APPEARANCES

BOARD MEMBERS

Ms. Mary Nichols, Chairperson
Dr. John R. Balmes
Ms. Sandra Berg
Ms. Doreene D'Adamo
Ms. Lydia Kennard
Mrs. Barbara Riordan
Mr. Ron Roberts
Dr. Daniel Sperling
Dr. John G. Telles
Mr. Ken Yeager

STAFF

Mr. James Goldstene, Executive Officer
Ms. La Ronda Bowen, Ombudsman
Mr. Tom Cackette, Chief Deputy Executive Office
Ms. Ellen Peter, Chief Counsel
Ms. Lynn Terry, Deputy Executive Officer
Ms. Mary Alice Morency, Board Clerk
Mr. Tony Brasil, Chief, Heavy-Duty Diesel Implementation Branch, MSCD
Mr. Jack Kitowski, Chief, Emission Reduction Incentives Branch, MSCD
STAFF

Mr. Scott Rowland, Chief, On-Road Control Regulations Branch, MSCD

Mr. Todd Sax, Chief, Mobile Source Analysis Branch

Ms. Beth White, Manager, On-Road Compliance Assistance Section, Mobile Source Control Division

Mr. Eric White, Assistant Chief, MSCD

Ms. Elizabeth Yura, Staff, Off-Road Implementation Section, MSCD

ALSO PRESENT

Elizabeth Adams, U.S. EPA

Tomas Aire

Don Anair, Union of Concerned Scientists

Cecilia Ayala

Kami Baker, Earth Team

Diane Bailey, NRDC

Segun Balogun

Shirley Batchman, California Citrus Mutual

Nidia Bautista, Coalition for Clean Air

James Blevins, Mountain Valley Express

Peter Bransfield, Rypos

Steven Brink, California Forestry Association

Kevin Brown, Clean Diesel Technologies
APPEARANCES CONTINUED

ALSO PRESENT

Skip Brown, Delta Construction
Chris Cannon, Port of L.A.
Eric Carleson, Associated California Loggers
Tim Carmichael, California Natural Gas Vehicle Coalition
David Chidester, Central Cal Transportation
Jon Cloud, J. Cloud, Inc.
Cynthia Corey,
Richard Coyle, Devine Intermodal
William Davis, Southern California Contractors Association
Frank de Carbonel, California Concrete Pumpers
Carl Dolk, Devine Intermodal
Gordon Downs, Downs Equipment Rentals, Inc.
Ed Duffek
Brad Edgar, Cleaveire
Sean Edgar, Clean Fleets Coalition
Eric Eisenhammer, Coalition of Energy Users
Allen Faris, Allen Faris Trucking
Julian Fisher
Kathy Fitzgerald, Fitzgerald Truck Sales
Anabel Flores
Anthony Fourniee, Bay Area AQMD
Randal Friedman, Navy Region Southwest
Laura Fultz Stout
APPEARANCES CONTINUED

ALSO PRESENT

Michelle Garcia, Fresno-Madera Medical Society
Catherine Garoupa, Central Valley Air Quality Coalition
Jill Gayaldo, Elk Grove Unified School District
Michael Grabowski, American Rental Association
Neli Gutierrez, YCA
Seth Hammond, Specialty Crane and Rigging
Adam Harper, CalCIMA
Robert Hassebrock, Weatherford
Henry Hogo, South Coast AQMD
Sheila Hong
Bonnie Holmes-Gen, American Lung Association
Kirk Hunter, Southwest Transportation Agency
Julian Imes, Donaldson Filtration Solutions
Roger Isom, Western Agricultural Processors
Jim Jacobs, Operating Engineers
Elizabeth Jonasson, Coalition for Clean Air
Susan Jones, D&S Trucking
Andy Katz, Breathe California
Michael Kennedy, Associated General Contractors of America
Brandon Kitigawa, Region Asthma Management and Prevention Project
Ralph Knight, Napa Unified School District
Camille Kustin, Better World Group
APPEARANCES CONTINUED

ALSO PRESENT

Joe Kubsh, MECA
Senator Doug LaMalfa
Martin Lassen, Johnson Matthey
Barbara Lee, Northern Sonoma County APCD
Michael Lewis, Construction Industry Air Quality Coalition
Tony Luiz, T&L Trucking
Bill Magavern, Sierra Club
Daniel Massolo, Massolo Brothers, Inc.
Salvador Matteo, SLWBP
Regional McAfee
Christina McGhee
Paul McClellan, American Rental Association
Jay McKeeman, California Independent Oil Marketers Association
Dan Mezger, Mezger Trucking
Rod Michaelson, Bay Cities Paving and Grading, Inc.
Clayton Miller, Construction Industry Air Quality Coalition
Paul Moore, CalPortland
Brent Newell, Center on Race, Poverty, and the Environment
Paul Nguon, New Voices Are Rising
Dave Norris, Lakeport Unified School District
Tracey Norberg, Rubber Manufacturers Association
Jessica Orozco
APPEARANCES CONTINUED

ALSO PRESENT

Craig Parker, CalEnergy Operating Corp.

Nick Pfeifer, Granite Construction

John Pitta, John Pitta Trucking

Betty Plowman, CDTOA

Senator Richard Polanco

Isella Ramirez, East Yard Communities for Environmental Justice

Victoria Ramirez

Bob Ramorino, Roadstar Trucking

Jill Ratner, Rose Foundation for Communities and the Environment

Charles Rea, CalCima

Michael Rea, CA Association of School Transportation Officials

Kyle Reams, Kelseyville Unified School District

Betsy Reifsnider, Catholic Charities

Stephen Rhoads, Strategic Education Services

Marisol Rogue

Seyed Sadredin, San Joaquin APCD

Matt Schrap, California Trucking Association

Susan Seivright, Valley Power Systems

Chris Shrader, Cemex

John Spangler, U.S. Marine Corps, MCI West

Jason Thomas, Nabors Well Services Company
APPEARANCES CONTINUED

ALSO PRESENT

Mike Tunnell, American Trucking Association
Kathy Turner, Enterprise Rent-A-Car
Doug Van Allen, BJ Services
Jocelyn Vivar, East Yard Communities for Environmental Justice
Ed Walker, Robinson Enterprises, Inc.
Corey Wardlaw, Wardlaw Trucking
Don Watson
Steve Weitekamp, California Moving and Storage Association
Chuck White, Waste Management
Bruce Wick, California Professional Association of Specialty Contractors
Joy Williams, Environmental Health Coalition
John Yandell, Yandell Truckaway, Inc.
## INDEX

<table>
<thead>
<tr>
<th>Item 10-11-3</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson Nichols</td>
<td>4</td>
</tr>
<tr>
<td>Executive Officer Goldstene</td>
<td>7</td>
</tr>
<tr>
<td>Staff Presentation</td>
<td>10</td>
</tr>
<tr>
<td>Mr. Coyle</td>
<td>40</td>
</tr>
<tr>
<td>Mr. Rea</td>
<td>42</td>
</tr>
<tr>
<td>Mr. Wardlaw</td>
<td>43</td>
</tr>
<tr>
<td>Mr. Dolk</td>
<td>46</td>
</tr>
<tr>
<td>Mr. Isom</td>
<td>48</td>
</tr>
<tr>
<td>Senator LaMalfa</td>
<td>52</td>
</tr>
<tr>
<td>Mr. Jacobs</td>
<td>58</td>
</tr>
<tr>
<td>Mr. Parker</td>
<td>58</td>
</tr>
<tr>
<td>Mr. Moore</td>
<td>60</td>
</tr>
<tr>
<td>Mr. Lassen</td>
<td>61</td>
</tr>
<tr>
<td>Mr. Duffek</td>
<td>63</td>
</tr>
<tr>
<td>Mr. Hassebrock</td>
<td>64</td>
</tr>
<tr>
<td>Mr. Van Allen</td>
<td>67</td>
</tr>
<tr>
<td>Mr. Brown</td>
<td>70</td>
</tr>
<tr>
<td>Mr. Kubsh</td>
<td>72</td>
</tr>
<tr>
<td>Mr. Thomas</td>
<td>75</td>
</tr>
<tr>
<td>Mr. Brink</td>
<td>77</td>
</tr>
<tr>
<td>Mr. Tunnell</td>
<td>80</td>
</tr>
<tr>
<td>Mr. Shrader</td>
<td>81</td>
</tr>
<tr>
<td>Ms. Reifsnider</td>
<td>82</td>
</tr>
<tr>
<td>Mr. Fourniee</td>
<td>83</td>
</tr>
<tr>
<td>Mr. Spangler</td>
<td>86</td>
</tr>
<tr>
<td>Ms. Jones</td>
<td>87</td>
</tr>
<tr>
<td>Mr. Fortier</td>
<td>88</td>
</tr>
<tr>
<td>Ms. Kustin</td>
<td>91</td>
</tr>
<tr>
<td>Mr. Pitta</td>
<td>94</td>
</tr>
<tr>
<td>Mr. Edgar</td>
<td>95</td>
</tr>
<tr>
<td>Mr. Luiz</td>
<td>98</td>
</tr>
<tr>
<td>Mr. Bransfield</td>
<td>103</td>
</tr>
<tr>
<td>Mr. Rhoads</td>
<td>105</td>
</tr>
<tr>
<td>Mr. Hunter</td>
<td>110</td>
</tr>
<tr>
<td>Mr. Walker</td>
<td>114</td>
</tr>
<tr>
<td>Ms. Holmes-Gen</td>
<td>116</td>
</tr>
<tr>
<td>Mr. Sadredin</td>
<td>118</td>
</tr>
<tr>
<td>Mr. Hogo</td>
<td>122</td>
</tr>
<tr>
<td>Mr. McClellan</td>
<td>124</td>
</tr>
<tr>
<td>Mr. White</td>
<td>125</td>
</tr>
<tr>
<td>Mr. Friedman</td>
<td>128</td>
</tr>
<tr>
<td>Mr. Cannon</td>
<td>129</td>
</tr>
<tr>
<td>Mr. Blevins</td>
<td>131</td>
</tr>
</tbody>
</table>
INDEX CONTINUED

Item 10-11-3 (cont'd)  
Ms. Norberg 134  
Senator Polanco 136  
Mr. Harper 137  
Mr. Norris 140  
Mr. Reams 141  
Mr. Chidester 142  
Mr. Anair 145  
Mr. Cancilla 148  
Mr. Carleson 149  
Ms. Garoupa 152  
Ms. Garcia 153  
Mr. Kitigawa 154  
Mr. Rea 156  
Mr. McAfee 156  
Ms. Seivright 158  
Ms. McGhee 161  
Mr. Nguon 163  
Mr. Matteo 164  
Mr. Balogun 166  
Ms. Orozco 167  
Ms. Gutierrez 169  
Ms. Ramirez 170  
Ms. Rogue 170  
Ms. Baker 171  
Mr. Magavern 174  
Mr. Imes 179  
Mr. Ramorino 181  
Ms. Bailey 183  
Mr. Michaelson 192  
Ms. Fultz Stout 194  
Mr. Witekamp 195  
Mr. Brown 197  
Mr. McKeeman 200  
Ms. Turner 201  
Mr. Schrap 203  
Mr. Cloud 205  
Ms. Fitzgerald 206  
Ms. Jonasson 208  
Ms. Batchman 209  
Mr. Wick 210  
Mr. Newell 212  
Mr. Watson 215  
Ms. Lee 215  
Mr. de Carbonel 217
INDEX CONTINUED

Item 10-11-3 (cont'd)  

<table>
<thead>
<tr>
<th>Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Eisenhammer</td>
<td>218</td>
</tr>
<tr>
<td>Mr. Pfeifer</td>
<td>219</td>
</tr>
<tr>
<td>Mr. Downs</td>
<td>220</td>
</tr>
<tr>
<td>Ms. Williams</td>
<td>222</td>
</tr>
<tr>
<td>Ms. Bautista</td>
<td>224</td>
</tr>
<tr>
<td>Mr. Katz</td>
<td>226</td>
</tr>
<tr>
<td>Ms. Vivar</td>
<td>228</td>
</tr>
<tr>
<td>Ms. Ramirez</td>
<td>229</td>
</tr>
<tr>
<td>Mr. Carmichael</td>
<td>231</td>
</tr>
<tr>
<td>Mr. Yandell</td>
<td>233</td>
</tr>
<tr>
<td>Mr. Edgar</td>
<td>234</td>
</tr>
<tr>
<td>Mr. Massolo</td>
<td>236</td>
</tr>
<tr>
<td>Mr. Faris</td>
<td>237</td>
</tr>
<tr>
<td>Ms. Gayaldo</td>
<td>238</td>
</tr>
<tr>
<td>Mr. Hammond</td>
<td>241</td>
</tr>
<tr>
<td>Ms. Plowman</td>
<td>242</td>
</tr>
<tr>
<td>Mr. Miller</td>
<td>244</td>
</tr>
<tr>
<td>Mr. Williams</td>
<td>245</td>
</tr>
<tr>
<td>Mr. Lewis</td>
<td>247</td>
</tr>
<tr>
<td>Mr. Kennedy</td>
<td>249</td>
</tr>
<tr>
<td>Ms. Corey</td>
<td>255</td>
</tr>
<tr>
<td>Mr. Grabowski</td>
<td>258</td>
</tr>
<tr>
<td>Motion on Resolution 10-48</td>
<td>261</td>
</tr>
<tr>
<td>Vote on Resolution 10-48</td>
<td>261</td>
</tr>
<tr>
<td>Board Discussion</td>
<td>262</td>
</tr>
<tr>
<td>Motion on Resolutions 10-44, 10-45, 10-46 and 10-47</td>
<td>292</td>
</tr>
<tr>
<td>Vote on Resolutions 10-44, 10-45, 10-46 and 10-47</td>
<td>292</td>
</tr>
<tr>
<td>Adjournment</td>
<td>292</td>
</tr>
<tr>
<td>Reporter's Certificate</td>
<td>293</td>
</tr>
</tbody>
</table>
CHAIRPERSON NICHOLS: Good morning, ladies and gentlemen. I'd like to welcome everybody to the December 17th, 2010, public meeting of the Air Resources Board and ask the Board to come to order.

And before we begin our business meeting, we start with the Pledge of Allegiance to the flag. So please rise.

(Thereupon the Pledge of Allegiance was recited in unison.)

CHAIRPERSON NICHOLS: Thank you.

Yesterday, we had a surprise visit from the Governor who came over to testify on behalf of the cap and trade rule. So I don't know what's going to top that today. Maybe Santa Clause will show up in the middle of the meeting. Who knows. But we do have some very important work to do today.

So first let's start with the roll call.

BOARD CLERK MORENCY: Dr. Balmes?

BOARD MEMBER BALMES: Here.

BOARD CLERK MORENCY: Ms. Berg?

BOARD MEMBER BERG: Here.

BOARD CLERK MORENCY: Ms. D'Adamo?

BOARD MEMBER D'ADAMO: Here.

BOARD CLERK MORENCY: Ms. Kennard?
Mayor Loveridge?

BOARD MEMBER LOVERIDGE: Here.

BOARD CLERK MORENCY: Mrs. Riordan?

BOARD MEMBER RIORDAN: Here.

BOARD CLERK MORENCY: Supervisor Roberts?

Professor Sperling?

BOARD MEMBER SPERLING: Here.

BOARD CLERK MORENCY: Dr. Telles?

BOARD MEMBER TELLES: Present.

BOARD CLERK MORENCY: Supervisor Yeager?

BOARD MEMBER YEAGER: Here.

BOARD CLERK MORENCY: Chairman Nichols?

CHAIRPERSON NICHOLS: Here.

BOARD CLERK MORENCY: Madam Chairman, we have a quorum.

CHAIRPERSON NICHOLS: Thank you.

A few announcements before we get started this morning. First of all, we have interpretation services available in Spanish for anyone who wishes. The headsets are outside the hearing room at the attendance sign-up table.

(Whereupon the announcement was translated into Spanish.)

CHAIRPERSON NICHOLS: Anyone who wishes to testify should sign up with the staff in the lobby outside
the auditorium before the item actually is heard, if at all possible. And at some point, maybe like around 10:00 or so, I'm actually going to shut off the list of speakers just because otherwise it's too hard for the staff to sort this out. We could still accept comments in writing. But if you think you may want to testify, we would really appreciate it if you would get your card in early.

We will be imposing a three-minute time limit on speakers. And if it gets too out of hand or we get too much repetitive testimony, it may go shorter than that. But I think particularly for those who have written testimony, it should be pretty easy for you to just summarize your main points. You don't have to read the testimony because it will be in the record.

We do have an overflow room next door, the Coastal Hearing Room, which is available. And there's audio and visual connection over there. So if for some reason you can't find a seat or you don't like the one that's available, you can sit over there and just come back when it's time for you to come and testify.

I'm also required to tell you that there are emergency exits at the back of the room and on the side here. That one goes to the outside. And if we have a fire drill or an alarm sounds, we're required to evacuate the room and the building, go downstairs and across the
street until we get the all-clear signal.

So this morning we have before us the adoption of proposed amendments to the regulation to reduce emissions of diesel particulate matter, oxides of nitrogen and other criteria pollutants from in-use on-road vehicles as well as the heavy-duty vehicle greenhouse gas reduction measure, the regulation to control emissions from in-use on-road diesel fuel, heavy-duty drayage trucks at ports and intermodal rail yard facilitates, and proposed amendments to the regulations for in-use off-road diesel fuel fleets, and off-road large spark ignition engine fleets. So this is a combined hearing on a multitude of different rules and regulations, but they're all related to each other.

The proposed changes that we're going to be hearing about today are the result of direction that this Board gave to our staff last April to evaluate the impact of the down economy on emissions from on-road and off-road vehicles and to make recommendations for how to adjust the rules based on what they found.

Overall, the staff found that reduced economic activity has led to reduced pollution, not too surprising. But in terms of evaluating what that means, this did take some time.

But what it means is that the Board has both a
responsibility and an opportunity to adjust the rules in a way that reflects the changes in the economy, while still meeting our overall obligations to achieve federal air quality standards.

Staff is going to be presenting proposed amendments to five in-use on-road and off-road vehicle rules. These include the truck and bus regulation, drayage truck regulation, tractor-trailer greenhouse regulation, the off-road regulation, and lastly the large spark ignition engine fleet regulation, as I said before.

Together, these five regulations, which were approved by the Board between 2006 and 2008, were designed to significantly reduce the public's exposure to diesel particulate matter and oxides of nitrogen emissions as well as to reduce ozone-forming and greenhouse gas emissions. The tractor-trailer regulation is one of the measures identified in the Air Resources Board's Scoping Plan under AB 32 that's designed to reduce greenhouse gas emissions from current levels to 1990 levels by 2020.

Last month, the Board was updated on the significant improvements that have been made to both the inventories for on- and off-road diesel vehicles. These improved inventories are the basis for the rules that we're considering here today.

In that briefing, we learned that current
emissions are down mostly due to the impact of the recession and reduced economic activity, but off-road emissions are also down substantially because staff has been able to use new information about fleet operations that has resulted in a lower estimate of emissions, lower projections of what the numbers would be.

Despite the reduced emissions as a result of improved inventories, California continues to face many air quality challenges, including the legal requirement to meet federal air quality standards as well as our state law requirements to reduce premature mortality, address localized risks in communities that are particularly impacted by air pollution, and of course reducing greenhouse gas emissions under our state law.

In directing staff to propose appropriate relief, we also directed the staff to ensure that the changes preserve the important health benefits these regulations provide, while assuring that all applicable targets are met.

So at this point, I think we're ready to talk about the details, and I will turn it over to staff to do it.

But I would just like to say that we are very grateful for the input that we've had over the last month from all sectors of the public that are affected by this
rule, including the industry, as well as representatives of public health organizations and environmental groups, local governments. It's been a complicated and difficult process, because there are so many rules involved and frankly because the industry is so complex. And I know it's been a tough process for many who have been involved, and we really appreciate the fact that so many of you are here today and have continued to participate. And we thank you for that.

Okay. I'll now turn the agenda over to Mr. Goldstene.

EXECUTIVE OFFICER GOLDSTENE: Thank you, Chairman Nichols.

In December 2008, the Board approved the truck and bus regulation. As part of its approval, the Board directed staff to monitor the economy and report back on the impact of the recession on emissions and affected fleets.

At the December 2009 Board hearing, staff presented the results of an analysis that showed that vehicle activity and emissions were below the levels estimated when the truck and bus regulation was developed. This meant that 2014 emission goals would be met with fewer emission reductions from the regulation.

During the same time, many fleets subject to the
off-road diesel vehicle regulation, which was approved in 2007, raised similar concerns about the impact of the recession on emissions and the ability of fleets to comply with the regulation.

To more fully understand the situation, in March 2010, I held an Executive Officer hearing to hear from stakeholders firsthand regarding whether additional relief from the off-road regulation was possible.

In April 2010, the Board directed staff to update the emissions inventories for both heavy-duty on-road trucks and buses and off-road diesel vehicles to reflect the impact of the recession. The Board further directed staff to develop amendments to both regulations concurrently that would reduce the cost for both on-road and off-road fleets while continuing to meet the Board's air quality goals and obligations.

In May through October 2010, staff held 20 workshops throughout the state to discuss recent health studies of particular pollution's impact on mortality, revisions to the emissions inventory, and proposed regulatory amendments that would reduce the cost of compliance.

Staff's proposed amendments for consideration today were developed directly from comments received during these workshops and through other input that we
The proposed amendments will provide substantial economic relief and streamline and improve the regulations, while ensuring we continue to meet our clean air and health obligations.

First, for the truck and bus regulation, staff is proposing to exempt smaller vehicles from the filter requirements and postpone all replacement requirements until 2015. These changes will lower costs for most fleets by 60 to 70 percent and lower costs even more dramatically in the first five years.

Staff is also proposing to better align the drayage truck regulation of the truck and bus regulation and to add provisions to prevent trucks from circumventing the regulation by cargo transfers outside port boundaries.

For the tractor-trailer greenhouse gas regulation, staff is proposing additional flexibility for phasing in trailer retrofits, an extension of the deadline for using low rolling resistance tires and other changes that provide more flexibility.

In the off-road regulation, staff is proposing to postpone implementation by four years, lower annual requirements, remove all mandatory retrofitting, simplify its weight average requirements, and to expand the number of low-use vehicles exempted from the rule.
Staff's proposed changes will cut cost for the first five years by 97 percent and over the life of the regulation by more than 70 percent.

I'm very pleased a key industry group, the Associated General Contractors of America, worked closely with staff on the proposed amendments and supports the changes as we proposed.

Finally, staff's proposed changes to the LSI engine fleet regulation provide up to a four-year compliance extension and will align the low-use yearly hour limit with the off-road regulation.

So with that, I'll now ask Ms. Elizabeth Yura and Beth White to give the staff presentation. Thank you.

(Thereupon an overhead presentation was presented as follows.)

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: Thank you, Chairman Nichols, James Goldstene and good morning, members of the Board.

Today, staff is presenting for your consideration amendments to five ARB regulations effecting in-use vehicles and equipment. The proposed amendments will ensure continued progress towards reducing emissions from vehicles and equipment subject to these regulations, provide important local and regional health benefits, and significantly reduce compliance costs for affected fleets.
These amendments are being proposed in recognition that the economy has significantly reduced activity and emissions more than anticipated when the rules were originally adopted.

---o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: I will first begin with a summary of why staff is proposing changes to these five rules that apply to trucks and off-road vehicles and will describe at how staff arrived at our recommendation.

I will then summarize the proposed amendments for the three truck regulations, including and truck and bus regulation, the drayage truck regulation, and the tractor-trailer GHG regulation.

Elizabeth Yura will than describe proposed amendments to the two off-road regulations, the in-use off-road diesel regulation, and the large spark ignition regulation.

Lastly, she'll summarize the environmental impacts of all of the amended regulations and will close with staff recommendations. I will begin by describing why changes are being proposed.

---o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The off-road and on-road regulations were approved
by the Board in 2007 and 2008 respectively. At that time, the economy was at its peak and the current economic recession had not been foreseen.

Because of the recession, truck and off-road diesel vehicle activity and emissions are lower than they were anticipated when the rules were adopted, and the recession has reduced the ability of fleets to make investments in cleaner equipment.

After hearing updates about the effects of the economy on emissions in 2009 and 2010, the Board recognized the opportunity to reduce the regulatory requirements on affected fleets because of the recession and directed staff to make amendments to the regulations.

At that time, the Board approved a set of principles to meet in considering amendments that included providing economic relief, while meeting air quality goals and protecting public health. Staff believes the combined amendments to the truck rules and the off-road rules being presented here today achieve these goals.

