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HAYWARD, CA 94544
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December 10, 2008

Comments on the Private Fleet Rule

Roadstar Trucking, based in Hayward, California, founded in 1959 is now a third generation family business that employs 60 personnel, providing stable, well paying salaries, benefits including medical/dental/vision coverage for both employees and dependents, and a generous retirement plan.

The majority of our business is in Northern California, delivering a variety of commodities but primarily food, clothing, and pharmaceuticals to both distribution centers such as Safeway, and retail shopping malls. We also service the Port of Oakland, delivering import and exported goods.

The proposed Private Fleet Rule will require Roadstar to replace all 30 of our diesel tractors in five years (by January 2014) and then retrofit many of those new vehicles again in a short time frame, some of which we are currently purchasing and bringing on line. For the most part, retrofits are not a practical alternative as the investment will only extend the life of the vehicle four years. The price tag for our upgrade of 30 tractors will be \$3,000,000. Our loan payments will be \$900,000 annually in the fifth year. This is incomprehensible to me. Our company would need an increase in our freight rates of 20% to service the debt load. This is impractical in any economy let alone during this serious, long-lasting recession.

In recent comments by Mr. Leo Kay, spokesperson for CARB, he states that not a dime needs to be spent until 2010. This statement indicates a simplistic understanding of the issue. We cannot wait until shortly before the first deadline to begin retrofit or replacement. Instead we must start now and with the current severe recession and frozen credit markets, this is extremely challenging.

Many of Roadstar's shippers and other customers are feeling the recessionary effects also. Our company has had shippers impose *lower* freight rates and lower fuel surcharges on us since September 2006 (McCormick & Company-Hunt Valley, MD., Pella Windows-Pella Iowa), forcing us to sign multiyear contracts with no freight rate increases. We have had customers file bankruptcy this last summer (Barbecues Galore) and one of our largest customers, Payless Shoe Source, notify us that they are unable to grant any increase in freight rates in 2009 due to economic conditions.

Because of the downturn, Roadstar's business is down 30%. We have had to lay off personnel this year, the first time in 49 years of business and we probably will need further reductions soon. Earlier this summer we attempted to sell off some excess power equipment only to discover that no truck dealers are interested because the equipment has a limited useful life in California, based on the proposed CARB PFR schedule.

Since our existing fleet now has limited trade-in value (basically scrap value) we will not be able to rely on trade-in allowances to reduce our capital acquisition expenses. The large amount of

California trucks that will need to be disposed of out of state will reduce the demand and depress used truck values. Neighboring states that will be interested in these purchases will be flooded with low-priced good equipment.

Roadstar has historically had a close working relationship with our banking partners but for the first time in the last 20 years, we are having difficulty renewing our lines of credit. Roadstar has received notice from BAAQMD that we will likely be eligible for Proposition 1B funding for 5 new replacement trucks (\$50,000/truck). We are now concerned that we may not be able to secure financing to meet our portion of the obligation to take advantage of the Prop 1B funding.

There is little chance that any lending institution will be willing to provide funding over the next five years to replace or upgrade our entire fleet just to maintain our existing level of business and revenues. Our choice may be to shrink our business, lay off more employees, and choose which customers we will be positioned to service.

We have already done just this based upon The CARB Statewide Port and Railyard Regulation which takes effect at the end of next year. We currently operate no vehicles that meet the requirements to enter a port facility after December 2009. Since current freight rate structures on port related trucking are not compensatory, we have decided to take a wait and see attitude in future service of port traffic. Until a shortage of available truckers causes port trucking rates to rise to a commensurate level, we will not participate by making investments in clean vehicles to service port traffic.

We anticipate that the same phenomenon may occur in general state transportation as truckers that are unable to upgrade or replace vehicles drop out of the market. Local or regional disruptions are likely to occur for certain groups of shippers. Only then will trucking operations be able to adjust rates to commensurate levels to reinvest in adequate numbers of compliant equipment. In the short term this time lag in rate increases will drive all but the strongest truckers out of business.

Our bigger fear is that the additional cost burden and shortage of capacity will drive more manufacturers out of the state, taking those manufacturing jobs, tax revenues and transportation activity and jobs out of California. We have first hand seen this occur with several of our former customers. The PFR will accelerate this.

One needs only to look at the drop in imports and exports through California ports, in part caused by reaction by beneficial cargo owners to the Southern California Clean Air Action Plan (CAAP) and similar proposals at The Port of Oakland to glimpse the future of our state economy. Being the leader in any major undertaking bears risk of negative consequences in addition to the benefits. CARB has not done an adequate analysis of the cost/benefits to the PFR.

Roadstar Trucking asks the members of the ARB board to carefully consider these effects on family and home-grown California businesses in light of the current distressed economy, as they balance the social benefits with the costs. Roadstar, The California Trucking Association and the DTCC coalition fully support the need to clean California's air.

We have offered meaningful alternatives which will begin the clean up *immediately* yet mitigate at least some of the shock to our jobs and the economy while we work through this severe downturn.

Make no mistake, under the best of the circumstances, the burden is dramatic on the trucking industry as well as all business in California.

I implore the CARB board to carefully examine the consequences and clean the air in a way that responsibly serves the needs of all citizens of our fine state.

Respectfully,

A handwritten signature in cursive script, appearing to read "Bob Ramorino". The signature is written in black ink and is positioned below the word "Respectfully,".

Bob Ramorino
President: Roadstar Trucking

Robert Ramorino

From: Jim_Heaney@payless.com
Sent: Tuesday, December 02, 2008 9:46 AM
To: Daryl Wise
Cc: Robert Ramorino
Subject: Rate Increase Request

Attachments: Poolpoint 13 Peppertree Rate discussion 112508.doc



Poolpoint 13
Peppertree Rate d...

Dear Daryl and Bob

Your are truly a great partner and we value the high level of service that your company provides. For the past several years we have been in a position to grant your reasonable regular rate increase requests as Payless was performing well. Unfortunately due to these economic situations that the whole country is experiencing, we are unable to grant your rate increase this year. Negative sales and an unclear economy prevent us from increasing expenses.

As of today we will be announcing a corporate reorganization and right sizing. Any changes to your specific daily contacts will be communicated shortly.

We hope that you understand and if there are any questions, please feel free to call me directly.

Jim D. Heaney
Payless ShoeSource
5040 NW Highway #24
Topeka, KS 66618
(785)-559-2266

"We are the Link to the Customer"

"Daryl Wise"
<D.Wise@roadstart
ruckinginc.com> To
11/25/2008 10:27 AM cc
<Jim_Heaney@payless.com>
"Robert Ramorino"
<R.Ramorino@roadstartruckinginc.com
>
Subject

Hello Jim,

Attached is a letter for your review and decision. We chose to email attach it due to the possible holiday mail delays.

Have a great and safe holiday!

Regards,

Daryl K. Wise
Vice President / General Manager
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Driving California Distribution
(See attached file: Poolpoint 13 Peppertree Rate discussion 112508.doc)

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