

SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB") 1001 I Street, Sacramento, California 95814, and CLEAN HARBORS ENVIRONMENTAL SERVICES, INC. (hereinafter "CLEAN HARBORS"), 42 Longwater Drive, Norwell, Massachusetts 02061.

I. RECITALS

- (1) California Health and Safety Code section 44011.6 (HSC § 44011.6) established the Heavy-Duty Vehicle Inspection Program (HDVIP). It authorizes ARB to inspect on-road heavy-duty vehicles for excessive smoke emissions and engine tampering and to issue citations accordingly. The program also requires the vehicle owner to repair its engines that exceed the prescribed ARB smoke opacity standards, perform a post-repair opacity test, and submit proof of repairs and any assessed penalties under the regulations of the HDVIP, chapter 3.5, California Code of Regulations, title 13, sections 2180-2188 (13 CCR §§ 2180-2188).
- (2) HSC § 43701 provides that ARB shall adopt regulations that require owners or operators of heavy-duty diesel motor vehicles to perform regular inspections of their vehicles for excessive smoke emissions.
- (3) 13 CCR § 2190 *et seq.* were adopted under the authority of HSC § 43701 and, with limited exceptions, which are not applicable here, apply to all heavy-duty diesel powered vehicles with gross vehicle weight ratings greater than 6,000 pounds that operate on the streets or highways within the State of California.
- (4) 13 CCR § 2190 *et seq.* authorize the Periodic Smoke Inspection Program (PSIP) which requires the owners and operators of California based vehicle fleets of two or more heavy-duty diesel motor vehicles with gross vehicle weight ratings greater than 6,000 pounds that operate on the streets or highways within the State of California to conduct annual smoke opacity inspections of their vehicles equipped with engines that are four years old or older.
- (5) 13 CCR § 2192(a) requires inter alia that the owner of the vehicle "[t]est the vehicle for excessive smoke emissions periodically according to the inspection intervals specified in section 2193(a), (b), and (c)", "[m]easure the smoke emissions for each test...", "[r]ecord the smoke test opacity levels and other required test information as specified in section 2194..." and "[k]eep the records specified in section 2194 for two years after the date of inspection."
- (6) HSC § 43016 states, "Any person who violates any provision of this part, or any order, rule, or regulation of the state board adopted pursuant to this part, and for which there is not provided in this part any other specific civil penalty or fine, shall

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be subject to a civil penalty of not to exceed five hundred dollars (\$500.00) per vehicle."

- (7) ARB considers testing, measuring, recording, and recordkeeping to be critical components in reducing excessive smoke emissions from these heavy-duty vehicles.
- (8) ARB contends CLEAN HARBORS failed to test, measure, record, and maintain records of smoke emissions from its fleet of heavy-duty diesel vehicles for years 2013 and 2014 in violation of 13 CCR § 2190 *et seq.*
- (9) HSC §§ 39650-39675 mandate the reduction of the emissions of substances that have been determined to be toxic air contaminants. In 1998, following an exhaustive ten-year scientific assessment process, ARB identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. In-use On-Road diesel vehicles are powered by diesel fueled engines that emit toxic PM. On-Road vehicles are controlled under the Statewide Truck and Bus regulation, as codified in 13 CCR § 2025.
- (10) 13 CCR § 2025(e)(1)(B) states: "Starting January 1, 2012, for all vehicles with GVWR greater than 26,000 lbs, excluding school buses, fleets must meet the requirements of 13 CCR § 2025(g) or fleets that report may instead comply with the phase-in option of 13 CCR § 2025(i)."
- (11) Failure to comply with the requirements of 13 CCR § 2025 is a violation of state law resulting in penalties. HSC §§ 39674(a) and (b) authorize civil penalties for the violation of the programs for the regulation of toxic air contaminants not to exceed one thousand dollars (\$1,000) or ten thousand dollars (\$10,000), respectively, for each day in which the violation occurs.
- (12) CLEAN HARBORS has elected to meet the requirements of the Engine Model Year Compliance Schedule provided for in 13 CCR § 2025(g).
- (13) 13 CCR § 2025(g) requires that owners of diesel vehicles with a GVWR greater than 26,000 lbs. meet PM BACT requirements for all 1996 through 1999 engine model years by January 1, 2012, all 2000 through 2004 engine model years by January 1, 2013, and all 2005 through 2006 engine model years by January 1, 2014.
- (14) ARB contends it has documented that CLEAN HARBORS failed to meet PM BACT requirements for 23 vehicles 1996 through 1999 engine model years by January 1, 2012, 59 vehicles 2000 through 2004 engine model years by January 1, 2013, and 36 vehicles 2005 through 2006 engine model years by January 1, 2014. CLEAN HARBORS achieved compliance with 13 CCR § 2025(g) in

