

SRS Engineering in Murrieta sees boom time for biodiesel plants

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Across from Clayton Hawranik's office at SRS Engineering in Murrieta are two job applicants huddled near laptops in a boardroom. He's hiring, and so are others in the biodiesel industry.

The company that started in his father's Fallbrook garage in 1985 now builds biodiesel plants across the country, and Hawranik doesn't see an end in sight.

The company expects to build four to 10 plants this year. He signed two contracts earlier this month and has five more pending.

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Clayton Hawranik, 35, CEO of SRS Engineering in Murrieta, is riding the growth in biodiesel plant construction. By the end of last year, SRS Engineering had 31 employees. Hawranik plans to hire 10 by the end of next week and another 20 in the next three months.

"We can't stop the train now," he said.

Hawranik made \$5.37 million in 2008. Three months into 2009 he said the company has already made \$10 million. He expects revenues to exceed \$20 million this year.

President Barack Obama's stimulus plan added some fuel to the train with funding for construction to build biofuel plants -- at least \$5 million each. Incentives and tax breaks for plants using waste restaurant grease have also helped, as well as initiatives by state governments to have their fleets of cars using alternative fuels in the near future.

"It's been kind of insane. We've seen a really big difference," he said.

By the end of 2008, SRS Engineering had 31 employees. Hawranik plans to hire 10 by the end of next week and another 20 in the next three months.

Jim Cheatley, 39, was hired last Sunday to be a chemical engineer for the company. He had worked at his father's company for 14 years, Cal-Glass in Costa Mesa, before it succumbed to the economy and closed.

Fuel Prices

Biodiesel found favor in the past three years with a populace upset that fuel prices kept rising because of the nation's dependence on other oil-rich countries.

At the same time, there were environmental goals to cut harmful emissions. But biodiesel, too, became dependent on a pricey source of fuel: soy and corn. As the demand for both ramped up, their worth skyrocketed and so did the cost to produce biodiesel.

Today the industry is focused on using different sources of oil to make fuel, including the leftovers from restaurants.

SRS has seen its business rise in rehabbing older plants that relied on a single source of fuel -- usually soybeans or corn.

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Jose Cortes, 32, assembles an ARC-250 Aerosol Can Crusher at SRS Engineering.

The National Biodiesel Board said there are 176 plants nationwide and another 39 under construction. Those likely produced 700 million gallons of biodiesel last year, said Jessica Robinson, spokeswoman for the board.

The United States uses 317 billion gallons of petroleum annually, based on statistics from the Department of Energy.

Hawranik said it usually costs \$5 million to \$7 million to build a biodiesel plant.

The plant's owners then buy leftover oil from beef fat, chicken fat, even salmon fat.

Even if they bought waste vegetable oil for \$1 a gallon, a high price, Hawranik said, it'll likely cost them 50 cents a gallon to make it into fuel. If they sell it for \$2 a gallon, less than regular diesel, it's still a profit of 50 cents.

Plus the federal government gives qualified biodiesel producers \$1 for every gallon, and in some states they get an extra 25 cents.