



April 7, 2014

The Honorable Jay Inslee
Governor
State of Washington
PO Box 40002
Olympia, WA 98504-0002

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APR 11 2014

Office of the Governor

RE: Washington's update to Human Health Criteria/ Water Quality Standards

Dear Governor Inslee:

We would like to thank you and your staff for the continued efforts and time each of you have personally invested in the state's effort to update human health-based water quality standards. As an individual company impacted by this rulemaking, we want to you to understand our company's concerns.

Schnitzer Steel Industries is a vertically integrated, publically traded corporation with 61 automobile dismantling facilities, 57 metals recycling facilities, seven 7 deep water ports, and one steel mill located across the United States, Canada and Puerto Rico. Our Washington operations include facilities in Vancouver, Tumwater, Tacoma (2), Woodinville, Lynnwood and Arlington. Metal recycling is a highly sustainable industry because every ton of recycled steel conserves 2,500 pounds of iron ore, 1,400 pounds of coal and 120 pounds of limestone. Metal recycling also significantly reduces greenhouse gas emissions when compared to mining virgin iron ore and ore-based steel production.

Managing our business in an environmentally sound manner is one of Schnitzer's core values. In 2011 we invested \$4.5M in an upgrade to our Tacoma deep water port and shredding facility's stormwater treatment capability. The stormwater upgrade involved installation of a new state-of-the-art treatment plant which increased the facility's treatment capacity by 250% while continuing to comply with Ecology's strict discharge standards. Our concern is that if the state adopts a fish consumption rate of 175 grams/day and human health risk factor of 10^{-6} , resulting water quality standards will be so low that they won't be measurable, and our newly upgraded Tacoma treatment plant could become one of hundreds private and public water treatment plants throughout the state unable to comply with new infinitesimally low water quality standards. The state's public and private entities will spend billions of dollars attempting to comply with water quality standards that can't even be measured, much less met by modern treatment processes.

All participants in Washington's economy should be incentivized to improve their environmental infrastructure. Quantum changes in regulatory requirements which quickly negate the benefits of recent environmental investments only provide disincentives to environmental improvement. Resources are scarce and it is imperative that the state and industry make sound investments that yield proven results.

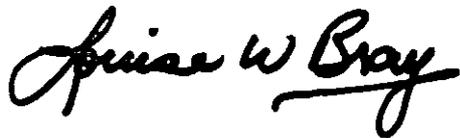
We support the state's responsibility to protect public health through updated human health criteria and water quality standards. We are similarly convinced this can be accomplished in a balanced manner consistent with EPA guidance, protective of NPDES permittees interests, and with a lessened risk to the long-term economic harm to Washington.

The metal recycling industry alone generates almost \$89M in state and local taxes, accounts for over 2,500 direct jobs and almost as that many supplier jobs in Washington State (See enclosures).

We firmly believe it is possible for the state to adopt new numeric criteria that will provide greater human health protection while preserving existing jobs and the future prosperity of our economy. However, state officials must be mindful of the economic consequences of adopting overly restrictive policies.

Thank you again for your time and attention on this important policy discussion. Please let us know if we can help provide any additional resources or answer any questions.

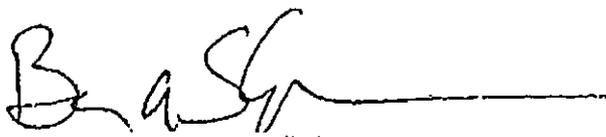
Sincerely,

A handwritten signature in black ink that reads "Louise W. Bray". The signature is written in a cursive style with a horizontal line underlining the name.

Louise Bray
Governmental and Public Affairs Manager
Schnitzer

A handwritten signature in black ink that reads "Scott Sloan". The signature is written in a cursive style with a horizontal line underlining the name.

Scott Sloan
Regional Environmental Director
Schnitzer

A handwritten signature in black ink that reads "Bryan Graham". The signature is written in a cursive style with a horizontal line underlining the name.

Bryan Graham
Regional Environmental Manager II
Schnitzer

Cc: Tom Zelenka
Colin Kelly
Andy Marcelynas

The U.S. Scrap Recycling Industry Promotes Washington Exports

The U.S. scrap recycling industry provides the high value, environmentally friendly and energy saving raw materials that make America's manufacturing industries more competitive in the global marketplace. The scrap industry also supplies the world's rapidly growing demand for commodities ranging from ferrous metals including steel and iron; nonferrous metals such as aluminum, copper and zinc; plastics; paper; electronics; tires and rubber; glass; and textiles. In 2012, commodity grade scrap products were exported to 160 countries worldwide, generating \$27.8 billion in export sales and significantly helping the U.S. balance of trade.

