

SCRAP TIRE ADVISORY COMMITTEE MEETING

July 27, 2006

Lansing, Constitution Hall, Atrium North
Rachel Carson Conference Room

MEETING SUMMARY

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Welcome remarks by Steve Sliver, Chief, Storage Tank and Solid Waste Section, Waste and Hazardous Materials Division and introductions by participants.

Status of Yahoo Group: The DEQ has set up a list-serve on Yahoo web site. Thirteen people have signed on so far. There is nothing on this site as of this date. Everyone is encouraged to sign up. All you need is a Yahoo ID; it is easy, painless and no cost. You don't have to communicate through this mechanism if you don't want to. If anyone has problems with this page, contact Rhonda Oyer Zimmerman (517-373-4750) or Steve Sliver.

STAC web page development: Once the STAC web page has been set up, the minutes, reports etc. can be accessed from there. The web site address is www.michigan.gov/deq. Click on "Boards and Advisory Groups" under the heading "Contact Information." Scroll down the page and click on "Scrap Tire

Advisory Committee (STAC).” Committee was asked if they want their phone numbers and e-mails listed on this site No one objected.

Approval of May 11, 2006 meeting minutes: The minutes were approved by the attending members.

Status of July 2006 Report to the Legislature: The report has been forwarded to the governor’s office. The DEQ is unable to share the document outside the agency at this time. The report was to originally discuss the success of the Market Development grant but until this year, the DEQ has not awarded a market development grant. The DEQ decided to expand the report to include the success of the scrap tire program as a whole. When the report is formally released the DEQ will distribute to the committee.

There was a question on how this report related to the original committee’s recommendations. These reports play off each other but with different audiences. The July 2006 report is directed at the legislature to update them on the progress of the scrap tire program. The Work Group report is on its 5th draft version. The DEQ is moving forward with some of the recommendations from the work group. Other recommendations still need more review.

Current Legislative Activity: The McManus workgroup is looking at some of the recommendations. One of the main issues is the definition of commodity. The latest discussion on legislation would have the DEQ reporting in three years where the tire program is at and have a standing advisory committee (this committee) review to determine if we want to deregulate further. The DEQ believes the proposed legislation will be introduced, hopefully, this fall

The goal of the Scrap Tire Advisory Committee is to help administer and implement the changes to Part 169. It was suggested that as new products emerge, the DEQ will have the ability to look at and classify new products as commodities. The National Standards for rubber commodities prepared by the ASTM were distributed. Committee members should review these standards and see how the DEQ can apply them to Part 169. These documents are copyrighted and DEQ received permission to only copy, not put on the STAC web site. (We can link to the ASTM web site, however).

Market Development and End-User Grant Issues:

The goal of the grant programs are to reduce the scrap tire stock piles and use future tires by developing sustainable markets to give value to scrap tires. We need to overcome reluctance from manufacturers to use scrap tires. We need to make the disposal and reuse convenient.

Market Development

There are no crumb rubber plants in Michigan. Until you see a demand for crumb rubber in the state, you won't find crumb rubber plants in Michigan. The market development grant would help if funds were allowed for equipment.

How can we increase the use of scrap tire material?

- We need to promote, not mandate, the use of scrap tire material for aggregate replacement and septic drain material.
- We need to promote new uses and products to stimulate the establishment of crumb rubber plants in Michigan.
- Need to promote the use of playground material. However, the cost may be too much for schools and municipalities. Some landscapers have not even heard of recycled tire compost materials.
- Many local health departments do not approve of scrap tire material as drainfield materials. We should make sure the local health departments that do, educate their counterparts at statewide sanitary meetings for example.
- The DEQ should include links to other pertinent sites that promote scrap tire material use on the web site.
- Encourage foundries and cement plants to use scrap tire materials.

End-User

The End-User Grant requires that a burner use more tires than the previous year to qualify for a grant. The problem is that burners are only allowed to burn a certain number of tires under the Air Quality Permit. The amount of scrap tires used can be raised but public scrutiny and the ability of the burners to handle the increase costs of equipment to handle more scrap tires can be a hindrance.

