



State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

Department of  
Environmental Quality

Amanda Smith  
*Executive Director*

DIVISION OF AIR QUALITY  
Bryce C. Bird  
*Director*

Document Date 12/4/2014



DAQ-2014-015901

December 4, 2014

DAQC-1400-14  
Site ID 10142 (B1)

Sent Via Certified Mail No. 70070220000100682865

Richard T. Kogler, Chief Operating Officer  
Stericycle, Incorporated  
28161 North Keith Drive  
Lake Forest, IL 60045

Dear Mr. Kogler:

Re: Administrative Settlement Order No. 2013051501 – Stericycle, Incorporated

On May 28, 2013, the Utah Division of Air Quality (DAQ) issued a Notice of Violation and Order to Comply (NOV) to Stericycle, Incorporated. On August 28, 2013, DAQ issued an Amended NOV that superseded the original NOV. The NOV identified the following violations of Title V Operating Permit 1100055002, dated February 19, 2009, by Stericycle, Incorporated at its facility located at 90 North Foxboro Drive, North Salt Lake, Davis County, Utah:

1. Condition I.B for operating out of compliance with the permit.
2. Condition I.C.1 for failure to comply with all conditions of the permit.
3. Condition I.L.1.c for failure to report in its annual compliance certification submitted on May 11, 2012, exceedances of the PCDD/PCDF and NOX limits which occurred during the December 27-28, 2011, stack test and for failure to report deviations within 7 days.
4. Condition I.S.2.a for failure to clearly identify all instances of deviation in the semi-annual monitoring reports covering the periods of July 18, 2011, through January 15, 2012, January 16, 2012, through July 17, 2012, and July 18, 2012, through January 15, 2013.
5. Condition I.S.2.c for failure to submit deviation reports within 7 days for the December 27-28, 2011, PCDD/PCDF and NOX emission limit exceedances, for failure to provide 30-day pretest notification prior to the December 27-28, 2011, stack test, for failure to perform December 27-28, 2011, NOX test Runs 4-6 under representative operating conditions, for failure to identify all instances of deviation in

monitoring reports covering the periods of July 18, 2011, through January 15, 2012, January 16, 2012, through July 17, 2012, and, July 18, 2012, through January 15, 2013, for failure to report instances of non-compliance in the annual compliance certification covering the period of January 17, 2011, through January 16, 2012, for failure to include the results of the February 14-15, 2012, stack test in the monitoring report covering the period of January 16, 2012, through July 17, 2012, for failure to report the results of the November 8, 2012, stack test in the monitoring report covering the period of July 18, 2012 through January 15, 2013, and for failure to operate the plant in a manner consistent with good air pollution control practice for minimizing emissions by not following the procedures outlined in its Incinerator Operator Training Manual.

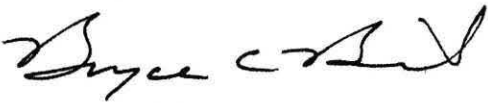
6. Condition II.B.3.b for failure to operate the plant in a manner consistent with good air pollution control practice for minimizing emissions by not following the procedures outlined in its Incinerator Operator Training Manual.
7. Condition II.B.3.c(a) for exceedance of the PCDD/PCDF emission limits during the December 27-28, 2011, stack test.
8. Condition II.B.3.c(a) for exceedance of the NOX emission limit from the December 27-28, 2011, stack test through on or about September 14, 2012.
9. Condition II.B.3.c(a) for exceedance of the NOX emission limit during in-house testing on September 13, 2012, as reported in the Stericycle deviation report dated September, 14, 2012.
10. Condition II.B.3.c(a) for exceedance of the HCl emission limit during the January 22-25, 2013, stack test.
11. Condition II.B.3.c.1.A(d) for failure to maintain process conditions representative of normal operations during NOX stack test Runs 4-6 of the December 27-28, 2011, stack test.
12. Condition II.B.3.c.3(a)(6) for failure to include the results of stack testing performed on December 27-28, 2011, in its semi-annual monitoring report to DAQ for the period beginning July 18, 2011, and ending January 15, 2012.
13. Condition II.B.3.c.3(a)(6) for failure to include the results of stack testing performed on February 14-15, 2012, in its semi-annual monitoring report to DAQ for the period beginning January 16, 2012, and ending July 17, 2012.
14. Condition II.B.3.c.3(a)(6) for failure to include the results of stack testing performed on November 8, 2012, in its semi-annual monitoring report to DAQ for the period beginning July 28, 2012, and ending January 15, 2013.

DAQ acknowledges that the violations listed above were addressed by Stericycle, Incorporated, and a return to compliance with all emission limits was demonstrated through stack testing on or before April 10, 2013.

On December 3, 2014, in accordance with Utah Code Annotated 19-2-104(3)(b)(i), the Utah Air Quality Board approved Administrative Settlement Order No. 2013051501 to resolve the NOV. Enclosed is one copy of the executed Administrative Settlement Order for your files.

If you have any additional questions regarding this matter, please contact Harold Burge at (801) 536-4129 or by email at [hburge@utah.gov](mailto:hburge@utah.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Bryce C. Bird". The signature is fluid and cursive, with the first name being the most prominent.

