

**California
Alliance
for Jobs**

Bay Area

2000 Powell St., Suite 1175
Emeryville, CA 94608
Office: 510.547.9300
Fax: 510.547.9309

www.rebuildca.org

Sacramento

928 Second St., Suite 200
Sacramento, CA 95814
Office: 916.446.2259
Fax: 916.446.2253

May 17, 2007

Dr. Robert F. Sawyer, Chair
Attn: Catherine Witherspoon, Executive Director
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Dear Dr. Sawyer:

I am writing you today as a member of the California Transportation Commission (CTC) about an issue of paramount concern – the significant financial impact the California Air Resources Board's (CARB) pending off-road diesel regulations will have on the buying power of the recently approved infrastructure bonds.

Both CARB and the industry have acknowledged that these regulations will increase the cost of construction. In fact, a recently released economic analysis indicates that these proposed regulations are likely to increase costs for the projects constructed through the bond measures approved by the voters in November 2006 by about \$2.1 billion. That amount is 5 percent of the authorized bond amounts!

As I hope you are aware, the CTC is in the process of approving nearly \$8 billion in transportation projects approved by the voters last November and \$12 billion more is in the pipeline. However, I am concerned that if these off-road diesel vehicle regulations are adopted as drafted, they would increase construction costs and reduce competition among companies bidding on projects. That would greatly impair the state's efforts to deliver these infrastructure improvements to the public on time and on budget.

According to the CARB Staff Report (p. 39), "The regulation is expected to increase the cost of construction, mined materials, and other services performed by off-road vehicles in the state. Customers that could expect to pay higher construction costs include developers, home builders, and government agencies sponsoring road construction and other transportation projects."

Candidly, California voters are tired of government erecting roadblocks and barriers to achieving goals they support. The Governor and legislative leaders were crystal clear when they placed the infrastructure bonds on the ballot and the voters were crystal clear when they passed them. They are all eager to see the CTC-approved projects get built. These are projects that affect millions of Californians each day – projects like adding carpool lanes to I-405, widening I-5 near the Los Angeles-Orange County border, the fourth bore at Highway 24 Caldecott Tunnel and improving Hwy. 99, to name just a few.

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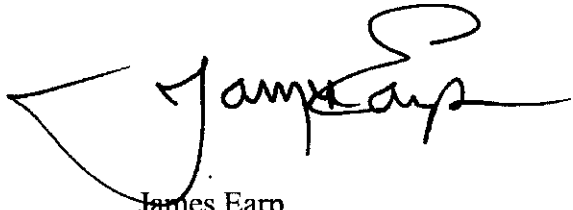
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The California Air Resources Board owes it to all of us to clearly explain exactly how the State can maximize this historic infrastructure investment opportunity in the face of these proposed regulations.

We all want clean air and the construction industry is prepared to do its part, but it cannot meet the new regulations in the unrealistic timeframe outlined by your staff. I encourage you to work with other governmental entities to develop a path that is not contradictory to the goals Californians have set for its government.

Sincerely,

A handwritten signature in black ink, appearing to read "James Earp". The signature is written in a cursive style with a large, sweeping initial "J" and a long, horizontal flourish extending to the right.

James Earp
Commissioner, California Transportation Commission
Executive Director, California Alliance for Jobs

- Cc: CARB Members
- Sandra Berg
 - Dorene D'Adamo
 - Jerry Hall
 - Henry Gong, Jr.
 - Lydia H. Kennard
 - Daniel Sperling
 - Ronald O. Loveridge
 - Mrs. Barbara Riordan
 - Ron Roberts