The cost of using TDF is increasing due to the Federal Energy Tax Credits as burners will lose \$9 per megawatt when using scrap tires. They would also have to update their feed system to burn more scrap tires. Landfill costs increase as the ash from the scrap tires would have to be landfilled rather than used as an agricultural supplement (as wood ash). The grant funds do not cover these kinds of costs.

The End-User grant contract expresses the reimbursement in two ways that are in conflict. We will reimburse \$50% of the cost of the tires or 100% of one half of the cost of the tires. There is also a problem with the non-discrimination clause in the contract.

Pertinent to both grants, it was suggested that once a company submits an eligible application for a grant, they would only have to submit changes to original application in the following years. The DEQ could set up a database that would include the information on a company's first application. This would, at least, minimize the paperwork.

Clean up Grant Concerns

There was discussion about scrap tires that end up in landfills. There have been tires removed through the grant program that were clean enough to be sent to an end-user but ended up in landfills because processor can't get paid by the state until they show the destruction of the tires.

This led to questions/suggestions on the reimbursement process of the grant. If a processor leaves the tire material on site and as long as the burner offered a Purchase Order for the chips and bond the area could the DEQ reimburse the processor? This would allow the processor to be paid and the burner assured of product; thus tire material wouldn't be landfilled. The DEQ is concerned about leaving tires on a "clean-up" location for an extended period of time, especially since the properties are privately owned. Another option would be to lease (and bond) property or state land to store the tire material since burners don't have enough space to store more than a couple months of materials. If the burner wasn't able to use the tire material, the DEQ would collect on the bond. This would work in favor of the processor, too. Instead of paying \$15 per ton for disposal at a landfill, he would be getting paid \$15 per ton from the burner. The bottom line would be a way to take chips off of clean-up sites and have them supplied to the burner over 10 months instead of 2 months. Under the proposed legislation, there may be greater flexibility with the "commodity" changes. It was also noted that there is much less danger of a fire with chips rather than whole tires. It was suggested later in the meeting that the tire chips could be moved from an uncontrolled (out of compliance) site to a controlled site.

There is also a concern with the delay in issuing clean-up grants. Processors lose two months of clean-up productivity. The DEQ will review the time line to see if there is a way to streamline the process. If it is a problem outside of our jurisdiction, there might not be a way around it.

In three to four years, the large stock piles of tires will be cleaned up. We need to create sustainable markets. If End-Users stop using TDF, where will the tires go besides landfills and drainfields? If tire chips become, by definition, a commodity, End-Users will have more flexibility and less regulations. DEQ is concerned that we do not want to encourage speculative accumulation of tire materials. That is how the state originally ran into problems with whole scrap tires. End-Users would still have to remove 75% of the material at their site.

There was also discussion about revisions to the regulations regarding the manifesting by municipalities. It had been decided that a municipality would be

the generator but would list on the reverse side the addresses and number of tires collected, not owner names or signatures.

Problems:

- There are DEQ staff that believe tires should only be landfilled; not burned or used for drainfields.
- The whole tire ban at landfills have caused more problems than they have solved. If landfills could grind scrap tires into chips, then the end result would be a commodity.
- Can't be reimbursed for a grant until the scrap tire material user takes the tires.
- The increase use for End-Users to get a grant is onerous.
- Grant contract's nondiscrimination clause.

How to improve the grant process:

- Once a company has applied for a grant, in successive years they would only have to provide the information that has changed.
- Integrate commodity concept in the cleanup grant program.
- Reflect the true cost increase of costs for End-User Applications.
- Allow grant funds to pay for equipment. This is being addressed in the proposed revisions to part 169.
- Because the clean up grant contracts are not issued until May, prime tire removal weather is being wasted. There was discussion on what takes so long. The DEQ will review the timeline for grant process and see if there is a way to move things along more quickly.
- The DEQ needs to assist community cleanup days by providing the best way to handle scrap tires. It should be made easier for retailers to bring tires to clean-ups. For example, the hauler that accepts the scrap tires could pick up tires from retailers on the cleanup day. This would avoid the retailers contracting with haulers who only take the tires and dump on public lands.

The next meeting will be November 2, 2006.