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October 2014 and has agreed to remain in compliance with the regulations as of the date of this Agreement.

- (15) 13 CCR § 2025(r) sets forth the requirements for reporting all vehicles with engines subject to the regulation if the owner of a fleet has elected to utilize the compliance options of 13 CCR §§ 2025(f)(4), 2025(g)(3), 2025(g)(4), 2025(h), 2025(i), the credits of 13 CCR § 2025(j), and the agricultural provisions of 13 CCR § 2025(m), single-engine and two-engine street sweeper provisions of 13 CCR § 2025(n), extension or exemptions for vehicles used exclusively in NOx exempt areas of 13 CCR § 2025(p)(1), the extension for work trucks of 13 CCR § 2025(p)(2), and the low-use vehicle provision of 13 CCR § 2025(p)(4).
- (16) 13 CCR § 2025(e)(8) states: "All information specified in 13 CCR § 2025(r) must be reported to the Executive Officer."
- (17) The ARB contends it has documented that CLEAN HARBORS has failed to timely report all required information for all vehicles in the fleet for which the owner has elected to utilize the compliance options/credits/provisions of title 13 CCR, section 2025(h).
- (18) In order to resolve these alleged violations, CLEAN HARBORS has taken, or agreed to take, the actions enumerated below under "RELEASE". Further, ARB accepts this Agreement in termination and settlement of this matter.
- (19) In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of this Agreement. Specifically, ARB and CLEAN HARBORS agree as follows:

II. TERMS AND RELEASE

In consideration of ARB not filing a legal action against CLEAN HARBORS for the alleged violations referred to above, and CLEAN HARBORS's payment of the penalties set forth in Section 1 below, ARB and CLEAN HARBORS agree as follows:

- (1) Upon execution of this Agreement, the sum of four hundred ninety-one thousand eight-hundred seventy-five dollars (\$491,875.00) shall be paid on behalf of CLEAN HARBORS within thirty (30) days of the Effective Date of this Agreement, which is the date the ARB signs it:
 - \$ 245,93800 payable to the **Air Pollution Control Fund**

- \$ 245,937.00 payable to the **San Joaquin Valley Air Pollution Control District with the notation in the memo line of the check: "For the School Bus and Diesel Emission Reduction SEP"**

Please send the signed Settlement Agreement and any future mailings or documents required per the terms of this Settlement Agreement to:

**Ms. Ann M. Stacy
Air Pollution Specialist
California Air Resources Board
Enforcement Division
P.O. Box 2815
Sacramento, California 95812**

Please send the payment along with the attached "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

**California Air Resources Board
Accounting Office
P.O. Box 1436
Sacramento, California 95812-1436**

- (2) It is further agreed that the monies described in "Terms and Release" paragraph 1 are penalties and not compensatory, are intended to deter CLEAN HARBORS and others from violating state environmental statutes, and these penalties are payable to and for the benefit of ARB, a governmental unit." It is agreed that these penalties imposed on CLEAN HARBORS by ARB arising from the facts described in recital paragraphs (1) through (17) are non-dischargeable under 11 United States Code § 523 (a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty or forfeiture payable to and for benefit of governmental unit, and is not compensation for actual pecuniary loss, other than certain types of tax penalties.
- (3) CLEAN HARBORS shall not violate HSC §§ 43701 *et seq.*, 44011.6 *et seq.*, and 13 CCR §§ 2180 *et seq.*, 2190 *et seq.*, and 2485 *et seq.*
- (4) CLEAN HARBORS shall comply with one or both of the following options to attend the California Council on Diesel Education and Technology (CCDET I) class, (SAE J1667 Snap Acceleration Smoke Test Procedure for Heavy-Duty Diesel Powered Vehicles) as described on the ARB webpage at <http://www.arb.ca.gov/enf/hdvip/ccdet/ccdet.htm>. This class is conducted by

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various California Community Colleges and instructs attendees on compliance with the PSIP, ECL and the HDVIP.

