

Skagit County ISWGP

Good Morning, my name is Hal Covey. My address is 18527 Butternut Rd, in Lynnwood Washington. 98037. I own a small auto recycling business. Most of thekeep things in the proper perspective and call me. I'm also the treasurer of the Auto Recyclers of Washington. That's all the wrecking yards, all the dismantlers, and such. The auto recycling firms with any stormwater discharge are required to be covered by a general industrial stormwater permit. I have the following comments about the general draft permit now being proposed by the department of Ecology. The vehicle recycling industry is very concerned about several elements of the new draft permit, because almost every vehicle recycler in the state of Washington is a small business. Vehicle recyclers have been recycling parts for over 80 years, long before it was popular for the general public to recycle. Washington vehicle recyclers currently recycle over 500,000 end of life vehicles in this state per year. I could be a little shaky today. I just suffered a heart attack and had a double bypass a month and a half ago, and I just haven't gotten my muscles back yet.

I'm glad you're with us – thank you.

So, my voice and my eyes don't work a whole lot better, either. But, I'm here because I really believe in what is happening with the water purification programs in this state. We provide jobs, pay business taxes, payroll taxes. We have many business regulations we must comply with. We must be licensed by the state of Washington. We must comply with many environmental regulations and don't get any tax breaks or any special consideration from the state or federal government. We fund our entire business activity by selling used vehicle parts and recycling end of life vehicles. This industry is rapidly becoming unprofitable and more than 40% of the vehicle recyclers in the state of Washington have gone out of business in the last 8 years. In the last 8 years, 8 years ago, we had 545 auto recyclers or wrecking yards or those kinds of businesses in this state. Today, we have 248. That's in 8 years...that's a big drop. And, the reason they've gone out of business is the increased cost. The cost of the Department of Ecology has increased – because of the things like Ecology and their clean water acts and such has increased the cost of our business considerably. Let me say again, 40% of our industry has gone out of business, and higher costs have forced more out of business. When our industry becomes unprofitable and goes out of business, what will Washington do with the 500,000 end of life vehicles per year in this state. The proposed new permit will impose many new costs on small vehicle recycling firms. It increases the number of stormwater samples we must take compared to the current permit. This will increase our cost about \$250 per year. It increases the number of visual inspections we must conduct each year. This will again increase our cost. It requires that some of our firms attend training classes and we don't know how long that class will be or what the costs will be. Or, how many employees, or how it will impact the employees in our business. As we understand it, the Department is setting this level with the intention of 50% of the permittees will exceed these newer, lower benchmarks unless they take additional actions. I don't have a clue how much more this might cost small vehicle recycling firms to meet these new, lower standards.

Each small vehicle recycler faces tens of thousands of new costs due to this proposal permit to pay for professional engineers to prepare a report for our facility if we are unfortunate enough to exceed one of these new limits.

Are you sure this is on? The reason I ask if that it sounds.....

I'm here to express my concern that this draft permit is very unfamiliar to some small businesses like vehicle recyclers and we are strongly urging the Department to make modifications to this permit to provide fairness to small business and to comply with the regulations of the small business fairness act of the RCW 19.85. The department prepared a small business economic impact statement for this draft permit which indicates the new permit will cost the small business 10 to 30 times more per employee than for a larger business. How do we expect a small business to survive under this permit when their costs are 10 to 30 percent higher than it is for larger firms. This clearly demonstrates this proposed permit is unfair to small business and we will provide written testimony to show the Department's cost of estimates for small business is actually higher than stated in your small business economic analysis. Let me put it another way. For every one hundred this permit increases our costs, we must increase our sales by about \$2000 to generate enough profit just to pay for that \$100 increase in cost. So, any small vehicle recycler required under this permit to get an engineer's report costing \$10,000 or more, that will mean that we'll need to generate an additional \$200,000 in sales or more to pay for this engineer's report. For most small vehicle recyclers, this means we will have to increase our sales by 25 to 50% bottom line. Bottom line, this could easily put a small business out of business. Maybe you think we can simply increase what we charge for our used parts. If we increase our costs for used parts, many of our customers will decide to buy new parts instead of using used parts, and our sales go down, and certainly threatening the survival of our business. Plus, the used parts that we're recycling now will no longer be recycled. Thus, we are asking for the department to make the following revisions to its proposed permit.

- Do not require additional sampling as compared to the existing permit. The department has not demonstrated additional sampling will improved stormwater quality.
- Do not lower the benchmarks for many materials. The lowering of benchmarks is not based on scientific water quality data.
- Provide an option for small firms that unfortunately trigger a step B corrective action plan instead of providing an engineer report. Provide an option for technical assistance to the department to help the small business firm to meet the stormwater benchmarks instead of having to have an engineer report prepared.

These are essential actions the Department needs to take to meet requirements of the state regulations fairness act, RCW 19.85, to not impose excessive inappropriate cost on small firms. Thank you.

And, thank you.