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Cherie Rainforth
Manager, Control Strategies Section
Stationary Source Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Proposed Amendments to California Air Resource Board's Mobile Cargo Handling Equipment Regulation

Ms. Rainforth

Relevant to previous comments submitted to the California Air Resource Board (CARB) by the Pacific Maritime Association (PMA) and other PMA member representatives, International Transportation Service (ITS), a container terminal company operating in the Port of Long Beach (POLB), would like to provide CARB with additional input concerning the proposed mobile cargo handling equipment (CHE) amendments.

ITS was the first container terminal in the State of California to sign a "Green Lease" with a port authority wherein covenants were established placing ITS under obligation to re-power, retrofit, or replace entire CHE fleets far in advance of any State fostered regulatory requirements. Additionally, ITS was the first container terminal operating in the POLB to incorporate Shore Power or Cold Ironing into regular vessel call operation cycles. This accelerated environmentally friendly activity and CHE inventory compliance performance has been extremely costly to ITS, and has come at a time of severe economic malaise on a world wide scale. Container volumes are down, revenue is now greatly diminished, and there is no clear economic signal that this condition is close to a reversal or resolution.

During the past 40 months, ITS has expended over $8,000,000 for the purchase of either new equipment or for emissions control devices in an effort to comply with Port Green Lease contractual obligations and with State emissions centric regulations. Certainly, a small percentage of that cost has been subsidized through government grant assistance, however, the bulk of the financial burden has been borne by ITS at a time of evaporating profits.

We remain strongly committed to the POLB Green Lease objectives and to working closely with CARB towards the target of achieving ratification of CHE amendments which are reasonable and sustainable in a challenging economic climate. We also applaud all earnest efforts by your staff to work patiently through the amendment process in order to derive an effective tool for NOx and PM reductions in the Marine Terminal environment.

However, best intentions and efforts aside, given the current economic condition to which both the State of California and the Marine Terminals are subject, the presently proposed amendments before us carry assumptive onerous financial compliance burdens. Several portions of the amendment language, if approved, will contribute directly to further profit erosion, diminishing our capacity to compete for the slightest margins of business growth and opportunity available.

In this light we concur with the PMA's comments as outlined below, but would also draw specific attention and concern relative to items 1, 4, 10, 11, and 12.

Ultimately, ITS believes that as a Marine Terminal Operator we should not be required to adjust, set-aside, or re-engineer very expensive and mission critical CHE units in order for manufacturers to continue to bring their products up to the operational emissions standards of the State and POLB. It is our position that manufactures have pre-maturely introduced products into the market in a rush to obtain market share when in fact many of these emissions control products have not been fully vetted within the Marine Terminal environment. It is our position that additional funding must be made available and additional time allotted to both Marine Terminals and manufacturers for achievement of requisite real-world compliance and performance testing. To date this has not been the case.

We request that CARB and the State of California give full and serious consideration to adjustments to the proposed amendments as outlined in the PMA's June 20th letter to the California Air Resource Board.

Respectfully,

Gary J. Dalton
Manager, Corporate Planning
International Transportation Service, Inc.