



aware

Winter 2002 Environmental Assistance Network Newsletter

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It Takes Commitment

Environmentally safe practices are an important aspect of any dealership's culture. Safely managing a dealership's waste stream is practical because of the multitude of federal, state and local environmental compliance issues. It's also the right thing to do. Longo Toyota, the world's largest Toyota dealership and the number one Toyota dealer in the United States, occupies a unique and distinguished position in the industry. And, with regard to environmental compliance, Longo takes a decidedly down to earth approach.

"It's smart business. Our customers expect it. The better we manage our waste streams and recycle, the more we save on disposal costs," says Ken Rankin, Human Resources Manager, Longo Toyota/Penske Auto Group, El Monte, California.

According to Rankin, waste stream management plays a prominent role in the dealership's business planning processes, training programs and workplace practices. It's "a big deal" at Longo Toyota – in more ways than one. "Our service department is open seven days a week," Rankin explains, "servicing some 98,000 vehicles last year. In a typical week, this adds up to 1,600 gallons of waste oil and 400 gallons of waste antifreeze. However, since the early 1990s, we've been recycling all of that."

Longo Toyota's collision repair facility deals in large volumes as well. More than 500 vehicles go through the body shop on a monthly basis, generating a colossal amount of paint waste, which is shipped to an outside contractor for burning.

The key to a successful waste stream management program, stresses Rankin, is being proactive. The first step is learning the various local, state and federal requirements, along with performing a self-audit of current compliance conditions. Toyota's Environmental Assistance Network (EAN) program provides one of the best resources for initiating a waste



"Maintaining an environmentally safe dealership is part of being a responsible corporate citizen."

Ken Rankin
Human Resources Manager,
Longo Toyota/Penske Auto Group, El Monte, California.

stream management program. EAN features a comprehensive web site, available through Toyota's Dealer Daily extranet portal. The site includes an Environmental Checklist for self-auditing your dealership, contacts for state and local environmental agencies, as well as pollution prevention tips and links to regulatory guidelines. A toll-free hotline (1-800-542-3914) is also available to dealership personnel for issues not covered online or for those that require further clarification. EAN is hosted by the Coordinating Committee For Automotive Repair (CCAR), a unique partnership of private industry, education and government agencies, committed to enhancing the professionalism of automotive service and collision repair technicians.

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The key to a successful waste stream management program is being proactive.

It Takes Commitment *(continued)*

Rankin also advocates cultivating strong relationships with various environmental agencies. “These agencies offer great resources for mitigating waste streams and reducing operating costs through proactive business practices,” Rankin says. “Certainly, the multitude of regulations can be intimidating in the beginning. But they do make sense. The agencies are actually your greatest assets for implementing environmentally responsible practices”.

“You can look at it two ways,” says Rankin. “Be proactive, invite them in to inspect your facility, ask for help, follow their guidance, be accountable and continue developing the relationships. Or you can be reactive. In other words, dealing with the consequences if a federal, state or local agency initiates an inspection. That can lead to citations and fines, as well as meeting compliance on their terms – while servicing vehicles.”

Another aspect of Longo Toyota’s proactive stance on environmental safety is the extensive formal and informal training it provides. “All new hires attend a formal, 20-hour training course at the Penske College, several hours of which are devoted to safety and the environment,” Rankin explains. “There’s a new hire checklist addressing job-specific safety and environmental issues that every employee completes with their supervisor. Additionally, we recently implemented a mentor program pairing new associates with veteran employees who provide ongoing guidance.”

This dealership-wide focus helps ensure the plethora of environmentally safe practices at Longo Toyota, like ensuring all waste water goes into clarifiers or oil-water separators; careful handling of potentially hazardous substances like refrigerants and parts containing mercury or lead; and the proper disposal of used chemicals and cleaners.

Longo Toyota also conducts monthly inspections of the entire facility to ensure everything is operating to their own high standards. These extensive inspections include everything from electrical plugs and

paint pump filters, to completing waste stream manifests and monitoring underground storage.

“The bonus is that we enjoy it,” says Rankin. “A strong environmental conscience is ingrained in our culture and it’s part of the pride that goes with working here. We have a stable workforce; turnover is below 20 percent in service and even lower in the body shop. This enhances accountability and promotes a willingness to go the extra mile to ensure everything is well maintained and consistently immaculate, making it a comfortable environment for employees and guests alike.”

