

PUBLIC HEARING  
STATE OF CALIFORNIA

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

In Re: )  
          ) )  
FERROUS METALS WORKSHOP )  
\_\_\_\_\_ )

COPY

Board Room  
8800 Cal Center Drive  
Sacramento, California

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MONDAY, SEPTEMBER 21, 1992

9:30 A.M.

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Certified Shorthand Reporter  
License Number 8751

## A P P E A R A N C E S

## MODERATOR:

John Smith, Branch Chief  
Markets Development Branch  
Planning and Assistance Division

## STAFF MEMBERS:

Stephen Storelli  
Markets Development Branch

## HEARING PANEL MEMBERS:

Jack Force, General Manager - West  
Proler International Corporation

William Heenan, Jr., President  
Steel Can Recycling Institute

Gary Liss, Program Director  
California Resource Recovery Association

Marc Madden, Assistant General Manager  
Schnitzer Steel Products

Leonard Robinson, Environmental/Safety Manager  
Tamco

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## PROCEEDINGS

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1  
2  
3 MODERATOR SMITH: Good morning. My name is  
4 John Smith. I'm the manager of the Market Development  
5 Branch. I would like to welcome you to our public  
6 workshop on the Ferrous Metals Status Report. And  
7 the -- and your input so that we can eventually produce  
8 a detailed action plan for expanding or establishing  
9 new markets for this material.

10 The purpose of the workshop today is to  
11 obtain input on the detailed information that is  
12 provided in the market status report. So we want to  
13 look at the numbers we developed, the assumptions we've  
14 developed. We also want to look at our assessment of  
15 the barriers for increasing markets for ferrous metals.  
16 And we're also looking, more importantly, towards  
17 recommendations for expanding existing or establishing  
18 new markets.

19 And again, with this information, we will  
20 then develop a detailed action plan for securing the  
21 long-term necessary markets for this ferrous metal.

22 This detailed action plan is part of a much  
23 larger project which the Board is now pursuing. That  
24 is, by the end of the year or early next year, by  
25 developing a comprehensive and well coordinated market

1 development plan.

2 We have a lot of things to cover today and I  
3 think -- and again I welcome you. And I think it's  
4 going to prove to be very interesting.

5 By the way, this is our fourth workshop on  
6 specific, on a specific commodity. We've previously  
7 had Board committee workshops on mixed wastepaper,  
8 compostables, and one previous staff workshop on glass.  
9 And all these have been very well received and we've  
10 got very good information from them.

11 The way we will proceed this morning is that  
12 Steve Storelli to my left, who prepared this report,  
13 will provide a summary of that report. After that  
14 brief summary, we will then ask for some input,  
15 primarily on the types of data that's in that report  
16 and perhaps some of the assumptions we've used. We'd  
17 like to delay for a future time detailed discussion of  
18 the barriers and the recommendations because we have  
19 specific questions of the panelists which will address  
20 specifically the barriers and the recommendations.

21 So after Steve's report, we'd ask that you  
22 make some comments on the data that has been developed  
23 in that report, how accurate that is.

24 Following Steve's presentation, we'll ask  
25 each of the distinguished panelists approximately 10 to

1 15 minutes to introduce themselves and present a major  
2 issue or two from the point of view they represent.  
3 And we do have a broader perspective this morning on  
4 that.

5           Following their introduction, we'll have a  
6 presentation by Trevor O'Shaughnessy and Pat Bennett of  
7 the Research and Technological Development Division of  
8 the Board that will talk about our Metallic Discards  
9 Management Plan. That, I think, is in the process of  
10 being developed. And it should help clarify some of  
11 the issues that have come up as a result of this  
12 report.

13           We will also have have a presentation by  
14 Lorraine Van Kekerix. She will provide information  
15 about when ferrous metals count towards, when ferrous  
16 metals count towards the waste diversion goals.

17           And then towards the end of the morning  
18 session we will deal with our first question that we  
19 will be asking the panelists.

20           And after that we'll have open discussion and  
21 probably recess for lunch at around noon if everything  
22 goes smoothly.

23           Then in the afternoon we will then tackle the  
24 next three questions and receive input from the  
25 audience. And then have a break and then discuss the

1 last question. And then I'll provide a wrap-up at the  
2 end of the day, which would be probably close to 4:00  
3 o'clock.

4           However before getting into Steve's  
5 presentation, I'd like to at least briefly introduce  
6 our panelists. Starting on my right, and some of these  
7 people have come a long ways and I appreciate you  
8 coming since you've come to participate in this  
9 workshop.

10           Jack Force. He's the General Manager West of  
11 Proler International Corporation. He represents the  
12 steel can container industry.

13           Next to him is William Heenan. He's  
14 President of the Steel Can Recycling Institute. He  
15 will, he represents the Steel Can Recycling  
16 Association.

17           And a usual participant on our panel is  
18 Gary Liss. He's the Program Director for the  
19 California Resource Recovery Association. He  
20 represents the recycling advocacy.

21           To my left is Marc Madden. He's the  
22 Assistant General Manager of Schnitzer Steel Products.  
23 He represents the metal dealer -- metal processor and  
24 dealers.

25           And lastly is Leonard Robinson. He's an

1 Environmental Safety Manager with Tamco. He represents  
2 the steel producers.

3 Steve, now I'd like to turn to you, and could  
4 you then go over your report for us?

5 MR. STORELLI: Thank you, John.

6 I'm Steve Storelli and I work in the Market  
7 Development Branch here at the Board. And I want to  
8 thank the panel members for their participation this  
9 morning, especially this being a Monday. The panel  
10 members represent a broad cross-section of people very  
11 knowledgeable of the ferrous metal industry in  
12 California and worldwide.

13 In addition to our invited panel this  
14 morning, to reiterate, we will have Trevor Oshaughnessy  
15 of the Board's Research Division to speak to us about  
16 the Board's Metallic Discards Management Plan.

17 And also with us will be Lorraine  
18 Van Kerkerix who will talk about how jurisdictions can  
19 count ferrous metals to meet their diversion goals.

20 In the remainder of this presentation I will  
21 look at the municipal ferrous diversion in California,  
22 present a brief overview of the market in the state,  
23 and lastly conclude with some barriers and  
24 recommendations to increase ferrous metal recovery and  
25 use.

1           Excuse me, I'm having a little trouble here  
2 getting my system set up.

3           I thought I would start off with a couple of  
4 definitions this morning. The market for ferrous scrap  
5 and municipal ferrous scrap are highly intertwined.  
6 And where possible I would like the panel members to  
7 focus on municipal ferrous scrap.

8           Ferrous scrap is defined by the American Iron  
9 and Steel Institute as the metallic charge used in the  
10 steel-making process. The Institute of Scrap Recycling  
11 Industries or ISRI, has defined over 100 specifics for  
12 ferrous scrap. And these specifics provide standards  
13 to establish more efficient markets between brokers and  
14 processors, dealers, and end users.

15           The Staff's definition -- excuse me, the  
16 Staff's definition for municipal ferrous scrap is  
17 adapted from EPA.

18           Municipal ferrous scrap will be defined as  
19 the ferrous metal in discarded appliances, furniture,  
20 miscellaneous durables, containers and packaging. It  
21 excludes the EPA's definition which includes the metal  
22 and tires in municipal scrap. Our definition does not  
23 include this.

24           Ferrous scrap originates from three sources,  
25 home scrap, prompt industrial scrap, and obsolete

1 scrap. Home scrap is the iron and steel that is  
2 generated in the iron and steel manufacturing process  
3 and recycled and reused back in the plant to make iron  
4 and steel.

5 Prompt industrial scrap is the excess metal  
6 generated by the metals fabrication industry. Prompt  
7 scrap originates from turnings and borings, cuttings  
8 and stampings. The majority of ferrous scrap recycled  
9 originates from the municipal ferrous industry.

10 Obsolete scrap is the metal in products that  
11 have ended their usefulness and are collected and  
12 processed for use in the steel-making process.  
13 Demolition and municipal ferrous scrap is included in  
14 this category.

15 Municipal scrap competes with the top two,  
16 home scrap and prompt scrap, for market share. The  
17 American Iron and Steel Institute has estimated that  
18 about 25 percent of the scrap used originates from  
19 municipal sources. And this percentage is increasing  
20 as less home and prompt scrap is being generated.

21 Metal is one of recycling's success stories.  
22 If we add up the amount of home, prompt, and obsolete  
23 scrap recycled in the U.S. over the last 10 years,  
24 we'll see that it's approximately three times the  
25 amount of the next category, second largest next

1 category which is paper. And I know that metal is  
2 heavy and it will bias this result a bit, but this  
3 chart does suggest that there was a well established  
4 and large infrastructure in place to recycle this  
5 quantity of material over that period of time. And as  
6 an example, the U.S. currently exports about 700,000  
7 tons a month to its overseas markets.

8 We will now look at the municipal ferrous  
9 diversion in California. Estimates were taken from the  
10 EPA and the Steel Can Recycling Institute because of  
11 problems with the Board's database. Staff estimates  
12 that using EPA nationwide data we roughly have 1.5  
13 million tons of, of municipal ferrous scrap in our  
14 waste stream.

15 Supply is defined as generation, demand as  
16 recovery. Steel cans in the waste stream represent  
17 about 7/10 of the amount in the waste stream. SCRI  
18 estimates that approximately 343, 342,000 tons were  
19 generated, of which about 112,000 were recovered and  
20 reused for a diversion rate of about 33 percent in the  
21 state.

22 For white goods the Board estimates that  
23 there's about 266,000 tons with about 6.5 thousand tons  
24 recovered for a recovery rate of about 25 or 26  
25 percent.

1 I'd next like to look at the component of  
2 supply in California. Miscellaneous municipal ferrous  
3 is the largest component of miscellaneous municipal  
4 ferrous in the state. And municipal miscellaneous  
5 ferrous is defined mostly as miscellaneous durables,  
6 tools, pipe, small appliances. Staff estimates that  
7 there's roughly a million tons available for recovery  
8 in the state. The recovery points of municipal ferrous  
9 are salvage operations from disposal and transfer  
10 sites, curb items left, some curbside collection  
11 programs will retrieve small ferrous items at the curb,  
12 MRF's and at waste to energy facilities.

13 White goods are the second largest component  
14 of municipal ferrous. Their recovery are also salvage  
15 operation, local government pick up programs, utility  
16 sponsor rebate programs, and MRF's.

17 And lastly, steel cans are the third largest  
18 component of ferrous. Their recovery points are also  
19 the curbside collection programs of which there's about  
20 400 operating in the state. MRF's, there's currently  
21 20 on line with, I think, more to come. Buy back and  
22 drop off centers are also a recovery point. And the  
23 waste to energy facilities.

24 Now I'd like to look at the demand for  
25 ferrous. The market for ferrous is complex, and I will

1 attempt to describe the market as it operates at the  
2 international, national, and statewide level. At the  
3 international level scrap metal dealers in California  
4 will ship ferrous worldwide. As an example, on a good  
5 month the U.S. could export over a million tons a month  
6 overseas. And roughly 30 percent of that amount would  
7 originate from the ports of San Diego, Los Angeles, and  
8 Oakland.

9           There are three principal factors that  
10 determine the amount of ferrous that's shipped  
11 overseas. One is the level of economic activity  
12 overseas. The second is the cost of transportation  
13 which can exceed 25 percent of the value of the scrap.  
14 And the third is the exchange rate.

15           A stronger market will limit the ability of a  
16 U.S. scrap dealer to compete in the national market.  
17 At the national level, last year there was  
18 approximately 51 million tons of ferrous metal recycle  
19 in the U.S. The three principal users are steel mills,  
20 steel can and metal detinners and metal foundries. The  
21 basic oxygen furnace which produces about 63 percent of  
22 the steel, and the electric arc furnace producing 37  
23 percent of the steel. Electric arc furnaces use  
24 virtually 100 percent scrap and the basic oxygen  
25 furnace uses 25 percent scrap in their metallic charge.

1           Steel can detinners shred and detin steel  
2 cans and tinsplate. This steel is used to manufacture  
3 new steel and in the copper extraction process. Metal  
4 foundries also use ferrous metals in their casting  
5 industries.

6           And for California, California is not a large  
7 steel-producing state. We have one steel mill in the  
8 southern part of the state, that being Tamco, which  
9 uses approximately 500,000 tons a year of ferrous, of  
10 which some of that is used oil filters and tin cans.

11           We have two detinners operating in the state,  
12 Proler with facilities at Lathrop, Los Angeles, and I  
13 hear something is about to be announced, or is in  
14 Antioch, and McCleod Metals in Los Angeles.

15           The principal market for ferrous in the state  
16 is the export market. Steel cans are shipped for steel  
17 manufacture in Arizona and copper extraction out of the  
18 state. Most white goods and the municipal ferrous is  
19 shredded and processed for overseas markets. Staff has  
20 identified the following to the barriers to increase  
21 metal municipal ferrous recycling. First one is that  
22 there are limited users in California. There's a  
23 dependence on out of California market. Municipal  
24 ferrous competes with industrial ferrous for market  
25 share. There's a lack of a public awareness of the

1 recycling ability of the steel can. And we need to  
2 have an awareness of the potential impacts of the  
3 Metallic Waste Management Plan.

4 The staff has generated the following  
5 recommendation to increase ferrous metal recycling in  
6 the state.

7 The first is to establish a public-private  
8 task force to work with ISRI, SCRI, CRRA, and CAW to  
9 promote ferrous metal recycling.

10 Secondly is to use Board incentives to locate  
11 North Star Steel and Burlingham Steel in California.  
12 These two companies have announced that they are  
13 looking for locations in the West.

14 The third is to develop a waste management  
15 plan, a metallic waste management plan that promotes  
16 white goods recovery.

17 And the last one is to sponsor technical  
18 research to increase the use of municipal ferrous in  
19 steel making.

20 This concludes my presentation. Are there  
21 any questions?

22 MODERATOR SMITH: Can we go to the panelists  
23 first? Do you have any questions on the report?

24 Are there any questions in the audience on  
25 the report?

1           Okay, Steve.

2           MR. STORELLI: Thank you.

3           MODERATOR SMITH: Thank you, Steve. Now I'd  
4 like to turn to the six participants to provide a brief  
5 introduction and cover some of the major issues that  
6 you're concerned about relating to ferrous metal  
7 recovery.

8           PANEL MEMBER FORCE: My name is Jack Force.  
9 I work for a company called Proler International.  
10 I've -- I'm located in Seattle, but I buy and sell  
11 tinsplate, recycled tin cans and related metal from, for  
12 three plants. There's one in Seattle, there's one in  
13 Lathrop which is near Stockton, and there's one in  
14 Arizona, south of Phoenix.

15           We, I personally have been buying pretty much  
16 all the recycled tin cans I could get on the West Coast  
17 for, since 1975. The, and we're still in that mode.

18           We, we, we detin cans and sell them to, we  
19 sell the steel part too, and we also sell some material  
20 that's not detinned. We sell it to people who  
21 manufacture steel, this is the steel part of it, to  
22 manufacture steel. We sell it for copper precipitation  
23 iron. We sell it for manufacturing paint pigments. We  
24 sell it for water treatment chemicals.

25           The tin part, two of the three plants we

1 recover the tin at we, the tin part we sell for making  
2 solder, bronze, pewter, babit, new cans, and -- I'm  
3 getting to that one -- and one thing a lot of people  
4 chuckle about, we actually sell tin to people who make  
5 toothpaste. It goes in, if you remember Crest  
6 toothpaste used to say with stanous fluoride, well  
7 stannous is tin. And we actually clean the tin up in  
8 our process so it's purer than virgin tin would be. So  
9 they use our tin to make the stanous fluoride that goes  
10 in some toothpastes.

11 We, we're of a mode at the moment where if  
12 you, if the State of California doubled the amount of  
13 recycled tin cans that were available, that would be  
14 just fine.

15 Like Steve has said in his report, the steel  
16 scrap industry has been around for a long time. It's  
17 a, it's a competitive market. It follows supply demand  
18 things, pricing follows those kinds of things, and tin  
19 cans feed into that. I mean, you know, all of our  
20 pricing is based on, you know, steel scrap numbers and  
21 they're published numbers and, you know, and everything  
22 like that. So the price goes up and down. It depends  
23 on what the economy is doing and, as probably most of  
24 you know, the economy is not real good at the moment.

25 But the volumes of material that are, and the

1 things that we have markets for, the material is, like  
2 Marc and I were talking, you and I and Leonard too,  
3 it's like we're moving material, it's just, you know,  
4 we're dying on the vine because we're not making any  
5 money at it.

6 But the material is moving and technically  
7 there is markets for, for lots more tin cans than what  
8 we can currently get. I think that's maybe all I'll  
9 say.

10 MODERATOR SMITH: Thank you, Jack. William.

11 PANEL MEMBER HEENAN: Well, to somewhat  
12 reiterate what Jack said. I'm Bill Heenan from the  
13 Steel Can Recycling Institute. We represent a group  
14 that promotes and sustains steel can recycling  
15 throughout the United States and have worked with a  
16 number of people around this podium to help them get  
17 more cans into the marketplace.

18 I think, to reiterate what Steve said  
19 however, is that the steel industry on the average  
20 every year consumes about 51 million tons of steel  
21 scrap. It's our single largest raw material. And  
22 basically in the United States, North America and the  
23 world today you can't make new steel without old steel.  
24 So it's almost a guaranteed part of our recipe now to  
25 make new steel.

1           In addition, the nice thing about steel is it  
2 has no memory. It doesn't remember what it was and  
3 therefore it can be anything in a variety of different  
4 products made by the steel industry. So therefore, a  
5 can that is recycled can become part of your car or, in  
6 Leonard's case, a can can become part of the rebar that  
7 his company produces. It can become part of an  
8 appliance and vice versa, an appliance can become part  
9 of cans.

10           The other interesting thing about the steel  
11 scrap industry that was mentioned both by Jack and  
12 Steve is that it's a very large and it's a very mature  
13 industry as far as recycling of steel scrap. We've  
14 been recycling for about 150 years. Probably only  
15 glass and rags are recycled a longer period of time  
16 than steel scrap. And steel cans is really the tail of  
17 the steel scrap industry dog.

18           Of that 51 million tons, about a million tons  
19 are cans. The other 50 million tons was demolition and  
20 debris, it was old cars. For an example, last year in  
21 the United States we recycled more steel out of cars  
22 than the entire domestic industry produced. So the  
23 recycling rate on the automotive sector is well over  
24 100 percent.

25           Looking down the road what, I would reiterate

1 what Jack said. We are trying to stay ahead of the  
2 market. Our goal is to get every curbside program, and  
3 not just the 400 communities currently that recycle  
4 steel cans, but every curbside program throughout  
5 United States as well as California to include steel  
6 cans into their curbside program because we have a  
7 problem of getting them out of the kitchen and into the  
8 infrastructure, and curbside really helps to do that.

9 And I'm sure we'll have a heck of a lot more  
10 comments on all of those questions and problems each of  
11 us have every day later on, too. Thank you.

12 MODERATOR SMITH: Thank you, Bill. I'd like  
13 to turn to Gary now.

14 PANEL MEMBER LISS: I'm with California  
15 Resource Recovery Association.

16 And some of the issues that I want to  
17 highlight up front are financing assistance, green  
18 handling of permits, and siting of facilities, and  
19 product demand.

20 As in the case of many of the other recycled  
21 products in California, there is going to be a need for  
22 greater demand for recycled materials to be created for  
23 the increasing supply of materials to be handled. In  
24 the case of steel, as we were hearing from the  
25 presentations before, it's a mature industry. The

1 demand is strong so we have a strong base to work from.  
2 So in this industry there's not as large a need for  
3 financing assistance and the siting of projects, but  
4 there is going to be an increasing need for retaining  
5 the activity that we currently have and financing  
6 improvements in the future.

7 For financing those improvements,  
8 particularly for small and medium businesses which  
9 don't have access to capital through stock and other  
10 mechanisms, we'll be needing to look at the possibility  
11 of a state general obligation bond to assist in  
12 research and development projects for new, product  
13 development; for assisting in mitigation costs in  
14 meeting our environmental standards in California, and  
15 financing the incremental cost of doing business in  
16 California; and setting up a revolving loan fund to  
17 provide subordinated long-term risk-oriented capital  
18 from the types of projects that we identify through the  
19 process we're going through today, including additional  
20 steel mills, as we'll hear about later, an expansion of  
21 existing processing capacity in the field.

22 We'll also need financial packaging  
23 assistance, working with banks, foundations, federal  
24 and local economic development tools to make sure that  
25 recycling are eligible activities for all those needs.

1           In terms of siting of facilities. The green  
2 handling and siting assistance in both maintaining  
3 existing facilities and developing new facilities is a  
4 critical element of all of our recycle polices.

5           What we are seeing increasingly is  
6 encroachment upon existing recycling processing scrap  
7 dealers by land use decisions made at the local level  
8 that needs to be addressed clearly and forcefully to  
9 retain the existing infrastructure that we have within  
10 California.

11           We also need to deal with new projects  
12 through technical assistance and advocacy, working  
13 between state and local governments to assist in  
14 development of projects, and streamlining both the  
15 local permitting processes and state permitting  
16 processes to assist in the development of projects.

17           Last but not least, is working on the demand  
18 side. Minimum content legislation needs to be  
19 explored, what types of products could be identified  
20 for steel in general, and particularly municipal  
21 ferrous.