Bryce C. Bird  
Director

BCB:HB:lk

Encl: Administrative Settlement Order No. 2013051501

cc: Christian C. Stephens, Office of Utah Attorney General  
Raymond J. Etcheverry, Parsons Behle & Latimer  
Lewis R. Garrett, Director, Davis County Health Department

BEFORE THE UTAH DIVISION OF AIR QUALITY

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In The Matter of : Administrative Settlement Order  
Stericycle, Incorporated :  
No. 2013051501 :

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**RECITALS**

This Administrative Settlement Order ("Agreement") is entered into between Stericycle, Incorporated ("Stericycle") and the Director of the Utah Division of Air Quality ("DAQ," "Director," or "Division") pursuant to the Utah Air Conservation Act, Utah Code Ann. § 19-2-101 et seq. ("Act") and Utah Administrative Code ("UAC") Rule 305-7-320. For purposes of this Agreement, DAQ and Stericycle shall be referred to collectively as the "Parties."

**1. Utah Air Quality Board's and DAQ's Authority.**

The DAQ has authority to administer the Act, and to issue notices of violation and orders and to exercise all incidental powers necessary to carry out the purposes of the Act. Utah Code Ann. § 19-2-107. The Parties may agree to settle an action pursuant to Rule 305-7-320. The Utah Air Quality Board ("Board") has the authority to review and approve a settlement negotiated by the DAQ that requires a civil penalty of \$25,000 or more. Utah Code Ann. § 19-2-104(3)(b)(i).

**2. Stericycle.**

Stericycle operates a hospital/medical/infectious waste incinerator located at 90 North Foxboro Drive, North Salt Lake, Davis County, Utah ("Facility").

**3. NOV and Amended NOV.**

DAQ issued a Notice of Violation and Order to Comply to Stericycle on May 28, 2013 ("NOV") and DAQ issued an Amended Notice of Violation and Order to Comply ("Amended NOV") to Stericycle on August 28, 2013. The Amended NOV superseded the NOV. The Amended NOV alleges that Stericycle violated several conditions of the Title V Operating Permit 1100055002 dated February 19, 2009.

**4. Request for Agency Action.**

Stericycle filed a Request for Agency Action ("RFAA") on September 27, 2013, which requested an evidentiary hearing to challenge the Amended NOV.

**5. Appointment of Administrative Law Judge.**

On April 24, 2014, the Executive Director of the Utah Department of Environmental Quality appointed an Administrative Law Judge ("ALJ") to conduct an administrative hearing to adjudicate the merits of the Amended NOV and RFAA.

6. **Settlement Discussions.**

The Parties have engaged in a series of settlement discussions starting before and continuing after the filing of the NOV and Amended NOV. As part of those discussions, it was suggested that one aspect of a resolution could involve moving Stericycle's incinerator operations at the Facility to another location, if a suitable, remote location could be found for a new incinerator in Utah, that would be built with better air pollution control technology than is currently required at the Facility but that would also be buffered from population centers and sited in compliance with setbacks within its property boundaries consistent with applicable land use regulations. Stericycle has found what it believes to be a suitable location, has entered into an agreement to purchase property at that location, and has begun the process to obtain the necessary approvals to construct and operate a new incinerator at this new location. In order to provide further incentive to Stericycle to complete this process, the Parties have agreed to the penalty payment structure outlined in Paragraph 11 below.

7. **Purpose.**

The purpose of this Agreement is to settle the violations alleged in the NOV dated May 28, 2013 and the Amended NOV dated August 28, 2013. This settlement shall not in any way relieve Stericycle of any obligation to comply with applicable, federal, state or local laws, rules or regulations, and nothing in this settlement shall preclude DAQ from taking appropriate action to abate a threat to public health or the environment should such a situation arise.

8. **No Admissions.**

The Parties now wish to resolve this matter fully without admissions of: any factual allegations or findings in the NOV or Amended NOV, any violations of law, rule, regulation or permit, any liability, wrongdoing, failure or omissions whatsoever; and without further administrative or judicial proceedings.

9. **Payments.**

Without any admission of liability, wrongdoing, or negligence, Stericycle has agreed to undertake the actions and make the payments identified in Paragraph 11 below.

10. **Mutual Interest.**

The Parties believe that it is in their mutual best interest to execute this Agreement and to settle the NOV and Amended NOV.