Acknowledging the strong marketing potential in being a “green” dealership, Rankin says it’s not openly promoted at Longo Toyota. “It’s a matter of social responsibility and legal compliance,” he explains. “We know people are conscious of how we operate. During California’s electrical shortages last summer, we received numerous calls questioning our power usage. As a result, we looked at large areas where



“A strong environmental conscience is ingrained in our culture and it’s part of the pride that goes with working here.”

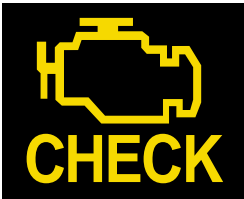
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New OBD Vehicle Inspection and Maintenance Programs

How It Will Impact Your Dealership

What You Need To Know



If you do business in a major metropolitan area, you are already familiar with vehicle emissions inspection and maintenance (I/M) programs. In

most enhanced I/M areas¹, beginning January 2002, the tailpipe and transient test methods commonly used to date will be changing for nearly all 1996 and later vehicles. The new test method required by EPA uses the vehicle's On Board Diagnostic system, better known as OBD, as the pass/fail test criteria. States will be allowed to drop tailpipe testing and use an OBD system check for most OBDII equipped vehicles.

Because of this new I/M requirement, your dealership and other repair facilities that service your customers' vehicles may soon begin to experience increased customer service traffic with the Malfunction Indicator Lamp (MIL) illuminated, in need of swift and accurate repair. To add urgency to the repair of what might otherwise seem to be a benign problem, your customers' ability to license their vehicle will be contingent upon successful diagnosis and repair of the condition illuminating the MIL.

What You Need To Do

To best deal with the possible increase in the number of OBD related repairs and associated customer inquiries, your dealership personnel need to gain a thorough understanding of the OBD I/M program in your geographic area. It will also help to become very familiar with the emissions related warranties that apply to vehicles you sell.

Understanding EPA's OBD I/M Requirements

The EPA has regulations in place establishing requirements for OBD systems on light duty vehicles beginning with 1994 models. OBD systems assure proper emissions control operation for the life of the vehicle by monitoring operation of related components and systems for deterioration and malfunctions. Additionally, the OBD system provides a roadmap of sorts to help guide technicians to successful diagnosis of system faults. This latter function is a huge benefit to consumers and technicians over conventional tailpipe emissions tests that sometimes result in failures with few clues to help lead the technician to the root cause of the problem. When the OBD system detects an emission system malfunction, it does two things – it illuminates the MIL to alert the driver that a problem has occurred and stores a Diagnostic Trouble Code (DTC) to help guide the technician in diagnosis. By detecting these emission-related failures, alerting the driver to the need for repair, and making OBD a part of a state's I/M program, EPA intends to see that vehicles will be properly repaired before emissions become a significant problem.

Elements of an OBD-I/M Check

When a vehicle receives an OBD-I/M check, here's what an I/M station typically does; a visual inspection of the MIL is performed as well as an electronic examination of the OBD computer itself. Together, these comprise the procedure that follows.

1. Visual inspection to determine if the MIL illuminates when the ignition key is turned to the "key on, engine off" (KOEO) position. This step is also known as the "bulb check."

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OBD I/M Implementation Challenges for Consumers and Repair Shops – EPA Guidance

The advent of OBD I/M may offer some initial implementation challenges because of its dramatic departure from the tailpipe test process. EPA recognized the potential for misunderstanding these new emissions testing methods and convened a working group of industry experts under the Federal Advisory Committee Act (FACA) to assess the challenges and recommend implementation guidance. The FACA consists of representatives from OEM engineering and service groups, federal, state and local government I/M program engineers and administrators, I/M equipment manufacturers, automotive service technicians and consumer groups. The FACA identified, in part, the following areas for careful EPA guidance to states.

Conflicting Tailpipe and OBD Test Results

OBD I/M could require your expertise to explain conflicting results between a tailpipe and OBD test result. It is possible that the vehicle may pass a tailpipe test yet fail the OBD test. The reason is simple, tailpipe tests were designed to screen high emissions polluters, while OBD systems are designed to detect emission system

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¹ For more information on the I/M programs in your area, go to <http://www.epa.gov/otaq/epg/statepgs.htm>



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performance which often deteriorates before tailpipe emissions become grossly high. OBD can also detect problems that may not be noticeable in vehicle driveability or upon visual inspection because many component failures that impact emissions can be electrical or even chemical in nature.

