

South Texas Project – Interviews with the Public Socioeconomic and Environmental Justice

The attached report summarizes all offsite meetings held with the public regarding the topics of socioeconomics and environmental justice related to the South Texas Project to construct and operate two new nuclear units at the STP site in Matagorda County, Texas. Those conducting interviews during the February 2008 meetings included U.S. Nuclear Regulatory Commission (NRC) staff, Daniel Mussatti, and Pacific Northwest National Laboratory (PNNL) staff, Mike Scott and Michelle Niemeyer. Those conducting interviews during the June 2007 meetings included NRC staff, Dan Mussatti, and PNNL staff, Dave Anderson.

South Texas Project – Interviews with the Public

Socioeconomic and Environmental Justice

Discussion summary: The following provides a summary of all offsite meetings held with the public regarding the topics of socioeconomics and environmental justice related to South Texas Project Nuclear Operating Company's (STPNOC's) application to construct and operate two new nuclear units at the STP site in Matagorda County, Texas. Those conducting interviews during the February 2008 meetings included U.S. Nuclear Regulatory Commission (NRC) staff, Daniel Mussatti, and Pacific Northwest National Laboratory (PNNL) staff, Mike Scott and Michelle Niemeyer. Those conducting interviews during the June 2007 meetings included NRC staff, Dan Mussatti, and PNNL staff, Dave Anderson.

Rev. James Roberson, Ministerial Alliance, Bay City

Mr. Roberson is familiar with the minority community in Bay City and stated he has generally been please with STP's past performance, including contributions of staff to United Way organizations. He believes the community is more ready for construction and plant operations this time around. Mr. Roberson did not believe that there is significant subsistence fishing in the area. He is not expecting big run-ups in housing prices or rents.

Dick Walton, Superintendent, Bay City Independent School District

Mr. Walton stated that they would get the new students from construction of Units 3 and 4 at STP but not the tax revenues. Based on existing STP Units 1 and 2, they expect about 1 student per 10 construction workers, which they figure will be 650-700 new students for proposed Units 3 and 4. Of that number he thinks about 200 would stay long-term. Some additional money would come from the state on average daily attendance. Based on state standards for student-teacher ratios, they would need a number of new teachers and instructional aids, about five new buses, and at peak, expect construction to cost them about an additional \$2 million per year. He indicated facilities are adequate, because the high school is new. There is a possibility they could need portable buildings depending on age and location of students. He would like to get them pre-built and ready. If the high school student population increases significantly (350-400 students), they would need new science labs. About 60% of district students are on free/reduced cost lunches and some of these are children of long-term unemployed. This costs the district about \$24 thousand to \$25 thousand per year. The district is about 46% Hispanic, but there are two elementary schools that are about 80% Hispanic. The district has strong advanced programs with 75 to 95 kids and a strong debate team. STP has assisted with job fairs, and STP and Wharton Jr. College have developed a power/process worker program at the Bay City Training Center.

Richard Knapik, Mayor, Bay City

Mr. Knapik stated that there were significant housing challenges in the 1970s and 1980s with Units 1 and 2. Many apartments were built on the south side of town but then there was low growth (very low occupancy in the 1990s) and no complexes have been built since. He thought that Bay City needs additional retail and housing. They identified a need for and attracted a plumbing supply house. They had a \$6-million bond issue to work on streets; also working on a diversion route around the city. Property tax rate is 0.5113 and has not had an increase for awhile. For tourism, they trade on their position as a gateway to outdoor recreation, especially birding and fishing. He had not heard any opposition from fishermen (commercial or recreational) on proposed Units 3 and 4. They had a chance to do an evacuation drill as part of the Hurricane Rita experience and discovered they were effective.

