance inspection of the Sakthi Automotive Group facility in Detroit. The Sakthi facility was added to my list of facilities scheduled for inspection in FY 2020.		
RESOLVED COMPLAINTS:		

**Location:**

Sakthi Automotive Group USA, Inc. (SRN P0380)  
6401 West Fort Street  
Detroit, MI 48209

**Dates of Activity:**

Wednesday, July 22, 2020

**Personnel Present:**

Steve Weis, EGLE-AQD Detroit Office  
Reno Abrams, Security staff, Maynards Industries/Biditup Auctions Worldwide

**Purpose of Activity**

A self-initiated inspection of the Sakthi Automotive Group USA, Inc. (hereinafter "Sakthi") facility was conducted on Wednesday, July 22, 2020. The Sakthi facility was on my list of sources targeted for an inspection during FY 2020. The purpose of this inspection was to determine compliance of operations at the Sakthi facility with applicable rules, regulations and standards as promulgated by Public Act 451 of 1994 (NREPA, Part 55 Air Pollution Control), and with applicable Federal air quality standards. In addition, the facility is subject to terms of Permit to Install (PTI) No. 92-16, which was issued on October 31, 2016.

**Facility Site Description**

The Sakthi facility property is located on the south side of Fort Street on either side of Waterman Street. The facility currently consists of three separate buildings on the south side of Fort Street; these three buildings constitute the Sakthi stationary source.

The offices of the Sakthi facility, as well as some of the facility's manufacturing processes, were located in a building on the south side of West Fort (6401 W. Fort), extending from Waterman east approximately 325 yards to a street called Reissman; this street separates the facility from the building next door, which houses Evans Distribution Systems/Progressive Distribution (6307 W. Fort St.). Sakthi began operating at this location in 2012, when it purchased the building from Arvin Meritor. Another company, Mobis North America, LLC (hereinafter "Mobis", SRN P0543), has leased office and manufacturing space from Sakthi. Mobis' offices are in the northeastern part of the office portion of the building, and the manufacturing portion of their facility occupies a 211,000 square foot building at the east end of the building, right in back of and adjacent to the office area.

The Sakthi facility also included three additional buildings. The first of these buildings has the addresses of 100-150 American Way. American Way runs south of Fort Street to the west of the former Southwestern High School, and just east of Green Street. The second building, located at 201 Waterman Street, was built new by Sakthi, commencing operations in May of 2017, and is located south of the high school building. The third building is a 60,000 building that is located to the south of the 6401 W. Fort building, and directly across from 201 Waterman on the east side of the street that was used for storage/warehousing. From the perspective of EGLE-AQD, all of these buildings were considered the Sakthi stationary source - all of the buildings were under the common ownership and control of the same entity, the activities that occur in each building are classified under the same

NAICS code, and all of the buildings are geographically located contiguously/in close proximity to one another.

The Sakthi facility property is located in the Delray area of Southwest Detroit. The area around the facility is a mix of industrial, commercial, institutional and residential properties. The closest residential properties are located approximately 0.15 miles from the building at 6401 W. Fort St., ¼ mile from the 210 Waterman building, and ¼ mile from the building on American Way. The area directly to the south of the facility is part of the Port of Entry footprint associated with the planned Gordie Howe Bridge. The area in which the facility is located is currently classified as non-attainment for the National Ambient Air Quality Standards (or NAAQS) for sulfur dioxide; the area is in attainment with the NAAQS for the other criteria pollutants. An area map that shows the location of the Sakthi facility and its associated buildings is attached to this report for reference.

EGLE-AQD operates an ambient air monitoring station on the east side of Waterman Street, across from 201 Waterman and in front of the building that was used by Sakthi for storage and warehousing. The monitoring equipment at this station monitors levels of PM<sub>2.5</sub> (particulate matter less than or equal to 2.5 microns in size), PM<sub>10</sub> (particulate matter less than or equal to 10 microns in size), sulfur dioxide (SO<sub>2</sub>), manganese, arsenic, cadmium, nickel, VOCs, and carbonyl compounds in the ambient air, as well as providing meteorological data.