EPA Guidance: To avoid this conflict and public confidence issues with I/M testing, EPA expressly **recommends against** parallel testing. States that follow EPA's guidance will typically not perform tailpipe tests on vehicles that are required to have the OBD I/M test.

Readiness Monitors

To ensure that vehicles have had sufficient operating time to allow the OBD system to identify a fault prior to I/M testing, the OBD system uses special "readiness codes or flags". These flags tell a technician or I/M test inspector when the major on-board diagnostic monitors have run and successfully completed. Until these specific OBD tests have run, the vehicle's computer can't completely and accurately assess whether the emissions system is functioning properly. Here's where the I/M test issues come in. Anytime DTCs are erased using a scantool, or whenever the battery is disconnected, the "readiness flags" are set to "not ready." When a readiness monitor is "not ready" it indicates that

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New OBD Vehicle Inspection and Maintenance Programs (continued)



2. Using a scan tool connected to the vehicle diagnostic connector (DLC), the vehicle is started to confirm that the MIL goes off.
3. The vehicle is scanned to determine vehicle readiness monitor status².
4. Vehicles fail and codes are recorded if the MIL is commanded on.
5. The scantool is disconnected and vehicle returned without clearing DTCs (or readiness codes).

The following common test outcomes will effect the interaction you have with your customer. If the vehicle fails or is rejected, your shop may be called upon to help diagnose and or assist the customer in setting readiness monitors to "ready" status.

The vehicle passes if:

- Bulb check was OK; and
- MIL was not lit or commanded "on" with engine running; and

- All required³ readiness monitors are set to "ready"

The vehicle fails if:

- Bulb check failed; and/or
- MIL illuminated or commanded "on" while engine running; and/or
- DLC missing, tampered, or inoperable (no data available)

The vehicle will be rejected as "not testable" if:

- There are more readiness monitors "not ready" than allowed⁴

Taking Care Of Your Customers and Speeding Them On Their Way

Now that you understand why these customers will be coming into your shop, it is important to understand the related warranty policies to help you manage customer expectations. Typically, emissions failures and related repairs are covered by manufacturer warranties for varying amounts of time and mileage depending on model year, emissions certification and failed component. Here is some general information to help when questions arise.

There are two basic types of emissions warranties that will affect your transactions with customers seeking OBD I/M repairs, the Emission Defect Warranty and the Emission Performance Warranty.

Emission Defect Warranty:

This warranty guarantees the vehicle was built in conformance with all applicable federal

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- 2 Readiness monitor status essentially tells an I/M technician if the vehicle is testable. Vehicles that are "not ready" have not run all on board tests and will be "rejected" from the I/M test until driven sufficiently for OBD monitors to run.
- 3 It was EPA's original intent to require all readiness monitors to be "ready" before a vehicle could be tested/inspected. However, practical experience with the amount of driving necessary to run all readiness monitors has caused EPA to qualify readiness status requirements and allow as many as two "not ready" monitors and still consider the vehicle to be "testable".
- 4 EPA guidance allows up to two "not ready" monitors for '96 - '00 vehicles and no more than one "not ready" monitor for '01 and later models).



