

REQUEST AND AUTHORITY FOR CAPITAL EXPENDITURES / RETIREMENTS

DIVISION OR COMPANY

Organic Chemicals Division

LOCATION

Chicago Plant

J.O. CONTROL POINT

097

JOB TITLE

Purchase and install a Semi-Bulk Material Handling System

REPORTING CLASSIFICATION

D1

DATE APPROVED

JOB ORDER NO.

SUMMARY OF AMOUNTS

DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		\$117,349
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		\$117,349
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOW.		
NET CASH REQUIRED (GOF-3027)		\$117,349

RETIREMENT DATA

ECONOMIC JUSTIFICATION

REVISION DETAIL (GROSS AMTS.)

AMOUNT	6-YEAR AVG.	REV. #	DATE	AMOUNT	SUM. AUTHORIZATION
COST	NET SALES	1			
DISMANTLEMENT	NET SAVINGS BEFORE TAXES	2			
LESS SALVAGE	NET AFTER TAXES	3			
	% ROI (ON TOTAL INVEST.)	4			
	PAYOUT YRS.	5			
TOTAL - CHARGE RESERVE		6			

DESCRIPTION AND REASONS REQUIRED

Funds of ----- \$117,349
are requested to purchase and install a Semi-Bulk Systems material
handling system for the PVC lead heat stabilizers manufactured at
the Chicago Plant.

SUMMARY OF ESTIMATED COST - Details on GOF-3027		ESTIMATE NO.	STARTING DATE Upon Approval	COMPLETION DATE 6 Mos. after Approv
ITEM NO.	DESCRIPTION	MATERIALS	LABOR	ENGINEERING
	Per attached estimate			
	NET CASH REQUIRED	106,849	9500	1000
				117,349
ACCOUNTING TREATMENT		RECOMMENDATIONS AND APPROVALS (CHECK BOX)		
ITEM NO.	DEPR. RATE	NAME	REC.	APPR.
Dr. \$108,813 P. P. & E. (132)	7 1/4%	PROJECT SPONSOR		
Dr. \$4,000 P. P. & E. (195)	7 1/4%	R. Johnson	✓	11-29-79
Dr. \$4,536 Expense as incurred		<i>R. Johnson</i>	✓	12/5/79
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOXES)				
☐	☐			
POST AUDIT PERIOD		DATE		
		GENERAL MANAGER		
DISTRIBUTION		VICE-PRESIDENT		

Description and Reasons Required

Proposed Work and Cost

Funds of -----\$117,349
are requested to purchase and install a Semi-Bulk Systems packing and shipping system for the PVC lead heat stabilizer manufacture at the Chicago Plant.

Present Situation

All Cyastab lead heat stabilizers are currently packed 50 lbs. in a four ply kraft paper bag which has been the standard throughout the industry.

As a result of OSHA and EPA regulations which strictly control lead dust concentrations and disposal of lead in their landfills, our customers are asking for a type of packaging which eliminates dusting and the need for disposing of a lead contaminated container. The air pallet will accomplish this.

At this writing both Hammond Lead and NL Industries offer the air pallet as a shipping container and some stabilizer customers are moving in this direction.

Justification

Messrs. Anderson, Bokros, Johnson and Gaffney have witnessed demonstrations of the filling and discharge of the air pallets with Cyastabs with essentially no dust emissions.

Successful air pallet unloading trials have been conducted at Pigment Department customers with enthusiastic response generated by the demonstrations.

The Pigment Department at Bound Brook has installed an air pallet filling and discharge system for internal use.

Lead stabilizer customers are moving in the direction of a shipping and unloading system to minimize or eliminate air borne lead dust generation and disposal of lead contaminated bags and the air pallet, currently being offered by Hammond Lead and Associated Lead is being touted as the desirable system.

If Cyanamid is to remain competitive in the market and maintaining our sales position we must offer the option of a semi-bulk packaging system to our customers.

Commercial Factors

This order supports a plant budget for lead stabilizers as follows:

Budget for 1979

<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
8,650,000	\$4,512,000	1,548,000 (34%)

First nine (9) months of 1979

<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
6,419,200	\$4,404,900	1,195,500 (27.1%)

Details of Proposal

It is proposed to purchase and install a Semi-Bulk Systems filling unit adjacent to the plant Nauta mixer which, with the installation of additional screw conveyors, will allow the packaging of all Cyastabs (except the lead phosphites) through this single unit. Due to heat stability problems, lead phosphite cannot be packaged in this system.

It is also proposed to purchase and install an air pallet unloading system to enable the plant to handle material should it be returned.

An existing dust collector will be used to exhaust dust from the filling operation.

It is proposed that 200 air pallets be purchased. This would allow for approximately 66 pallets (133,000 lbs.) to be held in inventory, and like amounts to be at customers or in transit to and from customers.

Production Factors

This proposal will not alter product quality or output.

Contingent Future Commitments

This proposal will not require additional funds to complete.

Alternatives Considered

Packing Cyastabs in plastic bags instead of paper bags.

CYANAMID

Risks

No operating risks are involved.

Concise Summary

The installation of a Semi-Bulk air pallet system will offer our customers an alternative in packaging which will help eliminate lead dust in the work area and the need to dispose of a lead contaminated container.

DETAIL SHEET

SHEET NO. .

JOB ORDER NO.

DATE

11-27-79

COMPANY

American Cyanamid Company

LOCATION

Chicago

ITEM OR CODE NO.	DESCRIPTION	EQUIPMENT OR MATERIALS	LABOR	ENG. MECH. SVC.	TOTAL
1	Pallets	68,200		1,000	69,200
2	Conveyor	3,000			3,000
3	Filling system	16,428	3,500		19,928
4	Dust Collector	1,500	2,500		4,000
5	Unloading system	3,085	3,500		6,585
6	Freight charges	1,000			1,000
7	Tax	4,536			4,536
8	Escalation	9,100			9,100
		106,849	9,500	1,000	117,349