

Environmental Regulations Impact Car Rental

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Like many other businesses, owners and operators of car rental locations have to comply with a myriad of environmental laws and regulations. The capital and operating costs of complying with these environmental requirements can be onerous for car rental franchisees or licensees with limited financial resources.

In addition, environmental regulations can also impose substantial paperwork and record-keeping requirements. Failure to comply with these environmental requirements can lead to significant civil and criminal penalties.

As a result, many of the larger car rental companies have hired one or more full-time environmental compliance specialists to help corporate-owned locations identify and comply with environmental regulations. Because of fear over potential liability, though, car rental companies usually do not offer such assistance to their franchisees and licensees. Instead, these operators usually designate an employee without significant environmental training or experience to manage environmental matters.

Underground storage tanks, used oil, antifreeze and batteries, and disposal of car wash runoff are among the environmental issues receiving heightened regulatory scrutiny in recent years. This article offers an approach to better managing these challenges.

To assist car rental operators in understanding what can seem to be a bewildering array of environmental requirements, this article summarizes the environmental issues that commonly confront car rental companies and discusses various alternatives that are being used to comply with environmental requirements and to minimize potential environmental liabilities.

While this article focuses primarily on federal environmental requirements, readers should be aware that many states have established their own environmental requirements which may be stricter than those promulgated by the federal Environmental Protection Agency (EPA). Car rental operators should contact their state and local environmental authorities to determine if there are any special regulatory requirements that apply to their facilities.



Underground Storage Tanks (USTs)

Most car rental operators use on-site USTs to fuel their fleets. Until the 1980's, most USTs and associated piping were constructed of steel which often began to corrode shortly after installation. Corroded UST systems can leak fuel into the soil and groundwater.

Significant contamination may also result from repeated overflowing or spilling during fuel delivery or dispensing. As a result, the EPA and most states have established comprehensive regulatory programs that impose a variety of obligations on UST owners and operators. A few key elements of the federal UST program are as follows:

- **Design Standards** — Owners and operators of existing USTs are required to upgrade their USTs by December 22, 1998 to meet the design and operating standards summarized below. Existing USTs that are not upgraded by the mandated deadline must either be replaced with a new tank or taken out of service in accordance with the UST closure requirements discussed below.

- **Spill Protection**—This requirement minimizes spills during fuel deliveries and usually involves installation of a catch basin fitted to the fill pipe.

- **Overfill Protection**—This standard minimizes overfilling during fueling by using devices that stop or restrict the flow of fuel such as alarms and automatic cutoff devices.

- **Corrosion Protection**—Under this requirement, USTs and associated piping must be either constructed or coated with non-corrosive materials or equipped with cathodic protection to minimize the possibility of leaks.

- **Leak Detection**—These devices are designed to enable UST owners or operators to promptly discover leaks and, therefore, minimize contamination. There are a number of methods that satisfy the leak detection requirements including monthly inventory control and tank tightness tests. These options vary in cost and their availability depends, in part, on the design of the USTs. For example, existing USTs that do not have corrosion protection must have annual periodic tank tightness testing, while USTs with corrosion protection only have to be tested every five years.



Disposal of Waste Oil and Used Oil Filters

Disposal of used crankcase oil poses one of the greatest sources of potential liability for car rental operators because it is considered a hazardous substance under the federal Superfund law. Companies that generate hazardous substances can become strictly and jointly liable under the Superfund law for the cleanup of hazardous waste sites.

Historically, individual car rental locations hired local waste oil haulers to dispose of the used crankcase oil. Unfortunately, this waste oil often was disposed at facilities that later became Superfund sites, resulting in significant cleanup costs for car and truck rental operators.

Tips For Minimizing Potential Environmental Liabilities

The most significant source of environmental compliance costs and potential liability for car rental operators is vehicle maintenance and fueling. One approach to minimizing liability and compliance costs would be to have vehicle maintenance and fueling operations performed by outside contractors. However, if this is not feasible, car rental operators may also consider alternatives to on-site fueling, such as closing their existing tanks and using local service stations for fueling.

Another approach may be to upgrade USTs with above-ground tanks (AGTs) which are less likely to leak their contents into the soil or groundwater. Another option is to retrofit existing USTs with secondary containment systems. Early UST systems may result in lower operational costs because there are less stringent leak detection requirements for USTs that meet the new tank design goals.

Another approach is the early installation of spill prevention or leak detection devices which can also reduce cleanup costs. These devices can minimize potential liability by resulting in early detection of leaks and spills.

Another approach is to have the USTs inspected and certified by a qualified professional. This can help ensure that the USTs are in good condition and that any necessary repairs are made in a timely manner. This can also help reduce the risk of leaks and spills.

In some cases, the USTs will only be used for a short period of time. In these cases, the USTs will only be used for a short period of time. In these cases, the USTs will only be used for a short period of time.

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However, in 1992, the EPA issued regulations which provided that used oil would not be considered a hazardous waste if it was recycled. Many states also do not regulate used oil as a hazardous waste if it is recycled.

As a result, most car rental companies now arrange to have their used oil removed by licensed haulers and sent to recycling facilities instead of disposal facilities. The recycling facilities usually blend the used oil with fuel for use in boilers and furnaces or refine the used oil into lubricants. Some operators also use the waste oil as fuel in space heaters.

Used oil filters can also result in Superfund liability because they contain small quantities of used oil. However, the 1992 EPA regulation also exempted certain categories of used oil filters from regulation as a hazardous waste. Used oil filters that are constructed of non-Terne-plated filters and "hot-drained" after puncturing may be recycled or disposed of as ordinary trash. Terne is an alloy of lead and tin and is usually not used in car oil filters although it may be found in oil filters for heavy-duty vehicles like buses and trucks.

