

Report to San Francisco Bay Fund **on the Auto Recycling Project**

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Sustainable Conservation

Report Narrative

Staff Change

Nathan Arbitman, the Auto Recycling project manager, resigned his position with Sustainable Conservation (SusCon) in May 2003. Mike Gerel, who was already assisting Nathan with our end of life vehicle (ELV) mercury control efforts, took over as project manager. Mike brings a strong technical and regulatory background in stormwater management and toxic substance control to this position. A copy of Mike's bio is attached.

Project Summary

1. Describe the start-up process of your project and any short-term achievements that advance the longer-term objectives of the Grant Agreement.

The Grant Objectives as described in the grant agreement are as follows:

1. Distribution of technical assistance materials.

We have distributed our stormwater technical assistance materials, which include a video, poster, and fact sheets, to over 600 auto recycling facilities and regulators in California, including nearly 150 in the San Francisco Bay area. The response to these materials has been overwhelmingly positive, receiving wide praise as a much-needed source of pragmatic guidance for this industry sector. Further, U.S. EPA Region 9 (Region 9) will be working with the Regional Water Resources Control Boards in Southern California to assess the effectiveness of these materials in effecting change in stormwater management practices at selected auto dismantling facilities. The demand for the materials has far exceeded our supply, and we hope to identify funds to reproduce more. To that end, Region 9 is considering provision of funds to cover further reproduction and distribution, and to translate them into additional languages (e.g., Vietnamese, Russian, and Armenian) in 2004.

2. Identify other technical and/or structural options to reduce polluted runoff.

Even if auto dismantling facilities implement all the non-structural Best Management Practices (BMPs) recommended in our guidance, most will not meet water quality standards with non-structural BMPs alone. To address this issue, we hoped to

complete research and possibly convene a stakeholder group to investigate the availability, cost, effectiveness, and funding sources for structural BMPs. Building roofs over dismantling areas and treatment systems was identified as an effective structural option. We explored the possibility of using a California tax-exempt bond financing program that provides financial incentives to auto dismantling facilities to implement capital improvements that have a water quality benefit. The California Pollution Control Financing Authority, a division of the state treasury, provides loans to small businesses to take on projects with environmental benefit. This program currently has a minimum loan amount of \$1 million, which is beyond the reach of most auto dismantlers. Other viable resources or incentives were not identified. As noted in our proposal, our full pursuit of this work was contingent upon receipt of sufficient funding from U.S. EPA. Unfortunately, this funding was not provided, so our efforts in this area have been limited to the initial research noted.

3. Pilot mercury switch removal project.

In addition to waste fuels, waste oil, lead-acid batteries, and ethylene glycol, ELVs may contain toxic metals, such as mercury. If mercury is not removed from ELVs, it can end up contaminating the land, air, and water, and result in severe human health impacts. Auto recyclers are the last line of defense against this problem, but currently lack the information and incentives to remove the switches. New legislation goes into affect in January 2005, which mandates the removal of all hood and trunk convenience lights containing mercury switches from ELVs before they are sent for scrap metal processing or otherwise processed or disposed.

Based on their history of poor environment performance and the lack of financial incentives in the new legislation, there is significant concern that auto recycler compliance with the mercury switch removal requirements will be very low. With funding from the California Department of Toxic Substance Control, we are actively working to develop engaging and user-friendly technical materials to help facilitate improved auto recycler compliance. Publication of finished guidance and several workshops for those that handle ELVs are planned for the last quarter of 2004.

We planned to partner with Region 9 and Pick Your Part (PYP), a large, California-based self-service auto dismantler, in early 2003 on a pilot supplemental environmental project (SEP) to assess the readiness of auto recyclers to remove and properly manage mercury switches. This SEP was delayed due to extensive negotiations between the parties; however, we are happy to report that they have finally agreed on a settlement of an enforcement action and fine for stormwater violations, which includes the SEP. The SEP will involve the (1) removal and proper disposal of as many as 100,000 mercury switches recovered from up to nine PYP facilities, including their Hayward and Milpitas facilities, and (2) documentation of processes and costs necessary to safely remove and manage switches, prior to the law going into affect in 2005. In addition to supporting this unprecedented SEP (i.e., only about 50,000 switches have been removed from U.S. vehicles to date), we will prepare and distribute a poster or similar outreach tool based on lessons learned during the SEP. Similar to our existing technical assistance materials, this guidance

material will focus on implementing a switch removal program at an operating auto recycling facility - previous guidance and study has been research oriented and has not fully addressed business concerns of auto recyclers. Our support of this effort should begin in October 2003.

In addition to our work with ELVs described above, we partnered with the California State Automobile Association's (CSAA) on a statewide in-service vehicle mercury switch-out event conducted at 54 auto repair facilities in California, Nevada, and Utah. We provided technical materials and expertise to support the conduct and publicity for this effort. During this week long event, the public could visit a CSAA affiliated shop and have any hood or trunk convenience lights that contain a mercury switch replaced with non-mercury ball-bearing switches free of charge. This was a very successful effort, with CSAA collecting and recycling nearly 250 switches. We discussed the results of this event on EPA's national auto recycling conference call. These events represent a "quick-win" to remove mercury before it reaches the waste stream and environment and increase public comprehension about mercury in cars.

