

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisor Buster

SUBMITTAL DATE: February 21, 2007

SUBJECT: Establishment of Committee to Deter the Thefts of Aluminum, Brass and Copper

RECOMMENDED MOTION: That the Board establish a committee of Executive Office staff, Sheriff, Code Enforcement, Agricultural Commissioner, Riverside County Farm Bureau Executive Director, District Attorney, and representative from scrap metal recyclers' industry to review the issue and consider comprehensive measures to deter and solve such thefts and increase penalties, reporting back recommendations in 60 days.

BACKGROUND:

With the increase in scrap values and cash payments by dealers, thefts of these metals are rampant across the county. Emphasis is needed now for a more pro-active approach to reduce this serious problem.

Farmers are often the victims, having their basic operations crippled by brazen thefts of portable aluminum irrigation pipes, finding their wind machines and water pumps disabled after large gauge copper wire is stripped off, and even having their drip irrigation systems damaged by thieves digging up brass valves out of the ground. Other agricultural counties treat scrap dealers like pawn shops

The problem is not confined to agriculture, however. Last week's news, for example, featured a story detailing some \$60,000 in copper wire thefts from Riverside and Alvord schools, interrupting classes in addition to costing taxpayers. Large industries and public agencies are targets for "inside jobs". A local scrap dealer reported to me that he has frequently seen customers with scrap in trucks identified by public agency decals leave without being paid after being told they would not be paid in cash and a check would have to be issued and sent to the agency.

These thefts pose a significant hazard to the public. One person apparently stealing copper electric wire from distribution lines in the Lake Mathews area was electrocuted recently. Innocent personnel unknowingly coming in contact with damaged equipment are also at high risk. Power outages have occurred in Palm Springs and San Bernardino, endangering thousands of residents.

Bob Buster

Bob Buster
Supervisor, 1st District

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RIVERSIDE COUNTY

Scrap

Value of US scrap exports, China's purchases set records in October

NEWYORK — The value of U.S. scrap metal exports hit a new high in October, as did the tally for material headed to China.

Aluminum scrap took a back seat in the upswing, however, rising by less than 0.5 percent from the previous month. And the value of aluminum scrap shipped to China, the top-ranked destination, actually declined compared with September.

For all scrap metal categories combined, Turkey was in third place in October, behind China and Canada, after ranking second in September, lagging only China.

Peru made it to 12th place in October, showing up as the destination for \$7.6 million in ferrous scrap. Peru often scores zero, but had posted an August figure close to \$8 million.

October's grand total of \$888 million in scrap exports surpassed August's record \$858 million and was 73.8 percent higher than \$511 million in October 2005.

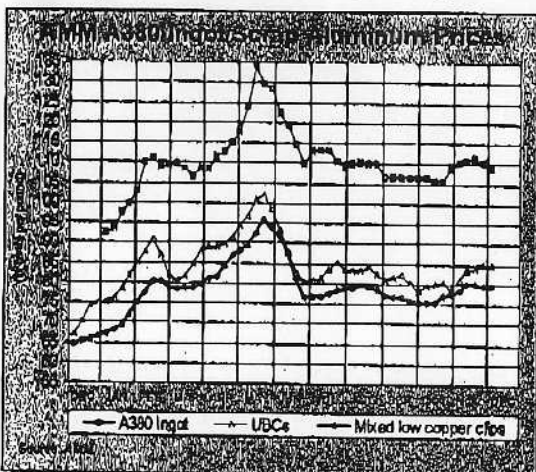
Imports by China (including Hong Kong) were valued at \$486 million in October, beating the previous month's record \$452 million and 76.7 percent ahead of \$275 million in October last year. China's 55-percent share of U.S. scrap exports in October was a bit higher than normal, although not a record. By metallic group, China took 65 percent of the copper and brass scrap, 63 percent of the aluminum scrap and 43 percent of the ferrous scrap.

The October figures were released Tuesday by the Commerce Department. The figures cited here include iron and steel, copper and brass, and aluminum. Including other categories of nonferrous scrap would not affect the grand totals by much. Dollar value is the best measure of scrap exports if both steel and nonferrous scrap are taken together; by weight, ferrous would account for nearly all the scrap movement.

