

# The Small Business Resource

## Property Transfers and Environmental Site Assessments

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Purchasing property to start or expand your business comes with some risks and liabilities. Some properties come with larger environmental liabilities than others. Abandoned underground storage tanks, buried drums, contaminated soil or groundwater and chemical spills are examples of environmental liabilities you could inherit when you purchase property. Under Ohio and federal law, property owners can be held liable for the cleanup of environmental contamination on their property even if they did not cause the contamination.

This newsletter provides information on environmental site assessments that can help you determine if the property you want to purchase has environmental contamination. Although performing an environmental site assessment does not guarantee that the site is clean, it can help minimize the risk.

### How will I know if the property is contaminated?

Ohio EPA recommends that you hire a professional consultant to conduct an environmental site assessment to determine if a property is likely to have environmental contamination. There can be two parts or phases to an assessment. Phase I determines if the property could be contaminated. If no poten-

tial contamination issues are identified, the assessment is complete. If potential issues are identified, then a Phase II is conducted to determine the type and extent of contamination.

Most environmental site assessments follow the standardized procedures developed by the American Society for Testing and Materials (ASTM). ASTM ([www.astm.org](http://www.astm.org)) has developed standards for conducting Phase I (E1528-00 and E1527-00) and Phase II (E1903-97(2002)) environmental site assessments.

### What does a Phase I assessment include?

A Phase I is only a screening of existing information. It doesn't include any soil, water or waste sampling or analysis. There are four components to a Phase I:

- records review
- site inspection
- interviews
- written report

The records review helps to identify past uses of the property and adjoining properties that could cause environmental contamination. These publicly available records may include: environmental records (past spills, violations), title history, building permits, insurance records and maps (Sanborn maps), city

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## Property Transfers

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directories, historical maps, aerial photographs and other information.

Indications of past spills or practices that could cause environmental contamination may be identified during the site inspection. These might include the presence of storage tanks, drums, wells, sumps, solid waste piles, stained soil, stressed vegetation, septic tanks, industrial or commercial activities and disposal areas.

Interviews should be conducted with the current owner, tenant, local government officials and other knowledgeable people to determine historical events that may have contributed to environmental problems on the site.

Your consultant will prepare a written report that documents the information and findings of the Phase I assessment. The report will identify potential significant environmental concerns and make recommendations to address those concerns.

## What if the Phase I indicates potential environmental contamination?

Your consultant should conduct a Phase II environmental site assessment to confirm and further evaluate the presence of the suspected contamination. A Phase II includes sampling suspected contaminated areas to confirm the presence, type and extent of the contamination. Samples of the soil, surface water, ground water and the contents of any tanks and containers may be analyzed. Samples may be taken from localized areas or across the entire property.

A Phase II report will include the results of the sampling. It will also provide suggestions for the clean up of any confirmed contamination that may cause future liability if it is left in place.

## What if the Phase II shows the property is contaminated?

You have a few options if the property is contaminated.

- Don't purchase the property.
- Request that the current owner clean up the contamination prior to selling the property.
- Negotiate a lower purchase price to reflect the cleanup costs.
- Purchase the property with a better understanding of the environmental contamination and liability.

### Brownfields

A brownfield is an abandoned, idled or under-used industrial or commercial property where expansion or redevelopment is complicated by known or potential environmental contamination. Brownfields may include abandoned factories, warehouses, power plants, dry cleaners, hotels and gas stations.

Ohio EPA has a program that promotes the development of brownfields by marketing Ohio's cleanup programs, providing training, supporting local governments, determining the correct environmental cleanup program and locating financial and technical assistance. Contact Ohio EPA's Division of Emergency and Remedial Response, Site Assessment & Brownfield Revitalization Program ([www.epa.state.oh.us/derr/SABR/sabr.html](http://www.epa.state.oh.us/derr/SABR/sabr.html)) at (614) 644-2924 or your local Ohio EPA district office for more information.

## How do I find someone to conduct a Phase I?

Look in the your telephone directory under *environmental* or

*engineers* with subheadings of environmental or geotechnical. Make sure you select someone experienced in conducting environmental site assessments.

