

May 27, 2015



West Side Community Organization  
Executive Committee  
1 Water Street  
St. Paul, MN 55107

Hawkins, Inc.  
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Dear Committee Members and Staff:

Thank you very much for the opportunity to meet on June 3 to share with you the environmental and safety benefits of our Southport modernization project and to address the many factually inaccurate statements contained in the CUP appeal documents and that have been circulating in the community about our project. I thought it would be useful to get this to you in advance of our meeting to get a number of the facts out so that our meeting can focus on more productive matters.

#### **About Hawkins**

Hawkins, Inc. was founded on University Avenue in St. Paul in 1938. We have been a proud and responsible member of the St. Paul community for more than 77 years, providing local utilities and industry with chemicals they need to run their businesses. We have 50 employees working within the City of St. Paul, with payroll in the City exceeding \$5 million per year. Twenty-three of these employees are members of Teamsters Local 120. Our starting pay in the City is more than \$26 per hour with full benefits including a company-funded profit sharing, employee stock ownership plan and a 401(k) match.

Statements have been made that we pay no property taxes in St. Paul. That is incorrect. In fact, last year we paid more than \$250,000 in personal property taxes (\$61,332 on our Barge Channel Road property alone). We expect that amount to increase when this project is completed. Financially, the company is very sound, with no debt and fully insured by reputable companies. The company is publicly traded on the Nasdaq Stock Exchange and our Chief Executive Officer is the grandson of the company's founder.

We are also a major supplier of necessary chemicals to St. Paul Regional Water Services, the Met Council and the City of St. Paul. In fact, we ship, on average, more than 5.5 million pounds of product to St. Paul Regional Water Services every year. The chemicals that are handled at the Southport facility are critical to the safety of the drinking water in our community and to the purity of the wastewater that the Met Council discharges to the Mississippi River.

Having been in this business within the State of Minnesota for decades, we have built excellent relationships with all applicable regulatory agencies, such as the Minnesota Pollution Control Agency. For example, the MPCA considers our recently built facility in Rosemount, MN, to be a model of how they would like all chemical facilities built and invited our staff to speak on outdoor chemical storage at the 2014 National Aboveground Storage Tank Conference.

Our business focusses on "inorganic" chemistry—primarily acids and bases that can be readily neutralized and typically do not persist in the environment. We do not handle bulk products like those that caused problems in West Virginia or West, Texas. We are also long-standing members of various industry groups, including the National Association of Chemical Distributors and, as such, are bound by the code of Responsible Distribution, which requires regular third party audits of our processes and practices.

#### **About the Hawkins Southport Facility**

Hawkins has been operating on the West Side at Southport for 34 years. The tanks and related operations have been at that site since the 1960s. The property is leased from the St. Paul Port Authority, with 19 years remaining on the current lease.

Total storage capacity at the site before the project was 4,115,000 gallons. After the project, the total storage will be reduced slightly to 4,075,000 gallons. Contrary to the assertions, we do not store hazardous waste. There have primarily been three products handled at the site—all of which are National Science Foundation/ANSI certified for purity and use in potable water:

- Caustic soda (lye)—which is sold to Metropolitan Council for pH adjustment of wastewater discharge to the Mississippi River and is also sold to virtually every major industry in the City;
- Ferric chloride—which is made from and contains hydrochloric acid, is used by the St. Paul Regional Water Services and others for drinking water purification; and
- Hydrofluosilicic acid—which is also sold to St. Paul Regional Water Services for direct addition to the City's drinking water.

Allegations have also been made that our products, primarily hydrofluosilicic acid (HFS), are the cause of arsenic, formaldehyde and various other air-borne contaminants recently found at Our Lady of Guadalupe Church. In fact, none of the products we have stored on the site could have caused the contamination. Our HFS is certified to NSF/ANSI Standard 60 and has no formaldehyde whatsoever and only trace amounts of arsenic, which is permitted by NSF/ANSI and which is well below the naturally occurring levels of arsenic contained in ordinary Minnesota soil.

The report also noted potentially elevated levels of fine particulate matter. Our operations could not have caused this result. Using calculations from the Minnesota Pollution Control Agency and the Environmental Protection Agency, our entire Southport facility produces a total of *one-half pound* of fine particulate *in an entire year*. By contrast, and using the same MPCA and EPA calculations, a single diesel truck idling eight hours per day produces *more than more than ten times* as much fine particulate over the same period. Coupled with the fact that our operations are nearly half a mile away and the variability of wind speed and direction, there is simply no way our operations could have caused the testing result. The report notes that fine particles are “created during combustion when coal, gasoline, diesel, wood and other fuels are burned...” It is much more likely that the fine particulate readings were a result of the Church being directly under Highway 52 and that the monitoring was conducted while the nearby Lafayette Bridge was under heavy construction.

The site property is clean and could not be the cause of any of the alleged pollution. The site had been a vacant lot for decades. Before we agreed to start this project, we had a Phase I Site Assessment completed by a third party in accordance with ASTM E-1527-13 standards to ensure there are no environmental problems with the property. This exhaustive study came back with no issues. In addition, we confirmed that the HFS tank had not leaked. The HFS tank was double bottomed and rubber lined. When we removed the tank, there was no evidence of any leakage and our testing confirmed no evidence of contamination in the soil. We also did not have any spills from the tank. In addition, we did soil borings of the site for structural engineering purposes. Those showed no evidence of any contamination. Finally, while doing permitted excavation for the project, we had the excavated topsoil analyzed by an accredited laboratory and found no contamination. The results of this third-party testing were reviewed by J. Joseph Otte, a West Side resident and a Principal at Wenck and Associates. The review concluded: “Based on the results of the sample analyzed, we would not recommend any additional investigation at this time, or personal protective measures for workers at the site ... or mitigation measures to protect those in the vicinity, beyond ordinary dust-control measures ....” In short, we are confident that our site and operations could not be causing any contamination of the neighboring community.

