

Staff Report
Board Hearing Date: June 26, 2025

DATE: June 11, 2025
TO: Air Pollution Control Hearing Board
FROM: Francisco Vega, Division Director
(775) 784-7211, fvega@nnpd.org
SUBJECT: Recommendation for the Board to uphold the decisions of the Air Pollution Control Hearing Board to uphold the appeal of Notice of Violation No. AQMV25-0003, and deny the appeal of Notice of Violation No.'s AQMV25-0004, 0005, 0006, and 0007, associated with Case No. 1511, issued to Saronic Investments, LLC and levy a reduced total Administrative Penalty in the amount of \$95,000.00 for multiple violations of 40 CFR 61, Subpart M - National Emissions Standards for Asbestos. (FOR POSSIBLE ACTION)

SUMMARY

The Northern Nevada Public Health Air Quality Management Division staff recommends upholding the appeal of Notice of Violation No. AQMV25-0003, denying the appeal of NOV No.'s AQMV25-0004, 0005, 0006, and 0007 and levying a reduced Administrative Penalty in the amount of **\$95,000.00** to Saronic Investments, LLC, as recommended by the Air Pollution Control Hearing Board (APCHB). The violations were issued for failure to comply with multiple sections of 40 CFR 61 Subpart M – National Emissions Standards for Asbestos. The APCHB determined Saronic Investments, LLC complied with the asbestos inspection requirements of 40 CFR 61, Subpart M – National Emissions Standards for Asbestos, supporting the appeal of AQMV25-0003. The APCHB determined NOV No.'s AQMV25-0004, 0005, 0006, and 0007 occurred and denied the appeal of these violations. These actions are **major violations** of the District Board of Health Regulations Governing Air Quality Management (DBOH Regulations), specifically Section 030.105 (National Emissions Standards for Hazardous Air Pollutants).

District Health Strategic Priority supported by this item:

- 2. Healthy Environment:** Create a healthier environment that allows people to safely enjoy everything Washoe County has to offer.

PREVIOUS ACTION

No previous action.

BACKGROUND

On March 17, and April 17, 2023, a Limited Asbestos Containing Material Inspection and Assessment (**Supporting Document 1**) was conducted at the facility previously known as the Vagabond Inn located at 3131 South Virginia Street in Reno, Nevada to prepare for an upcoming renovation project throughout the facility. Saronic Investments, LLC, the owner of the facility, hired C&G Environmental Consulting (C&G), Inc. to conduct the asbestos assessment to identify

building materials that contained asbestos prior to the renovation. The assessment revealed friable spray acoustic ceiling texture and drywall texture contained greater than 1% asbestos. These materials are categorized as Regulated Asbestos Containing Materials (RACM) by the National Emissions Standard for Hazardous Air Pollutants 40 CFR 61, Subpart M – National Emissions Standards for Asbestos and if disturbed, require abatement by a certified asbestos abatement contractor. Per the assessments by C&G:

- *A certified asbestos abatement contractor licensed in the State of Nevada should be contracted to perform all activities involving the removal or disturbance of materials which contain asbestos. All abatement work should be done in strict accordance with applicable Federal, State and local regulations.*
- *Mandatory notification to State of Nevada OSHA and the Northern Nevada Public Health – Air Quality Management Division (NNPH-AQMD), which regulate the removal of friable asbestos is required prior to the removal of the materials identified to contain >1% asbestos.*
- *All waste must be disposed of at a landfill facility that is licensed to accept friable asbestos waste.*
- *A certified asbestos consultant licensed in the State of Nevada must be contracted to conduct final clearance air monitoring and final clearance visual assessments after asbestos abatement is complete.*

The assessment was conducted in the motel lobby, manager's office and quarters, the port cochere and in a select few guest rooms. This assessment was submitted to the AQMD to obtain an Acknowledgement of Asbestos Assessment (AAA) (**Supporting Document 2**) as part of the due diligence for the issuance of the Building Permit Applications BLD23-10012E and BLD23-10129E. The AAA stated:

Rehabilitation of all guest rooms, to include all new finishes and fixtures. Exterior rehabilitation to include new exterior finishes, new stairs and railings. Includes swimming pool removal.

Asbestos detected in white joint compound, white texture, and white acoustic ceiling texture. Joint compound composited with drywall to <1% asbestos. White texture and white acoustic ceiling texture found to contain 2-4% chrysotile asbestos and is regulated under the Asbestos NESHAP. Asbestos must be removed by a licensed contractor prior to other renovation activities.