I will now summarize how the amended rules continue to meet the air quality goals approved by the Board.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: This chart shows on a statewide basis how
emissions are expected to change and how our goals are met.

The top line reflects business as usual. Essentially, new engine standards and cleaner fuels that provide emissions reductions as fleets turn over their vehicles naturally.

The bottom line shows what statewide emissions would look like with the proposed amendments. At the emissions level that California achieves in 2014, PM2.5 SIP targets in the South Coast and San Joaquin Valley will be met. By 2020, the goals of the Diesel Risk Reduction Program, which was adopted ten years ago, will largely be achieved. Overall, the proposed amendments ensure that emissions are reduced down to levels expected when the regulations were originally approved.

The shaded area represents the emission reductions that will be achieved by these rules in each year and over the life of the program. These emission reductions will prevent 3900 premature deaths over the 12-year life of the rules. Through our successful implementation of this critical ARB program, California is already beginning to see the real world benefits of our efforts.

--o0o--
ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: A recent study examined temporal and spatial trends in ambient concentrations of black carbon in California. The study showed that the concentrations of black carbon had decreased by 50 percent. Black carbon is a key component of diesel soot, and this study concluded that corresponding decreases in diesel emission reductions between 1990 and 2008 resulted in the observed black carbon reductions. The rate of decline in black carbon has resulted in a reduced warming effect.

While Californians are seeing the actual benefits of these programs, reductions are still needed from on-road and off-road vehicles in order to ensure our long-term goals and commitments are met.

Now I'd like to summarize how staff came to our recommendations.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: Since January 2010, staff held 20 public workshops and numerous meetings with various companies, association representatives, and individual fleets. Information gathered from this outreach was used to update our evaluations of the economic impact of the recession on individual fleets and helped staff to develop this proposal.
Staff also updated the PM mortality estimates using U.S. EPA's new risk assessment methodology and the most important recent air quality data available and re-affirmed the adverse health impacts of exposure to PM2.5.

Emissions inventory for trucks and off-road vehicles was also updated to reflect the impact of the recession and new information on activity.

I will now discuss how reduced emissions have resulted in an emission margin in meeting the state implementation plans that allows for economic relief.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER WHITE: As you heard last month, on- and off-road diesel emissions will be lower in 2014 than was anticipated, which is important, because 2014 is when reductions must be achieved for compliance with the PM2.5 federal air quality standard.

The lower emissions, due to the recession, and improvements to the inventory, means that we can achieve less reduction from these regulations and reduce the costs while still meeting our SIP obligation. This is particularly true in the near term.

I will now discuss the proposed amendments to all five rules.
ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: As you'll hear today, the amendments give fleets more time to comply and address special situations. The cost of the regulations would be reduced by more than 60 percent, and a majority of the cost savings occur in the next five years.

The proposed changes to the regulations were made while ensuring that near-term and long-term SIP goals continue to be met and localized health risk is reduced.

I will now describe the proposed amendments to the truck and bus regulation.

---

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The regulation has been substantially revised to give fleets more time to upgrade to newer engines while achieving early PM reductions from larger trucks through the use of PM filters.

---

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The first change staff is proposing addresses lighter trucks, which in general emit less than their heavier counterparts and are low expensive to replace. These types of trucks are circled in the photo and are commonly owned by small businesses, including local
contractors, moving companies, towing companies and local delivery businesses.

I'd also like to point out that on the slide in the upper-right corner is -- whatever regulation we're discussing, that's what will be in the upper right corner. So that way we know what the amendments are.

Staff is proposing to delay the initial requirements by four years until 2015 and to no longer require PM retrofits. Under this strategy, emission reductions would be achieved by replacing the oldest trucks with newer trucks that have the cleanest engines and are originally equipped with PM filters.

By 2023, these trucks would need to have 2010 model year or newer engines or equivalent emissions.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: While staff's proposal changes the way in which emission reductions are achieved from lighter trucks, heavier trucks are more costly to replace and the use of PM retrofits are a more feasible way in which to achieve near-term PM reduction. This is because heavier trucks have bigger engines, typically travel higher miles than lighter trucks, and represent a majority of the emissions.

PM retrofits are the lowest cost option to control PM exhaust emissions and also substantially reduce
diesel PM exposure risk along the freeways and at distribution centers where many of these trucks travel. The amended regulation would require newer, heavier trucks to be equipped with PM filters starting one year later than the existing regulation and would delay replacements for another two years until 2015.

The oldest trucks, which are not as economical to retrofit, would instead be replaced when 20 years old and would no longer be required to be retrofit. However, by 2023, all trucks would need to have 2010 model year or newer engines or equivalent emissions.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER WHITE: Other amendments are also being proposed to provide more flexibility and to encourage early actions. Staff is proposing a phase-in schedule to give more flexibility and would allow fleets to spread out required actions and costs over time.

Fleets effected by the recession that have fewer trucks than in the past would also have their compliance requirements further extended. For example, if the fleet is 50 percent smaller than it was in 2006, the fleet would have several more years to clean up their remaining trucks.

Greater credits are being proposed to encourage
 early PM reductions and to reward fleets that have already retrofitted vehicles with PM filters. These credits would also support the retrofit market.

The small fleet provision, which begins January 1, 2014, was changed to remove early replacement requirements and to require no more than one retrofit per year.

Agricultural fleets would be given another opportunity to apply for the agricultural vehicle exemption, and a provision for log trucks has been added with annual phase-in replacements that ensure steady cleanup of fleets.

Next I'll discuss what the proposed changes mean for fleets.

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER WHITE: As shown in the table, the initial PM filter requirements are proposed to be delayed by one year. There is also a significant reduction in the number of trucks that are required to be retrofit. These vehicles are now subject to replacement only. As a direct result, the number of businesses affected by the retrofit requirements is greatly reduced as well. Additional truck replacements are proposed to begin two years later, and trucks would be eight years old or more when replacement
is required.

Next I will describe the costs of the amended truck and bus regulation.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The proposed amendments provide significant cost savings for all fleets compared to the current regulation. Overall, the estimated cost of the amended truck and bus regulation in the next five years and for the life of the regulation would be reduced by about 60 percent, and the total cost of the regulation would be reduced by $3.3 million dollars.

Next I will show what individual fleets would have to do to comply with the existing rule compared to the proposed rule.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: This graph shows the number of early truck replacements and PM retrofits required to comply with the existing rule and the amended rule for an actual moving company. The company has a total of 14 trucks, seven are lighter trucks and seven are heavier trucks. As shown on the chart over the life of the regulation, the existing regulation requires eight early replacements and six PM retrofits. With the amended rule, the fleet would need to
replace only two trucks early and install two PM filters. At trucks would have 2010 model year engines by 2023. This fleet benefits from the additional economic relief provided to fleets that have downsized since 2006, since it has reduced its fleet size by 30 percent. This fleet's revenues have also been reduced by about 30 percent. The proposed amendments would lower the cost to comply with the regulation by 55 percent. On a percentage basis, the relief provided by the amendments exceeds the impact of the recession on this fleet. Staff made a similar comparison for an actual concrete company.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The concrete company has 18 trucks, all of which are heavier trucks. Seven other trucks have PM filters due to normal replacements, and the other eight trucks have more because of credits for having reduced the fleet size since 2006.

As shown on the chart, over the life of the regulation, the existing regulation requires the fleet to replace 12 trucks early and install eight PM retrofits at a cost about $440,000 above normal replacement costs. With the amended rule, the fleet would be expected to install seven retrofit PM filters and to
replace nine trucks early. All trucks would have 2010
model year engines by 2023.

This fleet benefits from the additional economic
relief provided to fleets that have downsized since 2006
since it has reduced its fleet size by over 30 percent.
This fleet's revenues have also been reduced by almost 40
percent. The proposed amendments would lower the cost to
comply with the regulation by about 50 percent.

Similar to the moving company example, on a
percentage basis, the relief provided by the amendments
exceeds the impact of the recession on this fleet.

More importantly, the amended regulation would
impose no cost for this fleet until the 2014 compliance
date.

Next, I'll summarize how school buses receive
similar economic relief, while continuing to minimize
exposure to children.

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: Staff is proposing similar relief to school buses
as trucks. However, you may recall there is one big
difference between the requirement for school buses and
other on-road vehicles. While we need to clean up school
buses, replacement is not required.

Keeping that in mind, staff is proposing the
following changes to provide relief, while still protecting the children in our state. Staff proposes to exempt the smaller school buses from the regulatory provision since these buses are newer and make up a small portion of the school bus population. Staff proposes a one-year delay in the start of the implementation of retrofit for the larger school buses, while maintaining the existing 2014 final compliance date for PM filters.

Lastly, staff proposes to add a 15-day change for school buses that will defer PM filters to 2014 for the most challenging buses, model years 1988 to 1993, while still achieving the same emission reductions. This change will provide additional time for the further development of technology that may provide additional compliance choices for the school bus operators.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: One option for school districts to meet these requirements is to install a diesel PM filter, the use of which will substantially reduce school children's exposure to toxic diesel PM. Thousands of retrofits have been installed on school buses throughout the state and have proven to be successful.

Recent data logging also shows that passive filters can now be installed on as many as 95 percent of
the remaining school buses. Retrofits are the least
expensive compliance option. $140,000 from the Lower
Emission School Bus Program can be used for the initial
purchase of retrofits for seven buses or to purchase one
replacement bus. Even when the lifetime costs of
retrofits are compared to the lifetime cost of a new bus,
retrofits are still three to five times cheaper.

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: Regarding funding, unlike the other vehicles
covered by this regulation, funding has been dedicated to
help school districts comply. In fact, once all pre-1977s
were replaced, funding could have been prioritized for PM
filters and nearly all of the 13,000 school buses eligible
for public incentive funds would be clean. The decision
to fund retrofits or replacement using lower emission
school bus funds rests with local districts.

Throughout the implementation of Lower Emission
School Bus Program, staff strongly encouraged the funding
of retrofits, even though local school districts preferred
replacements. In the end, many local agencies did not
maximize the use of available funds for retrofit, and
these decisions will result in 3300 non-compliant buses
remaining, even after additional federal and local funds
were also directed to fund school buses.
The cost of bringing those remaining buses into compliance is approximately $60 million. For many school districts, state, local, and federal funds are available to help.

And now, to conclude our discussion regarding the proposed truck and bus amendments, I'd like to talk about the proposed 15-day changes that are designed to address some of the remaining issues that have surfaced since staff's initial proposals were released in October.

---o0o---

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: Staff's proposed 15-day changes are shown in strike out and underline in your Board packets and also available on the table outside of the hearing room and will be posted on the website for the regulation.

In summary, staff is proposing to add credit for fleets that have purchased more new trucks than normal and for fleets that equip all of their vehicles with PM filters prior to 2014.

Staff is also proposing to delay by one year the compliance requirements for 2000 model year engines so that these vehicles remain eligible for incentive funding.

For vehicles operating exclusively within NOx exempt areas, staff is proposing a provision that will delay the compliance requirements for two years and would
exempt the vehicles from any replacement requirements once
the vehicle is equipped with a PM filter.

Staff is also proposing a two-year deferral for
construction trucks that operate less than 15,000 miles
per year. To assure emission benefits are preserved,
staff is proposing to require that 1996 and 1997 model
year engines meet PM BACT starting in 2012.

Now I'd like to describe amendments being
proposed to the drayage truck regulations.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The drayage trucking industry regulation reduces
local exposure to communities near ports and rail yards.
However, some motor carriers have begun using a practice
known as dray-off, which involves a cleaner complying
truck picking up a cargo container out of the port and
hauling it outside the port property to a nearby street or
staging area where a non-complying truck picks up the
container intact for transport to its destination, thereby
reducing the community health benefits expected from the
drayage truck regulation.

The changes to the drayage truck regulation would
eliminate the paths some drayage fleets began using early
this year to circumvent the public health benefit of the
rule and disadvantage their competitors who did invest in
cleaner trucks. Therefore, staff proposes to require PM
filters for all heavy tractors and all trucks handling
drayage cargo outside of ports and rail yards.

Staff's proposal will provide economic relief by
delaying modernization to newer engines from 2014 to 2020,
when all older drayage trucks will need to be phased out
with 2010 model year engine replacements like other
trucks.

Lastly, the proposed amendments to the drayage
truck regulation would keep the 2014 PM emission control
requirements, including Class 7 trucks.

Now I will summarize the changes we are proposing
for the tractor-trailer GHG regulation that applies to
tractor-trailer combinations or 53-foot or longer box-type
trailers.

--o0o--

ON-ROAD COMPLIANCE ASSISTANCE SECTION MANAGER

WHITE: The proposed amendments to the tractor-trailer GHG
regulation would provide additional flexibility for fleets
to meet the requirements of the regulation with minimal
impact on the GHG benefits initially approved consistent
with the requirements of AB 32.

The amendments would provide a second opportunity
for large fleets to apply for the optional compliance
schedule, while also maintaining a level playing field for
those large fleets that already registered.

Staff is proposing to extend the deadline for the
use of the fuel efficient tires by one to four years on
2010 and older model year tractors and trailers to allow
fleets time to use existing retreaded tires and allow the
U.S. EPA SmartWay Program time to develop standards for
the SmartWay retreads.

Other changes would delay compliance dates and
provide more flexibility in meeting the requirements.

This concludes the amendments regarding trucks.

Now Elizabeth will discuss the changes being
proposed for the off-road regulations.

MS. YURA: Thank you, Beth.

While the economic downturn has had a serious
impact on the trucking industry, its impact on the
construction industry has been greater. Construction
activity has decreased by more than 50 percent since 2005.
This lowered activity, coupled with a revised emissions
inventory, together shows much lower emissions from
off-road vehicles than originally estimated. Therefore,
staff is proposing regulatory amendments that balance
economic relief, especially in the near term, while still
obtaining emission reductions critical to the health of
all within the state.

The following slides describe staff's proposal to
amend the off-road and LSI regulations. I'll begin with
the proposed amendments to the off-road regulation.

MS. YURA: First, staff is proposing to delay the
regulation start date for all fleets by four years, which
would result in significant near-term economic relief for
off-road fleets. With this proposed delay, large fleets
would have more time, until 2014, before compliance
actions would be required. As with the current
regulation, medium and small fleets are given even more
time until the initial start date.

MS. YURA: Staff is also proposing to simplify
and reduce the annual requirements of the off-road
regulation so that each compliance year a fleet would only
have to meet a single emissions target. The annual BACT
requirements would be reduced from a 28 percent turnover
and retrofitting requirement to a combined 4.8 to ten
percent turnover or retrofitting requirement. This means
that a fleet would have both lowered BACT requirements and
more flexibility to choose between turnover and
retrofitting to meet compliance.

Additionally, staff is proposing to raise the
low-use threshold from the 100 hours to 200 hours per
year. This will exempt an additional ten to 12 percent of
the least used vehicles, resulting in overall lower compliance costs.

---o0o--

MS. YURA: To further simplify the regulation, staff is also proposing an optional simplified compliance path for the smallest fleets in the state. For an owner-operator or owner with only a handful of vehicles, there are requirements to calculate emissions averages, targets, and BACT percentages to determine compliance options can be complicated.

Therefore, staff is proposing an optional compliance path which provides a schedule to phase out the oldest vehicle from these smallest fleets. This provides a very clear and simple path for the fleet to follow and also does not require any mandatory retrofitting.

---o0o--

MS. YURA: Because of the proposed delays and reductions in compliance requirements, staff wanted to make sure that progress towards cleaner vehicles is made during this interim period. Therefore, staff is proposing to extend double credit for the early installation of PM filters, which had expired for some fleets, up to the year before compliance is required for each fleet size.

Additionally, for fleets that are still downsizing due to the economy, staff is proposing to offer
credits for these fleets that reduce their total fleet horsepower from 2010 to 2011. The new credit would be in addition to the reduced horsepower credits a fleet may have previously received for reducing their fleet between 2006 and 2010.

Also staff would like to recognize those proactive fleets who met at the first large fleet compliance requirements by March 1st, 2010, and is proposing to exempt these large fleets from their first compliance date of 2014.

MS. YURA: In summary, staff's proposed changes would delay the regulation start date, make retrofits optional, limit the numbers of actions needed for compliance both overall and in the next five years, and also strengthen the long-term requirement to use the cleanest Tier 4 engines.

And now I'd like to discuss how these amendments have reduced the economic impacts of the off-road regulation.

MS. YURA: As you can see from the slide, the proposed amendments provide significant cost savings compared to the current regulation. The estimated cost of the amended off-road regulation in the next five years
would be about 97 percent lower, and peak year costs which
would now occur in 2019 would be reduced by more than 70
percent. Overall, costs for the proposed amended
regulation over the next 20 years would be reduced by $1.5
billion, which is 70 percent reduction.

--o0o--

MS. YURA: In addition to the amendments already
discussed, staff is also proposing a few 15-day changes
for off-road vehicles.

First, staff is proposing to pull in both engines
from all two-engine vehicles, except for two engines
on-road sweepers into the off-road regulation. Several
types of two-engine vehicles have already been
incorporated into the off-road regulation. So for
consistency, staff is now proposing to bring in the
remaining two engine vehicles.

Second, staff is proposing a modified version of
what has been referred to as the bubble concept.
Throughout the development of the truck and bus and
off-road regulations, many fleets have had concerns about
having vehicles in several of ARB regulations and have
supported an idea to allow the trading of credits between
these regulations.

Staff's proposal will incorporate into the
off-road and truck and bus regulation a compliance path
that would allow on-road and off-road vehicles that have
been retrofitted to count towards the compliance
requirements of either regulation for a specified period
of time, so long as the actions taken under this option do
not result in a loss of emission benefits in any given
year.

MS. YURA: Although the discussion thus far has
focused on reductions from diesel vehicles, I'd like to
conclude our discussion of the regulations being amended
here today by briefly touching on the proposed amendments
to the large spark ignition, or LSI, fleet requirements
regulation.

The LSI fleet regulation was adopted in 2006 and
applies to large spark ignition engine forklifts, tow
tractors, sweepers, scrubbers, and airport ground support
equipment throughout the state. Because many operators
have fully implemented the fleet average emission level
requirements, staff is proposing only a limited number of
provisions as shown here, which broaden or extend the
existing relief provisions for forklift and other LSI
fleet owners.

MS. YURA: Now that I've discussed staff's
proposal, I'd like to turn to the environmental impacts of
the proposed regulations.

MS. YURA: Overall, staff estimates that 3900 premature deaths would be avoided by the implementation of the amended regulations as well as substantial reductions in localized risk. In addition to achieving significant health benefits, the proposed amended regulations would also continue to provide significant emission reductions that are necessary to meet California's SIP obligation and the goals of the Diesel Risk Reduction Plan.

MS. YURA: The red line shows the emissions estimated without the recession, which represents what the Board expected when the regulations were adopted. The blue line represents the emissions that we expect to see now with the recession and the proposed amendments. The yellow shaded area shows the emission reductions resulting from the recession. The blue shaded area shows the result of the amendments, to provide flexibility to the on- and off-road regulation. As you can see, the blue area is equivalent to the yellow area. The cumulative emissions of the proposed regulations with the recession are the same as were
expected for the regulation as initially approved. The economic relief provided to fleets result in a $3.3 billion savings over the life of the regulation.

Next, I will summarize how the amended regulations meet the SIP targets.

--o0o--

MS. YURA: In the 2007 SIPS, ARB committed to achieve a defined level of emissions into the air by 2014 across all of the sources for which ARB has regulatory responsibility. To meet this commitment, the Board has adopted new rules covering oceangoing vessels, harbor craft, transportation refrigeration units, and consumer products and more. These new rules, together with the ongoing benefits of the existing controls, are designed to meet the SIP emissions targets. Trucks and off-road vehicles are the remaining two most important rules in that SIP strategy.

Because truck, bus, and off-road emissions are lowered than forecast in the SIP, there is an emissions margin for economic relief in 2014. In the South Coast, that margin is estimated to be 62 tons and in the San Joaquin Valley it is 40 tons. Both are in terms of NOx. The proposed amendments would meet the SIP targets for both South Coast and San Joaquin. In the South Coast, the proposal brings down the margin to five
tons. In the San Joaquin Valley, the proposal just meets the SIP targets and the remaining margin is zero.

As a result, staff believes that the adoption of these amendments for the remaining most critical SIP measures will enable the U.S. EPA to make a positive finding on our SIPS.

--o0o--

MS. YURA: With these amended regulations, California continues to remain on track in our efforts to clean up diesel engines. When the Board approved the most recent SIP and the Diesel Risk Reduction Plan, significant emission reductions from existing diesel engines were important elements. To date, staff has implemented both reformulated ultra-low sulfur diesel fuel standards and the cleanest new heavy-duty diesel engine standards in the world.

We continue to also implement many in-use diesel fleet rules targeting buses, trash trucks, cargo handling equipment, and more.

The on-road and off-road regulations represent two of the largest remaining pieces in this program and continue the progress towards meeting the Board's air quality goals. California continues to provide one of the largest diesel incentive programs in the country, and utilizes enforcement to ensure a level playing field.
Next, I will discuss funding opportunities.

--o0o--

MS. YURA: Overall, while not sufficient to cover all of the costs associated with the regulations, significant incentive funding remains available to fleets to take early actions to reduce emissions and more funding is anticipated in the future.

This table shows funding amounts that have already been allocated to on-road and off-road projects in the past two years and funding levels that are expected for new projects over the next two years. The specific future funding amounts will depend on bond sales and other state revenues. For example, the six air districts administering truck grants under the Prop. 1B Goods Movement Program will be launching a coordinated solicitation for $112 million in existing funding in early 2011, with up to $300 million in supplemental truck funding possible through new bond sales over the next two years.

Finally, local and federal funds also continue to be available. For example, local air districts receive approximately $70 million annually from motor vehicle registration fees that can be used for emission reduction projects.

The proposed amendments to both the on-road and
off-road regulations will expand eligibility in ARB's portfolio incentive programs for many fleets. Changes to these funding programs are scheduled for early next year to conform to revised regulatory deadlines and expand funding opportunities.

Next I will discuss recent studies that have confirmed the localized emissions benefits of California's diesel program.

---o0o--

MS. YURA: A recent ARB study focused on the port truck cleanup in Los Angeles and Long Beach, comparing emissions between July of 2007 and July of 2010. This study evaluated the change in emissions and found that localized exposures were reduced by a factor of two.

Another recent independent study in West Oakland measured port truck emissions from November 2009 to June 2010 and found that diesel PM emissions were down about 50 percent and NOx emissions were down about 40 percent.

It is also notable that this port truck cleanup has occurred rapidly, in less than two years. In fact, similar reductions for heavy-duty trucks at other Bay Area locations took nine years to achieve.

While these near-term successes are important, California must continue its progress towards reducing emissions from diesel engines so that we can meet our
long-term emission reductions goals.

And now I will provide staff's closing remarks and recommendation to the Board.

---o0o--

MS. YURA: In conclusion, the proposed regulations will provide economic relief and cost savings, while providing important emission reductions and public health benefits, thereby achieving the Board's goals.

Staff recommends that the Board approve the proposed amendments to all five regulations along with the corresponding 15-day changes.

This concludes our presentation. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Any concluding remarks? No.

EXECUTIVE OFFICER GOLDSTENE: I want to make it clear we have five different rules here. We're ready to take any questions that the Board has.

CHAIRPERSON NICHOLS: Okay. Are there any questions before we hear from witnesses? All right.

Then we'll begin with our list. I'm sure there are many. I just have the first batch here. We'll get started. So we'll call you a few at a time and hopefully you'll be ready to come forward.

Richard Coyle, Michael Rea, Corey Wardlaw.

Mr. COYLE: Thank you. Good morning. I'm here
to speak specifically to the drayage truck -- the proposed
drayage truck regulation changes.

My name is Richard Coyle. I'm President of
Devine Intermodal, which is a drayage trucking company
here in the Central Valley specializing in serving
California's ports.

While we support closing the loopholes in the
current reg, which address the dray-offs and the Class 7
trucks, we strong oppose any loosening or softening of the
port drayage truck retirement timetable. Relaxing the
regs now well into implementation would be more than
unfair to companies like ours. It would be downright
punitive. Close the loopholes, yes, but please don't mess
with the drayage truck retirement timetables.

For years, our industry debated with CARB the
implementation of truck retirement schedules. And once
those regs were finally set, our company accepted them and
embarked on an investment strategy for retiring our
dirtiest trucks. We analyzed our fleet and we worked
through decisions of whether or not to retrofit or to buy
new. And the most prudent long-term strategy was to
replace, not retrofit much of our fleet.

