



# West Side Community Forum

## Southport Modernization Project

July 8, 2015

Rich Erstad  
Vice President and General Counsel  
Hawkins, Inc.

# About Hawkins, Inc.



- ▶ Founded in St. Paul in 1938
- ▶ Still run by the founder's grandson
- ▶ Has provided critical products to local utilities and businesses for 77 years
- ▶ Has operated at Southport for 34 years
- ▶ Named one of America's most trustworthy companies three years in a row



# About Hawkins, Inc.



- ▶ Three facilities in St. Paul
  - More than 50 employees in St. Paul
  - Starting pay more than \$26/hour with company funded retirement benefits
  - Pays more than \$250,000 in property taxes to St. Paul annually
- ▶ Certified member of the National Association of Chemical Distributors



# Our business is heavily regulated



- ▶ Regulators view us as knowledgeable and responsible
- ▶ Staff of six professionals focused on safety and compliance



**Minnesota Pollution Control Agency**



**Transportation Security Administration**

# What we do at Southport



- ▶ We supply products that:
  - Keep your drinking water safe
  - Are used in St. Paul and YMCA swimming pools
  - Clean St. Paul's wastewater before it is discharged to the Mississippi River
  - Are critical to local businesses
- ▶ Bring in products by double-hulled barge or rail
- ▶ Store quantities needed to serve local businesses and utilities
- ▶ Ship out about 10 truckloads per day

# Southport Products



- ▶ Products we will be handling at Southport:
  - All made in the US—no imports
  - Do not explode
  - Do not burn
    - They will extinguish a fire just like water would
  - Do not linger in the environment
    - They are made from salt and neutralize back into salt



# Many Misconceptions



- ▶ Many inaccurate statements have been circulating on this project
- ▶ Will address a few before explaining what our project is really about

# “The Site is Contaminated”



- ▶ No signs of contamination in any of our testing
  - Phase I Site Assessment – Clean
  - Soil borings – Clean
  - Soil testing around tank – Clean
  - Tested soil removed during excavation – Clean
- ▶ No evidence of any contamination



# “It’s a Superfund Site”



- ▶ Superfund is federal money used to clean up pollution
  - People often associate “Superfund” with major toxic dangers—but that is not always the case
- ▶ The “site” was at impound lot at end of Barge Channel Road
- ▶ In 2003 City police towed a car with hazardous material to the lot
- ▶ Car was removed--any contamination never touched our property

# “It’s an EPA Facility of Interest”



- ▶ About 1,400 Facilities of Interest in St. Paul--including Our Lady of Guadalupe Church
- ▶ Designation as a “Facility of Interest” only means that the site has an EPA permit, which is a good thing
- ▶ Does not mean there is an environmental concern about the property

# “They don’t need river access”



- ▶ Our operations depend on river access
- ▶ Last year brought 25 barges to this site
  - Equates to keeping more than 1,500 trucks off the road
- ▶ River shipping is efficient, less expensive and more environmentally friendly
- ▶ Without river access, costs to local utilities and businesses would increase and truck traffic would increase

# “Hawkins does not pay Property Taxes”



- ▶ We do—more than \$250,000 to St. Paul last year
- ▶ We expect to pay even more taxes to the City when the project is complete

# “20% increase in truck traffic”



- ▶ Historically our Southport operations had about 10 trucks a day
- ▶ Expect an increase of maybe 1 or 2 per day

Hawkins agrees that the issues of truck traffic from all of the businesses in the Barge Channel area needs to be reviewed and addressed, but this project will have little effect on overall truck traffic on Barge Channel Road

# Southport Modernization



- ▶ Site has been operational for 50 years
- ▶ Hawkins has operated there for 34 years, time to make some upgrades
- ▶ The modernization project will provide:
  - Better environmental protection
  - Better worker safety
  - Improved site security

# Benefits of the Project



- ▶ Wanted to make changes for some time, but did not have enough space
- ▶ Over the years we have learned better ways of doing things—learning from our mistakes and the mistakes of others

