

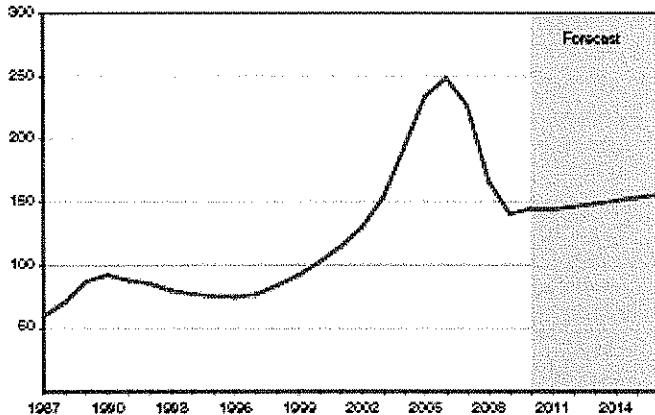
From the Legislative Analyst Office Report on State Budget November 10, 2010

http://lao.ca.gov/reports/2010/bud/fiscal_outlook/fiscal_outlook_2010.aspx

Housing Weakness Casts Formidable Shadow Over Economy. The main cause of the economic

implosion of recent years has been the housing market. For now, at least, the collapse of California's residential housing sector appears to have ended. As depicted in Figure 4, however, our forecast for California housing prices shows a very weak recovery—with minimal average gains in prices through 2016. While house prices now are more affordable—particularly in light of low mortgage interest rates—credit remains very tight. A large (but difficult to measure) "hidden inventory" of homes in default or facing foreclosure heavily influences our forecast. While residential building permits are up in 2010, they are still below 2008 levels—which, at the time, was the worst year in recent memory. Our forecast, as shown in Figure 1, expects housing permits to continue to grow slowly. Commercial building also continues to be exceptionally weak. For all of these reasons, California's construction sector—having endured a crushing 40 percent

Figure 4
Minimal Growth in California Housing Prices Expected
(Blended Case-Shiller and Federal Housing Finance Agency Indices)^a



^aUses Case-Shiller data for the California metropolitan areas it covers and Federal Housing Finance Agency data for the rest of the state. First quarter of 2000=100.

employment decline since 2007—is not on track to regain its pre-recession strength in the foreseeable future.

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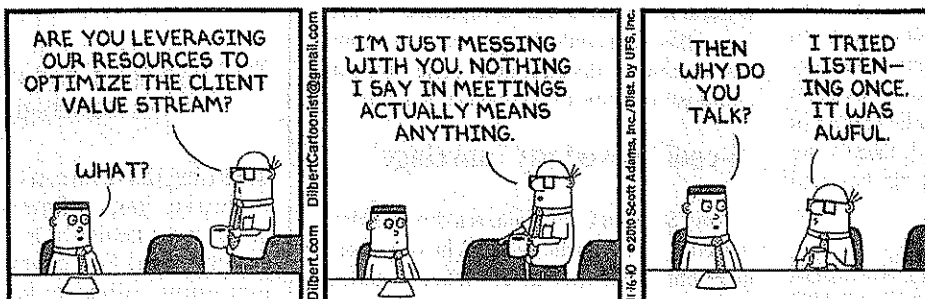
Sample Vocational Trucks definition – construction description

They include crew & foremen trucks, dump trucks, water trucks, mechanics trucks, fuel/lube trucks, single engine mobile cranes, and drill rigs.

- Trucks equipped with a Power Take-Off (PTO) unit – ready mixed concrete mixer, cranes, concrete pumps
- Trucks outfitted with a service body (i.e. non-payload carrying)
- Trucks operated in a fleet that includes off-road equipment

Other categories could include moving and storage company vehicles, small distributor operations, etc. The key thing to remember is that the low mileage exemption and other provisions would apply only to the vehicles that qualify on that basis.

Final Comment



Comments to the California Air Resources Board regarding on-road heavy-duty diesel truck emissions inventory

November 18, 2010

Good Afternoon Chairman Nichols and Members of the Board.

My name is Bill Davis and I am executive vice president of the Southern California Contractors Association. We are speaking today on the emissions inventory issues around the on-road diesel regulation, with particular emphasis on the role and number of construction-industry related vehicles covered under your proposed amendments to the rule.

As I am sure your staff will tell you, nobody actually knows how many trucks traveling California roads actually belong to the construction industry. We have seen staff estimates that the number may be as high as 20 percent of in-state trucks, but we believe that to be a substantial over-estimate.

What we can tell you is, that regardless of the estimate, the emissions from the construction industry are way, way down from what they were estimated to be when this rule was originally drafted....and they are going to stay that way for a very, very long time.

As just one example of evidence to support this statement, we cite the report issued just last week from the Legislative Analyst's Office on the impending state budget deficit. The LAO cited the construction industry twice in the report—once describing it as “flat on its back” and the second time to say: "For all of these reasons, California's construction sector—having endured a crushing 40 percent employment decline since 2007—is not on track to regain its pre-recession strength in the foreseeable future."

We have consistently been asking for a designation within this rule for “vocational trucks” and from time to time, at workshops and other public discussions, staff has said they are “working on it.” We think now is the time for them to produce their work.

For this reason, we once again ask the Board to direct staff to create a category of vocational truck within the on-road regulation that gives special recognition to both the already existing reduction in emissions due to the over-estimate of the size of the fleet and to the crushing economic conditions that seem to be without end.

We believe that the conditions offered to the agricultural industry within this rule would meet the needs of our industry and a few other small fleet operators within the state who could also be recognized under a definition of vocational trucking. The numbers represented by these vocational trucks will be small—far smaller than the original estimate of the size of the construction fleet alone.

As always, we, through our association, the Construction Industry Air Quality Coalition and the Ad Hoc Working Group of which we are a member, stand ready to help staff with this issue. We have been there all along through this grueling process.

We do not think that adding this category and attendant regulatory revisions should or will slow adoption of the on-road and off-road diesel regulations set for next month. They could be, we think, done quickly by your staff as they have consistently told us they have been considering it for some time.

As always, thank you for your time, consideration and direction to your staff to resolve this issue.