Accomplishing this in a softening economy with
tight credit became a Herculean effort for ourselves. It
has been enormously expensive and more draining of our
resources than we imagined. Yet, we stuck by the strategy
knowing it would prove to be the most prudent and
profitable decision.

Now, CARB staff is suggesting softening these
regs. I believe that they believe they're doing our
industry a favor by loosening these rules. But they're
not. This change would punish our company and companies
like ours who invested in new and clean trucks with the
anticipation we would finally get a return in 2014. This
chart shows more dramatically what we are looking at.
2014 is the date that we anticipated trucks -- the great
majority of trucks being retired. So we chose to purchase
new, knowing that our new trucks would get us out to 2020.
It's very dramatic now the relief that's being
offered to some of our competitors and going to be
extremely detrimental to our company.

So I'd like you to take that into consideration.

Thank you very much.

CHAIRPERSON NICHOLS: Did you say where your
business is located?

MR. COYLE: We're headquarters here in Sacramento
with terminals in Stockton and Fresno.

CHAIRPERSON NICHOLS: Okay. Thank you.

Michael Rea.

MR. REA: Thank you very much.
My name is Michael Ray. I'm the Governmental Relations Chairperson for the California Association of School Transportation Officials.

We've always valued our relationship with the Air Board, and we care deeply about children's health and safety, just as you do. We appreciate our cooperative efforts over the years to fund bus replacements and exhaust retrofits. As you know, school transportation has been an active, aggressive, and involved partner in this effort over the years.

We also appreciate the considerable efforts that the staff has made to meet with us over the past few months and to understand our issues.

Although these amendments do delay the rules for school transportation, they're still overly burdensome on school transportation. As you know, school transportation has been poorly funded. Before the economic downturn, school transportation received only about 45 percent of what it took to operate school buses in California. The remaining amount the State required us to take out of our school district general funds, more impacting the classroom.

In last couple of years, the State has further reduced our funding by 20 percent. So now the State funding only covers about 35 percent of what it takes to
operate school transportation in California. All over the
state of California, the impact of that is that school
districts are making decisions to severely reduce,
restrict, or eliminate school transportation.

Because of that, students are not riding on
school buses. They're being left out on the streets. And
more than likely, it's the most socioeconomic or
disadvantaged students that are affected by this.

We really request -- respectfully request that
the Board delay the implementation of these rules all
together for school transportation until funding is
available for us to be able to afford bus replacements --
fully funded bus replacements and trap replacements.

Thank you very much for your time.

CHAIRPERSON NICHOLS: Thank you.

Corey Wardlaw, and then Carl Dolk, Roger Isom,
and Jim Jacobs.

MR. WARDLAW: Good morning.

From what I'm gathering from the agenda, we are
here today because the economy is in the tank. And
emissions are lower than thought.

I'm thankful that the Air Resources Board is
recognizing these conditions, and I encourage the members
to approve proposed amendments. But I would also like
some more consideration for owner-operators like myself.
I have one truck. I'm due to replace it by -- particulate filter by 2014. And in these economic times, I don't have the money. And I don't foresee the money being available within a couple of years to what I would do would be buy a new truck. That way, I would meet all the proposals to the rule.

But I have money for a down payment. I work in the construction industry as a transfer dump truck. My business is way off. I wouldn't have money for -- until the economy picks back up to 2004/2005 levels, I don't foresee having the money for a monthly truck payment.

The additional costs of particulate filter maintenance, the SCR, units or having extra money to pay for higher fuel costs because smog engines get less fuel economy than mine does now.

So with that, with those things in mind, I would like additional time or additional flexibility within the rules.

Thank you.

CHAIRPERSON NICHOLS: Yes. Do you have a question?

BOARD MEMBER BERG: One truck, just for clarification. What's the date for one single vehicle to the first date that they have to do something with that?

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF
BRASIL: It's January 1, 2014, would be the first compliance date for a fleet with three or four trucks.

MR. WARDLAW: About a year ago, you asked me when could I afford to do this. And I said half jokingly then see me in a couple years.

CHAIRPERSON NICHOLS: I remember that.

MR. WARDLAW: Now my answer would be two years.

But that's when the economy gets back to 2004/2005 levels when I can save up the money for a down payment when I think I can make monthly payments and, you know, the higher costs of running a new truck.

CHAIRPERSON NICHOLS: Right.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: Let me add in our Carl Moyer Program, there is funding available for -- not fully funded, but there is money available for retrofits as well. So there are opportunities through that program to help offset some of the retrofit costs associated with that compliance date.

MR. WARDLAW: The way I understand it, I have a 2000 model year engine in my 1993, so I would have to put this another engine plus a -- no?

CHAIRPERSON NICHOLS: I don't think so.

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF BRASIL: The PM filter on any truck would be compliant
until 2020 at least

MR. WARDLAW: Is that a new change?

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF BRASIL: That is a fundamental change of the proposal.

MR. WARDLAW: Okay.

CHAIRPERSON NICHOLS: Maybe it's a little better than you thought.

MR. WARDLAW: That's half the cost. But still money and being able to afford it, you know, to run it afterward.

CHAIRPERSON NICHOLS: Would be a good idea though probably if we could make sure that people get that information, because it sounds like it's not quite as clear as it should be to people who are going to have to comply.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: We have some staff on that program who will touch base with them in just a moment.

CHAIRPERSON NICHOLS: Thank you for coming.

Appreciate it.

Carl Dolk.

MR. DOLK: Good morning.

My name is Carl Dolk, and I'm the Controller for Devine Intermodal. Devine is a trucking company based in
West Sacramento. We move freight to and from the port of Oakland to shippers throughout California and Northern Nevada.

We support the proposed changes to the drayage truck regulation, with the exception of the amendment to eliminate the 2014 Phase 2 requirement. The 2014 Phase 2 requirement mandates that drayage trucks use 2007 or newer standard engines by 2014. The staff proposed elimination of the 2014 Phase 2 requirement would permit a 1994 to 2000 model year diesel engine to operate for an additional six years, up to the year 2020.

Three years ago, this Board set a priority. The priority was for drayage trucks to comply with the new regulation to reduce emissions at California ports and intermodal facilitates. This information was needed because your data showed that communities that surround ports and intermodal facilitates are more heavily impacted from emissions which contribute to asthma, cancer, and premature deaths. This was a good rule three years ago and it's a good rule now.

Maintaining the 2014 Phase 2 requirement is critical to meeting two of the major goals identified by the ARB which are: Providing safer, cleaner air to all Californians, and protecting the public from concentrated exposure to air contaminants.
The staff seems to want to reverse course. Why?

One objective stated by them is, as you have heard, to provide flexibility to ease the burden of compliance and consideration of the current economic climate.

There is no dispute that the current rules are more burdensome. But it is a burden that can't be managed. For those residents who live near ports and rail facilitates, the burden of exposure to toxic air is more serious than the burden on industry. We don't dispute the impact the recession has had on vehicle activity and emissions from heavy-duty diesel trucks. But it is wrong to infer that today's economy will be the economy that will exist in 2014 and beyond. The staff's crystal ball is no better than yours or mine.

The voters of California want clean air. The defeat of Proposition 23 made this clear. For the benefit of all Californians, we respectfully appeal to the Board to keep the 2014 Phase 2 requirements. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Roger Isom and then Jim Jacobs and Craig Parker.

MR. ISOM: Good morning, members of the Board.

My name is Roger Isom with California Cotton Ginners and Growers Association and Western Agricultural Processors Association.

Just one point of clarification up there on your
screen. Might want to add a little something that says in favor. My members saw me up in here favor of this rule, I wouldn't have a job tomorrow. I'm in favor of the changes and want to make sure that point is very clear.

CHAIRPERSON NICHOLS: We thought you'd changed sides.

MR. ISOM: Not yet.

But in all seriousness, the staff has worked with us very well to try to address our concerns. We are in support of these changes, the clarifications they made to the agricultural provision, the changes they made to address the trucks that aren't subject to the ag provisions, and the majority of trucks used in our industry are not subject to the ag provision. That only addresses a small percentage. So these delays, these extra time allows us to address that. And so we support that.

And I'll just finish with one comment that I made two years ago when the Board adopted this rule, and that's the key is incentives. And we need your help, whether it's helping try to get these bonds done or actual help in lobbying back in D.C. like the effort we have currently underway with DERA trying to get that thing fully funded once and for all. Trying to get additional funds in the next round of the farm bill.
And I think that's just a perfect example of how incentive programs can work. As I reported two years ago here, we started with farm bill funding on the tractor rule, which you guys haven't developed yet, but will be next month you'll start on that. And I reported then that we already got two tons of reductions on a program that you guys asked five to ten tons. I am happy to report today we are closer to six tons already. And with the funding that we have coming this next year, we're going to have on target eleven tons of reductions before you guys ever adopt the rule.

Incentives work. Incentives help us. And that's where we really need to spent a lot of effort. And I encourage you guys to adopt these changes today, but also make the extra effort to help us get more incentives.

CHAIRPERSON NICHOLS: Thank you very much.

Might just comment, by the way, I think these columns are pretty arbitrary. Often times, you wonder why an X got put where it did. Maybe it helps show there is some balance anyway.

Yes, DeeDee.

BOARD MEMBER D'ADAMO: Roger, don't go too far.

CHAIRPERSON NICHOLS: There was a question for you. Could you come back?

BOARD MEMBER D'ADAMO: I'm glad you brought up
the issue of incentives. And I had some questions anyway on the SIP targets on slide 35. And I know that a lot has been done, and I'll sign up for continued work on federal funds and farm bill and all that.

But just wondering if staff could put some perspective on this issue of the margin in the San Joaquin Valley. I know that there are going to be a number of witnesses today that will be talking about that.

So Roger, since you've been so involved in the incentive issue, I thought this might be a good opportunity to hear a little bit more about those programs and whether or not they were accounted for in the evaluation of the margin.

DEPUTY EXECUTIVE OFFICER TERRY: I'll step in on that one.

In terms of the margin, the planning staff worked with the rules staff to look at the effect of the combined categories of the on- and off-road. So it does not include the agricultural equipment category. So these tons that Roger referenced are surplus to the SIP and would be additional tons that are being achieved early and are not accounted for in this margin.

BOARD MEMBER D'ADAMO: Well, that's terrific. So the margin would then just compare to where we were with these rules before as compared to what's proposed, not any
additional programs that are out there.

DEPUTY EXECUTIVE OFFICER TERRY: Right. When we constructed the SIP, it's a commitment in aggregate for emission reductions. But for this analysis, we looked narrowly at what we expected to get from these two combined categories, and this proposal just hits the mark in the valley.

CHAIRPERSON NICHOLS: Okay. Thank you.

Before we take our next witness, I'm going to ask the indulgence of the audience. We do normally make an exception to our rule that we call people in the order they signed up if we have elected officials, particularly members of the Legislature, who take the time and trouble to come and speak to us. So this morning we're pleased to welcome Senator Doug LaMalfa.

Mr. LaMalfa, are you here?

SENATOR LA MALFA: Good morning. Thank you, Madam Chairman and members of the Commission.

I appreciate your allowing me to work in here on a very busy day. I know you've had much to do here. And the task isn't easy and often very controversial, as we've noticed.

So I'll rather just keep it brief here. I know you're trying to work out solutions here.

Where I come from, I'm a farmer in my real life
up in northern California here in addition to the world I work in now here in Sacramento once again. And so my constituents, of course, have very grave concerns with how this will affect their livelihoods. So the voters of California are interested in clean air. They are also interested in having jobs in an economy. And the direction this Board I hope can go will be able to pause and take into account what the best solutions really are in a practical way, especially for rural California where the air attainment zones are doing better. I know the issues down in the valley are more acute. But we are doing pretty good up in the north and much of rural California.

So when we look at the plan -- and I know you're working on amendments right now. As we move forward, that we can take into account some areas are doing better than others and some areas don't need nearly the focus. And so as dollars are allocated, whether that's through Carl Moyer or other methods, let's put these efforts where it's really needed. But let the folks that are doing well have a little more of a time line.

So one of the things I'm talking about is that people with fleets that need updating, let's let the process work through normal attrition. My own farm, for example, we've purchased newer trucks for us in the last
couple years that have brought us quite a bit into the
direction you would like to see us go. We're running
cleaner trucks than the 70s models we've had in the past.
So we are achieving right there just with normal attrition
90 percent increases in efficiency in those trucks for the
low mileage that we use in agriculture. Applying that
model to all across the industry, the long haul people
that use them up fairly quickly, trade them off, the
medium line people and the mom and pops as these move down
the steps, we're achieving air quality improvements
dramatically just through that transition.

And this is then affordable. I can afford to
upgrade my trucks one generation from a 70s model to a 90s
model. So can the mom and pops and the medium ones, but
they can't all just jump from 1970 to 2012.

And I appreciate that you've worked that way with
the ag exemption, but more folks out there need this kind
of relief. And so as you consider these amendments and
other policies as you push forward, please really take a
look at what that means. Because I have to be truthful
with you. Folks out here in the field they feel like
maybe they've been heard a little bit, but not listened
to. They're very frustrated and wondering how they're
going to make this work for them. A guy hauling hay from
the valley up in the far north part of the state, he can't
go out and buy a 2012 truck or 2009 truck. It doesn't add up for them.

All manner of truckers, especially in the mom and pops, they can't afford to put on technology that does not work for them. We are even seeing it with the newer rigs. Brand-new ones, they're having to get many times major repairs because the retrofit equipment or the new equipment they're putting on is not working for them. In that same situation, you're seeing an additional three to four to even eleven percent lower fuel mileage. So we're talking about reducing the particular. Now we're increasing the CO2 for technology that is not here yet. We have major engine manufacturers that are dropping out of the California market. We need to allow them time to catch up.

I go back to the mandate CARB had I think in 1990 or so to have the certain amount of cars sold in California be zero emission vehicles. And so the big three at the time had to spend much effort trying to make battery powered cars work at the time battery technology was nowhere near accommodating a real life automobile that people would drive. So that mandate finally after about a decade had to be relieved, because there was no such thing as a zero emission car that was a practical thing somebody would buy.
So it isn't always because of mandates that are made by governments that is going to drive technology to come out of thin air. We still don't have battery technology that truly works for the average driver. It's okay for commuters or in town, but if we apply the same logic thinking, it's forcing a mandate upon an industry to develop technology that doesn't meet the goal, we're not necessarily going to see that. We're seeing major engine manufacturers not wanting to be in California applying the needs.

So let's take a little longer term look at this and find practical solutions that -- I know the people involved here. They want to help. They want to come forward. They want to be part of a solution here. But when they feel it's so hopeless they can't afford it that -- please help me to help you to get them that hope.

CHAIRPERSON NICHOLS: I appreciate very much your taking the time to come over and to join us. I would like to also make the offer. I think I could speak on behalf of all these people down in front here that if you ever see an opportunity for my staff to sit down with some of your constituents, the ones who would like more information or feel like they need to have more direct input, we would like to make our technical folks available as well.
We have a pretty good track record. The electric vehicles are back in full force now. The program might not have come on in time that we originally hoped it would, but we're going to have a wonderful success with zero emission vehicles.

SENATOR LA MALFA: I bring that example up is that at the time it wasn't ready. And so the big three were kind of forced to go down this rabbit trail for a while when they knew it wasn't going to happen. They could have been spending effort towards ultra low or other types of zero emissions. Maybe we would have been three years further along in the ultra low technology. When we do things in Sacramento, it doesn't always happen in a vacuum.

CHAIRPERSON NICHOLS: That is for sure. Anyway, we appreciate --

SENATOR LA MALFA: I appreciate the chance to host forums like this up in our area and just have that real dialogue that I think people feel like they're being heard and have that real input.

I see some positives happening here today that folks feel like they're getting amendments that are going to happen. So I think it really helps the reputation of all of us here in Sacramento. I venture to say in some quarters maybe only folks with lower approval ratings than
the Legislature and I might be -- I'm just saying.

CHAIRPERSON NICHOLS: I don't know how to compete with you.

SENATOR LA MALFA: Nobody wants to compete with us. Thank you very much.

CHAIRPERSON NICHOLS: Thank you. All right.

Jim Jacobs.

MR. JACOBS: Good morning, Madam Chair and Board members.

I'm here today to use a minute of your time. I know you had a really long day yesterday -- to let you know as far as the off-road rule goes, we support staff. I want to thank them for their work on it.

That being said, we do have one issue with satisfy. We certainly don't want a rule designed to prevent premature deaths and clean up our air to cause more. When the time comes, we'll take that up with OSHA.

But in the mean time, thank you for your work.

And everybody have a safe holiday. It's bad weather today.

CHAIRPERSON NICHOLS: Thank you.

Craig Parker and then Martin Lassen and Paul Moore.

MR. PARKER: Good morning, Chairman Nichols and Board members. Thank you for the opportunity to speak to
My name is Craig Parker. I'm Director of Environmental Services with Cal Energy Operating Corporation. Cal Energy is an independent power producer currently operating about 349 megawatts of geothermal energy in California's Imperial Valley. We have a planned addition of 150 megawatts undergoing certification by the California Energy Commission.

Cal Energy supports the staff proposal for the truck and bus rule, for the off-road rule, the large spark ignition rule. In this last month, we received our first new truck. We also are retrofitting engine and particulate matter filter.

It's interesting, our local ARB has asked us about the effectiveness. It sounds like there may have been some potential issues there. But we'll look forward to working through that.

We appreciate the additional time to use this equipment and see how it impacts. And we want to thank the staff for their workshops coming down to El Centro. I know that's been a long travel. You're welcome any time. We'd like to show you our facilitates, hold stakeholder meetings, and the responsiveness of the staff and the Board to changes. So thank you very much. Appreciate your support.
CHAIRPERSON NICHOLS: Thank you.
Mr. Lassen and Paul Moore and Ed Duffek.

MR. MOORE: Good morning. My name is Paul Moore with CalPortland. CalPortland is a manufacturer of construction materials, and we operate -- we own about 300 ready-mix trucks in the California area, but only operate about half of those due to the downturn in the economy.
Although the downturn in the general economy of California has been very bad, construction industry specifically has been extremely hit hard.

I've installed or had installed 24 retrofits on ready-mix trucks at initial cost of $497,000. That's a lot of money in this economy right now when we are doing all we can just to keep the doors open. I say initial cost, because the ongoing cost of limited operating hours of those trucks is going to be continuous. The trucks that used to be able to operate 14, 15 hours a day can now only operate about 11 hours a day because the diesel particulate filters have to be regenerated and therefore have to park that truck and bring out another truck out of the fleet to continue our business.

I just believe that more time is needed not only for the economy to improve, but the technology of the diesel particulate filters to improve as well.

I'd like to thank the staff of CARB for working
with our industry as well as all the other industries. A lot of time and effort that was put into coming up with the amendments. And I just want to say I believe the amendments will be good for all Californians in the long run because we'll have better technology and hopefully better economy to work with.

Thank you.

CHAIRPERSON NICHOLS: Ed Duffek, Robert Hassebrock, Doug Van Allen.

MR. LASSEN: Good morning, Chairman Nichols and members of the Board.

My name is Martin Lassen, and I'm representing Johnson Matthey today.

CHAIRPERSON NICHOLS: I'm sorry. Yes, you are Martin Lassen. I apologize if we took you out of order. Go ahead.

MR. LASSEN: Johnson Matthey is a technology company for emission control, and we've been supplying technology for over 30 years. We've got a major market share for 2007 on-road from EPA with particulate filters in 2010 which includes filters plus SCR.

We are also heavily involved in the retrofit market here in California. In 2000, ARB essentially invited Johnson Matthey and our industry to come here to California and essentially develop, verify, and
commercialize technology for the Diesel Risk Reduction Plan. We came to California. We've spent millions of dollars developing technology and verifying, some cases re-verifying, and commercializing technology. That was based on our business plan, which essentially came off of a market that, in essence, was proposed and promised based on your rules.

Today, there are more than 21 verified systems out there, some of them mine. We are also in process verifying combined NOx PM systems, which can take advantage of your rule by meeting 2007 emission standards and allowing engines or vehicles to be operated until 2023.

Now due to the reduced activity because of the economy, we do agree that relief is necessary. In fact, Johnson Matthey, our business has been effected. And quite honestly, just the specter of the changes in the rule has already started to really slow down the number of retrofits being done here in California.

You guys had recommended the staff to look at economic relief for industry. I guess regulated industry was what people had in mind. But our industry has also felt the impact of the recession and such. And we would ask that the Board consider directing staff who we've had conversations with already to look at some measures for
economic relief for our industry as well.
Our VDEX products are sold here in California through distribution, through California companies. We market. We sell. We install. And we essentially maintain these systems through California green jobs. The changes to the rules really will impact the number of jobs that can be foreign.
So with that, I will say thank you.
CHAIRPERSON NICHOLS: Thank you very much. We appreciate all you have contributed to the success of the retrofit programs over the years.
Ed Duffek.
MR. DUFFEK: Thank you, ARB members, for allowing me to speak.
My name is Ed Duffek. My wife and I now retired live in a small foothills town. I have a Ph.D. in physical chemistry.
Recently, I attended a CARB talk given where we were told we are living in a pollution hot spot. And I quote, we are living in a "pollution hot spot, one of the worst in the U.S." We got a real guilt trip on that one laid on us.
I'm not alone in my concern about this intimidation. I belong to a group of like-minded experts and scientists in the Nor Cal Tea Party where our purpose
is to explore untruthful statements.

I'm afraid that the gross costly air committed by
the MTBE, well water contamination that went on for years
and years, and the fraudulent PM2.5 report resulting in
millions of dollars of fines will be repeated today.

Because of this, businesses will close. By the
way, these fines that were imposed on these eleven
companies back in March have not been returned, over
millions of dollars.

As a California resident, the senior resident by
the way, forever 50 years, I have seen the lifestyle
enjoyment disappear completely.

Please consider the decisions you make today
carefully. I don't want to become leakage.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Mr. Hassebrock and then Doug Van Allen and Kevin
Brown.

MR. HASSEBROCK: Hello, Madam Chair, members of
the Board, staff.

I want to start off with thanking staff. They
pounded the miles out and a lot of work has gone into the
changes. And while I don't support the rule, I agree with
the gentleman in regards to the question of whether or not
we are doing greater harm to people's lives and choices
due to the economic impact, hardships, choices they make in life whether it's diet, seeking medical care, et cetera, and increasing morality, et cetera. I think the rule is poorly considered, but the amendments are well done. I have a couple exceptions I'd like to suggest.

One of the major things first off on the early replacement credit, we asked for and still haven't seen yet where just a straight without any letters VDEX or if I were to buy this truck now and asked for a credit versus waiting until the deadline, can I get a credit for that. That's not the rule. And we would perhaps, our company, makes some decisions to make some choices to just buy new trucks and start those into the rule. As I read the rule I don't see that's in there. I can put a retrofit on. I can buy a new engine. I don't want to put a new engine in an old truck. I want to buy a new truck. And if I'm wrong, you can correct me on that.

Secondly, on the body built trucks, where we have a truck that is upwards of ten times the amount of the cost, 1.3, $1.4 million when we have to put these in the cycle for change, the cost structure you have for justification just doesn't work on these units, these body built units.

And I would like to suggest that -- I'm not suggesting we exempt these units. I am saying perhaps a
25-year rule versus 20 for anything with the body built that we've taken. And you can't put a retrofit on it. There is no place. You can't have any weight. So it's a replacement anyway.

So if we could maybe slide those 25 year versus a 20-year replacement cycle and no retrofit requirement, we'll let that go.

We'd also like to suggest that this retrofit thing -- I would like to ask we just go to a 20-year slide on everything and no retrofit in there at all. Let's just have a 20-year slide and buy new trucks and get them on the roads.

I do want to offer my support for the amendments -- proposed amendments and changes. In particular, I'd like to thank the staff for the ideas on the light duty exclusion, no retrofit on the light duties, and the expansion of the low use vehicles.

So that's it for me. Thanks.

CHAIRPERSON NICHOLS: Okay. Would the staff comment on the question?

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF BRASIL: With respect to the credit for buying the newer engine, we have introduced that as part of the 15-day changes. Fleet has newer vehicles than it otherwise did in the past, they would be able to treat another vehicle
as it's 2017 like the early retrofit credit.

CHAIRPERSON NICHOLS: He doesn't have to put a new engine in the old truck. He could get credit for a new truck.

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF BRASIL: Anything 2007 and newer.

With respect to the body load trucks and the regulation, we do specify that any truck with the filter would comply until at least 2020, regardless of model year and would not be subject to replacement.

And if it's a '96 model year newer, the filter will not work. They can wait until 2018 until replacement of the engine would be required. There's some time built into the way the rule is structured.

