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### **Emissions standards chill truckers hauling cooled goods**

**BY MEGAN O'NEIL Special to the Californian**

Arthur Parrino has spent half a century crisscrossing the United States behind the wheel of a semi-trailer truck. His logbooks speak of millions of miles of interstate hauls and short-distance work at the ports of Los Angeles and Long Beach.

But the 68-year-old Parrino fears he might be reaching the end of the road.

In 2008, his three-rig operation shrank by two-thirds when the ports' Clean Truck Program went into effect, barring older, heavy polluting engines.

Now, a new cycle of state emissions standards for transport refrigerated units, known as TRUs or reefers, means that Parrino is shelling out more than \$7,000 to retrofit his single remaining 2005-model-year truck in order to keep it legal to operate in California.

"I used to consider myself a pretty good businessman, but today I am just a marginal operator," said Bakersfield's Parrino, who hauls everything from artichokes to sea bass. "I am struggling to keep my head above water."

The frustration is shared by many in the refrigerated transport business, a linchpin in California's massive agriculture operation. The state's farmers, who generated \$43.5 billion in revenue in 2011 and produce nearly half of U.S.-grown fruits and vegetables, rely heavily on truckers like Parrino to get their bounty to market.

But truckers say they are struggling to keep equipment up to speed with what they call onerous environmental regulations amid a soft economy and high diesel fuel prices. And with fewer than half of the nearly 33,000 California-based TRUs compliant with emission rules even as a new cycle kicked in on Jan. 1, some truckers question how food will be delivered if the state is serious about enforcement.

"There is a health advantage to people eating fruits and vegetables, and you can't eat fruits and vegetables if they are not there," said Kenny Lund, vice president of trucking brokerage Allen Lund Co., in La Canada Flintridge.

Proponents of the emission standards say that efforts to reduce diesel particulate matter -- especially around major truck hubs -- will lower health risks associated with toxic air contaminants.

"You are never going to see written on the death certificate 'This person died from freight pollution,' but we know freight pollution is closely associated with heart attack, premature mortality, lung cancer, asthma -- the list goes on," said Diane Bailey, a senior scientist at the Natural Resources Defense Council who has closely followed California's regulation of refrigerated transport.

The greening of the industry dates to 1998 when the California Air Resources Board -- the regulatory agency responsible for air quality -- formally identified diesel particulate matter as a toxic air contaminant. The board subsequently adopted a plan to reduce emissions from all diesel-fueled engines by 85 percent by 2020.

New standards for the diesel engines that power refrigeration units -- separate from those that drive the trucks themselves -- are one component of an expansive regulatory undertaking. TRU engines must be retrofitted with a filter, rebuilt, or replaced entirely, after seven years. The requirements are being phased in over multiple years, and enforcement started in 2009 with model year units from 2002 or older affected.

TRUs operate at temperatures as low as 20 degrees below zero, depending on the cargo and ambient conditions. Truckers can spend twice as much on fuel for refrigeration units while hauling during the summer as compared to the winter.

Costs to meet the state-mandated standards range from several thousand dollars for retrofitting to more than \$20,000 for a new refrigeration unit.

The standards apply to the nearly 33,000 TRUs based in California, as well as the tens of thousands of trucks that pass through each year. Some argue that the volume of goods flowing through California make the state standards de facto national standards.

Noncompliant carriers are subject to \$1,000 fines, although that figure can escalate for repeat offenses.

In the first year of implementation, compliance topped 70 percent, said Rod Hill, an air pollution specialist with the California Air Resources Board and the architect of the new in-use standards. Last year, 10 percent of the 2004 model years were registered as compliant. In the fourth quarter of 2012, total compliance was about 43 percent, Hill said.

On Jan. 1, a new cycle went into effect with all units dating from 2005 and earlier needing to be upgraded or replaced. A California Air Resources Board spokesperson said this week that neither updated total compliance rates nor compliance rates specifically for 2005 model year units were yet available.