We make changes to the chemicals we store at our facilities, including those in St. Paul, from time-to-time as the needs of local customers change. Any changes to the chemicals stored at Southport must be approved by the Minnesota Pollution Control Agency and will be done safely and in full accordance with the law. There appears to be concern about the possible storage of hydrochloric acid in at least some of the new tanks. There is no environmental or safety reason for this concern. For decades we have stored

ferric chloride at the site and will continue to do so. Ferric chloride is made from, and contains, hydrochloric acid and we have had no problems over the decades with storing ferric chloride at the site. The hydrochloric acid we plan to store at the site is Food Grade and is used by both the City of St. Paul and the YMCA in their swimming pools.

Before starting this project, we met with the MPCA to discuss the proposed activities, ensure all aspects of the project were compliant with applicable laws and to confirm that an Environmental Assessment Worksheet (EAW) was not required. Representatives of the following divisions of MPCA participated:

- Industrial Stormwater
- Construction Stormwater (enforcement)
- Tanks (enforcement)
- NPDES Permitting (Surface Discharge)
- Air Quality Permits
- Tanks Policy & Technical
- Environmental Review

The MPCA was comfortable with the project and was pleased to see the planned environmental upgrades. After the meeting we received written confirmation from the MPCA that no EAW was needed.

References have also been made that our property is an EPA Superfund cleanup site or that there is one nearby, with the inference that a "Superfund" site creates a danger to the community through our modernization project. The Superfund site referred to was an incident in 2003 that was not even on our property. According to the EPA, "St. Paul Police requested US EPA assistance in the sampling and disposal of hazardous wastes found in a vehicle during a routine traffic stop." The car in question had been towed to the impound lot at the end of Barge Channel Road. The contamination was never on our property and the EPA noted that no further clean-up was necessary.

Statements have also been made about our Southport facility being "an EPA Facility of Interest" with inferences that this creates an environmental concern. That is not correct and, in fact, indicates just the opposite. The "Facility of Interest" designation applies to any entity that is currently listed in the EPA's Facility Registration System database indicating the site currently holds one or more environmental permits or licenses. There are currently over 1250 Facilities of Interest in the City of St. Paul and more than 270 throughout the West Side, including both Our Lady of Guadalupe Church and the Guadalupe Alternative Programs school.

Statements have also been made that we do not need to have this facility located on the river. In fact, river access is critical to our operations at Southport. Last year, we received about 25 barge loads of material at our Southport location. Shipping by barge rather than truck kept 1,500 trucks off the road. And the economics of barge shipment are much better, lowering the costs of these products to local utilities and businesses. We have historically shipped about ten truckloads per day from the site. We estimate that after the project is completed, we will ship an additional one or two trucks per day from the site. Our materials are all shipped out in enclosed tanker trucks and would not have a noticeable effect on the level of truck traffic in the neighborhood.

#### **Environmental, Safety and Security Benefits of our Modernization Project**

The modernization project allows us to implement the best practices we have learned in our other facilities and make important environmental, safety and security upgrades to the Southport facility. If we are unable to make the planned improvements, we will be forced to continue operating as we have for the past several decades.

The plan includes removing one 440,000 gallon obsolete tank and replacing it with eight 50,000 gallon shop built tanks. Smaller containers create greater safety and reduce environmental risk and tanks constructed in a fabrication shop have fewer potential issues than field-erected tanks.

All truck and rail storage and loading areas will have fully coated concrete containment and all driveways will be fully paved to prevent any spills or leaks from getting to the soil or river. The proposal includes the addition of structural best management practices for stormwater management, which was not a component of the current facility. This will allow on-site retention of stormwater and further keep any runoff from reaching the river. We will be replacing and upgrading process piping and other infrastructure as well. We will also be installing a fume scrubber, which is not required. We want to do so to virtually eliminate any risk of vapor or fumes escaping the facility.

Another key for us is the safety of our employees. We have added fall protection to all of our other sites, but have not been able to do so at the Southport facility because we did not have space for it until the Port Authority leased us the additional land. Our employees have to climb trucks and railcars continuously, which can be especially dangerous in the winter. The fall protection and shelter over the loading area will greatly improve their safety.

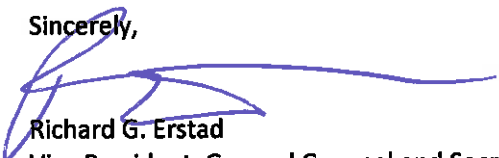
Our philosophy is to invest in infrastructure so that we can safely operate and serve our customers' needs. We maintain storage because it allows for better pricing and allows us to provide steady supply through fluctuations in pricing and product availability. Commodities run short, shipments can be delayed and local businesses and utilities need these products to operate. You may be aware of the recent disruptions in rail service. These have impacted our operations and to ensure steady supply, we need to add an additional rail line, so that when rail cars are available, we can bring them into our property.

In addition, the current property has been impossible to fully secure to our satisfaction, due to the shared drive and limited space. The new plan will allow for a fully fenced perimeter and improved site security.

Again, we have safely operated at this facility for 34 years, but the site is due for some improvements to better protect the environment, our employees and our neighbors. It would be truly unfortunate if factually incorrect allegations forced us to continue operating without these needed and beneficial environmental, safety and security improvements.

I look forward to meeting with your Executive Committee on June 3. With this new correct and factual information about our facility and our project, I would ask that WSCO review its position and support our CUP. Please share this letter, as appropriate.

Sincerely,



Richard G. Erstad  
Vice President, General Counsel and Secretary