## How much do environmental site assessments cost?

A typical ASTM Phase I will cost \$1,000 to \$4,000. Costs for a Phase II will vary depending on the amount and type of sampling involved and the size of the property. Cleanup or remediation costs will depend on the type and extent of the contamination.

## Do I Have to Conduct an Environmental Site Assessment?

No. However many banks will require you to conduct an assessment to evaluate the property before they will lend you money.

Some property sellers may conduct a Phase I, Phase II or even a cleanup to help sell their property. However, your bank may still require you to conduct an independent assessment.

You may also want to conduct an environmental site assessment to avoid liability under the federal Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund). Superfund was enacted to help clean up environmental contamination and places the liability for the cleanup on potentially responsible parties. You can be liable for cleaning up your property under Superfund even if you didn't cause the contamination.

However, Superfund provides liability protections for innocent purchasers/landowners, contiguous property owners and prospective purchasers. To be eligible for these liability protections, the property owner must determine if there is

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## Property Transfers *continued from page 2*

### Voluntary Action Program

Ohio's Voluntary Action Program (VAP) allows a property owner or prospective owner to voluntarily investigate possible environmental contamination and clean it up if necessary. In return, the State of Ohio will no longer hold the property owner responsible for further investigation and cleanup.

To be eligible for the VAP, specific standards must be followed. These include standards for conducting Phase I and Phase II assessments. For more information, contact Ohio EPA's Division of Emergency and Remedial Response, VAP Program ([www.epa.state.oh.us/derr/volunt/volunt.html](http://www.epa.state.oh.us/derr/volunt/volunt.html)) at (614) 644-2924 or your local Ohio EPA district office.

environmental contamination prior to purchase. The potential buyer must make this determination or "all appropriate inquiry" by conducting a Phase I environmental site assessment. The ASTM Phase I assessment was established as the interim procedure. The final procedure is expected in 2004. More information is available from U.S. EPA ([www.epa.gov/swerosps/bf/liab.htm](http://www.epa.gov/swerosps/bf/liab.htm)).

### Do environmental site assessments cover all the property's environmental issues?

No. The purpose of the environmental site assessment is to identify environmental contamination. The assessment is not designed to determine if the property or the business operating on the property is in compliance with environmental regulations. They also don't determine if wetlands or asbestos are present on the property. You will need to conduct separate assessments for these other environmental issues.

## Air Issues

### New Surface Coating MACT Regulations

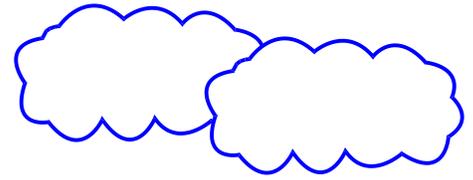
Your business could be subject to new federal regulations known as MACT (Maximum Achievable Control Technology) if you perform any of the following surface coating operations:

- Coating, printing, and dyeing fabrics.
- Coating metal cans.
- Coating metal furniture.
- Coating miscellaneous metal parts and products.
- Coating plastic parts.
- Coating wood building products.

These regulations were issued by U.S. EPA in 2003 and can be found in 40 CFR Part 63 - National Emission Standards for Hazardous Air Pollutants (NESHAPs). These standards apply nationwide and are designed to minimize the emissions of hazardous air pollutants (HAPs). The regulations limit the amount of HAPs contained in the coatings used and define work practices or control equipment options for reducing HAP emissions. U.S. EPA has designated 188 compounds as HAPs because they are harmful to human health. Many common solvents such as xylene, toluene and methyl ethyl ketone (MEK) are HAPs.

These rules apply to facilities that are a major source of HAPs or are part of a facility that is a major source of HAPs. A major source emits 10 tons per year or more of a single HAP or 25 tons per year or more of a combination of HAPs. If you have to comply with one of these rules, you have up to three years from the date of publication of the final rule to comply.