22           Ideas in the past have been containers to be  
23 pursued as part of the rigid packaging minimum content  
24 bills that have been proposed in the legislature, and  
25 other ideas would be looking at particular types of

1 projects, transportation projects, housing projects,  
2 other publicly funded investments, particularly if  
3 there's future bond issues that are not recycling bond  
4 issues, but are geared to particular new investment in  
5 California infrastructure.

6 Those bond issues should not only make  
7 recycling eligible for financing under those bond  
8 issues, but require a minimum content of recycling  
9 materials to be used in those projects that are funded  
10 publicly through state geo bonds. Additional product  
11 demand could be sometime later by additional work with  
12 federal, state, and local procurement, and particularly  
13 going beyond the enabling legislation of the last  
14 several years and beginning to set targets and time  
15 lines for the development of procurement percentages  
16 like we see in minimum content legislation.

17 And last on product demand would be support  
18 for the export markets, again building on the existing  
19 infrastructure, the existing businesses.

20 We have a tremendous resource in California  
21 in our export market. We should be working through our  
22 California office and Washington, DC, to make sure  
23 that California interests are represented in the  
24 general agreement on trade and tariffs, and the other  
25 international treaties that are being discussed, and to

1 make sure that we provide sufficient support to  
2 maintain free trade and to open up markets for recycled  
3 products from California, which is one of the reasons  
4 why we continue to have this strong pricing of our  
5 products in California.

6 MODERATOR SMITH: Thank you, Gary, for a  
7 complete list.

8 Now I'd like to turn to Marc Madden.

9 PANEL MEMBER MADDEN: I'm Marc Madden from  
10 Schnitzer Steel Products in Oakland and elsewhere. And  
11 I guess I just want to make, my list is only kind of  
12 five items, but they're five items based on Steve's, I  
13 thought, you know, very, very good report. But there  
14 are just a few small things that I want to add.

15 The one thing that I found kind of remarkably  
16 absent, at least as I read through it around page 3, is  
17 in fact the absence of a mention of automobiles, of  
18 which in California that probably constitutes, what  
19 would you say, Jack, about 2 million a year, something  
20 like that?

21 PANEL MEMBER FORCE: Yes. Yes.

22 PANEL MEMBER MADDEN: That's no small amount  
23 of tonnage, as they say. About 2 million tons a year  
24 of automobiles, your automobiles, are recycled each  
25 year in California. And it's important for a number of

1 reasons, which I think we'll get into later, but it  
2 represents both the great potential, great opportunity,  
3 the promise, and also some of the problems about  
4 recycling cars is a good way to talk about metal  
5 recycling in general.

6 Also, I noticed that on page 3 we talked  
7 about the demand for ferrous scrap in California is  
8 limited. And technically speaking I suppose that's  
9 true. But again, as Jack mentions, and I hope you, I  
10 want you to understand that the demand for California  
11 scrap comes from steel mills in Oregon, Washington,  
12 Utah, Mexico, potentially Nevada, every developing  
13 country in Southeast Asia, and in addition every  
14 developing country throughout the Pacific Rim. So  
15 while we may only have one, and I must say fine steel  
16 mill in California, it doesn't mean for any, by any  
17 stretch of the imagination that there isn't a  
18 substantial demand for this material.

19 But of course it, the demand is largely a  
20 matter of the world market, which brings me to point  
21 number three. I guess it was on page 4 where the  
22 statements read something like, "The ferrous scrap  
23 approximates a competitive market." I'm here to tell  
24 you, as best I know, that it doesn't approximate. It  
25 is nearly, as far as I can see, in all of the world

1 economy, the nearly most perfect example of the  
2 competitive market described by A. M. Smith about 300  
3 years ago. It's amazing to me how perfectly  
4 competitive it is. And if there's any market that I've  
5 ever seen that works almost exclusively on the basis of  
6 supply and demand with very few barriers and unusual  
7 idiosyncrasies of the market, that is it.

8 The fifth point -- or the fourth point I'd  
9 like to mention is on page 5, the statement that says  
10 something about that "California law AB 1760 will  
11 restrict recycling to some extent."

12 And I guess I'm here to say, and ISRI was a  
13 sponsor of this bill, that AB 1760 was intended to  
14 increase recycling by allowing scrap processors in  
15 particular to recycle hazard-free material that was  
16 either going or is still going into landfills. For  
17 example, appliances that may contain PCB's; or was  
18 being rejected by scrap dealers like myself and Jack  
19 who are environmentally safe, and we don't let that  
20 stuff into our yards.

21 But remember one kind of fundamental thing  
22 about scrap processors and scrap processing in general,  
23 is that there is no hazardous material created in the  
24 processing of scrap, it's all essentially an inherited  
25 problem from, with all due respect, you and me, in the

1 sense that what we receive into our yards, cars,  
2 appliances, what have you, lights, have potentially  
3 hazardous materials like CFB's, etcetera. But it's not  
4 created in a scrap processing facility.

5 And the last point, I guess, is on page 15  
6 where we say Tamco is the only steel electric arc  
7 furnace in California. And again, that is true. But I  
8 would like to make a footnote here and say that there  
9 was another one, it was called Jetson Barbary coast and  
10 it was right near our facility in Emeryville.

11 And I want to tell you why it was driven out  
12 of California. And I mean that, driven out of  
13 California. It was largely because of high utility  
14 rates, electric rates. And I'm here to tell you that  
15 there are a number of steel mills, Cascade, Salmon Bay,  
16 Oregon Steel, and Seattle Steel, that all operate in  
17 states adjacent to our fine state largely because they  
18 are able to compete very, very well because they draw  
19 very, very low-cost power from hydro power coming from  
20 those states.

21 That's all I have to say.

22 MODERATOR SMITH: Thank you, Marc.

23 I'd like to turn to Leonard Robinson.

24 PANEL MEMBER ROBINSON: Mine will be a little  
25 bit less eloquent.

1 PANEL MEMBER MADDEN: Probably better.

2 PANEL MEMBER ROBINSON: I'm Environmental  
3 Safety Manager at a mini mill in Southern California --  
4 let me rephrase that, at the mini mill.

5 (LAUGHTER.)

6 PANEL MEMBER ROBINSON: Our scrap use ranges  
7 from 400,000 to 500,000 tons per year of scrap. Our  
8 only product is steel rebar for the construction  
9 industry. We produce a slag that's used for road base  
10 and non-toxic inert material that's used for road base,  
11 and the hazardous waste produces electric arc furnace  
12 known as K061 which we ship out by train, is recycled  
13 for the zinc and lead content and then further  
14 processed into slag.

15 We take the slag -- we take, sorry, the scrap  
16 and it's melted in an electric arc furnace and it's  
17 cast, continually cast into billets and finally rolled  
18 into rebar.

19 The steel industry, especially the steel  
20 mills, were challenged to go green like our oil company  
21 counterparts, and Tamco responded by the used oil  
22 filter program. We wanted to make an effort to show  
23 that, yes, we will dig into the landfills and pull  
24 something out that we can use and, believe it or not,  
25 we had a bunch of agencies fighting us, saying, well,

1 we had a couple of agencies fighting us, saying, no,  
2 you don't want to do that. Well, eventually we  
3 prevailed. We've recycled over five million pounds of  
4 used oil filters in California to date which is about a  
5 tenth of what's produced every year according to  
6 records.

7 We have made a committment. It's kind of  
8 humorous. I was talking with Jack. We made a  
9 committment to recycle a thousand tons per month of  
10 steel cans, but nobody can get us a thousand tons per  
11 month of steel cans. It's out there somewhere. We're  
12 not putting up any barriers to take this material so it  
13 has to get to us and we will use it.

14 However, using municipal ferrous scrap in our  
15 process raises our operating cost, it raises our  
16 environmental liabilities because some of the scrap is  
17 the municipal scrap residual problems, it has more  
18 volatile metals, more toxic metals that can go into our  
19 air emission control devices, but we can use it.

20 That makes which makes our operating cost go  
21 up which makes our rebar cost go up, which we can't  
22 sell because we're told your prices are too high, and  
23 our prices are too high because now we're using  
24 material that costs us more to use.

25 Our energy costs are really high. Our energy

1 costs are so high it's cheaper for companies to ship  
2 their material through the Southern California market  
3 and cut us out. So we would stand to benefit by some  
4 kind of incentive to use, we would use municipal  
5 ferrous scrap if we can get the State and everybody to  
6 use our product. We, incentives not only for recycled  
7 content but to use material, recycled material in  
8 California would help the cost quite a bit.

9 No mill is going to come in California, I'll  
10 tell you that right now. What they're going to do is  
11 they're going to come to Arizona and Nevada, get the  
12 Southern California market, and California gets no  
13 benefit of the taxes. It's going to grab our  
14 employees. It's going to go relocate a certain amount  
15 of our work force to Arizona, to Nevada. We'll get no  
16 taxes, but yet we'll be supporting mills.

17 Tamco has no problem with other mills wanting  
18 to locate in California. We encourage it. Competition  
19 brings out the best. But you know, I was reading in  
20 the draft here and I think it's, you know, I was kind  
21 of saddened by the fact that even considering to  
22 subsidize or have another, other steel mills in the  
23 other states that you get no fiscal advantage from  
24 just, there's something wrong with that picture.

25 Anyway, there's other things I'll go over as

1 we go to the end of the day, but I'm open to questions.  
2 But again, our committment to take a thousand tons per  
3 month, which we can't get, of steel cans, and our  
4 committment with the used oil filter recycling program  
5 which, as a matter of fact, has gone nationwide.

6 Steel mills in Louisiana, Oklahoma, Florida,  
7 Tennessee, have already started programs. I'm getting  
8 calls from mills in Minnesota and Georgia, and a lot of  
9 other mills want to start the same program. This is  
10 our approach to try to bridge the gap.

11 We just realized recently that we do recycle.  
12 Many mills use 100 percent scrap in their mix. And we  
13 want to do the right thing. We like the idea of  
14 incentives offered, but again you have to take a long  
15 look at what you have right here and now and then you  
16 can build on that.

17 I'm done.

18 MODERATOR SMITH: Thank you for your  
19 interesting comments, Leonard.

20 Now we would like to turn to a presentation  
21 by Trevor O'Shaughnessy and Pat Bennett on the Board's  
22 Metallic Discards Management Plan.

23 MR. O'SHAUGHNESSY: Good morning. Thank you,  
24 John.

25 My name is Trevor O'Shaughnessy of Board

1 Staff.

2 We don't want to completely distract away  
3 from the purpose of this meeting today. We feel that  
4 it's really to focus on the plan that's already been  
5 developed by Steve Storelli in the Planning Division.  
6 But we briefly want to go over AB 1760 and some other  
7 legislation that is out there that is potentially going  
8 to affect the metallic discards industry itself.

9 To start off with, though, I'd like to  
10 introduce by overhead the members of the working team  
11 working on AB 1760 and the Metallic Discards Management  
12 Plan. The project manager of this plan will be Steve  
13 Osterheim Smith. His phone number is also up there for  
14 reference. In no particular order the staff members  
15 that will be working on developing the plan are  
16 Pat Bennett, Trevor O'Shaughnessy, and Steve Storelli.

17 To start off with I would like to talk about  
18 AB 1760, and the primary things that AB 1760 was asking  
19 for when and for the management plan itself.

20 First off, the plan shall specify how the  
21 removal of materials which require special handling,  
22 particularly CFC's PCB's and sodium iozide, as well as  
23 other materials regulated by the Department of Toxics.  
24 These special materials within the management plan we  
25 are to specify how they shall be financed and how the

1 whole program should be administered throughout the  
2 State of California.

3 The second portion of the management plan is  
4 to be looking at what specifically if any state agency  
5 approvals are to be required of those persons removing  
6 the materials. This could go anywhere from the person  
7 producing the waste material, the homeowner, all the  
8 way to those that are doing the recycling itself,  
9 possibly the auto shredder, but most likely not.  
10 That's the primary sections that we're looking at at  
11 the Metallic Discards Management Plan.

12 AB 1760 is primarily focused at landfills  
13 itself when you read it. There is a copy of AB 1760 on  
14 the back table. Primarily it's asking the landfill  
15 operators to remove the materials from the materials,  
16 meaning the special materials, from metallic discards  
17 as well as automobiles. It's a very broad bill. It  
18 really covers everything.

19 We see that this AB 1760 could potentially  
20 increase the number of recyclables going to auto  
21 shredders.

22 AB 1760 also requires the Board to look at  
23 the recycling residue to be used as landfill cover  
24 material. The recycling residue would be the auto  
25 shredder fluff and other materials that are residue.

1           The bill will prohibit the disposal of major  
2 appliances and other metallic discards which includes  
3 automobiles, understanding is are already heavily  
4 recycled, from being dispensed to landfills or land for  
5 that matter, by January 1st of 1994. That date is  
6 coming upon us very quickly.

7           The bill also requires that special materials  
8 be removed from major appliances by that same date,  
9 January 1st, 1994. So that's what we're working with  
10 Metallic Discards Bill AB 1760.

11           I would like to now introduce Pat Bennett  
12 which is going to talk about the EPA regulations and  
13 how they're affecting the management plan itself.

14           MR. BENNETT: Thank you, Trevor.

15           My name is Pat Bennett from Board Staff as  
16 well. Good morning.

17           I'm sure everyone is aware, or I hope you are  
18 aware of the prohibition of venting ozone-depleting  
19 compounds. Effective July 1st of 1992, Section 608 of  
20 the Clean Air Act prohibits individuals from knowingly  
21 venting ozone-depleting compounds used as refrigerants  
22 into the atmosphere while maintaining, servicing,  
23 repairing, or disposing of air conditioning or  
24 refrigeration equipment.

25           In addition to establishing the prohibition

1 on venting, the Act also requires the U.S. EPA to  
2 develop regulations that limit emissions of  
3 ozone-depleting compounds during their use and disposal  
4 to the lowest achievable level and that maximize  
5 recycling.

6 EPA is currently developing regulations that  
7 would propose, at a minimum these four items, as shown.  
8 Service practices to maximize recycling of  
9 ozone-depleting compounds during servicing and disposal  
10 of air conditioning and refrigeration equipment.  
11 Equipment technician and reclaimer certification  
12 programs. Restrictions on the sale of these  
13 ozone-depleting compounds. And safe disposal  
14 requirements to ensure removal of refrigerants on goods  
15 that enter the waste stream with the charge intact.  
16 Tact.

17 The EPA draft proposal should be out in  
18 October, at which time a 45-day day comment period will  
19 follow. For more information you can contact the  
20 Stratospheric Ozone Hotline to for regulations related  
21 to stratospheric ozone protection. The U.S. EPA  
22 contracted, I believe, it was to the Bruce Company to  
23 ask any questions you may have. I believe their hours  
24 of operation are from 9:00 to 4:00 Eastern time, I  
25 believe, 8:00 to 4:00 or or 9:00 to 4:00. The best

1 time to call them, of course, is early in the morning.  
2 If not, you won't get a hold of them or you'll be  
3 waiting for hours.

4 I have a few copies of the revised summary of  
5 their plan proposal. I only have 10 copies at the  
6 moment. I'll place them on the back table. But if you  
7 call this Stratospheric Ozone Hotline number, they will  
8 send you out a copy. This is the up-to-date copy.  
9 It's dated June 25th of 1992.

10 This concludes my brief, very brief,  
11 presentation. If you have any questions concerning AB  
12 1760 or Section 608 of the Clean Air Act, I'm willing  
13 to take any questions.

14 MODERATOR SMITH: Yeah, I'd like to ask you a  
15 question. When do you anticipate your plan being  
16 complete?

17 MR. BENNETT: January 1st, 1993.

18 MODERATOR SMITH: Are there any questions  
19 from the panelists on AB 1760 and the EPA plan?

20 Any questions from the audience? Okay.

21 PANEL MEMBER LISS: Just one question. In  
22 earlier testimony we heard that this was intended to  
23 stimulate recycling. Has Board Staff looked into that  
24 issue and come to any conclusions yet whether that  
25 effect will occur?

1 MR. BENNETT: Well, Mr. Liss, at the moment  
2 due to delays in the past, we've been researching into  
3 this waste management plan. We haven't come up with  
4 any conclusions at the, or recommendations at the  
5 moment. So that's still in the works.

6 MODERATOR SMITH: Okay. Thank you.

7 MR. BENNETT: Mr. Smith, one more thing.  
8 Trevor and I will be pretty much available throughout  
9 the day on the breaks and lunch to answer any  
10 questions. If anybody has any recommendations  
11 whatsoever on this plan we'd be willing to accept it at  
12 any time.

13 MODERATOR SMITH: I appreciate your  
14 participation today.

15 MR. BENNETT: Thank you.

16 MR. STORELLI: John, to respond to Gary's  
17 concern about the, how the management plan may promote  
18 metallic recycling, we are aware of the the cost  
19 provision in there that would allow the white goods to  
20 be disposed of in the landfill and so, you know, that  
21 will factor in heavily, you know, to the plan.

22 You know, if we make the plan, you know, very  
23 expensive, which would then increase the baseline, that  
24 in and of itself would reduce the amount available for  
25 recycling. So by lowering the baseline, lessening the

1 cost, lessening the requirement, that hence promotes  
2 white goods recycling.

3 PANEL MEMBER LISS: I guess I would comment  
4 that one of the things we need to look at is from the  
5 municipal ferrous, the most difficult to recycle  
6 material clearly is the bulky goods, white goods, which  
7 historically has become increasingly a problem in terms  
8 of sorting out the contaminants, and this law and  
9 regulations provides a framework for dealing with that,  
10 crystallizing what those costs are.

11 And as we talked about financing, in my first  
12 comments talking about financing the types of things I  
13 was talking about financing were these types of  
14 activities. So if we look to financing any types of  
15 activities in the ferrous arena, one of the priorities  
16 clearly should be the sorting out of contaminants to  
17 bulky goods so that the cost to the processor is held  
18 within reasonable limits and attractive economically so  
19 it won't go into the landfill according to that last  
20 provision you mentioned.

21 PANELIST MADDEN: Well I'd like to comment.  
22 My recollection of this bill is that the economic  
23 feasibility aspect of this bill had largely to do with  
24 whether there was a scrap processor or market around  
25 the landfill, and not as much to do with or probably

1 nothing to do with the health and safety and welfare  
2 features of the bill.

3 That is, that there was a general view among,  
4 by the legislature that it wasn't a real good thing to  
5 put into a landfill, potentially hazardous materials,  
6 regardless of the cost.

7 And at the moment as you know, if a material  
8 or a white good, as an example is not recycled, is not  
9 brought to a scrap processor, that potential capacitor  
10 containing PCB's, PCB's would in fact go into a  
11 landfill and probably be subject to crushing and  
12 leaking, what have you.

13 The whole idea was that it's a real good  
14 public policy matter not to have any usable metal going  
15 into the landfill, but more precisely to make sure that  
16 when that appliance is subject to recycling that any  
17 potentially dangerous material be removed before it is  
18 either put into a landfill or hopefully, more  
19 hopefully, recycled.

20 PANEL MEMBER HEENAN: John, let me just  
21 comment. What we're seeing around the country is  
22 we're, with the mandate of July 1st of the EPA, to  
23 remove CFC's, you've started the first step towards an  
24 infrastructure.

25 PANEL MEMBER MADDEN: Yeah, that's right.

1           PANEL MEMBER HEENAN: And once you get the  
2 infrastructure the likelihood of that appliance of  
3 going into the landfill is almost non-existent. If  
4 you're putting in the time and effort to remove the  
5 CFC's you'll cut out the Mercury switch, you'll cut out  
6 the capacitor, and you'll immediately have a value  
7 commodity for the shredding industry at that point.

8           So what we're seeing across the country is  
9 exactly that. I think, Gary, if I heard him correctly,  
10 indicated the bulky white goods were difficult to  
11 recycle. I think that's the exact opposite. The more  
12 the shredding industry, the ferrous industry, the more  
13 ferrous you have in an appliance the more they like it.

14           PANEL MEMBER MADDEN: That's right.

15           PANEL MEMBER HEENAN: You know, they have to  
16 handle eight or nine appliances to make one car, but at  
17 the same token, it is easy to handle when its magnetic.  
18 The key is to make sure that the Mercury swith, the  
19 CFC's, and the PCB's are removed. And with this  
20 mandate you're developing an infrastructure, you're  
21 mandating.

22           PANEL MEMBER MADDEN: There is -- I should  
23 note there's a practical reason besides good public  
24 policy reasons and the shredder in particular who gets  
25 these white goods typically have gotten them in a

1 crushed state for transportation purposes. So even if  
2 they wanted to have removed some of these potentially  
3 hazardous materials it became really impossible to do.

4 But I think what Bill is saying is true, that  
5 if an infrastructure and I suspect, not suspect, I know  
6 it's developing, does in fact occur, then what will be  
7 delivered upon the scrap processor and the shredder is,  
8 in fact, a very easily shreddable and recyclable  
9 product.

10 PANEL MEMBER LISS: John, if I could just  
11 clarify.

12 I'm not saying it's difficult to recycle  
13 after it gets to the processor. My point was that it's  
14 difficult because it has these contaminants. And it  
15 has not been economic for people to get out those  
16 contaminants through the private marketplace, and  
17 that's why with the regulations coming in we will see a  
18 requirement to do it regardless of the cost is your  
19 point, that there's a mandate there, and while they're  
20 doing one mandate they'll get the rest of this stuff.

