

Hyperion answers P & Z questions

By Julie Ann Madden

Editor's Note: Because of the amount of information given at the Jan. 10 meeting, readers will find some stories in our newspaper and some online.

Union County Planning & Zoning Commission members asked Hyperion Refining LLC 27 questions at their Jan. 10 meeting where Hyperion officials made a three-hour presentation about their proposed oil refinery and power plant.

This meeting was held in a filled-room, which has an occupancy of 132 people. The public was not allowed to speak.

These were the questions asked and the answers given:

• P & Z Member Dan Fullenkamp: With Hyperion officials saying the Planned Development District would be completely self-supporting, who has the ultimate jurisdiction over police, fire and those types of support staff?

Hyperion Project Executive J.L. “Corky” Frank: There are certain regulations that govern a refining capability. We will want to work with the community to be sure the needs could be adequately serviced to help the welfare of the employees and the facilities could be maintained. So, hopefully you never need a fire department but certainly the equipment at the refinery would be available to be on-call to work with the community in the event of a fire remote from the site.

Hyperion attorney Todd Meierhenry: There usually are two areas. The state fire marshal would have jurisdiction still because they have jurisdiction over everything, and the refineries’ insurer. There are certain standards set by the state fire marshal and usually insurers have a higher standard than are set so they would be contacted. In addition to that, much like our rural cooperation with urban fire protection areas, all the different fire districts and volunteer fire departments, the same things that occur today between them; this would become a member of their organization, and they’d be able to respond to an offsite fire like we have right now between our rural fire departments and city and rural fire departments.

• P & Z Chairman Bob James: Citizens are concerned that access to cemeteries will be changed.

Frank: We would plan not to shut off access to anything. They may require some deviation of normal communication or travel routes to be able to get to it, but we would not shut off access to anything other than what’s inside the fence. Obviously, we would not want to have any through-traffic going into the refinery site.

• Union County Land Use Administrator-Planning Director Dennis Henze: With the wetlands mitigation issue, I assume any destroyed wetlands will be recreated, and will that be outlined in the detailed plans?

Hyperion Project Executive Preston Phillips: By that time, we would have gotten the 404 permits, and all of that would have to have been resolved.

Meierhenry: By federal law, I don’t even think we could touch those until we have it resolved. We can but we have to put them back to the way they were if we do.

• James: Are Save Union County Committee’s questions answered in this book?

Meierhenry: Some are more of statements than questions but we tried to answer every question and detail the provision in our plan or our ordinance that would apply.

• James: If this would go to a referendum vote and this is voted down, would Hyperion leave?

Phillips: Yes.

Frank: I guess we’ve said that on several occasions in a manner that said if the community doesn’t want us, and that would be in the referendum vote or the community can express their opinion, we don’t want to be here either. We will be a good citizen of the community, and if the community citizenry does not want us here, we don’t want to be here.

• P & Z Member Jerry Eilers: What is the route of the pipeline?

Frank: We haven’t either a pipeline company or decided how that pipeline might be built and we haven’t determined a route. Obviously, there is a pipeline in the process of trying to get permitted and right-of-ways into here but we do not plan or have any plans at this time to access that pipeline.

• Fullenkamp: What is the plan for transporting materials to the site and products as well as infrastructure for utility sources?

Frank: Whatever the required permit was for any of that infrastructure development, and all of us, I think as a special permitting process, we’d go through that.

Meierhenry: If there are any county requirements, we’d have to come back to the county; and if there are any different zoning issues, if anything deviates from this plan, we have to come back.

• James: With the refinery needing 1,800 employees, there is concern of existing employers keeping their employees with Hyperion’s proposed \$25 - \$30 per hour wages.

Frank: We haven’t decided on the entry point of where our wage level would be but I’m sure it’s higher than what the average hourly wage is in this area. It’s something we would have to try to be competitive within the refining industry to draw people capable of running the facility. We think that our radius of drive-for-employment is at least an hour commute so people would be willing to commute that distance but we don’t think that will fill all of the needs we have. So, obviously, there will have to be other people employed within the facility.

