

March 10, 2010

Clerk of the Board
California Air Resources Board
1001 I St.
Sacramento, CA 95814

Subject: Recent Amendments and Enforcement Delays to Offroad and Onroad Rules

To Whom it May Concern:

Granite Construction is a heavy civil contractor and construction material producer headquartered in Watsonville, CA. The company has operated in California since 1922, and Granite has seen revenues in California drop sharply over the past three years. Like many contractors in California, Granite has reduced its workforce and cut back on other expenses to cope with the current business climate. During this time, Granite has also spent millions of dollars to comply with CARB diesel rules.

Over the past six years, Granite Construction has worked proactively with CARB Staff and members of the California Air Resources Board to craft and implement diesel emissions rules (primarily the diesel offroad and onroad rules) that impact Granite's diverse fleet of equipment. While the Offroad Rule and Onroad Rule were being developed, Granite repeatedly voiced concerns over fair and equitable enforcement of the CARB diesel rules. Without fair and equitable enforcement, the Offroad and Onroad Rules create a severe competitive disadvantage for any company that takes the proactive steps necessary to remain in compliance. In the low-bid environment that drives the construction market, any competitive disadvantage means less work and fewer employees.

Over the past month, Granite has seen its greatest fears come to pass as CARB has announced an indefinite period of non-enforcement for the Offroad Rule. This period of non-enforcement invites out-of state companies and scofflaws to bring their oldest equipment into California and under-bid companies who have already invested in new equipment, installed retrofits, and prematurely disposed of older equipment. In effect, this development will allow older equipment to operate in the place of newer, cleaner, retrofitted equipment.

CARB's press releases have stated that the indefinite period of non-enforcement has been driven by the economic downturn. In reality, however, the agency is harming compliant California contractors while opening the door to companies that do not have any permanent operations in California. CARB is essentially changing the rules at halftime and giving non-compliant companies an open door to steal the game away from companies who have proactively taken steps toward compliance.

Granite realizes that CARB has a challenge with respect to a USEPA waiver allowing enforcement of the rules, but the non-enforcement announcement is simply not acceptable for proactive, compliance fleets. CARB must take whatever actions are necessary to allow fleet that took actions ahead of the 2010 compliance deadline to remain competitive both in the near-term and the long-term. Failure to

recognize early compliance actions will punish companies that acted in good faith and incentivize future non-compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Pfeifer". The signature is fluid and cursive, with a prominent initial "N" and a long, sweeping tail.

Nick Pfeifer
Equipment Department Project Manager
Granite Construction Inc.

Cc:

Dave Scaffi
John Bridges
Geoff Boraston
Robert Dugan