### Facility Operations

Sakthi Automotive Group USA is a subsidiary of Sakthi Group, which is based in India. According to the company website ([www.sakthigroup.com](http://www.sakthigroup.com)), Sakthi Group is involved in a variety of industry sectors, including power, logistics, IT services, textiles, and food products. Sakthi Automotive Group produces iron and aluminum cast, machined and assembled components.

The Sakthi facility Detroit manufactured iron and aluminum automobile suspension components for automotive companies. Cast iron axle arms and wheel knuckles and cast aluminum wheel knuckles were produced for use in customers' vehicles. The iron castings were provided by Cadillac Castings, Inc. in Cadillac, MI (SRN B2178), while the aluminum castings were produced on-site in the casting operations that were located in the 201 Waterman Street building.

The following is a description of the processes/operations that took place in the three buildings that comprise the Sakthi stationary source, aside from the storage building on Waterman.

- 6401 W. Fort

The building at this address contained the office portion of the Sakthi facility, as well as a manufacturing area. The manufacturing area consisted of 11 CNC (computer numerical controlled) lathe machines that were used to machine the castings, shaping and sizing them to meet the specifications of the final product. Four of the lathes were used to machine cast iron products, and the remainder were used to machine aluminum castings. The processing area of this building was heated with small ceiling-mounted natural gas-fired heaters, and the climate of the office portion of the building was (and presumably is still) controlled via a HVAC system. There were no boilers or process heaters located in this building. Two Kohler emergency generators and one fire pump are located outside of the building, at the west side of the building near the portion that is leased by Mobis.

- 100-150 American Way

Sakthi operated 28 CNC lathe/horizontal milling machines in this building, all of which were used to process aluminum castings. There was also a quality control testing area located in the southern portion of this building that utilized hydraulic machines to simulate loads that the suspension components that were produced at the facility would have encountered through typical usage. This building is/was heated with small ceiling-mounted natural gas-fired heaters.

- 201 Waterman

As previously mentioned, this building is located just behind the former Southwestern High School building, and it is 181,000 square feet in area. The western third (approximation) of the building (60,000 square feet) contained CNC lathe/horizontal milling machines. The remaining 110,000 square feet of this building contained Sakthi's aluminum die casting process, which was used to produce aluminum castings for use at the facility to produce vehicle suspension parts. Permit to Install No. 92-16 was issued to Sakthi to address the operation of the die casting process. The following description of the aluminum die casting process is taken from the Fact Sheet of

the Public Participation Documents for Permit Application Number 92-16:

*"The proposed facility will consist of three melting furnaces with natural gas fired low-NOx burners rated at 6.7 million Btu per hour (MMBtu/hr) each, two heat treat furnaces with natural gas fired low-NOx burners rated at 6.2 MMBtu/hr each, and 30 electrically heated crucible holding furnaces. Emissions from each melting furnace will be captured by a hood for that furnace and exhausted to a stack for the furnace. Additional facility support processes include aluminum receiving and storage, dross storage and handling, a die cleaning enclosure, casting inspection, and facility heating, ventilation and air conditioning.*

*The melting furnaces will be charged with only clean ingots of aluminum, clean scrap produced within the facility, customer returns, and flux material (chloride and fluoride salts) which is used to remove impurities from the aluminum and also for weekly cleaning of the furnaces. The flux bonds with non-aluminum material in the melt, creating dross which rises to the surface where it is removed before casting. The melting furnaces will operate in melting mode five days per week and remain idle in heated standby mode for two days per week.*

*The crucible furnaces will be mobile units within the facility. Melted aluminum tapped from the melting furnaces will be transferred to the crucibles. Additional flux will be added while the crucible is under the melting furnace hood and/or after the tapping process step when the crucibles are outside the hood. The crucible furnaces then transport the metal to the casting machines. When the crucibles are outside the hood, fugitive emissions during transport and casting are vented within the plant and exit through general plant wide roof exhaust ventilation consisting of 28 roof vents.*