One thing I didn’t mention (earlier) that we plan to do on an extensive level is to provide training for people in the area that want to follow this type of career path for developing the skills necessary to work in this refinery. That would include all crafts as well as the labor force in general so we would be looking to develop just as many people as we could indigenous to this area.

Meierhenry: The best way to look

at that, and that’s why we included the Sioux City (MSA Report), how has Union County’s success with its first Planned Development (Dakota Dunes) affect the area. If you look at the study, it looks back, not forward, because it’s harder to predict what’s going to occur, you can see where the people are going in and coming out. It’s in that study, and you could predict or at least your employers could predict how many people would be drawn from Alcester, Beresford, Sioux Falls because what is here today competes with all employers and they are already competing. It shows in this study for Sioux City how the interaction works. How many people drive over from Iowa every day, how many drive from Union County to Iowa every day to work, and it has some of these feelings so we can kind of get an idea, not only for work from the county but how it grew in the past.

If we look at that, we can probably to a pretty good degree predict how it’s going to grow in the future. Definitely, we’ll get more employees in here. It may create more opportunity for existing employers to draw from a bigger pool but that’s why we included that study because that assists at least anybody who’s curious about it. The same thing Dakota Dunes and Gateway did to all of the employers during that time with this major employer. It will just be a cycle. It’ll be a little different because the people are skilled in certain areas. I would guess with the refinery business, there are a number of jobs that will come from south of us where people are trained in those areas. Carpenters and some of those things, the bookkeeping, we can pick up around here – cleaning and those things but skilled will probably be new imports.

Phillips: We do have a “local first” initiative commitment because of the long construction time. There is state education money but there is opportunity for Hyperion to partner with local educational institutions, and we’ve talked with those institutions and there is tremendous interest in creating programs to train people for the skilled jobs associated with this facility. We’ve got the time here to do it also.

• Henze: Will Hyperion have retail services? I assume that for or during the construction for the people who have need.

Meierhenry: We will not have retail established but retail activity. You’ll have pop machines and places to eat – inner-services within the facility much like a cafeteria that’s inside the building.

Frank: There won’t be retail as you and I think of retail.

Meierhenry: Not as zoning Burger Kings or those types of things.

• Fullenkamp: What type of housing will you have for construction workers?

Frank: That is an issue. We’re estimating we would probably get half of the people in this hour (commute) community or maybe farther away than that, and that others will come from out of state or the Siouxland states, and we’re estimating 8,000 people. We could

get 4,000 of the commuting type, and maybe another 4,000 that would have to come from farther away. For those who didn’t desire to pick up local housing and living in housing they might buy, rent or lease for the four-year period. A lot of people would locate in and obtain housing of their own. The others we would have a “camp” that would house workers on a temporary basis, and it would have a full spectrum of activities: catering services provide for meals; recreation; movies, trips to go to other places in the community sightseeing and any other activities and back. We’re thinking 4,000 would locate in the camp.

• Henze: Of housing provided, what types of homes: mobile homes?

Frank: No. This would be a quality facility that would look more like a motel, maybe it could be either single level or double levels, all interconnected with hallways to central eating area and/or recreation area, and outdoor sports area provided to the facility.

Phillips: Typically, these modular dormitory type-housing facilities, these temporary work camps typically have a life of 15 to 20 years. When Hyperion Energy Center is built and we use one of these facilities for four to five years, it will be disassembled and sent off to another large construction project.

Editor's Note: Hyperion's application does say "mobile homes."

• Dale Neely: Will you use a solid catalyst (in the refining process)?

Frank: The two acids that our permits allow to use in the processing are sulfuric acid or hydrochloric acid. The sulfuric gas is the one we plan on using. It is deemed much safer than the hydrochloric gas.

• Neely: But it's not solid?

