CALCIMA
California Construction and
Industrial Materials Association

December 8, 2009

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

Re: On-road Diesel Rules – Adjustments needed for economic Impacts

Dear Chair Nichols:

The California Construction & Industrial Materials Association respectfully requests that, given the unprecedented economic times and reduced emissions resulting from a slowed economy, that the Board consider measures to provide additional time and/or compliance options for the On-road diesel rule.

CalCIMA

The California Construction & Industrial Materials Association (CalCIMA) is the trade association for aggregate, ready mixed concrete, and industrial material producers in California. We have 100 members representing over 500 production facilities in the state. Our members supply the materials to build California's roads, bridges, hospitals, schools, and water ways as well as materials for water purification systems, energy efficient light bulbs, and hybrid vehicle batteries.

Our members' fleets are primarily local use fleets. For instance, fleets that deliver concrete within a 15 mile radius (on average), or lube, water, and related plant trucks that typically operate at a production site, but have an on-road vehicle license.

Diesel Truck Rule

Our members have been supportive of the general effort of the Air Resources Board's diesel air toxic control measures (ATCM). They have striven to provide constructive comments throughout development and implementation of the stationary, portable, drayage, forklift, Off-road, and On-road rules. We have worked closely with and included ARB as speakers and participants in many meetings. Indeed, CalCIMA and its members are active in advisory groups to help implement, monitor, and communicate information on the On-road and Off-road diesel rules.

In many ways, too, industry benefits from high standards and public knowledge that trucks are cleaner and reduce emissions. Many of our member companies have implemented far reaching plans to incorporate the latest technology and up-grade their fleets. This has been done despite up-front costs in advance of the rule-making and increased fuel costs, since many new engines get 25-35% lower mileage.

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Economy

However, these are unprecedented economic times. These are just a few of the ways to measure the drop off in economic activity, according to California Department of Finance economic indicator reports comparing May 2005 to May 2009:

- Housing construction is *down* 85%.
- Commercial construction is *down* 74%.
- Industrial construction is *down* 53%.
- All other construction is *down* 57%.

The costs to comply with this rule are staggering. Three companies within CalCIMA's membership that supply ready mixed concrete—an essential material for infrastructure and transportation projects—estimate costs of over $100 million each to comply with this rule over the next 5 to 10 years. Other ready mixed concrete companies have estimated costs of $40 million. These are simply unachievable amounts in this economy.

Predictions of economic recovery, as presented at last week's workshop, indicate it may be 8 – 10 years before we achieve a normal trend again. As a result, businesses have little capital to invest in purchases or obtain credit. There is simply not the money available now to make retrofits and equipment purchases.

The impact of the rule has been much greater than expected also because there has not been the financial assistance programs available—whether Carl Moyer or Proposition 1B—as was envisioned when this rule passed in Dec. 2008.

Emission Impacts

We have reviewed last week's presentation on the emission impacts from a slow economy. These show there are emission reduction benefits over the next two years. But, they may well understate the emission reductions, since they do not take into account that idle vehicles are generally the older vehicles, while the ones that continue to operate are newer models.

Options to Consider

While the Board did adopt a few provisions last year to assist with compliance, such as early credits for retirement and an extra year for fleets with 3 vehicles or less, additional adjustments are needed given the extent of the economic downturn. We respectfully request that the ARB give additional consideration to adjustments that will facilitate compliance with this expensive rule. Here are a few ideas:

- Without scaling back on the ultimate 2023 compliance goal, provide a less aggressive set of compliance dates within the time-period from 2010 to 2023. This could provide more compliance options in the early years of the rule, when the economy is at its slowest, yet still achieve the same overall emission reductions.

- Adjust the baseline from year 2008 to a more average year--such as 2007 or 2006--, or use a 3-year average. Any of these would provide a more reasonable basis for an average year.