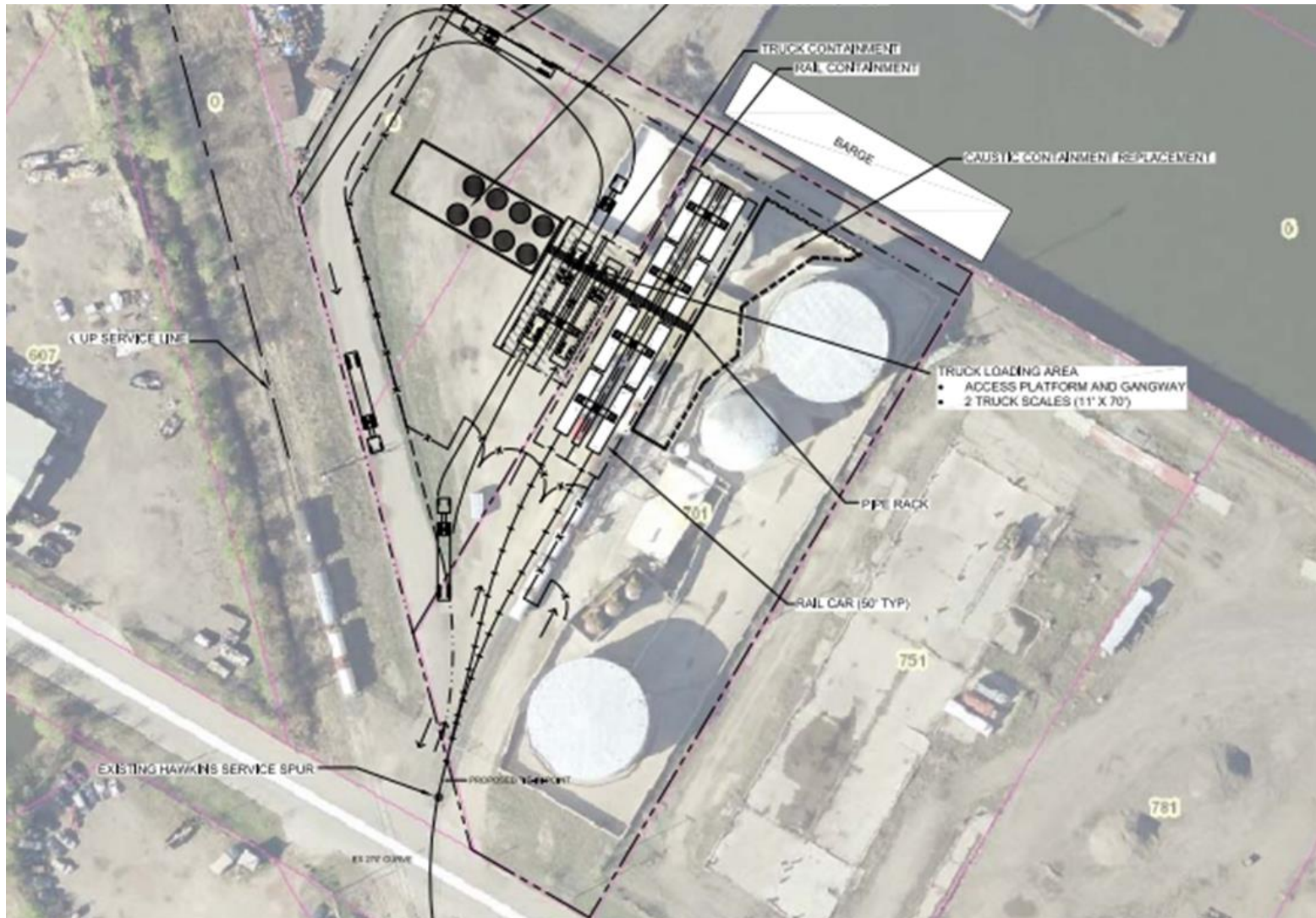
Our current operations complied with all requirements, but we want to go beyond what is required and implement industry best practices

