



**AGC
CALIFORNIA**

The VOICE of the Construction Industry

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July 17, 2007

Mary Nichols
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: Proposed In-Use Off-Road Diesel Regulation

The Associated General Contractors of California (AGC), the voice of the construction industry since 1920, is an organization of responsible construction firms and industry-related companies dedicated to skill, integrity and responsibility in improving our physical environment. AGC of California is comprised of over 1,200 member companies, consisting of general contractors, subcontractors, suppliers and service firms throughout the state of California. Our members build the state's highways, tunnels, utility systems, hospitals and schools and are committed to improving the air within in the state as their employees and families live and work here. We assist our members in labor relations, safety and health, legislative advocacy, and regulatory compliance.

Over the last several years, AGC has been actively involved in several air quality regulations as it relates to construction working with numerous local air quality districts as well as with California Air Resources Board (CARB). We have been working in partnership with CARB staff in providing critical industry information regarding the proposed Off-Road Emissions Reduction Program regulations. In fact, many of our members have voluntarily invested millions of dollars in re-powering, retrofitting, and/or replacing construction equipment in their fleets.

For the past 18-months, Construction Industry Air Quality Coalition (CIAQC), of which AGC of California is a part of, has been working with CARB staff to develop a regulation that is both fair and balanced. While there has been some progress achieved in the regulatory

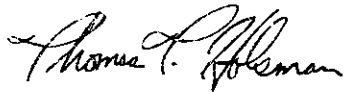
language, it has become clear through various meetings and workshops that much work still needs to be done in order to address several key issues. In that regard CIAQC has authored an alternative approach proposal, "Cleaning California's Construction Fleet Alternative Proposal" that will address some of those issues.

We have been informed that Mike Lewis, a CIAQC consultant, has briefed you on this proposal. If the alternative proposal is adopted, it will result in the cleanest construction fleets in the world. The proposal presented to you would keep the most number of construction companies in business which in turn will keep workers employed. It would allow the bidding process to be the most competitive and deliver the infrastructure construction projects with cost increases at a minimum to the taxpayers of the state. It would allow the state's largest infrastructure bond program passed by the majority of voters in 2006 to stay on track.

AGC of California agrees that the alternative plan is the right course of action to achieve the desired emission reductions while keeping the California's economy moving forward.

We thank you for your time and involvement in dealing with the most important and costly regulation to ever face the construction industry.

Sincerely,



Thomas T. Holsman
Chief Executive Officer