- (a) CLEAN HARBORS shall have the fleet maintenance manager (or equivalent) and all staff performing opacity tests for compliance with PSIP and the HDVIP attend the CCDET I class. Proof of CCDET I completion shall be provided to ARB within six months of the date of this Agreement and be maintained in each applicable employee's file for the term of his or her employment.
 - (b) If CLEAN HARBORS uses a contractor to perform the annual smoke opacity testing required under the PSIP, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET I course, CLEAN HARBORS shall obtain proof that the contractor's staff conducting the smoke opacity tests completed the CCDET I course within the past four years. This proof of CCDET I completion shall be provided to ARB with PSIP records as required by this Agreement and be maintained with the annual PSIP records.
- (5) CLEAN HARBORS shall comply with one or both of the following options to attend the CCDET II class (Diesel Exhaust After Treatment and Maintenance), described on the ARB's webpage <http://www.arb.ca.gov/enf/hdvip/ccdet/ccdet.htm>. This class is conducted by various California Community Colleges and instructs attendees on California's emission regulations and the proper care and maintenance of diesel exhaust after-treatment systems (DEATS).
- (a) CLEAN HARBORS shall have the fleet maintenance manager (or equivalent) and all staff responsible for maintenance of DEATS attend the CCDET II class. Proof of CCDET II completion shall be provided to ARB within six months of the date of this Agreement and also be maintained in each applicable employee's file for the term of his or her employment.
 - (b) In case CLEAN HARBORS uses a contractor for the maintenance of DEATS, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET II course, CLEAN HARBORS shall obtain proof that the contractor's staff maintaining the DEATS device(s) completed the CCDET II course within the last four years. This proof of the CCDET II completion shall be provided by CLEAN HARBORS to ARB within six months of the date of this settlement and be maintained with the DEATS installation and maintenance records.
- (6) CLEAN HARBORS shall submit copies of all PSIP compliance records for the years 2016 to ARB within ninety (90) days of the Effective Date of this Agreement, and for the 2017 by January 31, 2018. For purposes of this Agreement, "PSIP compliance records" shall consist of an audit table and legible receipts for each individual vehicle inspection. **Copies shall be addressed to the attention of Ms. Ann Stacy at the California Air Resources Board, Enforcement Division, P.O. Box 2815, Sacramento, California 95812.** ARB

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reserves the right to visit any CLEAN HARBORS fleet location at any time to conduct compliance audits for the HDVIP and PSIP, or any other applicable ARB program.

- (7) CLEAN HARBORS shall not violate the Truck and Bus regulation as codified in 13 CCR § 2025.
- (8) CLEAN HARBORS shall submit proof of compliance with the Truck and Bus regulation (as codified in 13 CCR § 2025), within 45 days of the execution of this Agreement, to **Ann M Stacy, Air Pollution Specialist, California Air Resources Board, Enforcement Division, P.O. Box 2815, Sacramento, California 95812.**
- (9) This Agreement shall apply to and be binding upon CLEAN HARBORS, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.
- (10) This Agreement constitutes the entire agreement and understanding between ARB and CLEAN HARBORS concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and CLEAN HARBORS concerning the subject matter hereof.
- (11) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement.
- (12) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.
- (13) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.
- (14) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.
- (15) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires ARB to provide information on the basis for the penalties it seeks (HSC § 39619.7). This information, which is provided throughout this settlement agreement, is summarized here:

The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in HSC §§ 42403 and 43024.

PSIP Violations

The penalty obtained for the PSIP violations involved in this case is \$19,875.00 for 122 violations related to a total of 96 vehicles over a two year period (2013-2014).

Truck and Bus Violations

The per unit penalty for the Truck and Bus violations involved in this case is a maximum of \$1,000 per vehicle per day for strict liability violations or \$10,000 per vehicle per day for negligent or intentional violations.