21 But my comments were to the point that in  
22 addition to that mandate, there may be a desirability  
23 of facilitating and funding some of those separation  
24 activities. For example, 2020, AB 2020 funds the  
25 Conservation Corps people to do recycling

1 infrastructure work. A good use of that bottle bill  
2 money, that 2020 money might very well be to have  
3 Conservation Corps people doing some of that sorting at  
4 the landfill or prior to getting to the scrap dealers.

5 And that's what I'm talking about as far as  
6 the difficulty in the past to recycle and what  
7 financing mechanisms might be useful, or funding  
8 mechanisms might be useful to make the transition to  
9 meet the regulatory requirements!

10 PANEL MEMBER HEENAN: I don't disagree with  
11 that. I guess if you look at 1990 statistics from the  
12 EPA there was about 2.5 million tons of appliance  
13 disposed of in this country. About 900,000 tons was  
14 recovered. That 900,000 was 100 percent ferrous. The  
15 25 was 60 percent ferrous and other items. But you get  
16 a recycling rate in 1990 in the country of 32, 34  
17 percent.

18 I think what the Clean Air Act does is allows  
19 more entrepreneurs to get involved in, and I agree with  
20 you completely, you get more entrepreneurs involved in  
21 the process to supply the shredding material that they  
22 can supply Leonard or the constituents I represent as a  
23 raw material, that's great.

24 MODERATOR SMITH: Some good comments. Are  
25 there any more comments from the panelists or the

1 public in terms of the requirements of AB 1760 and the  
2 EPA requirement?

3 PANEL MEMBER LISS: And I'd like anyone from  
4 the public to comment about any problems in bulky goods  
5 moving right now into the recycling arena particularly.

6 MR. REGAN: My name is Dan Regan and I work  
7 for Sacramento County.

8 And I just wanted to give you a little  
9 perspective on when it comes to appliances what it  
10 really means. We want to create the market, sure, but  
11 the bottom line is it's going to cost us money to do  
12 it. Because the processors, they're not going to take  
13 our appliances. So the bottom line is it will cost us  
14 money.

15 I know in Minnesota, I think it's Minnesota,  
16 there's a company that opened up to process  
17 refrigerators, and I believe they charge \$8 per  
18 refrigerator. Three miles down the road here, SMUD,  
19 the Sacramento Municipal Utility District, has a  
20 refrigerator exchange program, and I believe that, I  
21 don't know, Schnitzer might not get them, somebody else  
22 might get them.

23 But they have a crew of 6 to 10 people that  
24 are there primarily to remove all of the things that  
25 the scrap dealers don't want. And I'm not saying

1 that's a bad thing, that's really what we're talking  
2 about. There is going to be a significant cost to  
3 local government to do it. It's possible to do it.  
4 But the money has to come from somewhere and where, I  
5 don't know.

6 But you know we, you know, we're going to  
7 take the hit probably. Because I don't know if the  
8 scrap industry is going to be willing to do all that  
9 work and what they're probably going to say is we're  
10 not going to accept these appliances from you any  
11 longer unless you process the appliance.

12 PANEL MEMBER MADDEN: Well, but if I may?

13 It kind of stands to reason from a, again a  
14 public policy point of view. I don't think you want a  
15 law which says well if they can't be recycled from  
16 metal then just throw them into the landfill where the  
17 same potentially hazardous material is just going to  
18 get into a landfill and contaminate a landfill. That  
19 doesn't seem to make intrinsically good sense to  
20 anybody.

21 So you ask yourself well what is the public  
22 cost? Well, you do it, you know, it's one of those  
23 things, you pay me now or you pay me later. I'd much  
24 rather use the metal and remove those unsafe,  
25 potentially hazardous materials instead of just dumping

1       them into landfills, filling landfill space with usable  
2       material but contaminating the landfill with these  
3       potentially dangerous materials.

4               MR. REGAN: I'm not saying you shouldn't do  
5       the work --

6               PANEL MEMBER MADDEN: No, I know that.

7               MR. REGAN: I'm just throwing it out for  
8       consideration. Because it is going to be a cost to  
9       local government. And I think what Gary says is very  
10      true and we need to look at doing things like that.  
11      And maybe the Conservation Corps is a great way to do  
12      it, because there's a lot of work to it and someone has  
13      to pay for it.

14              PANEL MEMBER LISS: And, Dan, my point is,  
15      Gary Liss, is the financing is one of the key issues  
16      that we need to come to grips with in market  
17      development. And tailoring the particular use of  
18      monies and source of monies. And in this case, for  
19      example, maybe the tire fund is a good motto where you  
20      have a surcharge on refrigerators and appliances that  
21      funds some of these activities, or maybe the 2020 funds  
22      are the right way. I think the matching of particular  
23      sources and uses of funds for this purpose is what I'm  
24      trying to address here. And your point is right in  
25      sync that whether the rate structure, the garbage rate

1 structure is the appropriate funding mechanism for  
2 before it gets to the scrap dealer --

3 MR. REGAN: Yeah.

4 PANEL MEMBER LISS: -- is the question that's  
5 on the table and what I'm suggesting is that there,  
6 that's what we need to get our thoughts in line on as  
7 in agreement on.

8 MR. REGAN: Yeah, it's an issue right now.  
9 We've been actually collecting appliances and selling  
10 them to Schnitzer Steel for quite a few years now. And  
11 I know that this issue has come up and they're, I'm not  
12 sure what's going on with the contract, but we have to  
13 somehow deal with all those capacitors and the CFC's.

14 So do you know, Mark, of where? I'm not sure  
15 if you're aware of it either.

16 PANEL MEMBER MADDEN: Well, let's talk about  
17 this later.

18 (LAUGHTER.)

19 PANEL MEMBER MADDEN: The answer is, I really  
20 don't, but --

21 MR. REGAN: But the bottom line is we have a  
22 program and this is facing us and for all the local  
23 governments who have not yet put a program in place  
24 it's going to be huge problem, I think. And that's  
25 really something I think the Waste Board Staff should

1 look at so. But I thought I'd just toss it out.

2 MODERATOR SMITH: Thank you, Dan.

3 Now I'd like to turn to our next presentation  
4 by Lorraine Van Kekerix. And she will be talking about  
5 the counting of ferrous metals towards the waste  
6 diversion goals.

7 Lorraine.

8 MANAGER VAN KEKERIX: We have some overheads  
9 so it will take a second to get set up here to use  
10 this.

11 I've been asked to speak to you for a few  
12 minutes to about the status of scrap metals and in  
13 particular ferrous metals counting towards meeting the  
14 AB 939 diversion goals which cities and counties must  
15 meet.

16 We have two vehicles which exist today that  
17 deal with the status of scrap metals. The first of  
18 those is the Board motion of March 25th, 1992, which  
19 excludes the counting of existing diversion of scrap  
20 metals and other materials towards diversion goals  
21 unless certain criteria are met.

22 The second is language in Assembly Bill 2494  
23 which is now awaiting the Governor's signature. The  
24 language in the bill is essentially the same exclusion  
25 as in the Board motion of March 25th.

1           First I'll give some of the background on how  
2 the exclusion came about, then discuss the specific  
3 language of the exclusion, and finally cover what all  
4 this means for diversion of scrap metals now and in the  
5 future.

6           In terms of background material. First of  
7 all, under existing regulations scrap metals or any  
8 other material must be normally disposed of in a  
9 permitted landfill to be countable towards diversion  
10 goals. Normally disposed of means that the waste type  
11 must constitute at least a hundredth of a -- or excuse  
12 me, a tenth of a percent of the total weight of solid  
13 waste disposed by the jurisdictions.

14           In 1991 concern developed amongst the  
15 environmental community, the legislature, and the board  
16 that many jurisdictions were relying on diversion of  
17 certain materials to meet the 25 and 50 percent  
18 diversion goals. They were concerned that by counting  
19 existing diversion of typically dense materials such as  
20 inerts and scrap metals where a small volume of  
21 material would mean a large weight diverted, some  
22 jurisdictions were claiming high diversion credits, and  
23 as a result were not pursuing enough new or expanded  
24 diversion programs. Ultimately, some jurisdictions may  
25 be meeting the diversion requirements solely or mostly

1 through diversion of inerts and scrap metals.

2 This was a concern because one of the  
3 purposes of AB939 was to foster creation of local  
4 diversion programs that did not exist prior to the  
5 enactment of the act. This issue has been called the  
6 "what counts debate." That is, what waste and  
7 diversion activities should be allowed to count towards  
8 the law's diversion requirements.

9 Information from the Board's database, which  
10 is composed of data which is in the preliminary draft  
11 source reduction and recycling elements, show that  
12 almost 50 percent of the baseline or current diversion  
13 claims come from inerts and scrap metals. So the  
14 concern that some jurisdictions are relying on  
15 diversion of a single or a few waste types to meet the  
16 goals is justified.

17 Based on that background information the  
18 Board adopted a motion at their March 25th meeting to  
19 address the "what counts" debate. This motion excludes  
20 existing diversion of four waste types. Those waste  
21 types are inert solids, scrap metals, agricultural  
22 waste, and white goods. And these are excluded from  
23 counting towards the baseline from which we will  
24 measure the 25 and 50 percent diversion requirements,  
25 unless the following three criteria are met.

1           First, the waste was diverted as a result of  
2 a jurisdiction's program targeting that waste.

3           Second, that the jurisdiction demonstrates  
4 that prior to January 1, 1990, the waste was disposed  
5 of in quantities reasonably corresponding with the  
6 claimed diversion.

7           And criteria number three, the jurisdiction  
8 is and will implement all feasible source reduction,  
9 recycling, and composting.

10           I want to make it very clear that this  
11 exclusion applies only to existing diversion of these  
12 materials as counted in the baseline year, that's 1990  
13 or '91, waste generation rates. All diversion which  
14 occurred after the baseline year of these materials or  
15 other materials will count towards the diversion goals.

16           Much of this language that's in the Board  
17 motion was incorporated in AB 2494 in Public Resources  
18 Code, new proposed subsection Resources Code 41781.2.

19           AB 2494 also includes a definition of scrap  
20 metals as follows:

21                   "Scrap metal includes ferrous  
22 metals, non-ferrous metals,  
23 aluminum scrap, other metals and  
24 auto bodies, but does not include  
25 aluminum cans, steel cans, or

1           bimetal cans."

2           The three criteria which must be met are also  
3 slightly -- or excuse me, also slightly different and  
4 more spelled out than in the original Board motion.  
5 And the three criteria are as follows:

6           The jurisdiction program as mentioned in the  
7 Board motion was rephrased to be action by a city,  
8 county or regional agency which means franchise or  
9 contract conditions, rate or fee schedules, zoning or  
10 land use decisions, disposal facility permit  
11 conditions, or activities by waste hauler, recycler, or  
12 disposal facility operator acting on behalf of a city,  
13 county, or regional agency, if the local government  
14 action is specifically related to the claimed  
15 diversion.

16           The solid waste being claimed for diversion  
17 credit, if it was disposed of at a permitted disposal  
18 facility in the quantity being claimed as diversion,  
19 rather than the Board motion which asked that it be a  
20 reasonably corresponding quantity.

21           And the third criteria, the source reduction  
22 recycling and composting programs which jurisdictions  
23 are undertaking are specified as the programs described  
24 in their source reduction and recycling elements.

25           As stated before, all new diversion of scrap

1 metals including ferrous metals will count towards  
2 meeting the diversion goals. Under AB 24, if it is  
3 signed, jurisdictions will not need to quantify the  
4 diversion because AB 2494 will change the current  
5 generation based accounting system to a disposal based  
6 accounting system.

7 Under a disposal based accounting system  
8 achievement of the 25 percent and 50 percent goals  
9 would be measured by quantifying how much waste was  
10 disposed by the jurisdiction only, rather than  
11 quantifying waste disposed, waste diverted, and waste  
12 generated.

13 As part of the initial solid waste generation  
14 study jurisdictions quantifying the base amount of  
15 waste generated in 1990 and also project the amounts of  
16 wastes that, that would be diverted and disposed in  
17 1995 and 2000. So jurisdictions already know the  
18 maximum amount of waste that they should dispose of in  
19 1995 and 2000.

20 If landfill records for the jurisdiction show  
21 that they have disposed of the projected amount or less  
22 in 1995 and 2000, the jurisdiction has demonstrated  
23 that the goals were achieved. Therefore, only disposal  
24 amounts need to be quantified, not diversion amounts.  
25 Quantification of disposal amounts is generally much

1 easier than quantification of diversion. Since  
2 quantifying of all diversion activities would no longer  
3 be necessary, accounts reporting requirements for local  
4 jurisdictions would be greatly reduced.

5 AB 2494 would require local Governments to  
6 submit to the Board simplified quantitative annual  
7 reports only on the diversion programs which they  
8 themselves operate or fund. Private recyclers,  
9 including scrap metal recyclers, would be required to  
10 report to the county in which they are located the  
11 waste types and amounts that they actually divert or  
12 sell to an end processor. Transactions between any  
13 scrap metal recyclers which do not result in the  
14 material going to an end processor would not be  
15 reported. The Board will work with private recyclers  
16 to develop a method and a format for reporting  
17 diversion amounts if AB 2494 is signed into law.

18 And if it's signed into law, the Staff  
19 expects that we will hold a series of workshops at  
20 which all interested parties can work on the method and  
21 the format for the diversion reporting requirements.

22 That ends my presentation. I'd be happy to  
23 answer any questions.

24 MODERATOR SMITH: Okay. Are there any  
25 questions by the panelists on what Lorraine has

1 presented?

2 Are there any questions from the public on  
3 what Lorraine's presented?

4 MS. VAN KEKERIX: Must be perfectly clear.

5 MODERATOR SMITH: Thank you, Lorraine.

6 Why don't we take a ten minute break and then  
7 come back and we'll start with the first question we'll  
8 ask of the panelists.

9 (Thereupon there was a brief  
10 recess.)

11 MODERATOR SMITH: Before we get started, I'd  
12 like to make a comment that we are still welcoming  
13 comments, written comments on this report. We'd like  
14 them so that we can develop our action time plan on the  
15 action plan. We'd like the comments on the report the  
16 written comments by the end this week. So if you  
17 haven't yet got them in, please try to get in by the  
18 end of this week.

19 Now I'd like to turn to the first question  
20 that we'll be asking our panelists, and I think we'll  
21 start with Jack Force. And this question and the  
22 subsequent questions will be on the screens for those  
23 that can't hear me or didn't understand what I said.

24 The first question is, and these are really a  
25 series of questions.

1                   "Will additional processing  
2                   capacity be required for municipal  
3                   ferrous in California? What are  
4                   the greatest barriers in California  
5                   to expanding capacity? How can  
6                   these barriers be overcome? What  
7                   is the projected increase in  
8                   municipal ferrous supply in the  
9                   next five years?"

10                  Jack, would you like to give that a try?

11                  PANEL MEMBER FORCE: Sure. Okay. I'm going  
12                  to do this quickly and then -- I suppose I could turn  
13                  this on.

14                  The question, will additional processing  
15                  capacity be required for municipal ferrous. I'm not  
16                  sure that that's, that that's true. I mean there is a  
17                  lot of capacity. Gary was asking me at the break about  
18                  processing capacity. And what I said at, my remarks at  
19                  the start, if the amount, I'm talking about tin cans  
20                  because that's the part that my expertise is in. But  
21                  if you double the amount that was recycled, you know,  
22                  right now we'd still have capacity to deal with all of  
23                  that stuff.

24                  The place, the greatest barriers in  
25                  California, I'm not going to talk about expanding

1 capacity, but the barrier is the supply side for  
2 recycled tin cans. The public doesn't really view tin  
3 cans as something that's really recyclable. And I  
4 think part of that comes from, you know, the, well just  
5 public awareness.

6 We've been recycling these kind of cans for a  
7 long, long time. But they're not like aluminum cans  
8 where they have a high value and, you know, so the  
9 interaction with the public directly and the buy back  
10 system which is more visible hasn't, you know, people,  
11 tin cans haven't fit into that quite so well.

12 The curbside has helped that a lot, you know.  
13 When people see that you can put stuff into their, into  
14 their curbside container, that helps some. But there  
15 could, we could stand some help. You know, the Steel  
16 Can Institute's done a great job overall, but the  
17 public still doesn't realize that a tin can or a steel  
18 can is really as recyclable as anything else.

19 So the supply is really, I think, probably  
20 where we could, and if, you know, you asked about what  
21 the projected increase is, you know, I mean I don't  
22 know how to come up with that. I mean the Steel Can  
23 Institute has a goal of like 66 percent of recycled tin  
24 cans being recycled, so we're about half there now. So  
25 you know, so if you look at doubling it that way that's

1 probably reasonable over five years.

2 MODERATOR SMITH: Very good.

3 William, or Bill.

4 PANEL MEMBER HEENAN: Well, I think let's  
5 address the processing capability. And I think when  
6 you look at processing capacity you can't look at  
7 California alone, you have to look at the  
8 United States. I think if you recall the remarks, the  
9 ferrous scrap market is truly a supply and demand  
10 market. If we double the amount of ferrous scrap  
11 recovered from the municipal waste stream we would  
12 still have probably in the neighborhood of 25 percent  
13 of the capacity available in this country.

14 Steel tends to be a long-time durable. Other  
15 than the container, as Jack and I really dedicate  
16 ourselves towards, cans are a turnaround item. But the  
17 rebar that Leonard makes tends to be in a building for  
18 50 or 60 years. We call it "living inventory." We're  
19 going to eventually get it but it's going to be awhile  
20 before they tear this building down to give it back to  
21 us. So I think the processing capability is not a  
22 barrier at all.

23 When it comes to the shredding or bailing of  
24 steel. The barrier may come from what we were talking  
25 about earlier on appliances. That is the equipment to

1 remove some of these materials, whether it's CFC's or  
2 Merucry switches and things of that nature. So I think  
3 we need to look at that.

4 When you look at, another barrier, I think I  
5 reiterate what Jack said. Listening to the comments on  
6 2494, every community will get credit for every steel  
7 can they divert out of the solid waste stream. So the  
8 first thing we need to do is work together, and we have  
9 proposed to the Board to work on a public service  
10 announcement.

11 That public service announcement, by the way,  
12 which we are producing, will be in both English and  
13 Spanish, and help heighten the awareness.

14 I think if we go out to the communities and  
15 tell them that the steel cans that they divert into the  
16 curbside bin rather than to the trash bin will count  
17 towards their 25 percent, that will help us immensely  
18 of getting every community that has a curbside program  
19 to include steel cans. In addition there's about 10 to  
20 15 percent of the steel cans that are not getting into  
21 curbside currently that should.

22 Now, Leonard's company has been a leader  
23 across -- by the way, Leonard's company is the leader  
24 when it comes to oil filters. I don't think he patted  
25 himself on the back enough. He just named a few of the

1 cities that, and states that are looking at him. But  
2 there's additional companies across the country that  
3 are really taking a lead from Tamco on doing oil  
4 filters.

5 But the other items that are sitting in the  
6 house that we need to work together to get in that  
7 curbside bin are the aerosol and paint cans. That is  
8 another area, as Jack said, we could double tomorrow  
9 and still have no problem on the market side.

10 What we got 15 percent of those steel cans  
11 that we're not even including currently because of  
12 other restrictions and other complications which I  
13 think we can work together with a public service  
14 awareness campaign. We can lift the amount of  
15 participation. People believe that which is recyclable  
16 is that which I put in my curbside bin. And we need to  
17 make sure that in every curbside bin across the State  
18 of California steel cans whether they be food cans,  
19 steel cans or aerosol cans are included.

20 Projection into the future. Steel has been  
21 very consistently the same for the last 10 years, about  
22 80 to 85 million tons of steel products. I don't see  
23 any dramatic change. But I do know that our goal is to  
24 double the amount of cans recycled. And we know that  
25 if we do that in California that the market is there

1 already. And our job is to make sure that when we  
2 triple it that the market is there as well.

3 MODERATOR SMITH: Very good. Thank you,  
4 Bill.

5 Gary.

6 PANEL MEMBER LISS: I'd like to reiterate. I  
7 clearly agree with Jack and Bill's comments as to the  
8 processing capacity being there, which is what I was  
9 talking about in my opening comments about building on  
10 the existing infrastructure.

11 We have tremendous processing capacity out  
12 there. The question is for those products that we  
13 haven't historically recycled, like bulky goods, like  
14 the paint and aerosol cans and other items that might  
15 be found in household hazardous waste systems, are the  
16 types of areas that we need to focus on incremental  
17 assistance and funding, additional processing capacity  
18 to be developed there.

19 I also would like to highlight that there are  
20 two other issues in terms of the supply barriers that  
21 are of concern to me. First is the whole issue of  
22 definitions of recyclables and wastes. And the  
23 implications for the future of the huge debate that's  
24 going on right now as to whether materials and  
25 commodities generated by businesses are waste or

1 recyclables.

2           And the implications for the existing  
3 infrastructure is that in some locations cities have  
4 moved to tell existing businesses, recycling businesses  
5 to stop collecting those materials, and they've brought  
6 in other businesses to take over that operation. And  
7 the whole arena of commercial franchising and  
8 businesses' right to recycle I think is eliciting a  
9 very difficult scenario where we could lose the  
10 tremendous infrastructure we have in California if  
11 we're not careful. And we need to be very careful in  
12 terms of our definitions on, in this arena, that's  
13 probably one of the most important supply  
14 considerations for the Board to address in the market  
15 development action plan.