The top eight destinations accounted for 90 percent of U.S. scrap exports: China, Canada, Turkey, Taiwan, South Korea, Mexico, Japan and Germany. Rounding out the top 12 were India, Indonesia, Malaysia and Peru.

Paul Schaffer

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Scrap exec developing theft reporting system

PHILADELPHIA — A Canadian scrap executive is building a speedier mouse-trap in an attempt to track down metal thieves and hopefully curtail not only thefts but also the push by cities and police to impose onerous and often fruitless reporting requirements on the scrap industry.

Brad Rudover, manager of Davis Trading & Supply Ltd., a Vancouver, British Columbia-based scrap metals processor, is working to develop a system that will be accessible to anyone victimized by thieves—whether a major corporation or the “average Joe” who discovered that someone removed his porch railing overnight.

Rudover hopes to have the system ready to show industry members and local officials by year-end. If it meets with their approval, it could be up and running by mid-January.

Once operating, those victimized will be able to access a link on the Canadian Association of Recycling Industries' Web site where they can file a report of up to 500 words describing what has been taken and upload pictures if available. The report will be distributed to all CARI member companies.

The goal isn't just to provide a faster means of reporting thefts, but also is aimed at keeping tabs on what is happening to recover metals, Rudover said. Too often, victims file a report with local police and it goes nowhere because the police lack manpower and resources to investigate the thefts. With the proposed system, he said, the police could incorporate it into their effort by alerting victims to file the reports.

Rudover, chairman of the British Columbia chapter of CARI and an officer of the Northwest chapter of the Institute of Scrap Recycling Industries (ISRI), said the theft-reporting system will be available to both organizations.

Both ISRI and CARI have theft-alert systems that send bulletins by e-mail to members. But industry members still face unrelenting pressure from some cities and their police departments to file daily reports on each scrap purchase.

In Richmond, a suburb of Vancouver in British Columbia, the city council currently is considering a bylaw that would require daily reports and impose a seven-day tag-and-hold provision on all so-called retail scrap purchases. The city council has scheduled

another reading and possible action next month.

Such surveillance laws have been adopted or proposed in many communities throughout North America in an attempt to discourage metal thefts, but have come under fire. The biggest problem facing scrap dealers isn't record keeping so much as the tag-and-hold provisions adopted without much change from pawnbroker laws. Such requirements as those imposed by pawnbroker laws might work for a gold watch or a wedding ring, which might have easily identifiable marks like an inscription, but they don't work for items like several hundred tons of cast iron pipe that no longer bears any markings, scrap industry members said.

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AMM WEEKLY SCRAP COMPOSITES

Averages calculated each Friday, based on data effective from the previous Friday—Thursday. Prices are in US\$/gross ton.

SHREDDED SCRAP

	12/08/06	Prior Wk	Year Ago
Birmingham	\$227.00	\$228.00	\$210.00
Chicago	222.00	220.00	211.25
Houston	207.00	205.00	215.00
Philadelphia	234.00	230.00	214.25
Pittsburgh	236.40	234.00	210.00
Composite	\$228.28	\$222.80	\$210.80

NO. 1 BUSHING

— calculation date —

	12/08/06	Prior Wk	Year Ago
Chicago	\$226.60	\$224.50	\$283.75
Cleveland	231.00	225.00	280.00
Pittsburgh	231.00	230.00	285.00
Composite	\$229.80	\$228.00	\$282.92

NO. 1 HEAVY MELT

— calculation date —

	12/08/06	Prior Wk	Year Ago
Chicago	\$188.20	\$197.00	\$248.75
Philadelphia	220.00	216.00	207.50
Pittsburgh	201.00	195.00	230.00
Composite	\$204.73	\$202.47	\$236.42

AMM secondary aluminum pricing changes

Effective Oct. 1, AMM is no longer publishing Secondary Ingot Indicator prices for A380.1, 319.1 and 356.1 aluminum alloys. The free-market prices for those three alloys, which AMM began publishing at the beginning of this year, are now AMM's sole price guidance for the products. The remaining indicators for alloys B380.1, 384.1, A360.1, A413.1, 443.1, 332.1 and B390.1 are not affected by the change, but AMM will continue to monitor these indicators to assess their continuing validity. If you have questions, contact David Brooks at dbrooks@amm.com or (412) 765-2583.