CHAIRPERSON NICHOLS: Thank you.

Doug Van Allen, Kevin Brown, Joe Kubsh.

MR. VAN ALLEN: Good morning, Madam Chair, Board, staff.

My name is Doug Van Allen. I've been representing BJ Services for over 15 years working on different CARB regulations.

This year, I come to you representing Baker Hughes. We were purchased by Baker Hughes this year. So we're now a division of Baker Hughes.

Like to thank the staff for changes on these
rules. I support the changes that we have. Still not
sure about the science that we did them. But I do support
the changes that we have on there.

BJ Services would like to ask for one additional
change in there as far as the body load trucks where we
have the 20-year span for life span for a truck. On the
body load trucks, a lot of times just switching the body
and putting the stuff on the back of the truck costs about
ten times the cost of the initial truck. So we'd like to
see that we could get another five year running time out
of the body load, instead of 20 years, so we can have a
chance to recoup our investment costs on that. Normally,
in the past, we've run about 30 years. So five is cutting
back some already. Ten year cut back makes it really
tough when you're looking at trucks that run about a
million, million-four to replace.

One other thing I would like to see changed is on
the off-road reg where they've asked for us to add a label
on there. In the reg, it says it's only ten bucks to put
one on the left side, but that's not considering the cost
that you have to go track the equipment down, clean it up,
put the label on, pay somebody to go out there, and do all
of that, it's going to be more than $10. The label we put
on in 2009 that were red with white lettering are already
pink with white lettering because of the sun in San
Joaquin Valley. In three to four years, they're going to be white on white.

What we'd like to know is can't the regulator just walk around and look on the other side instead of having one on each side? What's next? We have to put one on the front, back, and one on the roof, too? So that looked like excessive extra expense there for a company.

And I did have to ask one question to the Board that my Board of Directors at Baker Hughes has asked me to ask. That's on the portable equipment Tier 0 engines that were extended last year for one year, are they dead December 31st this year, or are they going to be allowed to keep going?

CHAIRPERSON NICHOLS: Sorry. There is a question for the staff, and I was asking a question of my fellow Board member.

MR. VAN ALLEN: That was a question for the Board. The question is our company officers were wanting to know the extension that we did for the PERP rule last year for one year, are we going to continue to allow the Tier 0s to run in 2011, or are they dead?

CHAIRPERSON NICHOLS: This is a question for staff.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: Short answer is that that
one-year extension does expire this year, and there are no
plans for further extensions at this time.

CHAIRPERSON NICHOLS: So no more extensions.
MR. ALBERT: Okay. Thank you. Merry Christmas
everyone.

CHAIRPERSON NICHOLS: Thank you. Same to you.
Thanks for coming.

Kevin Brown, Joe Kubsh, James Thomas.

MR. BROWN: Good morning, Madam Chair. Thank
you. Good morning to members of the Board.

My name is Kevin Brown. I'm here representing
Clean Diesel Technologies, which is headquartered in
Ventura, California, and operates its catalytic solutions
division in Oxnard, California and its engine controls
systems group which has facilitates in Reno, Nevada and
Ontario.

We've for the last ten years strategically
invested behind ARB's clean air objectives. And we had to
make these investments, not just over time, but also had
to make green investments in the products to maintain
compliance. And despite the fact that we've made these
numerous investments, we remain today one of the -- I
think the only stakeholder before you which still faces
the full impact of the bad economic times, but
additionally the pull back of these regulation.
So in collaboration with the rest of the industry through our industry association MECA, we did provide a list of proposed relief measures to staff. And based upon initial discussions I've been part of, I'm concerned that I believe a significant period of time can still transpire before we see any of those matters bring any significant relief.

So today one of the things I would ask the Board is to reiterate its support for the industry and direct senior ARB staff to lead the pursuit of immediate relief measures for the retrofit device manufacturers so that we have some stability in the next year as we ramp up towards complying with the demands in 2012 and 2014.

Additionally, we have had reports from our distributors already that when the proposals came out for these rule changes that fleets immediately stopped making purchases. And that's further destabilizing the marketplace that we have to operate in. And we again saw further destabilization in the Lower Emission School Bus Program. Our distributors were recording money that was set to flow, that should have flowed a year and a half ago is now delayed because of the removal of the 26,000 pounds in school buses. There was already money lined up for the school buses, and now it's leading to another delay where all the money is being shuffled to other school buses.
This is a very critical time to say we need you today to pass these rule changes so that, at a minimum, we have finality and we have stability.

And the last thing I wanted to raise with you is that despite passage of these rules and they're final, some of them are not enforceable until we have that waiver from EPA. And there is, I would say, no transparency in that process. Rules such as the LSI rule which were approved four years ago still don't have an EPA waiver. We don't know where it lies in the system, and we're unable to make appropriate investments.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

James Thomas, Steven Brink, and Mike Tunnell are next, so please be ready.

MR. KUBSH: Good morning, Madam Chair and members of the Board. I'm Joe Kubsh, Executive Director of the Manufacturers of Emissions Control Association. Pleased to be here to provide you some comments this morning.

Our members include many of the retrofit technology suppliers at a verified level three and below retrofit technologies here in California for both on-road and off-road applications.

Surveys of our members have indicated in the past ten years more than 20,000 retrofit filters have been
installed here in California on both on-road and off-road equipment, and an additional 35,000 retrofit filters have been installed across the rest of the United States. These companies have made significant investments in technology for supporting both clean diesel initiatives on new trucks and in the retrofit market. Our own surveys indicate investments in excess of two billion dollars. These same companies have created or saved thousands of jobs here in California through the retrofit industry and the amendments that are before you today are going to create additional retrofit opportunities that are going to create thousands more jobs for California and the rest of the United States.

As Mr. Brown indicated, our number one request today is that you finalize the requirements for trucks processing off-road equipment that are before you today to provide some certainty in the marketplace and get end users off the sidelines and into the pathway for compliance.

We appreciate very much the inclusion of credits and incentives in the package before you for retrofits. These are very important to help jump start the demands for retrofit technology here in California, and we're appreciative that there are additional credits that have been included in the 15-day changes that were mentioned in
the presentation this morning.

We also suggested some additional opportunities for generating additional reductions of PM through the application of retrofits on segments not covered by the proposal, including older trucks like '94 to '97. But I am glad to hear that there is a conclusion on the '96 to '97 trucks in the 15-day changes.

We also suggested keeping requirements in place for school buses of all sizes and requiring filters on high use off-road equipment.

Lastly, I'd like to conclude by echoing the comments of Mr. Lassen and Mr. Brown that we are working with staff on economic relief for our industry as well. We think obviously with the changes in the demand for retrofit technology that have been -- that have occurred because of the changes that are before you, some relief is needed. And we think there are pathways for improving the verification end use testing program that can provide that relief. And we would ask the Board to direct Mr. Goldstene and Mr. White to work with us on making those changes happen.

And again, I'd also like to thank staff for their many months of hard work on bringing these amendments before you today. And again would ask you to please adopt the amendments that are before you. Thank you very much.
CHAIRPERSON NICHOLS: Thank you. I don't believe I have seen the letter that he's referring to, the MECA proposals. If it's here, the Board members have not seen it. So I don't know if you submitted it today or --

MR. KUBSH: It is referred to in our written testimonial, though the actual details of the items that we've been talking to staff aren't included in that testimony. But we have provided staff with a list of items for their consideration with respect to verification and in-use testing requirements.

CHAIRPERSON NICHOLS: I see. Okay. Thank you.

James Thomas and then Steven Brink and Mike Tunnell.

MR. THOMAS: I'm James Thomas with Nabors Well Service.

Nabors would like to compliment staff on reducing the compliance cost in both the off-road and on-road reg. Nabors has taken a leadership role in investing millions of dollars in the reduction and complying with the original requirements of the off-road reg.

CARB should develop a recognition for these fleets that have achieved this. We discussed this several times in the workshops and CARB agreed with it. Staff agreed with it. What we recommend is that the Board direct staff to make this happen within the next 30 days.
Recognizing these fleets through posting their names on the website and indicating that they did comply. We do have detailed comments in our letter about this.

Staff is allowing for credit transfer between a fleet and the off-road and on-road reg, and we think that's great. But what they talked about in the concept was retrofit credit. But they did not mention anything about fleet reduction credits or early engine replacement credits, and we believe that those two should also be included in that credit transfer.

Staff should clarify that yard goats can be operated in both the off- and on-road reg. And staff's cost for work over rigs in Table F1-2 is understated by half of the actual cost of those units. Staff did not include the cost of a Cad 4 inspection, a major refurbishment which is required every 20 years to extend the useful life of a rig, and that cost is 700,000.

Here again, I would like to thank staff for their efforts and I hope you take these under consideration. And thank you.

CHAIRPERSON NICHOLS: Thank you.

Steve Brink.

MR. BRINK: Good morning, Chair Nichols and Board members. I'm Steve Brink, California Forestry Association.
You have written comments from me, so I'll be brief. I want to make four quick points.

One, I'm glad James is back in the room because I want to make sure he hears this from me. We believe the staff, particularly the on-road staff, has been extremely diligent at looking for proposed modifications that would move these rules in the right direction, more cost efficient, while achieving long-term emission reductions and more implementable. So we believe they should be commended for that.

Did you hear that, James?

EXECUTIVE OFFICER GOLDSTENE: I did.

MR. BRINK: Second, that being said, we think and would ask the Board to consider directing staff as we move forward to consider continuing that diligence to look for with specific emphasis on integration and consistency between the rules, keep looking for more changes that would do that and make them even more cost efficient and effective.

And I'll give you one example, and it was mentioned earlier. We are proposing today to move the compliance schedule, the off-road rule, back four years. Nothing is being done about the portable rule.

What you did last year to extend the life of Tier 0 engines for one year expires in two weeks. We would
encourage that for consistency and integration the
portable rule compliance schedule also be pushed back four
years. That's just one example. There's many other
opportunities in our opinion.

Third, as you've heard already -- and I won't
belabor the point. Financial burden is still beyond the
ability of many in-state fleet owners to comply even with
these modifications. You'll hear more about that. So I
won't say any more.

We obviously need more money in the Carl Moyer
and other related programs. And I was extremely gratified
there was 200 million in the omnibus bill for federal
emission reductions. Unfortunately, Senator Reed pulled
the omnibus bill yesterday, which was bad news. And
obviously 200 million, California could suck that up in a
heartbeat. That was the national number.

Fourth and last, I want to mention what would the
Board and staff think about an additional 20 percent
reduction in diesel emission reductions in the state? I
would think we could all rally around that. And the way
to accomplish that is to increase the gross vehicle weight
from 80,000 to 105,000 pounds in California. We had that
opportunity as an option until 1991 through the federal
highway bills. We didn't do it. We're now surrounded
with states with 105,000 pound gross vehicle weight. And
the studies are in, you get a 20 percent reduction in fuel
consumption with the increased gross vehicle weight.

Thank you

CHAIRPERSON NICHOLS: Thank you.

I'm going to call a halt for just a second here
and explain to folks that we have 105 or possibly more,
109 speakers. It's a Friday. Perhaps the Board members
are a little slower than usual because we had a long day
yesterday.

But I think given all the time that's gone into
the preparation for this hearing that we could get away
with lowering the time period from three to two minutes.
I feel like people could summarize their remarks and we
could all pick up the pace a little bit and still be fair
to the public and those of you who have taken the time to
come here today. We really have reviewed the written
testimony that came in early as well as all the staff
materials.

So I think unless I hear a strong objection from
the Board -- and I don't see any -- I'm going to ask the
time keeper to switch to a two-minute instead of
three-minute limit.

Sorry that you're the first one to get caught in
this, Mr. Tunnel. But I know you can do it.

MR. TUNNELL: Good morning, Chairman Nichols and
members of the Board.

My name is Mike Tunnell. I'm here on behalf of
the American Trucking Associations. And I will try to be
very brief.

ATA broadly supports the proposed amendments to
the on-road regulations. The economic relief -- the
amendments will provide some economic relief for trucking
companies operating in California, while still attaining
the state's stringent air quality mandates.

In addition to the proposed amendments, we ask
that you consider three additional revisions.

First, we would like to ensure that fleets do not
have to prematurely change out tractor tires in order to
comply with the greenhouse gas regulation. Due to the
fact that SmartWay verified fuel efficient retreads are
not currently available and SmartWay verified open
shoulder tires have limited availability, fleets are not
able to purchase the compliant technologies they need.

Ideally, the situation changes sometime next
year, but this will still leave fleets with slightly more
than a year to wear out non-compliant tires. This is not
enough time, so we ask that you extend the deadline to
2014 for pre-2011 tractors and for those needing open
shoulder tires. At the very least, we ask that you
monitor the status of these technologies and ensure
they're available well ahead of the tire deadlines.

Second, we believe the current local haul exemption inadequately addresses lower speed operation at an average speed of 40 miles per hour to fuel consumption benefits of aerodynamics shrink by 70 percent. We ask you to expand the local haul exemption to a 150-mile radius to help reduce those instances where installation of aerodynamic technologies is not cost effective.

And lastly, we ask that the use of PM filters be treated equally, whether it's through retrofits or new truck purchase. Sounds like you've done that through the 15-day amendment but we'd like your consideration of the other two changes.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Chris Shrader and Betsy Reifsnider and Jack Broadbent.

MR. SHRADER: Good morning. Thank you for letting me speak this morning.

I represent Cemex, Cemex concrete, Cemex cement. We operate about 500 ready-mix trucks in the state of California. And we operated a fleet of 18 tankers in Southern California.

If the deadline -- if staff passes the new regulation, it will save my company a million and a half
dollars on January 1st, 2012. My trucks become non-compliant on that date. And it's a very critical important move if the staff passed the amendment today giving us until 2014 to replace our equipment.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Betsy and then Jack Broadbent and Tim Fortier.

MS. REIFSNIDER: Good morning.

First of all, I'd like to thank the Board and the staff for your commitment and tenacity in dealing with what is a very difficult and complex issue. So thank you.

Catholic Charities signed the letter from the coalition from environmental and health groups that you received, so they will be talking more about that. So I'd like to make one point.

Regarding the SIP, the current proposal leaves the San Joaquin Valley little or no margin for error to reach the federally mandated standards before 2015. We're keenly aware of the economic crisis in the Central Valley. Hundreds of families come to Catholic Charities every single week, and the number is growing. But bad air quality is also costly, financially and health wise.

There were two headlines in this morning's paper that illustrate this point. The first, "Asthma Hits State's Poorest the Hardest. Asthma is on the rise in
California, and low-income tend to bear the greatest burdens from the condition." And that is from the UCLA Center for Health Policy.

Then in the L.A. Times this morning, "Proximity to Freeways increases autism risks, study finds."

On top of this, as you know, people are struggling to pay health insurance. Every day at Catholic Charities, we have many children and their families who come in to sign up for the Children's Health Initiative and Healthy Families. They are struggling. The last headline from today's Sacramento Bee, "Study finds 6.8 million Californians without health insurance. As the recession continues to grip the state, the number of Californians without health insurance, especially coverage provided by employers, has continued to decline."

Diesel pollution is costly. So I'd ask that you please pass a strong diesel rule with a greater SIP margin. And I thank you.

CHAIRPERSON NICHOLS: Thank you.

Hi. You are not Jack, but you could be Anthony Fourniee.

MR. FOURNIEE: That's me. Jack had to step out.

I'll be providing comments today for the Bay Area Air Quality Management District. My name is Anthony Fourniee. I'm a Air Quality Program Manager for the
I'd like to commend ARB on its willingness to re-visit the requirements these regulations based on the updated inventory numbers and the effects of the recent economic downturn.

Based on the inventory numbers and our analysis of the data of the Bay Area emissions, we see there will be a significant reduction in off-road emissions. But we also see there will be an increase from increase in emission from the on-road sources and particularly their contribution to overall diesel particulate matter emissions in the Bay Area.

The air district has concerns about the proposed regulatory amendments based on the fact the primary driver of the health risk in Bay Area communities is from diesel particulate matter to on-road trucks.

This fact is shown by studies of a joint health risk assessment performed in West Oakland in December 2008. The assessment identified West Oakland as having cancer and health risk three times greater than any other location in the Bay Area, and one of the highest in the state of California.

The assessment also identified on-road truck diesel particulate matter emissions as being the cause of 70 percent of that health risk.
With Bay Area residents already subject to 20 percent of the total toxic diesel particulate matter from goods movement in the state and the region being home to 20 percent of the state's population, it's important we not lose any ground in reducing these emissions.

With that, grant programs provide an opportunity to achieve near-term surplus reductions that will help make up for the reductions that will be delayed due to proposed rule extensions.

We have five recommendations for the grant program changes:

ARB should work to implement grant programs,
streamline recommendations from Advisory Committee ARB Board Member Sandra Berg. We believe ARB should support air district's efforts to streamline the legislation and extension of State Grant Programs. We believe fleets have one -- can I finish? I have two more.

CHAIRPERSON NICHOLS: Quickly.

MR. FOURNIEE: I believe fleets with one in 20 vehicles should participate in all state grant programs.

And finally, we recommend additional funding be provided for these programs and largely percentages for loan guarantee programs to allow more truckers to participate in these programs.

Thank you.
Mr. Spangler: Good morning, Madam Chair, members of the Board.

John Spangles here for Marine Corps Installation West, Major General Anthony Jackson.

We appreciate all the hard work of staff that went into these amendments. In particular, the recognition of some unique military federal challenges we have. We have a complex system of laws and regulations that govern our military funding process. It's different. And our procurement processes are also a challenge. And that was recognized. We appreciate that.

We also appreciate the recognition of our dynamic and unpredictable mission. We don't always know what we'll be called upon to do.

We are committed to complying with the proposed regulations, and we thank you for the opportunity to participate in this process.

Chairperson Nichols: Thank you for coming back.

Susan Jones. Not here.

Ms. Jones: Good morning. My name is Susan Jones. I'm an owner-operator of a small dump truck company. And --
CHAIRPERSON NICHOLS: I'm sorry. I missed Tim Fortier. That's my problem. He was supposed to -- but he's going to yield to you. Thank you.

MS. JONES: I'm also the Chapter Chairperson and the Northern California First Vice President for the California Dump Truck Owners Association.

I'm the perfect example of the mom and pop operation that the Senator was speaking about. My husband and I have two trucks. We both drive. One is an '88 with extreme low mileage. It's probably one-fourth its life. The other one is a '91. Neither one can be retrofitted, repowered. It's impossible.

In December of 2008, I found out I had qualified for a $50,000 grant for a new truck. And I was quite excited about that. But then the Prop. 1B money disappeared. And that was really a blessing in disguise because. Had I bought that truck, I would have lost the truck like so many others have that tried to comply and went out and did that. And I probably would have lost my home and my business. I'm glad that money dried up.

And contrary to belief, I'm not available for Moyer funds. The dump truckers do not go enough miles, so we can't even ask for that.

My business is now down 45 percent, and I have worked more than most.
And also up here in the north, as you know, we don't work 12 months out of the year due to the rain. This makes it even harder for us to make up for lost time. I really, really believe that you guys have got to give us mom and pop operations, the low mileage guys, we've got to have more time.

We want to comply. We want to do what we can. We can't make it with what we've got with the equipment we're trying to run now. We are in horrible shape with this recession, depression, whatever it is. It's terrible. Just to make our house payments.

Please give us some time. Thank you.

CHAIRPERSON NICHOLS: Thank you. Okay.

Mr. Fortier, thank you for your patience. I called you and then forgot about you.

MR. FORTIER: I was hoping that you wouldn't do that so I appreciate that, considering our history.

Why I'm here today is primarily on a little bit different issues, but it's somewhat follows the Senator's reaction or testimony before you is that this diesel pollution technology has a profound history of mechanical failure from the beginning. The tow truck association last year said they were towing more new vehicles to shops than old ones. This is counter to the historical norm.

These problems have resulted from the dispute
between the diesel manufacturing engine manufacturers and
2002 and the EPA. As a result of a compromise on that
settlement, the technology has been rushed to market. And
from the engines from '04 through '06 and '07, '08, and
'09 have been a disaster.

So the staff continue to advocate a continuance
of the policies where it's promulgating the stay on course
of action is a disservice. It's bad public policy.

There's thousands and thousands and thousands of trucks
that had to be towed in because technology breaks down.
This is equivalent to like your new automobile or an
automobile that has 50,000 miles on it. Then all of a
sudden, you've got a $2,000 repair bill. You go another
50,000, you get another $2,000 repair bill.

If these same standards were applied to what's
been applied to the diesel users in this state and this
country to the airline industry, to pharmaceutical, it
would be a disaster.

So that's the point I wish to make. We need
correction on what is being offered to the public and have
real durable reliability and warranties on what they are
manufacturing.
wants to characterize any history that you have or aware
of or complaints or problems or repair issues.

CHIEF DEPUTY EXECUTIVE OFFICER CACKETTE: Well,
you know, we get warrantee records from engine
manufacturers. And there is not a widespread pattern of
failures or high warrantee claims for these vehicles that
have been referred to. There are peaks on some vehicles,
not so much related to filters, but to EGR systems. But
most of those I believe have been covered under warrantee
and the design changes have been made.

But while I will not disagree that there are
people being towed and trucks breaking down, that's not
any evidence we've seen that it's increased
disproportionately because of these new technologies.

CHAIRPERSON NICHOLS: Well, obviously this is
anecdotal. This gentleman is claiming to have the
information. Maybe we could at least take a look at the
specifics and follow up on that.

MR. FORTIER: It's beyond anecdotal.

CHAIRPERSON NICHOLS: Well, you have to provide
your information, and we'll take a look at it.

MR. FORTIER: I asked for it. It's beyond
anecdotal. I don't know what your statistics background,
but any manufacturer or any trucking outfit in here will
gladly stand up and say if they've had problems.
That is anecdotal, sir. That's what I'm talking about. Thank you.

Camille Kustin and then Elizabeth Adams and John Pitta.

MS. KUSTIN: Good morning. My name is Camille Kustin. I'm with the Better World Group.
And I'd just like to thank staff, especially Eric White, Tony Brasil, Todd Sax for spending many hours with us, meeting with us, crunching the numbers, and all that.
It's greatly appreciated. It's been years.
So I'm here to present this letter on behalf of the undersigned 23 environmental, public health, and community groups, these groups representing all parts of the state and hundreds of thousands of members support the diesel cleanup but have serious concerns -- health concerns regarding the proposed amendments to the on- and off-road rules.
There will be other people after me to speak on the specifics. I just want to present the letter. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Elizabeth Adams, hi.

MS. ADAMS: Good morning, Chairman Nichols and members of the Board.

My name is Elizabeth Adams, and I'm the Deputy
Director of U.S. EPA Region 9's Air Division.

EPA appreciates the opportunity to come before the Board to support the adoption of the in-use truck and bus rule and the in-use off-road diesel rule. We commend ARB's efforts to reduce emissions from these in-use diesel fleets and believe that the implementation of these rules is a critical step towards achieving clean air and improving public health.

As you know, California has submitted several State Implementation Plans, or SIPS, to EPA that rely heavily on reductions from these rules in order to reach attainment of the federal PM2.5 and ozone standards.

We are currently discussing with ARB staff the scope of the SIP provisions that will be necessary for the South Coast and San Joaquin Valley SIPS due to the new emission estimates that form the basis for many of the changes to the rules being considered today.

We plan to work with your staff on these SIPS in the next few months as we intend to finalize our action on the PM2.5 SIPS by September 2011 and the ozone SIPS by December 30th, 2011, to meet our consent decree deadlines. If the rules are adopted today, we request that you expedite their submittal to EPA so that we may have sufficient time to take action on them.

Finally, we acknowledge that emission inventories
are always a work in progress, and we understand that the
inventory and emission reductions estimates being proposed
today are based on the best available information.

In light of this, we encourage the tracking of
future emissions to ensure that the emission rates in
today's proposal continue as expected since these
reductions are an important component in the attainment of
the PM2.5 and ozone standard in the San Joaquin Valley and
South Coast.

Thank you again for this opportunity to support
the adoption these important rules. We share ARB's goal
to protect public health and recognize ARB's national
leadership in reducing emissions from mobiles sources.

CHAIRPERSON NICHOLS: Thank you. Thanks for
coming.

I would like to send a message back with you,
even though I know this is not your area of
responsibility.

But there is a real world disconnect between the
requirements EPA imposes in terms of SIPS that are legally
enforceable and for which we all end up getting sued if we
don't meet deadlines versus the lack of any apparent
accountability in terms of processing waiver requests on
the underlying rules that are needed to achieve those SIP
requirements.
You heard a complaint from the emissions control device manufacturers on this. But I would like to join in those comments. We have a big backlog of rules sitting at EPA with no time line for getting them acted on. And it prevents us from enforcing those rules and getting the real world reductions that we're trying to achieve here. I know that EPA wants us to achieve.