Use best practices to control dust. Dispose of waste properly.

On November 2, 2023, an additional Limited Asbestos Containing Material Inspection and Assessment (**Supporting Document 3**) was completed by C&G in various guest rooms identified in the Building Permit BLD23-10012E and BLD23-10129E plans which identified the spray acoustic ceiling texture in these rooms to contain 5-6% chrysotile asbestos fibers and the joint compound to contain 2% chrysotile asbestos fibers. This assessment reinforced the presence of RACM in the guest rooms covered under the scope of work for the project and the requirement for abatement of the materials by a certified asbestos abatement contractor and mandatory notification to the Northern Nevada Public Health Air Quality Management Division (AQMD).

On May 7, 2024, the AQMD responded to a report of improper asbestos removal at the Vagabond Inn. Prior to the response, AQMD staff reviewed the database for any records or required notifications related to the removal of asbestos and identified the AAA issued in August of 2023 identifying the presence of RACM in the form of spray acoustic ceiling texture and wall texture. During the investigation, AQMD staff observed interior renovation of multiple guest rooms associated with Building Permit No. BLD23-10012E and BLD23-10129E (the east/west oriented building of the motel) (**Supporting Document 4**). The rooms undergoing renovation appeared to have smooth ceiling texture (asbestos containing spray acoustic ceiling texture removed) while the unaltered guest rooms had spray acoustic ceiling texture. The floors inside of each of the rooms undergoing renovation activities were covered in white debris, some of which was recognizable as the asbestos containing spray acoustic ceiling texture. Photographs of these areas and materials were collected by AQMD staff (**Supporting Document 5**).

After departing the facility, AQMD staff called the facility owner, Mr. Michael Bathla (Appellant), who stated the areas undergoing renovation did not have spray acoustic ceiling texture and that no asbestos was found in the building materials associated with this part of the building. AQMD staff notified the Appellant of a piece of spray acoustic ceiling texture found on the ground within the area undergoing renovation which had been collected for laboratory analysis.

On May 8, 2024, AQMD staff returned to the facility to continue their investigation. Staff collected five additional samples from the renovation area which appeared to be spray acoustic ceiling texture debris and other partially disturbed and pulverized off white wall or ceiling texture. These samples and the sample taken on May 7, 2025, were sent to a certified third-party lab for asbestos analysis. Five of the six samples were positive for chrysotile asbestos (**Supporting Document 6**). The Air Quality Supervisor was notified of the laboratory results and Stop Work Order (SWO) No. 000010 (**Supporting Document 7**) was issued to the Appellant to cease construction activities at the facility. The SWO was provided to the motel manager, emailed to the Appellant and posted throughout the work area and on the dumpster. While posting the Stop Work Orders, workers were creating dust by using dry push brooms and snow shovels to collect and dispose of the material on the ground. AQMD staff advised the facility personnel of the Stop Work Order and requested they cease their activity immediately. The AQMD staff estimated an approximate 10,000 square feet of asbestos containing spray acoustic ceiling texture had been improperly removed, improperly disposed, and contaminated the project in the guest rooms, balconies, sidewalks, parking lot and dumpsters (**Supporting Document 4**).

On May 9, 2024, AQMD staff contacted the dumpster rental company to advise them of the RACM which has been deposited in their dumpster onsite. They further stated that the dumpster must stay in place until it was properly abated and decontaminated by a licensed asbestos abatement contractor. The AQMD contacted the Appellant and discussed the Stop Work Order stating no further renovation activities could take place onsite until an asbestos abatement and decontamination plan was developed and implemented to remediate the facility.

On May 19, 2024, the AQMD received email correspondence from the Appellant indicating that a certified abatement contractor had been contracted for the abatement and remediation of the disturbed RACM in the guest rooms, exterior of the motel and dumpster. An Asbestos NESHAP Notification of Renovation (**Supporting Document 8**) was received from a licensed asbestos

abatement contractor on May 21, 2024, for the abatement and cleanup of the facility with a start date of May 22, 2024. The abatement and cleanup of the Vagabond Inn was completed on June 20, 2024.