- Create a separate compliance path for local-use vehicles with shorter trips. These are not the typical long-haul vehicles that are the main target of the rule. These local vehicles supply materials locally to projects and manufacturers. These local fleets have longer use lives, the retrofit technology is less available, the retrofit technologies are less efficient at slower speeds and shorter distances, the vehicles are more complex, and retrofits tend to pose more of a safety risk.

- Prior to requiring a retrofit on a local-use vehicle, require particulate filter manufacturers to demonstrate the effectiveness of their products under actual, short haul conditions using actual operator demonstration installations. This could help reduce unnecessary expenditures for products that don't work.

- Allow the early retirement credit to apply to all three compliance paths.

- Adjust mileage and hour use requirements to more accurately reflect low use vehicles in a slow economy.

- Allow drayage fleets to be included in the fleet averaging compliance paths.

- Institute Courtesy Inspections. Last year, the Board adopted courtesy inspections as part of the On-road diesel rule. This was thought to be a way to especially assist companies complying with multiple Diesel ATCMs. Yet, despite this being one of the primary actions taken by the Board last year, it has not been instituted.

These are just a few ideas to be considered, and we would certainly be interested in others that may be posed by the Board.

Sincerely,

Charley Rea

Charles L. Rea
Director of Communications & Policy

Attachment: summary of DOF data

Construction	Apr-05	Apr-09	change	%change	May-05	May-09	change	%change
Private Residential Housing Unit's Authorized (000) /c	206	37	-169	-82.04%	208	31	-177	-85.10%
Single Units	157	23	-134	-85.35%	152	23	-129	-84.87%
Multiple Units	49	14	-35	-71.43%	56	8	-48	-85.71%
Residential Building Authorized valuation (Millions) /d	$46,650	$11,463	-$35,187	-75.43%	$45,056	$10,564	-$34,492	-76.55%
Non-Residential Building Authorized valuation (Millions) /d	$18,757	$11,558	-$7,199	-38.38%	$16,122	$9,961	-$6,161	-38.21%
Non-Residential Building Authorized valuation (Millions) /e	$1,658	$1,038	-$620	-37.39%	$1,481	$820	-$661	-44.63%
Commercial	$632	$185	-$447	-70.73%	$494	$128	-$366	-74.09%
Industrial	$101	$28	-$73	-72.28%	$119	$55	-$64	-53.78%
Other	$287	$207	-$80	-27.87%	$311	$131	-$180	-57.88%
Alterations & Additions	$639	$619	-$20	-3.13%	$556	$507	-$49	-8.81%

c/ Seasonally adjusted at annual rate
d/ Seasonally adjusted
e/ Not seasonally adjusted

Construction	Feb-05	Feb-09	change	%change	Mar-05	Mar-09	change	%change
Private Residential Housing Unit's Authorized (000) /c	198	30	-168	-84.85%	232	39	-193	-83.19%
Single Units	145	18	-127	-87.59%	165	21	-144	-87.27%
Multiple Units	53	12	-41	-77.36%	68	18	-50	-73.53%
Residential Building Authorized valuation (Millions) /d	$45,164	$10,489	-$34,675	-76.78%	$50,714	$11,908	-$38,806	-76.52%
Non-Residential Building Authorized valuation (Millions) /d	$16,140	$10,774	-$5,366	-33.25%	$16,669	$12,495	-$4,174	-25.04%
Non-Residential Building Authorized valuation (Millions) /e	$1,141	$795	-$346	-30.32%	$1,324	$989	-$335	-25.30%
Commercial	$296	$97	-$199	-67.23%	$424	$172	-$252	-59.43%
Industrial	$100	$11	-$89	-89.00%	$85	$31	-$54	-63.53%
Other	$254	$149	-$105	-41.34%	$290	$151	-$139	-47.93%
Alterations & Additions	$490	$538	$48	9.80%	$525	$635	$110	20.95%

c/ Seasonally adjusted at annual rate
d/ Seasonally adjusted
e/ Not seasonally adjusted