

## LYNGSØ Garden Materials

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Mary Nichols, Chair, and  
Members of the Board  
California Air Resources Board  
P.O. Box 2815  
Sacramento, CA 95812-2815

4/1/10

SUBJECT: Request to Delay the On-road Diesel Truck Regulation

Dear Ms. Nichols and Board Members,

### SUMMARY

Our company has used your workshops and website for three years to understand the Truck and Bus Regulation. We utilize the Fleet Average Calculator to analyze the impacts of actions to modernize our fleet, and we are well underway to achieve compliance.

We are writing today to urge your Board to delay by at least a year the beginning of the formal requirements of the regulation. Our reasoning is listed below, and can be summarized:

We are a family company with 45 employees on the very competitive San Francisco Peninsula. In the first five years of these diesel regulations our capital expenditures (in 2010 dollars) must be >\$1.9M. In the next five years, just under \$1M. And finally before 2023, \$850K more.

Attached find our 8/28/08 letter to you and your staff in which we explain the details of our 35 vehicle fleet, which provides landscaping materials to homeowners and businesses in the S.F. Bay Area. FYI, two-thirds of our fleet are light and medium-duty rental dump trucks used by home-owners and contractors for neighborhood runs.

### SPECIFICS

We learned from your January workshop on proposed amendments that your staff are proposing some sensible options for your consideration. Given the emissions data and their economic impact conclusions, it makes sense to provide near term relief to small companies such as ours. Comments:

Option 1 – Medium Fleets: We **highly** recommend that medium fleets be defined as up to 30 vehicles. If so, we will immediately retire five of our 1990 trucks to become a medium fleet.

Option 2: FYI, we cannot afford PM filters on 90% of our fleet (\$22K each) because our short-run deliveries do not get the engines hot enough for the less-expensive filters. Therefore we must purchase replacement trucks – which we are ready to do, but we need more time to spread out the investment.

Option 3 – One-year Deferral: This is our preferred option, but we highly encourage you to add a medium-size fleet provision, and to define medium fleets at up to 30 vehicles.

Retirement Credits: We support the proposed Retirement amendments to a) allow non-operated vehicles to count as retired [this helps our fleet], and b) to simplify record-keeping and reporting.

## CONCLUSIONS

1. The regulation has the potential to devastate our company and will make it nearly impossible to continue serving our customers (families, landscapers and public agencies) on the San Francisco Peninsula. Given competition we must manage our company operations and finances very carefully. Compliance with relevant regulations also increases our costs.
2. Our rental trucks run for 20 years and our delivery trucks run for 10+ years. Due to our low annual mileage we need to run our fleet this long to get an appropriate return on our investment.
3. At the same time we also must invest in modernizing our off-road equipment (over a dozen forklifts and a half-dozen loader-type equipment).
4. We are a small company whose low-mileage delivery patterns require that the majority of trucks must last twenty years. Also the regulation prevents us from selling our used trucks, so we lose approximately \$200,000 of revenue.

We hope this summary is helpful to your regulation-development efforts, and that you find it helpful as you deliberate various proposals at your next meeting.

Sincerely,



Theresa Lyngso, Board of Directors Chair

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9/5/08

cc: Governor Schwarzenegger  
Linda Adams, EPA Secretary

SUBJECT: Financial Impact on Our Company from the Diesel Truck Regulation

Dear Mr. White,

Thank you for being part of the 7/30 workshop in San Jose regarding the Truck/Bus Regulation. The workshop was a final step in our company's research into impacts of the regulation on our fleet of 42 trucks. I heard Tony Brasil did a good job at the workshop.

You asked for feedback from companies affected, so we are providing this analysis for you and your staff and your Board Members' information. Please copy each Board Member and your key management on this letter. Thank you.

As you will see from the financial details below, the draft regulation as presented at the 7/30 workshop will devastate our company and will make it nearly impossible to continue serving our customers (families, landscapers and public agencies) on the San Francisco Peninsula. Here's our data, given the currently proposed rules:

1. Company description: Lyngso is a family retail business just over 50 years old. We employ on-average about 50 workers. Our products are soils, gravels, boulders, some construction materials, and small-batch ready-mix concrete. Given the bulk and weight of our products we offer a) delivery to home-sites using 13 trucks of various types, and b) rental of small to medium-size dump-trucks, which are covered by the regulation (and which are essential to our business model).

Given competition we must manage our company operations and finances very carefully. We also comply with all regulations which relate to our operations; for example, we do annual smoke-checks, BIT inspections, and we have already implemented a company-wide policy on idling limitations.