16           The third point I want to make was in terms  
17 of data. We heard Lorraine talk about the exclusions  
18 from what counts and what doesn't count and,  
19 unfortunately, I think that exacerbates what I call the  
20 invisible investment by the existing recycling industry  
21 by virtue of the fact that it doesn't count towards AB  
22 939 goals.

23           Municipalities don't have an interest in  
24 learning about the existing scrap industry,  
25 understanding that scrap industry, and acknowledging

1 their existence which leads them to go to their solid  
2 waste haulers to accomplish all their recycling  
3 activities. So I think the whole data issue is not  
4 over.

5 AB 2494 moved us forward as we needed to on  
6 this issue. But I think as part of a market  
7 development action plan I am glad to see 2494 addressed  
8 here. And the emphasis on the centralized data  
9 collection and analysis of that data needs to be part  
10 of the action plan and a priority in providing the  
11 assistance to the counties for setting up a uniform  
12 statewide system that will meet these needs that will  
13 highlight the investment made by the private sector and  
14 the process capacity is critically important to people  
15 recognizing the industry that exists out there.

16 MODERATOR SMITH: Gary, could you go into a  
17 little more detail in terms of the barriers of  
18 recycling the materials that contain the household  
19 hazardous wastes?

20 PANEL MEMBER LISS: Well, I think the issue,  
21 the aerosol and paint cans is the one that Bill brought  
22 out which I'd put those in the category of household  
23 hazardous wastes. When I look at the municipal waste  
24 stream, and I hadn't thought of that as a --

25 PANEL MEMBER HEENAN: It's hard to imagine

1 whipping cream as household hazardous waste.

2 PANEL MEMBER MADDEN: That's a pretty good  
3 one.

4 PANEL MEMBER LISS: But in terms of ferrous,  
5 I hadn't put that together with the ferrous discussion  
6 and so I was linking, I was suggesting in my vague  
7 reference that the Waste Board Staff go back to your  
8 list of household hazardous wastes and identify any  
9 constituents that should be broken out into the  
10 commodity specific market development action plans that  
11 you're developing, with ferrous being an example of  
12 that.

13 Look at all the other household hazardous  
14 wastes in terms of are there other household hazardous  
15 wastes that are impacting on other markets that you're  
16 addressing? For example, compostables.

17 Your pesticides and household pesticides and  
18 the alternative uses of products that aren't as long  
19 standing links in with the compostables market  
20 development action plan. And in this context for  
21 ferrous I think we need to just go back to our overall  
22 list of household hazardous and cross-check and make  
23 sure that in addition to aerosol and paint cans if  
24 there's anything else there that we didn't catch in the  
25 comment, I think it's an important linkage that Bill

1       made b, eyond the bulky waste which we had been  
2       focusing on in our earlier discussion.

3               MODERATOR SMITH: Thank you, Gary.

4               I'd like to turn to Marc.

5               PANEL MEMBER MADDEN: Yeah. I'm reading  
6       those four questions on my screen and the answers are,  
7       in sequence, no, no, not what you think, and no one  
8       knows.

9               But let me get to the third one which is, and  
10       it was Gary who actually I think identified what is, I  
11       think, is the truly most significant potential barrier  
12       in California. And it revolves around this famous  
13       issue called flow control.

14               And I think, as many of you are aware, the  
15       great Court of Appeals of the Fourth District of the  
16       State of California handed down a case on September 1st  
17       called Waste Manage of the Desert Incorporated, a  
18       California Corporation and the City of Rancho Mirage  
19       versus Palm Springs Recycling Center. And to spare you  
20       the three pages of explanation, the court really ruled  
21       three, I think, very important things to what I think  
22       is the benefit of recycling in California.

23               One is they said that, you know, there is a  
24       validity or the court gave validity to the simple legal  
25       disposition of private property including recyclables.

1 Which means, what it all comes down to, you as a  
2 consumer, you as a manufacturer or creator of  
3 potentially recyclable materials, has every reason and  
4 right to dispose of it, sell it, donate it, what have  
5 you in any manner, shape, or form that's legal in  
6 California which means to the recycling community as  
7 opposed to some perhaps franchisee in a city that you  
8 happen to live in.

9 Two, and here's another, I think, very  
10 important contribution to recycling. The court  
11 rejected the government interference in a legitimate  
12 and historical scrap market, be it plastics, paper, or  
13 scrap metals.

14 And three, the court reaffirmed, I think, AB  
15 939 support for unrestricted participation of the  
16 existing and even developing recycling community in  
17 achieving the landfill diversion goals that we have in  
18 California.

19 I'm not going to say a whole lot more because  
20 the guy who really knows more about it is sitting right  
21 back there. His name is Tim Flanigan. Some people  
22 call him Terry, but we call him Tim. And he's the  
23 attorney who argued the case before the court and won  
24 the successful opinion, I think, on behalf of the  
25 entire recycling community in California. So to some

1 extent he deserves your great thanks.

2 But more than that if you have a question  
3 about the meaning and significance of what I think is  
4 the end of flow control as it is at least stipulated in  
5 this opinion, I suggest you give him a call or talk to  
6 him right there. He's a really an affable guy.

7 MODERATOR SMITH: Thank you.

8 PANEL MEMBER LISS: Marc, this is Gary Liss.

9 I appreciate your picking up on that. I  
10 think the point that I'd like to make that the Waste  
11 Board needs to address that question itself in the  
12 context of this market development action planning.

13 PANEL MEMBER MADDEN: I would ask you, how do  
14 you think they should do it?

15 PANEL MEMBER LISS: One, by asserting the  
16 distinction between products and waste, and the  
17 business right to recycle, to donate or to sell the  
18 material as fundamental to supporting the existing  
19 infrastructure, the existing businesses that are out  
20 there.

21 PANEL MEMBER MADDEN: Right. Right.

22 PANEL MEMBER LISS: That if the Waste Board  
23 does not address that issue as part of its market  
24 development plans it's begging the issue, stepping away  
25 from the issue, and this issue is not over by any

1 means. It's going to come back in the legislature. No  
2 question in my mind. When someone at Byron Share spoke  
3 at our June 9th workshop on commercial financing, he  
4 said the legislature had no intent whatsoever under AB  
5 939 to address this issue which, and he said that  
6 whoever loses the Rancho Mirage case he was sure that  
7 he would hear from them the next day.

8 PANEL MEMBER MADDEN: You think he did?

9 PANEL MEMBER LISS: And I very much think he  
10 did. Which is why CRRA is holding a workshop November  
11 20th in Rancho Mirage on business rights to recycle to  
12 try and bring everyone to the table, discuss the issue,  
13 and get a consensus on what clarifying language in the  
14 legislation we could get so that it's not just relying  
15 on the court decision, but so that there is spoken  
16 legislative intent here.

17 And to have the Waste Board support that at  
18 this time as part of the market development plans I  
19 think is critically important. And I'd like to see the  
20 other panel members speak to that issue as well.

21 MODERATOR SMITH: Any other panelists want to  
22 speak on that at this point?

23 Okay, Marc.

24 PANEL MEMBER MADDEN: Oh, I pretty much, I  
25 mean actually Gary said pretty much what I wanted to

1 say.

2 MODERATOR SMITH: I'd like to turn to  
3 Leonard.

4 PANEL MEMBER ROBINSON: Okay, these four  
5 questions or the first question probably raise about  
6 five or six more. Speaking for the steel mill  
7 industries, yes, we can, we can take what's out there  
8 and then we're being told it's out there, so what's  
9 wrong with this picture?

10 (LAUGHTER.)

11 PANEL MEMBER ROBINSON: I can tell Jack,  
12 yeah, instead of a thousand tons per month of steel  
13 cans send me three thousand tons. But if he's not  
14 receiving it and it's not getting anywhere, there's  
15 something in the middle which I can't answer that's  
16 preventing it.

17 Of the steel industry if we were, we plan to  
18 expand if we included Ferrous Municipal Scrap with our  
19 expansion plans, that's 35,000 tons of municipal  
20 ferrous scrap that we could take, but how's it going to  
21 get to us?

22 White goods, if the scrap dealers aren't  
23 going to take the white goods or can't take them  
24 because of environmental, environmental challenges to  
25 it, we're not going to get it either.

1           So it's, again we're here standing ready to  
2 take it and we're here, it's out there, there's a  
3 connection that needs to be made.

4           We don't know if additional needs to be done  
5 because we don't have a way to get it. We don't know.  
6 We haven't tapped it. We haven't scratched the surface  
7 yet. So the first answer as stated before is no.

8           The greataest barriers. Again there's  
9 something in the middle. Something is bottleneaking in  
10 the middle to keep it going from the landfills to the  
11 mills where they ultimately end up at.

12           How can these barriers be overcome? Beats  
13 me.

14           A projected increase. Again within three to  
15 four years we hope to increase our production of steel  
16 by 50 percent by going to a new product line which a  
17 increases across the Board need for scrap metal by 50  
18 percent. We would love to take these type of  
19 materials, but we have to be guaranteed a certain  
20 amount of scrap per month or we can't operate.

21           A steel mill is, they, our economics are  
22 based on a lot of production, 24 hours a day, seven  
23 days a week, around the clock, which means we have to  
24 have the scrap coming in. We can't take, it's gonna be  
25 their, the scrap is in the mail or whatever, we need it

1 right then and there to produce steel. So we stand  
2 ready and it's over here waiting for us. Again there's  
3 another bottleneck in there, we need find out what it  
4 is to get it out of there.

5 PANEL MEMBER LISS: Leonard, could I  
6 postulate and see whether anyone has any comments?

7 Is it possible that the bottleneck is price  
8 and value? Jack alluded to this in his comments on the  
9 issue of steel can versus aluminum can. The public has  
10 this perception of aluminum can being recyclable and  
11 steel can not partly because buy backs aggressively  
12 bought the can back.

13 In steel there's an inherent difference in  
14 value so it's not viewed in the same way. Curbside is,  
15 is enabling us to view it positively, but there's still  
16 an issue of value there which suggests that if we, if  
17 there's not more value inherent what we may need to do  
18 is work on your side of the equation and focus on the  
19 demand for your products as the key to solving this  
20 problem to have you pay as high a price as you can to  
21 the processors for their material so that they get more  
22 interest flowing from the communities that are  
23 collecting this material.

24 So my question goes to the issue of value and  
25 where in the equation should we address that, if at

1 all.

2 PANEL MEMBER FORCE: That's one of my  
3 favorite subjects. Because I've been doing this for so  
4 long and I've been on so many panels with aluminum  
5 people and --

6 PANEL MEMBER LISS: Hate 'em.

7 (LAUGHTER.)

8 PANEL MEMBER FORCE: Well no, it's not that I  
9 hate 'em, they did a very good job. They took, they  
10 took a, something that was a disadvantage and they made  
11 it into an advantage. I mean if you wanted to recycle  
12 everything you'd make all packaging out of gold, I mean  
13 it would come back to that.

14 The reality is is that the reason that steel  
15 was a good product is that because it's efficiently  
16 made. I mean it's not worth a whole lot, you know what  
17 I mean, per pound it's not worth a whole lot of money,  
18 it's worth a few cents a pound. If you look at energy  
19 rates and the whole thing, it's just not worth it, a  
20 high amount of money. I

21 Mean, if you take the amount of money it  
22 takes to make an aluminum can, for instance, if you  
23 didn't recycle, and you recycle 80 percent of the  
24 aluminum cans, you'd still end up better off, so I  
25 mean, so anyways. So the thing with the value is that

1 is part of the problem is the perception.

2 Steel cans haven't historically worked.  
3 Where there were buy back centers that did buy them a  
4 lot, you know, Washington and California had buy back  
5 centers years ago that bought steel cans and they never  
6 got very many because people don't recycle steel cans  
7 for their value. They recycle them.

8 Now on the other hand where you put it in a a  
9 curbside system, steel is the one thing that no MRF  
10 ever has to touch. I mean their costs for taking that  
11 out are either, you know, they're not nothing but  
12 they're minimal, because you can have a magnet at the  
13 end of the line and it takes the steel out.

14 So the way you get the things is by having,  
15 is by having them collected and, you know, where people  
16 can do it. The part of it, and you get this problem  
17 with every low value commodity, I mean you know, mixed  
18 wastepaper, well sometimes glass, but not in  
19 California, but every low value commodity is just kind  
20 of like who pays for this, you know, for getting this  
21 collected? I mean, and that's the real financing  
22 thing.

23 To say to Leonard, well, you gotta pay for  
24 money for scrap, or to me, you gotta pay more money for  
25 scrap, well then what you did is you made his rebar

1 more expensive. And is somebody going to pay him more  
2 for rebar because he -- well probably not. You're  
3 messing with the whole marketplace kind of thing and I,  
4 that's hard to do it and do it and not mess it.  
5 Eastern Europe tried to do that and, you know, it  
6 didn't work too well. So you know that's a tough one.

7 And I really think it needs to be paid for if  
8 paid for some other way rather than trying to increase  
9 what he pays for scrap or, you know, what I pay for  
10 scrap.

11 PANEL MEMBER ROBINSON: Yeah, sometimes you  
12 can, throwing money at it is, it's not going to help  
13 it. I think you have to educate, education awareness  
14 is the key. You take the average household person, you  
15 say okay we want you to put your steel cans in this bin  
16 they say okay, what do I do with my tin cans. I think  
17 you have to educate, education and awareness is the key  
18 that yes, steel is a recyclable product, and guess  
19 what, steel, a tin can is made of steel. Those type of  
20 things. Education and awareness.

21 I think the aluminum guys do a great  
22 commercial. Recycle. The average kid, a Boy Scout  
23 troop can take a whole bunch of cans up and make money  
24 on it. So we have to figure out a way to get it to the  
25 household level and then open up that bottleneck.

1           Yeah, I could pay more for it and then my  
2 prices go up. But again nobody's going to pay more for  
3 it although we're doing altruistic, we're doing the  
4 good, we're going the right thing, we may not be doing  
5 the smart thing.

6           PANEL MEMBER LISS: I guess my concern when  
7 you look at this picture, education awareness to me  
8 does not suffice. There's more than education and  
9 awareness needed. I agree with education and  
10 awareness. I love Rosco. I've brought my lunch pail  
11 with me to share with anyone because I think it's great  
12 to see the Steel Can Recycling Institute and others  
13 getting that message out there and the PSAs and all are  
14 helpful but I think there's more to it. I think we  
15 need to get on the table here.

16           What strikes me is if it's not value then it  
17 is convenience. And that's where curbside comes in.

18           PANEL MEMBER FORCE: Right.

19           PANEL MEMBER LISS: And making the systems  
20 convenient and simple for the generators to participate  
21 at curbside and maybe other systems in commercial are  
22 needed to be looked at as well may be the type of thing  
23 that I'm trying to dig into here to get some comment  
24 on.

25           The one alternative on value that I want to

1 put on the table just for discussion was 2020. PET  
2 doesn't have a whole lot of value inherent in it in the  
3 marketplace today.

4 PANEL MEMBER FORCE: Right. Right.

5 PANEL MEMBER LISS: And someone decided gee,  
6 why don't we throw PET into the mix of containers in  
7 2020? And, in fact, in our CRRRA Glass Recycling Task  
8 Force for the last two years, what they called for was  
9 the inclusion of all manufactured container types to be  
10 included in whatever system is out there. And because  
11 there was concern that individual container types were  
12 being disadvantaged in the marketplace, for example,  
13 relative to food container use.

14 We're now seeing aluminum and plastics  
15 heavily coming into fore where tin and steel was a  
16 major part. And the Storelli report highlights going  
17 down from ten percent to four percent of the container  
18 mix. The market share issue is a, is a real problem  
19 there. That's similar to what we were seeing in the  
20 2020 system.

21 So I guess the question comes back to then  
22 value, be it 2020, or convenience, or both.

23 PANEL MEMBER HEENAN: Well, let's go back to  
24 the original question that Leonard asked. What's wrong  
25 with this picture?

1 PANEL MEMBER ROBINSON: Right.

2 PANEL MEMBER HEENAN: Okay. The market is  
3 sitting there and saying to California that you could  
4 double tomorrow. The generation is generating only  
5 one-half. Now, why is it only generating one-half?  
6 One, not every community that has curbside has steel  
7 cans included. Two, education is a key. But there is  
8 no doubt whether you live in California, Rhode Island,  
9 or Florida, that convenience is the name of the game.  
10 If you want people to recycle you better put it at  
11 their door or you're going to get a very small  
12 participation.

13 And what we've seen over and over again in  
14 communities across this country that curbside ranges  
15 from anywhere from 60 to 90 percent participation of  
16 people putting their recyclables in that bin and  
17 starting the process. And that's the gap, you know.

18 Getting back to what Marc said earlier. This  
19 is a supply, ferrous is the perfect example. I mean if  
20 Harvard Business Review would do a study on the supply  
21 and demand, the ferrous scrap and the ferrous steel  
22 industry is a gold mine for that study because it is  
23 the perfect example, you know.

24 One of the problems Jack points out is that  
25 steel is used in everything you touch, whether it's

1 your car that got you here today, whether it's the  
2 appliance that will launder your clothes tomorrow, or  
3 whether it's the can of soup that you may eat.

4 There's another opportunity to generate  
5 supply and that's the industrial side. Whether it's  
6 the hospitals, the jails or the hotels. If we can get  
7 the information out there and the collection mechanism  
8 going, the market's there ready, willing and able. And  
9 I think that's, I think we found -- I know I'm  
10 answering questions that are further down and I'm sorry  
11 about that --

12 MODERATOR SMITH: Yes.

13 PANEL MEMBER HEENAN: But it really brought  
14 the point. We've got the demand side, we've got the  
15 supply side, the supply is not as good as the demand.  
16 That's a nice position to be in, I think. Most people  
17 would like to be in that position.

18 Now how do we do it? I think education and  
19 convenience. And there's nothing more convenient than  
20 curbside. And I think Jack points out a very good  
21 thing. You know we're blessed with one attribute  
22 nobody else has, magnetic separation, hands off. So  
23 the cost of the infrastructure is very low. The other  
24 side of the equation, it's used everywhere because it's  
25 so low cost to begin with. I mean, your brand new car

1 has only \$500 worth of steel in it, but that's 75  
2 percent of the mass of that car.

3 PANEL MEMBER LISS: Bill, how many curbside  
4 don't have steel and tin cans?

5 PANEL MEMBER HEENAN: I'm not sure exactly  
6 how many don't have. I'd say before Betsy was on and  
7 Jack was pushing I'd say it was probably 50-50. Now I  
8 would think think 0 percent have it at least.

9 But 80 percent having it is not enough. A,  
10 you've got to get a hundred. And B, you've gotta  
11 include aerosol and paint. And C, you've gotta  
12 remember, like Leonard said, hey, by the way, I can see  
13 this all the time, you ask somebody do they recycle  
14 their steel cans, they say no. And you say well do you  
15 recycle your tin cans? Oh, yeah. So there's other  
16 areas of education that we have to get into.

17 PANEL MEMBER LISS: And that gets into the  
18 household hazardous waste connections that the, again  
19 the aerosol and paint cans maybe are going to come in  
20 through household hazardous waste processes rather than

21 PANEL MEMBER HEENAN: I don't think they have  
22 to. I don't think you need to add costs. If they're  
23 empty they should be included in your curbside bin, and  
24 they are in more and more cities across the country.

25 We're doing a test down in Houston right as

1 we speak to make sure what is empty. The EPA says  
2 anything less than three percent is empty. Somehow I  
3 just don't see shaving cream and whippnig cream and Pam  
4 spray as hazardous waste, but because of a lot of  
5 misunderstanding they're not included. And that would  
6 help us right away to start reaching towards getting  
7 that thousand tons a month that Jack could process and  
8 deliver into Leonard.

9 PANEL MEMBER LISS: I guess on the education  
10 awareness then I'm just thinking we should be real  
11 specific that, what we're talking about, if most  
12 curbside already have it we need to get to the  
13 remaining few to educate them to add tin cans. But  
14 then for backfilling, the remaining curbsides need to  
15 add aerosol and paint cans needs to be an important  
16 part of the market development action plan supply  
17 commentary in terms of the steel can piece of the  
18 equation is what I'm hearing.

19 And then secondly, if you could elaborate on  
20 your brief comment about industrial scrap. Clearly an  
21 institutional scrap, how much is out there in this  
22 product line? And as we go forward beyond residential  
23 recycling programs and to build on commercial recycling  
24 programs, what should the Board be helping  
25 municipalities and the industry to focus on, and are

1       there any problems there?

2                   PANEL MEMBER HEENAN:   I guess to address  
3       that, Gary.   One of the biggest problems we have is  
4       determining how many cans go into any geographic area.  
5       Steve's shown a number that we have used, about 340,000  
6       tons of steel cans came into California.   Now that's  
7       based on a per capita of America.   We know how much  
8       steel went into the marketplace into cans.   What we  
9       don't know is how many cans were consumed by geographic  
10      area.

11                   You know when Del Monte fills peaches they  
12      don't necessarily go evenly across the country.   We  
13      know for an example there's a lot less soup consumed in  
14      California than there is in Minnesota.   There's a very  
15      direct correlation with weather and soup.   We know that  
16      fresh vegetables and fresh fruits availability will  
17      determine how many cans of vegetables and fruits that  
18      are consumed.