This go-around includes a new wrinkle in enforcement efforts. As of the new year, truck brokers, shippers and receivers are also subject to fine for contracting non-compliant carriers. The move will force more carriers to upgrade while also evening the playing field among those who have made the capital investment to bring equipment into compliance and those who haven't, Hill said.

The disparity is pitting trucker against trucker.

"We started getting complaints from the carriers that had spent the money to come into compliance that they would be at a loading dock and they would see all these non-compliant units," Hill said. "There were actually some drivers in non-compliant units that were teasing drivers that had compliant units."

To be sure, there are many companies taking the necessary steps to upgrade. Jim Wilcox, the regulatory and compliance manager for In-N-Out said the company acted early and implemented a five-year plan to bring its 79 refrigerated trailers into compliance.

Ken Gilliland, director of international trade and transportation with the Western Growers Assn., said his office is directing its members to add a certification statement to contracts with carriers and brokers affirming that their equipment is compliant.

"It is a burden and it does mean extra cost, but we are looking at it at this point that it is a regulation and it is in place and there is a requirement to comply with it so how do we accomplish that?" Gilliland said.

Others in the industry say the new rules increase the risk that there won't be enough trucks available to haul California produce. That could raise the costs of farmers and retailers, and ultimately consumers.

California Air Resources Board officials said everyone will need to share a portion of the burden.

"When it is applied to everyone, and everyone is complying the costs get transferred properly so that the people who are asking for clean air requirements are helping to bear those costs," Hill said.

The regulatory agency has worked hard to collaborate with stakeholders, and to build time and flexibility into the implementation process, Hill said. Brokers, shippers and receivers can verify if a carrier is compliant via an equipment registration system, known as ARBER.

"I think that everybody that operates as a motor carrier has an obligation to operate an engine that is as clean as they can operate," Hill said. "They need to be in compliance with the law."

The California Air Resources Board flexed its enforcement muscle this week when it announced the first court-imposed fine - \$300,000 levied against a non-compliant, Ontario based-company called Foster Enterprises -- for violations of TRU regulations.

After flirting with the idea of leaving California, owner-operator Parrino said that a combination of factors prompted him to retrofit his rig, including the threat of fines and a letter from a major customer stating it would only load compliant trucks. He is compensating his mechanic for the work in equal installments, but is concerned about being able to make good on the third and final payment.

"I have got nobody to support me. I am me, myself and I -- chief cook and bottle washer," Parrino said. "I used to love this industry, I really did. But I despise it now. The regulations are getting so restrictive."

## **Related Info**

Players in the refrigerated transportation industry said that new emissions changes have been particularly hard to swallow given the sluggish economy and high fuel prices.

Trucking brokerage Allen Lund Co. does annual sales of about \$350 million, and 8,000 of its listed carriers are refrigerated trucks, according to Kenny Lund. He likened fining brokers for a non-compliant truck to fining a travel agent for a faulty airplane, and balked at the idea of turning away a long-time driver working to support his family because of the in-use standards.

"What nobody gets is 95 percent of produce is hauled by the little guys," Lund said. "Almost all the trucks we load are guys with five trucks or less. Most of them are owner-operators -- one guy, one truck."

Many can't afford to upgrade, Lund said, even if they wanted to. That raises the prospect that some truckers will simply ignore the state's rules and take their chances on being fined.

"The lifespan on these things is probably about 15 years," Lund said. "They [the state] are basically saying, 'We are taking the last seven years of that resource you paid for. We are confiscating it.' That is not right. You can't come and say, 'Your car is no longer compliant, we are taking it from you.' "

Carriers have to decide if the extra capital costs make sense, or whether it is best to simply avoid the state, said Mike Tunnell, director of environmental affairs for the American Truckers Assn.

"In any other state in the country, you buy a TRU, new or used, you operated it," Tunnell said. "You don't have to worry about the age of the engine or anything like that."

**TOUGH TIME FOR NEW COSTS**