

Ryan Murphy

From: Ryan Murphy
Sent: Wednesday, May 23, 2007 11:50 AM
To: 'ombudsman@arb.ca.gov'
Cc: Brian Johnson
Subject: CARB Comments

SENT ON BEHALF OF BRIAN P. JOHNSON - Michels Corporation's Executive VP.

Ms. Kathleen Quetin
ARB's Ombudsman
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Ms. Quetin:

Michels Corporation is one of the largest utility engineering and construction contractors in North America registered and doing business as Michels Pipeline Construction in the State of California. We have been regularly doing business constructing major utility infrastructure in California for almost two decades and currently have an office in Woodland, California. As a member of the California Engineering and Utilities Contractors Association (EUCA), we are deeply discouraged by the potential regulations being promulgated by CARB for off-road in-use diesel equipment substantially reducing particulate matter and Nitrous Oxide Emissions and accelerating the enforcement timeline.

While our industry leading association, EUCA, has thoroughly researched and articulated our overriding concerns for this legislator, we also want to make clear our concerns for doing business in California. As a heavy construction contractor, we operate well in excess of \$100 million in off-road diesel equipment; a "Large Fleet" by your standards. We are required to bring numerous and substantial pieces of off-road equipment (>25 HP and used >100 Hours per year) into the state as we perform large public works contracts. The value of heavy loaders, cranes, directional drills, boilers and other equipment used in our operations range from \$500,000, to well in excess of \$1,000,000 each. Michels substantial investment in capital equipment needs to be well maintained to insure it lasts a long time. The rules as promulgated will require a substantial sale of older, fully capable equipment and a costly reinvestment in equipment that doesn't even exist today. Re-powering other custom equipment used in our operations is either cost prohibitive or not currently manufactured.

While we applaud California's leadership in environmental quality, the accelerated schedule for original requirements and the additional Nitrous Oxide emission requirements only recently set forth by CARB for off-road in-use diesel equipment will have an over-reaching detrimental effect on our business. These new proposed rules will make it more difficult and financially burdensome for Michels to conduct business in California.

We believe the new CARB rules and accelerated schedule will negatively impact many of our California specialty contractors and other contractors used to support our operations. The financial burden

created by these rules may cause our local contractors to close, move out of California, reduce bonding capacity due the devaluation of its equipment fleet, and increase costs. The acceleration and new requirements of the CARB rules is far reaching and although admirable, will cause more negative unintended consequences to the California construction industry.

Lastly, it is important to note again that the equipment required to meet the new CARB rules is not available or manufactured. Under the original rules it is contemplated that equipment manufacturers would meet the CARB goals, but the recent changes will make attaining those goals virtually impossible.

We request that the initial 18-year timeline be reinstated to allow for further technology development, include the use of verified diesel emission control systems with CARB approval, and recapitalization of equipment owners.

Any of the California Air Resource Board members may contact me directly at Michels Corporation's headquarters with any questions or concerns. That number is 920.924.4300, Ext. 2265. We look forward to the Board's reasonable, workable and economically feasible solution to this matter. Please pass along Michels objections, concerns and this correspondence to the other Board members.

Sincerely,

Brian P. Johnson
Exec. Vice President
Michels Corporation



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