

CITY OF CHICAGO, DEPARTMENT OF PUBLIC HEALTH ARTICLE II AIR POLLUTION  
CONTROL RULES AND REGULATIONS  
For the Handling and Storage of Bulk Material Piles

January 13, 2014

Good evening. My name is Mike Estadt and I'm the operations manager for KCBX here in Chicago. With me today from our headquarters in Wichita, Kansas is our company President Dave Severson and Dave Seiler, the Vice President of Operations and Compliance of our parent company, Koch Minerals.

On behalf of KCBX, I'd like to thank the Department of Health and Alderman Pope for the opportunity to offer comment on the city's proposed rules for handling and storing of bulk materials.

KCBX has a long history in Chicago. We've handled bulk materials, including petroleum coke, on Chicago's southeast side for more than 20 years. We employ 40 people fulltime and we've also provided work for a number of local contractors.

KCBX currently operates two facilities along the Calumet River. We've owned our KCBX North facility on the west side of the Calumet River at 100th Street since 1990. A year ago, we acquired a second facility, now referred to as KCBX South, from DTE Chicago Fuels Terminal. This South facility, located on the east side of the river at 106th Street, has been the source of attention after a windstorm last August caused dust in the area.

After we acquired the South facility from DTE last year, we immediately began to upgrade the site based on our own high standards for operation. So far we've invested nearly \$30 million, including \$10 million in dust suppression technology. Forty-two water cannons rotating on 60-foot-high poles now cover the site, significantly more than the six that were in place when KCBX acquired the facility. We've also installed an advanced weather system that automatically adjusts to wind direction and speed, and increases the amount of water on demand in anticipation of high wind conditions. All of this was completed in November.

So far the system has worked very well.

In addition, KCBX is now working with the U.S. Environmental Protection Agency to install air monitors that will be used to confirm the effectiveness of the new system.

We also recently engaged David L. MacIntosh, Chief Science Officer with the Environmental, Health & Engineering to design and direct the testing of surfaces and soil in the neighborhoods near our facility. Sixty-nine samples from various public areas were collected in late November-early December and tested in accordance with ASTM and EPA methods by independent, certified environmental professionals and laboratories.

We are pleased to report that the testing shows that there were no unusual levels of constituents associated with petcoke and coal present in the neighborhoods near our facility. Additional information about this testing is available in your packets.

KCBX has always worked hard to maintain a safe operation and follow all rules and regulations. We hold the highest regard for the community and are committed to doing the right thing. We want to work with the city to address the concerns of our neighbors and make every effort to meet the spirit of the proposed new rules. This includes a willingness to build a structure to cover the materials.

We don't have a feasibility study or an estimate yet on the cost of building a new structure but based on our experience we expect such a project would take approximately three years to design, permit and construct.

There are a number of issues that need to be resolved before we could proceed with such a project, including an interim operating plan that would allow us to stay in business while we built a new facility. Various aspects of the proposed rules also need to be clarified to ensure that compliance is possible.

- For example, as proposed the required distance for setbacks from public ways are not something we can physically accommodate and would effectively force the closure of our facility.
- Also, according to weather data from the last couple years, the average wind speed in Chicago exceeded 15 mph approximately 40 percent of the time. This means the proposed restrictions on handling materials when wind conditions are greater than 15 mph also effectively prevent us from operating.
- The timing of the new limitations on the amount of product we are permitted to handle and when we may handle it also creates logistical challenges that would threaten our ability to stay in business.

We will submit in writing much more detailed information about these types of practical concerns as well as addressing other technical issues that we hope can be resolved.

In closing, I want to stress that we have the utmost respect for the community and we're committed to doing the right thing. We also have 40 employees whose families depend on these jobs. We're going to make every effort to stay in business and work with the state and city to ensure our operations remain in compliance and continue contributing to the local economy.

We appreciate the Department's consideration and thank you again for the opportunity to provide these comments.