*Completed castings will undergo a heat treat process to meet customer specifications. Heat treating can require more time than melting, so the two heat treat furnaces may need to be operated six days per week to process the throughput from five days of melting and casting production."*

*The facility installed a Caterpillar Model 3512B diesel fired emergency generator to provide back-up power to the aluminum casting process that is located on the north side of the building. I was told during the July 22 site visit that this generator was never hooked up to the building.*

### ***Current Operating Status***

**The Sakthi facility permanently ceased operations in 2019, with indications that this happened sometime after June. A November 17, 2019 article in *Crain's Detroit Business* provided some information and background regarding what was at that time the Sakthi facility's potential closing. A copy of the article is attached to this report for reference. Sakthi Automotive went into receivership, and the court-appointed receiver filed a motion in the United States District Court for the Eastern District of Michigan – Southern Division on April 9, 2020 to authorize an auction sale of real property and fixtures. A copy of the Notice of Auction and Sale of Receivership Assets document is attached for reference.**

**An auction was held on June 10 and 11, 2020, and seemingly most of the process equipment at the Sakthi facility, including the Caterpillar emergency generator, was listed for bid. A printout from the Maynards Auction website that lists some of the equipment that was being auctioned is attached to this report for reference.**

**When I visited the facility on July 22, the building at 201 Waterman was just about empty. In September 2020, Bedrock Detroit purchased the Sakthi property. An article in *The Detroit News* on September 15, 2020, a printout of which is attached to this report, included the following information regarding the purchase:**

***"The nearly 37-acre site includes 529,000 square feet of industrial and manufacturing space, 89,000 square feet of office and flex space...The site also includes more than 10 acres of land available for development."***

**At this time, the future plans for and use of the property by Bedrock is not known.**

### **Inspection Narrative**

**I first visited the facility on July 22, 2020. Earlier in the day, I had received an email from Dennis McGeen of EGLE-AQD's Emissions Reporting and Assessment (ERA) Unit. Dennis let me know that a delinquency notice was mailed to Sakthi in June 2020 relating to the 2020 Air Emissions Fee Invoice, and that the notice was returned and stamped "Attempted Not Known, Unable to Forward". Dennis wrote to inquire about the status of the facility, and whether their PTI is still active. When I came**

across the Notice of Auction and Sale of Receivership Assets document and the information related to the auction, I planned to visit the facility as part of a FY2020 scheduled inspection, and Dennis' note prompted me to visit the site that day.

I arrived at the facility at 4:40pm. I parked along Waterman Street, and I noted that aside from the areas near the Mobis facility operations, the parking lots in front of and in back of the 6401 W. Fort building were empty. I walked to the 201 Waterman building. There were some vehicles in the lot on the north side of the building, as well as roll-off boxes and some equipment. There were several people on site, and I was approached by one of them, Reno Abrams. He identified himself as working for the auction company, and he said that he used to work with the facility security staff for Sakthi, working for one of my former facility contacts, Tyrone Jarrett. I introduced myself and provided a business card, and explained the purpose of my visit to the facility – to check the current status of the Sakthi facility, including the status of the processes and equipment that were covered by PTI No. 92-16.

Reno told me that all of the process equipment in the main building (6401 W. Fort), the building on American Way, and in the foundry building (201 Waterman) was part of the auction, and that parties have been coming to pick up the items that they purchased at the auction. Reno and I were standing near the Caterpillar diesel fired emergency generator. I inquired about the generator, telling him that Sakthi had been contacted earlier in the year about obtaining a permit for the equipment. He told me that the generator is also part of the auction, and that he was not sure if it had been sold. He showed by the auction tag that is affixed to the unit; I took a picture of the tag, which is attached to this report. Reno told me that the generator was never hooked up to the building's power supply to serve its intended purpose. We walked to the back on the unit, and he showed me the spot where there would be a connection to the building's power supply, and that there is no connection. Reno told me that the generator was run for monthly operating and maintenance checks.

I asked Reno if I could go inside the foundry building to take a look around and to take a picture. He replied that only authorized persons are currently allowed inside of the buildings, and that neither he nor anyone else currently on site is authorized to allow visitors inside of the buildings at this time. He offered that I should call the court appointed receiver, who would be able to arrange for me to go inside of the buildings. He did not have the name or contact information for this person, but he thought that I should be able to find information online.