SETTLEMENT

Based on the information collected during the investigation, the AQMD identified five alleged violations of 40 CFR 61, Subpart M – National Emissions Standards for Asbestos. On February 20, 2025, a compliance and enforcement meeting was held between AQMD staff and the Appellant, via virtual TEAMS meeting. During the meeting, the Appellant did not provide any information to refute the alleged violations. After discussing the details of Case No. 1511 and the facts associated with draft Notice of Violation No.'s (NOV's) AQMV25-0003, AQMV25-0004, AQMV25-0005, AQMV25-0006, and AQMV25-0007 (**Supporting Document 9-13**), the AQMD determined that the NOV's be issued final with a total Administrative Penalty of \$105,000.00. The process to settle the violations with a 10% reduction in the total Administrative Penalty or file an appeal was discussed with the Appellant. The Appellant chose not to settle the case on the date of the meeting. On March 17, 2025, correspondence was sent certified mail to the address on file for Saronic Investments, LLC, including a cover letter, the final NOV's, Administrative Penalty Table (**Supporting Document 14**), final Recommended Penalty Calculation Worksheet (**Supporting Document 15**), and the Appeal Petition Form. Additional instructions for filing an appeal of the NOV's were included in the cover letter.

APPEAL

An Appeal Petition (**Supporting Document 16**) from the Appellant for NOV No.'s AQMV25-0003, AQMV25-0004, AQMV25-0005, AQMV25-0006, and AQMV25-0007 was received by the AQMD on March 21, 2025. On April 30, 2025, the AQMD sent a certified letter to the Appellant informing him that an Air Pollution Control Hearing Board Meeting was scheduled for June 3, 2025 at 6:00 p.m. to hear the appeals.

On June 3, 2025, the APCHB held a hearing regarding the Appeal Petition (**Supporting Document 16**) of Case No. 1511. Five board members were present. During the hearing, the APCHB found the Appellant had conducted a thorough asbestos inspection at the renovation site. As a result, NOV No. AQMV25-0003 and the associated \$10,000.00 Administrative Penalty were dismissed. The APCHB then determined the violations associated with AQMV25-0004, 0005, 0006 and 0007 did occur and voted unanimously to uphold the violations and impose a reduced total Administrative Penalty of \$95,000.00.

FISCAL IMPACT

There are no fiscal impacts resulting from the Board upholding the issuance of the Notice of Violation and associated penalties. All penalty money collected is forwarded to the Washoe County School District to be used for environmentally focused projects for the benefit of the students.

RECOMMENDATION

Staff recommend the Board uphold the decisions of the APCHB to uphold the appeal of NOV No. AQMV25-0003, and deny the appeal of AQMV25-0004, 0005, 0006, and 0007, associated with Case No. 1511, issued to Saronic Investments, LLC and levy a reduced total Administrative Penalty in the amount of \$95,000.00.

ALTERNATIVE

Should the Board wish to consider an alternative to upholding the Staff recommendation, as presented, the possible alternatives are:

1. The Board may determine no violation of the regulations has occurred and dismiss Notice of Violation No. AQMV25-0003, and/or AQMV25-0004, and/or AQMV25-0005, and/or AQMV25-0006, AQMV25-0007; or
2. The Board may determine to uphold Notice of Violation No. AQMV25-0003, and/or AQMV25-0004, and or AQMV25-0005, and/or AQMV25-0006, and/or AQMV25-0007 and levy any Administrative Penalty in the range of \$0.00 to \$10,000.00 per day per violation.

POSSIBLE MOTION

Should the Board agree with Staff's recommendation, the motion would be:

1. "Move to uphold the decisions the APCHB to uphold the appeal of NOV No. AQMV25-0003, and deny the appeal of AQMV25-0004, 0005, 0006, and 0007, associated with Case No. 1511, issued to Saronic Investments, LLC and levy a reduced total Administrative Penalty in the amount of \$95,000.00.

Or, should the Board wish to consider an alternative motion, the possible motions may be:

1. "Move to dismiss NOV No.'s AQMV25-0003, 0004, 0005, 0006, and 0007, associated with Case No. 1511 issued to Saronic Investments, LLC"; or
2. "Move to uphold Case No. 1511, Notice of Violation No.'s AQMV25-0003, 0004, 0005, 0006, and 0007, and levy a Administrative Penalty in the amount of (range of \$0.00 to \$10,000.00) per day per violation, with the matter being continued to the next meeting to allow Saronic Investments, LLC to be properly noticed"