



07-5-6
May 24-25, 2007

General Engineering - License No. 623944-A
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5/23/2007

To all members of the California Air Resources Board,

My name is Dave Porcher, I represent the 200 employees and their families of Camarillo Engineering. We have 112 tractors at 41,000 horse power, we are and have been pro-active in the pursuit of clean air technology. In the last three years we have taken out 27 tier 0 engines from our fleet and replaced them with tier 1, 2 and 3 engines with the highest verified diesel emission control systems available at the time of installation. We have, on the average repowered one machine per month at a cost of \$3,127,978.04. It has been a financial struggle to keep up this pace, at times we wondered how we were going to make payroll. Without the help of Carl Moyer funding we would not have been able to do it.

The financial impact of this rule is going to be very significant. It is my opinion that many companies will be unable to handle the financial burden and have to close. We have compiled data from the Ritchie Brothers Auction December 2006 which shows how many companies are hitting the panic button. We have included a breakdown of many machines offered in that auction with their tier ratings. Many of the companies I have spoken with were trying to unload their tier 0 engines "including our company" before the rule becomes law and our older equipment becomes worthless.

I would like to share with you what is going on in the industry right now. For the last two years we have been contemplating buying twin engine scrapers to add to our fleet, as they would allow us to bid jobs more competitively. Many times I have evaluated equipment that has become available, i.e. 657B Caterpillar scrapers, which were tier 0. These machines did not show up on the used equipment list very often, and when they did their cost was upwards of \$110,000.00.

When the industry started hearing that the finalization of the rule is drawing close, people tried to get their equipment to auction as quickly as possible, as in the December Ritchie Brothers auction. These scrapers dropped in value by 50% and some sold for as little as \$31,000.00. The financial impact was already being felt. I am including a letter we sent to Kathleen Quetin on the Ritchie Brothers auction results for May 22nd, 2007.



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To Kathleen Quetin,

5/23/07

I went to the Ritchie Brothers Auction yesterday in Perris, Ca and I want to update the information that I have already sent you on the Timeline Devaluation of tier 0 equipment. Please take a look at pg 3. I have also included an e-mail that was sent to me by Kelly Francis, Quinn Company, Fresno regarding the Huss installation that you are going to inspect on the 29th of May.

The auction yesterday was a very sad picture of where we are headed. Six 651B Caterpillar scrapers sold for \$21,000.00 each these were all tier 0 machines. \$21,000.00 is equivalent to the purchase of 4 new tires. Two D9L Caterpillar push cats sold for \$60,000.00 "they are headed for Mexico". Three D10N Caterpillar crawler tractors, serial numbers 2YD sold for \$95,000.00 each. Three 657B Caterpillar scrapers, one sold for \$40,000.00, two for \$27,500.00, all headed out of state.

Concerning the Caterpillar D9L sale price of \$60,000.00: on crawler tractors we call the tracks, rollers, idlers and sprockets "undergear" if you have to replace an undergear on a Caterpillar D9L crawler tractor it will cost an average of \$45,000.00 plus. One of the D9L's had almost new undercarriage. So if they owned the tractor out right they probably netted \$15,000.00. I talked with the sellers' representative and he told me "they were trying to sell off their tier 0 equipment to try and salvage some of their investment. **They Lost Big Time!**

During the auction process they would announce when internet buyers bought tractors and what country or state they were heading to. Most of the tier 0 equipment of the type noted in my Timelined Devaluation went to Texas and Mexico. So bottom line is they are out of California. **Let's not forget what is leaving with them "Jobs and Revenue".**

1. Operators
2. Maintenance Technicians
3. Office Staff
4. Parts Vendors

I am sure there are many, many more people that will be affected by what's happened in this auction.

The people I talked to that were selling equipment of the tier 0 type, are not planning to immediately replace those machines.

Note: Let's not forget that those tractors generated revenue for the State of California. All the people, vendors, etc. all pay taxes.



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If that D9L Caterpillar crawler tractor had been purchased by a contractor in California he would have three options.

Option A: Retrofit with a PM filter triple unit for a tier 0 engine. Cost \$68,000.00

Option B: Repower and Retrofit. Cost \$297,855.41

Option C: Buy a new replacement tractor. Cost \$900,000.00

Purchase and Financing

1. Purchase price \$60,000.00

With a 20% down payment of \$12,000.00 we are in business.

2. Purchase price \$900,000.00

Replace D9L with a new D9T.

With a 20% down payment of \$180,000.00 we are good to go.

3. To retrofit the tractor with a Huss triple PM filter system for tier 0 application:
\$68,000.000. Financing: Unattainable "Aftermarket Add-on".

4. To repower and retrofit. Cost: \$297,855.41 apply to Carl Moyer for funding. Note: Tier 2 is the only option at the present time. "GOOD LUCK trying to get funding, reason being it will NOT be cost effective.

This is not a pleasant picture. The PM filter solution for the tractor costs more than the tractor itself.

We are all going to lose if the time frame for the rule is not put back to its original form.

I think there is a big misconception that contractors make huge profits and can afford all these added costs on their own.

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We have included data showing how much of our net profit will be used to pay for PM devices in 2009 to comply with regulations 2010.

We have shown that this rule in the first year alone will take 58.08% of our net profit to meet the PM target. To meet the PM and NOx target without repower credit will use 66.628% of our net profit. I would say that this is a significant adverse impact. The DPF's alone have been quoted at over \$1,000,000.00 to do 20% of our fleet horse power.

We have included a letter recently sent to Kathleen Quetin, Kim Heroy-Rogalski, Tony Brasil and Eric White concerning the installation of PM devices at Quinn Company facility in Fresno.

We are very concerned about the installation of the PM devices especially on our crawler tractors and scrapers. We have tried to show the serious safety issues that the current PM devices have including, installation and visibility concerns.

More needs to be done to bring California Air Resources Board Staff and members of the construction industry together to work out these problems. We need to work out a sensible time line to allow the technology time to improve, financial institutions time to get on board to help contractors pay for the devices and most importantly work out the serious safety issues posed from the placement of these devices on our tractors.

We have supplied data showing the difficulties in securing Carl Moyer funding. We do appreciate every dollar of funding that we have received. These documents are given to you solely for the purpose of understanding the difficulties that arise in applying for funds in different air quality districts. Any contractors that are applying for Carl Moyer funding who work their equipment in different air quality districts will run into the same problems.

It is vital to contractors to keep the Carl Moyer funding going.

We have tried to show Air Resources Board staff that their cost modeling for emission reductions is unrealistic for repowers as well as retrofits. In our data we show the real costs are in some cases double what the state says they should be.

We have hand carried, sent letters certified mail and emailed our data to ARB staff.

**Kim Heroy-Rogalski has been helpful and has responded to my emails.
Elizabeth Yura has been helpful to our staff in trying to figure out the fleet calculator.**



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We have just recently been put in contact with Kathleen Quetin and given her a multitude of documents and we are certain she has not had enough time before the May 25th meeting in San Diego to evaluate this data.

Tony Brasil has not responded to the certified letter or email sent to him.

Eric White has not responded to the certified letter or email sent to him.

With an issue this important I would expect that I would have at least received an email response to the data that we have provided.

We have also stated our concerns of the ability of the California Air Resources Board to protect compliant contractors and to effectively enforce the rule once it becomes a law.

Please evaluate the material that our company and many others have provided to the California Air Resources Board. The construction industry needs the extended time frame in order to make this work.

Thank you for your consideration in this matter,
David Porcher
Camarillo Engineering Inc.