Scrap

Detroit council OKs measures for stricter scrap enforcement

NEW YORK — The Detroit City Council has voted to strengthen two ordinances regulating scrapyards and neighborhood peddlers.

The measures follow draft laws that were circulated at the beginning of this month (AMM, Nov. 5).

From an enforcement standpoint, the main change is to outlaw traveling scrap peddlers who lack a truck registered for the purpose and a surety bond.

"We are concerned that the Detroit ordinance will place too onerous a burden on our suppliers," said Steve Hirsch, associate counsel and director of state and local programs at the Institute of Scrap Recycling Industries.

If the scrap arrives in a car or truck that isn't a licensed "junk vehicle" or in a shopping cart, the seller will have to provide a thumbprint and information on the origin of the goods. A photocopy of a construction trades license can substitute for the thumbprint. The detailed paperwork is waived for industrial scrap delivered by a privatizing company.

Video cameras covering the intake areas of scrapyards would be mandatory, which is already fairly common.

In August, the Detroit Police Department started a scrap metal task force headed by Cmdr. Frederick McClure. According to McClure, junk collectors already were supposed to be registered under the old rules. By anchoring peddlers' status to a registered truck, McClure said Wednesday, the council is simplifying the task of linking particular stolen material to a particular seller.

McClure is preparing to train 40 police officers to specialize in scrap and pollution issues.

Paul Schaffer

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W. Europe aluminum deficit seen until 2013

BUDAPEST, Hungary — The Western European aluminum scrap market will remain in deficit until 2013, a European industry consultant said, but warned that a significant increase in Chinese scrap demand could further disrupt scrap flow in the region.

Demand will continue to outpace supplies of scrap in Western Europe because fresh aluminum scrap isn't coming onto the market fast enough, said Frans Bijlhouwer, senior managing consultant at Quality Consultants Group, Heusden, the Netherlands.

Bijlhouwer attributed this partly to the fact that buildings are surviving longer, which means that metal contained in them isn't coming onto the market to be recycled.

"In the coming years, if nothing changes, the scrap deficit will remain," he said in an interview at the 14th International Recycled Aluminium Conference in Budapest last week hosted by AMM sister publication *Metal Bulletin*. Scrap supplies will improve only when recycling rates increase and more cars are recycled, he said.

Germany suffers the most from the scrap shortage due to the large number of secondary aluminum producers in the country, followed by Italy, he said.

His comments on the ongoing tight supply situa-

tion came after a tough year for European secondary aluminum producers, who have struggled to obtain sufficient supplies of aluminum scrap at favorable prices due to the large volume of exports to China and India.

China imported some 318,000 tonnes of aluminum scrap from Europe and 581,000 tonnes from the United States in 2005, while India imported 119,000 tonnes from Europe.

Supplies of scrap in Europe have improved in recent months because Chinese consumers have been buying scrap from the United States at cheaper prices due to the weak U.S. dollar, Bijlhouwer said. In September, U.S. nonferrous scrap exports to China (including Hong Kong) accounted for 64 percent of the 263,073 short tons shipped overseas by U.S. suppliers.

But any resurgence in

the U.S. dollar could turn the tables, encouraging Chinese consumers to return to Europe, he said.

Nonferrous scrap demand from East Asia has slackened after peaking in May, easing the pressure on scrap supplies. "The Chinese are fast reactors," Bijlhouwer said. If East Asia's voracious appetite for scrap in Europe does return, it could affect producers' ability to produce.

"The currency situation could change, if that happens, China will decide to source scrap from Europe. There could be a shortage and production would be disrupted," he said in his presentation at the conference.