For more information on these new regulations, visit U.S. EPA's Web site ([www.epa.gov/ttn/atw/mactfnlalph.html](http://www.epa.gov/ttn/atw/mactfnlalph.html)) or contact Ohio EPA's Division



of Air Pollution Control, Small Business Assistance Program (SBAP) at (614) 644-4830. The SBAP offers free and confidential assistance to small businesses. The SBAP can help explain the regulations and complete air permit applications.

## Water Issues

### Permit-to-Install Changes for Fats, Oils and Grease Interceptors

Ohio EPA has changed its permit-to-install (PTI) rules. Previously you could not install any wastewater treatment system without first obtaining a PTI from Ohio EPA. Now some fats, oils and grease (FOG) interceptors (for example grease traps) are exempt from the PTI requirements.

This exemption only applies to some exterior FOG interceptors associated with food preparation (such as restaurants). The exemption doesn't apply to oil and water separators at industrial or auto service locations.

To be eligible for this PTI exemption, the FOG has to meet certain criteria. These criteria are outlined in the rule, which is available on the Ohio EPA's Web site at [www.epa.state.oh.us/dsw/rules/42-02.pdf](http://www.epa.state.oh.us/dsw/rules/42-02.pdf).

If you have any questions about the PTI requirements or this exemption, contact your Ohio EPA district office, Division of Surface Water for assistance.

## Waste Issues

### How to Dispose of Your Electronic Equipment

**Computers, printers, fax machines, copiers, cell phones, telephones and television sets are constantly updated. As your business takes advantage of new technology, what do you do with your obsolete equipment?**

Ohio EPA encourages businesses to recycle unneeded electronic equipment. Donating equipment for reuse is the environmentally preferred alternative. Many schools, non-profit and charitable organizations accept working electronic goods. If your equipment cannot be used, donated or repaired, another good option is sending it to a reputable recycler.

When your business recycles electronic equipment properly (including donating it for reuse), it's not considered a waste. Therefore, it's not regulated under Ohio's hazardous waste laws.

However, if you don't recycle your electronic equipment, you must evaluate it to determine if it is a hazardous waste. Electronic equipment may contain lead, chromium, cadmium, mercury or other hazardous metals. Equipment that exhibits a hazardous waste characteristic must be managed according to Ohio's hazardous waste regulations.



### Should I be concerned about how my electronic equipment is recycled?

You should know what your recycler will do with your recycled equipment. The recycler cannot allow any of the hazardous components to be placed on the land either directly or in products made from the hazardous components. It's also a good idea to research the recycling company to determine if it has any compliance problems.

If your electronic equipment is not recycled properly and it is a hazardous waste, both your company and the recycling facility will be liable for cleanup costs associated with improper disposal of the hazardous components.

For more information, refer to the Ohio EPA's Division of Hazardous Waste Management fact sheet, *Management of Electronic Waste from Businesses* ([www.epa.state.oh.us/dhwm/pdf/ElectronicWaste.pdf](http://www.epa.state.oh.us/dhwm/pdf/ElectronicWaste.pdf)). The division also maintains a list of computer, fluorescent lamp and ballast recyclers at [www.epa.state.oh.us/dhwm/pdf/comp.lamp.ballast.list.PDF](http://www.epa.state.oh.us/dhwm/pdf/comp.lamp.ballast.list.PDF). Ohio EPA's Office of Pollution Prevention maintains a list of computer and electronics recyclers at [www.epa.state.oh.us/opp/recycl/comp-rc.html](http://www.epa.state.oh.us/opp/recycl/comp-rc.html).

## Finance Corner

### Ohio Environmental Education Fund

The Ohio Environmental Education Fund (OEEF) would like to increase the number of grants it awards to educate small businesses about how to comply with environmental regulatory requirements. Mini grants up to \$5,000 and general grants up to \$50,000 are available to support training seminars, compliance manuals, helplines, on-line resources, new technology models, waste and energy audits, demonstration projects and other educational tools to assist small businesses. For-profit companies, non-profit organizations, trade and professional associations, universities and local government agencies are all eligible to apply. Recently funded projects have targeted audiences such as small print shops, salvage yards, automotive repair shops, small farmers, municipal wastewater treatment operators and construction, renovation and demolition contractors.

