

July 8, 1968

Present: F. Elliott Burch
J. Wilmer Bowles
George R. Aud

Steuart Project

Dr. Robert M. Sparks, St. EDC; Dr. N. Dodge, V. Saunders, J. Koegel, Mrs. George Barnes, Mr. C. Molitor, Senator F. Raley, Jr., (absent members of the committee - Dr. P. Jarboe, R. Dean, D. Sayre, Bradford Reeves).

Mr. Burch thanked those present for coming and said they are being asked to serve on a special committee to take an unbiased look at the Piney Point project proposed. The committee will be in a position to seek information and have every assistance from the Commissioners, and its function will be to get as much information as possible to help the committee make a decision, and help the Commissioners make a decision. First, the group should meet and select a chairman when all members of the committee are present, as several of them are absent today.

Mr. Burch mentioned need for the county to increase revenues in order to carry on the services of the government as well as supply the services that our citizens need. He then asked Dr. Sparks to give a resume of the county economy.

Dr. Sparks began by stating that the county should not depend on the installation at Patuxent River, nor on the tobacco industry, as this is trouble so long as we have the threats of cancer. The water industry is good, but is inadequate to base the county economy on, as it is declining at best. There is some tourist potential, but up to the present time, this is just a seasonal supplement and that is all. Much will have to be done to increase this, and it can be done in the future, but it is not on the horizon for the immediate future. Dr. Sparks also mentioned that the slot machines are now gone, and we no longer have this revenue coming in. Regarding light industry, they have been trying to bring this into the county for 8 years, but have always been turned down. Manufacturers do not want to come in because of lack of water and sewage, lack of labor force, etc. In addition, we have to compete with the base and Washington for the labor, and the companies are not anxious to do this. So, they have had a difficult time trying to interest people in light industry in settling in this county. Dr. Sparks stated that regarding light industry, this is not necessarily clean, and there is no guarantee of this. If the companies live up to our standards for water and air pollution, then they can stay here. We would not want them otherwise. What we need is an industry that can immediately use some of the advantages that we have to offer, and this would be water transportation. In addition, we need high wage industry to provide taxes to enable us to improve the county so it will attract other industry. We must balance the costs against the benefits. In this instance, the industry under question, does meet these standards, and will provide over \$200,000 per year

and will have a \$35 million dollar investment. There will be 100 jobs with steady wages and a growth industry providing a steady source of new business, and a potentiation of many more jobs in a few years. With the taxes derived from such an industry, the county can be improved to make it more attractive for tourism. This industry will maintain high standards of water control and will be all in one area where it can be watched very closely. And this industry will not damage any other industry, and is the kind of industry that this county needs to meet the economic situation. Dr. Sparks said he does not want to create the impression that he is trying to sell anything, but is merely trying to point out the advantages of the other side.

Dr. Dodge asked if Dr. Sparks could make available to the committee the proposal of what is to be here. The latter said that the Maryland Port Authority has sufficient plans on which to act. Steuart has submitted a list of products they will produce, and a schematic drawing of how they will handle the water supply, the affluent, and have had discussions on air pollution and control, and have agreed with the Department of Water Resources that they can maintain these standards.

There was some discussion regarding the application, and Mr. Burch said that the Commissioners approval will depend on whether or not the other agencies approve this as outlined in the Commissioners letter of May 24, 1968. Dr. Sparks stated that there are permits that must be obtained from both state and county levels, and when these are obtained the approval will come into effect. However, the approvals are not going to interfere with the filing of the application.

Dr. Sparks pointed out that we are not talking about a "free port" as this is a place you can bring in anything and not have to pay any tariff on it. We are talking about a foreign trade zone where things can be brought in and processed so long as they do not enter United States commerce. Dr. Sparks said that his department was advised by the chemical department of the University of Maryland, that a cracking plant is used to produce gasoline, and the plant Steuart proposes will not do this. With a cracking plant, there is usually air and water pollution. A topping plant will have a simple process called "distillation," which heats and drains off certain products, and this does not have to be done with any water pollution. This can be guaranteed in writing to be a clean operation.

Mrs. Barnes asked why a study group was being formed if the processing of the application is going to continue. It would seem that the logical thing would be that the application would rest where it now stands. Mr. Burch explained that there is a lot of information that will not be available until the application is submitted. There will be at least four public hearings, and with these hearings and with this group getting all the information it can, both good and bad, all aspects can be discussed.