Scrap commodities are among the nation's largest exports by value, and overall, exports account for 50.0 percent of the industry's economic activity in Washington. These exports create 4,936 good jobs in Washington and help strengthen the economy.¹

The Economic Impact of Scrap Recycling Exports in Washington

	Direct	Supplier	Induced	Total
Jobs	1,307	1,258	2,371	4,936
Wages	\$125,696,000	\$80,340,500	\$113,505,800	\$319,542,300
Economic Impact	\$426,787,200	\$244,225,600	\$362,589,600	\$1,033,602,400

The Scrap Recycling Industry is a Major Exporter in Washington

- Approximately 49.6 percent of the scrap materials processed in Washington are exported to other countries for manufacture into new products. These exports help create jobs in Washington and also help reduce worldwide energy demand and the need to mine and harvest virgin materials. In 2013, 1,307 jobs are supported by the export activities associated with the processing and brokerage operations of scrap recyclers operating in Washington.² These are good jobs paying an average wage of \$96,175.³



- An additional 1,258 jobs are provided by supplier operations and through the indirect effects of scrap recycling exports. These jobs pay a total of \$80,340,500 in wages.
- All of this activity generates \$1.034 billion in economic benefits in Washington and contributes \$88.3 million in tax revenues for Washington and its local governments.
- Recent independent research shows there is more than enough domestic scrap to meet American manufacturers' demand for recycled materials for the foreseeable future, reinforcing the role the scrap recycling industry plays as a positive solution in the country's manufacturing landscape, while also playing a critical role in efforts to strengthen the U.S. economy through the growth of exports.⁴

¹ Based on the Economic Impact of the Scrap Recycling Industry in the United States (2013), produced for the Institute of Scrap Recycling Industries, Inc. by John Dunham and Associates, 2013.

² This includes firms involved in the purchasing, processing and brokering of scrap materials including ferrous and nonferrous metals, paper, electronics, rubber, plastics, glass and textiles.

³ Direct impacts are those associated with scrap processors and brokers. Supplier impacts are associated with firms providing goods and services to scrap recyclers and brokers, including peddlers, and induced impacts are those resulting from the re-spending of wages by workers in the direct and supplier sectors.

⁴ Research provided by U.S. International Trade Commission.

The U.S. Scrap Recycling Industry Protects the Environment and Creates Good Jobs in Washington



The U.S. scrap recycling industry is not only a thriving economic engine, but also a pivotal player in environmental protection, resource conservation and sustainability. The industry recycled more than 135 million metric tons of materials in 2011, thereby transforming outdated or obsolete products and materials into useful raw materials needed to produce new products.¹

Scrap recycling offers real sustainable solutions for balancing economic growth and environmental stewardship. Scrap recycling boosts economies from small towns in rural America to major cities and beyond through international trade. The result is economic and environmental sustainability for our nation and our world.

Scrap Recyclers are The Original Recyclers®:

- The scrap recycling industry is a very sophisticated and capital intensive industry that has been creating “green jobs” in the United States for decades. As the first link in the manufacturing supply chain, scrap recycling has been integral to America’s economy, job creation and resource sustainability for more than 200 years.
- Recycling reduces greenhouse gas emissions by significantly saving the amount of energy needed to manufacture the products that we buy, build and use every day. The energy saved by recycling can then be used for other purposes, such as heating our homes and powering our automobiles.



Not Only Does the Scrap Recycling Industry Protect the Environment, It Provides Countless Employment Opportunities in Washington.

(\$ Million)	Direct	Supplier	Induced	Total
Jobs	2,592	2,447	4,695	9,734
Wages	\$249.29	\$158.75	\$224.79	\$632.83
Economic Impact	\$861.76	\$486.07	\$718.08	\$2,065.91

- In 2013, 2,592 jobs are supported by the operations of the scrap recycling industry in Washington.² An additional 7,142 jobs are indirectly supported by the scrap recycling industry through suppliers and the induced impact of the industry’s expenditures. These jobs include equipment manufacturers, engineers and truck drivers among other occupations. Together these 9,734 employees will earn a total of \$632.8 million in 2013.
- In fact, the total economic impact of the scrap recycling industries in Washington is \$2.1 billion. Scrap recycling accounts for 0.550 percent of the state’s Gross State Product.³
- All of this activity generates nearly \$88.3 million in state and local revenues and another \$170.0 million for the federal government.

¹ Data from The ISRI Scrap Yearbook 2012, Institute of Scrap Recycling Industries, Inc.

² Based on the Economic Impact of the Scrap Recycling Industry in the United States (2013), produced for the Institute of Scrap Recycling Industries, Inc. by John Dunham and Associates, 2013.

³ GDP based on first quarter of 2013, third revision value of \$15.9841 trillion, see: *Gross Domestic Product, First Quarter 2013 (third estimate); Corporate Profits, First Quarter 2013 (revised estimate)*, Bureau of Economic Analysis, June 26, 2013, and *WIDESPREAD ECONOMIC GROWTH IN 2012 Advance 2012 and Revised 2009–2009 GDP-by-State Statistics*, Bureau of Economic Analysis, June 6, 2013.



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