So perhaps you could use your visit here today to also make sure that that message gets back to the folks at headquarters, because it's really a real disconnect in the messages that we get from EPA.

Thanks for coming and thanks for your support for what we're trying to do here.

MS. KUSTIN: Thank you. We are happy to work with you in finding out the status of those waiver rules.

CHAIRPERSON NICHOLS: Good. Great. Thanks.

Mr. Pitta and then Ralph Knight and Brad Edgar.

MR. PITTA: Good morning. I'm John Pitta, John Pitta Trucking, Salinas, California. I'm also a member of CPTOA and an officer in the Executive Board.

I'm a two-truck operator, twice as big as the other fellow. 2010 revenue versus 2008 revenue's down 44 percent. I have one employee. He's the sole source of income for his family. I no longer can provide him with health insurance, paid holidays, sick leave. He's moved
with his family to a house with another family because of these conditions.

I cannot afford a new truck, replacement truck, or to put a device on it.

I do not qualify for any of the programs for a number of reasons. We need more time. We are hurting.

And I'm doing better than most.

Thank you.

CHAIRPERSON NICHOLS: Thank you, sir.

Ralph Knight, Brad Edgar, and Tony Luiz.

MR. EDGAR: Chair Nichols and members of the Board, my name is Brad Edgar. I'm President and Chief Technology Officer for Cleaire Advanced Emission Controls.

We develop and manufacture retrofit systems here in California.

I urge you today to adopt the on- and off-road diesel regulation before you. As a California company in support of the regulations, I'd like to offer some information for your consideration.

To start, retrofit filters are proven robust and cost effective. Cleaire alone has delivered more than 11,000 systems, including some that have been in service for more than eight years.

Our company has sold more than 4,000 plug-in active filter systems, with more than 1200 installed in
school buses. And I'm here to tell you that school bus
retrofits work, but it gets better. Recently, Cleaire
received verification for a passive filter called a long
mile. The most exciting feature of this product is it
works on very cold duty cycles without the need to plug
in. Analysis and field experience shows that the
passively regenerated long mile will work on the vast
majority of school buses and other light duty
applications. We have shared this information with staff,
and I believe it was included in today's presentation.
In short, you should have confidence that retrofits for
school buses, trucks, and off-road equipment will work.
We offer two specific recommendations for your
consideration. First, require all school buses with less
than and greater than 26,000 pounds to be retrofit. The
children's exposure to emissions is the same regardless of
the size of the bus.
Second, for the off-road regulation, we suggest
that you expand the retrofit for life option to allow a
greater percentage of the off-road fleet to be voluntarily
retrofitted early in exchange for being allowed to operate
longer. If you focus the extent of life provisions on the
cleaner Tier 2 and 3 engines, the long-term NOx impact
will be minimal. Remember, this is a voluntary measure,
not a requirement, that offers the potential for cleaner
air now while lowering long-term costs to the off-road fleet owners. There is a win-win opportunity here. In closing, all the stakeholders impacted by these regulations need certainty to move forward along the path of clean air. And you can provide the certainty by passing the regulations today.

CHAIRPERSON NICHOLS: I'm sorry I didn't recognize you, Mr. Edgar. And congratulations on your new device.

We have a question.

BOARD MEMBER TELLES: What's the failure rate of your retrofit device?

MR. EDGAR: Our failure rate is well under four percent. If there is a failure rate, it's in the one percent or less range. We don't have failure rates other than some component issues that have been resolved under warrantee.

CHAIRPERSON NICHOLS: Okay.

BOARD MEMBER YEAGER: If I could ask a staff question.

I know in the presentation you get a lot more cleanup with the retrofit rather than the purchasing of new buses. Is there a way to require the money just to go to retrofit rather than purchase new buses just to be able to have more of an impact?
ASSISTANT DIVISION CHIEF WHITE: Not quite sure I understand. Is it more what is the incremental cost for these buses?

BOARD MEMBER YEAGER: I know in the past many of the districts ended up buying new buses rather than doing the retrofit. Is there something we can do to encourage the retrofitting rather than the purchase of new buses?

ASSISTANT DIVISION CHIEF WHITE: There's no way to compel them. The statute for the program that we talked about where there is a school bus program, we specifically leave that discretion to the local districts on how they want to allocate replacement versus retrofit.

We have worked and certainly encouraged the local air districts and the school districts that that funding could be spent towards retrofit. But the decision does ultimately lie at the local level.

CHAIRPERSON NICHOLS: Okay. Thanks.

Tony Luiz and then Peter Bransfield and Stephen Rhoads.

MR. LUIZ: Good morning. I'll try to make this quick.

I have to agree with the Senator that spoke up here and also John and Susan. I can't believe I have two
minutes after 27 years in business.

I also have the same type of businesses as John
and Susan does. I'm down 72 percent. Barely hanging on
with the business. I've already lost employees due to the
economic downturn and also legislation that this Board is
trying to pass, some haulers, and I don't know how much
longer that we can stay in business.

I don't support any of these amendments or
propositions or proposals that you're proposing.
The thing that I do support is what the Senator
was saying is through attrition.

And again, I take offense to myself and other
people that are up here that have had numerous years of
being in business, and this Board has given them two
minutes to plead their case. That's just outrageous for
the State of California to do that the businesses in this
state. And other businesses coming up here and asking for
this type of amendments to where it supports their cause,
so we're going to piecemeal this whole thing together
depending on who has the most power in the state is to
businesses that spend the most money on retrofits and
everything else. To me, this is a travesty.

Thank you.

CHAIRPERSON NICHOLS: Well, you actually didn't
use your full time. So take another minute if you think
that would help. I'm not trying to keep people from speaking.

I just think, you know, in the interest of the audience, there's over 100 people, and many of them are people like yourself who have taken the trouble to come and they want to be heard. And we appreciate that. But your point is you're going to stand up and say we oppose it. And we're going to listen to you and pay attention to you.

MR. LUIZ: Mary, the thing is, I'm a small business person. I attended many stakeholder meetings. Meeting after meeting, we had people come up to the microphone and state that this is going to ruin their businesses.

The proposition, the proposal that you guys came up with originally didn't take into account any of the comments that were done at any of these stakeholders meetings. So I'm spending my time and you guys aren't considering that.

You guys come into this Board meeting already with an idea of what you're going to pass. Doesn't matter what we come up here and say, you guys already have an agenda that you want to complete.

The first of all, if I had to do it, to tell you the honest truth, I would bring criminal charges and I'd
have this Board and this staff -- I would have them check out -- the last time I was up here in 2008, okay, there was staff members and Board members that knew that that researcher you had didn't have any certificates like he said he did. And you guys held it back from the rest of your Board members. Okay. And you did not let them know.

In my opinion -- in my opinion, that's corruption, because you, as Board members, are supposed to take care of the people of the state of California to do the best for the state of California for the population of the state of California. Not to do your own agendas.

And this Board has costs millions -- actually billions of dollars of companies that have already retrofitted, updated for garbage information that you guys took into consideration knowing when you have professors from UCLA and other universities saying that the information you guys have are incorrect. And you guys do not look at that, to me, that's corruption.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Okay. So I'm just going to take a moment and say, first of all, we made a mistake, and we admitted that we made a mistake. And we also corrected it.

And I want to say on behalf of myself, since I'm a party to it as well as the others, that we really are
here doing the best we can to balance some objectives that we have. One of those objectives is to follow the law that tells us that we are required to take necessary actions to clean up the air. And we take that mission seriously. And admittedly, that's our primary objective. But secondary to do that is to do it in the best way we can to meet the objective in a way that does as little economic damage as possible. And we've seen every time we change a rule, it has impacts that are different on different competitive elements of the industry. So we're listening. We are balancing those things.

I completely disagree with you that we didn't respond to the comments that we heard. I think, you know, you may not have gotten everything you wanted. But believe me, you got a lot more than you would have gotten if you hadn't been aware of and heard the impacts that the proposals would have had on different pieces of the industry.

And you've done a lot to educate our staff. But our staff has also done a lot to pay attention to what they hear.

I'm sorry you're not satisfied with the result. Of course, it's always better if you have more people supporting what you're trying to do. But I will not
accept the criticism that we haven't paid attention. So anybody who feels their two minutes doesn't give them time to say what they want to say, you just go ahead and keep on speaking after the bell, and we'll see where that gets us. But I'm asking people to try to limit their remarks to two minutes so we can get through this long list of speakers. And we will next hear from Peter Bransfield from Rypos and then Stephen Rhoads and Kirk Hunter.

MR. BRANSFIELD: Thank you, Chairman Nichols.

I'm Peter Bransfield, the CEO of Rypos, Inc. We're a manufacturer and designer of electrically-regenerated diesel particulate filters. We've been developing these products over the last ten years at significant cost to us as individuals and founders as well as our investors. We made that investment based on supporting the market created by the clean air regulations here in California. These systems take years to design and develop and to verify, and we've reached the point where the mandatory retrofit regulation would finally start to produce fruit to support this industry over time.

I believe the proposed changes will impact not just our company but the long term health of the industry. It will lead to fewer green jobs in California. In our
particular case, we've had no choice but to push off our implementation of a 40-person assembly shop in the San Joaquin Valley that was going to be specifically building off-road retrofit devices.

That sends a strong message mine to invest hard to come by private capital in other places and other things.

The proposed changes I think set the stage for requests for additional relief from other industries, and I think this is a slippery slope that could ultimately defer or delay the recovery of the economy of California that many believe will be on the backs of clean tech jobs.

In our particular case, we're a member of MECA. We support what MECA has proposed as relief for the industry. We ask specifically that you reconsider the 100 percent removal of mandatory retrofits. Thanks for your time.

CHAIRPERSON NICHOLS: Thank you.

BOARD MEMBER TELLES: Sir, what's the failure rate of your devices?

MR. BRANSFIELD: Probably in the three percent range.

CHAIRPERSON NICHOLS: Okay.

MR. RHoadS: I'm Stephen Rhoads. I represent the School Transportation Coalition.
And the failure rate is something your staff should know. And they should be out there in the field. And they should be looking at how they're working in the school districts.

I'm going to address Supervisor Yeager's question first. First of all, I want to make it very, very clear when the Legislature passed -- the voters voted for the bond measure and the Legislature did the implementation legislation, they specifically gave the direction to the local air quality district. The local air quality district could spend that money either on getting rid of the pre '87 buses. They were built before you had any particulate standards. Very, very dirty buses as far as PM or they can have retrofits for the most polluting buses. The control for the Prop. 1B money is in the hands of the local air quality districts. To do otherwise and to try to change that from ARB is going against the Legislature.

As far as the seven-to-one ratio, we have always taken problems with that. Because you take those pre '87 buses, they're very, very heavy polluting bus. The ratio cannot be seven to one. And we've been working with staff to try to get some cost effectiveness to study what is the cost per ton for getting rid of a pre '87 bus versus putting retrofits. And I think we have concluded that it
is actually cheaper per ton to get rid of a pre '87 bus
than it is to put a retrofit on 1995 or earlier bus.

I also think that some of staff's assumptions
were wrong. Take, for example, we're going to put a
retrofit and analyze a retrofit on a 1994 bus. And we're
going to assume that that bus -- if you don't mind --

CHAIRPERSON NICHOLS: Go ahead.

MR. RHOADS: We're going to assume that that bus
is going to be in existence for 30 years to do that cost
analysis. That means you're going to assume that bus is
going to be for 46 years. A little bit overkill. Not
something I would put in a journal article. That type of
analysis can be refined, and it will support the data that
we have even more.

Also, staff did not take into account the
increased fuel mileage that you get with the new pumps.
So be careful about the seven-to-one ratio.

Your emission inventory. I think your emission
inventory is wrong. I'll be very blunt. The savings
you're getting are not due to your regulations. They're
due to Prop. 1B. They're due to the $197 million that
you're putting out there that the air quality districts
are spending to get rid of old buses and install
retrofits. Your baseline shows no change. Your baseline
should show the change of that 193 million, not the
changes that you say are there because of regulation.

ARB staff -- I disagree with them. But ARB staff
today said that their regulations cost $60 million. And
ARB staff says there is $84 million available. Well,
geez, that means $84 million available from the Prop. 1B
money. So that means Prop. 1B is going to be paying for
everything. So I think you got to change your emission
regulations. I just think they're wrong.

We also have a difference with staff on the
costing of the school bus. When a bus is old --

CHAIRPERSON NICHOLS: You know, I said you could
have more than two minutes. I didn't say you could
filibuster. Please.

MR. RHOADS: We have a difference. It's in my
writings. The difference is rather important. When we
look at the cost of a school bus, we look at the cost of a
school bus. When the staff looks at the cost of a school
bus, they take a look at the salvage value for the bus.
If it's over 30 years, they don't put any cost to it.

Two points if I can --

CHAIRPERSON NICHOLS: Quickly, please.

MR. RHOADS: The first point is that school
districts got to make a lot of cuts. They're going to cut
school transportation. They're going to cut school
transportation especially if it costs money. And
retrofits do cost more to service. They're going to make
kids walk longer, and I've given lots of examples.
They're going to cut out routes. And they're not going to
allow them for extracurricular activities. And in some
cases, they're going to get rid of them, the whole
transportation system. And you can -- San Joaquin is an
example. I've given three or four examples.

CHAIRPERSON NICHOLS: We've heard this before,
sir. We can now get into a debate whether the kids are
better off walking than riding on some of these pollution
traps they're being driven around in, too. So come on.
Let's just stick to the facts, please.

MR. RHOADS: I will stick to the facts. Your own
staff says, if you don't mind, that when you force down
school transportation system, then it's going to be a
higher risk of children's deaths --

CHAIRPERSON NICHOLS: Right.

MR. RHOADS: -- than what they would get from --

CHAIRPERSON NICHOLS: If you and the air
districts had instead of putting all the money into new
buses had put filters on, we would be savings lives and we
would be making this -- we would have been able to spend
the money that was out there today. And we wouldn't be
back here today dealing with all these old buses.

Thank you, sir. You've made your point.
MR. RHOADS: I would like to talk about the difference recommendations, if I could.

CHAIRPERSON NICHOLS: About what?

MR. RHOADS: We have -- I have an alternative recommendation that's not on the paper. I was going to talk about environmental justice, but I guess I'll skip that.

There is one recommendation that you have that we actually kind of agree with. And that is the one that says in 2018 if a bus does not have a trap, then it has to be replaced.

Now, we don't agree with the part about the trap. But we do agree that in 2018 buses like pre '87s should be replaced. In fact, we would actually -- and the reason you have it there is because it's 30 years. And we would actually urge you to continue that type of regulation to say that maybe all buses, as time goes when we reach the age of 30, they should be replaced. In fact, we would ask you to move it down to 25 over time.

CDE says buses should be replaced when they're 15. If you can get those old buses off the road, you'll do more to children's health than anything.

Thank you.

CHAIRPERSON NICHOLS: Is this Kirk Hunter?

MR. HUNTER: It is.
I will just say thank you for yielding Mr. Rhoads' a little more time.

Kirk Hunter, Southwest Transportation Agency Public Joints Power Authority in Fresno County.

We operate 100 school buses, transport 7,000 students one way a day, 53 natural gas buses and the additional balance are diesel. And we are the proud owners of 33 Cleaire traps. And if the staff were to do air quality report, they would say I've improved air quality by 50 percent, because half the time the buses don't run. They're parked up against a fence, and my ongoing costs are unbelievable. Traps are boondoggles. They do not work. I've said this over and over again.

Get the tapes. You can look at that.

I want to go one other place. If we're concerned about children's safety, two weeks ago three vans, seven-passenger vans from Enterprise Rental Car going down 152 with a varsity basketball team coach falls asleep at the while, drives it off the road. Hits a pole. Kids transported by air to a hospital because the kids couldn't afford to be in a school bus.

This is the kind of stuff there's going to put more non-compliant vehicles on the road. If a school bus is 172 times safer than any other form of surface transportation, why in God's name are we putting them out
of school buses?

For the life of me, after 35 years in this business, two years and four months left of retirement, I don't get it. And if I seem passionate, I truly, truly am because I do care about kids in a big, big way.

Thank you very much. And I think I'll be the first speaker to wish you all a very Merry Christmas.

BOARD MEMBER RIORDAN: Just so the last speaker knows and others in the audience, our staff has been very good. People are having problems with retrofits or installations. They, given some notice obviously, can come out and try to learn as much as they can about what is happening.

So I would encourage you -- and I'm sure somebody will contact you -- to have the staff in to see what is happening. Because I've done this not for your industry, but for another industry, and it's paying some dividends. Everybody is learning from it. And I think we can be better effective to have an analysis. So don't hesitate to contact staff.

MR. HUNTER: Board Member Riordan, thank you very much.

After two of my many times at the podium, I've been contacted by staff saying they're coming out to see me. And the light's still on. The coffee is still hot.
The door is still open. We're open from 5:30 to 5:30. I can be had any time if you give me a ring in advance. But I'd love to.

BOARD MEMBER RIORDAN: We'll be there.
CHAIRPERSON NICHOLS: Thanks.

We're going to take a ten-minute break at this time, and we'll be back in ten minutes.

(Thereupon a recess was taken.)

CHAIRPERSON NICHOLS: We are going to do a little reconfiguring of the agenda, if I can get staff back in place.

During this morning's presentation, two of our Board members became aware that they have a potential of a conflict of interest on one of the regulations that's before us. It's not one that we've heard anything about so far. It's the LSI. We heard about it in the staff presentation, but not any testimony.

What we've decided to do is to ask that that item be voted on last so that those Board members can excuse themselves and not participate in the discussion or the vote on that last LSI item. And we would also appreciate it, therefore, if we could ask anybody who's here to speak on that item to identify themselves and, if possible, we're going to group them all together at the very end.

So if you are here and you're planning to speak
on forklifts, then please identify that and wait until the
end to take your turn to talk. And then we can group that
all together, because I think that will get us through all
this more efficiently.

Okay. And we will be taking a lunch break today
also just so people can plan on it. I'm hoping we can
keep it short. We don't have any executive session today.
So we should be able to take a half an hour lunch break.
But I think that we'll keep everybody more cheerful if we
can do that. So we'll try to break for lunch at 12:30.

CHIEF COUNSEL PETER: Madam Chair, I'd like to
have the Board members that do have the conflict to
specifically identify themselves.

CHAIRPERSON NICHOLS: Go ahead.

BOARD MEMBER BERG: Madam Chair, I own nine
forklifts. So I do have a conflict and will excuse myself
from the large engine spark vote.

BOARD MEMBER D'ADAMO: My husband's a farming
company owned during when the regulation originally came
before us, we did an evaluation and definitely had a
conflict at that time. And I did conflict off originally.
I don't know the current status. I don't know how many he
owns at this point, if he's decided to lease or come in
compliance in some way. So just out of an abundance of
cautions, I'm going to conflict off.
CHAIRPERSON NICHOLS: Thank to both of you.

I do not own any forklifts. Kind of wish I did.

I've always wanted to drive one. Okay.

We will get back to the witnesses then. And I think the next was Ed Walker, followed by Bonnie Holmes-Gen and Seyed Sadredin.

MR. WALKER: Good morning. I'm Ed Walker with Robinson Enterprises, a logging construction company with petroleum stations.

Want to thank the staff for meeting with us, Eric, Tony, Beth. They've really been great. We don't like maybe the outcome. But they're polite about it anyway.

Well, you heard about the economy. Our situation is no different than anybody else's. Quite frankly, even with the adjustments, we're not going to be able to afford the rule.

Some solutions that we've come up with is time credit. We haven't had a chance to understand what was presented here this morning, but our written comments will talk about that later on after we understand them.

One other item -- I mentioned this before we've been before the Board. We are continuing to have a lot of down time with our new trucks. So we're not anxious to jump into more trucks.
We would suggest as government funding becomes available that the rule become implemented over time. We need to stretch out compliance period for a longer period of time.

One thing that we are current, some of the other people that have spoken, we're a seasonal operation. We're five-and-a-half months. A good year for us is seven months. We're trying to get compliance to buy new trucks with that money. It's just not possible.

One solution we've come up with -- I hope our employees aren't watching -- is cancel our health insurance. If we cancel our health insurance, we could afford to buy five trucks a year. That is not on the table yet, but that is the only place I can see in our operations that we can find any extra money to comply with the rules.

So that's about it. Everything else has been said by others. There's no point in repeating it. Thank you.

BOARD MEMBER BALMES: I missed what industry you said?

MR. WALKER: Logging. Construction.
And thank you for the off-road rule consideration. That is very helpful.

MS. HOLMES-GEN: Bonnie Holmes-Gen with the American Lung Association of California. And the American Lung Association and other health organizations have strongly supported the diesel on-road and off-road regulations because they are life saving regulations and they reduce asthma attacks, reduce respiratory and cardiac illnesses, and hospitalizations, and are very important from our public health perspective.

We understand that the ARB needs to provide some additional flexibility in those regulations due to the economy and inventory changes. And we are asking that we do everything possible to maximize the public health protections and maintain the strongest possible regulations.

And we have recommended some strengthening amendments to the staff proposal to increase the retrofits and upgrades in the early years and to increase the SIP margin, especially in the San Joaquin Valley.

I just want to focus on one ask that's very important to us. We ask that you preserve the school bus cleanup provisions for all sizes of school buses. We know that children are particularly vulnerable. The soot pollution effects the growth and development of their lungs, and we know there's funding out there. We need to work together and get additional funding, but we do
believe there should be equal protection for all children riding on school buses.

A couple of other key comments. The American Lung Association is, of course, particularly concerned about the most vulnerable and disadvantaged communities and urge you to pay special attention to pollution reduction in impacted areas and to consider measures to strengthen requirements in areas near warehouses, truck distribution centers, rail yards, ports, heavy traffic corridors.

And finally, just a couple points. We believe it's extremely important to continue to monitor emission levels that are consistent with production we are looking at today to make sure we are reaching the emissions levels that we're expecting and achieving all benefits we're expecting today and to also monitor the pace of the economy. And we can all agree in closing that it will be important to do everything possible to use incentive funds to get early reductions in health impacted communities so we can all work together on that as we move forward.

Thank you.

CHAIRPERSON NICHOLS: Okay. We have our two big air districts here. You submitted a joint letter. Thank you for that.

MR. SADREDIN: Good morning, Madam Chair, members
of the Board.

You do have the joint letter from South Coast and San Joaquin before you. I should say, given some of the healthy competition we've had in recent episodes before your Board for resources, this is a momentous occasion and I'm hoping this is first of many that we can work together with South Coast, given our areas that we have shared interests and challenges, that we could work together and bring more balanced recommendations to your Board.

I'll try to be concise in the two minutes, hit a few points. And I have three requests regarding your resolution that I'd like you to consider.

First, we are extremely concerned with the fact that there is zero margin for compliance in San Joaquin Valley and very little margin of compliance in South Coast. What gives us some comfort to move forward today is the fact that we've looked at the work that your staff has done on the inventory, we scrutinize it with EPA, with South Coast, and our district, and we're comfortable that today's inventory before you and the projected emissions reflect a major improvement in inventory and the assumptions methodology is reasonable.

But as you know, inventories are always a living document, a work in progress that will improve over time and. If there is the shortfall, our concern is that given
that more than 80 percent of air pollution in San Joaquin Valley and South Coast come from mobile sources and our stationary sources are already well regulated, it is impossible for us to make any shortfall, should there be any. So we want you to reaffirm your commitment that your Board will be responsible for that shortfall and we want regular and ongoing monitoring and tracking.

So just quickly get into the three recommendations that I have for you. One -- if I could just take --

CHAIRPERSON NICHOLS: Please go ahead.

MR. SADREDIN: In your resolution, there is a statement about coming back to your Board in 2012. We asked for a specific time line. We don't have to have a specific month or date in there, but 2012 is really something that we feel nervous about. December of 2012, for instance, in our view, will be very late to come to your Board. And if there are changes needed, it will take time to implement any regulations and time for the businesses to make those changes.

So if it's okay with you, respectfully, we ask you to commit to a date to get a report to your Board and leave some time to hopefully do something where we can get reductions in 2014.

The other comment that is regarding the grants
that we've had great leadership from Board Member Berg and the Committee or the work group that has been in place. We are very close with your staff with some recommendations to fix some of the impediments that currently exist in the program. Your staff mentioned in January we will have $12 million to go out with grants. As we begin that process, we're going to be offsetting the current grant guidelines and the changes in your rule do not match. And there are some obstacles, some inconsistencies that it would be good for your Board to weigh in on that in this resolution.

