



United States Environmental Protection Agency
Region 7
Enforcement and Compliance Assurance Division

Air Branch

Air Branch Inspection Report
Unannounced Full Compliance Evaluation
Cobalt Boats
1715 N 8TH ST
NEODESHA, KS 66757
FRS# 110022923087

Inspection Date(s):
March 22, 2023

Sean Bergin, Inspector, ECAD, Air Branch

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- A Confidential Business Information (1 page)
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**This Contents page shows all the sections contained in this report
and provides a clear indication of the end of this report.**

INSPECTION OVERVIEW

INSPECTION OBJECTIVE

The objective of the full compliance evaluation (FCE) inspection was to determine compliance of the facility with the Clean Air Act (CAA), specifically those requirements located in the code of federal regulations at 40 CFR Part 63 Subpart VVVV, National Emission Standards for Hazardous Air Pollutants (HAP) for Boat Manufacturing. The inspection was part of the U.S. Environmental Protection Agency's (EPA) Creating Cleaner Air for Communities National Enforcement Compliance Initiative.

Table 1 lists the inspection team members.

Table 1. PROJECT TEAM MEMBERS		
Team Member	Organization	Project Role
Lead Inspector, Sean Bergin	EPA, Region 7, ECAD, Air Branch	Project manager (PM)
Ryan Jack, Environmental Compliance Regulation Specialist	Kansas Department of Health and Environment (KDHE) Southeast District Office	Inspector

FACILITY CONTACT INFORMATION

Table 2 lists the primary facility contacts.

Table 2. FACILITY CONTACT INFORMATION		
Name, Title	Phone No.	Email Address
Mike Fontinell	865.657.3665	mikef@malibuboats.com
Donna Tallent	865.458.7214	donnat@malibuboats.com
Jason Turner	620.325.2653	jasontu@cobaltboats.com
Justin Culver	620.325.2653	justinc@cobaltboats.com

FACILITY OVERVIEW

Cobalt Boats, LLC., manufactures recreational boats. According to the Cobalt Boats Title V operating permit, issued by the Kansas Department of Health and Environment, the facility is subject to the following regulations and standards subject to review during this inspection (**Table 3**):

Table 3. APPLICABLE REGULATIONS AND STANDARDS	
Code of Federal Regulation	Standard Name
40 CFR Part 63	Subpart A, General Provisions and Subpart VVVV, National Emission Standards for Hazardous Air Pollutants for Boat Manufacturing.

Cobalt Boats manufactures recreational fiberglass boats in Neodesha, Kansas. Cobalt operates under SIC 3732; Boat Building and Repair, and NAICS; Boat Building. Cobalt has approximately 750 employees and operates from 2:30 am to 5:00 pm Monday through Thursday with occasional work on Fridays and Saturdays.

Cobalt Boats was purchased by Malibu Boats in 2017. Following the purchase Cobalt modernized the lamination areas, upgraded the gel coat booths, installed new ventilation systems, improved safety and operations, and increased the size of the production area. During this process new equipment was purchased and installed. In 2017 Cobalt installed 4 gel coat applicators without applying for a construction permit. Cobalt reported this incident to the KDHE and entered into a Consent Agreement for the installation of an emission source without first applying for a construction permit. The construction permit was issued on February 14, 2018. Since that time Cobalt has received 7 more construction permits for equipment installation with an estimated increase in potential to emit of 46.7 tons of VOCs (predominately styrene). An actual increase of 40 tons per year VOCs could trigger a Prevention of Significant Deterioration review.

FACILITY OPERATIONS SUMMARY

Cobalt has three separate locations in Neodesha. The main manufacturing area and offices are located at 1715 N. 8th Street. Most of Cobalt's operations are conducted at the 8th Street location. The other two facilities, which are located at 1101 Illinois Street and 1329 17th Street, manufacture small parts and molds and other miscellaneous activities in support for the main facility.

The majority of the modernization that occurred after the purchase by Malibu Boats was conducted at the 8th Street location. The production area was increased in size and is now divided into two parts, "small boats", boats approximately 20 to 26 feet long, and "big boats", boats longer than the small boats. The entire boat is built in this area, from the mold to the completely upholstered and water tested product.

The facility's major air emission sources are from gel coat spray applications and fiberglass lamination. Other sources of regulated pollutants include mold and boat repair, assembly areas, upholstery, carpet installation, woodworking, and sanding operations. Insignificant activities include space heating, polishing, grinding, and buffing. Cobalt reported approximately 184 tons

of Volatile Organic Chemical (VOC) emissions in the 2021 National Emissions Inventory and 148 tons of HAP, including 131 tons of styrene and 15 tons of methyl methacrylate.

