

CALIFORNIA CATTLEMEN'S ASSOCIATION

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April 17, 2014

The Honorable Mary Nichols
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chair Nichols,

The California Cattlemen's Association (CCA) appreciates the opportunity to comment on the proposed amendments to the Regulation to Reduce Emissions of Diesel Particulate Matter, Oxides of Nitrogen and Other Criteria Pollutants from In-Use Heavy-Duty Diesel Fueled Vehicles (Rule). CCA strongly supports the amendments proposed by staff that would define trucks used to exclusively to haul livestock as a specialty farm vehicle under certain conditions.

The proposed amendments will utilize an existing compliance tool adopted under the first iteration of the Rule allowing specialty farm vehicles, as defined, to delay retrofit and replacement requirements until January 1, 2023. Several vehicles have already been defined as specialty farm vehicles and the proposed amendments will now define trucks used exclusively to haul cattle as a specialty farm vehicle. The proposed amendments also provide a rigid framework for what specific fleets will be eligible. Qualified truck(s) must be dedicated to exclusively haul livestock and will be prohibited from hauling other agricultural or non-agricultural products. Fleet owners will also need to register qualified vehicles with the California Air Resources Board (ARB) by January 1, 2015, report each year thereafter and follow the labeling guidelines provided under the rule.

Background

Many California ranchers manage their rangelands, pasture and forage based on two distinct grazing seasons on ranches in separate geographic locations. Generally, cattle graze one forage base in the fall and winter months and another forage base in the spring and summer months. This is known as rotational grazing and for most California ranchers this is a standard practice to ensure rangelands and pastures have the opportunity to rest and recover during the off-season. Rotational grazing in California is prominent and for most ranchers an absolute necessity due to California's Mediterranean Climate and lack of rainfall during the late spring, summer and early fall months.

The fall and winter grazing season is largely concentrated in the coastal areas, foothills and northern Sacramento Valley where perennial grasses grow during colder winter months. Once the winter grazing season ends, ranchers move cattle to summer forage. Common areas for pasture utilized by California ranchers include high elevation mountain meadows, U.S. Forest Service and Bureau of Land Management grazing allotments, summer pastures in Oregon, Nevada and southern Idaho and some irrigated pasture in the Central and Sacramento Valleys.

Although some ranchers have the ability to graze their entire herd year-round in one location, all beef producers require trucks to move calves to market. The sale of these calves represents the total annual income for most California ranchers. Calves are typically marketed in the spring or fall and generally fall in line with the need to move cows from summer to winter pasture or winter to summer pasture. Throughout this time period, commonly referred to as "the spring or fall calving run," livestock trucks are in short supply due to the heavy seasonal demand.

The availability of livestock haulers to move cattle from one forage base to the next and ship weaned calves to market is a critical component of California's livestock industry. Specifically during this time period, commonly referred to as "the spring or fall calving run," livestock trucks are in short supply due to the heavy seasonal demand.

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Some larger ranchers have seen it necessary to invest capital in purchasing one or two heavy duty trucks to move their own cattle but the majority of California beef producers rely on for-hire trucks fleets to meet their hauling needs. Typically these vocational haulers operate seasonally, however some trucking fleets have diversified their operations to haul other agricultural and non-agricultural and operate full time.

During the spring and fall, out of state truck fleets operate in California in order to meet the transportation needs of the beef cattle industry. It can be estimated that during the spring and fall, out of state truck fleets may comprise nearly 50 percent of the hauling capacity needed to move California's cow herd from one forage base to the next and at the same time ship calves to market. Of the estimated 600,000 – 800,000 calves that are marketed annually in California, it is assumed that nearly 2/3 will be marketed to out of state buyers. Unfortunately California lacks the necessary feeding, finishing and harvest operations which are now most commonly found in the Midwest. California beef producers are in direct competition with ranchers in other western states and as such require the ability to access out of state trucks to move cattle interstate.

Economics

The economics associated with hauling livestock are extremely challenging and the implementation of the Rule has resulted in the unwillingness of many small fleets of many small fleets to continue to operate in the future. In addition, many out of state haulers have communicated to their ranching customers in California that they will no longer operate in California due to the implementation of the Rule.

Most ranchers are not in the position to pay higher costs for transportation. Increased costs for transporting livestock due to the projected smaller overall fleet size available to ranchers will have a negative economic impact on California's beef cattle industry. These costs are in addition to higher rates already required by those who have borne the cost to comply with the Rule.

While cattle prices are at an all-time high, input costs continue to rise resulting in extremely slim margins. Input costs and cattle prices are not set by a rancher but the global marketplace. The majority of those in the industry continue ranching to preserve the lifestyle they love and carry on their multi-generational operation which for many was begun by their grandparents or great grandparents. The resiliency, low-pay and hard work required as a rancher is reflected in what remains an ongoing decline in the beef cattle operations across the country with the next generation looking to develop land, transition to intensive farming or utilize their property for other uses.

California is also currently experiencing the worst drought on record which has wreaked havoc on California's beef cattle industry. Many ranchers have already been forced to liquidate their herds due to the lack of feed and many others are struggling to survive by feeding hay that has doubled, and for some varieties, tripled in price. Of the roughly 600,000 beef cows estimated to have been raised annually in California, early indicators suggest that nearly 150,000 cows may have been liquidated due to the drought.

Additionally, many livestock haulers and ranchers with trucks are also not eligible for funding under the Carl Moyer Program or Proposition 1B. Many of these vehicles do not travel through the goods movement corridor as required by Proposition 1B and drive too few miles in mostly rural air districts and are not competitive for funding under the cost formula generated for the Carl Moyer Program.

Enforcement

The proposed amendment will also provide clarity to ensure that only those trucks eligible and enrolled in the specialty farm vehicle program receive the benefit of the provisions. Trucks or fleets registered in the program that are stopped and audited and not exclusively hauling cattle will easily be identified and immediately be required to

comply with the retrofit and replacement requirements of the Rule. In addition, fleets that are eligible but have not reported by January 1, 2015 will not be included in the reporting system and will be identified as out of compliance.

Early Adopters

Although it is unfortunate these provisions were not formally proposed or finalized prior to the January 1, 2014 compliance deadline, the need to provide regulatory relief now for beef cattle producers who are directly or indirectly impacted by the Rule remains critical and necessary. That said it is extremely important to provide proper relief and additional incentives for those livestock haulers that had the ability to put forward the necessary capital to comply with the requirements of the Rule prior to January 1, 2014.

CCA strongly supports proposed amendments that would allow vehicles that have been retrofitted to delay future replacement requirements by an additional three years. CCA also strongly supports the exploration of additional incentives, including alternatives that may require legislative action, to provide relief for fleet owners who purchased 2010 model year or newer trucks solely in the pursuit of compliance with the Rule.

To be clear, CCA strongly supports the proposed amendments to define eligible livestock trucks as specialty farm vehicles to help sustain the overall economic health of California's beef cattle industry and for no other reason. The amendments proposed by staff are strongly supported by ranchers and numerous livestock haulers throughout the state – including some who have already spent extensive resources to comply with the rule.

Conclusion

Once again, CCA appreciates the opportunity to comment on the proposed amendments to the Rule and is pleased to offer our strong support to define eligible livestock trucks as specialty farm vehicles. CCA respectfully requests ARB swiftly adopt the amendments as proposed by staff. If you have any questions, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in cursive script that reads "Justin Oldfield".

Justin Oldfield
Vice President, Government Relations