



California Dump Truck Owners Association

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VIA REGULAR MAIL and E-MAIL

Mary D. Nichols
Chair, California Air Resources Board
1001 I Street, P.O. Box 2815
Sacramento, CA 95812-2815
mnichols@arb.ca.gov

Re: CDTOA Comments on CARB's Proposed Amendments to the Truck and Bus Regulation

Dear Ms. Nichols,

On behalf of the membership of the California Dump Truck Owners Association (CDTOA) we are writing again to express our continued frustration with the Air Resources Board (CARB) for its repeated failure to address our industry's deep concerns with the Truck and Bus Regulation. The most recent proposed amendments provide entirely inadequate relief for the members of our industry, who continue to be decimated by the crash of our state's construction industry. The rule must be delayed until California's economy fully recovers, or further concessions must be made to industries, such as ours, that continue to be disproportionately impacted by the rule.

The California Dump Truck Owners Association (CDTOA) is a 501(c)(6) trade association incorporated in 1941. A little over three years ago, we represented nearly 2,000 construction industry related trucking company members ranging in size from 1 truck to over 350 trucks. Sadly, today that number has diminished to fewer than 1,000 due to the recessionary economy, near-depressionary construction industry, the off-road diesel engine rule, and the ramifications of the Truck and Bus Regulation. Approximately 60%, or less than 600, of our members are sole proprietors; small one truck independent contractor owner-operator businesses. Additionally, the majority of our members operate low mileage vehicles, typically between 20,000 – 65,000 per year. These vehicles are all well above 26,001 GVWR, thus do not receive any of the true benefits of the recent proposed amendments.

It is important to note that due to the relatively low mileage that the typical construction truck operates, small business owners within our industry rarely qualify for any of the grant money or funding CARB constantly alludes to. So while you and your staff continue to publicly avow that "a billion dollars is available for retrofits and replacements," our industry continues to be overlooked and neglected despite the financial devastation the Truck and Bus Regulation has brought and will continue to bring.

Thankfully, CARB staff and other board members have been working with us and other like-minded industries to discuss additional relief for fleets who continue to be discriminatorily impacted by the Truck and Bus rule, such as vocational trucks. The economy has truly been devastating to our industry over the past few years and we are appreciative of all efforts to work with us to find a solution.

We are 100% supportive of concepts for additional relief for vocational trucks submitted by the Construction Industry Air Quality Coalition (CIAQC) and others, particularly further reprieve for "low-use construction trucks." We feel this relief is consistent with the direction previously provided by the Board, and

strongly urge its adoption now. Evidence brought forth time and time again has shown that the construction industry is truly experiencing unprecedented economic struggles and relief is necessary for compliance.

Based on recent 2010 estimates by CIAQC (based upon the 2002 Vehicle Inventory and Use Survey), the entire universe of dump trucks (both single body and dedicated-use tractors) in California is approximately 34,000. A “low-use construction truck exemption” set at 20,000 miles/year would include 8,500 of these dump trucks. This leaves approximately 25,500 dump trucks that will be not be directly aided under such an exemption.

As a supplement to a “low-use construction truck exemption”, we also submit the following dump truck-specific concept for the Board’s consideration:

- An exemption from the Truck and Bus Rule until 2020 for no more than 25,500 “Dump Trucks.” “Dump Truck” means “a truck with a GVWR greater than 33,000 GVWR with a dump body that is owned by a private company whose primary business is the hauling of aggregate construction materials (i.e. sand, gravel, rock, dirt, etc.) to, from, or at a construction site.”

We additionally propose increased requirements under the periodic smoke inspection program including the testing of all dump trucks, whether a one-truck operator or 100-truck operator. Additionally, we support cutting the allowable emission “opacity” ranges in half. This would certainly aid in the removal of certain gross polluting vehicles that currently may not be tested at all.

It is our belief that this supplemental dump truck concept is both warranted and necessary for several reasons. First, while a low-use construction truck concept may be of significant value to a number of contractors who also utilize dump trucks for incidental use, the bulk of CDTOA’s membership solely operate dump trucks and typically operate these trucks at a slightly higher annual mileage. In general, a dump truck must be operated 30,000 miles at a bare minimum to maintain solvency. There are many other economic elements also working against our members’ businesses, such as trucking rates. Due to the extremely competitive nature of construction now, the typical number of bidders has doubled and in some cases tripled on 50% less work, which has driven the dump truck rates down by 40%. Construction rates in general are down 27% from 2007. Plus, throw in diesel prices at \$3.49/gal. in California (incidentally 49 cents a gallon higher than the national average), and the dire situation of most of our members should be apparent. And as these businesses struggle in this very difficult market, their credit ratings have been dramatically affected – meaning their ability to borrow for new or retrofit equipment (even with government subsidies) is often non-existent. Without relief your rules are a death warrant for most of our members.

