



COLORADO  
Department of Public  
Health & Environment

November 26, 2019

SENT VIA CERTIFIED MAIL NO. 7017 0660 0000 0139 0068  
Return Receipt Requested

Gary Ward  
Royal Crest Dairy, Inc.  
350 South Pearl Street  
Denver, CO 80209

*gc 12/2/19*

Re: Proposed Early Settlement Agreement in the Matter of Royal Crest Dairy, Inc.  
AIRS No.: 031-1485  
Case No.: 2019-175

Dear Gary Ward:

Royal Crest Dairy, Inc. ("Royal Crest") owns and operates the fleet fueling facility located at 350 South Pearl Street, Denver City and County, Colorado ("Facility"). The Facility is subject to the terms and conditions of the Colorado Air Quality Control Statutes and Colorado Air Quality Control Commission ("AQCC") Regulations.

On August 15, 2019, Dave Huber, of the Colorado Air Pollution Control Division ("Division"), inspected the Facility. Based on the inspection, and a review of records related to the Facility, the Division issued a Compliance Advisory to Royal Crest on October 11, 2019. On November 12, 2019, the Division and Royal Crest met to discuss the issues identified in the Compliance Advisory.

Based upon a review of the inspection, records related to the Facility, and the information provided by Royal Crest, the Division has determined the following:

- A. Pursuant to AQCC Regulation Number 7, § VI.B.3.b, Royal Crest shall not allow the transfer of petroleum liquid from any delivery vessel into any tank unless the vapors displaced from the storage tank during filling are processed by a vapor control system. During the inspection on August 15, 2019, vapor recovery lines were appropriately connected, but the Division observed vapor emissions venting from the standpipe associated with the regular gasoline tank, demonstrating the vapor recovery system was not functioning properly. Therefore, Royal Crest Dairy was in violation of AQCC Regulation Number 7, § VI.B.3.b. On August 27, 2019, Royal Crest replaced the vent cap and adapter and conducted leak and pressure tests, demonstrating passing results.

The Colorado Air Pollution Prevention and Control Act, at § 25-7-122(1)(b), C.R.S., specifies that the penalty for such violations may be up to Fifteen Thousand Dollars (\$15,000.00) per day for each violation. The monetary amount of the Division's settlement offer specified below is derived from



a pre-established schedule of penalties, which takes into account, among other factors, the magnitude and severity of the violation, cooperation of the company, as well as the prior history of violations of air quality requirements associated with any of the company's facilities/operations in the State of Colorado (including a company's parent or subsidiary relations, if applicable). Settlement offers are based on the evaluation of the same factors and criteria in all cases. Based upon Royal Crest's cooperation, and its efforts to bring its operations into compliance with the regulations and permit conditions identified above, the Division acknowledges that Royal Crest has appropriately and adequately addressed all compliance issues identified above. In the interest of settling the matters cited herein, the Division therefore offers the following settlement in accordance with the Division's settlement policy.

1. Assessment of a reduced penalty in the sum of **Three Thousand Five Hundred Dollars (\$3,500.00)**. **One Thousand Seven Hundred Fifty Dollars (\$1,750.00)** of this penalty shall be deferred. If, within three years of the effective date of this agreement, Royal Crest commits any violation(s) of the Colorado Air Pollution Prevention and Control Act, its implementing regulations or any permit, the Division may provide written notice and a demand for payment. The deferred portion of the penalty, **One Thousand Seven Hundred Fifty Dollars (\$1,750.00)**, shall be paid to the Division within thirty (30) calendar days of receipt of a demand for payment. Assessment of the penalty precludes further enforcement by the Division for the above-described violations against Royal Crest. The Division retains its authority to take enforcement actions based on any and all violations not specifically described above.
2. Entering into this settlement shall not constitute an admission of violation of the air quality laws, or the alleged facts relating thereto, nor shall any third party infer it to be such an admission in any administrative or judicial proceeding. However, Royal Crest agrees not to challenge the factual or legal determinations herein, the Division's authority to bring, or the court's jurisdiction to hear, any action, insofar as it pertains to the matters contained herein, to enforce the terms of this settlement agreement. The described violation will constitute part of Royal Crest's compliance history for any purpose for which such history is relevant.

This letter constitutes an offer of settlement and is not a demand for payment. Please contact me if you wish to discuss this offer of settlement. We remain willing to consider any information you wish to submit related to the violation. Please be advised, however, that the offer of settlement contained in this letter is predicated on resolving this matter within fifteen (15) days of the date of this settlement proposal letter. If you elect to continue the negotiation of this matter beyond that date, this offer shall be deemed withdrawn, and any penalty mitigation built into this settlement proposal may be revoked. If you require additional time to evaluate this settlement proposal or discuss remaining issues with the Division, however, please contact me regarding your request for an extension of the offer. Any extension of the offer, if agreed to by the Division, must be confirmed, in writing, by the Division.

If the above terms are acceptable to you, please have the appropriate person sign and return this letter and send a check in the sum of **\$1,750.00**, made payable to the Colorado Department of Public Health and Environment, to

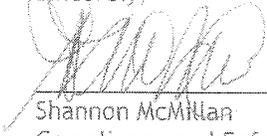
**Air Pollution Control Division  
Attn: Heather Wuollet  
4300 Cherry Creek Drive South  
APCD-SS-B1  
Denver, Colorado 80246-1530**

This offer of settlement, upon being fully endorsed by both the Division and Royal Crest, shall constitute full and final resolution of the noncompliance issues identified herein and in the Compliance Advisory issued to Royal Crest.



You may write or call to request a settlement conference if you wish to discuss the matter with representatives of the Division's compliance staff. If we do not receive a response from you within fifteen (15) days of the date of this letter, we will assume that you are not interested in resolving this matter as outlined above. Please call Heather Wuollet at 303-692-3198, if you have any further questions regarding this matter.

Sincerely,



Shannon McMillan  
Compliance and Enforcement Program Manager

I certify that I am authorized by Royal Crest Dairy, Inc. to execute this settlement agreement and bind Royal Crest Dairy, Inc., and any affiliated entities, to the terms and conditions of this agreement. I have read the above settlement and agree to the terms and conditions of this offer.

Name: Frank Medina

Title: Fleet manager

  
Signature

303-777-3055 Ed. 207      12/2/19  
Telephone Number      Date

cc: Shannon McMillan, APCD      Dave Huber, APCD  
Paul Carr, APCD      Beth Pilson, APCD  
Heather Wuollet, APCD      Tom Lovell, APCD  
Ben Cappa, APCD      Michael Stovern, EPA (Region VIII)  
Tom Roan, Attorney General's Office      File

