

**IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER**

IN THE MATTER OF: CONTITECH USA, INC. Henry County, Iowa	ADMINISTRATIVE CONSENT ORDER NO. 2022-WW- 04
--	---

To: CONTITECH USA, INC.
400 N. Goodyear Road
Mount Pleasant, Iowa 52641

I. SUMMARY

This administrative consent order (Order) is entered into between the Iowa Department of Natural Resources (DNR) and CONTITECH USA, INC. (Conti-Tech), for the purpose of resolving the violations of water quality regulations resulting from the discharge of wastewater in violation of Conti-Tech's treatment agreement (TA) with the City of Mount Pleasant. This Order requires Conti-Tech to operate and maintain its Mount Pleasant facility in compliance with applicable law and to pay an administrative penalty of \$10,000.00. Conti-Tech neither agrees nor disagrees with the statements of fact and law contained in this Order and agrees to the terms of this Order for settlement purposes only.

Questions regarding this Order should be directed to:

Relating to technical requirements:

Terry Jones, DNR Field Office 6
Iowa Department of Natural Resources
1023 W Madison
Washington, Iowa 52353
Phone: 319-653-2135

Relating to legal requirements:

Noah Poppelreiter, Attorney for the DNR
Wallace State Office Building
502 East Ninth Street
Des Moines, Iowa 50319-0034
Phone: 515-669-8752

Payment of penalty to:

Director of the Iowa DNR
Wallace State Office Building
502 East Ninth Street
Des Moines, Iowa 50319-0034

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
ISSUED TO: CONTITECH USA, INC.

II. JURISDICTION

This Order is issued pursuant to the provisions of Iowa Code section 455B.175(1), which authorizes the Director to issue any order necessary to secure compliance with or prevent a violation of Iowa Code chapter 455B, Division III, Part 1; and Iowa Code section 455B.109 and 567 Iowa Administrative Code (IAC) chapter 10, which authorize the Director to assess administrative penalties.

III. STATEMENT OF FACTS

1. Conti-Tech neither agrees nor disagrees with these statements of fact and agrees to the terms of this Order for settlement purposes only.
2. Conti-Tech¹ owns and operates a hose manufacturing facility at 400 N. Goodyear Road, Mount Pleasant, Iowa (Facility).
3. The City of Mount Pleasant (Mount Pleasant) owns and operates a publicly owned treatment works. The Facility discharges wastewater to the treatment works.
4. In December 2013, Conti-Tech entered into a Treatment Agreement (TA) with Mount Pleasant. The terms of the 2013 TA are incorporated into this Order by reference.
5. Relevant to this order, the 2013 TA had limits on zinc, temperature, and oil and grease (O&G) discharges.
6. Since January 2014, the Facility has operated as a significant industrial user (SIU).
7. On November 30, 2015, the DNR issued Conti-Tech a Notice of Violation (NOV) for violations of 567 IAC 62.1(6). These violations included discharges in excess of the zinc, temperature, and O&G limits in the 2013 TA. Notably, the DNR noted twenty violations each for zinc and temperature between February 2014 and September 2015.
8. In December 2015, Conti-Tech began taking action to remedy the violations noted in the November 30 NOV by installing a filtration system to remove zinc, including testing, engineering, and design of the system.
9. On or about September 12-15, 2016, the U.S. Environmental Protection Agency (EPA) conducted a compliance inspection of the Facility. The EPA noted that Conti-Tech had violated the zinc limits for every month since February 2014. However, the EPA also noted Conti-Tech was nearly finished with the construction of the filtration system to remedy the zinc discharge violations.
10. On or about November 22, 2016, the EPA contacted Conti-Tech to confirm the construction was complete. Conti-Tech informed the EPA that it was complete.
11. On April 20, 2018, the DNR issued Conti-Tech an NOV for additional violations of 567 IAC 62.1(6). The DNR again noted that for every month between September 2016 and January 2018, the Facility was discharging effluent that exceeded the 2013 TA limits for zinc. The DNR also noted multiple discharges of effluent that exceeded the TA limits for temperature and O&G.

¹ Prior to March 1, 2017, Conti-Tech's legal name was "VEYANCE TECHNOLOGIES, INC." For purposes of this Order, all documents and correspondence addressed to Veyance Technologies, Inc., are considered addressed to Conti-Tech.

