



Request For Capital
Expenditures/Retirements

REPORTING CLASSIFICATION

D 3

DATE APPROVED

4/12/82

JOB ORDER NO.

OC-5664

DIVISION OR COMPANY

Organic Chemicals Division

LOCATION

Chicago Plant

J.O. CONTROL POINT

097

JOB TITLE

Replace two building 19
dust collectors

SUMMARY OF AMOUNTS

DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		\$75,168
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		\$75,168
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOWANCE		
NET CASH REQUIRED (GOF-3027)		\$75,168

RETIREMENT DATA

	AMOUNT
COST	2,343
DISMANTLEMENT	
LESS SALVAGE	
TOTAL - CHARGE RESERVE	2,343

ECONOMICS

as called for in General Procedure Memo #3
Attachment C. (Attach calculations)

ECONOMICS PERIOD	
NET SALES	
NAT (PROFIT/SAVINGS)	
TOTAL INVESTMENT	
% ROI (ON TOTAL INVEST.)	
INTERNAL RATE OF RETURN	
PAYOUT OF NEW FIXED CAPITAL	

REVISION DETAIL (GROSS AMOUNTS)

REV.#	DATE	AMOUNT	CUM. AUTHORIZATION
1			
2			
3			
4			
5			
6			
7			

DESCRIPTION AND REASONS REQUIRED

Funds of \$75,168
are requested to replace the two building 19 Pangborn dust collectors
in compliance with the February 15, 1981 OSHA agreement

APR 15 1982

SUMMARY OF ESTIMATED COST - Details on GOF-3027		ESTIMATE NO.	STARTING DATE 1 week after approval	COMPLETION DATE 5 Months after Approval	
ITEM NO.	DESCRIPTION	MATERIAL	LABOR	ENGINEERING	TOTAL
	see attached sheet				
NET CASH REQUIRED		\$39,094	\$35,574	\$500	\$75,168

ACCOUNTING TREATMENT		DEPR. RATE	APPROVALS	
ITEM NO.			NAME	DATE
	Dr. \$72,130 P. P. & E (2A950)	7 1/4%	PROJECT SPONSOR R. Johnson	1/6/82
	Dr. \$ 1,838 Tax-Expense as Incurred		H.C Gaffney	1/28/82
	Dr. \$ 1,200 Expense as Incurred			2/8/82
	Cr. \$ 2,343 P. P. & E (61320)			2/26/82
	Dr. \$ 2,343 Res. for Depr. (61320)			4/2/82
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOX(ES))		DATE 4/10/82	DIVISION PRESIDENT/DIRECTOR	4-12-82
POST AUDIT PERIOD		POST AUDIT DUE DATE	CORPORATE OFFICER	



Description and Reasons Required

Proposed Work and Cost

Funds of _____ \$75,168 are requested to replace the two building 19 Pangborn dust collectors in compliance with the February 15, 1981 OSHA agreement.

Present Situation

When the first major modification of the plant's ventilation equipment was undertaken in 1976, it was recognized that the Pangborn dust collectors built in 1936 were marginal at best. It was decided to include them in the plant's ventilation program and replace them at a later date as we continued with our regular OSHA program.

The dust emission points serviced by the two Pangborn dust collectors are our major sources of lead dust emissions into the work area, and can only be controlled by installing a new ventilation system.

Justification

This location is the only Cyanamid plant which produces lead based heat stabilizers for the PVC industry, primarily that which supplies the wire and cable segment. The Chicago plant is a viable operating unit of the Plastics Additives business, lead stabilizers consistently having returned in excess of 10% NAT over the past several years. If we are to continue to manufacture we have to maintain our excellent relationship with OSHA, demonstrate diligence in our efforts to further reduce airborne lead, and remain in compliance with the February 15 1981 OSHA agreement.