# Southport Aerial View





# Southport Modernization



# Reduced storage capacity



- ▶ Remove one 440,000 gallon tank
- ▶ Replace it with eight 50,000 gallon tanks
- ▶ Result will be decreased storage on site
- ▶ **No plans for additional tanks**
  - No “confidential plans”—those were space planning drawings by engineers, publicly filed months ago
  - Permit only allows eight tanks—we could not add more without going through this process again
- ▶ Replacement tanks will be same height as tank removed—about 40 feet

# View from Concord



# Reduced Number of Products



- ▶ All products stored on site are NSF/ANSI Standard 60 certified as safe for use in drinking water
- ▶ Must be pure and contain no contamination



- *Products could not have caused formaldehyde or arsenic contamination*
- *None of our products have ever contained any formaldehyde*
- *HFS contains only trace amounts of naturally occurring arsenic, below the levels found in ordinary Minnesota soils*

# Reduced Number of Products



- ▶ When the project is complete, we will have two products on the site:
  - Caustic Soda
  - Ferric Chloride
- ▶ Both of these products have been handled and stored at Southport for decades

# Caustic Soda (Lye)



- ▶ Large tanks are for storage of Caustic Soda, also known as lye
  - For Scandinavians, it is used to make Lutefisk
  - My daughters prefer that it is used to make Masa Harina



# Caustic Soda (Lye)



- ▶ Caustic Soda is sold to numerous local businesses
  - One of the biggest users is the Metropolitan Council
  - Met Council uses large quantities of our Caustic Soda to treat wastewater before it is discharged to the Mississippi River

# Caustic Soda (Lye)



- ▶ Why do we need the large tanks?
  - Caustic Soda is shipped upriver to us on barges
  - Tanks filled before barge season ends in November
  - All local needs are fulfilled with shipments from those tanks during winter months
  - By the time the river reopens in March, the tanks are empty
  - Storage is necessary to supply local needs
- ▶ Last year Hawkins brought in 25 barges to Southport—keeping 1,500 trucks off the road



# Ferric Chloride



- ▶ Ferric Chloride has been stored at Southport for decades
  - Used by St Paul Regional Water Services to purify your drinking water
  - Also used to remove phosphates from wastewater

# HFS No Longer Stored on Site



- ▶ Removing storage of Hydrofluosilicic Acid (HFS)
  - Storage began as a temporary measure during a product shortage
  - Tank was now obsolete and space was needed for the reconfigured rail
- ▶ St. Paul Regional Water Services adds HFS to our drinking water as required by state law
  - NSF/ANSI certified as pure
- ▶ Tank has been removed and HFS will no longer be stored or handled at Southport

# Future changes?



- ▶ None planned
- ▶ Any changes to products stored must first be approved by the Minnesota Pollution Control Agency
- ▶ Adding any more tanks would require another Conditional Use Permit—the same process we are going through now

# What about HCL?



- ▶ HCL, or Muriatic Acid, is same acid as in your stomach, used in water and swimming pool purification and in bathroom cleaners
  - Our HCL is Food Grade and used by the City of St. Paul and YMCA in their swimming pools
  - No products at Southport would be shipped to the North Dakota Oilfields—shipping costs are too high
- ▶ HCL and Caustic Soda are made from salt and water
  - Mixing HCL and Caustic Soda creates salt and water

# What about HCL?



- ▶ Project planning for Southport began last year at a time when Hydrochloric Acid supply was shortest ever seen
  - Prices over \$600 per ton
- ▶ For the first time in company history, we risked not being able to supply our local HCL customers, like the City of St. Paul, YMCA and Ecolab
- ▶ When planning Southport, we looked at expanding storage of our existing products or adding HCL