19                   It's the same thing in the industrial side.  
20      The number 10 can, as we call it, which is the typical  
21      institutional container, we are working and have worked  
22      and across the country are trying to educate hotels and  
23      jails and schools to implement programs to recycle.  
24      And you'll see more and more waste haulers and the  
25      infrastructure saying just bring it to us.   But the

1 program has to be implemented and that comes back to  
2 education again. You've got the locked in convenience,  
3 I mean it's already there, it's already in the kitchen,  
4 it's a sizable sized container, and it's a sizable  
5 waste avoidance by taking it out of that disposal bin  
6 and putting it in that recycling bin.

7 PANEL MEMBER LISS: When you characterize  
8 that as education is where I'm having a visceral  
9 reaction that it's more than education. Convenience is  
10 more than just education. Convenience is setting up  
11 the structure of getting it from the point of  
12 generation to the point where it is in Marc's hands at  
13 Schnitzer Steel going into the marketplace.

14 PANEL MEMBER HEENAN: Right.

15 PANEL MEMBER LISS: And in those  
16 institutional settings, commercial recycling programs  
17 are just evolving some of those internal collection  
18 systems, and that is part of, I think, what the action  
19 plan needs to address in this context.

20 That it's the, both the experimentation and  
21 development of the internal collection systems at  
22 institutions and industries to collect lots of  
23 relatively small amounts of materials so that in the  
24 aggregate we get all these small pieces together back  
25 in a hole that is economically viable from that point

1 forward.

2 PANEL MEMBER FORCE: The other place that  
3 that's true, too, where the infrastructure is  
4 struggling somewhat, is in farther out places, a little  
5 more rural places, you know, because of the, you know,  
6 they don't necessarily have the bailers and, you know,  
7 the equipment that's needed for that infrastructure.  
8 And they could stand some help. I don't know exactly  
9 where that comes from, but they do need some help.

10 MODERATOR SMITH: We'll be talking about help  
11 in the afternoon session. This has been a very, very  
12 good discussion. And we hope to continue with it right  
13 after lunch.

14 Leonard, you finished?

15 PANEL MEMBER ROBINSON: Yes.

16 MODERATOR SMITH: I'd like to open it before  
17 we break for lunch to any questions from people from  
18 the audience about this, these first series of  
19 questions.

20 Is there anyone out there that would like to  
21 provide some input or insight?

22 PANEL MEMBER LISS: Anybody want to throw  
23 tomatoes?

24 PANEL MEMBER ROBINSON: Canned.

25 PANEL MEMBER HEENAN: Canned tomatoes.

1 PANEL MEMBER LISS: Canned.

2 MODERATOR SMITH: Do the panelists want to  
3 make any concluding comments on this first question  
4 before we break? Anything else to add?

5 PANEL MEMBER LISS: Was fun.

6 MODERATOR SMITH: Was fun.

7 PANEL MEMBER HEENAN: Except we started  
8 answering 2, 3, 4 and 5.

9 MODERATOR SMITH: He's been on our panels  
10 before. Gary's been on our panels before.

11 I think we'll break for lunch and then come  
12 back about 1:00 o'clock. We'll come back at 1:00 clock  
13 and take up the rest of the questions and try to reach  
14 some conclusion.

15 I felt that this morning session has been  
16 very interesting and very helpful as usual. I  
17 appreciate the participation of the panelists.

18 We have a list of restaurants on the back  
19 table for those of you that are new to the area. We  
20 have most of our fast food restaurants back on Folsom  
21 Boulevard, so if you go, and most of them are probably  
22 as you go east on Folsom Boulevard. And we also have a  
23 cafeteria here at the Board, a small cafeteria which is  
24 in the, these buildings are identical, it's in the next  
25 building on the freeway side as you go in, the eastern,

1 the western side facing the freeway in that building.

2 So I'll look forward to seeing you all after  
3 lunch.

4 (Thereupon the lunch recess was  
5 taken.)  
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## AFTERNOON SESSION

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1  
2  
3 MODERATOR SMITH: I'd like to get started  
4 even though not everyone seems to be back. There was a  
5 issue this morning about when is an aerosol can  
6 hazardous, seem to be a household hazardous waste  
7 material. And also there's some questions about when a  
8 paint can still has hazardous materials in it, and the  
9 problem these contaminants have for those collecting  
10 these metal cans.

11 So I've asked Fernando Berton from the  
12 Household Hazardous Waste Section of the Board, the  
13 manager of that section, to provide a little more  
14 clarification on this issue.

15 Fernando, could you come to the podium?

16 MANAGER BERTON: Thanks, John. You mentioned  
17 something about paint cans also?

18 MODERATOR SMITH: Yeah, there's some issues  
19 related to that like when, how much of a residue needs  
20 to be left for it to still be deemed --

21 MANAGER BERTON: With paint cans if there's  
22 just a thin film and it's dry it's considered  
23 non-hazardous and can be thrown in the garbage or  
24 reclaimed for metal. Some jurisdictions are actually  
25 having their paint cans recycled. So that's that issue

1 with the paint cans.

2 MODERATOR SMITH: What about the oil base,  
3 would that be different?

4 MANAGER BERTON: Well, no, the oil base has  
5 been, the same thing with the oil base. You don't see  
6 too many of those right now at this point. It's mainly  
7 latex. If there's any, usually with the oil cans  
8 there's usually more than just a thin film so what has  
9 been occurring with that is it's usually been collected  
10 and lab packed or, so it's somehow separated, and with  
11 the solvents in there it's taken to some sort of  
12 hazardous waste incinerator because of solvents in  
13 there, BTUS's, that's available. So that's the issue  
14 with the paint cans.

15 With regards to aerosol containers. Title 22  
16 has a regulation -- let's see what section this is?  
17 I'm not sure which section number it is. But  
18 essentially what it is, states if the empty, if the  
19 aerosol container is emptied under normal conditions,  
20 that being with the valve in working order and it's  
21 used and there's no longer any of the material in  
22 there, it's considered non-hazardous and it's exempt  
23 from many of the regulations that are under Title 22  
24 and can be either landfilled or reclaimed for metal.

25 The aerosol containers would be consider

1 hazardous under two conditions. The first being if  
2 that valve, if that mechanism malfunctioned therefore  
3 you couldn't empty the contents under normal  
4 conditions, and there's still some of the material  
5 left. If that occurs you have to handle that material  
6 as hazardous waste.

7 Or if the aerosol container had in it some  
8 material listed as acutely, as acute hazardous waste,  
9 and the list of materials which are consider acute  
10 hazardous waste would be those materials listed in  
11 Section 261.31, 261.32, or a material identified as an  
12 acute hazardous waste in Section 261.33 E, 40 CFR.

13 So if the aerosol container had any of that  
14 material that was considered acutely hazardous waste it  
15 would also have to be handled as hazardous waste. And  
16 what has been occurring in the past is if it's  
17 generated by households they've been, the homeowners  
18 have been taking it to the household hazardous waste  
19 collection events or the collection centers.

20 That's essentially what the law is. Are  
21 there any questions.

22 MODERATOR SMITH: Are there any questions?

23 PANEL MEMBER LISS: Are there other ferrous  
24 metals in the household hazardous waste stream?

25 MANAGER BERTON: Well used oil filters and

1 there's someone here to, I don't know if used oil  
2 filters has been discussed already. That's pretty much  
3 it really.

4 Usually with household hazardous waste when  
5 it's collected and subsequently lab packed it's lab  
6 packed container and all and they don't, the operators  
7 of these collection events don't take the contents of  
8 some household hazardous material and empty it into  
9 some other container, the law requires that it be lab  
10 packed whole. So it's essentially empty aerosol cans.

11 PANEL MEMBER LISS: Instead of lab packing,  
12 could one of the things be facilitated by consolidation  
13 into single containers, which would then generate  
14 additional containers for recycling purposes?

15 MANAGER BERTON: Actually, that has been done  
16 too, usually only with paint though, latex paint.  
17 What's occurring there is the latex paint is brought in  
18 and the operators look at it to see if it's essentially  
19 usable, and those cans are empty, they're put on some  
20 sort of like chicken wire or something like that to let  
21 the, the latex paint drain, and then those cans are set  
22 aside to let them dry. And then those cans are  
23 non-hazardous waste, so they're either landfilled or  
24 taken to a metal reclamation facility.

25 PANEL MEMBER LISS: But that could be done

1 with other materials besides latex paint?

2           MANAGER BERTON: I think it would depend on  
3 the material and whether or not there's solvents in  
4 there and the air quality restrictions.

5           That's one reason solvent base paint isn't  
6 being bulked whole because of the volatile organic  
7 compounds that are present and would probably exceed  
8 any of the Air Quality Management District's rules.

9           PANEL MEMBER LISS: If that was done in the  
10 open. But if it was done in an enclosed process  
11 instead of this, the regulatory system pushing it  
12 towards lab packing and eliminating that particular  
13 material.

14           MANAGER BERTON: That could.

15           PANEL MEMBER LISS: What I'm suggesting is  
16 the regulations could encourage the consolidation under  
17 the proper enclosed facility, if appropriate.

18           MANAGER BERTON: Yeah, that would probably be  
19 most feasible for those jurisdictions that have  
20 permanent facilities because they have the time to do  
21 that. With one day events they have to collect and lab  
22 pack the material within 144 hours and usually you've  
23 got mounds of waste that is collected and they don't  
24 have time to do that. But for a permanent facility it  
25 would probably be feasible. It's a matter of whether

1 the variance that is given to them or whatever permit  
2 is given to them by the Department of Toxics would  
3 allow that.

4 PANEL MEMBER HEENAN: Now the empty you talk  
5 about is less than three percent as stated by U.S. EPA?

6 MANAGER BERTON: Yes.

7 PANEL MEMBER HEENAN: So really, if I  
8 understand what you're saying, is that all aerosol and  
9 paint cans that are empty should be included in  
10 curbside recycling?

11 MANAGER BERTON: Well, I don't know if I said  
12 that, but --

13 PANEL MEMBER LISS: That's what I heard.

14 PANEL MEMBER HEENAN: That's what I heard.

15 MODERATOR SMITH: He's just addressing the  
16 issue of when it's household hazardous waste.

17 MANAGER BERTON: That's entirely up to the  
18 jurisdiction themselves and whether or not the  
19 recycling facility will take that.

20 MODERATOR SMITH: Okay.

21 SPEAKER COLBORN: Diane Colborn with  
22 Livingston & Mattesich.

23 I just want to make a clarifying point with  
24 respect to the state regulations that say if the  
25 aerosol can held an acute hazardous waste then it can't

1 be exempt.

2 According to, if you read that sections of  
3 the federal regulations that define what's an acute  
4 hazardous waste, the product is classified as an acute  
5 hazardous waste only if the chemical is the active  
6 ingredient in a product. And according to the  
7 information we've obtained from the Chemical Western  
8 Aerosol Information Bureau, there are currently no  
9 products which would be classified as an acute  
10 hazardous waste under those regulations which are  
11 packaged in aerosol containers.

12 So we're hopeful that that language in the  
13 regulations isn't going to make people reluctant to  
14 want to recycle the can because they're afraid it may  
15 have held those materials where there's none on the  
16 market at the present time.

17 PANEL MEMBER HEENAN: I guess one other  
18 thing, John.

19 MODERATOR SMITH: Yes.

20 PANEL MEMBER HEENAN: One other thing. We  
21 talked about education at that little bit earlier, but  
22 one of the things you don't have to educate people on  
23 is when they have a stuck valve, take it back. I mean,  
24 if you're going to pay \$5 for a package it shouldn't  
25 get into the waste stream to begin with, it should be

1 going back to the manufacturer, to the retailer, back  
2 to the wholesaler. So I guess knowing everything you  
3 just said as well as adding it together it's quite  
4 obvious to me it's something we should be pushing to  
5 include empty and dry, and I think dry is the key to  
6 everybody, especially with paint. We don't want paint  
7 spills down the street. But another point too, like 99  
8 percent of the paint produced in this country and  
9 consumed by consumers in this country is now latex.

10 MODERATOR SMITH: Very good.

11 Fernando.

12 MR. STORELLI: I have a question. At these  
13 collection events when the manager wants to reclaim  
14 some of the metal, have you found any instances where  
15 there was a metal processor unwilling to take the  
16 aerosols or the empty paint cans?

17 MANAGER BERTON: I'm not aware of any myself.  
18 And, yeah -- no, I'm not aware of any problems. At  
19 least not with the metals. If you talk plastics, which  
20 we're not, that's a different story. But I'm not aware  
21 of any problem.

22 PANEL MEMBER LISS: Marc, would you take  
23 them?

24 PANEL MEMBER MADDEN: Well, I have to say  
25 that if we knowingly -- if we knew that they were

1 potentially hazardous materials we would be, we would  
2 say no, we would not accept them. Largely because we  
3 don't want to be in the position of having the shredder  
4 residue go back to the landfill potentially  
5 contaminated by these materials.

6 PANEL MEMBER HEENAN: Well, I think we just  
7 determined that there is no hazardous waste in paint  
8 cans or aerosol cans.

9 PANEL MEMBER FORCE: Yeah, but he's talking  
10 about the sum total of what little bit gets into the  
11 shredder.

12 PANEL MEMBER HEENAN: Yeah. Oh, yeah.

13 PANEL MEMBER MADDEN: That's exactly, thank  
14 you.

15 PANEL MEMBER FORCE: The other thing though  
16 is, what he's talking about is cans. If somebody has  
17 cans maybe they'd call him but he'd tell them to call  
18 us anyway and we do take them.

19 PANEL MEMBER MADDEN: Right. But I think  
20 Jack identified it exactly right. It's not for us the  
21 individual unit, it never is, it's not the individual  
22 unit. It's in fact the concentration of such in yet  
23 another medium which makes it difficult.

24 MODERATOR SMITH: Okay. Any other questions?  
25 Thank you, Fernando.

1 PANEL MEMBER HEENAN: Thank you.

2 MODERATOR SMITH: Okay, we'll proceed with  
3 the rest of the program for the afternoon.

4 For this session we'll go through the next  
5 three questions and then take public input. We'll take  
6 a break and then take on the last question, and we will  
7 have some closing remarks.

8 So now I'd like to turn to the panelists with  
9 the second question and that is,

10 "What are the greatest  
11 barriers in California to expanding  
12 foreign and domestic demand of  
13 municipal ferrous? How can these  
14 barriers be overcome? What is the  
15 projected increase in municipal  
16 ferrous demand in the next five  
17 years?"

18 Why don't we start with Leonard this time  
19 around?

20 PANEL MEMBER ROBINSON: Okay, again, you  
21 know, what we had been alluding to earlier. At my end  
22 there is a demand, we can take the material, it's just  
23 getting to us. I think it's a matter of economics, you  
24 know, getting it from point A to point B the barrier's  
25 overcome. Again even with the steel that's supply and

1 demand, we make a product but there has to be a demand,  
2 we have to be able to sell our product. The more  
3 product we sell the more we'll make. If we can make  
4 400,000 tons this year and sell it all, next year we'll  
5 make 500,000 tons which, which increases the demand.

6 But what I think could potentially happen to  
7 us is that say somehow, let's assume we will now  
8 receive the five percent mix of municipal ferrous  
9 scrap, the cost would be a lot less but our problem is  
10 it would -- it could raise our operating costs. It's  
11 not as dense as industrial material. It could cause  
12 problems like cave ins which break electrodes which add  
13 to our costs, the steel quality considerations, and it  
14 could potentially cause our production costs to go up.

15 Another thing is the more municipal scrap we  
16 take to fulfill the need, more of what we call the good  
17 stuff gets exported so now we are, we're basically  
18 taking a lower quality of steel, we're producing a  
19 product we'll have trouble selling because of the  
20 operating costs in California. And now the good stuff  
21 is being exported and we're stuck with the lower  
22 quality stuff.

23 I think the, where there's incentives, you  
24 know? We will do this if this will happen. And we're  
25 not asking you to toss money at us. Our problem with

1 environmental is you toss money at stuff and people  
2 think that's going to fix it. But incentives could be  
3 done.

4 In the vein of California utilizing present  
5 resou, rces a bigger push for the State of California  
6 to buy and promote not only more recycle content in  
7 products but products recycled in California itself.  
8 If California really wants to take advantage of present  
9 resources, talk to the people you have right now and  
10 say, what is it that you need? You come to a place  
11 like Tamco. Well, what will make you produce more?  
12 Obviously if we can sell more. We don't want to have  
13 to raise our prices, we don't want to lower our prices,  
14 we just want that need.

15 We figure we are, we are accomplishing  
16 something at one end, we would like to see that happen  
17 at the other end, but that's not only for steel that  
18 could happen for glass, aluminum, and everything else.

19 You look at materials, again not only the  
20 recycle content, but it's recycled in California. Tax  
21 and energy incentives for beneficial recycling like  
22 what we presently do for oil filters, look what we can  
23 do for municipal ferrous scrap if it gets into us. We  
24 can do it. It costs us the same or maybe a little bit  
25 more in energy to do recycling of municipal ferrous as

1 it does industrial. So some kind of a tax and energy  
2 incentives. That would help.

3 Again, you might not get another steel mill  
4 in California, but you'd find more people getting on  
5 the recycle bandwagon if there are tax and energy  
6 incentives. That would cause operation costs to go  
7 down, causes prices to go down.

8 There's a need for the product, it's just  
9 that it's hard. I mean the nightmares I have is that  
10 we're going to go ahead and try to recycle everything,  
11 in Californian they use rebar from another state.  
12 That's the nightmares we're faced with.

13 And then more recycling zones. I think the  
14 new name for free enterprise zones are recycling zones.  
15 I think more of those more incentives in that manner  
16 will cause that. I think one of the barriers is just  
17 lack of it.

18 Again, steel has to be approached the same  
19 way they do aluminum or similar to the programs they  
20 set up for aluminum and the more glamorous metals.  
21 Steel is always going to be here, we're not like a race  
22 horse, we're like a plow horse. We may not be fast but  
23 we're steadily plodding along. There's always going to  
24 be these fancy things that cost less to produce, but  
25 steel is always going to be there. We're going to be

1 here, hopefully, one way or another. And we would just  
2 like to be approachd. And we want to work with it, but  
3 we want to see that our efforts aren't just, you know,  
4 just in vain.

5 Again, if we take the municipal ferrous  
6 scrap, I mean again that allows the other stuff to go  
7 out. So we are, we're raising our operating cost, and  
8 we could potentially our quality and, you know, it  
9 brings, it makes the word steel spelled a different way  
10 in our case.

11 PANEL MEMBER MADDEN: How is that spelled?

12 PANEL MEMBER ROBINSON: It's s-t-e-a-l.

13 Okay, I'm finished.

14 MODERATOR SMITH: Okay, Marc.

15 PANEL MEMBER MADDEN: Well, I look at these  
16 questions here again, and I got my answers out of the  
17 Funk and Wagnall's. You know that mayonnaise jar that  
18 Johnny Carson used and the answers are none, not what  
19 you think, and no one knows. Let me go to not what you  
20 think.

21 The barriers and how they can be overcome.  
22 It's interesting because when I think of this I really  
23 more likely think of it as an incentive solution  
24 because in terms of, and let me talk about foreign  
25 demand, it's very clear that there are two things that

1 truly can be done and they're not too difficult even to  
2 imagine or to have or do.

3 One of them has to do with, believe it or  
4 not, the transportation system in California. One of  
5 the major costs in moving scrap metal and particularly  
6 ferrous which is the least costly or least expensive  
7 commodity is in fact transporting it. A good part of  
8 what consumers of metal pay is the cost of moving it  
9 around because it's heavy, but it's not, on a cost per  
10 pound basis it's not very valuable.

11 So as an example, today the Port of Oakland  
12 is inaugurating a dredging project which will  
13 essentially deepen the Oakland Estuary by about three  
14 feet. This has a great deal, believe it or not, to do  
15 with recycling, and particularly the recycling of  
16 ferrous metals, because if you can bring a deeper ship  
17 into the Oakland Estuary and serve Steel LMC, and a few  
18 other fairly large exporting facilities, you have the  
19 ability then to amortize the cost of transportation  
20 over a fair, a larger amount of tonnage. That is you  
21 can just put a lot more metal into a boat and reduce  
22 the cost per ton by that amount of money. So that all  
23 the sudden the price for that scrap metal becomes a  
24 great deal more competitive to steel users throughout  
25 the Pacific Rim.

1           It's not brain surgery by any stretch of the  
2 imagination but surely, truly the same thing can be  
3 said for improved roads, improved railroads. And  
4 certainly I would say as you look at your statistics to  
5 that as you saw the Port of Oakland as well as the Port  
6 of Los Angeles happen to be major exporters or  
7 locations for the major amounts of scrap metal and  
8 there's a damn good reason for it. They are, you might  
9 say, very transportation rich areas. Good harbors,  
10 good railroads, and good surface transportation. And  
11 if it can be better, and certainly the Port of Los  
12 Angeles, Long Beach is working at it with 80 foot  
13 drafts, that just makes our job and basically our  
14 opportunity a great deal better for steel mills that  
15 use our product.

16           Second thing is to try and get away from  
17 unnecessary or you might say conflicting regulation.  
18 And I think AB 1760, frankly, does some of that.  
19 Because as we were talking this morning, one of the  
20 true, you know, kind of conflicts conundrums you might  
21 say, about this whole white goods thing has been the  
22 opportunity or possibility for people, individuals,  
23 what have you, to take potentially hazardous materials  
24 like PCB's and CFC's and put 'em in a landfill. And  
25 ironically what we want to do is keep 'em out of the

1 landfill. But because of the way the law is written  
2 and the regulations that, for example, shredders have  
3 to operate under, we can't contaminate the stuff that  
4 goes back into the landfill, that's the glass and the  
5 rubber and all that kind of stuff, with concentrations  
6 of PCP -- PCB's, excuse me.