So as we begin that process, we can count on your Board to support with the specific recommendations that I believe your staff is going to bring to you later on anyway, but we can begin that process. And have as we applications, to be able to count on those things as being things that your Board supports.

And finally, regarding this bubble concept that was introduced today, we like -- to the extent that we want to use these grant moneys to actually create a margin of safety, I think your resolution should make it clear that any early reductions, cross-source category that one wants to take credit for towards compliance could not come from any retrofits that are paid for by public funds.

I believe that is probably the intent of your
staff to maintain those reductions that are paid by grants
to be surplus, but I think it would be good to clarify
that so there are no false expectations. That would be a
question I have. Was that the intent that if the public
pays for those reductions, you cannot use those towards
compliance in getting credit from one source category to
another. That is our request. And if that is the case,
to make that clear in the resolution.

CHAIRPERSON NICHOLS: I don't think that's even
an issue. Maybe Cynthia, do you want to speak to this?

DEPUTY EXECUTIVE OFFICER TERRY: I assume that
relates to the earlier discussion about the SIP margin.
And because the 2014 SIPS did not include any reductions
from the agricultural equipment category, any early
reductions would be surplus in 2014. But going forward
past 2014, that's a different question. And to the extent
those were included in ozone SIPS and then next year as a
2.5 24-hour SIP is developed, we would expect those
reductions to be part of that plan.

So I think the point was in the year 2014 when
there was a question of a margin, there are some early
reductions that from an air quality perspective would
provide a margin for the breathers that are not required
in the current SIP.

BOARD MEMBER BERG: Madam Chair, I think the
question had to do with retrofits that are being paid for through the incentive program and specifically can accompany that, has retrofits paid by for incentive money be used for early credits. And my understanding is no, they cannot. And I see all these heads nodding.

MR. SADREDIN: The bubble concept is something that your staff is introducing today in the resolution to make the change in the 15-day time line.

BOARD MEMBER BERG: To clarify that --

MR. SADREDIN: If you do something that's on-road or off-road that was paid by incentives, you cannot take those credits and do less than this other towards compliance with it paid for.

CHAIRPERSON NICHOLS: Thank you.

Henry.

MR. HOGO: Good morning, Madam Chair, members of the Board.

Henry Hogo, Assistant Deputy Executive Officer at South Coast AQMD.

As Seyed mentioned, we probably set a precedent having a co-signed letter between our Executive Officers asking for consideration of re-assurance that if there are any deficits or shortfalls with the proposed amendments relative to the SIP that they be made up. And we urge you to take our language and put some dates certain in there
relative to time line. Because that time frame from 2012, 2014 is very short. We thought that similar to what you
have done with the -- like the railroad commitment letter
concept that we set a date certain they come back with
some actions that could achieve further reductions in
2014. So we urge you to consider some of the
recommendations in our resolution language as you move
forward.

We do appreciate the language that you have
provided. And we appreciate all the hard work staff has
put in on the emissions inventory updates and look forward
to continuing to work with staff and enhance the
inventories.

CHAIRPERSON NICHOLS: We're up to number 37,
DePaul Nguon and Michael Graboski and Chuck White.

MS. RATNER: Excuse me, Chairman Nichols and
members of the Board. My name is Jill Ratner, and there
is a group of students here. DePaul is the first of them.
And we were hoping that we might be able to go together.
We got a little bit scattered, but the bulk of the group
is after the next two speakers.

I'm wondering if maybe we could defer until after
lunch so we could go together and clump everyone together.

CHAIRPERSON NICHOLS: Sure. Just tell us which
numbers. Tell the clerk and we'll group them all
1 together. Sorry you got separated.
2 Michael Graboski and Chuck White.
3
4 MR. MC CLELLAN: Madam Chairman, I'm John McClellan. I'm Vice President for Government Affairs at
5 the American Rental Association.
6
7 Dr. Graboski is my colleague and is going to
8 speak on our LSI comments, so I will take his slot here if
9 you don't mind and then he's already talked with the clerk
10 about what time he'll speak.
11
12 So thank you so much for holding this hearing
13 today. I'm John McClellan, Vice President for Government
14 Affairs at the American Rental Association. We represent
15 the equipment rental industry here in California, our
16 affiliate, the area of California represents our members
17 in this state.
18
19 ARA wants to support the proposed modifications
20 in the off-road and on-road rules. And I want to just
21 quickly mention that we are also working with staff on
22 some outstanding issues in the LSI rule that we hope to
23 resolve here. Dr. Graboski will speak about that in just
24 a few minutes.
25
26 We certainly were happy to see the modifications
27 in the rule because the construction industry, which is
28 where a lot of our equipment goes has been badly hit by
29 the economy. So the modifications that are being made in
the rule are going to allow my members to use the averaging provisions which we advocated very strongly for at the beginning of this process almost six years ago as they continue to rebuild their fleets and bring new and clean equipment.

And I think I'd like to add that the rental fleet is probably the cleanest fleet in California. So this is something that is very good for my members.

With respect to the trucks, moving and basically exempting for sometime the trucks that are 126,000 pounds in gross vehicle weight rating is probably going to exempt about 90 percent of the trucks in our industry from compliance in the near future. And we think that that leeway is going to allow our folks to focus on upgrading their heavy-duty trucks. So we think that that's going to be a very workable rule.

Thank you very much for your time. We appreciate it.

CHAIRPERSON NICHOLS: Thank you.

Chuck White. Welcome back.

MR. WHITE: It's always a pleasure to spend two days with you. I'm with Waste Management. I really appreciate the opportunity to briefly comment on the on-road and off-road rules.

Waste Management continues to support the Air
1 Resource Board emission reduction goals and ongoing effort
2 to balance economic and environmental concerns. We're
3 basically 99.99 percent happy with the two rules that you
4 adjusted here.
5           With respect to the off-road regulation, you may
6 recall Waste Management -- was one of the fleets that
7 wasn't prepared to be in full compliance back in March and
8 then got delayed. We do appreciate you giving us the
9 additional one-year extension for compliance past 2014
10 because of our early compliance with these rules.
11           The one major area that we have concerns about is
12 the availability of a reliable robust on-line compliance
13 tool that really is going to help us understand our
14 compliance of our large off-road fleet going forward as
15 well as any potential opportunities to get funding from
16 air districts through Carl Moyer and other kinds of
17 programs. So we relatively request there be effort put
18 into develop a robust on-line reporting tool by April at
19 the latest so we can make sure that your fully
20 understanding the exact details of our compliance and
21 opportunities for additional funding.
22           Secondly, with respect to the on-road
23 regulations, we basically appreciate the changes you've
24 made to delay compliance. Our refuse fleet has basically
25 been in compliance with the previous rule.
We were a little concerned about the fact you eliminated the compliance credits for alternative-fueled vehicles, but we think the delay might provide additional opportunities for us to get the funding through Carl Moyer and other types of programs.

We are aware that you're in the process of also revising Carl Moyer programs, so we urge you to encourage staff to make sure we can secure maximum funding and surplus emission credit opportunities through that program.

One final minor point is that we noted that the current version of the on-road regulation seems to eliminate compliance credits for alternative fuels and HTPI vehicles after January 1. We've been told this is a typographical error and this is going to be fixed in the 15-day notice change.

CHAIRPERSON NICHOLS: Yes. I'm seeing nodding from the staff.

MR. WHITE: We hope that's the case, and we look forward to seeing those changes and reviewing those changes to make sure we are in accordance with them.

Thank you very much.

CHAIRPERSON NICHOLS: Great. Thank you.

Okay. Randal Friedman.

MR. FRIEDMAN: Good morning, Madam Chair, Board
members. Randal Friedman on behalf of Navy Region Southwest.

We're in support of the proposed changes. My staff is appreciative of all the work they put into this. We still do differ on for the off-road rule whether or not we should be considered as one large fleet statewide. We think the additional time though resolves those issues by dealing with the complexities of trying to consolidate all of our operations within the state and within an individual base all the tenants and all the various activities that go on a major Navy base.

This does represent a major investment. For the Navy alone, it's going to be over $100 million to comply with all these rules. So there are going to be challenges ahead in terms of Congressional funding and making sure that all of that gets line up. It is something we're committed to work on. But again, I hope you understand that we are subject to that federal procurement process.

I would point out just as an interesting aside that when we looked at the total cost of the program with the amendments, it actually only goes down about three percent. The big difference for us is all that money is now going to buy new vehicles instead of the prior one, which is retrofits, new vehicles after the retrofits. So I think in the end, we're certainly getting a much better
fleet out of this because we're going to get a fleet that's clean in California, that's new vehicles. And we certainly appreciate all the work that you and the staff have put into this. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Chris Cannon is next, Dan Souza and Tracey Norberg.

MR. CANNON: Good morning, Chairman Nichols and members of the Board.

My name is Chris Cannon. I'm the Director of the Environmental Management Division of the Port of Los Angeles. I'm here to offer support or express our support for two of the changes that you're going to make.

The first is the expansion of the regulation of drayage trucks to cover not just the truck that picks up or delivers a container, but the rest of the trucks that handle it in its journey. We believe this will help with dray-offs. And we actually -- our Board yesterday approved a measure very similar to this based on -- it was modeled after yours. We worked with your staff closely as often as we can.

The problem though for us is our jurisdiction ends at the edge of our property. And so we actually like being able to work with you and are glad that you're doing this, because this allows this issue to be handled
extending beyond our property and it's very important.
And our Board actually asked me to bring you
something today. We received testimony yesterday at our
Board, a flier that is being passed out in the port of Los
Angeles and Long Beach area and has a thinly veiled
reference to dray-offs. It says, "Clean trucks." I'll
leave it here. And in parentheses (casual work for dirty
tucks.) Amazing they would actually put that on a flier.
It has a phone number and you can be sure we'll be calling
it.

The second thing we're interested in is Class 7
regulation that you're doing. Very glad you're doing
that. It's been an explosion of Class 7 operations in the
port of Los Angeles. At this time last year, it was only
28 trucks registered in our drayage truck registry. Now
it's approaching 600. And the difference is these are
unregulated vehicles. So now if you add them to the
drayage truck rule and we have now yesterday added them to
our clean truck program, they immediately -- well within
six --

CHAIRPERSON NICHOLS: Finish up.

MR. CANNON: Within six months, July 1, 2011,
they'll be subject to our progressive bans. That's the
one thing we'd like to hear differently from you.

Your change to regulate Class 7s would not make
these vehicles subject to any kind of progressive bans for three years. So what happened -- and uncontrolled until 2014. What would happen is we've got an opportunity for a Class 7 dray-off. You've got a port compliant truck coming out of our gates and immediately leaving a chassis or something for completely uncontrolled Class 7 truck.

CHAIRPERSON NICHOLS: So that would be a loophole.

MR. CANNON: Yes. And perhaps if you can regulate them within a year, some sort of transition period. I leave that to you to decide. We certainly would appreciate your help there.

Other than that, we are very pleased with the things you're doing and appreciate working with your staff.

CHAIRPERSON NICHOLS: Thank you very much for coming and for the good work you're doing.

Dan Souza, and then Tracey Norberg and Richard Polanco.

MR. BLEVINS: Actually, Madam Chair, it's James Blevins with Mountain Valley Express. Dan Souza is also with our company. I'm speaking in his place, if that's okay.

President and owner of Mountain Valley Express California-based LTL carrier providing 435 jobs in the
state of California, mainly Arizona and Nevada. We've been intimately involved in this regulation obvious because it does adversely affect our operation and the financial aspects of that with alternate retrofits, purchasing of new equipment, so on.

I want to first and foremost touch on the workshops that have been provided for information sharing. That is invaluable information that your staff has provided to the industry as a whole. But I think -- and we can stand up here and preach all day about the good things that have gone on in regards to implementation -- final implementation of the regulation.

But I need to speak more in regards to the adverse effects of the regulation to industry, business, jobs here in California. And that is the number one political agenda right now is job creation. In part, this regulation definitely will eliminate a fair amount of jobs here in California I think as we all recognize by what's been said today.

Secondly is the durability and the independent ability of the technology. We went out and did the same thing, early compliance. We want to be compliant. We want to be compliant. We have to be compliant to operate in California, the most highly regulated state in our nation, by the way. We went out and bought 07-08
technology trucks. They are the most frequently towed vehicle in our fleet. My 1998, they run all day long. They run all day long without all the emission standards that are required of the new technology.

There's a lot of issues on durability and dependability with retrofit devices, new OEM equipment. We are pursuing a lemon law through the State Legislature to apply to heavy-duty diesels, OEM to put some burden back on the manufacturer for dependability of the technology. You folks need to recognize that and hopefully address that as well.

Last, but not least, if I may, Madam Chair, is the BACT schedule. Eric, whether or not you gave into consideration to moving the 05-06 model year out to 16 to give us a couple more years of relief on the ultimate -- because our ultimate date has thought changed in 14. We still have to be 100 percent at least PM trapped. And we thank you for that consideration -- not NOx, the way I understand it -- but PM. And there is a different big cost in investment that has to occur between '12 to '14. Those two years is still a major hit for us. I would just ask if there is any consideration that's been given to moving that BACT to 16 on that 05-06.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.
Tracey Norberg and then Mr. Polanco and Adam Harper.

MS. NORBERG: Thank you, Madam Chair and members of the Board. I appreciate the opportunity to speak with you this morning.

My name is Tracey Norberg, and I represent the Rubber Manufacturers Association. We represent the major manufacturers of tires in the United States. We have eight member companies who supply tires to the fleets here in California.

First of all, I wanted to take a minute to thank the staff for its willingness to work with us, the tire industry looking at the regulation and adopting or recommending some changes to the regulation for the tractor-trailer greenhouse gas regs, particularly with regard to retreaded tires.

Retreaded tires are a major components of the tires that are on the fleets in California today. And retreads by their nature are environmentally friendly. They help reduce the generation of scrap tire in the state and reduce use of raw materials in the manufacture of tires.

The regulation currently specifies that SmartWay tires must be used on vehicles on fleets, and currently there is no retread components of the SmartWay program.
The amended changes would recognize this and allow additional time for EPA to develop a SmartWay component for retreaded tires.

The tire industry is committed to working with EPA and other stakeholders and including ARB staff to develop a retreaded tire component to the SmartWay Program. And we believe this additional time will allow that program to proceed.

I'd like to just make one note though. The program is -- within SmartWay, the retread program is still under development. And so we would just ask that staff continue to be involved and in touch as this proceeds. Because as with my multi-stakeholder program, it's sort of we are all optimist it can be completed quickly. One never knows, so it's important to stay in touch as this proceeds. Thank you.

CHAIRPERSON NICHOLS: I'm sure they will. Thank you.

Senator Polanco and then Adam Harper and Dave Norris.

SENATOR POLANCO: Good morning, Madam Chair and members of the Board.

I'm here today to read into the record on behalf of the Chair of the Latino Caucus Assembly member Tony Mendoza. So Madam Chair, if I may, let me begin.
"As Chairman of the Latino Legislative Caucus,
I'm requesting that CARB not adopt the proposed change
pertaining to the in-use off-road vehicle PM regulation.
Many of our 23 members represent Assembly and Senate
districts where the issue of air pollution is
disproportionately impacted.

In 1998, California identified diesel exhaust
particulate matter as a toxic air contaminant. Diesel is
also a leading contributor of particular PM pollution.
The proposed rule change will allow approximately 250
diesel equipment with a life span of 30 years to pollute
our air and will go unregulated until 2017 or longer. I'm
particularly concerned about this because although I
understand the economic recession has negatively impacted
some of the industry, completely allowing this equipment
to go unregulated for seven years is unreasonable amount
of time.

I also want to acknowledge the ARB Board for its
foresight and environmental leadership for so many years
and for adopting regulations that clean the air and create
new jobs. However, the proposed change goes in the wrong
direction. I strongly believe that we should advocate to
protect people from the harmful diesel pollution. We
should protect and create green jobs and advocate for a
fair clean air policy that benefits the greater good and
not just one industry at the expense of another.

As Chairman of the Latino Legislative Caucus, I am requesting that you not move forward with the proposed rule change to the proposed regulation and that a legislative hearing be held on this issue. I join Assembly member Warren Furutani, Chairman of the Asian Pacific Islander Legislative Caucus, and other legislators opposing the proposed change."

I wish to submit that and just acknowledge Warren Furutani did send his letter in. There is opposition also from Senator, Assembly member Mike Eng, along with others, for the record.

CHAIRPERSON NICHOLS: Thank you. We do have those it is. Thanks for coming.

Adam Harper.

MR. HARPER: Madam Chair, members, Adam Harper with the California Construction and Industrial Materials Association.

I'm here today in support of the modification to the off-road rule. I realize we have two minutes. I want to thank staff. We've worked long and hard with them since about 2004 on this rule. It's seen a lot of changes. There's been a lot of disagreements. I'm very personally grateful that they were able to take the information that was gained out of the 2007 adoption and
really improve the inventory. I know some people have
typed that as a change in health benefits. I wanted to point out that in the modified
inventory with the changes that the real total emissions
targets have been achieved for significant compliance
dates, both PM and 2015 lower on the total PM emissions.
NOx is already below where it was going to be I believe it
was 2023 or 2025. We submitted these in our comments. We
think that is a very important indication of the extreme
changes that occurred in the off-road inventory that
absolutely justify these type of changes that are
occurring.
In terms of some specific comments, we were and
look forward to reviewing the bubble concept that was
announced this morning. We know that's important,
particularly for some of the larger more complex fleets
that are looking at the potential to trade some
advancements they made in the off-road over the on-road.
We thank you for including that concept, and we'll review
it.

One potential weakness we notes is in the
retirement credits it reduced fleet horsepower. As we are
reading those sections, one, it seems to categorize
modifications that large fleets would have made in the
compliance period between March 1st of 2009 and the 2010
compliance date and modify those backwards to the half credit versus recognizing those were potential surplus.

And then also there seems to be a window between I believe it's February of 2012 where if someone was just reducing their fleet horsepower, they wouldn't be reducing credits. And they would essentially end up in that window, hold on to the equipment until you're in compliance to retire it and get credit for turnover.

There's almost the scenario that led to AB 28x in some ways and we think there should be a way to recognize pure fleet horsepower reductions for credit.

Thank you.

CHAIRPERSON NICHOLS: Thank you. Thank you.

Staff, you want to comment on that? Eric.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: Yeah. As we originally set out in looking at a amendments to the off-road regulation, we were looking at it across the board two-year delay. As we went through the process and worked with the industry and ended up settling on a four-year delay, one of the things we did to make sure we remain whole on the SIP and we got all the reductions we needed in 2014. One way we did that was to ensure that that large amount of credit that had been amassed from all the vehicles retirements we had seen didn't suddenly get
cashed in that first year. So one way to deal with that was to discount them and then delay their initial use. We wanted to continue to provide fleets credit for further actions they were taking. And so that's why we are still keeping the full credit for future retirements that they do. And we think on balance then that's going to make sure we meet our SIP obligations and continue to provide relief but get some reduction in 2014 when we need them.

CHAIRPERSON NICHOLS: Okay.

Dave Norris.

MR. NORRIS: Yes, I'm with Lakeport Unified School District. We are a full attainment air district. I recently received our grant to retrofit our school buses and will be underway at the beginning of January doing that. However, it is the wish of all of the schools in Lake County that we were able to take -- if we could take our 1.9 million that came into Lake County Air District and apply it to replacing pre-87 school buses. We all feel it would be most advantageous for all of us. The main thing is that all of those buses, the minute they hit the yards, will be underway with children in those buses and will longevity wise will last us a long time. And also in regards to maintenance, the newer buses that come with the devices have been far more
successful than applying retrofits. Many of my school buses to be retrofitted are 20 years old. And to put a $15,000 retrofit on a 20-year-old bus, like some of the other guys were saying, is extending the buses out beyond their useful years. I'd like to see if some changes could be made specifically for full attainment air districts to allows us to replace pre-87 buses that the regulation initially wanted to address. So if you could take some consideration, we'd appreciate it. Thank you.

CHAIRPERSON NICHOLS: Okay. Thanks.

Kyle Reams and then David Chidester.

I'm going to make an announcement now. I apparently didn't give a time earlier, but at 1:30 we will cut off any further sign-ups for oral testimony. Okay.

MR. REAMS: Good morning. Thank you for letting me speak.

I would just like to talk about one factor today. I would like to talk about the retrofit exhaust filters. We've heard a little bit about the problems about the exhaust retrofits, and I would like to tell you about some firsthand experiences that I have experienced at my transportation yard.

When I have buses that go out on trips or I have buses that come into my school district that have the exhaust retrofits on them, there are times when those
buses are in limp mode or de-power zone basically where
they are unable to drive safely with students on board.
That requires either to find a facility that has an
exhaust retrofit kit where they can recharge or burn off
their filter or, by any chance, if that is not available,
they have to drive in a limp mode sometimes at low
excessive speeds with students on board to a safe spot
where we can get a mechanic out there to replace a filter
so they can get back safely. I would like you to please
look at this and just think about very carefully what
you're doing for the safety of our students.

Thank you so much.

CHAIRPERSON NICHOLS: Thank you.

Is this David Chidester?

MR. CHIDESTER: Good afternoon. My name is Dave
Chidester. I'm President of Central Cal Transportation.

We're a drayage company.

Unlike a lot of the others here, we have no
options. We had to comply by 2010. After complying with
January of 2010 and all through 2009 when we bought or
leased 66 brand-new trucks, everybody got an extension.
So I had to compete head to head that with people that had
done nothing for four months. Then there's another
extension. Now we are finally getting around to plugging
some of the gaps that Chris Cannon exposed from L.A. I've
been fighting for these forever. That's the dirty little secret in drayage, that we're competing head to head with people that will run up and down the state with non-compliant trucks and pay somebody else to put it in. You still have one unaddressed dirty little secret out there, and that's exempt trucks operating in the ports. The exemption status was supposed to be for people that had PTOs that ran in bottom dumps and tanker units. If you're hooked onto an ocean container or rail container, you have options. There's no reason that you ought to be exempt. If you're pulling an ocean container, you ought to comply.

I'd really like somehow to be made whole through this. We supported you and complied with all the regulations. I notice one little sentence in the agenda that says, "and we'll give credit to fleets that have already taken action to comply with the regulations." I'm hoping there is something that can be done to us.

Sometimes I feel like Charlie Brown laying on the ground looking up at Lucy. I'm just looking for somebody to stop jerking the ball away. I can't keep adapting -- yes, last night, in the middle of the night, Congress passed their budget for the extension of the Bush taxes cuts. I'm just looking for consistency.

CHAIRPERSON NICHOLS: Thank you.
Question for you.

BOARD MEMBER D'ADAMO: A question for staff.

What can be done to provide credit? I don't know if there are any in this position that have completely complied where providing credit would even do any good.

ASSISTANT DIVISION CHIEF MARVIN: This is really limited to the drayage truck rule at this point. And for those folks who made the investment in model year '07 and greater trucks, as Mr. Chidester and his firm did, the benefits are the availability of funds -- public funds that were available. Unfortunately, his company could not largely take advantage of that. We figured out a way that he can moving into the future.

There is a difficulty in trying to provide credit for that in the same way that the truck and bus rule will since the entire drayage industry needs to have PM control by 2014. So there's just not a lot of opportunity to create a new averaging or credit program for the PM control. The extension ability that we have on drayage is for the second phase, the upgrades that get the additional NOx reductions. We don't see an opportunity to do what he's suggesting.

CHAIRPERSON NICHOLS: The best thing you could do is make their competitors have to do the same thing,
ASSISTANT DIVISION CHIEF MARVIN: Yes. And that's what the current rule requires.

MR. CHIDESTER: The NOx suspension is what made my decision in retrospect horrible. When I looked at a $25,000 PM filter and then in '12 a 30 to $40,000 NOx filter put on the $10,000 truck, the new trucks were the way to go. But now that the NOx is out of the mix and we can keep running to 2020 in retrospect, I wish I would have had a clear crystal ball.

CHAIRPERSON NICHOLS: Okay. Thank you.

Don Anair and then Ron Cancilla and Eric Carleson.

MR. ANAIR: Good afternoon. I'm Don Anair, Senior Engineer with the Union of Concerned Scientists. I'm testifying today in strong support of continuing ARB programs to reduce emissions from diesel-powered engines.

We acknowledge the need to adjust the rules, but we also acknowledge that reductions in diesel emissions, especially direct diesel PM emissions, localized air toxic will be slower as a result of these changes.