Dr. Dodge said the preliminaries should be submitted to the Commissioners or the committee prior to submitting them to the Maryland Port Authority. He feels the group should be able to ask for information and get it before they approve what is going to be installed. Steuart should make available to the committee all of the plans they are now making available to the Maryland Port Authority. Dr. Sparks explained that this is a very competitive business, and this makes for secrecy. Every company that comes to them for assistance in locating a plant request such secrecy for various reasons. In this case, this company feels that the idea is there, and once they get in there with the application, they have a chance of getting approval of said application before anyone else does. Dr. Dodge expressed concern because Steuart has not made public what the purpose. Dr. Sparks said if they did this it could be damaging because other companies could get the applications in sooner.

Mr. Koegel pointed out that Steuart promised taxes and jobs when they put in their installation, and these things have never materialized, and there is recorded information to this effect.

Mr. Molitor said he does not feel he should serve on this committee, being a newspaperman. He said he is not against nor for the project, but merely wants the people to know what is going on. He feels that the public relations people from Steuart have done a very poor job. However, whichever this goes, Mr. Molitor said that both sides of the story will be printed.

Senator Raley said that he felt that this group should possibly hire professional consultants to advise it. The Tri-County Council has indicated that they would make the money available for this, as well as the services of Mr. John Mills and Mr. Leon Etzler, the state planner working with the council. Dr. Dodge said he might also be able to get very reasonable assistance from some of the professional people at the University of Maryland. Senator Raley added that Senator Parran had indicated that there would be no question that the money would be available. Dr. Sparks said they already have information from the state agencies and does not see why anyone else should be hired, but he will ask Mr. Pate about this.

Mrs. Barnes asked if this study would take everything in the county into consideration, including not only what we have at present but also potential development. She mentioned the master plan for the county, and fact that it is specifically stated that St. Mary's County does not need oil refineries. All of this should be considered by the committee.

Dr. Sparks said there are two topping plants at present, one in the Virgin Islands and the other at Pascagoula, Mississippi. Mrs. Barnes said the promises can be made for a clean operation, but there are accidents, and with the expansion of the present program, there will be a higher possibility of such accidents. Dr. Sparks said they are going to run a pipe out to the tankers that will be coming in and there will be a minimum of drainage. Engineers have ascertained that there is no problem here. Dr. Sparks said that the people will have

opportunity to protest this, and that according to the report of the Department of Water Resources, Steuart has not harmed the water of the Potomac River.

Senator Raley said if the study proves that this installation would be bad, he would fight the project and feels that the Commissioners would not support it, either. Dr. Sparks said Steuart proposes to contract with the Maryland Port Authority for the use of the Foreign Trade Zone and within that zone to produce the following products: low sulphur oil, fuel oil, jet fuel and naptha. They will concentrate on low sulphur content oils, which show promise of reducing air pollution in this part of the country. They hope to compete with the fuel supply of the new Pepco Plant, and will also use low sulphur fuel in their own operation. They will produce about 100 thousand tons per week and more will be sold to the Navy than will be shipped out of this port. Very little will go over the road and create a need for additional road expense.

The initial investment will be \$35 million with 100 employees to begin with. The availability of the products will attract satellite industries and these will also have to adhere to the pollution control standards. These industries pay the highest wages and provide the steadiest payrolls. The design of the plant has not been really completed yet, as the company wanted assurance that they had the Foreign Trade Zone, but they have a plan for handling the water affluent and have preliminary approval for this. The state engineer has said that this plan will do the job. The company must have two hearings for permission to draw water and also for permission to dispose of the affluent. There will be a public hearing on each of these after the Foreign Trade Zone has been approved.

Mrs. Barnes said that when the application reached the federal level, it would be very difficult for the county to stop the company from rolling right along. However, if the study is going to be pursued, why couldn't this be stopped until after the study is completed. It could at least be held at the state level until after the study report is finished. There was some discussion on this, and Mrs. Barnes and Mr. Koegel both stated that if the study revealed that this project would be good for the county and the majority of the people are in favor of it, they would be satisfied.

Dr. Sparks said that Mr. Paul McKee has control of the matter of water pollution, and the latter said there have been seven spillages in the past several years and only one was attributed to Steuart's operation. He further suggested that this committee speak with Dr. Joseph Marchello, Head of the Chemical Engineering Dept. of the University of Maryland, as he could advise them on many things. Dr. Sparks said he will also find out if certain state officials would be made available to the committee. There may be some legal technicality so far as these men are concerned, about their talking with the committee prior to a public hearing, and he will investigate this. Senator Raley suggested that a letter be sent to the governor

requesting assistance through the state agencies. If such a letter was sent by the legislators and the Tri-County, he feels sure that the governor would respond favorably.

After some further discussion it was decided that the first meeting of the new committee would be on Thursday, July 11, 1968, at 8:00 p.m. in the Commissioners conference room.

Approved,

F. Elliott Burch
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President

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