Frank: No, it’s not solid. It’s liquid.

Hyperion expert: This will not have an operation unit like you are thinking. This will have an in/out unit, licensed by Universal Products, and it will be a solid-based catalyst and it’s environmentally friendly. It’s the newest technology. There are units in existence but as you look at old refineries, they have the old Appalachian units, which are your sulfuric or hydrochloric. This is going to be state-of-the-art, use an environmentally safe and environmentally friendly catalyst and will not have the safety and environmental issues associated with older units in older refineries.

• Neely: Is the Integrated Gasification Combined Cycle (IGCC) technology is that capture-ready?

Frank: Yes, sir. That’s our plans to have it capture-ready, and once there’s a process to be able to capture and to dispose of carbon dioxide so these would be installed.

• Henze: Is leftover coal burned in the IGCC?

Phillips: It doesn’t actually get burned. It gets converted to synthetic gas through a chemical process.

• Henze: What happens with leftover petroleum coke in a refinery?

Hyperion expert: What happens

currently in a typical refinery, the coke comes out, and it’s off loaded as a solid material put on rail. A lot of times it’s burned in power plants or steel mills. The difference with this plant is that you won’t be having all those rail cars to transport coke in and out of the plant. It’ll all be converted inside the plant. The typical refinery has no provisions to consume its own coke. It’s shipped out as marketable product.

Frank: There are very few refineries that have these gasification units in place because it is technology that is emerging. Power plants are going to it, and some refineries are making conversions to it. The coke that is produced at refineries today doesn’t have gasification units; it’s sold in bulk to say a power plant that consumes it.

Hyperion Expert: I might add, too, (this plan) calls for carbon capture. That allows us to have control over how that coke is handled. If you ship it out to someone else, you’re not sure how it’s handled.

Another Hyperion Expert: The current plan is a 6-F GE turbine, and it’s a high conversion, high efficiency turbine combined with a steam turbine. It’s a state-of-the-art application.

• Neely: Those are GE Turbines?

Hyperion Expert: Currently we’re designing our own GE turbine.

• Fullenkamp: What residual products will you have?

Frank: The biggest product we won’t use that we will export, other than gasoline and diesel, is solid sulfur and we will haul it out. The plan right now is (to export it) by train. There will be some utilization in a different process such as in a fertilizer plant. It could be possible. It’s not in the scope of things we’re planning to do.

Meierhenry: The fertilizer plant is not part of the plan so if there was a fertilizer plant, we’d have to come back (to Planning & Zoning).

• Neely: Some of this can't be recycled so is it chemically treated and dumped on fields? Are wastes that can't be recycled, treated and dumped onsite?

Frank: We plan to not bury anything onsite. Any waste by-products would be hauled off to an authorized disposal site.

• Henze: Will all storm water be captured?

Phillips: Storm water is feed-water. All storm water in the process areas and areas where there is construction, you know, areas potentially, areas where water falls along the fence line or something where it is absorbed into the ground that wouldn’t but we want to capture as much as possible because it’s fantastic feed-water. It’s a lot cleaner than water in the Missouri River so from that perspective it’s a cheaper source. It’s just not always available.

Frank: There have been concerns about us overflowing Brule Creek. We do not plan to discharge into Brule Creek. If anything, there will be less water in that creek (because of the amount of storm water they capture and is used in the refining process).

Jerry Eilers: During the construction process, will there be any issues with drainage onto neighbors' property.

Phillips: There are a variety of construction permits (such as) the storm water discharge permit. We'll have to take similar steps to what other construction projects do (like the Kum & Go gas station project at south end of Elk Point) to prevent any runoff, any silt, anything from running off our facility onto adjoining properties. That will be a permitted function that happens.

Meierhenry: We covered that. It's a permit that's granted prior to construction that controls methodology by which runoff is managed from the facility.

Frank: Also, we will be using very little water during construction itself.