4. *Level the playing field for licensed auto dismantlers.*

Legislation to Provide Revenue to Improve Environmental Management of ELVs and Increase Enforcement Against Non-Compliant Parties

Auto dismantlers handle about fifty percent of all ELVs in California. Auto rebuilders and illegal operators who dismantle vehicles without necessary business licenses and environmental permits handle the remainder. Enforcement and legal action should be aggressively pursued against all parties who handle ELVs, removing the competitive advantage gained by bad actors through non-compliance with stormwater, hazardous waste, and safety requirements. Provision of adequate resources to regulators to pursue broad-based enforcement efforts against all who handle ELVs is sorely needed. At present, the lack of funds has limited the number of inspections and enforcement actions the State Water Board can pursue against this industry sector, and has resulted in enforcement against only a small subset of operators known to regulators via licensing or complaints

Further, auto dismantlers must expend already limited resources to cover the costs of hazardous waste removal from ELVs, and that is a significant disincentive to proper management of these materials. A legislated advanced disposal fee or other subsidy may be an effective means to further encourage auto dismantlers to remove hazards from ELVs. Because auto dismantlers operate under such low profit margins, even partial cost coverage is an excellent means to improve capture of hazardous wastes at auto dismantling facilities.

To address this problem, we recruited Californians Against Waste (CAW) to help develop and shepherd legislation that would provide funds for proper management of ELVs. CAW has over 25 years of experience lobbying and creating recycling policy, and sponsored or helped craft all of the major recycling legislation that has passed in California. While CAW serves as the policy lead, we provide technical expertise on

ELVs, which has included the development of fact sheets and other technical materials. AB1255, introduced in January, proposes to create a “front-end,” point-of-sale fee on new vehicles. The fee would generate revenue that would compensate properly credentialed auto dismantlers and increase State Water Board funding for enforcement activity. While CAW felt AB1255 had an excellent chance of passing this year, they decided to delay it until 2004 to focus efforts on the California E-waste bill (SB20). The E-waste bill, which was signed into law on September 25, 2003, requires “producer responsibility” for the safe manufacturing, collection, and recycling of lead-containing electronic devices, such as computer monitors and televisions. The thought was that the E-waste bill was further along in development and would pave the way for approval of the similar producer responsibility approach in AB1255. Legislation that provides a dedicated revenue stream would be a major step in helping to ensure that auto dismantlers and regulators alike have the resources they need to ensure that ELVs are handled in a more environmentally responsible manner. We plan to continue our strong support for this bill when it is reintroduced in 2004.

U.S. EPA Region 9 Enforcement Focus on Unlicensed Operators

While new legislation to support ELV management is pending, Region 9 management publicly announced a new enforcement focus on polluted runoff from unlicensed facilities. We have worked to engage stakeholders, including Region 9, about the importance of such an approach over the life of this project. Region 9’s Water Division Director indicated her support at the 2003 State of California Auto Dismantlers Association (SCADA) Annual Convention in August, when she indicated that existing compliance assessment resources would be directed toward rogue operators. This is an important interim step that should drive more auto dismantlers to become better environmental stewards.

Recognition of Credentialed Facilities

Another important avenue for improved compliance is the continuation and enhancement of innovative industry certification programs, such as SCADA’s Partners in the Solution. The State Water Board should consider incentives that tangibly recognize the value of industry-led stewardship programs. We supported SCADA’s comments on the proposed Industrial General Permit requesting permit fee relief, which would motivate their current membership to stay with the program and additional facilities to join. In 2002, SCADA lost almost 50% of its membership primarily because it required that all member facilities be in compliance with all environmental and other state laws. The proposed permit fee of \$700 will likely make it even more difficult for facilities to participate in Partners. Providing an incentive in the form of permit fee relief to SCADA members in good standing will encourage program improvement and expansion to include additional facilities across the state. At the SCADA Annual Convention, the Secretary of California EPA acknowledged our efforts by indicating his support for such fee relief in the coming years.

5. *Educate “do-it-yourselfers” about the need to properly handle vehicle fluids*

We had planned to develop specialized guidance materials for do-it-yourselfers to educate them about the need to properly handle vehicle fluids at auto dismantling facilities and in their local communities. We were awarded funds from the Santa Monica Bay Restoration Project in 2002 to address this objective, but funds were never provided. As the auto recycling facilities themselves are our primary target, we have not pursued other funds for this initiative.

2. Describe any events that have occurred or issues that have been raised, which may alter your original objectives or time frame for completion.

A new objective we developed over the course of this year was to compile and disseminate to stakeholders our current research and recommendations about ways to improve environmental stewardship by this industry sector. This objective will be met through publication of a white paper titled, *Managing End-of-Life Vehicles to Minimize Environmental Harm - White Paper on Sustainable Conservation’s Auto Recycling Project*, via our website by November 2003. U.S. EPA Region 9 and the San Francisco Bay Regional Water Resources Control Board are aware of and anticipating release of this report to assist with development of their new compliance strategies for this industry sector. A copy of this report will be provided to the San Francisco Foundation when complete.

Further, please see the above discussion regarding the lack of sufficient resources to support our planned structural BMP research (item #2) and development of specialized guidance for do-it-yourselfers (item #5). Also, see the discussion above about ELV legislation planned for 2003, which has now been delayed until 2004 (item #4).

3. If you expect to continue this project after the end of the grant, what fundraising activities are you undertaking to assure continued support?

We plan to use existing funding to wrap up our Auto Recycling Project in 2004, with completion of the mercury switch SEP and other in-service switch removal efforts, support for new ELV legislation, and publication of documentation for this project.

4. Other comments

None.