Mitch Thames, Director, Bay City Chamber of Commerce

Mr. Thames stated that unemployment was 17% 5 years ago. They are simultaneously working several fronts. Their approach depends heavily on Wharton Junior College and a philosophy of "grow your own" labor force ("gold collar workers"). Key to this philosophy was a \$4-million purchase and renovation of the old K-Mart building with STP and Wharton JC as major tenants. They are aggressively recruiting others. He hopes to stretch out the construction workers that they expect to pass through with additional construction needs. He hopes to increase the operating workforce at STP, replace the existing workforce, and capture the retirees. Other sources of employment in the county include LyondellBassell (plastics) and Oxea (chemicals) Celanese and Conoco-Phillips. They hired the Wharton JC's first process technology class of 10. The county currently has 1050 unemployed for 135 posted jobs. The local RV park has been upgraded. Bay City is attempting to become a Texas Certified Retirement Community and emphasizes birding and second homes. They are building a new hospital, and there is a new La Quinta hotel. They are working on more retail, including sporting goods, beauty supply, men's suits, ladies' clothing, Home Depot or Lowe's, tractor supply, super Walmart, and Murphy USA (gasoline). Land prices are from 13 cents to 14.4 cents per sq ft. They don't want coal plants (non-attainment area) or wind turbines (world class birding). There are \$300-thousand city lots along the coast now. And they are looking at water and sewerage needs. Hotel occupancy rate is currently about 80% full in Bay City (tourism is secondary in this). They are hoping for more resort-type housing. Currently, there are large hotel/resort complexes at Matagorda (town, not county). They have what they consider a good mix of people staying for business and tourists.

Bill and Tim Bell, Bill Bell Realty, Bay City

Bill Bell was active in real estate during construction of Units 1 and 2, and he thought apartments were overbuilt initially. Bay City did have some problems with the Brown and Root/Houston Power labor force. Both thought there is some pent-up demand for housing, with or without Units 3 and 4. They would need at least one subdivision if Units 3 and 4 were built, ideally 1500 to 1600 sq. ft. houses. It's not clear what the demand is for 2000+ sq. ft. houses. The area builds about 20 to 40 spec houses per year. In the 1970s the Bell's built 20-25 per year themselves. However, they were not hit too hard when the plants were completed, because there were not that many renters from the construction workforce. The local hotels do fill up during outages at Units 1 and 2. And Bay City might need a new apartment complex

soon. The lot supply is pretty good; the first to be built would be in the subdivisions that have not been built out. Currently, the market is about a 3-4 month supply at 12-20 homes per month. There is some new industrial activity and a rising recreational market. On the Lower Colorado, frontage used to cost about \$600/ft. in 1994 but now it's \$2200/ft. The value is mostly the land, at about 70/30 to 80/20 for land vs. structures. They are closer to Houston as the city of Angleton is about the edge of Houston now. Both thought the biggest disadvantages to the area are there is little night life and the closest mall is in Lake Jackson, 35 minutes away. The county is actively trying to promote workforce retention.

Jan Hales, Bay City Salvation Army

Charlotte Hales, Bay City Salvation Army

STP gave all the non-profit organizations a tour of STP. What they remembered from the original construction was the traffic, housing prices went up, and locals were not in line for many of the jobs. Their clients in February 2008 were 107 people ages 19-63 and 77 over 64. Younger clients need food distribution while the older ones have health problems. They stated that many of the long-term clients have behavioral or health problems. They also provide food to transients and emergency housing relief. At the food pantry the ethnic mix for a given month is about 75 Anglo, 100 Black and 95 Hispanic. If there is any subsistence activity it would be in the Matagorda/Sargent area. The most common health problems they see are diabetes, hepatitis C, and a couple of younger people with HIV.

D.C. Dunham, Bay City Community Development Corporation

Ms. Dunham has lived in Matagorda County since 2004. The CDC has been recruiting retail development, and the STP announcement to build two new units has put them on the map. Currently, a lot of STP management lives in Lake Jackson, and they would like to have Units 3 and 4 managers live in Matagorda County as well. They have guaranteed financing for 2200 sq. ft. spec houses for 6 months and three are under construction. Ms. Dunham thought a big problem would be finding jobs for spouses of plant employees. The Port has been working to get a barge slip and a cut-through from the Intracoastal water way to the Gulf at Matagorda.

Michael J. Pfeifer, Calhoun County Judge

Mr. Pfeifer stated that workers commuted from trailer parks in Calhoun County during the original construction. It's about a 40-mile commute from STP to Port Lavaca. The county has a lot of higher-end homes that are occupied by retirees or used as second homes. Their biggest problem is new affordable housing. Currently, a lot of people live in Calhoun County but work in Victoria County. The county has a 4-billion tax base from several industrial plants. He doesn't think they will get more than maybe 100-200 people from STP, which in his opinion could be absorbed by the county. The county is about 60% minority, mainly Hispanic, Vietnamese, and Burmese. They see some illegal aliens during oyster season and in rice farming. Illegal aliens also comprise part of the deck hands in commercial fishing, which is dying industry due to \$3 a gallon diesel and imported shrimp.