7 But the interesting point is you can take the  
8 same appliance that we can't accept for fear it would  
9 contaminate shredder residue, you can put it right in a  
10 landfill right now. Well, that's why 1760 was created,  
11 to stop that. Even if you came from Mars and they  
12 would say look, why are these people doing that? You'd  
13 sa thisy just doesn't seem to make any sense.

14 So all 1760 does is to try and make at least  
15 consistent the regulation, which is we don't want nasty  
16 stuff going anywhere and we also want to encourage  
17 recycling. And I think 1760 to a very large extent  
18 goes a long that way.

19 The last thing I have to say. Better  
20 engineering of products is a very simple but obvious  
21 thing to do. Take the car, the car's a great example.  
22 You know we want, we want uncontaminated metal and so  
23 we've gone to unleaded gasoline, and I think this is a  
24 major improvement in some of the problems that  
25 shredders face in being able to shred cars and deposit

1 what's left of the car in a landfill. Because there's  
2 substantially less lead now trapped in that shredder  
3 residue. And that will continue as we use more and  
4 more unleaded gasoline.

5 But the other part of it is because we're  
6 using unleaded gasoline and we want to get greater  
7 efficiency from our cars, the EPA has decided in it's  
8 wisdom to try and encourage the lightening of cars,  
9 that the lightening of weights of the cars. That means  
10 the introduction of plastics of numerous varieties and  
11 other materials that are not easily, if at all, easily  
12 recyclable. So from our point of view the best way to  
13 encourage the recycling of automobiles is to make an  
14 all metal car, that's no problem, right?

15 (LAUGHTER.)

16 PANEL MEMBER MADDEN: That's all I have to  
17 say.

18 PANEL MEMBER HEENAN: I'm for that.

19 PANEL MEMBER MADDEN: Last thing I'd like to  
20 say, again in the interest of safety, we're all very  
21 much in favor of air bags, I think, but remember, air  
22 bags carry along with them a little capsule of sodium  
23 iodide which is highly dangerous when exploded. It's  
24 very benefit is the fact that it explodes quickly to  
25 inflate that bag to save your life, but think about the

1 car air bag that was never detonated or exploded that  
2 comes to a scrap yard and some guy or a woman and all  
3 of the sudden that thing blows up in his or her face.  
4 That's not a good idea.

5 So you can see that we have some conflicts,  
6 even within our own general recycling purposes, some  
7 conflicts that we have to simply iron out. And when we  
8 can do that we will really have encouraged recycling a  
9 great deal.

10 MODERATOR SMITH: Thank you, Mike.

11 Gary.

12 PANEL MEMBER LISS: Thanks, John. I'd like  
13 to echo the comments made by Leonard and Marc already  
14 in terms of minimum content in California, underscore  
15 in California.

16 There are legal issues involved with that  
17 whether minimum content can be specified in California  
18 or whether there can be additional incentives for  
19 California based industry. I'd encourage Waste Board  
20 Staff to investigate internally within the Board and  
21 elsewhere what the legal ramifications of the recycled  
22 in California idea has. But the, certainly it's  
23 attractive to try and focus on that as an additional  
24 incentive.

25 I don't know the basic idea of minimum

1 content. I know in the 2020 system we had talked about  
2 bottles coming in from out of state and being  
3 manufactured from out of the country and Mexico, and  
4 there was a lot of discussion about what  
5 Constitutionally you're allowed to do there.

6 So I would encourage Staff to talk with our  
7 friends at the Department of Conservation, represented  
8 by Jack Crawford, I assume, in the audience here today,  
9 who has a passing background in cans, I understand  
10 right, Jack?

11 MR. CRAWFORD: That's correct.

12 PANEL MEMBER LISS: And see if they have  
13 investigated the aspect of that Constitutionality that  
14 could be applied in the case of minimum content.

15 Echo Marc's comments on transportation system  
16 and design for recycling capability. Clearly those are  
17 important aspects of the issue.

18 What we heard earlier this morning was that  
19 there's, the inherent demand for the product and use of  
20 the product is there so it's not like in some of the  
21 other areas like plastics and compost and some other  
22 areas that the Board goes exploring, we're not trying  
23 to invent demand and create demand in the order of  
24 magnitude that we're dealing with in other areas, what  
25 we're trying to do is refine the systems that are out

1 there, transportation system is a good example of that.  
2 And suggest that we look at the costs of transportation  
3 as a, as a percentage of the overall cost of recycling  
4 to ascertain what that benefit would be if there was  
5 improved transportation. It would be an interesting  
6 calculation to demonstrate the types of, in numerical  
7 terms, the types of comments that Marc was making in  
8 general terms.

9 On a similar vein, energy policy and other  
10 major systemic things are of concern. We heard earlier  
11 this morning from Leonard about the, the high cost of  
12 energy for steel production.

13 One of the things in terms of the demand that  
14 we were particularly talking about at lunch was that,  
15 yes, there's a strong demand there, but we had even a  
16 better demand years ago. We had six to eight million  
17 tons a year, I think was the number I heard at lunch,  
18 in terms of the amount of steel being produced in  
19 California. And the fact that we have decreased our  
20 steel production in California is something that we  
21 need to look into.

22 When we're looking at the future we should  
23 learn from the past and scrutinize, why have we lost  
24 this capacity? What went wrong here? Not just what do  
25 we need to do for the future, but let's learn from our

1 mistakes. And as a society, as California, where did  
2 California go wrong that led to these businesses  
3 leaving California?

4 And fundamental things that I heard in my  
5 discussions at lunch were and previously mentioned are  
6 energy costs, siting, and permitting regulatory costs,  
7 and an overall value of the land being worth more for  
8 other purposes squeezing out the manufacturing sector  
9 from the urban areas of the state, and then their  
10 choice was to relocate either into lower cost areas  
11 into or elsewhere, and they've gone elsewhere. But  
12 those issues, I think, would be very useful to detail  
13 as part of your market development plans to highlight  
14 where California's gone wrong.

15 Those are qualitative comments that might be  
16 able to be documented through additional research with  
17 the industry. So energy costs is another realm of  
18 problem. Creative ways of dealing with energy costs,  
19 for example as we move forward with the arena of  
20 integrated waste management, would be looking at energy  
21 production from biomass facilities and from tire  
22 facilities, dedicated, cogeneration facilities much  
23 like has been done in the paper industry.

24 Many paper companies have cogeneration  
25 facilities for their energy needs. There have been

1 policies in California encouraging cogeneration  
2 biomass. In fact, California is very fortunate to have  
3 some of the most aggressive biomass burners in the  
4 country in existence, and additional ones coming on  
5 line.

6 And what it suggests is a need to look at,  
7 have the Waste Board work with the Public Utilities  
8 Commission and the California Energy Commission on  
9 energy policy as it pertains to these issues. And  
10 looking at what are the implications of policy  
11 decisions by the PUC and the Energy Commission as it  
12 pertains to particular projects and industrial sectors  
13 we're trying to deal with. And encouraging, again,  
14 where the Waste Board could be coming to the table on,  
15 this is bring to the table biomass projects, and  
16 largely yard waste is what I'm envisioning and wood  
17 waste projects primarily, although agricultural wastes  
18 are going to be another major arena as well that the  
19 Board isn't as involved with currently. But bring  
20 those types of projects to the table.

21 Not necessarily heterogeneous municipal solid  
22 waste to energy projects, but there will be more and  
23 more push for the homogeneous single product burning  
24 facilities like the tire shredder in Modesto, of Oxford  
25 Energy, and yard waste biomass facilities.

1           So energy policy linking the energy sources  
2 from this evolving expansion to desired projects like  
3 mills in integrated industrial recycling parks is the  
4 type of idea or as combined projects is the type of  
5 idea that I'm referring to here. And there's a variety  
6 of policies and examples of where that's been proposed  
7 and is being pursued around the country.

8           In terms of demand, trade policy. I think  
9 Steve Storelli in his report highlighted how in the  
10 export market there could be additional support for us  
11 developing additional markets in the export arena.  
12 That goes to my earlier comments in my opening remarks  
13 on the Gatt Agreement, the NAFTA, North American Free  
14 Trade Agreement, the D.C. office of California being  
15 active in those arenas, and for the Waste Board to be  
16 interacting with the D.C. office on those arenas and  
17 letting them know that that's of pertinence concern to  
18 our environmental goals and not just economic  
19 development goals of the state which may be assume,  
20 which could help in addressing some of those trade  
21 policies that get very tricky at the federal level.

22           I also mentioned earlier in terms of demand  
23 when the, that although we have processing capacity  
24 that is tremendous in this state, the issue of  
25 encroachment is of great concern to me. And this is a

1 power of local government, a land use power that has  
2 been addressed before in terms of the encroachment of  
3 landfills where there is state law that precludes the,  
4 the encroachment of new development around the  
5 landfills.

6 And I'm thinking that the Board should look  
7 into protecting our existing infrastructure from  
8 encroachment. It won't be, we won't be able to protect  
9 them from the increased value of that land that we  
10 talked about in terms of being able to use that land in  
11 the urban area for higher use. If someone wants to  
12 sell off their scrap yard, or steel mill for that  
13 matter, and build a housing project or a high rise  
14 office building, but we could make sure that condos  
15 built across the street from the scrap yard don't close  
16 the scrap yard down. And that encroachment land use  
17 issue is one that I think is very important to maintain  
18 and retain the existing infrastructure.

19 I think labor policies are issues that need  
20 to be addressed in terms of, similarly the types of  
21 problems in doing business in California, the whole  
22 union issue, labor rates, prevailing wages, things of  
23 that nature should be addressed as part of an overall  
24 plan, and again this would not be the primary  
25 responsibility.

1           The Waste Board clearly, but feeding issues  
2 of concern to the Waste Board to the appropriate  
3 parties within the administration that deal with things  
4 such as Workers' Compensation, making Workers'  
5 Compensation issues for recycling an issue that is  
6 addressed as part of retaining our existing industry  
7 not pricing them out of the business, enabling them to  
8 continue doing business I think is very important.

9           And last but not least is virgin subsidies.  
10 Looking at the subsidies for the virgin industry. In  
11 terms of the market demand the implicit subsidies both  
12 in tax policy and federal and state subsidies of mining  
13 activities, in the case of ferrous metals and energy  
14 policy, well the depletion allowances affecting the  
15 energy prices in the country, are things that we have  
16 now begun to address verbally in discussions.

17           We need to see the Waste Board stand up and  
18 be counted as part of a market plan. That in leveling  
19 the playing field for recycling materials we need to  
20 address the virgin subsidies, both tax and other  
21 policies of Federal and State Government to strengthen  
22 and enable recycling to grow in the way we'd like.

23           MODERATOR SMITH: Bill.

24           PANEL MEMBER HEENAN: Well, I think, briefly.  
25 I think what Marc said about the transportation is key.

1           One thing you should know, and it's no  
2 different, the steel industry is a world market, to  
3 California Indiana is just as foreign as Korea. As a  
4 matter of fact, Indiana is more foreign than Korea  
5 because it costs more to get back to Indiana than it  
6 does to take steel scrap to Korea.

7           But I think it's important to note that every  
8 steelmaker is reducing the amount of prompt scrap that  
9 he's producing. Because that's cost driven. And as he  
10 reduces that prompt scrap it's going to demand more  
11 municipal ferrous. And the same thing goes for our  
12 customers. When they order a truckload of rebar  
13 they're going to get 99 percent of that rebar into the  
14 building whereas maybe five years ago it was only 98  
15 percent. So that's going to increase the demand.

16           I don't think, I think the question alludes  
17 to the fact that there's barriers. When you're in a  
18 world market there's very few barriers. You know,  
19 steel has been freely traded around the free world and  
20 now we have a bigger free world than we did just a year  
21 ago. There's eight hundred million tons of steel  
22 produced every year, and there's five hundred million  
23 tons of steel scrap consumed every year. We're not  
24 really that big a part of that pie, but we have to play  
25 in that pie.

1           And I think the barriers are basically what  
2 Marc said. If we can reduce the cost of moving it to  
3 the final destination we're going to end up getting  
4 more and more out of the solid waste stream.

5           MODERATOR SMITH: Thank you, Bill.

6           Jack.

7           PANEL MEMBER FORCE: I don't really have a  
8 whole lot to add. The -- what you can do as much as  
9 anything with the barriers is help the businesses in  
10 California to be more efficient so they can be more  
11 competitive in the marketplace.

12           One thing Gary alluded to that's been a  
13 little bit of a pet peeve of mine, and I know has been  
14 addressed in the state, is some of the disability  
15 stuff, you know, that's happened, you know, in  
16 California. That's been a pretty onerous thing for  
17 manufacturers to deal with in the state versus the way  
18 it's dealt with in some other states.

19           You know, utility rates, transportation, you  
20 know, the more that you can reduce those costs the  
21 better off you're, the manufacturers that are there, I  
22 mean, plus the rest of your economy as well, but  
23 certainly the recycling economy is better off then for  
24 doing that.

25           And you know, I have trouble, I have trouble

1 dealing with demand barriers anyway because I keep  
2 wanting to buy more material than I can get.

3 PANEL MEMBER HEENAN: That's the best answer.

4 MODERATOR SMITH: Yeah, okay. Why don't we  
5 go, then, to the third question.

6 MR. O'SHAUGHNESSY: Just a real quick  
7 question. Trevor O'Shaughnessy, Board Staff.

8 Leonard, you stated that there was a lower  
9 quality of steel, and what did you mean by that?

10 Earlier it was stated that steel didn't  
11 quote, "have a memory to it and that you could reshape  
12 it into anything," but yet you're saying that there's a  
13 lower quality of steel out there.

14 My question is really metallic discards and  
15 refrigerators and things like that. Would that be  
16 considered quote "a lower quality steel"?

17 PANEL MEMBER ROBINSON: Well, what I'm  
18 talking about is lower quality, I mean the yield you  
19 get. A good yield is, you know, 91, 92 percent. In  
20 other words of what you put in the furnace if you can  
21 get 91, 92 percent out of it it's really good. Now  
22 obviously you need more dense material.

23 So steel doesn't have a memory but actually  
24 what it will do it will take, it will take us more  
25 tonnage, it will take more tonnage, it will take more

1 steel to make less steel. It will take more steel to  
2 make less steel if your yield is down. So that affects  
3 it quite a bit over a long term.

4 So now instead of making steel you're making  
5 more slag, which even though it's a product it's not,  
6 it doesn't have the economic turnaround or remuneration  
7 that our main product is rebar. Ours it goes into bag  
8 house dust, and even though we'd cut our costs by 50  
9 percent it's still going into something, it's not going  
10 to the main thing which is the steel.

11 So you're right in one, it will take us more  
12 tons of steel to make a ton of steel if the yield goes  
13 down. That's what I was alluding to.

14 MODERATOR SMITH: Howard.

15 MR. LEVENSON: Howard Levenson, Advisor to  
16 Paul Relis on the Waste Board. I've heard a lot of  
17 discussion of different barriers here today,  
18 transportation and --

19 THE REPORTER: I'm sorry, you're going to  
20 have to come to the microphone, please.

21 MR. LEVENSON: Howard Levenson, Advisor to  
22 Paul Relis on the Board.

23 I heard a lot of discussion so far this  
24 morning and this afternoon about different kinds of  
25 barriers, transportation, energy, virgin subsidies, and

1 so on. And at a policy level and as we develop an  
2 action plan to go forth with trying to overcome some of  
3 these barriers, some of those actions may involve  
4 regulatory changes, legislative proposals and so on  
5 down the line. It's hard for me sitting out in the  
6 audience to know where to focus.

7 And one of the questions I have is whether  
8 any of you have quantitative studies that estimate the  
9 effects of some of these barriers on secondary  
10 materials prices relative to virgin materials prices  
11 for scrap?

12 In other words, it's fine to say  
13 transportation is important, but is it more important  
14 than energy? Is it more important than virgin  
15 subsidies? And so on. So any help in that area that  
16 you could give the Board would really be useful. An  
17 maybe you have some reactions.

18 The second question before I sit down, and it  
19 goes to you, Marc. You mentioned conflicting  
20 regulations, then you talked about 1760 as being a  
21 help. I'm wondering if you can identify other existing  
22 regulations under the Board's purview or toxics or  
23 whatever that we should be looking at in particular.

24 Thanks.

25 PENL MEMBER MADDEN: Let me address the first

1 question first, which is probably a good thing to do.

2 I think it, you know I don't mean to be  
3 facetious here, but it probably doesn't matter which is  
4 more important with respect to the, you know, the  
5 ultimate price or cost of recycled material because I  
6 think ever company may, has a different equation. Some  
7 are a little bit more, you know, interested in or need  
8 to be interested in electrical power as opposed to, you  
9 know, cost of materials as opposed to labor as opposed  
10 to Workers Comp.

11 But the point is still well taken that as a  
12 general strategy it's really important, not just for  
13 the recycling industry, I might add, but for industry  
14 in general in California, for all regulatory agencies  
15 including the Waste Management Board to take awareness  
16 of some fundamental infrastructure of basic things that  
17 affect what it does and what, for that matter, what  
18 goes on in California.

19 And as Leonard says, I can't think of a more  
20 important one than electricity. It really is a major,  
21 makes a major difference to, certainly steel mills, but  
22 certainly to processors like ourselves who use  
23 electricity not quite in the same vast quantities that  
24 Leonard does, but in some respects a different profile.  
25 We use a great deal more of what we would call peak or

1 demand energy. But it all translates into a lot of  
2 money, you know, to operate our shredder which is a  
3 gigantic Cuisinart.

4 But I've got to say, I'll give you an example  
5 if you want to take three or four minutes to hear a  
6 related problem. But we are and I can't remember if  
7 Leonard is, but yes I think he is, I believe he's on  
8 what we call interruptible power, is that right?

9 PANEL MEMBER ROBINSON: Yeah.

10 PANEL MEMBER MADDEN: What it does is,  
11 interruptible power allows people on PG&E, or in your  
12 case it's probably Southern --

13 PANEL MEMBER ROBINSON: Southern California  
14 Edison.

15 PANEL MEMBER MADDEN: To basically at the  
16 will or, not whim, but at the will of the utility in  
17 question to shut off. Because when we use that much  
18 power that when it's a hot day like today and consumers  
19 want to turn on their air conditioners, you and me, and  
20 there just isn't that much power even in vast  
21 California, and we can't beg, borrow or steal from the  
22 Pacific Northwest, an easy way to provide electricity  
23 to everybody without everybody browning out is to say  
24 to major electrical users like ourselves, shut off,  
25 stop.

1           Now in my particular case, it's as easy,  
2           literally, as shutting of the light. I don't have to,  
3           I can literally at thirty second notice shut off my  
4           entire operation and everybody can do other things in  
5           my facility because we use other sources of power to do  
6           some others things.

7           In Leonard's case it's a little more  
8           difficult because he has a heat process and it's not so  
9           easy to just, you know, like shut off a vast, but  
10          because he's electric arc furnace it really does give  
11          him an advantage, it gives you an advantage, you might  
12          say, to be able to shed that power.

13          And yet having said all this, we are in a  
14          sense paying for facilities like Diablo Canyon which  
15          were built largely to satisfy peak demand in  
16          California. That is, when it gets real hot again it's,  
17          the utilities felt that they to had to build large  
18          facilities in order to satisfy peak. We're paying for  
19          Diablo Canyon as you are. But the irony is that if  
20          there were more people like us being able to shut off,  
21          you know, and if we were given greater incentives to  
22          want to do that, you wouldn't have to build four or  
23          five or six or seven or eight, I don't know how much  
24          the bill came to but it was expensive, billion dollar  
25          project that we're all paying for.

1           That's a long way of saying is that we have  
2 some basic bad, I think really bad public policy  
3 understandings of electrical rates and the utility of  
4 being able to shed power as opposed to build new  
5 facilities.

6           PANEL MEMBER HEENAN: You asked a question  
7 also of what you could do and what regs that were in  
8 conflict with what we're trying to do. I think we  
9 heard a little bit of that from Fernando who, in the  
10 Title 22 and the section I'm not sure of and Fernando  
11 wasn't able to find it, said that aerosol containers  
12 that hold toxic material, well there is none, so why  
13 even write that? Because all that does is scare the  
14 recycling infrastructure.

15           And that's one of the things I think we need  
16 to work on is there's no sense saying, I mean if  
17 aerosols kill you you shouldn't recycle them. Well  
18 that's true, you know, but there's no reason to say  
19 that. If paint cans are dumped on your head you will  
20 no longer be able to have your hair your natural color.  
21 I mean we could use all these things but these are the  
22 kind of things that really put stumbling blocks in  
23 front of the recycling infrastructure. And I think  
24 that that's what you were asking for is items like  
25 that.

1           PANEL MEMBER LISS: Other examples of Board  
2 involvement are in the definitions of recycling  
3 facilities requiring solid waste facility permits which  
4 is something that the Board has been dealing with. I'm  
5 not sure if action, I haven't seen any final action on  
6 that. I was pleased with both staff reports that came  
7 forward in the recent year on that. But that's an  
8 example again where the existing infrastructure could  
9 be impacted significantly by solid, by the Waste  
10 Board's policy on facility permits that are needed to  
11 be obtained for a particular type of operation. So  
12 that's an example on one side of the equation.