New OBD Vehicle Inspection and Maintenance Programs *(continued)*

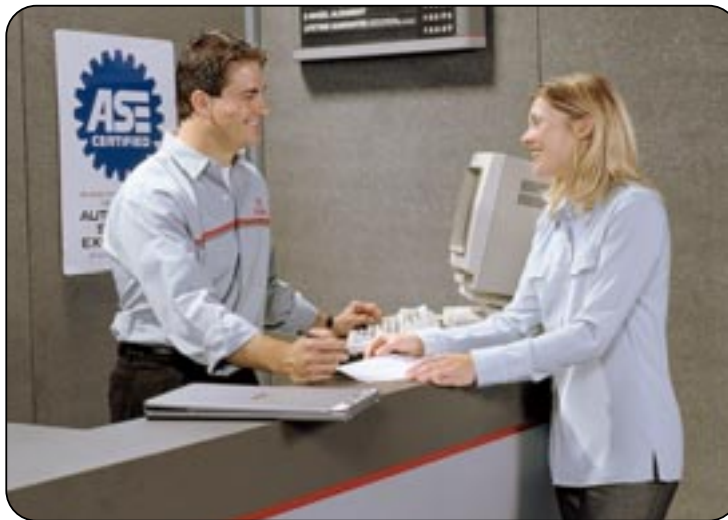
emissions standards at the time of sale and that the vehicle will be free from defects that cause the vehicle to fail meeting these standards. Federal regulation requires this warranty to be in effect for two years or 24,000 miles (2/24). For Toyota and Lexus products, the basic vehicle and powertrain warranties typically cover these same items for a longer period than the federal requirement. There are also some specific components that have longer coverage under federal regulation. These emissions specific parts, typically listed in your Warranty Policy and Procedures bulletins and in the consumer Warranty Information Guide, include components such as the Engine Control Module, catalytic converter, vehicle diagnostic connector and MIL. Depending on model year and emissions certification, these components could be covered for 8/80 or longer⁵.

Emission Performance Warranty:

Many states and localities have implemented emission inspection and maintenance (I/M) programs to encourage emissions system maintenance. Vehicles in these areas are required to be able to pass an EPA-approved I/M test. If a vehicle fails to meet applicable emissions standards in one of these tests, resulting in a penalty to the vehicle owner, for example, inability to register the vehicle, the vehicle must be repaired under the terms of the warranty. The emissions performance warranty coverage is similar to that of the defect warranty.

Conclusion

As you can see, OBD I/M may direct your customer's back to you for some new and challenging reasons. To best prepare for this familiarize yourself with I/M programs in your area including tailpipe and OBD I/M test procedures. With a little consumer awareness and some local I/M program awareness on your part, these customer contacts can be a positive experience for all parties involved. If you would like more information about OBD I/M program implementation and the public outreach program to consumers, use the following web link to get to EPA's website.



USEPA OBD in I/M Homepage
<http://www.epa.gov/otaq/regs/im/obd/obd-im.htm>.

- Performing Onboard Diagnostic System Checks as Part of a Vehicle Inspection and Maintenance Program – USEPA Guidance to States
- OBD Outreach and Communication Plan

(continued)

the diagnostics for that particular emission sub-system has not yet run satisfactorily. To complete the diagnostic monitor and reset the flags to “ready”, the vehicle must be driven, sometimes under a substantial number of different conditions, before the readiness monitor will complete. Some readiness monitors are particularly difficult to complete because of complicated drive patterns necessary to run diagnostics or because ambient conditions prohibit the monitor from running. For example, some EVAP diagnostics will not run when ambient temperatures are above or below a certain threshold. Most diagnostics are suppose to run up to 8,000 feet. Difficulty completing all monitors is most common in the earlier model OBDII vehicles (i.e. 1996 through 1999). Later models are becoming much easier for consumers and technicians to complete monitors during fairly routine driving conditions.

EPA guidance

EPA recognizes that there will be vehicles (especially earlier model years) that do not have all readiness monitors “ready” when brought in for I/M testing. Therefore, EPA recommends that states not reject, and proceed with testing, 1996 – 2000 vehicles that have two or fewer readiness monitors “not ready”. For 2001 and later model vehicles, states should not reject a vehicle as long as it has no more than one readiness monitor “not ready”.

⁵ Warranty duration and coverage is unique in California and some states that require California vehicle certification. Coverage also varies based on vehicle certification. Consult your Warranty P & P manual for each specific vehicle for the most accurate information.



Practicing P² will make your shop a cleaner, more appealing place for your associates and customers. It also has significant benefits in the positive public image it creates.

A Primer on P² – Pollution Prevention

What is Pollution Prevention?

Pollution Prevention is defined as source reduction and other practices that reduce or eliminate the creation of pollutants through: increased efficiency in the use of raw materials, energy, water, or other resources, or protecting resources through conservation.

(Source: National Pollution Prevention Roundtable.)