It is true that the construction industry has been decimated over the past 3 years. However, if you look at the most directly negatively impacted subset of the construction industry, you will undoubtedly find the small businesses that subcontract dump truck services. CDTOA’s membership has dropped by more than 50% in the last three years, directly attributable to the terrible construction industry and these impending regulations. For many of our members, they are truly unique as their dump trucks are the sole asset for their business – essentially serving as their office, tool of their trade, sole source of capital and investment, and only basis of income.

Dump trucks are truly now the industry that will be most destroyed by the Truck and Bus Rule being that they are construction-based, have a higher GVWR, and are relatively low-mileage. The rule provides no real relief for this group, while other industries have been accommodated. Many of our members are now wondering, “When has the air we breathe become more important than the people that are breathing it?”

The following facts further support a need for additional relief for dump trucks and other construction/vocational trucks:

- CDTOA’s member employers provide work for approximately 4,000 drivers, mechanics, support personal and managers.
- The majority of our members operate between 20,000 – 65,000 miles per year, just outside a 15,000 range. New trucks typically carry 600,000 – 1,000,000 mile warranties, and therefore have a very long service life within our industry. And most often, dump trucks are freight trucks that are resold after their 5-year lease is up and are reworked as dump trucks in a very useful secondary life. The recycling of

trucks like our industry does must have tremendous environmental benefits relating to manufacturing carbon dioxide emission avoidance, and we should be given credit for this in this rule.

- The business model utilized by owner-operator independent contractors (those that own and drive their own truck) within the construction transportation industry has proven itself to be extremely efficient and fair. Due to the unpredictable nature of construction, owner-operators have efficiently supplemented smaller regional fleets to address construction projects of varying sizes throughout the state. Plus, this model has served as a springboard for opportunities and growth for many who are now some of the larger and more successful transportation business owners in the state.
- According to a 2004 report by CalCIMA titled, "The Importance of the Aggregates and Construction Industry to the California Economy" the contribution of this related industry is extraordinary. California's aggregates industry supplies sand, gravel and crushed stone for local construction. Aggregates are necessary for making ready-mixed concrete, asphalt and many other building materials. Millions of tons of aggregate and dirt are required to build and maintain our infrastructure: roads, highways, homes, buildings, schools and public works.
- Aggregates, construction and the transportation of construction materials was California's fourth largest industry. Every Californian makes use of nearly 7-tons of aggregates per person per year and 95% is hauled to and from locations via trucks.
- Statewide, the aggregates and construction industry's total economic impact is \$230 billion – 16% of all California industry output. Construction materials transportation costs are worth approximately 7% of that total or \$16 billion.
- A new "2010" transfer dump truck with the new 2010 clean diesel engines and emissions devices, without any other special equipment, costs about \$210,000 (not including sales tax - an additional 10% \$21,000 or licensing - about 1.5% or \$3,500). That's about \$234,500. The median home price in California is \$297,500. A new 2-axle dump set-up straight truck tractor costs about \$130,000 (not including sales tax or licensing). And a 3-axle truck tractor costs about \$145,000 (not including sales tax or licensing). Specialty truck prices can easily exceed \$225,000 (not including sales tax or licensing). These higher equipment costs when combined with low truck rates and worsening credit scores, is a "perfect storm" that few within our industry can overcome.

Lastly, we insist that you, Board Members, and staff personally read and understand Sierra Research's November 15, 2010 report "Review of CARB On-Road Heavy-Duty Diesel Emissions Inventory." As you will note, the report concludes that CARB grossly overestimated emissions "by about 40%" as well as notes that a number of CARB's assumptions and data "are either questionable or not publicly available." Blindly ignoring such independent findings would be deplorable given the massive financial implications and job losses the Truck and Bus Rule has inflicted, and will continue to inflict, upon our state's businesses and citizens.

Once again, we urge you to delay the Truck and Bus Rule until California's economy fully recovers, or provide further concessions to unjustly impacted industries, such as the dump truck industry. We appreciate the opportunity to express our comments and concerns regarding the proposed amendments to the Truck and Bus Rule. Please contact me to discuss any of the above information in more detail.

Respectfully,

Lee Brown
CDTOA Executive Director

Cc: Air Resources Board Members:

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Ms. Sandra Berg
Ms. Dorene D'Adamo
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