**AGREEMENT AND ORDER**

NOW THEREFORE, without adjudication of any issue of fact or law and without admission of any liability, and subject to the approval of the Board, the Parties hereby agree and DAQ orders as follows:

11. In settlement of the alleged violations referenced in Paragraphs 3 and 7 of this Agreement, Stericycle, agrees to a total stipulated penalty of \$2,322,536.00, one half of which will be paid to the State of Utah upon execution of this Agreement as provided below, and the other half of which will be credited as provided below.
  - a. Civil Penalty paid to the State. Stericycle agrees to pay one-half of the penalty amount within thirty (30) days of the effective date of this Agreement, by wire transfer of funds in the amount of \$1,161,268 payable to the State of Utah.
  - b. Supplemental Environmental Project (SEP) Credit for Remaining Civil Penalty. The remaining one-half of the penalty amount (\$1,161,268) shall be credited as a Supplemental Environmental Project at the time Stericycle permanently stops operating the North Salt Lake Facility which will occur no later than three years from the date Stericycle obtains the final, non-appealable permits from the Utah Department of Environmental Quality (DEQ), all non-appealable local governmental approvals necessary to commence construction of the new incinerator and the Governor's approval referenced in Utah Code Ann. Section 19-6-108 (3)(c)(i) (hereinafter "All Necessary Approvals to Construct").
12. If the \$1,161,268 payment referenced in Paragraph 11.a. is not made within 30 days, additional penalties shall accrue at the rate of \$10,000 a day and DAQ may enforce payment through a civil action in Second District Court.
13. In order to ensure prompt and diligent efforts to relocate the Facility from its current location in North Salt Lake, Stericycle agrees to comply with the following:
  - a. Within 90 days of the date that DAQ signs this Agreement, Stericycle shall submit to the Utah Department of Environmental Quality ("DEQ") all permit applications (over which DEQ has jurisdiction) necessary to relocate the Facility to a new location.
  - b. 60 days from the date Stericycle obtains All Necessary Approvals to Construct, Stericycle will provide DAQ with a schedule for the construction of the incinerator in the new location in Tooele County, Utah.

- c. Every 90 days thereafter, Stericycle shall provide DAQ with a report describing in detail Stericycle's good faith efforts to complete the construction referred to in Paragraph 13.b.
  
14. Within three years after the date that Stericycle obtains All Necessary Approvals to Construct, Stericycle's Title V Operating Permit 1100055002 (issued February 19, 2009) or any subsequent Title V Operating Permit renewal and Approval Order DAQE-AN101420011-14 (issued August 12, 2014) for the North Salt Lake Facility shall become null and void and Stericycle shall permanently cease operation at the North Salt Lake Facility.
  
15. None of the provisions of this Agreement shall be considered admissions by Stericycle and shall not be used by any third party related or unrelated to this Agreement for purposes other than determining the basis of this Agreement. This Agreement resolves any and all liability and claims under the authority of the DAQ arising from the NOVs listed in Paragraphs 3 and 7 of this Agreement against Stericycle, its officers, employees and agents and against any other unnamed owners and/or operators of the North Salt Lake Facility at the time of the alleged violations.
  
16. Nothing in this Agreement shall preclude the DAQ from seeking civil penalties for violations of this Agreement, future violations of the Act or Rules, or to issue future Notices or Orders. Nothing in this Agreement shall constitute a waiver by Stericycle of any defense or the ability to raise any factual or legal contention for future alleged violations, or in response to future Notices or Orders.
  
17. All notices, requests, demands, and other communications hereunder shall be in writing and shall be given by (i) established express delivery service which maintains delivery records, (ii) hand delivery, or (iii) certified or registered mail, postage prepaid, return receipt requested, to the Parties at the following addresses, or at such other address as the Parties may designate by written notice in the following manner:

Director

Bryce C. Bird  
Utah Division of Air Quality  
P.O. Box 144870  
Salt Lake City, UT 84114-4870

Stericycle

Attn: Richard Kogler  
Stericycle, Inc.  
28161 N. Keith Drive  
Lake Forest, IL 60045

With a copy to:

Christian C. Stephens  
Office of Utah Attorney General  
P.O. Box 140873  
Salt Lake City, UT 84114-0873

Raymond J. Etcheverry  
Parsons Behle & Latimer  
201 South Main Street, Suite 1800  
Salt Lake City, UT 84111

18. Successors and Assigns. All of the rights and obligations of the Parties under this Agreement shall be binding upon and inure to the benefit of their permitted successors. Stericycle shall not assign this Agreement without the written permission of DAQ.
19. Authority to Execute. Each person executing this Agreement individually and personally represents and warrants that he or she is duly authorized to execute and deliver the same on behalf of the entity for which he or she is signing, and that all corporate and/or legislative authority and approvals, as the case may be, have been obtained, and that this Agreement is a binding obligation on such entity.
20. Entire Agreement. This Agreement, which includes all recitals and terms hereto, constitutes the entire agreement between the Parties relating to the subject matter of this Agreement, and incorporates all prior correspondence, communications or agreements between the Parties relating to the subject matter of this Agreement, and cannot be altered except in writing signed by all Parties.
21. This Agreement shall be executed as follows: Stericycle shall execute this Agreement first. The Parties shall then present the Agreement to the Board for approval. If the Board approves the Agreement without change, DAQ will execute the Agreement.



Agreed:

Stericycle, Incorporated

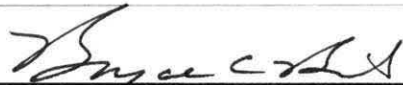


Date: 11/25/14

Richard Kogler  
Chief Operating Officer

Agreed and Ordered:

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Date: 12/03/2014

Bryce C. Bird, Director  
Utah Division of Air Quality