Benefits of P²

Utilizing pollution prevention practices can:

- ▶ Lower a shop's operational and environmental compliance costs.
- ▶ Reduce or eliminate long-term liabilities and cleanup costs by preventing waste generation.
- ▶ Reduce disposal costs by decreasing the volume of waste products.
- ▶ Reduce workplace exposures to hazardous materials that can affect workers' health and productivity.
- ▶ Reduce the need for on-site storage space.
- ▶ Increase the likelihood a shop will be in compliance with local, state and federal compliance regulations.

(Source: National Pollution Prevention Roundtable.)

P² Through Housekeeping

Basic housekeeping measures can cut waste generation, improve efficiency, and provide a safer shop.

- ▶ Keep your storage and work areas clean and well organized. This saves time and money spent in searching for materials, and reduces potential accidents, spills and leaks.
- ▶ Ensure that all containers are properly labeled. Labels provide information on a product's ingredients, the hazards associated with using the product, and the product's shelf life.

(Source: Kansas Small Business Environmental Assistance Program)

P² Options

P² for Used Oil

- ▶ Keep used oil separate from other wastes.
- ▶ If you remove oil-laden parts, place them

on a drip pan rather than the floor.

- ▶ Do not use the oil drip pan to collect antifreeze or solvent.
- ▶ Have separate storage containers for antifreeze, solvents or other fluids that could accidentally be mixed with used oil.
- ▶ Clean spills with an absorbent that can be wrung out and reused. A biodegradable soap and water solution may be used to clean up oil sheens.

(Source: Missouri Department of Natural Resources Technical Assistance Program.)

P² for Used Oil Filters

- ▶ When removing the oil filter, use a drip pan under the vehicle to catch oil spills.
- ▶ When draining filters, carefully collect the oil to avoid spills.
- ▶ Recycle the used oil filter through a scrap metal or used oil filter recycler.

(Source: Missouri Department of Natural Resources Technical Assistance Program.)

P² for Wastewater Management

- ▶ Use drip pans to catch leaks before they hit the floor.
- ▶ Use absorbents to clean up minor fluid leaks and spills
- ▶ Sweep floors prior to washing.
- ▶ Accumulate all sludge in a closed, marked container. Determine if they are hazardous waste and dispose of properly.
- ▶ Use biodegradable soap and water to do final cleaning.

(Source: Missouri Department of Natural Resources Technical Assistance Program.)

P² for Solvent Cleaners

- ▶ Reduce the need to clean.
- ▶ Use less toxic solvents
- ▶ Use solvents carefully.
- ▶ Re-examine solvent sink operating procedures.
- ▶ Reduce evaporative losses.
- ▶ Recycle spent solvents.

(Source: U.S. EPA Region 9, Waste Minimization Unit.)

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Pollution Prevention *(continued)*

P² for Handling Paint and Solvent Containers

► Use tight-fitting lids, connections, and spigots. Since solvents are volatile, large quantities will be lost to evaporation if not stored in tightly sealed containers.

- Use spigots or pumps to transfer material, especially thinner.
- Move drums with powered equipment or hand trucks to prevent damage and punctures; do not tip or roll drums, even if empty.

(Source: Kansas Small Business Environmental Assistance Program.)

EPA Enforcement Actions

Colorado Company Owner Sentenced for Waste Violation

Bruce Spence, owner and operator of Cooling Systems International (CSI), a radiator repair company formerly operating in Mesa County, Colo., has pleaded guilty to unlawfully disposing of hazardous waste and been sentenced to 60 days in jail, a \$100,000 fine and \$125,000 in restitution for violating the Colorado Hazardous Waste Act. Spence was also placed on 10 years probation and barred from working in any business involving hazardous waste.

Spence was convicted of illegally disposing of toxic hot-tank sludge and lead-containing toxins. Rather than being lawfully disposed, this and other hazardous waste was poured into prairie dog holes on the CSI site.

Investigators said Spence committed similar violations in New Mexico prior to coming to Colorado. The case was investigated by EPA's Criminal Investigation Division, the Colorado Attorney General's Office and the Grand Junction Fire Department's Arson Investigators with the assistance of EPA's National Enforcement Investigations Center.

Cleanup Wraps-up at National Auto Wrecking

U.S. Environmental Protection Agency, Region 5 has completed an \$800,000 cleanup at the National Auto Wrecking site in Onalaska, Wis. National Auto Wrecking, an abandoned auto salvage yard, was referred to the EPA by the Wisconsin Department of Natural Resources (WDNR) following the death in

1998 of Charles Ablan, who operated the salvage yard. National Auto Wrecking operated the site from 1952 to 1994.