The U.S. market isn't affected as much as Europe because demand isn't as strong and there are ample supplies. "They have enough," Bijlhouwer said. "They can handle it."

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AMM secondary aluminum pricing changes

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AMM WEEKLY SCRAP COMPOSITES

Averages calculated each Friday, based on data effective from the previ- ous Friday - Thursday. Prices are in US\$/gross ton				NO. 1 BUSHING — calculation date — 11/22/06 Prior Wk Year Ago			
SHREDDED SCRAP — calculation date — 11/22/06 Prior Wk Year Ago				Chicago	\$224.50	\$224.50	\$245.00
				Cleveland	225.00	225.00	280.00
				Pittsburgh	230.00	230.00	205.00
				Composite	\$228.50	\$226.50	\$289.33
				NO. 1 HEAVY MELT — calculation date — 11/22/06 Prior Wk Year Ago			
Birmingham	\$225.00	\$226.00	\$217.00	Chicago	\$187.00	\$187.00	\$250.00
Chicago	220.00	220.00	215.00	Philadelphia	216.00	212.00	210.00
Houston	203.00	205.00	215.00	Pittsburgh	195.00	185.00	250.00
Philadelphia	230.00	230.00	210.00	Composite	\$202.67	\$201.33	\$258.87
Pittsburgh	234.00	234.00	210.00	Data revised 11/22/06			
Composite	\$222.80	\$222.80	\$212.00				

Data revised 11/20/06

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Scrap

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Ohio city adopts stricter scrap purchasing rules to deter thefts

PHILADELPHIA — Canton, Ohio, has become the latest city to join the ranks of those adopting ordinances aimed at stemming metal thefts by imposing stricter purchasing rules on scrap metal dealers.

The city council on Monday unanimously approved a new ordinance that requires scrap businesses in the city to keep detailed records, including photos and, in some instances, fingerprints, of sellers.

A city official said the new law will enable the police to track materials for a longer period.

Scrap yards must keep more detailed records of all their purchases, including the seller's name, address and phone number, the date and hour of the transaction, a photocopy of the seller's driver's license or other photo identification, and the license plate number of the vehicle that brought the metals to the yard. If the purchase exceeds \$100, and the seller is unknown, the scrap dealer must get a fingerprint of the seller's right or left thumb.

Several local scrap dealers are opposed to the thumbprint requirement, but one city councilman demanded that the rule be kept.

Under the new law, scrap metal also can't be purchased from minors, except used aluminum beverage cans, and even then, purchases from minors are limited to \$10 or less.

Penalties also have been strengthened with the new rule. A violation of the city's previous ordinance was a minor misdemeanor, while violating the new ordinance is still a misdemeanor, but now punishable with a fine of up to \$250 and up to 30 days in jail. A second offense would constitute a first-degree misdemeanor, which could bring a fine of \$1,000 and a jail sentence of up to six months. The new law takes effect in 30 days.

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US exports of scrap metals exceed \$9B in '06

NEW YORK — U.S. scrap metal exports surpassed the \$9-billion mark by a hair last year, hitting \$9.03 billion, according to Census Bureau data.

If skepticism about the giant May total for aluminum scrap exports is taken seriously (AMM, July 31), then the tally falls slightly short of the milestone, coming in at \$8.97 billion assuming May's aluminum scrap shipments were identical to June's—the higher of the two adjacent months.

December exports of \$843 million in scrap metals marked a decline from October and November, but surpassed most of the year's previous months.

China (including Hong Kong) took 53 percent of U.S. scrap exports in December and 52 percent for the full year. China's share of individual categories in 2006 were 63 percent of copper and brass scrap exports; 63 percent of aluminum scrap and 39 percent of iron and steel scrap.

Even if the \$9.03 billion for 2006 is scaled back slightly, the growth in metal scrap exports is impressive: 10 years earlier, the figure was just \$2.28 billion. Most of the growth occurred after 2001, which came in at \$2.11 billion, followed

by \$2.31 billion in 2002, \$3.21 billion in 2003, \$4.52 billion in 2004, \$5.81 billion in 2005 and the reported \$9.03 billion last year.