I would like to focus on one particular recommendation I believe will reduce local toxic risks from off-road equipment without increasing near-term cost of fleets.
As proposed, the low-use exemption would allow any equipment operating less than 200 hours per year to be permanently exempt from any cleanup requirements. Two-hundred hours, according to the inventory attached to the rule, is equal to about 40 percent of normal annual operating hours of off-road equipment, meaning a piece of equipment operated for nearly half the year is considered low use under the proposal. This creates a significant loophole as it may cost much less to designate older high polluting pieces of equipment in use rather than cleaning it up.

A piece of equipment manufactured as late as 1996 operating 200 hours per year emits more than 20 times the filter equipped model operating in a full year. Under the proposal, the equipment could be turn-over credit being designated low use but continue to operate indefinitely.

The following recommendations would retain the intent of the low-use exemption, prevent the accumulation of high-polluting equipment in fleets, and reduce risks to communities with toxic PM emissions. The three recommendations are to allow ten percent of fleets to be low use. This would prevent unlimited numbers of equipment. Current reporting to seven percent of the equipment is designated as low use. This would increase the current levels; sunsetting the exemption for the older
equipment, and communities deserve the protection from this. By 2023, this equipment will be at least 20 years old. There is no reason for this equipment to be operating.

And finally, eliminate the turnover credits because of low-use piece of equipment is still actually polluting. There shouldn't be turnover credits for that equipment.

Thank you.

BOARD MEMBER BALMES: Could I ask staff to respond to this?

ON-ROAD CONTROL REGULATIONS BRANCH CHIEF KITOWSKI: I think there's two issues intertwined here. One is the emission benefits associated with the low use, and the other is whether there is a loophole here that maybe staff didn't anticipate.

I have to say that to quickly address the first part, the emission benefits and the loss of emission benefits is something we considered when we carefully crafted the pros and cons of different options and we thought that was worthwhile. The loophole wasn't something that we considered as we are developing this.

I would guess there is a greater risk when you do increase the hours. At this point, we didn't think it was insurmountable. We would certainly -- we have the data to
monitor it very closely. We would certainly actively
monitor that. And if it were a serious concern, we would
recommend coming back to the Board. But whether or not
that is a risk that was beyond what we anticipated, it's
difficult to put our own crystal ball into that.

CHAIRPERSON NICHOLS: Okay. Thank you.

Ron Cancilla and than Eric Carleson and Katherine
Garoupa.

MR. CANCILLA: Good afternoon. I'm Ron Cancilla
with Impact Transportation from the Port of Oakland.

I had a few things written up here that I would
was going to address, but then I continued to see this
slide pop up of one individual's truck who I know very
well. So if you can pull up the slide with the pictures
of the trucks, please.

The reason I ask for that is this individual just
happened to come up to me yesterday afternoon and showed
some great gratitude and thanks for our help in helping
him finance the retrofits that were installed upon the red
truck with the Maersk. That truck belongs to a gentleman
by the name of Edwin Alfaro. The Alfaro family is a
typical example of the port draymen. The port draymen
are -- a vast majority of port drayman are independent
contractors. These guys have adhered to these rules that
either retrofitted or replaced a vast majority from
understanding of retrofits especially within our company. So today we're here to support the amendments to
the drayage truck rule. I don't think I can go back to
the Port of Oakland and share any better news during the
holiday season than to tell my guys that, you know, they
don't have to worry about this for a few more years. It's
bad enough these guys are under attack right now by the
ports and by the laborers trying to make these independent
contractors extinct and get rid of them from the drayage
industry.

So, you know, I strongly urge you to go through
with these amendments to the drayage truck registry. Give
us some time so we can make proper decisions on where to
invest our moneys going forward.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Eric Carleson.

MR. CARLESON: I'm here. Eric Carleson,
Associated California Loggers. I'm here to speak
exclusively to the diesel truck amendments that our
industry retains a strong interest in all our rules. And
earlier speakers have spoken about maybe taking the
portable rule, which remains important to our members, and
giving some of those Tier 0s expiring in a short time.

I'm here to speak to two general topics and one
specific one.

General topic number one: Associated California Loggers thanks the Chair, the Board members, and particularly the staff for meetings we've been able to hold with you over a two-year plus period on the diesel truck rule. We also thank the staff for coming into the woods to examine for closely the specific nature of how and where our industry and our logging subset of the industry works.

The amendments before you today give us more time, somewhat more options, and more flexibility in dealing with the rule. We're particularly supportive of the log truck provision within the amendments and urge you to adopt that provision.

General topic number two: While all of us worked hard to meet various deadlines imposed by the federal government and the state on reducing emissions inventories, what do you know? The national economy, the state economy, and of course our timber economy have refused to meet any deadlines in terms of coming back to the extent where we can deal with these rules, as at least one of our members spoke to you about today, one of our company members.

So whatever amendments pass today and we appreciate them, no one's work is over yet. Not yours,
and not ours.

Hitting the main points in our comment letter just skimming them, we suggest we all need to address the following concerns. Educate business in 2011 and 2012 as to exactly how these rules work. There be will a number of workshops I know for industry in the coming year. Been trying to tell our folks exactly what they need to do and when has been an ongoing issue, and we know we want to spend the next couple years refining it.

Acknowledge the devastated economy and adjust the rule accordingly. I can hear the beeper going. I'm going to go a little longer to get to the specific topicing.

Given the limited time at the microphone, our group split up issues today among the Forestry Task Force members. I'm tasked the review specifically solvable problems having to do with the NOx attainment district boundaries and making them more uniformed and practical for the trucks that drive within them. We submitted boundaries ideas and stand ready to work with staff on them. We don't see this as the end of the process. 2011 is only beginning, new Governor, new Legislature, new Congress. And we look forward to working with you to make these rules work within the economy. Thank you.

CHAIRPERSON NICHOLS: Okay. Thank you.

Catherine Garoupa.
MS. GAROUPA: Good afternoon.

I'm here this afternoon representing the Watch Dog Committee of the Central Valley Air Quality Coalition. CVAQC is a coalition of over 70 diverse organizations that are unified in our commitment to work for clean air in the San Joaquin Valley.

As you all know, we have a public health crisis in the San Joaquin Valley due to our chronic air pollution problem, which includes more than $6 million in public health costs and 2400 premature deaths in our region alone due to air pollution.

We're particularly concerned about the delays for the on-road rule. Many of our environmental justice communities are living near roadways. These communities are already impacted by pollution, and a delay means more continued pollution in those areas and more health impacts.

As was already mentioned, there is a zero margin of error for the San Joaquin Valley for our State Implementation Plans, and I wonder whether in those calculations there was consideration for the fact that when this rule was originally passed, there was a special exception given to short haul ag trucks, which are going to be disproportionately in our region well. Again, minimizing the margin of error we have has already been
zero. Delays ultimately mean prolonging public health impacts, and there are so many variables attached to this rule, including the economy and the inventory.

The bottom line for us in the San Joaquin Valley is we need all of the reductions that we can get from wherever we can get them. The original rule saves more lives and money than it's ultimately going to cost industry. Research from U.S. EPA shows for a dollar in pollution cleanup targeted at diesel pollution, there's $13 in health savings.

So today I'm here to urge you to stay the course on the on-road rule. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Michelle Garcia.

MS. GARCIA: Good afternoon.

Michelle Garcia with the Fresno-Madera Medical Society.

I'm here representing the Air Quality Subcommittee of the Fresno-Madera Medical Society, and we would just like to express our appreciation for how you have helped to make the rule a little bit more feasible for truckers. We know that's not an easy task, especially in light of these hard economic times.

We feel the rule is very important, especially as it relates to the San Joaquin Valley. We have an
incredible health burden as you very well know. And we are especially concerned with the zero margin that the San Joaquin Valley will face.

So we just ask that you continue to look at that and maybe revisit it or talk about it a little bit more and figure out if there is some way to ensure that there will be some safeguards for us.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Was Victoria Ramirez with the student group? I think so. Okay.

Susan Seivright from Valley Power Systems, John McClelland, Brandon Kitagawa.

MR. KITAGAWA: Good afternoon, Chairman and Board.

My name is Brandon Kitagawa. I'm with Regional Asthma Management and Prevention and also here on behalf of the statewide network of asthma coalitions called Community Action to Fight Asthma.

First, we want to thank you for making the difficult decision a couple years ago to adopt these rules knowing the economic uncertainty ahead. So we want to thank you for adopting these rules, but also for showing reasonable flexibility to modify the rules given on their changing on-the-ground conditions.
But second, we want to remind people that what was true when these rules were adopted is still true today. Many of our asthma coalitions still deal with the effects of diesel pollution every day. They see kids forced indoors for recess, kids missing school, and parents missing work because of asthma attacks. And we see families spending money on preventable health care costs.

These rules still represent the best opportunity for California to improve some of the dirtiest air in the country. We know diesel trucks and buses are the single largest source of diesel pollution in the state and account for some 40 percent of the diesel soot. Curbing these emissions is vital to meeting federal air quality standards and removing the health and economic burdens to many families.

So RAMP and the COFA coalitions urge you to continue to protect the people's health by making key changes to the proposed amendments. They were outlined in the letter submitted by Camille Kustin from public health, environmental, and communities groups. Those changes would provide near-term relief to impacted communities, eliminate loopholes, and create a margin of error for the SIP.

Thank you.

CHAIRPERSON NICHOLS: Thank you.
Charles Rea, followed by Reginal McAfee and Bill Magavern, and that will be the last before we take our lunch break.

MR. REA: Hi. Charlie Rea with the California Construction Industrial Materials Association here speaking about the on-road rule.

Our primary vehicles affected by this rule already-mixed concrete trucks and construction and service trucks like water trucks and lube trucks, so on. Mainly just want to encourage the adoption of the amendments today. We think these will be a big step forward in helping with the difficulties of complying. Particularly appreciative of the 15-day amendments to address specific issues with construction trucks, early replacement of trucks, and the bubble concept. Want to thank everyone very much.

CHAIRPERSON NICHOLS: Thank you, sir.

Reginal McAfee.

MR. MC AFEE: I'm Reginal McAfee. I don't represent anybody other than myself. I'm a member of the CDTOA Dump Truck Owners Association.

The only reason I'm here is I've been paying attention to this stuff for about five years now. And every time something comes up, they say call this number and we'll help you get a truck. And I call and they tell
me I don't quality. Have a '90 Peterbilt three axel.

I've heard all this talk. Not heard anybody address the dump truck industry. So I think that either you guys don't know about us or don't care about us. I know you know about us because you talk to the people with the CDTOA that I send my check to and they make the decisions. But how do we get funded? How do we get money? How do we get attention of somebody? It's a question. Anybody can answer it. It's a question.

CHAIRPERSON NICHOLS: I understand that not everybody who could use assistance qualifies, but can staff address the question specifically?

ON-ROAD CONTROL REGULATIONS BRANCH CHIEF ROWLAND: Scott Rowland.

The various incentive programs have different requirements. And without knowing the gentleman's particular circumstances, I can't really comment as to exactly why he was told that he did not qualify. However, I can assure you that my staff will follow up with him and try to figure out if indeed he does qualify. And if not, at least explain exactly what the requirements are and why.

CHAIRPERSON NICHOLS: Okay. I think that's about the best we can do right now, at least get you an answer.

MR. MC AFEE: That's better than what I got
before he answered it.

CHAIRPERSON NICHOLS: Okay. Thank you. I'm sorry that you haven't been able to get an answer up until now.

I apparently called a person who was here but was in the other room, that was Susan Seivright, South Coast AQMD. If you want to testify now, that's fine.

MS. SEIVRIGHT: Thank you. Good morning.

My name is Susan Seivright. I'm Manager of Regulatory Affairs and Compliance. Our company distributes heavy-duty engines, after treatment, other SmartWay-approved technologies for multiple applications that relate to all of the rules you are talking about today. And we paid close attention to California SIP requirements, and we've been identifying the technologies of our products we sell, which ones do we need to evolve just to correlate with your regulations. And we work very closely with our manufacturers to verify we have products available to be sold in California.

The current state of our economy seems to represent a type of crisis points between two paradigms in the United States. As a result, our company has had to change the way we do business completely, which has been expensive and incredibly stressful on various levels, and the end users we serve have also had to change the way we
Chair Nichols, your team has done an incredible job by modifying these regulations and re-evaluation of the data and outreaching and listening to the effected industry. I'd like to request that your staff continue their endeavors to implement outreach as diligently as they have done for the modifications.

Regarding compliance schedules, credits, and grant funding opportunities, that primarily focus on end users on how they can crack the code and make this system as retained or developed work for them.

Taking advantage of credits and funding opportunities is expensive typically the first year. However, it's cost effective in the long run and will get reductions ahead of schedule.

Additionally, I'd like to request that your staff dedicate ample time to re-evaluate the effectiveness of the Cal Cap Program, which provides a tremendous amount of relief to fleets that are affected by these rules as well that may have already missed their window to qualify for grant programs.

So, finally, I'd like to Encourage the CARB Governing Board to adopt amendments that are before you today. And thank you for all of the time.

CHAIRPERSON NICHOLS: Thank you.
Is Bill Magavern here? No, he's not. But Tim Carmichael is here.

MR. CARMICHAEL: Bill may have had his math wrong. He thought he'd be called right after lunch. So he went back to his office. He still wants to speak.

CHAIRPERSON NICHOLS: Okay. Then we will be on break until about five passed 1:00.

(Thereupon a lunch recess was taken.)
AFTERNOON SESSION

CHAIRPERSON NICHOLS: Do we have the students group ready? Why don't we bring you forward and hear from you now. The rest of the Board members are making their way to the front, but they can hear us as well.

MS. RATNER: I wanted to thank everybody for bearing with us and letting us all come up together. If it's all right, we're going to have the whole group. There are 15 students in all, but not all are speaking. So I just wanted everyone to be able to come up and stand with their friends while they speak.

The students who are speaking today are from Oakland and Richmond, and they can speak better for themselves than I can. So I'll just let them.

MS. MC GHEE: Good morning, Chairman Nichols and members of the Board.

My name is Christina McGhee. I'm now a student at Laney College in Oakland, California. I'm hoping to transfer to U.C. Santa Cruz in the fall to major in environmental studies and biology.

I spoke to many of you in 2007 when this Board adopted the off-road vehicle rule. I was a junior in high school and part of the group of students from Oakland who, like the students here today, were concerned about air
pollution in their communities.

I'm proud of the decision that the Board made that day and honored to have participated in the process. I understand the concern about jobs and I sympathize with those who struggling in this economy. What I was growing up, my father often did not have a job and there were even times when we were homeless, so I do understand the issues of economic depression and struggling families.

But if you change the off-road rule to protect jobs, please make sure that you maintain the health protections that you can be proud of having adopted in July of 2007. In particular, please do not increase the low-use exemption threshold to 200 hours per year. Since most equipment is used 400 hours per year, this increase could allow two pieces of old dirty equipment to be used instead of retrofitting or replacing one piece of equipment.

In addition, please make sure that the exemption ends at some point -- the sooner, the better -- so that all equipment is eventually retrofitted or replaced to protect public health.

Speaking to you in 2007 was not easy for any of the students who came here to Sacramento to speak to you, the Board, about diesel in our communities. But the careful attention that you paid to our concerns played a
big role in my decision to pursue environmental studies
and biology. I hope your willingness to listen and your
concern for public health has the same effect on the high
school students we have to speak here today.

In closing, I'd like to submit to the members of
the Board these 54 index card statements from students
from my high school, Oakland High, who are concerned about
this rule.

CHAIRPERSON NICHOLS: Okay. Thank you.

MR. NGUON: Good afternoon, Board members.

My name is DePaul Nguon. I attend McClymonds
High School in the small tight-knit community. My high
school is surrounded by truck routes. There is a major
truck route two blocks down from the school. There are
two more truck routes close by, one five blocks to the
west and one five blocks to the east.

So along with being located close to the port of
Oakland, my high school is smack dab in the middle of a
rectangle defined by diesel trucks and the particulate
matter they emit.

Diesel pollution has real consequences for us at
McClymonds High School. My jaw dropped when I find out
that every single one of my classmates in my legal studies
class either had asthma or has someone in their family
with asthma. Nearly a quarter in that class either
carries an inhaler or uses one at home.

Sometimes I wonder where my friends are when they aren't showing up at school for a couple days, only to find out they had to miss out on school from the harmful effects of asthma.

Because I live in West Oakland, I'm particularly concerned about trucks around the port. So I'm very happy the staff is recommending an end of dray-off loophole and recommending including more trucks in the program. But we still need to get the older dirtier trucks off the road with a second phase for port trucks. And we can't wait until 2023 to finally get the goal of reducing diesel particulate by 75 percent from on-road trucks.

I recognize how important jobs are. I have friends whose parents work at the Port of Oakland. But at the same time, I really hope that the Board does not back down on protecting our health. Thank you.

CHAIRPERSON NICHOLS: Thank you.

MR. MATTEO: Good afternoon, Chairman Nichols, members of the Board.

My name is Salvador Matteo. I am a senior at Mandela High School Law and Public Service Academy.

As you can see from the map in front of you, truck routes run right along one side of my school just outside the fence around our football field.
My house is also close to the truck route, four blocks to the nearest one.

But I'm really more concerned about an impact of diesel pollution might have on my little sister than I am more about the impact it's having on me. My little sister is 14-years-old. So her lungs are still growing.

I know you understand that children who are exposed to diesel exhaust are more likely to have asthma, and they also have reduced lung function. I also know that you care about these things, because you have been working on this problem for a long time.

When the Board adopted the California's Diesel Risk Reduction Plan in 2000, my little sister was four-years-old. The plan set a goal of reducing diesel pollution by 75 percent by 2010. Of course, we haven't yet reached that goal. Then in 2007 and 2008, the Board adopted some important rules for trucks and buses and construction equipment. Those rules were going to reduce diesel particulate pollution by 75 percent by 2014 and then the recession hit.

I agree there have been some changes to help truckers and construction workers in these hard times, but the proposal in front of you won't get us to 75 percent reduction on diesel pollution until 2023. By that time, my little sister will be 25-years-old. Her lungs will
have stopped growing. She will have lost any chance to
grow up with clean air.

I'm here to say respectfully, please don't wait
that long. You need to fix the proposal so that old
trucks, old or new, have diesel filters by 2017. And old
equipment needs to be retired faster. All the loopholes
need to be closed.

Thank you for your time and for paying attention
to our concerns. We are counting on you. My little
sister is counting on you.

MR. BALOGUN: Good afternoon, ladies and
gentlemen and Chairman.

My name is Segun Balogun. I live in Oakland, and
I attend Mandela High School. I'm here because there are
truck routes close to my school and my community and, of
course, my house.

Diesel trucks and tractors are coming in my
community and they effect people. For example, the asthma
hospitalization rate in my community is high. The asthma
hospitalization rate for children in the ZIP code where I
live is much higher than the rest for children in
California in general.

People in my community are effected by trucks
diesel pollution, but they are not getting much of the
economy benefit from the freight of those trucks coming
through the neighborhoods. The people who make the most
money from the trucks live someplace else. If the
companies that make a lot of money from shipping and
selling the products that come into the port of Oakland
could pay a little bit of money for every container that
comes to Port of Oakland, then that could help my
community and they could clean up the diesel trucks.
I know this is an idea that Board has heard
before. I think this should recommended as an idea to the
Governor and the Legislature.

Also, I think it should be on the ballot for
election of 2012. Suppose that every container that come
through Port of Oakland the shipping company paid
something like $30, that the money would be used to clean
up the trucks. And this would really help my community
because less pollution and less asthma in my community.

Thank you.

MS. OROZCO: Good afternoon. My name is Jessica
Orozco. I'm currently attending Richmond High School.

And I'm a junior in the Health Academy.

First of all, I would like to show you the map of
where our school is. Like, all the highlighted parts are
the truck routes. And as you can see, there's, like, a
lot of them around our school.

The reason I'm here today is because I wanted to
talk to you about diesel exhaust and how it is affecting everyone around us. As you know, diesel exhaust is a problem because it contains more than 40 toxic air contaminants. Diesel is widely used throughout our society. It is used to power bus, agricultural equipment, back-up generators and, of course, trucks.

Imagine trucks passing by your house every day leaving particles and gases in the air that are just waiting for the moment so you with breathe them in. At that moment, they may not affect you, but sooner or later they make you sick when you least expect it. Every time we breath the toxic gases, they are drawing into our lungs.

One truck route runs through 23rd Street, runs right in front of my school. Around my school there are two more trucks routes. And around Richmond, there are many more. Wouldn't you be worried if you and your family were breathing toxins that could be killing you slowly?

I would like to ask you to not wait any longer to make the changes that we have known for so long that we need to make. It is the difficult to start, but it's not impossible. Nothing should stop us from pursuing just this.

Thank you.
MS. GUTIERREZ: Good afternoon, everyone.

My name is Neli Gutierrez, and I'm a junior at Richmond High School. I'm also a member in the Health Academy. I live in the Richmond community two blocks from one truck route and two blocks from another truck route.

I stand here today because I'm concerned in how diesel exhaust is becoming a harm to the children's health. The children who are exposed to diesel exhaust have a higher risk of having asthma because their defenses are not fully developed.

As you all probably know that Richmond's asthma hospitalization rate is three times the state average.

I, myself, suffered of asthma as a child. I once had to go to the emergency room because I was having trouble breathing.

My seven-year-old sister has asthma now. She sometimes has to use a machine that helps her take the medicine she needs. This medicine helping here by opening the pores to her lungs.

I have two cousins who also live in Richmond and also suffer of asthma.

In your mission, you mention that you want to promote and protect the public health. And all of us who are suffering this diesel impact want to see you do as you say. Thank you for your time.
Good morning -- good afternoon. My name is Victoria Ramirez. I'm currently enrolled as a student in the Health Academy at Richmond High School. I've been living in Richmond since birth. I'm here to talk you about the diesel problem in our community. One of the diesel problem in our community is the trucks that pass close by us. There are more than four routes that pass near our school, especially the one that passed right in front of my school. There are two routes around my house.

This problem is actually affecting us, the citizens. It is affecting our health. The percentage of kids from Richmond that are hospitalized for asthma is three times the percentage of kids in California.

I understand that we have to be concerned about the jobs that are going to be effected by this rule. But on the other hand, the percentage of kids hospitalized is going to decrease by a lot.

I know it's not easy finding a job now since the economy has gone bad. But the delay that are being proposed means more kids are going to be affected and get sicker. Thank you.

Hello. My name is Marisol Rogue. I'm a senior in Mandela High.

I'm here, because I really want to tell you guys
that I'm glad that you guys -- this amendment, because I have four little brothers, and they are little. I don't want them to get asthma. I want them to grow healthy. And also because right next where I play soccer where they play football, right there is a diesel truck route. And it's not fair how we have to live under environmental racism and how other people -- often rich people don't have to.

And I think that if you had -- I know that it's hard right now to look for jobs. And I understand all the people that are they don't support this amendment, but I think it has to be stop being selfish and also care about the people that live under this environmental racism. Like, the world is not all about money. It's also about the health of other people and especially the people that -- especially little kids, which they are the future for this country. And that's all I have to say.

MS. BAKER: Hi. My name is Kami Baker. I grew in various locations in California's Bay Area. I have been raised in low-income environments and middle-class neighborhoods. Unfortunately, I have acquired chronic bronchitis because of the air quality of my environments. For the majority of my childhood, I lived in the Bay View Hunters Point neighborhood of San Francisco. The area is now home to an extinct shipyard that the major
cause of poor air quality is diesel truck traffic. Diesel fueled trucks and buses would drive past my house constantly. Almost every child in my school either had asthma or bronchitis.

Afterwards, my family relocated to the Silicon Valley where the air quality was much better. When I was at School, I did not see children with inhalers or stopping breathing efficiently. The sight of buses and bucks were no longer daily life. I never saw one drive down my block.

Even so, one day, I started coughing uncontrollably. I could not breathe well, and the cough contained a lot of mucus. I went to the doctor. They diagnosed me with chronic bronchitis.

Due to financial circumstances, we moved to Richmond to a congested area full of trucks, buses and trains. Like Bay View Hunter's Point, there is an extinct shipyard and many truck routes run throughout the city. Because of the large amount of exhaust and pollutants in the air, my bronchitis bouts have increased from yearly to bimonthly.

Low-income families cannot afford to live on hills where trucks cannot drive or pay the high property taxes to live in the Silicon Valley. Because of their income, they must live wherever is cheaper. Since areas
with multiple truck routes tend to be cheaper, families reside there, exposing young children to pollution with life-long effects. More children are being diagnosed with asthma and bronchial diseases. Policies should be made that benefit all people, and I believe that re-routing of trucks will help lower the asthma-related hospital visits and low-incomes families that reside in those areas.

