Bob Ramorino 09-10-8

DRIVING CALIFORNIA DISTRIBUTION
ROADSTAR
TRUCKING

30527 SAN ANTONIO STREET
HAYWARD, CA 94544
510-487-2404

December 8, 2009

Comments on the Private Fleet Rule

Roadstar Trucking, based in Hayward, California, founded in 1959 is now a third generation family business that employs 50 personnel, providing stable, well paying salaries, benefits including medical/dental/vision coverage for both employees and dependents, and a generous retirement plan.

The majority of our business is in Northern California, delivering a variety of commodities but primarily food, clothing, and pharmaceuticals to both distribution centers such as Safeway, and retail shopping malls. We also service the Port of Oakland, delivering import and exported goods.

The recession, which has impacted our company severely these last two years, has changed all of our economic indices:

- We have reduced our administrative staff 33% including two senior level, high paying positions in 2009, the first layoffs in our 50 year history.
- Our truck drivers have been reduced 19%
- Our power unit count (number of diesel tractors) is down 19% due to loss of business
- Our fleet mileage (VMT) is down 20% (1,396,726 miles in 2007 to 1,085, 056 projected for 2009)
- Many of these miles will not return as some major customers have moved manufacturing operations out of California.
- Our revenue has dropped 20% since 2007
- Owner's equity has been reduced 41%. This does not take in to account the fact that our diesel trucks have literally no value beyond scrap value in California because of the retrofit/replacement issue.
- 2007 salaries/benefits were 3.5 Million dollars
- 2008 salaries/benefits were 3.2 Million dollars, a 9% drop
- 2007 Goods and services purchased from local California vendors 1.3 Million dollars
- 2008 Goods and services purchased from local California vendors 1.2 Million dollars an 8% drop.
- 2009 numbers will be substantially lower than 2008.
- Freight rates are down 30% in some instances as shippers have renegotiated rates aggressively.
- Freight contracts have been renewed this past summer for terms of 24-36 months with no increases allowed.

All of our 30 trucks will have to be replaced or retrofitted by 2014, at a 3.3 million dollar investment. The economic life in our fleet of a new truck is 10 years average because of the low annual miles that our fleet runs. Now even vehicles we purchased from 2005-2007 will need to be turned over long before their economic useful life is over. We purchased one new truck in December 2008 but can not afford any more purchases until the economy picks up and freight rates return to more compensable levels. Our still very serviceable used trucks have no resale value which would normally generate 20% towards purchase of new equipment.

There is little hope that bank financing will be available for us to replace or upgrade 100% of our fleet by 2014 based on the economic performance of the trucking industry. We applied for 5 replacement trucks under the Private Fleet rule in fiscal 2008-2009 and applications were approved but the financing was placed on hold by CARB shortly after the December 2008 CARB Private Fleet Rule was passed. Even if that funding became available to Roadstar now we most likely would not be able to secure bank financing for the 60% of our matching funds.

We face five simultaneous CARB rules including the Large Spark Ignition rule, The Private Fleet Rule, The Port Rule, The Smartway-Greenhouse Gas rule, and the Off-road rule for our Yard trucks. Short term survival is our primary concern right now but these regulations will be impossible to accomplish with the short time frame of January 2014, especially since it will be well into 2010 before we can even attempt to begin capital outlays to upgrade.

In the meantime, out of state truckers will have an easier time complying with these regulations by shifting newer trucks into California and moving still serviceable trucks (like ours) to out of state locations. They will not employ administrative staffs in California nor will they purchase new equipment, parts, supplies, fuel, tires and other services from local California vendors. California local, county and state coffers will lose the tax revenues that companies like Roadstar plow back into the state economy.

Roadstar Trucking fully supports the goal of reducing diesel emissions in the state of California. We believe that CARB can help local industry accomplish this while mitigating the *some* of the effects of this severe recession. <u>Roadstar Trucking respectfully requests that the California Air Resources Board delay implementation of these regulations for a period of one year followed by a one year of soft enforcement to allow us time to roll in these expenditures for new equipment.</u>

Sincerely,

Bob Ramorino

Bob Ramorino
President