13           Another side of the equation in the purview  
14 of the Waste Board is facility permits themselves  
15 integrating the board's enforcement responsibilities  
16 with its recycling and market development  
17 responsibilities, and looking at the siting of  
18 recycling and market development manufacturing  
19 activities at disposal facilities.

20           Right now the Board policy as I understand it  
21 doesn't clearly address that. And in fact in 1985 when  
22 I was with the city of San Jose and required provisions  
23 in the local solid waste facility permit for Kirby  
24 Canyon Landfill to be mandating recycling provisions,  
25 the Waste Board said, the Waste Board Staff at the time

1 said the only reason that they allowed those recycling  
2 requirements in the solid waste facility permit was  
3 because the operator, Waste Management Incorporated,  
4 went along with them. That had the operator disagreed,  
5 the Waste Board Staff would have told the City of San  
6 Jose as local enforcement agency that those were  
7 inappropriate, not provided for in the regulations, and  
8 take them out, which the Board has the purview to do.

9 I don't believe the Board policy nor  
10 regulations has improved in that regard despite its  
11 mandate in 1989. And the enforcement arena of the  
12 Waste Board is operating independent of the recycling,  
13 technical assistance, market development, and planning  
14 arena as far as I can determine.

15 And within your own agency I think those are  
16 types of examples of what Marc was talking about and  
17 Jack underscored in saying that, let's make it easier  
18 to do business. Let's not keep throwing roadblocks in  
19 the way of recycling businesses. Let's help these  
20 businesses because they are environmentally more sound  
21 than the alternative.

22 MODERATOR SMITH: Thank you, Gary.

23 Are there any other comments from the public?

24 Okay, let's move to the third question.

25 And that question is,

1                   "What should government's  
2                   involvement be in the development  
3                   of municipal ferrous supply for  
4                   export markets?"

5                   We'll start with you, Jack.

6                   PANEL MEMBER FORCE: I'm going to change the  
7                   question a little because I don't think you need to say  
8                   for export markets in particular, I think you need to  
9                   talk about supply, period.

10                  And we really kind of have answered this  
11                  before I think in terms of, you know, trying to get all  
12                  of the curbside programs to use, to have steel cans in  
13                  them, to try to get them to include aerosol and paint  
14                  cans in them, and what else? Publicity period, so that  
15                  the public knows that steel cans are a recyclable  
16                  working with the Steel Can Recycling Institute to do  
17                  try to do more of that.

18                  And that's enough. That's it.

19                  MODERATOR SMITH: Okay, thank you, John.

20                  Bill.

21                  PANEL MEMBER HEENAN: I think that Jack's  
22                  right. We've really addressed this in this morning's  
23                  session as well as this afternoon. I'll just reiterate  
24                  that the, the obviously the curbsides as Jack said, but  
25                  also the hotels, jails, and the institutional side.

1           We have, as I said earlier, a public service  
2 proposal in front of the Board that is going to be  
3 reviewed in early October in both English and Spanish  
4 to try to educate and communicate and lift the  
5 participation rates. And I think that's important.

6           Our job is to supply our steel industry  
7 companies with scrap through the processing  
8 infrastructure, and working with the Board I think we  
9 can do that with these things we just talked about  
10 today.

11           MODERATOR SMITH: Thank you.

12           Gary.

13           PANEL MEMBER LISS: On export supply, the  
14 types of things I've talked about before are the  
15 national policies on trade agreements and the D.C.  
16 office involvement. I'd also like to mention in this  
17 context more locally the Western States Recycling  
18 Council and California working with the full West Coast  
19 on issues regarding export. We share the ports and the  
20 markets on the Pacific Rim. It appears that any work  
21 on export, both supply issues and demand issues, should  
22 be coordinated on a full West Coast basis. And the  
23 Western States Recycling Council has been established  
24 for that purpose in the Council of State Governments in  
25 San Francisco, Bill Hull is the contact.

1           The Clean Washington Center in the last  
2 couple of years has been doing phenomenal things, I'm  
3 told, in terms of the whole arena of economic  
4 development and market development issues. And  
5 California should be working closely with them in areas  
6 of mutual interest, which export is clearly one that  
7 we're looking at.

8           Export supply then also gets into the  
9 transportation issues that Marc mentioned earlier.  
10 The, the more the channels accommodate more efficient  
11 shipping, the better the unit cost will be for being  
12 able to export. So finding ways to support the ports  
13 is the type of thing that I believe would be critically  
14 important.

15           MODERATOR SMITH: Thank you, Gary.

16           Marc.

17           PANEL MEMBER MADDEN: I just simply say that  
18 if you accept the fact or the perception and I think  
19 think we all have, that this is a fairly perfect  
20 competitive market, and that the relationship between  
21 scrap and money is almost perfectly elastic, then it's  
22 a fairly simple solution to increasing the supply of  
23 scrap, which is if you pay people more money,  
24 unbelievable but they will bring forth more scrap. And  
25 I say this with some experience. Theoretically it

1 works, but as a practical matter I don't know.

2 But 10 years ago if you went to any city  
3 council meeting in any city, certainly in Northern  
4 California and I suspect in Southern California as  
5 well, probably the major complaint you'd hear from  
6 constituents on that, you know that 15-minute thing  
7 where you can address your city council, the number one  
8 complaint was junked and abandoned cars. They'd hear  
9 it every single day and I'd hear from them every single  
10 day, I'm talking about the city council people.

11 Well, there is no junked and abandoned car  
12 problem very much in California. And the reason is  
13 that there are people like us and obviously people like  
14 Tamco who actually pay for this material. And the more  
15 you pay for this material it's amazing how quickly  
16 people will get those junked and abandoned cars  
17 somehow, some way, to either a scrap processor, a car  
18 dismantler. And then once it's there, because each of  
19 us pays down the line, it's amazing how quickly that  
20 metal is recycled.

21 And I'm here to tell you that on average a  
22 junked and abandoned in the Bay Area, once it's  
23 identified by the towing company who gets paid, and is  
24 towed to the car dismantler who pays him, and is parted  
25 out by people who pay for the parts, and then sends it

1 over to me where I pay him because he's giving me metal  
2 to shred, and I sell it to a steel mill, sometimes my  
3 own, it probably takes all of 60 days for that car that  
4 was junked and abandoned in Vallejo to come back as  
5 rebar in Union City. That's no lie, that's no kidding.  
6 So I guess, and Leonard can tell you the same thing  
7 here. I don't want to sound like Gordon Gecko here,  
8 but really guys, if you have enough money that scrap  
9 will be forthcoming.

10 MODERATOR SMITH: Thank you.

11 PANEL MEMBER LISS: Marc, could I inject?  
12 When you talk about abandoned cars, I'm glad you  
13 raised that because that was something I don't think  
14 we've really touched on, and I'm not current on what's  
15 happening on that. Several years ago it was a major  
16 problem.

17 PANEL MEMBER MADDEN: Yeah, it was.

18 PANEL MEMBER LISS: My understanding, besides  
19 the price which was a concern at the time, there were  
20 also institutional problems like title.

21 PANEL MEMBER MADDEN: Yeah. Yeah.

22 PANEL MEMBER LISS: And my impression is the  
23 title issues has been resolved and with that and price  
24 things are flowing, is what you're saying?

25 PANEL MEMBER MADDEN: Yeah, you're quite

1 right. Because of the 60 days I just described 14,  
2 actually 17 days is the holding time for the State of  
3 California. So it would be even shorter. It would be  
4 down to 43 days but we've got a, you know.

5 PANEL MEMBER LISS: So for the market report  
6 I think we can highlight the abandoned car problem --

7 PANEL MEMBER MADDEN: Of something that  
8 works.

9 PANEL MEMBER LISS: -- as something that  
10 works that was resolved through clarification of an  
11 institutional problem of the, of the title to the cars,  
12 because it had slowed down dramatically the ability of  
13 local governments and private sector to do anything  
14 with those cars because they didn't have title,  
15 couldn't get authorized to do anything with those cars.  
16 And once they resolved the title problem and the price  
17 was there, the market flowed. So I think that's a good  
18 success story to point to.

19 And if in the report there were any  
20 documentation of those numbers about cars and what the  
21 problems were a couple years ago and what they are  
22 today, I think it's a success story of exactly what the  
23 Board should be always looking for in terms of cutting  
24 through the red tape, finding the answer to make things  
25 flow and not just say that there's nothing we can do,

1 and I'm not saying that anyone here is not, is  
2 advocating nothing, what we're suggesting, I think, is,  
3 is this is an industry that's working well so all  
4 that's needed are surgical involvement on very specific  
5 issues like this title on abandoned cars where someone  
6 can make a difference and not screw up the marketplace  
7 otherwise.

8 MODERATOR SMITH: Anything further, Marc?

9 PANEL MEMBER MADDEN: No.

10 MODERATOR SMITH: Leonard.

11 PANEL MEMBER ROBINSON: I can't believe I'm  
12 answering this about exporting ferrous but --

13 (LAUGHTER.)

14 PANEL MEMBER MADDEN: It happens to the best  
15 of us.

16 PANEL MEMBER ROBINSON: But what you'll find  
17 out is that countries will not do anything that doesn't  
18 work in the United States. You know, if we have a, if  
19 an aerospace company develops a weapon, a foreign  
20 company will not buy it unless the United States buys  
21 it. If we come across a program that works, a mill  
22 likes our finds a recipe to make a good steel product  
23 out of ferrous market, they're going to start doing it  
24 because it works here.

25 You know, not to run it to the ground, but

1 it's happening with the oil filter's. Japan's taking a  
2 long and heavy look at oil filters because somebody's  
3 developed a recipe for them. So if you make it work  
4 here the demand, the foreign demand will pick up  
5 automatically. And again I can't believe I'm saying  
6 this.

7 PANEL MEMBER MADDEN: We won't tell anybody.

8 MODERATOR SMITH: Well, we thank you for your  
9 candid comment.

10 Is there anyone in the audience who would  
11 like to say something on this question?

12 MR. O'SHAUGHNESSY: Trevor O'Shaughnessy,  
13 Board Staff.

14 Marc, on the car issue, abandoned cars. You  
15 said that there is no problem because it's been solved.  
16 Did industry solve that by increasing the value of that  
17 metal or did government solve it by giving you a means  
18 of collecting those automobiles?

19 PANEL MEMBER MADDEN: I mean I, gee, I hate  
20 to say this but the real story about junked and  
21 abandoned cars goes something like this.

22 It has not a whole lot to do with the value  
23 of the metal or the market value of the metal right now  
24 because, in fact, if you look at the historic price of  
25 scrap metal it's quite low, but nevertheless the flow

1 of junked and abandoned cars continued reasonably  
2 unabated. I think it would be reasonably accurate for  
3 me to say I don't think you'll see too many junked and  
4 abandoned cars these days even though the price of a  
5 ton of scrap metal is substantially lower than it was  
6 three or four years ago.

7 The truth of the matter is, and this I will  
8 say is somewhat before my time, but I think it was six  
9 or seven, maybe eight years ago, the problem was very  
10 acute. And part of the reason had to do with some of  
11 these holding regulations, but part of it had to do  
12 with something in your purview which was the  
13 disposition of what was left of a car after all the  
14 metals were retrieved and recycle the so-called fluff  
15 problem and the landfilling of it.

16 And as I recall, it was almost a time, and I  
17 believe it almost came to pass where the shredders  
18 decided, the eight shredders in California decided they  
19 could no longer because of the government regulations  
20 on that material deposit that material in a landfill.  
21 When you can't do that then you can't operate a  
22 shredder and if you can't operate a shredder you can't  
23 pay for cars etcetera. It's a perfectly elastic chain.

24 And I believe that once we have reasonable  
25 regulation on that material by the Waste Management

1 Board and the Department of Health Services it could be  
2 certain, I think that was the principal, you might say,  
3 elimination of the problem. And from that point on I  
4 am hard pressed to think of a day that doesn't go by  
5 where the system doesn't work about 99 percent well  
6 now.

7 PANEL MEMBER LISS: And I'm familiar in Santa  
8 Clara County where in the last two or three years we  
9 actually had a county solid waste plan amendment  
10 adopted to allocate landfill capacity in the county to  
11 be utilized and approved in the plan for auto shredder  
12 fluff on a percentage basis of the amount of cars going  
13 into the shredder in Santa Clara County. We would take  
14 that equivalent amount of fluff in one of the area  
15 landfills that was interested in doing that.

16 So that type of public private partnership  
17 and clarifying of regulations is what we're trying to  
18 underscore here as the type of model that could be  
19 followed in other areas. And the challenge is for  
20 there to be enough dialogue between industry who's  
21 having problems and someone who's paid to listen to  
22 those problems and try and solve them.

23 The problem-solving capacity of the state  
24 government as an advocate for industry is, I think, is  
25 what we're pointing to here. Is that as part of market

1 development activities there needs to be people who are  
2 paid full time to talk to these guys around the table  
3 and hopefully some gals too that will make sure that  
4 they're listening to what's happening in the field and  
5 solving those problems on a continuous basis, not just  
6 having workshops once every decade on the problem.

7 MODERATOR SMITH: I think we are committed to  
8 doing that, Gary.

9 PANEL MEMBER LISS: I know you are.

10 MODERATOR SMITH: Any questions?

11 Any questions on number three from the  
12 audience?

13 Okay. Let's move to question number four.  
14 And some of these answers have already been provided, I  
15 think, this morning by some, so you don't need to  
16 necessarily duplicate in detail.

17 Question number four asks,

18 "What activities/programs  
19 would be most effective for the  
20 Board to pursue to increase  
21 municipal ferrous demand? Are new  
22 government programs needed and what  
23 level? What can government and or  
24 industry do to aid municipal  
25 ferrous supply?"

1           Why don't we start with you, Jack.

2           PANEL MEMBER FORCE: I really don't have  
3 anything to add. I mean, you know, in terms of what I  
4 said before and what other people have said. I think  
5 there aren't really, I think the demand is, you know,  
6 specifically for cans. I think there is demand and I  
7 don't think anything else needs to be done.

8           And we've talked about government and  
9 industry working together to increase the supply, so.

10          MODERATOR SMITH: Okay. Bill.

11          PANEL MEMBER HEENAN: I guess the only thing  
12 that I would add to what has been already said is that  
13 if the Board came out and told every community that  
14 steel cans would be an additive to their making the  
15 25 percent by 1995, that would go a long way, I think,  
16 to getting those fringe communities to add steel cans,  
17 and that that would help us solve the demand or the  
18 supply side problem for the demand we have.

19          MODERATOR SMITH: Very good.

20          Gary.

21          PANEL MEMBER LISS: I came with a whole list  
22 of general techniques that we're advocating. I think  
23 I've mentioned most of them in the context of our  
24 earlier discussions. I think there are some smaller  
25 ones that I'd like to at least mention.

1           On buying recycled. Having standard  
2           specifics for the purchase of recycled materials and  
3           working that through institutionally with the  
4           appropriate agencies, AB 4, and started the Board down  
5           the road on some of those procurement specifications.

6           The AB 1462 this year, which I believe is  
7           still pending with the Governor, also moves in further  
8           clarification of specifications and standards for  
9           buying recycled material, but that's an important  
10          aspect and holding to timelines and specific targets  
11          for procurement is the type of thing that we need to be  
12          exploring, and particularly with the added clause that  
13          Leonard was suggesting earlier of buying recycled  
14          products from California as much as we can.

15          I think there's a training component that is  
16          very much needed that the universities are embracing  
17          with the certification programs in integrated waste  
18          management. But we need to see more work in training  
19          recycling economic development professionals, the type  
20          of work the Waste Board's been doing with the National  
21          Development Council as an example of that. Bring  
22          economic development professionals together with  
23          businesses and other recycling leadership at the local  
24          level is really important.

25          Similarly through that training and other

1 technical assistance, help the Board, the Board could  
2 help facilitate inter-departmental communication,  
3 bringing together the different parties of interest  
4 involved in solving problems, bringing together the  
5 planning departments, economic development agencies,  
6 public works officials, whoever the procurement  
7 officials, whoever are the key parties of interest on a  
8 given issue.

9           If the Board were doing workshops on those  
10 issues, if the Board were providing technical  
11 assistance on those issues, doing peer match,  
12 connecting people who've solved the problem with people  
13 who are just beginning to explore the problem, but  
14 always trying to get the parties of interest to the  
15 table. I think those types of efforts would be very  
16 helpful.

17           In terms of research and development we only  
18 touched upon this in the beginning. New products from  
19 recycled materials and hard to recycle products. The,  
20 we've talked about the limited value to some of the  
21 materials, the commodities and products that we're  
22 dealing with currently which suggest that if we could  
23 identify other uses for these materials that are being  
24 collected that would be higher value uses, that that  
25 would be something that would enhance the overall

1 recycling capability of, and the economics of the  
2 system.

3 And I think one of the, a good example is of  
4 the value added that's of concern last year. And  
5 referenced in the Storelli report was the reference to  
6 the tin can to the mine controversy. And Jack has  
7 illuminated many times for me the fact that the use of  
8 those tin cans in the mines goes to a higher value than  
9 the use for steelmaking, in terms of what the  
10 marketplace will pay.

11 And if we're defining highest and best use of  
12 material in economic terms, then clearly going to the  
13 mines is the highest and best use. If people disagree  
14 with that on some other basis, you know, that's  
15 something that needs clarification. CRRRA clearly feels  
16 that use in the mines is a good use of the products.

17 But what I'm speaking to in terms of research  
18 and development was more the issue of where we were  
19 talking about there is a limited value. Ironically  
20 steel is an efficient system, and so making steel is  
21 efficient, and therefore the value per pound is not as  
22 high as aluminum or other products.

23 So for recycling purposes the costs of  
24 transportation and union wages and all those things is  
25 difficult to cover at all times for all these products.

1 So the research and development to new products and new  
2 uses of recycled steel is one that I believe we haven't  
3 spent much time on that I wanted to underscore.

4 And the research should be both in terms of  
5 government research, tax incentives for private  
6 research, universities getting involved, and  
7 cooperatives as suggested by all the government  
8 industry and universities as suggested by ISRI in their  
9 market development statements that I've got here.

10 Last I would highlight the eligibility for  
11 economic development tools in general. We've touched  
12 upon that. But one of the things that I think needs to  
13 be underscored is there are existing financing  
14 mechanisms and economic development agencies at the  
15 local, state, and federal level that could be applied  
16 to facilitating and accomplishing some of the areas  
17 that we're addressing here and getting them involved.

18 Making sure that recycling is not only an  
19 eligible activity but a priority activity in the short  
20 term is something of concern. In the 1988 state  
21 recycling policy CRRA suggested for example that the  
22 market development zone idea which we proposed in our  
23 policy back then, and similar economic development  
24 activities be included in the OEDPs, the Overall  
25 Economic Development Plans which each economic

1 development agency is required to prepare, who gets  
2 federal funding. And the OEDP's are a vehicle for  
3 focusing attention by the economic development  
4 professionals and the elected officials who supervise  
5 them as a priority to get them to consider doing these  
6 things as one of their tasks.

7 One of my experiences with San Jose was that  
8 we could never get the economic development agencies  
9 involved actively until it became their task. When  
10 they were helping us they would give us maybe the time  
11 of day, maybe a meeting or two, but we couldn't get any  
12 work out of them. Whereas once we had, as one of their  
13 requirements in the OEDP, helping the Office of  
14 Environmental Management apply for a recycling  
15 marketing development zone, and it was one of their  
16 tasks to accomplish for the year in their work plan,  
17 all of a sudden the council was asking them for the  
18 accountability for that work. And so that integration  
19 of, of local government responsibilities is another  
20 facet that we haven't touched on.

21 One last thing is consumer remarketing issues  
22 in terms of support, particularly on the demand side.  
23 The environmental labeling issue. We should see the  
24 Waste Board as a party of interest on the support of AB  
25 3994 which is currently being litigated. And the, have

1 an overall effort in consumer marketing. And perhaps  
2 this is where the link with Bill's comments on  
3 education get tied together.

4 I'm trying to give some specificity to what  
5 Bill means about education, he's thinking of the PSA  
6 next month as one specific thing, and I think that  
7 would be great to have those types of PSA's.

8 Additionally in the educational arena the green  
9 marketing, the labeling of products, the getting  
10 consumer awareness through collaboration by the  
11 government in setting standards, like AB 3994 attempted  
12 to do, and then having the industry respond to those  
13 standards, and then use that as an enhancement in  
14 marketing their goods and services, is something that  
15 we've seen in the 90's really take form and take shape.  
16 The Waste Board should be a party to that, should be an  
17 active leader in that as part of an overall market  
18 development strategy and the educational activities  
19 that Bill was talking about earlier.

20 PANEL MEMBER FORCE: Can I make a comment  
21 just a little bit to follow up what Gary says?

22 Some of what Gary is talking about for  
23 highest and best use stuff. Some of the other markets  
24 that we sell to, I mean the copper, the paint, and the  
25 water treatment chemicals, all of those are

1 economically a higher use but they're little compared  
2 to the steel people. I mean, if you're talking about  
3 volumes, you know, the steel people are the ones that  
4 are going to use the volume, you know. So that's kind  
5 of where the expansion and growth sort of stuff have to  
6 come with.