In the early 1990s, WDNR expressed concerns to Ablan about the company's storage and handling of hazardous materials at the site, according to U.S. EPA. During the 2000 construction season, Alban's estate funded a study to determine the scope of soil contamination, and the results of this study showed PCB and lead soil contamination. PCBs (Polychlorinated Biphenyls) have significant ecological and human health effects, including cancer, neurotoxicity, reproductive and developmental toxicity, immune system suppression, liver damage, skin irritation, and endocrine disruption.

EPA's Superfund paid for and supervised the remaining work, in consultation with WDNR. Over the course of the project, approximately 11,000 tons of contaminated soil and 600 tons of scattered debris – including cracked automotive battery casings, transformer insulators, scrap wire, glass and plastic – was reused, recycled, or chemically treated and sent to the LaCrosse County landfill. In addition, 16 drums of waste oils were sent to a fuel-blending facility for use as incinerator fuel.

Virginia Company Violates Oil Spill Prevention Regulations

The U.S. Environmental Protection Agency has cited George Morton Sr., owner of Morton Transportation Services Inc., Phenix, Va., for violating oil spill prevention

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EPA Enforcement Actions *(continued)*

regulations. EPA's complaint seeks a \$12,535 penalty for the facility's failure to have a required oil spill prevention, control and countermeasure (SPCC) plan. The Morton Transportation Services facility includes one 1,000-gallon and two 550-gallon above-ground fuel storage tanks.

With millions of gallons of oil stored throughout the U.S. at any time, oil leaks and spills pose a constant threat to land and water resources. Under the Clean Water Act, owners of fuel facilities are required to develop and implement SPCC plans to protect public health and the environment from this danger.

Florida Company Fined for Violating the Clean Water Act

Grease Depot Inc., a waste reduction, disposal, and recycling service, was sentenced Nov. 26th, 2001 for violating the Clean Water Act by failing to report sampling results to the City of Largo, Fla., in violation of a pre-treatment permit. Grease Depot was ordered to make three payments: a \$50,000 fine, \$50,000 in restitution to the City of Largo, and \$4,040.43 in restitution for investigative costs to the Florida

Department of Environmental Protection.

In 2000, the defendant hired a private firm to test its wastewater for Biochemical Oxygen Demand (BOD), then submitted the results to the City of Largo. The test results are important because Largo wastewater fees are based on how difficult it is to clean a company's wastewater. The higher the numbers, the more Grease Depot would have to pay the city; however, Grease Depot only submitted those results that showed its wastewater was within the BOD limits allowed in its pretreatment permit. The defendant knowingly omitted the reports that stated it was out of compliance.

This was not the first time Grease Depot ran afoul with regulators. In 1999, the City of Largo accused the company of exceeding the amount of pollutants allowed in wastewater and increased the cost that Grease Depot had to pay to treat its wastewater. Discharging wastewater with higher than permitted levels of BOD can raise the cost of sewage treatment at public treatment facilities and may be harmful to fish and aquatic life if wastewater with high BOD levels is released from sewage treatment plants into surface waters.

It Takes Commitment *(continued)*

we could reduce lighting. We shut down signage in late hours and color-coded switches so employees could always tell which lights had to be on and off. We also invested in a product to channel our air systems more efficiently. These efforts impacted our bottom line in terms of energy usage and brought us huge free media via local radio stations."

In essence, environmental safety and compliance are simply part of good business sense at Longo Toyota. And Rankin says it all boils down to tenacity. "It takes commitment," he adds, "and isn't something that can be put aside when you're busy. Once you're educated and build a rapport with the agencies, it's easy to stay on top of the game. Just keep learning and finding ways to improve – it pays off."

The purpose of **aware** is to assist Toyota and Lexus dealerships in developing sound environmental practices and policies. The information presented in this publication is not intended as legal or professional advice. The information may be condensed and/or simplified to aid in its presentation to the widest possible audience. Readers should seek advice from qualified legal or environmental professionals regarding the applicability of any information presented to the reader's specific situation. Toyota Motor Sales, U.S.A., Inc., assumes no responsibility or liability to any person for reliance upon the information presented in this publication.

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