The penalty obtained in this case for 1300 months of violations among a total of 118 vehicles of the Truck and Bus regulation for failure to meet the requirements of the Engine Model Year Compliance Schedule over a three year period (2012-2014) is \$455,000.00.

The penalty obtained for the Truck and Bus violations involved in this case for failure to timely report all required information for all vehicles in the fleet by the deadlines set forth in title 13 CCR, section 2025(r) is \$17,000.00 for 34 vehicle(s) reported after the compliance year deadline, or \$500 per vehicle per year of violation.

The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.

PSIP Violations

The penalty provision being applied to the PSIP violations is HSC § 43016 because CLEAN HARBORS failed to test, measure, record, and maintain records of smoke emissions from its fleet of heavy-duty diesel vehicles for the years 2013 and 2014 in violation of the PSIP regulation in 13 CCR § 2190 *et seq.*, for 96 vehicles. Since the PSIP regulation was adopted pursuant to authority granted in Part 5 of Division 26 of the HSC and since there is no specific penalty or fine provided for PSIP violations in Part 5, HSC § 43016 is the applicable penalty provision.

Truck and Bus Violations

The penalty provision being applied for the Truck and Bus regulation (13 CCR § 2025) violations in this case is HSC § 39674 because the Truck and Bus regulation is an Airborne Toxic Control Measure adopted pursuant to authority contained in HSC §§ 39002 et seq., 39650-39675 and because CLEAN HARBORS failed to bring their diesel fleet into compliance by the deadlines set forth in 13 CCR § 2025(g).

The penalty provision being applied for the Truck and Bus regulation (13 CCR § 2025) violations in this case is HSC § 39674 because the Truck and Bus regulation is an Airborne Toxic Control Measure adopted pursuant to authority contained in HSC §§ 39002 et seq., 39650-39675 and because CLEAN HARBORS failed to report all required information for all vehicles in the fleet for which they have elected to utilize compliance options/credits/provisions as required in 13 CCR § 2025(r).

Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and if so, a quantification of excess emissions, if it is practicable to do so.

PSIP Violations

The PSIP provisions cited above do prohibit emissions above a specified opacity or level of g/hp-hr. However, since the hours of operation of the noncompliant units involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

Truck and Bus Violations

The provisions cited above do prohibit emissions above a specified level of g/hp-hr. However, since the hours of operation of the noncompliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

- (16) CLEAN HARBORS acknowledges that ARB has complied with Senate Bill 1402 in prosecuting or settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC § 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

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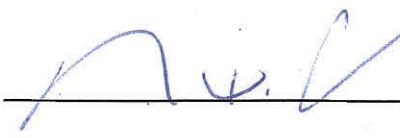
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- (17) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar cases, and the potential costs and risk associated with litigating these particular violations. Penalties in future cases might be smaller or larger on a per unit basis.
- (18) The penalty was based on confidential settlement communications between ARB and CLEAN HARBORS that ARB does not retain in the ordinary course of business. The penalty is the product of an arms length negotiation between ARB and CLEAN HARBORS and reflects ARB's assessment of the relative strength of its case against CLEAN HARBORS, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that CLEAN HARBORS may have secured from its actions. In the interest of resolving this matter without the delay and expense of litigation, CLEAN HARBORS agrees to this Settlement Agreement and Release, but neither admits nor denies the Findings of Fact or conclusions of law made herein, and therefore agrees that this Settlement Agreement and Release shall be deemed an admission of fact only as necessary for the enforcement of this Settlement Agreement and Release by ARB.
- (19) Now therefore, in consideration of the payment on behalf of CLEAN HARBORS to the Air Pollution Control Fund and the San Joaquin Valley Air Pollution Control ARB hereby releases CLEAN HARBORS and their principals, officers, agents, predecessors and successors from any and all claims, ARB may have or have in the future based on the circumstances described in paragraphs (1) through (17) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

**CLEAN HARBORS ENVIRONMENTAL
SERVICES, INC.**

Signature: 

Signature: 

Print Name: Richard W. Corey

Print Name: William A. McKim

Title: Executive Officer

Title: Vice President - Asset Management

Date: 3/8/2017

Date: 2/16/17