I left the Waterman building, and I drove to the American Way building. The building was closed up, and there some crates outside that looked to contain some equipment, as well as some roll-off boxes. I left the facility at 5:00pm.

I returned to the facility on September 10, 2020. I was in the area for another site visit, and I once again stopped at the 201 Waterman building. The bay doors on the north side of the building were open. I spoke with someone on site and identified myself. The generator was still on site with the auction tag still affixed to it. I asked if I could look inside the open bay door on the east half of the building, which is where the foundry process was located, and take a picture. The person that I spoke with allowed me to do so. I looked inside, and the building was empty aside from some trailers and forklifts that were presumably used to move equipment from the facility. I took a picture of the view looking through the bay door, which is attached to this report for reference.

### Permits/Regulations/Orders/Other

#### Permits

PTI No. 92-16 was issued to Sakthi on October 31, 2016 and addressed the installation and operation of the die casting processes and associated equipment. The permit contains limitations on the amount of metal that could be charged to the furnaces, as well as the amount a flux that could be injected during the processing of the aluminum. The material usage restrictions served to limit the potential emissions from the operation of the die casting facility, so the PTI served as a synthetic minor permit. All of the equipment that was included in this permit has been permanently removed from the facility, so PTI No. 92-16 can be voided.

The Caterpillar Model 3512B diesel fired emergency generator located at the 201 Waterman building was determined to be subject to AQD permitting requirements. This engine has a maximum rated heat input capacity of 15,721,135 BTU/hour, which is greater than the Michigan Administrative Rule 285(2)

(g) exemption threshold of 10 MMBTU/hour. Sakthi was provided with notice in 2018 that they would need to apply for a permit for the generator. A Violation Notice dated January 24, 2019 was issued to Sakthi for installing the engine without first obtaining a permit from AQD. After a second Violation Notice was issued, Sakthi sent a response dated March 12, 2019 in which they agreed to obtain the necessary permit. A copy of the Violation Notices and Sakthi's response is attached for reference. Sakthi submitted information to AQD's Permit Unit, who in turn sent correspondence dated May 13, 2019 to Sakthi requesting additional information deemed necessary in order to review the PTI application. There was email communication from Sakthi to AQD's Permit Unit as late as July 1, 2019, but after that time, there was no contact from Sakthi. Based on the timelines provided in some of the media reports of the facility's closing, it is presumed that the lack of communication was due to the facility ceasing operations.

As of this point in time, the Caterpillar generator has not received a PTI to operate. The generator was included as part of the auction of the facility's assets, and it is unknown whether the generator was sold, and if it will remain on site. If the generator remains on site and is utilized by the new owner and/or operator of the 201 Waterman property, the permitting status of the generator will be reevaluated.

### Compliance Determination

Based upon the results of the July 22, 2020 site visit and subsequent information about the facility, the Sakthi Automotive Group USA, Inc. facility at 6401 W Fort Street in Detroit has permanently ceased operations. Accordingly, Permit to Install No. 92-16 can be voided, as can the facility file.

Attachments to this report: a facility site map of the Sakthi stationary source; a copy of an article from *Crain's Detroit Business* that addresses the closing of the Sakthi facility; a copy of the Notice of Auction and Sale of Receivership Assets document that was filed in relation to the Sakthi property; a printout from the Maynards Auction website that shows some of the equipment that was included in the auction; a copy of the *Detroit News* article regarding the purchase of the Sakthi facility property by Bedrock; a picture of the auction tag that is affixed to the Caterpillar generator; a picture that was taken of the inside of a portion of the 201 Waterman building on September 10, 2020; a copy of Violation Notices that were issued in 2019 to address the installation of the Caterpillar generator without a PTI and Sakthi's response to the VNs; printouts of correspondence between AQD Permit Unit, myself and Sakthi regarding the PTI application for the generator.

NAME Steve Wong

DATE 11/6/20

SUPERVISOR JK