2. Our research into the proposed regulation: In late 2006 our truck dealer told us that we needed to pay attention to the developing regulation. We subsequently joined your distribution list for ARB updates. During 2007 we used your website to monitor the regulation development process. This year our Maintenance Shop Director began using the fleet-average calculator to consider how the regulation would affect our fleet-maintenance and purchasing budget decisions.

Our truck dealer has explained that since an effective NOx filtration system does not yet exist, and that the regulation's financial consequences on state businesses and the economy are so dire, state trucking associations are working to get modifications to the regulation. Your local workshop last month was our first chance to get a more complete perspective regarding the regulation's tie-in to federal SIP funding.

Last month the Shop Director and I met with our regulatory expert to discuss the results of all this research, and to forecast the financial impact on our company operations. This feedback for you and your Board is one result of that meeting.

3. Overview of our fleet: A. **Delivery trucks:** Four of thirteen are medium GVW (26-33K lb.) and the rest are heavy (~52K). Age: One 1997, three 1998, four 1999, three 2000, one 2003, and one 2006. Miles per year varies by type of use: Five trucks average 8K miles. Four average 15K miles. Four average 32K miles.

We did engine heat-logging and determined that our truck delivery pattern (short runs into local neighborhoods) does not generate enough heat for the less-expensive type of VDECS control system, DPF (\$8500 installed). This means that we must use the regenerating-DPF (\$19K installed).

B. **Rental trucks:** Fourteen are lighter GVW (16-18K) and fifteen are medium (25K). Age: Seven are 1990, twelve 1998, two 2002, and eight 2003. Average miles per year is 9800 miles for our 13 dry-goods trucks and 8600 miles for our 16 concrete trucks. All 29 of these trucks will also need the more expensive regenerating-DPF filters.

Our rental trucks run for 20 years and our delivery trucks run for 10+ years. Due to our low annual mileage we need to run our fleet this long to get an appropriate return on our investment.

4. Our compliance options: Mr. Brasil answered our fleet-specific questions with guidance that if we try various alternatives in the Fleet Average Calculator it will help us look at alternative investment strategies. In general comments, he said that by 2014 almost all trucks must have filters or new engines. He also said that by 2023 all trucks must have 2010 power-technology.

We used the Calculator to determine our various paths to achieve compliance. Here is our most realistic scenario, with all expenditures in 2008 dollars. The resulting costs are a huge impact on a small company. In addition, at the same time we also must invest in modernizing our off-road equipment (over a dozen forklifts and a half-dozen loader-type equipment) and in the rest of our company's operations. Here are the costs of your regulation alone:

- a) In order to achieve initial compliance by 12/31/10 we must retrofit with VDECS nine delivery trucks, which qualify for Goods-Movement grant applications. The 2009 cost to Lyngso without grants: \$171,000. (With grants the cost is \$126,000, but our mileage is not very high and the impression given by ARB staff is that thus we may not qualify for grants.)
- b) In 2010 and 2011 we must retrofit another 9 trucks and replace two trucks, at a cost of \$421,000.
- c) In 2012 and 2013 we must retrofit 13 trucks and replace 7 trucks at a cost \$502,000.
- d) From 2014 until 2022 we must replace all of our remaining pre-2010 trucks. That cost (in 2008 dollars) will total \$2,310,000 spread over 9 years.

#### 5. Conclusions for this small business:

The above dollar totals are not feasible for a small company whose low-mileage delivery patterns require that the majority of trucks must last twenty years. Also, note that the annual costs escalate as we move forward, averaging a quarter million dollars (in 2008 dollars) each year from 2012 on. Also the regulation prevents us from selling our used trucks, so we lose approximately \$200,000 of revenue over ten years.

For our particular situation two steps which the ARB could take would be:

A) Raise slightly the mileage-levels which allow trucks to be "exempt from replacement until 2020". For example:

- 1) If the threshold for Class 8 vehicles were 10,000 miles per year, that would allow our company to manage our delivery fleet replacement cost effectively.
- 2) If the threshold for lighter trucks were also 10,000 miles, that would allow us and many small businesses to manage their fleet replacement cost effectively.

B) Provide more flexibility in the Goods Movement grant requirements based on different types of fleets, so that our lower-mileage trucks would have a better chance of qualifying.

We hope this summary is helpful to your regulation-development team, and that the Air Resources Board members find it helpful as they deliberate your staff proposal in December.

Sincerely,

Theresa Lyngso, President