IOWA DEPARTMENT OF NATURAL RESOURCES
 ADMINISTRATIVE CONSENT ORDER
 ISSUED TO: CONTITECH USA, INC.

12. On or about April 16, 2018, the DNR sent a letter to Mount Pleasant advising the City that failure by the City to bring Conti-Tech into compliance with the 2013 TA may result in action against the City.
13. In May 2018, Conti-Tech, with assistance from Mount Pleasant, began working to rectify the continual violations noted in the April 16, 2018, NOV.
14. On April 19, 2019, Conti-Tech and Mount Pleasant agreed to a new TA. The terms of the 2019 TA are incorporated into this Order by reference.
15. Relevant to this order, the 2019 TA has limits on zinc, temperature, and O&G discharges. Notably, the 2019 TA removed the zinc concentration limits while retaining the zinc mass limits.
16. On April 9, 2020, the DNR issued Conti-Tech a NOV for violations of 567 IAC 62.1(6). These violations included discharges in June, August, October, November, and December that were in excess of the zinc limits in the 2019 TA.
17. On April 22, 2020, Conti-Tech submitted a plan of action (POA) to the DNR stating how the company would address the violations related to zinc. The POA explained that Conti-Tech would re-route additional waste streams through the Facility's treatment system, assess low zinc formulations of the Facility's highest value compounds, evaluate and repair sump systems to pump water through the filtration system, and add sump pumps to the Facility's preventative maintenance system.
18. On May 27, 2020, Conti-Tech submitted a supplemental POA notifying DNR that Conti-Tech would be modifying its current testing to measure the level of dissolved zinc in its wastewater to provide additional data to evaluate its discharge.
19. On September 25, 2020, Conti-Tech submitted a letter to the DNR confirming implementation of the remedial measures outlined in the POA and supplemental POA to ensure the Facility's compliance with the zinc limits in its TA. Conti-Tech through this letter asserted that the company had returned to compliance with the 2019 TA.
20. On October 15, 2020, the DNR issued Conti-Tech a NOV for violations of 567 IAC 62.1(6). These violations included discharges in excess of the zinc and O&G limits in the 2019 TA. However, the NOV noted the steps taken by Conti-Tech during the summer of 2020.
21. In July 2021, the Facility implemented a number of long-term capital improvements to ensure maximum treatment of the Facility's wastewater streams in compliance with the 2019 TA.
22. On August 9, 2021, the DNR issued Conti-Tech a NOV for violations of 567 IAC 62.1(6). These violations included discharges in excess of the zinc and O&G limits in the 2019 TA as detailed in the tables below:

Violations of Oil and Grease Limits (2019 TA)

Month	Daily Average, in mg/L (limit of 125 mg/L)	Daily Maximum, in mg/L (limit of 200 mg/L)
February 2020	1219.000	1820.000
June 2020	209.580	922.000
October 2020	417.750	1280.000

IOWA DEPARTMENT OF NATURAL RESOURCES
 ADMINISTRATIVE CONSENT ORDER
 ISSUED TO: CONTITECH USA, INC.

November 2020	[no violation]	303.000
February 2021	235.250	411.000
April 2021	148.375	289.000
June 2021	145.550	497.000

Violations of Zinc Limits (2019 TA)

Month	Daily average, in lbs/day (limit of .14 lbs/day)	Daily Maximum, in lbs/day (limit of .21 lbs/day)
January 2020	0.17868	0.27499
February 2020	0.22935	0.32848
March 2020	0.25887	0.68260
October 2020	0.24509	0.37348
November 2020	0.24353	0.29130
December 2020	0.17394	0.32451
January 2021	0.16742	0.28823
February 2021	0.31477	0.44268
March 2021	0.15269	0.22875
April 2021	0.36359	0.88243

23. Since August 2021, the Facility has been in compliance with the zinc limits in its TA. The DNR noted a violation of the maximum O&G concentration limit in August 2021, and a violation of the maximum pH limit in November 2021.
24. On September 30, 2021, Conti-Tech's counsel notified DNR that the long-term capital improvements were implemented at the Facility and provided information regarding investigation and resolution of O&G exceedances in the Facility's wastewater.