Dollar figures are more useful comparisons than tonnage when ferrous and nonferrous categories are viewed together since steel would otherwise account for almost the entire total. Minor categories of nonferrous scrap aren't included in the figures.

December's top 10 destinations by size—China, Turkey, South Korea, Taiwan, Canada, Mexico, Japan, Thailand, Malaysia and Egypt—accounted for 90 percent of the U.S. shipments overseas. Following them were India and, with an unusual surge, Italy.

Copper and brass scrap exports, for many years well ahead of aluminum scrap, had become the least important of the three main categories in 2005 but regained much of that ground in 2006. The subtotals for 2006 were \$4.23 billion for ferrous scrap, \$2.45 billion for aluminum scrap (or \$2.39 billion with the May adjustment) and \$2.35 billion for copper and brass scrap.

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Military ferrous attracts top bid of \$261.70/ton

NEW YORK — Four contracts for military scrap to be generated over the next 12 months brought the U.S. Defense Department \$354,000 in revenue.

The most attractive lot, on a unit value basis, was ferrous scrap at a Marine Corps base in Barstow, Calif. The winning bidder offered \$261.70 a long ton—including a 10-percent premium payable to Government Liquidation LLC, Scottsdale, Ariz., which runs the online auction platform—for an anticipated 1.9 million pounds of mixed light and heavy steel and iron, including pipe, axles, electrical motors, desks, stoves, lockers, washers and dryers.

Another bidder offered

\$121.48 a ton for 2 million pounds of steel and iron scrap to be generated at the Aberdeen Proving Ground, Md. The lot was described as likely to include cabinets, pipe, axles, sheeting, safes, shipping containers and dishwashers.

Two Florida offerings, 47

miles apart, went to the same bidder for a combined average of \$101.59 a ton. For both locations, the brief descriptions merely said that the steel and iron scrap would be loose on the ground.

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AMM WEEKLY SCRAP COMPOSITES

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SHREDDED SCRAP

	02/09/07	Prior WK	Year Ago
Birmingham	\$265.00	\$260.00	\$215.10
Chicago	267.00	255.00	229.10
Houston	281.00	245.00	210.10
Philadelphia	275.00	263.00	234.10
Pittsburgh	285.00	276.00	235.10
Composite	\$262.60	\$253.80	\$224.12

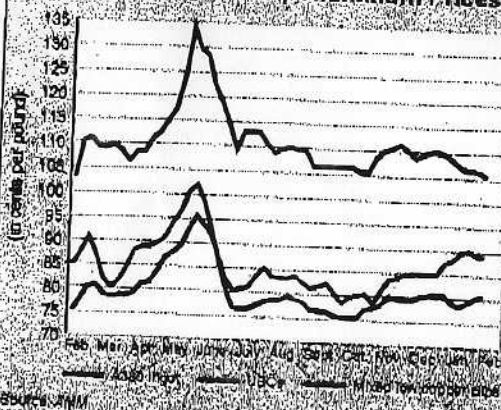
NO. 1 BUSHING

	02/09/07	Prior WK	Year Ago
Chicago	\$294.00	\$295.00	\$247.00
Cleveland	290.00	288.00	259.00
Pittsburgh	285.00	286.00	267.00
Composite	\$292.00	\$295.67	\$257.67

NO. 1 HEAVY MELT

	02/09/07	Prior WK	Year Ago
Chicago	\$250.00	\$230.00	\$223.00
Philadelphia	250.00	236.40	203.40
Pittsburgh	250.00	226.00	227.00
Composite	\$250.00	\$230.47	\$217.90

AMM A380 Ingot Scrap Aluminum Prices



IN BRIEF

CORONA

District approves funds to repair units

The Corona-Norco Unified School District plans to spend \$64,000 to repair heating and air conditioning units at Buena Vista High School damaged when thieves removed copper coiling.

The Board of Education on Tuesday approved the repair of the eight units at the Corona school, which were damaged Feb. 5. Schools in the Riverside and Alvord districts also have been hit by copper thieves in the past two months.

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