DEPARTMENT OF PUBLIC HEALTH
CITY OF CHICAGO

January 26, 2015

Kim R. Walberg
TAFT STETTINIUS & HOLLISTER LLP
111 East Wacker, Suite 2800
Chicago, IL 60601

RE: S. H. Bell Company
10218 South Avenue O
Request for Variances from Air Pollution Control Rules and Regulations for Control of Emissions from Handling and Storage of Bulk Material Piles

Dear Ms. Walberg,

On behalf of the Commissioner of the Chicago Department of Public Health ("CDPH"), I am writing in response to the June 10, 2014 request from S. H. Bell Company, (hereafter "S.H. Bell Request"), for variances from certain of the above-referenced Rules and Regulations (hereafter "Bulk Material Rules" or "Rules"). Under Section 8.0 of the Bulk Material Rules, the burden of proof is upon the applicant for the variance to demonstrate that issuance of the requested variance will not create a public nuisance or adversely affect the surrounding area, the surrounding environment, or surrounding property uses. In the event that the applicant does not meet this burden, the variance request will be denied.

At this time, CDPH finds that S. H. Bell Company's application is incomplete, and provides an additional 30 days from the date of this letter to provide additional information needed to complete our review of your request, as specified below.

1) First, please note that Section 8.0(2)(b) of the Bulk Material Rules requires each request for a variance to set forth, in detail, "A description of the process or activity for which the variance is requested, including pertinent data on location, size, and the population and geographic area affected by, or potentially affected by, the process or activity." While the S.H. Bell Request notes that the site is in Planned Manufacturing District No. 6, Lake Calumet, CDPH requires additional detail regarding the specific location and description of each activity for which a variance is requested (e.g. storage areas, conveyors, etc.), as well as specific information about the surrounding area.

Accordingly, please provide detailed information as required by Section 8.0(2)(b) of the Bulk Material Rules, including maps, diagrams, and any other pertinent supporting information.

2) Secondly, with request to fugitive dust monitoring, the S.H. Bell Request states that installing monitors would pose an unreasonable hardship, be duplicative and unnecessary because of the facility's current Fugitive Operating Program, and be technically infeasible. However, the request does not explain why this is so or how S.H. Bell knows that the current dust control program is effective.

Please provide additional details to support S.H. Bell's Request not to install a dust monitoring network, including evidence of the effectiveness of S.H. Bell's current Fugitive Operating Program. If available, please include any scientific studies or reports and any site-specific technical evaluations. Please also be sure to include citations and supporting calculations for all of the sources of emissions data and other information upon which you rely. In addition, please provide detailed evidence that installing the monitors would cause an unreasonable hardship.

3) With regard to transfer points, S.H. Bell requests a partial variance, stating that "full compliance at every Transfer Point imposes unreasonable hardship and is duplicative of measures already taken by S.H. Bell Co. as part of its Fugitive Operating Program." However, the request does not specify which transfer points will comply with the Rules and which ones will not. The request notes that some materials "such as ferroalloys" present an explosion hazard if water is added to the material; whereas other materials, stored outside, are sprayed with a water truck. Further, (and presumably with regard to materials that do not present an explosion hazard when watered), the request states that it is technically infeasible to affix a water spray to a front end loader, because this will interfere with the loading bucket that is already in place. Again, however, it is not clear whether these are the same materials that are sprayed with a water truck and, if not, then why they are not sprayed with a water truck. Finally, the request notes that water is "only seasonally available," due to the potential for freezing temperatures from November to March. In the alternative, according to the S.H. Bell Request, dust is controlled at transfer points by a practice of minimizing drop heights and suspending operations when wind speeds approach 20 miles per hour.

Notably, the subject of freezing conditions and wind speed are subject to separate variance requests. Setting aside those issues, the variance request is not clear as to how dust is controlled for different types of materials at outdoor transfer points. (Please note that Section 8.0(2)(c) of the Rules requires variance applications to set forth, in detail, the "quantity and types of materials used in the process or activity in connection with which the variance is requested, as appropriate.") Further, the S.H. Bell Request does not explain how minimizing the drop height of dry materials is an effective alternative.

Accordingly, please provide a detailed response, for each type of material handled at the facility, explaining why compliance with one of the four options for controlling dust at transfer points is not feasible. In addition, please provide evidence of the effectiveness of the proposed alternative measures.

4) With regard to truck loading and unloading, S.H. Bell states that "truck loading of dry materials is done within a bulk material storage building or a partial enclosure, both of

which are effective at controlling dust emissions." The request then states that construction of a "truck loadout shed with dust collection" is technically infeasible and cost prohibitive.

Please note that the Bulk Material Rules require truck loading and unloading to comply with the requirements for transfer points, as set forth in Section 3.0(7) of the Rules. In summary, section 3.0(7) provides four options for dust control at transfer points: 1) total enclosure; 2) use of a water spray system; 3) use of air pollution control equipment; and 4) transfer of moist material in a manner that minimizes the exposed drop.

