



Pacific Maritime Group, Inc.

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November 19, 2021

Chair Liane Randolph
California Air Resources Board

Re: Comments For Incorporation into the Public Record Regarding the Impacts of CARB's New Proposed Amendments to the Commercial Harbor Craft Regulation

Dear Chair Randolph, Board Members, and Staff:

As a small maritime services company, we have many concerns about CARB's New Proposed Amendments to the Commercial Harbor Craft Regulation. For background, we are a small San Diego based maritime services company established in the 1990s. We specialize in offshore and in-harbor towing, floating crane service, marine construction, and dredging. We have a fleet of 23 vessels comprised of tugs, crew boats, work boats and landing craft. We also have several floating cranes, barges, and dredging platforms that we use to support a wide variety of maritime operations and projects. We have facilities in San Diego and Long Beach.

One of our principal concerns with these proposed amendments is that it will be impossible to fit the current DPF technology in our vessels thereby requiring us to replace most of our fleet to comply with the proposed requirements. While CARB acknowledges that fitment is a major issue in many of the commercial harbor craft industries, their proposed regulations assume that there will be a need for "fleet replacement" in cases where this occurs.

If these amendments go into effect in their current form, the economic impact would be ruinous. Of the 23 vessels in our fleet, conceivably only three of them may have the space required for current DPF components. That would leave 20 vessels in that would need to be replaced. We estimate that replacement vessels would cost between \$3M - \$11M each, or more, depending on the vessel. Using a very conservative average of \$7 million per vessel, that would amount to a total replacement cost upwards of \$140,000,000.00 over the duration specified in the proposed regulations. We believe that even with grant money that may become available to assist with fleet replacement, this would be unattainable for any business our size. Furthermore, the idea of passing these costs on to our customers is patently unrealistic.

Our SBA small business classification is under \$30 million, we finance our fleet out of necessity so fleet replacement would also have to include paying off existing loans. As the equipment becomes useless with the proposed regulations, resale value is going to be very low, certainly below loan balances thereby leaving us with yet another untenable situation.

The amount of money we have already spent as well as the money we intend to spend in the future to bring vessels to the current standards is already very taxing on our business despite the grant monies we have received to help offset the financial impact. As CARB considers adopting the proposed new requirements as specified in the draft regulations, and the technology that would be required to bring vessels to the new standard, we believe they should consider the three following factors: 1. Is the technology readily available? 2. Is it commercially feasible? and 3. Is it economically viable? Technology is developing rapidly, so even if point one is met in the not-too-distant future, points 2 and 3 are impracticable for the foreseeable future.



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We strongly believe that CARB should not rush to implement the overly aggressive standards outlined in the draft under the premise that it may be painful, but commercial harbor craft business entities and their customers will somehow adapt. The fact is, it will be catastrophic for most, if not all the small business concerns as well as the communities and customers they serve. Instead, we believe CARB should moderate their approach and relax their timetable for compliance so that technology can catch up to their aspirations of achieving their goals thereby making it more feasible that companies like ours will be able to comply and continue to be partners in CARB's effort to reduce harmful emissions.

Lastly, we provide many sustainable jobs in the Southern California region, we are a union signatory company, and we are critical infrastructure serving DoD, MARAD, the Marine Highway, CPUC, POSD Terminals, shipyards, environmental and disaster response such as critical support during the recent fire onboard the USS Bonhomme Richard, and many more. The impacts of the proposed CARB regulations, whether intended or not would not only put our company at great risk but will also put our employees and the community at large at risk.

We hope the Board will grasp how devastating these proposed regulations will be for the industry if implemented in their current form, and we sincerely hope that they will consider our concerns and moderate their approach in a way that achieves clean air goals without burdening commercial harbor craft companies to such an extent that puts their viability at risk. Feel free to contact me with any questions you may have, or if you need me to expand on any of the issues and concerns I have raised. Thank you.

Sincerely,

Patrick Neal

Regional Vice President

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