OEEF has revised its scoring system for 2004 grant applications to give preference to projects that target the regulated community in general, small businesses in particular and regulated entities in counties where few or no OEEF grants have previously been awarded. OEEF staff are available to assist grant applicants, comment on draft proposals and offer grant writing workshops.

The next application is July 15, 2004. Visit the OEEF Web site at [www.epa.state.oh.us/oeeef](http://www.epa.state.oh.us/oeeef) or call (614) 644-2873 for copies of the 2004 applications. OEEF grants are funded by one-half the civil penalties collected by Ohio EPA for violations of Ohio's air and water pollution control laws.

## Pollution Prevention Issues

### Paint Gun Washers: Reduce Waste and Costs

#### Do your employees manually clean spray guns over a bucket or drum?

If you answered yes, you may want to consider purchasing a gun-washing unit. Similar to a dishwasher, units are available to wash one to four guns at once. To clean the guns, solvent is re-circulated throughout the unit. A filtration system on the units allows re-use of the solvent numerous times. Many spray gun manufacturers make gun-washing units.

**Benefits of purchasing a gun washer include:**

**1) Reduce your labor cost.** When employees manually clean a spray gun it may take five to 20 minutes. With a gun-washing unit, the unit cleaning cycle is generally 30 to 60 seconds, which can reduce the overall cleaning time to three minutes and free employees for other tasks.

**2) Reduce disposal and product purchase costs.** Since solvent is re-used many times, this reduces the amount of new solvent that needs to be purchased and the amount of spent solvent that needs to be disposed. Some gun-washing manufacturers claim solvent consumption may be reduced 50 to 90 percent.

**3) Reduce employee exposure to solvents.** Since gun-washing units are enclosed, exposure to solvents is minimized. In addition, accessories used in the painting process such as paint strainers and cups may also be placed in the unit for cleaning, further reducing labor costs.

Sounds like a great idea, but how much do they cost? The price varies, but units generally start at \$600. Some more expensive units may have an option to add a solvent distillation unit to further extend solvent re-use. To assist businesses in deciding if a gun washer might be cost effective, the Iowa Waste Reduction Center (IWRC) has developed a gun-washer calculator on its Web site at: <http://www.iwrc.org/programs/gunwash.cfm>. The calculator uses your estimate of gallons per year of thinner used to calculate an estimated payback period for purchase. Be aware that the calculator does not account for electricity used to run the unit.

If a gun washer sounds like it may fit your needs, contact your spray gun supplier to see if they manufacture one. Some may offer to loan you one for a trial basis. They should also be able to provide you with names of other customers who have purchased a unit for product satisfaction references.

If you have additional questions, or would like other advice on ways to generate less waste, please contact the Small Business Assistance Office at (800)-329-7518 or Ohio EPA's Office of Pollution Prevention at (614)-644-2326.

#### An example calculation using IWRC's calculator is:

##### Input

Thinner Usage	500 gallons/year
Estimated new thinner usage w/gun wash unit	250 gallons
Thinner cost	\$4.00/gallon
Estimated hazardous waste disposal cost	\$5.00/gallon
Labor-manual washing	12 minutes
Labor-automatic washing	3 minutes
Labor rate	\$30.00/hour
Automatic gun wash unit cost	\$600.00

##### Annual Operating Cost Comparison

	<u>Manual</u>	<u>Automatic</u>
Materials	2000 gallons	1000 gallons
Waste disposal	2500 gallons	1250 gallons
Labor cost	\$6.00	\$1.50
Total operational costs	\$4506.00	\$2251.50

##### Economic Analysis Summary

Annual savings w/auto gun wash unit	\$2254.50
Capital cost purchase equipment	\$600.00
Payback period equipment investment	.27 years or 14 weeks

The Small Business  
**Resource**

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Are you a small business owner? Do you have  
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how to comply with them, give us a call at 1-800-  
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