IV. CONCLUSIONS OF LAW

1. Conti-Tech neither agrees nor disagrees with these conclusions of law and agrees to this Order for settlement purposes only.
2. Iowa Code section 455B.173 provides that the Environmental Protection Commission (Commission) shall adopt rules related to water quality standards, pretreatment standards, and effluent standards. The Commission has adopted such rules at 567 IAC chapters 61 and 62.
3. 567 IAC 62.1(6) prohibits the discharge of wastewater to a publicly owned treatment works in violation of a treatment agreement signed by the discharger with that treatment works. Since 2014, Conti-Tech has discharged wastewater from the Facility to Mount Pleasant's publicly owned treatment works in excess of the zinc, temperature, and O&G limits of the 2013 TA and the 2019 TA. These facts demonstrate a violation of Iowa law.

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
ISSUED TO: CONTITECH USA, INC.

V. ORDER

THEREFORE, the DNR orders and Conti-Tech agrees to the following:

1. Conti-Tech shall maintain and operate the Facility in a manner that complies with all applicable laws and shall cease all non-permitted discharges and other activities.
2. Within 30 days of the date the Director signs this Order, Conti-Tech shall pay an administrative penalty of \$10,000.00.

VI. PENALTY

Iowa Code section 455B.109 authorizes the Commission to establish by rule a schedule of civil penalties up to \$10,000.00, which may be assessed administratively. The Commission has adopted this schedule with procedures and criteria for assessment of penalties in 567 IAC chapter 10. Pursuant to this chapter, the DNR has determined that the most effective and efficient means of addressing the above-cited violations is the issuance of an administrative consent order with an administrative penalty of \$10,000.00. Conti-Tech neither agrees nor disagrees with the statements of facts and law used in this penalty calculation, and agrees to the penalty for settlement purposes only. The administrative penalty is determined as follows:

Economic Benefit – 567 IAC chapter 10 requires that the DNR consider the costs saved or likely to be saved by noncompliance. 567 IAC 10.2(1) states that “where the violator received an economic benefit through the violation or by not taking timely compliance or corrective measures, the department shall take enforcement action which includes penalties which at least offset the economic benefit.” 567 IAC 10.2(1) further states, “reasonable estimates of economic benefit should be made where clear data are not available.” Conti-Tech has taken considerable steps in an attempt to mitigate the violations of the treatment agreements, but the violations described above resulted in both delayed and avoided costs. These costs include but are not limited to treatment costs to properly remove zinc, oil and grease from the Facility’s discharge, and to reduce the discharge’s temperature. Using a reasonable estimate for these costs, and in the interest of handling this matter administratively, \$10,000.00 is assessed for this factor.

Gravity – One of the factors to be considered in determining the gravity of a violation is the amount of penalty authorized by the Iowa Code for that type of violation. As indicated above, substantial civil penalties are authorized by statute. Despite the high penalties authorized, the DNR has decided to handle the violations administratively at this time as the most equitable and efficient means of resolving the matter. In light of this, no penalty is assessed for this factor.

IOWA DEPARTMENT OF NATURAL RESOURCES
ADMINISTRATIVE CONSENT ORDER
ISSUED TO: CONTITECH USA, INC.

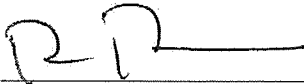
Culpability – Conti-Tech has a duty to maintain and operate the Facility in a manner that does not cause violations of wastewater law. However, the DNR recognizes the significant efforts Conti-Tech has taken to ensure compliance with the TA. In light of these efforts, and in the interest of handling this matter administratively, no penalty is assessed for this factor.

VII. WAIVER OF APPEAL RIGHTS

This administrative consent order is entered into knowingly and with the consent of Conti-Tech. For that reason, Conti-Tech waives the right to appeal this Order or any part thereof.

VIII. SCOPE AND NONCOMPLIANCE

This Order is intended to resolve all violations detailed in the Statement of Facts of this Order. Compliance with Section V of this Order constitutes full satisfaction of all requirements pertaining to the violations described in this administrative consent order. Failure to comply with this Order may result in the imposition of administrative penalties pursuant to an administrative order or referral to the Attorney General to obtain injunctive relief and civil penalties pursuant to Iowa Code section 455B.191 or Iowa Code section 459A.501.



Richard Reisdorf
Plant Manager

For CONTITECH USA, INC.

Dated this 10 day of
March, 2022



Digitally signed by
Kayla Lyon
Date: 2022.03.16
11:17:42 -05'00'

KAYLA LYON, DIRECTOR
Iowa Department of Natural Resources

Noah Poppelreiter, DNR Field Office 6, EPA, VIII.D.1.b