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December 10, 2008

08-11-3
08-11-4

California Air Resources Board

This letter is to register our position on Item 8-11-3 on the December 11,2008 agenda.

The ARB has proffered a regulation to reduce NOx and Particulate Matter emissions produced by heavy duty on road diesel engines. To achieve this goal a dual stage approach has been adopted. Stage one is the mandatory installation of PM filters on exhaust, the second is tighter restrictions on NOx and PM emissions leading to the replacement of the vehicle or complete update of it's engine and components.

Although we are not opposed to greater cleaner emissions on these vehicles, we have concerns and questions and they are as follows:

General

1. Due to the time required to create these regulations, the timeline for full compliance shrinks to incredibly short time frames.
2. Does the filter and engine industry truly have the ability to supply in excess of 200,000 units for retrofit in a timely manner.
3. Many small companies and owner operators have leased vehicles, with the timeline many of these vehicles would be due to come off lease within 24 months of the regulations becoming effective. Can we put forth to the ARB an exemption with penalties if not followed correctly, to help ease the financial burden in these situations.

Cost

This is a very expensive program for a small company let alone a medium to large company. Combined with the SmartWay program, each tractor tailor combination could cost $ 29,000 - $30,000 to retrofit to meet compliance requirements. Companies with multiple trucks and the industry standard 2.5 trailers per tractor, the cost quickly reaches in excess of $100,000 just to comply with the first stage. Load counts are down, costs up and money from lenders scarce, this *will* cause untold financial damage to the trucking industry.

The main objective of this legislation is to reduce GHG emissions while maintaining "cost-effectiveness". This was identified in all of the scoping plans, however in the October 2008 the "cost-effective" number was estimated to be $ 133 per ton of GHG. Although this is a guideline, the reduction costs per ton relative to the cost of these modifications amortized to the either end of lease of a tractor or end of use for a specific company is far beyond the cost of the required modifications. A tractor working 2 years after installation would have to reduce it's GHG by 150 tons for the installation to be cost effective. According to dealers, compliant diesel tractors in California will not bring greater prices just due to being compliant. This means a owner will incur all of the costs with no reimbursement at resale. Cost Effectiveness has not happened.

We must obtain our goal without crippling an industry that every household and business relies upon at every juncture of their lives.

Financial Cost to the State

Undoubtedly, many objections will be voiced regarding the cost of this program. These are valid points, due to the current financial state of our economy, the amount of freight being transported has seen a decline. Major carriers are beginning layoffs, and load counts are down.

We, however, want to address to probable impact on the State revenue. The State of California is at it's core a revenue generating organization. All programs must create a revenue stream to remain effective, or they become a burden and ineffective. Instituting multiple costly programs on one segment of business in California is not only disastrous to that business, but can reek financial havoc on the State.

Extrapolating data available from marketing and economic institutes, we produced a most likely model that 10%, (15,500), of the trucking businesses cease to operate due to an inability to fund the mandatory changes. We calculated what that would the State of California's approximate revenue loss across multiple agencies.

• Income taxes based on a two driver one office worker company	$ 231,000
• DMV fees, 2 tractors with 2.5 trailers per	$ 5,525,000
• DOT fees, 2 tractors with 2.5 trailers per	$ 4,600,000
• State Sales Tax based on paying $2,000 per company annum	$ 31,000,000
• Fuel tax revenue based on paying $ 1500 per company in taxes annually	$ 23,250,000

Associated costs of any benefits due employees, unemployment, wic, etc. not included.

Conclusion

Most every trucking organization and driver is for reducing GHG emissions and pollution in general, along with increasing fuel efficiency across the fleets. However, the creation of as large a financial burden to the companies as does this program creates, combined with the vast and as yet untested attributes of these modifications, we respectfully request that the ARB revisit this regulation and review the financial aspects of this regulation. We all have felt the urgency to reduce GHG emissions from our governor and our legislature, however, curing the problem while killing the patient is never sound advice.

Respectfully Submitted,

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December 10, 2008

California Air Resources Board

This letter is to register our position on Item 8-11-4 on the December 11,2008 agenda.

The ARB has proffered a regulation to increase the aerodynamic qualities of trailers to reduce drag coefficients on long haul trailers greater than 53 feet in length. The solutions required will be mandatory in nature, and available on new trailers beginning model year 2011 and will be required to be retrofitted on all older trailers. Low resistance tires are also a tenant of this regulation.

Although we are not opposed to greater aerodynamics on these vehicles, we have concerns and questions and they are as follows:

General

1. Due to the potential risk of improperly installed modifications, have standard been set for securing any and all modifications to the affected trailers.
2. Does the aftermarket industry truly have the ability to supply in excess of 200,000 units for retrofit in a timely manner.
3. With the extra length of aerodynamic modifications, have any studies been performed in regards to the ability of these trailers to move through cities streets and county roads.
4. Have any real world studies been performed on the effects of modifications on the ability of trailers to access loading docks and ramps.
5. Have any technical studies been performed on the impact of these modifications on intermodal transportation, i.e., loading and unloading, securing to rail, etc.
6. Have any cost analysis' of installation time of SmartWay modifications been performed by the Mitchell Manual.

Safety

1. With the addition of aerodynamic skirts to the trailer, the effects of the new air flow needs to be studied;
   a) How does the added airflow down the sides and back affect the passenger vehicle traffic
   b) Does the additional airflow down the sides create a "vacuum" effect behind the trailer
   c) How do the side skirts affect the handling of the trailer in heavy cross wind situations.
   d) With the trailer skirts installed, in heavy crosswinds, how does it affect passenger vehicles when passing
   e) Do the trailer skirts increase the likelihood of injury in a right turn accident with a passenger vehicle
   f) What are the effects on moisture, i.e. rain, snow, with the skirts installed.

It is obvious that these SmartWay modifications will work their way to smaller trailers. The wind and safety issues become even greater when we begin to move towards "doubles". That could happen immediately when California freight is either out-bound to Oregon or in-bound from Oregon. Movement in cities is almost assured due to the reduction in storage space at business due to the high cost of real estate in California. Companies are routinely using the trailers for storage between shipments from suppliers.

Financial

Undoubtedly, many objections will be voiced regarding the cost of the SmartWay program, it's rewards and payback time based upon fuel consumption. These are valid points, due to the current financial state of our economy, the amount of freight being transported has seen a decline. Major carriers are beginning layoffs, and load counts are down.

We, however, want to address to probable impact on the State revenue. The State of California is at it's core a revenue generating organization. All programs must create a revenue stream to remain effective, or they become a burden and ineffective. Instituting multiple costly programs on one segment of business in California is not only disastrous to that business, but can reek financial havoc on the State.

Extrapolating data available from marketing and economic institutes, we produced a most likely model that 10%, (15,500), of the trucking businesses cease to operate due to an inability to fund the mandatory changes. We calculated what that would the State of California's approximate revenue loss across multiple agencies.

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Associated costs of any benefits due employees, unemployment, wic, etc. not included.

Conclusion

Most every trucking organization and driver is for reducing GHG emissions and pollution in general, along with increasing fuel efficiency across the fleets. However, the creation of as large a financial burden to the companies as does this program creates, combined with the vast and as yet untested attributes of these modifications, we respectfully request that the ARB suspend enforcement of this regulation until such questions and concerns can be further studied.

Respectfully Submitted,

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08-11-4

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