



March 22, 2017

Mr. Brett Rude
Environmental Planner, Air Quality Program
Washington State Department of Ecology
PO Box 47600
Olympia, WA 98504-7600

Re: Volkswagen (Settlement) Guiding Principles and Priorities

Dear Mr. Rude:

Schnitzer Steel Industries, Inc. appreciates the opportunity to provide additional comments on the Department of Ecology's guiding principles and priorities for the funds received from the Volkswagen settlement to improve air quality in the State of Washington.

As the first green industry in the United States, we have a long history of sustainability practices improving the environment and reducing the level of material in our landfills. Schnitzer Steel's process begins with our Auto and Metals Recycling Business (AMR) which collects, processes, and resells a wide variety of recycled metal for new metal production and provides recycled auto parts for retail customers. Metal is sourced from 'end of life' products such as vehicles, home appliances, rail cars, industrial machinery, demolition debris, and construction. The processed recycled feedstock is then sold to steel mills and foundries around the world, including our steel mill in Oregon.

An estimated 6.79 metric tons of carbon dioxide equivalent emissions are avoided per short ton of scrap metal recycled (1 short ton = 2000 lbs). As such, we want to ensure that the Department of Ecology requires that **any funds received from the settlement to replace or repower eligible equipment and vehicles be properly recycled by a licensed auto dismantler or recycler**. We do not believe the federal 'scrap' statement for this settlement is strong enough to ensure the proper recycling of such material.

In addition, we would encourage the Department of Ecology to appropriate funds for a vehicle **buy-back program that provides an opportunity for consumers to replace older vehicles**. California has a highly successful state wide program entitled the Consumer Assistant Program that is administered by the Bureau of Automotive Repair, to help improve California's air quality. The program is voluntary to consumers and includes repair assistance and vehicle retirement options. The Vehicle Retirement program is so successful, that funds are often exhausted annually.

CAP Vehicle Retirement Program Overview

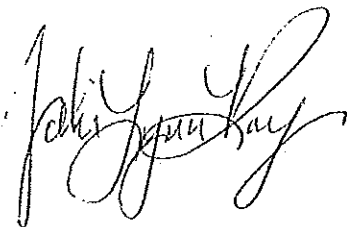
- Consumers who meet eligibility requirements may receive either \$1,000 or \$1,500 to retire their vehicle at a contracted dismantler.
 - Consumer Application: https://www.bar.ca.gov/pdf/CAP_App.pdf
- Contracted dismantlers are selected by a bid process which has a high criterion for industry participants.
 - Dismantling contracts are competitively bid on a three-year cycle.
 - Criteria includes: Dismantler License, Line of Credit, Violation History, and Site Facility Location Requirements.
 - Bid Details available through Bureau of Automotive Repair.
- Financial assistance is subject to availability of funds each fiscal year (July 1-June 30).

Schnitzer Steel Industries greatly supports the Department of Ecology's effort to use Volkswagen settlement funds to maximize air quality and public health, as well as benefit sensitive populations. We believe the requirement of recycling and the inclusion of a buy back vehicle program will help the Department reach those goals.

Schnitzer would welcome an opportunity to meet and discuss these proposals in more detail.

Please feel free to contact me at 510-541-7654 or via email at jray@schn.com.

Thank you for your consideration,



Ms. Jackie Lynn Ray
Government & Public Affairs Senior Manager | West Region
Schnitzer Steel Industries, Inc.

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PICK-N-PULL Auto
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18306 Highway 99 Lynnwood, WA | Phone: 425-778-3147 Fax: 425-771-3147
2416 112th Street S Lakewood, WA | Phone: 253-588-1775 Fax: 253-582-3739
8010 Old Highway 99 SE Tumwater, WA | Phone: 360-357-4466 Fax: 360-357-1454
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Rude, Brett (ECY)

From: Brad Tower <btower@phillipsburgessgr.com>
Sent: Wednesday, May 31, 2017 2:16 PM
To: Rude, Brett (ECY)
Cc: Jackie Lynn Ray (jray@schn.com); Troy Nichols
Subject: Comment on VW Settlement Plan element

Dear Mr. Rude,

As an addendum to the official letter submitted by Jackie Ray of Schnitzer on March 22nd regarding the potential use of VW Settlement funds to improve air quality in Washington State, I would ask that you consider including in your proposed program design the requirement that vehicles or engines that are replaced through the program be recycled by a licensed scrap facility in order to be compensated through the program.

In working on public policy in the area of waste and recycling for over a decade, I have regularly seen legislative and agency efforts aimed at reducing stockpiles of materials that infringe on the aesthetic or environmental quality of a particular property. Most recently, the tow truck drivers proposed allocating state funds to help with the disposal of recreational vehicles that they took possession of, but have been unable to sell due to a negative market value (the cost of remediation efforts associated with these vehicles is greater than the scrap value of the metal they contain).

While we do not know in advance the quantity or nature of the vehicles that will be replaced as a part of the program, it is safe to say that seeing those vehicles recycled is a benefit to the state in a variety of ways. By requiring that they be recycled, we avoid the possibility of stockpiling, instigate economic (taxable) activity in the scrap processing sector, and lessen demand for extracting raw materials.

In service of this goal, I would recommend that the department define "Scrap" with regard to vehicles eligible for the program as "to destroy, render inoperable, and recycle."

Thank you for your consideration, and I would be glad to offer further detail as needed.

Best regards,
Brad Tower



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