Harrison Stafford, Jackson County Judge
Larry Deyton, Jackson County Commissioner Precinct 4
Allan Friedrich, Jackson County Emergency Management Coordinator

During original construction the areas around Vanderbilt and Lolita were the most impacted in Jackson County. They had mobile homes with several workers sharing one place but no families. There was some crime such as DWI and drugs. They don't expect to get many new residents from the construction and operation of proposed Units 3 and 4. There isn't much spare housing and it's hard to get water in rural areas. Edna has a lot of area zoned for mobile homes. Evacuation for Hurricane Rita went through the county and pointed out problems with the evacuation plan.

Jim Frankson, Frankson and Griffin

Mr. Frankson was present for the original construction, and in his opinion it changed the town. Many of the craftsmen stayed in Wharton, El Campo, and Houston. Currently, RV parks have a lot of "winter Texans" and apartment complexes are at capacity. Recreational housing is replacing rural shacks. He stated that Bay City and the Bay City ISD have seen a surge in poverty the last 5 years. Low-income populations are involved in turf farming. Mr. Frankson was not sure if the sheriff's department could handle the influx of people. The Port Authority is trying to get more industry into the Intracoastal Waterway, and there are plans to expand Highway 60 to four lanes to Highway 59.

Paul Smith, Superintendent, Palacios Independent School District
Herbert Ressler, Business Manager, Palacios Independent School District

Palacios ISD is a Chapter 41 district (wealthy). They currently have to return 40% of the funds they collect back to the state for redistribution to poorer districts. The new state education finance law reduced school property taxes by one-third and the state makes up the difference up to 2005 level of dollar per student. Any increase in rates (roll-back election) now goes to the voters. They are not limited for INS sinking fund (capital bond) expenditures. They do not believe that many STP workers will choose to live in Palacios because of the limited housing. They could handle 200-300 students because they had 250 more students 15 years ago than they do now. They would have to upgrade facilities in 3-5 years anyway, for which they can tax the whole taxable value of the plant. They see little chance in county consolidation of ISD's due to Bay City ISD's large debt. There is a local housing project of about 300 homes being built within the city limits. Much of the STP plant (42%) is owned by the City of San Antonio Utilities and is tax exempt and is rising toward 55%.

Joe King, Brazoria County Judge

Mr. King was a state trooper during construction of STP Units 1 and 2, and he remembered the traffic being very bad during shift change. Many plant workers lived in Lake Jackson, Brazoria, and West Columbia. Matagorda County had a lot of trailer parks. Brazoria County has a lot of health department and subdivision regulations against trailer parks. Minority populations are

scattered throughout the county, with a concentration near Freeport. Minority groups are predominately Hispanic and Black.

Heath Burns, Superintendent, Angleton Independent School District

Mr. Burns' district just completed a \$140-million bond issue so they will soon have a new high school and will renovate all elementary schools. The district is the highest performing in the county. They have a diverse population; minority groups consist of Hispanic and Black. Hold harmless regulations increased their taxable value. In the M&O rollback election, voters were for increasing the property tax rate from \$1.04 to \$1.14.

Carol Bertholf, Superintendent, Columbia-Brazoria Independent School District

The school most impacted during construction of Units 1 and 2 in their district was Wild Peach Elementary. This is a Chapter 42 district and most of the low-income families are concentrated near Brazosport. Forty-two percent of the district's children are on free/reduced lunch, but at the elementary level it's around 60%. They received around 500 students during the original construction and then slowly declined for 10 years. The trailer parks in the area fill up with contract workers from various industrial plants. They stated that Highway 36 is being widened to Rosenberg, Port of Freeport is expecting an LNG plant expansion, and West Columbia has adopted zoning regulations along Routes 35 and 36, which are restricted to commercial growth. Three low-income housing complexes are being built. Lake Jackson is "built out," and the next town over is Needville where big tracts of land are turning. C-B ISD is working with the Brazosport District on welding vocational education and health science.

Tom Jones, Superintendent, Tidehaven Independent School District

Mr. Jones lived in the area during the construction of Units 1 and 2. An increase in enrollment was hard to find. Two out of seven school board members are STP people. The district has declined from 1,000 students to about 860, and capacity is 1,100 to 1,200. The district is 35% to 40% Hispanic, rising at approximately 2-4% per year. Eight to ten percent of students are Black and falling at 3% per year. The remaining are Anglo. About 75% of the district is on free or reduced lunches. The district is a Chapter 41 school with values rising. Hold harmless rollback election went well, rate is \$0.92 and top is \$1.14. They are working with Bay City (STP providing three scholarships for nuclear processing).