FIELD ACTIVITIES SUMMARY

I arrived at the facility on March 20, 2023, and completed a drive by surveillance inspection. Nothing unusual was observed during the drive by surveillance. I met with Mr. Jack at an offsite location, and he accompanied me to Cobalt and as I made entry at the main office. After we signed in Mr. Culver met us in the reception area and I introduced myself and Mr. Jack. Mr. Culver led us to his office where we met Ms. Tallent. I presented my credentials and provided my business card to Ms. Tallent and Mr. Culver. I conducted an opening conference during which I explained that the purpose of the visit was to conduct an inspection to determine compliance with the Clean Air Act specifically, to determine compliance with the conditions listed in Table 3. I explained that after asking for some general business information, I would observe work practices, process units, emission units, control equipment and review associated records demonstrating compliance with the standard, permit, regulation. I explained to Ms. Tallent and Mr. Culver that the facility could make a claim of business confidentiality (Appendix A). Mr. Fontinell joined us by conference call during portions of our discussion.

Prior to the facility tour I asked what personal protective equipment was required and was told safety glasses and steel toed boots by Mr. Culver. I was given a facility tour by Ms. Tallent and Mr. Culver. Ms. Tallent claimed all photographs of boats and molds as Confidential Business Information prior to the facility tour.

During the facility tour we inspected the 1701 N. 9th Street location as well as the 1329 17th Street location. Ms. Tallent told me that the 1101 Illinois Street location was used primarily for small parts. I asked Ms. Tallent if any emission sources were located at the Illinois Street location, and she told me there were not and I decided that we would not inspect that location.

I observed the coating booths, resin application areas, grinding booths and mixing areas. Cobalt is not required by permit to maintain records of booth inspections or filter condition. Cobalt does not use mixing rooms but uses satellite mixing areas, which have required monthly inspections. I reviewed the condition of the emissions units, the operating status of the equipment, and any required record keeping for the equipment for compliance with the

regulations and permit conditions noted in Table 3. I obtained copies of the records indicated on the Receipt for Documents (Appendix B).

I conducted a closing conference with Mr. Turner (Cobalt Boats President), Ms. Tallent, and Mr. Culver. I explained what had occurred during the inspection, what documents I was requesting from Cobalt and what Cobalt should expect next. I provided the facility with copies of the Receipt for Documents, Small Business Information and Confidential Business Information. Mr. Turner claimed all purchase records as CBI at that time.

INVESTIGATION OBSERVATIONS AND POTENTIAL FINDINGS

Ambient weather, site conditions and activities were documented in field records. All photographs are attached as Appendix C. I made the following observations during the inspection. I discussed all observations with facility representatives during the closeout meeting unless otherwise noted in the observation description.

These observations are not final compliance determinations. The EPA Region 7 Air Branch case review team will make the final compliance determinations based on its review of this report and other technical, regulatory, and facility information.

Cobalt does not manufacture aluminum boats.

Cobalt is using averaging to comply with the open molding emission requirements of Subpart VVVV. During the inspection I collected Cobalt's monthly compliance demonstration calculations, safety data sheets and purchase records from January 1, 2018, to February 2023 (Appendix C).

§ 63.5707 requires an implementation plan for open molding operations. The implementation plan can be found in Appendix C.

Cobalt is using closed molding operations for some boat parts. Subpart VVVV does not have requirements for closed molding operations (§ 63.5707).

§63.5731 requires facilities to determine compliance with the work practice standard by visually inspecting all mixing containers subject to this standard at least once per month. The inspection should ensure that all containers have covers with no visible gaps between the cover and the container, or between the cover and equipment passing through the cover. Records

must be maintained of which mixing containers are subject to this standard and the results of the inspections, including a description of any repairs or corrective actions taken. The most recent 5 years of mixing container inspections can be found in Appendix C.

§ 63.5737 Equipment Cleaning Standards. Cobalt uses acetone in all Subpart VVVV cleaning applications.

§ 63.5740 Carpet and fabric adhesive operations. The facility must demonstrate that the carpet and fabric adhesives that contain no more than 5 percent organic HAP by weight. The carpet and fabric adhesive used contains no HAP. The SDS can be found in Appendix D.

§ 63.5764 requires subject facilities to submit semiannual reports each year for reporting periods ending June 30 and December 31. I reviewed Cobalt's semiannual reports for the most recent 5 years and Cobalt has submitted the required reports.