

FILE NAME: Mead (MEAD)

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DOCUMENT DESCRIPTION: Letter to Mead from Cement-Asbestos Products Co. RE Requested "Get By" Figure on Expenditures for CAPCO



Mr. H. C. Davis, Mr. G. H. Kettering,
Mr. W. A. Enouen, Mr. W. O. Nugent

W.L.B.

MAR 15 1974

CEMENT/ASBESTOS PRODUCTS COMPANY

Sales Offices, 2144 Highland Avenue, South / Birmingham, Alabama 35205 • Phone 205 • 933-7281

W.L.B.

WILLIAM R. BOND
Chairman of the Board

March 12, 1974

Mr. Warren L. Batts, President
The Mead Corporation
Talbott Tower
Dayton, Ohio 45402

MEAD/HENDERSON00320

Dear Warren:

You asked for a "get by" figure on expenditures for CAPCO.

Ragland Location (Attached is Baker's and engineers' report relative to OSHA and estimate to handle.)

	<u>Recapitulation of Baker's and Engineers' Report</u>	<u>W. R. Bond's Estimate</u>
Fibre Warehouse	\$ 59,600	\$ 60,000
Batch Area	15,000	20,000
Coupling Lathe & Cut Off	NA	20,000
Finishing Line & Dry Lathe	26,000	26,000
Cut Off Saw & Miscellaneous	15,950	50,000 ?
Liquid Waste	<u>13,000</u>	<u>25,000</u>
	\$ 129,550	\$ 201,000
		Land 30,000 (could possibly
		Dozer 50,000 contract out)
		<u>\$ 80,000</u>
		Total \$ 281,000

The above figure takes care of the OSHA requirements at the plant; it does not include the amount of \$194,520 for a dry mixing system. Our effort of controlling the cement reaction in the present wet system has proven successful, and I think we should delay any change of systems at this time. Some of the money, \$15 - 20,000, to be spent on OSHA, mainly dust and fibre emission control in the batch area, will be expendable should we later install the dry mixing system. In addition to the above, we should provide the following money at Ragland for -

Mandrels	\$ 50,000 (addition and replacement items)
Trays (10 @ \$1500.)	15,000
Misc. Replacements	<u>25,000</u>
	\$ 90,000

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Mandrels - we do not have sufficient mandrels to make a complete run of some sizes of pipe; for instance, when operating on 16" size we must mix 14" and 10" sizes. When making 10" pipe we must run 6" Class 200. This is inefficient, causes operating problems, loss of quality, and increased costs (because of the foregoing and increased fibre formulation). There is a long delivery time on mandrels and I expect to have them made from ductile iron at Lynchburg in order to expedite. The Plan set aside \$40,000 for this purpose. Presently we have remaining three 16" 150# class mandrels; an impossible situation.

Trays - when manufacturing large diameter pipe there is insufficient numbers of trays in which to place the pipe. This pipe must be set aside and handled twice in processing, which results in excessive loss and increased costs.

Miscellaneous Replacement - this is a throw-in figure to take care of conditions and equipment which may be necessary to improve or replace. One example is a stock distribution screw in the pipe machine vat.

The engineers assure me they can do the job for the figure they have mentioned. My figures are outside estimates, including items they have not mentioned and from which the following comparison is made:

	<u>Engineers' Estimate</u>	<u>W. R. Bond's Estimate</u>
Grand Total	\$ 299,550	\$ 371,000
 <u>Van Buren Location</u>		
<u>OSHA</u>		
Solid Waste Disposal	\$ 80,000 (could possibly contract out)	
Other	25,000	
	<u>\$ 105,000</u>	
Additional Autoclave	75,000	
Additional Trays	15,000 (may need a few more)	
Miscellaneous	<u>25,000</u>	
Total	\$ 115,000	

Van Buren manufactures a greater amount of large diameter pipe than Ragland. Van Buren has insufficient autoclave and tray capacity. Studies are being made to reduce autoclaving time but it is doubtful if the need for additional autoclave capacity can be eliminated based on the present product mix. Lack of sufficient tray capacity requires double handling of the pipe, resulting in damage to the pipe with added cost.

Miscellaneous is to change and improve some of the conditions which are causing problems. One example is the installation of stock distributor screws in the pipe machine vats. Facilities to blend two types of cement are desirable.

Total Van Buren \$ 220,000.

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	<u>Ragland Engineers' Estimate</u>	<u>W. R. Bond's Estimate</u>
Ragland	\$ 299,550	\$ 371,000
Van Buren	<u>220,000</u>	<u>220,000</u>
Grand Total	\$ 119,550	\$ 591,000

With the exception of the mandrels, trays, and autoclave, there is little cost saving as the expenditures are made to meet OSHA requirements. Savings can be made by doing some of this work with the plant people.

Mr. Weaver's recommendation to Mr. Messell of December 24, 1973, amounting to 1.2 million, was designed to provide cost improvements based on quality, production volume, and products now being purchased from the outside, such as PVC couplings. Based on the improvement in the operation at Ragland, namely learning to use the cement from National, getting the quality and maintenance under control, also, applying this knowledge and assistance from Ideal Cement Company to the cement problems at Van Buren, and assessing the need for the product and the trend towards increased prices in the marketplace, I would suggest proceeding as outlined; holding the cost to the minimum and programming in order to take advantage of any savings in doing most of the work ourselves.

Sincerely,


W. R. Bond

Enclosures (3)

WRB:rp