• Fullenkamp: What is the project time-line? There is concern of this being an open-ended project. If building permit is grant, this goes on forever and ever.

Frank: We hope this is not open-ended because as soon as we start spending money, we immediately want to start making money so we want to get the start and stop as close together as we can. So, we hope that it is not open-ended at all. That it's a finite period from start of construction to start of production. There will be a tail once we start the refinery of finishing up bits and pieces that may need to be done but the wind-down will begin right there.

Editor's Note: Hyperion's application asked for no expiration date on building permits.

• Unidentified Planning & Zoning Member: How about the permitting process?

Phillips: The air permit is what we anticipate will be the longest permitting process. That's why we filed that. We're focused on that and the rezoning because they are the most important approvals that are necessary.

Frank: There are a lot of permits to be obtained. There will be a lot of public comment periods in various permits. It's an ongoing process all through the project. We try to put the long-lead and critical ones as close to the front end as we can.

• Henze: The Planned Development requires 60 percent open space. Are you going to have a map that shows the actual acreage?

Phillips: The Planned Development map in the application shows the proposed industrial zone and the proposed transition zone.

Meierhenry: The way the Planned Development and ordinance works, this is a general plan. When they come in with the detailed plan, there will be detailed drawings and show it. It's not approved until you can show 60 percent or 80 percent open space depending on which zone it's in. The (Planning & Zoning) Board reserves those rights. It can't approve detailed plans unless it's consistent with the General Plan. The General Plan says there's got to be detailed plans. It's got to be there and it will be the duty upon the presenter of the detailed plans to where you are satisfied that there is sufficient space. I assume if you want the number of acres open and square footage, that will be informed to the person drafting the detailed plans, and they will

put it in there.

• James: Questioned Hyperion's approximately \$20 million in school taxes and approximately \$8 million property taxes.

Meierhenry: That's how our taxes work currently. School districts get a number of different formulas. School districts are under the state and the state provides a certain amount per pupil and the local part is done by taxing per \$1,000 of property in the school district. The real dollars that are generated depends on the school board and how much they want to set the levy at but it only goes to the entity this improvement falls within.

Editor's Note: The Hyperion project is in the Elk Point-Jefferson School District.

• James: When Agricultural land is rezoned to Planned Development, will there be a loss of taxes to the county during the construction period?

Meierhenry: Depends on the assessors. I dealt with this with the ethanol plants on an ongoing basis. It depends on how your assessor wants to assess it and hopefully, they assess it legally but I've answered that question as an absolute once and then I found out two counties did it two different ways so I don't quite answer that. At a minimum, depending on if the Legislature doesn't change the laws and the sales goes through, it depends on what the use is at that point and time. It'll still be Ag. I guess I'm not going to answer. I don't know. We'll have to sit down with the assessor and see exactly what rules and Department of Revenue and whatever the rules are, that's what the taxes are.

P & Z Member Bob James: It's tight. I don't know (if the county loses taxes) if we can absorb any more.

• States Attorney Jerry Miller: To follow up with that, then you're not going to ask for Tax Incremental Financing (TIF) revenues.

Phillips: No. We're moving forward to build this project with our own equity and make this thing happen.

Adjournment

Then James asked Hyperion if they could cut their presentation down significantly and present it at the Jan. 16 public hearing meeting (tonight). Meierhenry said they would possibly take half the time and James suggested they cut it down to only 30 to 45 minutes.

Meierhenry also requested "that you give as much time to the public as they need – even if they go past your deadline, we'd like to have the public have the opportunity to comment, however long it takes, we'd like to hear them go."

"The public will have two times, as long as it takes to get all their comments made," said James. "We don't want to cut anyone short."

"We will go over time," said James, adding that the amount of time each person is allowed to speak may be determined by the amount of people requesting to speak.

At this point, the crowd began dispersing. James asked the board for a motion to set a meeting for 4 p.m. Jan. 24. However, a motion was made to adjourn the meeting, seconded and unanimously approved.