Commercial Factors

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

Budget, all stabilizers, 1982

<u>SALES</u>		<u>MARGINAL INCOME</u>		<u>POS</u>	
<u>lbs</u>	<u>\$</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
6400	5,207	2,337	44.9	1,512	29.0

N14603.01



Actual, all stabilizers, Full year 1981

<u>SALES</u>		<u>MARGINAL INCOME</u>		<u>POS</u>	
<u>Lbs</u>	<u>\$</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
6422	5,092	2,406	47.2	1,665	32.7

Details of Proposal

The new dust collector will be installed on a cement pad at the end of the plant's railroad spur located between buildings 19 and 20. The railroad car stop will be moved ten feet forward to accommodate the new dust collector. This dust collector will cover the pick-up points formerly covered by the East and West Pangborn dust collectors.

The empty bag compactor will be relocated to building 24 and provided with dust collection from an existing dust collector.

The dust collector selected has been chosen because of its capacity, ease of maintenance and energy efficiency, and has been selected with the help of the local company who will install the collector and modify the ventilation system. This company specializes in industrial ventilation systems. The collector will collect in excess of 99% of the dust from the relevant dust emission points. This will clearly reduce airborne lead levels, although it is difficult to predict actual levels due to varying conditions in the workplace. It will not, however, bring us into compliance with the current OSHA Standard of 200 ug/m³ or the proposed standard of 50 ug/m³.

Production Factors

This proposal will not alter product quality or production rates.

Contingent Future Commitments

There may be a need for additional capital expenditures in 1983 to either receive an extension from OSHA or to meet the OSHA airborne lead requirements.

Alternatives Considered

1. Do nothing.

This is clearly in violation of our February 15, 1981 OSHA agreement and puts us in conflict with OSHA, which could lead to closure of the plant. We have to provide OSHA with a semi-annual progress report, and in the most recent report we indicated that plans for the replacement of the Pangborn dust collectors were on schedule.



2. Less expensive approach

All dust collectors of the required capacity are similarly priced. The proposed expenditure is at minimum cost level consistent with the OSHA agreement.

3. Alternative technology

There is no known technology available which would ensure compliance with either the 50 ug/m³ proposed standard or the 200 ug/m³ current standard. A proposal several years ago quoted k\$400 with no guarantees of airborne lead reduction to OSHA standards.

4. Buy litharge

The dust emission points which have to be controlled are in the litharge production segment of the process. Litharge could be purchased at a premium of 3-4¢/lb, an increase of k\$175-230 annually in variable cost. It is therefore more cost effective to make litharge than to purchase.

Risks

No operating risks are involved.

Concise Summary

Replace the two 45 year old Pangborn dust collectors to reduce the airborne lead in building 19. This is a minimum cost proposal to reduce airborne lead and remain in compliance with the February 15, 1981 OSHA agreement.

DETAIL SHEET

SHEET NO. 1		JOB ORDER NO.		DATE January 6, 1982	
COMPANY American Cyanamid		LOCATION Chicago			
ITEM OR CODE NO.	DESCRIPTION	EQUIPMENT OR MATERIALS	LABOR	ENG. MECH. SVC.	TOTAL
1	Dust collector	19,895		500	20,395
2	Fan	3,879			3,879
3	Air lock Valve	807			807
4	Electric	2,500	8,266		10,766
5	Move Railroad Bumper	200	1,000		1,200 <i>EXP</i>
6	Foundation	275	1,225		1,500
7	New Dust Collector Installation	7,700	23,002		30,702 <i>31,5</i>
8	Bailer Exhaust System	1,000	1,581		2,581
9	Piping	500	500		1,000
10.	Freight	500			500
1	Tax	1,838			1,838 <i>(EXP)</i>
Totals		39,094	35,574	500	75,168
<u>Dismantlements</u>		<u>Acq. Date</u>	<u>Acq. Amt.</u>	<u>Disposition</u>	
1-Pangborn Dust Collector		6/71	2,343	Retire in place	
1-Pangborn Dust Collector		6/71	2,231	In Service	