# Planned safe, reliable system



- ▶ Initial plans were to add HCL, so it was included in permit applications
  - Studied latest engineering standards
  - Learned from others that have had spills, including a rail spill on our site in 2006
  - Planned a safe, reliable system
- ▶ In the meantime, the HCL shortage turned into a glut, with prices falling dramatically and oversupply in the market
  - Prices fell from \$600 to \$100 per ton

# No HCL Storage at Southport

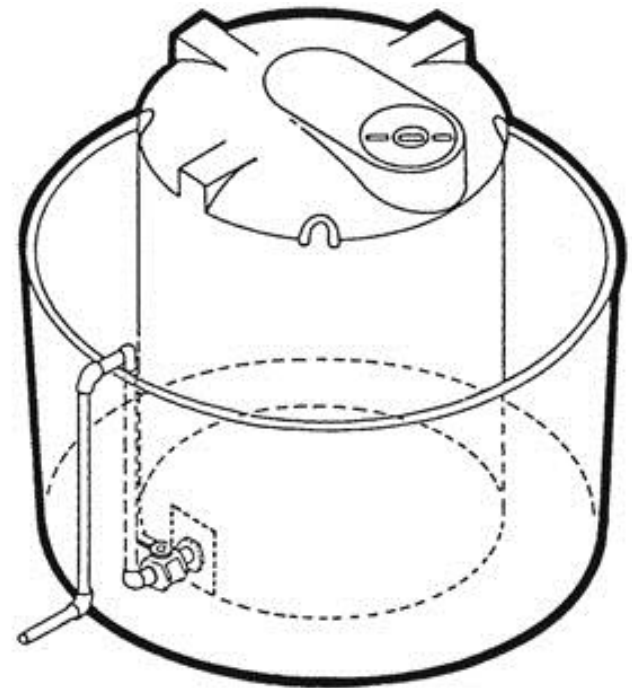


- ▶ Adding HCL to Southport no longer makes economic sense
- ▶ **As a result, we will not store or handle HCL at Southport**
  - We have notified MPCA and City of St. Paul of the change
  - Infrastructure we are building will not support our HCL processes
    - To add HCL later, we would need to go through this permitting process again
- ▶ Tanks will store existing products

# Protecting the Environment



- ▶ Improved environmental protection
- ▶ Concrete containment around all transfer areas and tanks
- ▶ Containment like a bathtub
- ▶ Keeps product spills off ground and out of water for easy, safe cleanup





# Protecting the Environment



- ▶ Containment is subject to rigorous review by the MPCA
  - Standards for amount of containment
  - Engineering standards
  - Construction materials
- ▶ MPCA was so pleased with our containment at other sites that they asked us to speak at the National Storage Tank Conference

# Existing Tanks Inspected



- ▶ Under MPCA rules, tanks must be recertified by an independent third party on a regular basis
  - Inspection done to API Standards
  - Inspection report is reviewed and approved by MPCA
- ▶ All tanks at Southport have been regularly inspected and passed

# Better Worker Safety



- ▶ Improved worker safety
- ▶ Employees have to climb ladders on railcars and trucks in all kinds of weather
- ▶ Improvements include:
  - Better ramps/stairs
  - Improved fall protection
  - Covered loading area protected from snow and ice

# Better Security



- ▶ Old facility did not have a fence
  - We wanted to add one for years, could not do it with the former limited space
- ▶ Project includes full perimeter security
  - Would have been in place by now but had to stop construction due to the appeal

# Operational Flexibility



- ▶ Railroad shipments have become increasingly erratic and costly
  - Railcars regularly delayed in transit
  - Railroad must move our railcars—we can't do it ourselves
- ▶ Added rail spur allows us to bring railcars in when they arrive and return them more quickly
- ▶ No expected increase in rail traffic, spur will reduce operational interruptions and costs

# Southport Modernization



- ▶ Site has been operational for 50 years
- ▶ Hawkins has operated there for 34 years
- ▶ The modernization project will provide:
  - Better environmental protection
  - Better worker safety
  - Improved site security
- ▶ We hope you will support our project