3 Disposal of Waste Solvents—Car rental locations usually use a variety of solvents for parts and brake cleaning. In the past, the waste solvents were either discharged into the local sewer system, mixed into the waste oil tank or separately disposed of off-site. However, many localities now prohibit the discharge of waste solvents into the local sewer system. Moreover, disposal of waste solvents can result in Superfund liability because the solvents may contain hazardous substances.

To minimize liability, many car rental operators now use an outside solvent supplier who periodically picks-up the waste solvent, treats the used solvent off-site and provides the car rental location with recycled

solvent. Others are using water-based solvents that are not classified as hazardous substances. The waste solvent is filtered to remove impurities and the filters may be disposed of as ordinary trash so long as the filters do not exhibit a hazardous waste characteristic.

4 Waste Antifreeze—Disposal of waste antifreeze primarily affects locations that operate buses or trucks since there is less turnover for these types of fleets. Because antifreeze may contain hazardous constituents, many municipalities prohibit the discharge of waste antifreeze into local sewer systems.

To minimize Superfund liability, some operators have installed on-site equipment which filters the used antifreeze. The waste remaining after the filtration process may have to be treated as a hazardous waste depending on the volume of material and its toxicity. Others retain outside contractors to collect the waste antifreeze for recycling.

5 Car Wash Wastewater Discharges and Disposal of Car Wash Sludges—Washwater from vehicle cleaning operations can contain a variety of greases, oils, metals and solvents. Most states prohibit discharges of washwater into septic tanks, storm sewers, or surface waters but allow the washwater to be discharged into the local sewer system if the washwater is first sent through an oil/water separator.

Some car rental operators have installed stand-alone car wash facilities that collect, filter, and recycle the washwater and/or rinse water. Operators with truck or bus fleets may also hire a contractor to wash their vehicles on-site. These contractors collect the washwater for off-site disposal.

Many states also prohibit car wash sludges from being disposed of in landfills while others regulate

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discharges to state cleanup statutes. Consequently, car rental companies should determine the eligibility requirements of a particular state trust fund prior to undertaking any HSI remediation or corrective action.

Some companies have been able to receive substantial reimbursements of their HSI cleanup costs from these trust funds but operators interested in reimbursements should act quickly because some of these state funds have been depleted. With an estimated \$1,000 HSI requiring upgrading by 1995 or 1998, this potential reimbursement state funds may become available by 1998.

Implementing an Environmental Management System

It is now for car rental operators to evaluate select approaches for limiting their environmental liabilities and determine an organized manner would be to implement an environmental management system (EMS). Operators can use an EMS to help identify the environmental impacts associated with their operations, establish procedures to ensure compliance with environmental requirements, and identify ways to minimize compliance costs or potential liability.

An EMS will typically contain a set of internal policies, procedures, and programs that are designed to minimize environmental impacts. The EMS should include a set of procedures for identifying and evaluating environmental risks, a set of procedures for implementing specific programs to address environmental risks, and a set of procedures for attaining and maintaining compliance. To establish a method for measuring progress towards achieving stated environmental goals, the International Organization for Standardization (ISO) recently adopted an international standard known as ISO 14001 which identifies the core elements of an EMS. A number of corporations are developing EMS based on the ISO 14001 Standard.

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the sludge as either a "special waste" or hazardous waste. Operators should check with their state and local environmental authorities for guidance on how this waste should be managed.

6 Used Batteries—Disposal of used batteries is usually more a concern to rental operators with truck and bus fleets because of low vehicle turnover. Many states have enacted regulations that prohibit the disposal of batteries in landfills. Many operators return used batteries to their dealer or the battery manufacturer for credit. Others sell used batteries to battery reclaimers.

However, many battery recycling centers have managed batteries improperly and have been designated as Superfund sites. Thus, operators who choose to use the battery recycling approach should investi-

gate the environmental history of proposed recycling centers before sending batteries to that facility.

7 Scrap Tires—Disposal of scrap tires primarily affect rental locations that operate buses or have truck rentals. Many states now regulate the disposal of scrap tires. Even where tires may still be accepted at landfills, disposal costs have dramatically increased over the past few years.

As a result, there are now alternatives to landfilling scrap tires such as tire retreading, use as supplemental fuel, or as raw material substitutes such as in asphalt paving. Some operators who purchase large volumes of tires require their dealers to accept used tires. Others pay tire dealers a fee that is included in the price at the time of the tire purchase.

8 CFCs—CFC-12 was the primary refrigerant in vehicle air conditioning units built before 1995.

However, this ozone-depleting substance may no longer be produced or released into the atmosphere. Before air conditioning units containing CFC-12 can be serviced, the refrigerant must be pumped out of the unit and then replaced after servicing has been completed.

Car rental operators performing maintenance on vehicle air conditioners must use technicians who have been certified to use the refrigerant recovery and recycling equipment that is now required. The cost of CFC-12 has increased dramatically and, consequently, some operators with older bus or truck fleets are considering retrofitting air conditioning units to use substitute refrigerants such as R-134a.

9 Stormwater Discharges—The EPA has established a stormwater regulatory program that prohibits certain businesses from discharging stormwater runoff without a permit. Regulated businesses are also required to develop plans for minimizing contamination of stormwater discharges.

Car rental operations that are located off-airport do not have to comply with the stormwater program. However, airports are subject to the stormwater program and airport tenants, including car rental operators, are increasingly being required by airports to comply with the stormwater program.

10 Stage II Vapor Recovery Systems—Many states require specific equipment on fuel dispensers to capture vapors which would otherwise escape during refueling. Some car rental operators in states that do not currently require these vapor recovery systems are installing piping during UST upgrades that may be used if vapor recovery systems are required in those states in the future. ■

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