7 And I'm gonna, I want to, I would like to  
8 Steve referred to the copper precipitation controversy,  
9 and if I could just take a couple minutes and elaborate  
10 on that for the record kind of.

11 What copper mines, a copper mine will mine  
12 ore and a certain amount of the ore is too low in  
13 copper for them to recover the copper from, by their  
14 normal concentration milling process and everything.  
15 So they put that, you know it's just basically tailing  
16 to them, they put that somewhere in a controlled place  
17 and then they have this tailing problem. Okay. What  
18 they then do, some of them, is they, they can come back  
19 with water or dilute acid, and they can actually  
20 dissolve the copper out of that tailings pile to get  
21 more to get more copper. They recover that solution,  
22 it's basically a copper sulphate solution, and  
23 rainwater does the same thing, they recover that copper  
24 sulphate solution. Then they take that copper sulphate  
25 solution and they pump that to a tank or sometimes they

1 call it a launder which is a cement kind of thing,  
2 where they take activated iron.

3 In, the reason they buy the stuff from us,  
4 the tin cans, is because what they want is, they want a  
5 high surface area to weight ratio and the reaction  
6 takes place very quickly, the copper comes out as  
7 solution and the iron dissolves.

8 And so really what you're doing is you're  
9 getting kind of the squeal of the pigs, so to speak.  
10 They've gotten most of the copper already. So what  
11 we're selling is we're selling them a material that for  
12 a couple, three cents a pound to recover material  
13 that's worth a dollar a pound. And you know, they're  
14 getting more copper out of that.

15 Whether you like mining or not, the  
16 environmental damage whatever was done when they mined  
17 the ore way back in the first place. So that what this  
18 process, what it does is it gets the last little bit of  
19 copper out of the stuff.

20 And you know the whole controversy last year  
21 was based on real limited information and not an  
22 understanding of what was going on.

23 MODERATOR SMITH: Thank you, Gary.

24 Marc.

25 PANEL MEMBER MADDEN: Well, I would say that

1 when I was back in college I think it was I studied  
2 pre-Socratic philosophers, these are the guys that came  
3 before Plato and Socrates because it's mainly still in  
4 Greek. But I do remember one though, I think his name  
5 was Pharaclitis or something like that. And he said --  
6 let's see if I can translate -- he said when the best  
7 policy is to do nothing then the best policy is to do  
8 nothing.

9 So I guess what I'm saying here is that if we  
10 all agree that this scrap industry is actually doing a  
11 pretty good damn job most of the time, not always but  
12 most of the time then, you know, I'm not sure that we  
13 have to ask the famous Budweiser question, "Why ask  
14 why?" I don't think we have to ask that. I think we  
15 simply have to ask, as I think Trevor did just a few  
16 minutes ago, when doesn't it work? When didn't it  
17 work?

18 Because here's a situation where most of the  
19 time it works really pretty well, in fact almost  
20 invisibly well. And it's only when those, for example,  
21 those cars start to stack up on the streets that you  
22 then have to ask the question, well, when didn't it  
23 work? And then I think it's worth looking at things  
24 quote. "to do."

25 But I also learned one other thing in art

1 class it was a guy named Mies Vender Rohe who used to  
2 say, "less is more." And in this respect, I actually  
3 believe this firmly with respect to this industry, that  
4 the smallest amount that you need to do is probably the  
5 best that you need to do here. And it, I would say  
6 this, is that I think there's a compelling reason or a  
7 compelling logic to see the system work as it is and  
8 see just how well this part of the system fulfills the  
9 goals that we've outlined for California.

10 And following that examination, that period  
11 of time, if it doesn't work or it doesn't work as well  
12 as we expect it to I would expect, you know, the  
13 government to want to try and do something.

14 But I have a prediction to make here which is  
15 that I strongly believe that we will make that, those  
16 goals of 25 and 50 percent. And I strongly believe  
17 that this industry represented here today will could as  
18 much or more than any other segment of the recycling  
19 industry in helping to achieve those goals.

20 MODERATOR SMITH: Thank you, Marc.

21 Leonard.

22 PANEL MEMBER ROBINSON: We probably covered  
23 number four before we covered number one today. But  
24 there was a program Unocal did, it was called the SCRAP  
25 program. I'm not sure how many of you are familiar

1 with it. But they spent so many millions of dollars  
2 taking pre-1971 cars off the road. And I think  
3 Southcoast Air Quality kicked in it and they worked.  
4 But the overlying thing is I think it cost Unocal nine  
5 or \$10 million to do this program, but it was the  
6 equivalent of \$140 million worth of air pollution  
7 control devices with the offsets they got from doing  
8 that.

9 And I thought, even though Unocal did a good  
10 job it was a good business move, any time you can spend  
11 nine or \$10 million to equate to \$140 million, and that  
12 was just for mainly taking cars off the road. It had  
13 to be running, it had to be insured in California for a  
14 year, and they paid people to take it off the road, and  
15 they got these credits. I don't see anything in the  
16 Board that you could do something similar, but these  
17 are the type of innovations that help. Every little  
18 bit helps.

19 Jim Shruck, Secretary for the Environment,  
20 Jim Shruck came out to our facility. And one of the  
21 statements he made to the press and everybody that  
22 environmental protection will be part of California's  
23 economic recovery. So I if we look at it in that vein  
24 is that recycling, this is not a fad or a passing  
25 fancy, but recycling has to be part, part of industries

1 part, on everybody's mind. I think there was a term  
2 called precycle. Let's make stuff that's not so hard  
3 to get rid of, why are we making containers that last  
4 longer than the product it's supposed to hold? That  
5 type of thinking.

6 But again about the recycling incentives and  
7 the use of recycled material, recycle California. And  
8 then just what we're doing here now, we're discussing.  
9 The Board needs to take it a step further, come out to  
10 our facility and see what we have to do. Send your  
11 people out, your economic people, your energy people,  
12 whatever you have the equivalent of, to see how we can  
13 do a better job at our industry, and I'm sure that, you  
14 know, the formation of a steel can or the formation of  
15 a scrap all the way to the end use of it, go out.  
16 There's nothing like going out and seeing it for  
17 yourself to determine. There might be something that  
18 you see that we missed. Or maybe it would save you a  
19 lot of time of duplicity. We said, well this is why we  
20 don't do certain things. But it's just an invitation.  
21 We're not a smoke stack where people shovel coal in and  
22 black smoke comes out and everybody dies of lung  
23 disease. We use, make efficient use of electricity and  
24 we make a product. Our product's 100 percent recycled  
25 content.

1           MODERATOR SMITH: Thank you for the  
2 invitation.

3           PANEL MEMBER HEENAN: John, let me reiterate  
4 what Leonard just said. When you talk buy recycled,  
5 any time you buy steel you bought recycled.

6           PANEL MEMBER MADDEN: That's right.

7           PANEL MEMBER HEENAN: It's important. And I  
8 say that because I see a lot of other materials trying  
9 to develop markets by replacing steel. And they're  
10 already replacing recycled materials.

11           One other concern I have is labeling. I  
12 think that the state, the states can all really stop  
13 the education process when it comes onto labeling if we  
14 get 50 different laws out there. Right now we got five  
15 different laws. We got the FTC coming out with  
16 guidelines. I think it's very important we have one  
17 rule to educate or you won't have any education because  
18 you can't tell where your can's going to go to begin  
19 with.

20           And the other thing I'd like to to address,  
21 as Gary indicated, steel doesn't have a lot of value,  
22 but looking at packaging it's number two after  
23 aluminum, and then comes glass and plastic and paper.  
24 So we're not that low down on the totem pole. Second  
25 is not as good as first, maybe we'll be first some day,

1 but not on price, but on, you know. We're the plow  
2 horse as Leonard said. We're not that thoroughbred.  
3 But the quarter miler dies in the second or third mile  
4 and we keep on going.

5 (LAUGHTER.)

6 MODERATOR SMITH: Thank you, Bill.

7 I guess the one thing I was going to ask the  
8 panelists before we go on, are there any novel uses for  
9 steel that are coming out? Any that you know of?

10 PANEL MEMBER ROBINSON: Condoms, I think.

11 (LAUGHTER.)

12 PANEL MEMBER HEENAN: What other product does  
13 so many jobs so well but steel?

14 PANEL MEMBER ROBINSON: That's just a rumor  
15 though.

16 MODERATOR SMITH: There are none, okay. That  
17 was my question for the day.

18 PANEL MEMBER HEENAN: It depends on your age  
19 for those things.

20 MODERATOR SMITH: I'd like to open the  
21 question up to the audience. Any of those out there  
22 that would like to comment on this question?

23 Any last comments from this question? I  
24 think we'll take a 10-minute break and then come back  
25 and do the last question.

1 (Thereupon there was a brief  
2 recess.)

3 MODERATOR SMITH: Okay, the last question for  
4 the panel is,

5 "What are the most common and  
6 the most detrimental  
7 quality-related problems about  
8 using municipal ferrous scrap?"

9 And I'd like to start with Jack.

10 PANEL MEMBER FORCE: Okay.

11 MODERATOR SMITH: Excuse me, I think maybe if  
12 we have covered these already you can be a little less  
13 detailed.

14 PANEL MEMBER FORCE: Yeah. Okay. As far as,  
15 the problems with using municipal recycled tin cans,  
16 curb collected cans, there aren't any. We do have some  
17 little more difficulty with what Steve referred to as  
18 MRF material, you know, the stuff that's separated  
19 directly from the waste stream, you know, because of  
20 the extra contamination. We do buy all of it that we  
21 can get but we have a little more trouble, there's some  
22 extra processing that's involved that we have to do.

23 MODERATOR SMITH: Very good.

24 Bill.

25 PANEL MEMBER HEENAN: Yeah, I think just

1       echoing what Jack said. One of the nice things about  
2       steel is it's magnetic. And there may be a plastic or  
3       glass, but when you remelt steel at 3,000 degrees  
4       everything seems to go by the wayside prior to the  
5       melting of steel. Steel doesn't burn very well and  
6       that's why it takes 3,000 degrees to melt it back down  
7       to iron or ferrous. So I don't see that this is a  
8       major item.

9                However, when you're looking at cars or  
10       whatever, the dismantlers make sure the battery is out.  
11       Things of that nature. When you're looking at  
12       appliances we need to get the CFC's and the capacitor  
13       and the Mercury switch out, which I think the  
14       infrastructure is developing for those communities.  
15       But when it comes to cans a spaghetti doesn't really  
16       matter to us.

17               (LAUGHTER.)

18               PANEL MEMBER FORCE: Let me make one other  
19       comment. Typically when you're dealing with, you know,  
20       traditional recycled things like glass and plastic and  
21       aluminum and all of that.

22               PANEL MEMBER HEENAN: You mean the new stuff?

23               PANEL MEMBER FORCE: Yeah, okay, the new  
24       stuff and all that. Excuse me.

25               The ferrous cans, the steel cans and the tin

1 cans, they might have five to seven percent  
2 contamination, we expect that and we, you know, and we  
3 deal with that, you know, as opposed to all the other  
4 things they're trying to get it down to the tenths of a  
5 percent of contamination. And this is a whole order of  
6 magnitude different.

7 MODERATOR SMITH: I see what you're saying.  
8 Very good.

9 Gary.

10 PANEL MEMBER LISS: I'd like to ask Jack a  
11 question about paper labels on tin cans. Could you  
12 just address that for me?

13 PANEL MEMBER FORCE: Paper labels on tin cans  
14 are not a problem. I think the reason he's asking me  
15 that question is because historically it used to be and  
16 at this point in time, it isn't.

17 PANEL MEMBER LISS: And that's part of the  
18 education I guess that there has been changes in the  
19 industry. There was an unknown recycling coordinator  
20 who wants to do a PR campaign on the fact that they  
21 stripped the paper labels off the cans, they stripped  
22 for recycling, and they didn't do that.

23 PANEL MEMBER FORCE: One other thing about  
24 that though is, the cleaner that the cans are the less  
25 garbage, you know. I mean we mostly shred 'em and, you

1 know, whatever's in there, you know, the paper label or  
2 the, you know, whatever, that's something that we've  
3 got to deal with on the other end. So the cleaner it  
4 comes the less cost, the less garbage we generate.

5 PANEL MEMBER LISS: And just generally in  
6 curbside we're getting clean enough cans because people  
7 as far as food don't want the food there because of  
8 attracting other pests.

9 PANEL MEMBER FORCE: Right.

10 So what's good enough for them to keep in  
11 their home for a week is good enough for the industry  
12 standards.

13 PANEL MEMBER FORCE: Right.

14 PANEL MEMBER LISS: So that we've found out  
15 through curbside's evolution. The paper label thing  
16 historically absorb the chemicals in detinning which  
17 was a valuable cost of, a valuable part of the cost of  
18 that operation. So that was one of the problems there  
19 that we've overcome is or gotten beyond I guess.

20 PANEL MEMBER FORCE: We, all of the cans from  
21 California all go through, if they're going to be  
22 detinned, go through a shredding process first and that  
23 takes the paper labels off. There is one place still  
24 where the labels are an issue, and that's in the  
25 Northwest, but it doesn't apply to California at all.

1           PANEL MEMBER LISS: So for California we can  
2 use that as another example of something that we've  
3 dealt with.

4           PANEL MEMBER FORCE: Right, right.

5           PANEL MEMBER LISS: And as far as the  
6 education, communicating that to program operators like  
7 myself who aren't necessarily following this day by  
8 day, helping get the word out, like Bill was saying,  
9 educate the operators that that is not a significant  
10 concern as it may have been in the past.

11           The MRF material brings up a comment that  
12 Jack made there, brings up the issue of source  
13 separated versus MRF's. And just in general the higher  
14 quality material comes source separated which goes back  
15 to building on the existing infrastructure which  
16 historically has done source separated materials. And  
17 the elimination of that industry by municipal MRF's  
18 with waste flow control that we've talked about is a  
19 serious concern when you talk about the quality of the  
20 markets down the road.

21           So given that source separated materials are  
22 a higher value and higher quality, we want to maintain  
23 that infrastructure as a priority with MRF material  
24 having magnetic qualities able to pull out ferrous but  
25 not necessarily as high quality as we could get source

1 separated.

2 The bulky materials we've talked about a  
3 bunch today. Design for recyclability is trying to  
4 address quality concerns. And we've talked about that  
5 a bunch in terms of the bulky wastes, somewhat in terms  
6 of cars.

7 The quality standard that ISRI has said in  
8 their market development pamphlet is basically that if  
9 the material is not recyclable under today's quality of  
10 standards we should have manufacturers take back that  
11 product. And take-back programs should be a component  
12 of, at least the threat if not the actuality, to get  
13 manufacturers to focus on the, the problems there. The  
14 CRRA take the wrap campaign currently in progress for  
15 plastics is an example of wanting the industry to take  
16 back material until it comes up with a better recycling  
17 system.

18 But in terms of quality standards I think  
19 everything else has been pretty much addressed today,  
20 so I'll stop.

21 MODERATOR SMITH: Thank you, Gary.

22 Marc.

23 PANEL MEMBER MADDEN: Okay. What are the  
24 most common and most detrimental quality-related  
25 problems with using ferrous scrap?

1 Well, in no other alphabetical order, no  
2 particular alphabetical order they are, PCP's, PCB's  
3 CFC's, sodium iozide, oil, gas, transmission fluids,  
4 antifreeze, led, cadmium, zinc, copper, chrome,  
5 hexavelent chrome.

6 You know those bran cereals, you know, that  
7 people eat and leave in their cars, those are perfectly  
8 indestructable. We have a lot of problems trying to  
9 melt that because those bran cereals will just kill  
10 you.

11 The long and short of it is that municipal  
12 scrap is just an accumulation of a lot of other  
13 people's problems including yours, and of course, we  
14 all have to deal with them. And my simple point is  
15 this, everything that improves proves life like  
16 chromium or cadium to give you a great color on your  
17 car and all also has some ecological down sides. And  
18 you may not be aware of them, and I'm not asking that  
19 you have to aware of them, but you now need to because  
20 they become my problem which then ultimately becomes  
21 your problem. And that's pretty much what I to say.

22 MODERATOR SMITH: Thank you, Marc.

23 Leonard.

24 PANEL MEMBER ROBINSON: Okay. Again, it's  
25 probably not a quality-related but it's quantity-

1 related. At a steel mill you can give us anything we  
2 can make steel out of it, but we need it on a  
3 consistent basis, we need it over and over again, and  
4 we'll develop a recipe. But right now presently it  
5 takes us maybe 1.05 tons of scrap to make one ton of  
6 steel. Municipal scrap is not as dense as the heavy  
7 industrial that we use in the material so maybe now it  
8 will take 1.1 tons of scrap to make one ton of steel.  
9 So there's a yield factor that we lose.

10 All right. Well, you know, as I say, matters  
11 not created nor destroyed, if it's not going to go into  
12 the steel, it might go into the slag. Inert material  
13 but then, then that's not one of our economic  
14 strongholds. Slag will never be an economic stronghold  
15 for a steel mill.

16 The other place it will go is probably go  
17 into our emission control device, our bag house dust.  
18 Zinc is not problem, we get paid for the zinc in our  
19 bag house dust.

20 There's a penalty for lead and cadmium  
21 affects the quality of the zinc that we have so we get  
22 paid less for the zinc. But it's going to go into  
23 emissions. There's a management charge in there so  
24 that's another cost to us.

25 Of the amount that we receive, again if we

1 ever get that thousand tons per month we can look at it  
2 and we can adjust where the steel industry, we are  
3 adaptable and we can make it work. But it's again  
4 getting the consistent quantity over and over again  
5 until we make it work.

6 MODERATOR SMITH: Thank you, Leonard.

7 Are there any -- excuse me. Are there any  
8 comments on this question from the audience?

9 Okay, I guess, any other comments from the  
10 panelists to finish on this?

11 PANEL MEMBER LISS: Just in your  
12 recommendations here you talk about a task force which  
13 I appreciate Steve adding CRRA and CAW to in the  
14 recommendations section of the report.

15 I'd also like to suggest that we view the  
16 national leadership as well on these issues as part of  
17 that type of effort, at a minimum including players  
18 such as the National Recycling Coalition and the  
19 Recycling Advisory Council and EPA because of some of  
20 the international aspects of the issues that we talked  
21 about and needing to have clear state involvement in  
22 Washington.

23 In that regard I'd also like to highlight for  
24 the record and congratulate Bill Heenan on his election  
25 to the National Recycling Coalition Board of Directors

1 and Executive Committee. And I'm sure Bill would be a  
2 good person to be a connection to some of those  
3 national efforts as part of the task force to try and  
4 bring in not only California expertise but national  
5 expertise on these issues as he's done today.

6 PANEL MEMBER HEENAN: Thank you. And yes, we  
7 would love to be involved.

8 MODERATOR SMITH: And we really appreciate  
9 your input today.

10 Any final comments on all of the issues  
11 covered today?

12 PANEL MEMBER ROBINSON: Well, just on a lot  
13 of input that I had I was speaking for Tamco but I also  
14 chair the Environmental Committee for the Steel  
15 Manufacturers Association so I got a lot of nationwide  
16 comment from different vectors, different sections from  
17 the country in a lot of things I said today.

18 MODERATOR SMITH: Very good. Well, I think  
19 this is the second workshop that I've moderated and  
20 I've found that, being a novice in this area, I've  
21 learned again a lot about this particular commodity as  
22 I've done with other commodities.

23 It seems that this market is pretty well  
24 established and it's pretty influenced by changes in  
25 demand and supply. But there's still room for

1 improvement in this industry.

2 And areas that are being looked toward are  
3 increasing curbside collection areas, bringing  
4 institutions into source separation programs. Also  
5 looking at it, in terms of looking at the municipal  
6 solid waste stream and the metal coming out of that,  
7 we're looking at finding ways to make sure that  
8 additional cans are added to that collection system.

9 And that can only happen once the local  
10 governments and the people realize that most of the  
11 aerosols can be put in those collection programs  
12 without any harm to the environment.

13 We've gone through a number of problems with  
14 contamination. Some of those are the, the materials  
15 that, the refrigerated materials, petroleums that, and  
16 petroleum that needs to be taken off these machines  
17 before they go to the scrap dealer. But I'm sure those  
18 can be readily handled.

19 There was a lot of talk, discussion today,  
20 excuse me, about the need to better educate the public  
21 in terms of the value of non-ferrous, of ferrous metal,  
22 and the ease in which it can be recycled. And we're  
23 also looking to local governments, local governments  
24 will be looked to to make that easier for the consumers  
25 to recycle.

1           And there are also a number of other areas I  
2 haven't covered which will be incorporated into our  
3 report.

4           Our next step is to take the input we've  
5 gotten from those that have prepared comments, written  
6 comments on this draft, and also the information from  
7 this workshop. And within a month develop a detailed  
8 work plan for a program to increase the markets for  
9 ferrous metals. And as I said at the beginning,  
10 eventually this will, this action plan will then be  
11 folded into a comprehensive market development plan.

12           And with that I'd like to thank each of the  
13 panelists for coming. I really appreciate it. You  
14 provided some very good input once again.

15           So thank you. And thank the public for  
16 coming.

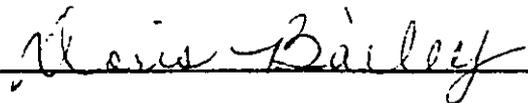
17           (Thereupon the foregoing hearing  
18 was concluded at 3:02 p.m.)  
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