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July 20, 2009

Clerk of the Board, Air Resources Board
1001 I Street,
Sacramento, California 95814

Re: Comments to notice of public hearing to consider proposed amendments to the regulation for in-use off-road diesel-fueled fleets

Hearing Date: July 23, 2009

Dear BOARD:

SA Recycling respectfully submits the following comments in regards to the notice of public hearing to consider proposed amendments to the regulation for in-use off-road diesel-fueled fleets

SA Recycling: History and what we do.

SA Recycling is a full-service recycler of ferrous and non-ferrous metals and is recognized as an industry leader in metal recycling. We began as a small family owned company called Adams Steel which was started by George Adams Sr, over 40 years ago. As a result of acquisitions and mergers of 10 different metal recycling companies over the past 5 years, SA Recycling now has over 40 different locations in California and Nevada.

The business of SA is to purchase end of life cars, household appliances, heavy industrial machinery and other recyclable metals then separate and process the material for sale to the wholesale industry for reuse in new products. The service provided is extremely beneficial to the environment by reducing the need for mining raw ore, lowering production costs for metal manufacturers and delivering quality metal products throughout the world. We also divert millions of tons of metal from our landfills and remove thousands of old polluting, inefficient cars, trucks and machinery from our streets and factories each year. Because of the reduction of green house gases and preservation of our precious natural resources SA's service is precisely what is needed for many of the green laws that are being enacted today. Approximately 75-80 percent of an end of life car or appliance is recyclable steel, copper, aluminum, zinc and other nonferrous metals. The balance of is a treated residue that is used as daily land fill cover. Industry research has determined that recycling one car saves energy in the equivalent of 502 gallons of gasoline and reduces green house gases by 8,811 pounds.

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SA's present operation consists of small collection yards that purchase end of life vehicles and other metal material to be recycled. Each collection yard is set up as a separate facility under the control of SA and is operated completely independent of the other yards as individual profit centers with separate management and financial statements. An on-site general manager has complete control over all aspects of the operation, including equipment purchase and maintenance. Each facility shares the joint resources of all facilities such as training and management oversight resulting in improved operational efficiencies such as equipment maintenance and record keeping.

The equipment at each yard is owned independently by that yard, held as part of that yard's assets and stays at that yard. Collection yards maintain motorized equipment such as fork lifts, skip loaders, bobcats and front loaders, typically under a total of 2500 horsepower. Some of the larger yards that have shredders will have more equipment that fall between the 2501-5000 horse power range and the 2 larger shredder yards exceed 5001 horsepower.

The recycled material purchased by the collection yards is prepared at that location then shipped to a shredder facility; SA operates 4 shredder facilities in California and Nevada. A mega shredder then shreds the end of life vehicles and appliances into small pieces which is then separated into ferrous and nonferrous materials. The nonferrous material is then sent through a recovery plant to further separate and remove the different metals. The separated ferrous and non-ferrous metals are then sold to the various companies for further processing for use in new cars, appliances and other materials. The remaining material is treated and sold to landfills as alternative daily cover.

Comments regarding CARB staff recommendations.

SA Recycling supports the CARB staff recommendations to the Board if amended to reflect the following concerns:

1. SA Recycling believes that there should be an accommodation to select a reasonable baseline date range to assist companies like SA, who consolidated operations over the past several years. Due to the economy and increasing demand for recycling services, SA's expansion from 2005-2008 was fast and extreme. SA was merging and consolidating with small companies that maintained minimal equipment records and as a result, using 2007 as a baseline is very difficult. The staff proposal for a 2007 baseline does not allow any other baseline. If CARB's staff premise is to provide credit for reduction in equipment usage, there is no reason to use a static baseline as proposed.
2. SA Recycling believes that the proposed retrofit choices are too limited and the verification procedure is too difficult for equipment owners to understand or follow. It may be more helpful if staff could be more goal oriented rather than limiting the solutions to CARB approved technology procedures. The market has many options that could be used to satisfy the Board's objectives but due to limited technical staff at CARB to approve these other technologies, companies such as SA are not able to explore these opportunities. While permitting specific equipment and technical processes can be helpful, limiting the solutions to these technologies inhibits the research and development that is available in the market. SA is willing to make the effort to meet your objectives however,

there are few options available. It is difficult for CARB to establish a specific product that will work with all companies and SA Recycling believes that it can achieve CARB'S objectives if we are given some freedom to work with staff on the solutions.

3. SA Recycling appreciates that some incentives have been offered for equipment owners to take early retrofit action. However, it makes no sense to limit these incentives to 15% of the company's horsepower. In today's market, many companies are just barely getting by with minimal if any profits and it is difficult to obtain the extra cash to take advantage of the early incentives. If the incentives are beneficial enough, SA would put in the extra effort to achieve the early retrofit credit. The problem is that there are many other business and economic obstacles to deal with and a 15% limit in effect de-incentivizes the incentive. We suggest credit toward early action not be limited.
4. SA Recycling has an ongoing issue relating to how it can safely retrofit its equipment. There is currently an extremely high standard to meet in order to obtain a clearance from CARB relating to safety. For several months SA Recycling has evaluated placing CARB-verified devices on several quarry trucks used to move scrap metal. However, there is a safety conflict with the visual obstruction that a multiple filter system would present. Unfortunately the device manufacturer has been less than cooperative to give us a written evaluation. If we are able to get that evaluation, the standard that your staff is setting would require documentation from us that must state it is "impossible" to do a filter installation safely. We request removal of the "impossible" language in the safety determination that sets us up for the impossibility that we will receive a fair evaluation of legitimate safety conflicts associated with retrofit devices

What SA Recycling is seeking is certainty that the direction of the legislature will be implemented fairly and with transparency.

In summary, we are seeking that the Board adopt the compliance extensions if amended to reflect these four issues:

1. **Flexibility** on the baseline date
2. The Current retrofit choices are too **limited** and the CARB process too fixed. CARB needs to do something that will allow **flexibility** and encourage additional products that will meet the Board's objectives;
3. **The regulations should not limit early retrofit credits** and,
4. Remove the "**impossible**" language in the safety determination

Respectfully Yours.

Jeff Farano Sr.

Attorney for SA Recycling.