



valley contractors exchange, inc.

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April 20, 2007

Clerk of the Board
California Air Resources board
1001 I street
Sacramento, CA 95814

RE: Off-Road Diesel Equipment Regulations, Final Draft

On behalf of the 500 contractor members of the Valley Contractors Exchange, I am writing to register our objections to the final draft of the Off-Road Diesel Regulations.

First, let me be clear that contractors support efforts for a clean environment. It is the nature of our industry's work that puts us on the forefront of recycling, renewable energy, green building and newly developing technologies for sustainable practices.

That said, the regulations as drafted are **unfair** and **unreasonable** to the variety of construction companies that use heavy equipment:

- **Unfair** because equipment with a usable 30-year lifespan is being deemed unusable in California and must be repowered or replaced within a short timeframe. CARB reports the average age of construction equipment is 10 years. This makes the equipment relatively new, not "old," as was referred.
- **Unfair** because the billions in cost to repower and replace usable equipment must be financed by the construction companies. Companies purchased the equipment in the first place with the cost-benefit expectation that the equipment would last for decades.
- **Unfair** because capriciously slashing equipment value slashes the value of the construction company itself. This, in turn, slashes their ability to bond, consequently limiting their ability to do business.
- **Unreasonable** because the technology mandated to repower or replace doesn't exist. Further, manufacturers are telling us current production lead times can't meet demand.
- **Unreasonable** because the California public is more dependent than ever on construction companies to build roads, levees, schools, airports, and more. The public will not accept or understand the increased **billions** in costs that CARB dismissively tells contractors to pass on to the customer/taxpayer.
- **Unreasonable** because construction equipment is needed to build the infrastructure and buildings that will reduce car emissions, utilize renewable energy and conserve resources, resulting in even dirtier air.



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We recognize the Air Resources Board has a duty to Federal clean air standards. However, we believe it has a larger duty to the citizens and the economy of California.

It is imperative that California infrastructure can be built, jobs can be maintained and construction businesses can make a profit. Having watched these draft regulations evolve we see that these imperatives have not had equal priority to Federal clean air standards. On behalf of the 500 contractor members of the Valley Contractors Exchange we respond that this is poor public policy for Californians.

In regard to the draft regulations we request the following changes:

Delay the timeline to 25 years. If this requires a waiver from the Federal Government, pursue it. The complexity of the California economy cannot absorb the turnover of the construction equipment fleet in twelve years.

Reclassify the fleet size. A large fleet should be 20,000 hp, not 5,000 hp, and a small fleet should be 10,000 hp and under. Small business certification financial language should be removed from any fleet classification.

Reconsider funding. Carl Moyer funding needs to remain available, and other financial assistance needs to be found. In addition, steps to address the economic impact to individual companies must be included. At a minimum, economic impact to individual companies must encompass the impact of financing, in-process contracts, bonding and profitability.

In closing, we reiterate that contractors, like all Californians, want clean air. We support phasing out older equipment in a reasonable and fair manner. We look forward to the California Air Resources Board working in partnership with California businesses to maintain the California economy while enhancing the environment. This will be accomplished by implementing the above changes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kate Leyden', with a long horizontal flourish extending to the right.

Kate Leyden
Executive Director
Valley Contractors Exchange

CC: Kathleen Quetin, ARB Ombudsman
Assembly Member Rick Keene
Assembly Member Doug LaMalfa
Senator Sam Aanestad
Governor Arnold Schwarzenegger