Cynthia Clary, Superintendent, Van Velck Independent School District

The district received about 200 students from construction of STP Units 1 and 2; she expects 60-75 may be likely this time. The district is at capacity in some grades. There is a big focus on athletics within the district. They have had 11 NFL players and an Olympic high jumper. Their tax rate is at \$0.98, so they have room to move, but their bond issue failed. They have a backlog of maintenance issues, and need to do the PK-5 campus first and land for a new high school. Their bus fleet is in good shape even though they travel a lot of private gravel roads in places like Sargent and Cedar Lane. The district is trying to team up with Wharton JC and STP on vocational education. About 60% of the district is on free lunch and 80% are minority. Overall, 63% Anglo, 27% is split about equally between Hispanic and Black.

Bernard Rother, St. Anthony of Padua Church
Natalie Rother, St. Anthony of Padua Church
Joseph Pham duc Trinh, St. Anthony of Padua Church

The Rotheres and Deacon Trinh are familiar with both low-income populations and the Vietnamese community in Palacios. Deacon Trinh ran a crane during construction of Units 1 and 2. He feels the Vietnamese community would be helped by new Units 3 and 4. Shrimping is down, and the Vietnamese community knows machinery and welding and can compete for proposed Unit 3 and 4 high-dollar jobs. They are concerned about traffic, but not safety. Health concerns in the area include diabetes in the Hispanic community and asthma in the Vietnamese community. The food pantry customers include both unemployed and employed people, and they see a lot of single moms.

Pre-Application Meetings

Nate McDonald, Matagorda County Judge

Mr. McDonald is a life-long resident of Matagorda County and remembers the original construction. He described Bay City as being overwhelmed with construction workers. Mr. McDonald stated the county is building a vocational training facility that will focus on job skill training, teen intervention, and peer mentoring of youth. STP is fully participating in the development of this center. He remembered issues with substandard housing being built and bad landlords during the original construction. There were and still are many small RV parks or other private campgrounds that sprang up at that time and have remained to service outage workers. He also stated several land owners already are building new small RV camping spaces on their property in anticipation of the new construction. He indicated that the expected growth areas of the county are all along the Gulf Coast – similar to coastal development elsewhere in the East. The towns of Palacios, Matagorda, and Sargent are expected to grow independently of new construction at STP. He could not identify any significant communities of minorities or migrant work forces in the county.

Dan Pustka, Matagorda County Commissioner Precinct #1

Mr. Pustka indicated that minority communities exist in Pledger, Cedar Lane, and Van Vleck. He suggested that much of the unemployment in the county is by choice, because the state support goes farther in Matagorda than in other places. In reference to the original construction, he remembered that traffic on FM 521 was a big problem, and that concern would remain for any new construction. He suggested that more than half of the construction workers remained in the county after completion of STP Units 1 and 2.

James Gibson, Matagorda County Commissioner Precinct #3

Mr. Gibson stated that Palacios ISD receives STP school property taxes along with revenues from oil companies operating off-shore. The Palacios schools have very nice facilities and are well equipped. Plans for new coastal housing developments are expected to inject new capital into the area. He indicated that the shrimping business is in decline. Outside of shrimping, fish

farming and other agriculture dominate the local economy. He also indicated that Bingo parlors are a significant local industry. Many of the construction workers from the original construction located to Palacios. There was, and he expects again, a significant housing shortage during the original construction. He indicated that migrant Mexican workers service the shrimping boats. He also indicated that Vietnamese boat people settled in the Palacios area and have remained to form a significant community there.

David Woodson, Matagorda County Commissioner Precinct #4

Mr. Woodson worked for Brown and Root and later Bechtel as a crew leader during the original construction. He mentioned that van pools were widely used to mitigate traffic congestion. He also indicated that minority communities of Hispanics reside in Blessing and Midfield. The economic base of his precinct is oils and gas storage, the Formosa plastics plant, and agriculture. He indicated that many small RV parks sprang up to house workers on the initial construction, and he expects this to happen again.

George Deshotels, Matagorda County Commissioner Precinct #2

Mr. Deshotels is a former STP employee and worked as an operator for 10 years there. The economic base of this area is the retiree housing market and associated recreation industries like sport fishing. Growth in demand for beach housing is leading to the platting of new subdivisions of higher-end homes in his precinct. Mr. Deshotels expressed concern that rising property values would drive out locals living on fixed incomes. He also stated that Matagorda County has a high unemployment rate.