Given the options above, and the fact that S.H. Bell already uses a bulk material storage building and a partial enclosure, it is unclear why S.H. Bell believes it would be required to construct a new building with dust collection. If S.H. Bell provides documentation showing that the storage building is fully enclosed, then this may demonstrate compliance with option one above. Further, S.H. Bell has not provided information demonstrating why the partial enclosure could not be retrofitted with air pollution control equipment (or with a water spray system, if the materials are not required to be dry for safety purposes).

Accordingly, please provide a detailed response explaining why compliance with one of the four options for truck loading and unloading is not feasible. In addition, please provide evidence of the effectiveness of the proposed alternative measures.

5) S.H. Bell requests a variance from the barge unloading requirements of the Rules, stating that dust is minimized through the use of an excavator and boom cranes that reduce drop heights. However, the request letter also notes that: "For barge unloading, S.H. Bell Co. may utilize wet suppression for material that is water compatible, such as pig iron." The request does not explain why one of the requirements for transfer points (mentioned above) cannot be complied with at all times, nor does it establish that the alternative measures are effective in preventing adverse impacts to the surrounding area.

Accordingly, please provide a detailed response explaining why S.H. Bell cannot comply with one of the four options for barge unloading. In addition, please provide evidence of the effectiveness of the proposed alternative measures.

6) With regard to roadway cleaning, S.H. Bell requests a partial variance to the extent that the Rules require street sweeping within one quarter mile of the perimeter outside of the facility. The request further states that if insurance liability and City approval issues are resolved, then "once per regular eight hour working shift, S.H. Bell Co. is willing to dry sweep the approximately one quarter mile of the perimeter section of the Facility on Avenue N up to 100th Street."

Please note that CDPH is unaware of any City approvals that would be required for S.H. Bell to sweep the streets outside of its facility. The City has no "Department of Public Works." Further, neither the City's Department of Transportation nor the Department of Streets and Sanitation issues any permits for street sweeping. Indeed, private companies subject to waste handling permits and concrete reprocessing permits are required to use a

street sweeper to clean adjacent streets impacted by facility truck traffic. Similarly, private contractors routinely use street sweepers to clean public streets surrounding construction sites.

Thus, it is unclear what insurance, coordination, and approval issues would prevent S.H. Bell from complying with the roadway cleaning requirement. In addition, the variance request does not explain why the company cannot use a sweeper equipped with a water spray and vacuum system as required by the Rules. Furthermore, the request does not state why the company would sweep once per eight-hour shift, rather than once every four hours or every 100 trucks as required by the Rules—unless the roads are free and clear of any material transported to or from the facility, in which case sweeping is not required.

Therefore, please provide detailed information 1) explaining why compliance with Section 3.0(15) of the Rules would impose an arbitrary or unreasonable hardship and 2) demonstrating how the proposed alternative is effective and preferable.

7) With regard to Rule 5.0(3), Protection of Waterways, S.H. Bell requests a variance from the requirement that storage piles be set back at least 50 feet from any waterway, so that S.H. Bell may continue to store materials 20 feet from the Calumet River. S.H. Bell states that 50-foot setbacks "would severely limit S.H. Bell Co.'s ability to store any bulk materials outdoors," and likely lead to shut down of the facility. The request further states 1) that the materials stored outside are not water soluble, which prevents storage piles from eroding into the waterways; 2) that most of the perimeter of the storage areas bordering the river is comprised of absorbent material such as dirt, rock and/or gravel which are designed to prevent stormwater runoff; that the company utilizes a containment wall to keep the storage materials from entering the absorbent zone; and 4) that steel pilings provide a barrier between site activities and the river in other areas of the site bordering the river. However, there is no demonstration of the effectiveness of these containment measures.

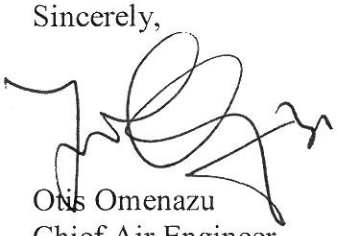
Please provide additional details describing in full all of the design measures and the complete operating program that will prevent materials from falling, blowing, or running off into waterways when stored within fifty feet of the river.

8) Two of the items in the S.H. Bell Request requested an extension of time. The timeframe in the request has since passed. Therefore, please advise CDPH whether or not S.H. Bell still requests an extension of time for any of the requirements.

Finally, if there is any further information that S.H. Bell believes is relevant to meeting its burden of proof in connection with its variance request, or which it would like to make part of the record for the City's consideration of this issue, it is invited to do so. In addition, if S.H. Bell wishes to respond to any public comments regarding its variance request, it is also invited to do so. The public comments are posted on the City's website at www.cityofchicago.org/environmentalrules.

Please submit the above-requested information to my attention within thirty (30) days. If you have any questions, please call me at (312) 745-7206.

Sincerely,



Otis Omenazu
Chief Air Engineer