The diesel filters should be mandatory on all trucks. I believe my community will benefit greatly from the diesel filter. There should be an earmark to the amendment that, like tax breaks or people who comply with the filter, they should be guaranteed grants, like mom and pop truck companies. And there should be just an earmark that helps the economy as well.

Thank you.

MS. RATNER: Thank you very much for hearing the students. Could the other student just state their names?

CHAIRPERSON NICHOLS: Yes, of course. Everybody who's part of the group, if you didn't speak, come and state your name.

MR. AIRE: My name is Tomas Aire. I go to Fremont High School.

MR. FISHER: Hi. Name is Julian Fisher. I attend Mandela High School.

MS. AYALA: My name is Cecilia Ayala. I attend
Mandela High School.

MS. FLORES: My name is Anabel Flores. I attend Mandela High School.

MS. HONG: Hi. My name is Sheila, and I attend Fremont.

CHAIRPERSON NICHOLS: Well, thank you. Thanks very much. And Merry Christmas and Happy New Years to all of you. I hope this is a project that you get credit for in school. But if not, you get credit with us anyway. We really appreciate that you come and that you are willing to focus some of your time and attention on our issues.

Okay. Right before lunch we had called for Bill Magavern and here he is.

MR. MAGAVERN: I want to thank you for taking my testimony now.

I'm Bill Magavern, Director of Sierra Club California.

Also want to thank the students for being here and hope that you'll continue to speak out.

My own children are also in high school and also growing up virtually in the Shadow of two freeways actually.

I know these rules have been very difficult for a lot of people here and that we all sympathize both with people who
are hurt by illnesses caused by air pollution. And I know
that you as Board members are trying to strike a balance
here, and it's not an easy thing to do.

I think it's also essential that you operate with
the best possible data that is up to date with taking into
account the effects of the recession and also correcting
the errors that have been made in the inventory. So
clearly there does need to be a course correction. In
doing that, we think it's important to also remember that
diesel soot is not distributed evenly, as you've heard
from the students. And the health impacts are also not
distributed evenly.

So we suggest some amendments that we think would
particularly help to reduce some of the localized impacts
as you've heard. So I won't go into great detail.

With the off-road regulation, we think it should
sunset the low-use threshold and return it to 100 hours
per year where it was before, require all equipment to
employ a PM filter by the final compliance date. And for
the on-road rule, require the '94 to 2000 vehicles to
install PM filters in the next two years, replace all the
vehicles more than 20 years old beginning in 2012 and
require all the trucks under 26,000 pounds also retrofit,
retire, or upgrade to a newer vehicle when they hit 15
years of age. And we also especially want you to preserve
the school bus cleanup provisions, since that's where our
kids are very frequently exposed.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

During the lunch break, we had a chance to sort
of talk a little bit with some of the staff about a couple
issues that came up during the morning. And one of which
was the whole question about the filters and the extreme
disparity of views I guess you would say in terms of how
effective they are and how troublesome they may be for
some people who obviously feel very strongly that they
don't like retrofit solutions.

And, Eric, you indicated that there was somebody
who would like to at least take a couple of minutes to
address that issue or how you might resolve the issue, the
question.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH

ASSISTANT DIVISION CHIEF WHITE: I think there is a couple
Board members that asked about failure rates and
observations with their individual products. And
certainly as we look at retrofits, our program already has
an ability where we get annual warrantee reports and we
look at those and we evaluate what is failing, if there
are problems and how can we correct those and take
corrective actions. But Brad Edgar with Cleaire had
offered to may be take a moment or two and talk about some
of their experiences with it, especially as it relates to
school buses, which has certainly been a hot topic today
about how filters work on in those applications.

CHAIRPERSON NICHOLS: I recall personally going
to an event in San Diego with Supervisor Roberts where we
were looking at an installation of a filter that was paid
for with some bond money, or at least a portion of it was,
and it was a big deal for the school district. It was a
big deal for the community and so forth. So I guess we'd
like to know a little bit more directly what you can add
to this discussion.

MR. EDGAR: Thank you, Chair Nichols, for asking
me back. I actually cut a little bit of the testimony out
to try to meet the two-minute time frames. And one of the
points I was going to make if there were issues about
school buses that in the rare cases there are issues, they
have always been related to the condition of the engine.
When an engine is out of tune or consuming excessive
amounts of oil, there's extra material coming out of the
tailpipe end of the filter.

One of the remarkable things about the
particulate filters is they filter out 99-plus percent of
the particulate matter coming into them. However, some of
that particulate matter is inorganic. It's ash from the
lubricating oil, and inorganic material can't be burned.

So if there's excessive oil consumption, the filter catches all that, but you can't regenerate it or burn it over. And over time the filter loads up and back pressure goes up.

And that's the cause at least of frequent regenerations and concern about not getting the acceptable range. So our experience is we've have had -- to your question, Dr. Telles. We've had almost zero failures, but we have had issues ultimately route cause back to the condition of the engine.

Our dealer network is very skilled in dealing with engines and now able to diagnose these on the front end and take corrective action. There are a number of things you can do to make sure they are in tune.

CHAIRPERSON NICHOLS: So you have to take some extra steps to make sure that the bus is suitable for the filter, not just stick it on no matter what.

MR. EDGAR: Correct. And the buses that aren't suitable for retrofit frankly aren't gross emitters.

They're emitting at multiple times the levels when they were certified by CARB or EPA. So they're well out of speck. In some sense, we are doing a benefit by identifying gross emitters and correcting them on the front end so they can be compatible with the retrofits.
And one other point to make is there was a comment made about a limp mode. To our knowledge, the pre-2007 engines, there are no defeat devices. There is no way for the engine to sense that there is a filter issue that would cause it to de-rate and lose power. So I think that's a misstatement about how the engines work.

CHAIRPERSON NICHOLS: It's an issue on the 2010s or just --

MR. EDGAR: The 2007 and 2010 engines may have censors in their exhaust systems that notify the engine and the driver of their back pressure issues, but there was nothing in the world of retrofit like that.

CHAIRPERSON NICHOLS: Okay. Well, I thought that might be helpful at least to give people some background. Thank you. Appreciate it.

Julian Imes, Bob Ramorino, Diane Bailey.

MR. IMES: Good afternoon.

My name is Julian Imes. I'm Director of Advanced Technology for Donaldson Company.

Donaldson is headquartered in Minneapolis, Minnesota. We have ARB and EPA verified technologies and we are a leading supplier for both diesel reduction programs.

We also continue significant effort to gain additional verifications, both for PM control and NOx
control.

We do wish to offer a few comments on ARB's proposed amendments and the impacts on Donaldson. We do understand the need for industry economic relief, certainly. We also fully support the MECA recommended changes. We are a MECA member to the proposal. These seek to identify additional emission reduction opportunities and also to identify the need for economic relief consideration for retrofit manufacturers.

I want to emphasize that in support of ARB's diesel programs, we also have an ongoing business assessment to be done and business investments to do. So we need to continue to address that.

We do wish to add comments specifically to that end that emphasize process improvement potentials on verification and end use compliance procedures. We request Board support of near-term reviews with ARB staff, those have started, and ARB interim policy guidance approaches that would: One, provide economic relief; and two, ensure that verified technologies are available and needed.

We believe that more can be done to increase ARB cooperative effort to: One, harmonize the verification process with EPA; and two, to better achieve true reciprocity between EPA and ARB. That exists somewhat
today, but quite frankly I think there's improvements that could be had.

We also believe that a more streamlined cost effective ARB verification procedure and end use testing procedures are desired and possible.

And in summary, we urge the Board to consider the changes that have identified and request these near-term policy guidance adjustments. And that concludes my presentation. And my time is up. Thank you for your attention.

CHAIRPERSON NICHOLS: Thank you.

Mr. Ramorino.

MR. RAMORINO: Good morning, Madam Chair, Board members, and staff. I'm Bob Ramorini, President of a third-generation trucking company based in Hayward. Our company submitted full financials for I believe four years to the staff. I hope they were revealing and either interesting or boring to you.

But just want to talk about the economics and the marketing.

I'm on board with the clean air thing.

We have done nothing -- we've been hanging by a thread for the last year-and-a-half, two years. We do nothing but try to pay wages, fuel, and repairs. Our capital expenditures are near zero. In normal times over
the last three years, we would purchased nine brand-new trucks to replace older equipment. We have one that we purchased in the last few years. So our fleet has gotten older.

For the first time in our history, we borrowed against a credit line. And thank God we were still able to qualify for one. But our time is running out on how long we can continue to draw on that. All of our 45 or so employees have taken pay cuts, including that of the president. We've reduced expenses everywhere we can.

In short, the turnaround has not come for our company yet, as I suspect, many truckers and some of them have spoken here. It's not just limited to the one- and two-truck operators. In my circumstances, it's 30 or 40. But I have the same issues they do.

Maybe I'm just weary about it, but I complement the good work of the staff. I support the amendments. Whatever you do, vote on it and then don't change it, because one of the hardest things we've had to do is deal with the constant back and forth.

Now, the proposed amendments, I have a couple wins. My 05-06 equipment I get to run another year or so. However, my 2000 equipment, which I have 15, has to be dealt with in the next 12 months.

Probably one of the largest things I'm going to
have to do is maybe reduce my fleet size by 25 vehicles if
I can't find a way to finance it. And I will tell you
it's just a question of being able to finance the
equipment.

So again, I support the goals. Move ahead. I
think a lot of us have just tired of the back and forth.
I think the staff has done just about the best job they
could in trying to find some fairness and give us a little
breathing room. It's not going to be enough.

So I'll take my lumps and see what we can do.
Hopefully, we can protect jobs before we get into a growth
mode again.

And I thank you for your time.

CHAIRPERSON NICHOLS: Thank you, sir.
Diane Bailey and Rob Michaelson and Laura Fultz
Stout.

MS. BAILEY: Good afternoon, Chair Nichols,
members of the Board, and staff. Thank you for the
opportunity to comment.

My name is Diane Bailey. I'm a Senior Scientist
at the Natural Resources Defense Council. I'm here today
in very strong support of the diesel regulations that this
agency has passed. We are deeply appreciative of all the
efforts this agency has made to reduce toxic diesel
emission over the years. And no doubt, tens of thousands
of lives have been saved.

We are concerned, however, with the latest proposal that sort of weakens the health protections of these diesel regs.

Before I comment further, I just want to thank staff for all of their hard work on these regs. I know it's been a tough slug. We're very appreciative in particular for the effort in working with communities to address the dray-off problems that were undermining the port drayage truck regulation. So thank you for those fixes.

While we understand that there is a strong need for economic relief and nearly everyone has been impacted by this recession, including my own family, at the same time, so many communities continue to suffer from truck pollution. And it really remains high, despite reduced activity of the recession. The current proposal will significantly delay diesel cleanup over the next few years.

We took a look at what the difference in health benefits would be considering the existing regulations as they are on the books versus the new proposal under consideration today. We use the latest U.S. EPA and CARB methods, and we accounted for the recession and the emissions inventory updates. And we found that there is
actually a significant loss in health benefits, about
50 percent for the year 2014. So in the near term, we're
looking at some pretty big differences, pretty large gap
in health benefits.

And on off-road, we see even bigger differences,
a 90 percent loss of health benefits in 2014. And still,
in 2017, we have a gap in health benefits. We're very
cconcerned about these near-term losses in health
protections.

So we decided to take a look at who is most
impacted. And the answer is obvious. I think you're all
aware that families living near high-traffic roadways are
the most impacted by diesel pollution. And we've heard a
lot of very compelling testimony today.

I thought the stories from the students were very
compelling. And these maps that we put together just put
the demographic data together to show what the disparities
look like. They show a very striking disparity that
supports the fact that the poorest, the lowest income
communities, and those that are more likely to be minority
are also the most like fully to live in the highest
traffic areas. And that's true on average throughout the
state. That's true even more so in southern California,
and that's true in these three areas where we did some
mapping.
That was Commerce. This is Richmond, California, where a lot of the students came from. You can see a very striking disparity when it comes to who's living closest to the freeways. They are more likely to be minority and low income.

And of those living near freeways, we found that there are a lot of children; 50,000 in southeast Los Angeles; 10,000 in this area right here, Richmond area.

And in Fresno, the disparity persists as well.

So we wanted to bring these disparities to your attention, and we're asking you to consider some amendments that would offer some relief to these impacted communities and move up some of the cleanup for the very oldest trucks that tend to operate in these communities the most.

I thank you for your consideration. I thank staff for their hard work.

EXECUTIVE OFFICER GOLDSTENE: Could staff have an opportunity to put some of what Diane talked about in context quickly? I think there's some different ways to look at the numbers, and we'd like just a moment to respond.

CHAIRPERSON NICHOLS: Okay.

MOBILE SOURCE ANALYSIS BRANCH CHIEF SAX: This is Todd Sax. I'm at the kids' table.

So I guess the first thing, what Diane I think is
saying, is that under the currently adopted rule, with the
the recession in place, what she's saying is we would, in theory, achieve additional benefits. I think that's relative to what our proposal is today. And I think that's true if you believe that people could comply with the regulation. But I think the reality of why we're here is that when you look at what the currently adopted rule requires us, requires the industry to do is something that we don't believe everyone can comply with. So at the end of the day, what we've tried to do is develop a proposal that people can comply, and in the process, generate the emission reductions that we need to achieve.

And when you're looking at the risk of nearby roadways, for example, that is an important area in how people are exposed. But there is a big difference between what emissions are going to be like in 2014 without the rule and what emissions are going to be like under the proposed amendments. And we think that the proposal will provide substantial benefits because what we've done is targeted the rule to focus on ensuring early PM reductions in vehicles that travel the most miles.

So when you're looking at freeways, we're maximizing the amount of miles traveled by filtered vehicles on freeways. That doesn't help necessarily everywhere evenly, but it provides the maximum amount of
benefits we can while still ensuring we provide the
economic relief necessary given the recession.

CHAIRPERSON NICHOLS: So what you're saying is
you tried to configure the rule so that the trucks that
are the ones that are on the roads closest to the people
who are the most impacted are the ones that are most
likely to get cleaned up?

MOBILE SOURCE ANALYSIS BRANCH CHIEF SAX: That's
correct.

CHAIRPERSON NICHOLS: And the other thing is I
guess, you know, forgive me if I'm being simplistic about
this, but by definition, the people that live the closest
to the roads are going to be most impacted by whatever
amount of pollution there is coming from trucks. So
anything that we do that cleans up trucks is
disproportionately going to effect in a positive way
people who live near the places where the trucks are. So
the poorer you are and therefore the more likely you are
to be a minority person, the more likely you are to be
having adverse effects from the pollution that's out there
now, and the more likely you are to be getting a benefit
from whenever we can do to clean it up.

So by doing less, if we are doing less than we
could have done at any given point, we are automatically
sacrificing some of the benefit that we could have gotten
from the rule if we had been able to achieve the ultimate
amount that we could have imagined. But if that wasn't
going to happen, we're still getting very substantial
benefits, and they are targeted automatically at the
people who need it the most.

What you're saying is you've gone further in
trying to push to get those benefits in the places where
they're the most needed.

DEPUTY EXECUTIVE OFFICER TERRY: Chairman
Nichols, in terms of the numbers, I did ask our health
staff to calculate in addition to the 3900 avoided
premature deaths as a result of the rule, there is an
additional 3,000 premature deaths avoided because of the
reduced emissions as a result of a recession. So those
numbers provided added context for the incremental
differences that have been discussed today. They're
substantially fewer emissions in the area, which has a
quantifiable public health benefit.

CHAIRPERSON NICHOLS: If we were to ask our
friends at the Health Department about the health impacts
of the recession overall, even assuming that they agree --
and I assume they do -- with these avoided deaths due to
air pollution, they would be quick to point out other
health impacts that are negative that are also occurring
because of the recession.
BOARD MEMBER BALMES: But just to be fair, there are deaths that will occur because we're pulling back on the regulation.

CHAIRPERSON NICHOLS: That might not have occurred.

BOARD MEMBER BALMES: So just like we talked about trade-offs between carbon and other factors -- environmental factors yesterday, just to be clear, the decision we're making is between health and economic costs.

BOARD MEMBER BERG: But to put it into further context, if we were writing the regulation today for the first time, you would not be writing a regulation like it was two or three years ago. We always have to balance the health effects and the economics. And we are dictated to by statute. So if we were to keep the existing rule on today's economics figures, we would be way over the cost effectiveness set by statute. Isn't that true?

MOBILE SOURCE ANALYSIS BRANCH CHIEF SAX: Certainly, cost effectiveness would be a lot higher. Cost effectiveness would be worse because vehicles are driven a lot less during the recession.

BOARD MEMBER BERG: And also the cost of the rule versus the amount of tons that are being saved today versus where it was. I remember on both the off-road rule
and the truck rule, we were very close to that ten percent
cutoff. So if we were to leave in place what we have had
today, it would have to well be into double digit numbers.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH

ASSISTANT DIVISION CHIEF WHITE: Ms. Berg, I think you're
correct in that if we were writing the rule for the first
time today, it would look a little bit different. It's
not necessarily the cost effectiveness because the
benefits and the costs may not change a whole lot from
what we thought we were going to get two years ago. It's
the economic ability of fleets to comply and meet that
obligation, which is what would be significantly different
today.

BOARD MEMBER BERG: Thank you for helping me
explain that.

CHAIRPERSON NICHOLS: So it's an issue both of
cost per ton or whatever pollutant and also of
feasibility, which is an economic related issue, but it
also has an element in it of is there going to be a
company around or a truck around to put the filter on in
the first place or to buy the new truck. Those are sort
of two related but not identical concepts.

So thank you, Dr. Balmes, for reminding us. We
would not be here and doing this at all but for the fact
that we are facing very severe changes in the economy, and
that's true. And it's not something we're doing because we are happy about it.

So if anybody thinks that we are here because we take pleasure in relaxing or delaying a rule, I would be sadly mistaken. And we're doing our best to do it in a way that is as tailored and as careful as possible, but still also in light of all the testimony we've heard that doesn't keep jerking people around every year depending on some slight changes. Set some certainty for a period of time so people can plan and go about their business.

Thank you for that.

Next we will hear from Rod Michaelson.

MR. MICHAELSON: Good afternoon.

I'm Rod Michaelson. I've been working with several of you for the last four years, and I'm glad to see that a simple look or simplicity did come with the off-road rule. And thank you for that.

On the way in from the Bay Area, I heard a talk show host saying after yesterday's meeting, if you have a business in California, leave now. When I listen to the kids from Oakland talk about the trucks going down the road and reading that in northern Mexico China is helping building the largest intermodal facility so they can go around California, there will be less trucks on the road. There will be less jobs. So we will get -- the air is
going to be cleaner, and you will all probably get kudos
for doing that. I think it just happens.

So our California economy Margaret Thatcher
talked about running out of people's money. But we're
there. We don't have money.

I listened to quite a few people come up and they
don't say we'd like more tax money, but they use
euphemisms for that. We don't have more to give them.
Let the free market system work and get out of the way.
The air will clean up. At this point, you've done a good
job up to this point.

I grew up in Riverside where you couldn't see
down the street. I went down there last summer. It's
much better. So Mr. Loveridge, your city is much cleaner
than when I left it in 1969. So that's good.

So try to keep the businesses that are in the
California in California. The large, big, national
corporations that run construction companies that would
love to do our roads and our bridges don't need to be in
California. They don't mind seeing California businesses
go out because they can just come in when they need to.

There's my red light. Good night.

CHAIRPERSON NICHOLS: Good bye and good night.

Laura Fultz Stout and Steve Weitekamp.

MS. FULTZ: Good afternoon, Chair Nichols and
Board members.

My name is Laura Fultz Stout, and I'm a member of the Central Valley Air Quality Coalition, although I've recently moved to the East Bay. I've from San Leandro. I'm speaking today on behalf of myself, family, and friends in the San Joaquin Valley and those living near the transportation corridor areas, which I'm between 580 and 880 and 238 in the East Bay.

First, thank you, Board and staff, for all your work, your endless hours on the diesel rules through this decade. I want to recognize the clean tech retrofit and clean engine companies for assisting the diesel vehicle industry on adoption of those technologies. And most importantly, for those early adopters, the truck companies who have retrofitted their trucks and began turning over their fleets.

If you've been behind a dirty diesel truck or bus, you know breathing one dirty diesel vehicle fume is too much.

My concern on the rule proposed today is that it does not safeguard with enough margin of certainty for those most affected by PM and NOx pollution, especially those in the San Joaquin Valley and in the corridors of highway 101, I-5, 99, 880.

I'm here today to urge the Board to include an
early 2012 emission review to see if the tons of pollution reduced are on target and build in the 20 percent 2014 SIP margin on the emission reductions.

Although I've moved to the East Bay where supposedly it's cleaner, my lungs of 30 years living in Fresno are damaged. But for my five nephews, it's not too late. They're relying on you and the staff to get it right. So we know you can do that. You'll get us to blue skies sooner rather than later.

CHAIRPERSON NICHOLS: Thank you.

Mr. Weitekamp.


As members of the vocational trucking industry, we continue to have deep concerns with the implementation and impact of the truck and bus regulation. The amendments to the regulation proposed this morning provide insufficient relief for the moving industry who continue to be negatively impacted by the dramatic economic slides of home sales and construction.

While CSMA is appreciative of the willingness of ARB staff to listen to our proposal for additional relief for fleets with vocational trucks, their proposed modifications fall short.

My time is brief, so as I've mentioned in
previous hearings and workshops, members of our industry rarely qualify for any grants or money and have no source of relief.

Is there any help for our industry?

My three asks are: I ask the Board to direct staff to amend the 15-day changes to broaden the two-year deferral of lower use trucks to include CPUC permitted carriers and movers, and on the greenhouse gas regulation to exempt trailers belly boxes. Sean Edgar for will speak more to this. And also to amend the opportunity for grants or other forms of aid to allow low mileage industry to participate in relief.

I want to thank you for including a slide about moving companies. Unfortunately, you know, even though there's been some relief here, all these costs are front loaded. And our industry can't really bare it. If you say the economy is down 30 percent for the moving and storage industry, I can tell you I get calls on a regular basis from small and medium-size operators that with a 30 percent reduction they're unable to take salaries for themselves. They've taken out loans on their homes to finance their business.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

We're making notes, and I'm sure somebody is
going to ask your question at the end when we get into the
discussion.

Chris Torres, Skip Brown, Jay McKeeman.

Skip Brown.

MR. BROWN: Before I start my time, if I'd like
to clear up a misconception that's been bantered about
here. Off-road equipment usage averages 400 hours a year;
that is not correct at all. In northern California, it
averages 12 to 1500 hours where we have about an
eight-month season. In southern California, it runs 1500
to 2,000 hours a year. So a 200-hour low use is
equivalent to just a few weeks of that year is reasonable.

So my comments here: Who paid for this building?
I did. What I mean is the business people and employees
in businesses who pay the taxes of the state of California
paid for this building and salaries of every person in
here. But I won't be paying any more income taxes because
my salary has been nonexistent for the last two-and-a-half
years. My employees I have left have taken a 40 percent
decrease in pay to keep their jobs, which at this point
are precarious, while at the same time, Chair Nichols,
your salary has increased 127 percent. You are benefiting
while the private employers are going broke. That will
not continue.

Private building has ceased. The cities and
counties and the State of California are essentially bankrupt.

I stood in this building in August of 2007 and explained to us this Board we are going into a recession, that now is not the time for increased regulation. Now California has to borrow $40 million a day to pay for unemployment benefits. Unemployment, caused in large part by this very Board all for unproven -- and I mean unproven supposed lethal effects. By the way, where is that pesky Tran report that was supposed to be done on California specific environment, not national?

So I cut three paragraphs out in order to try to make the two minutes.

My employees are not only losing their jobs but their health insurance, which will probably be followed by their houses and eventually the very health you are purporting to protect. Lack of income has a proven direct effect on health. With that go their taxes which are necessary to support the government and the very agency that you direct.

The jobs in this building will cease to exist, because there will not be tax money coming in from the private industries you regulate to pay for them.

So you have a Hobson's choice: Should you grant relief? Only if you want to keep yours and your staff as
jobs. Not only to the construction and trucking industry, but all industries you are currently regulating out of business, including the portables. If not, just plow ahead. In due course, I will sell your empty building along with mine. Maybe the Chinese will buy it.

CHAIRPERSON NICHOLS: Just while your friends are applauding out there and just for the sake of the record, I need to tell you I took a pay cut to take this job. And that I have a 15 percent furlough like every other State worker does. The pay cut was because the Governor asked for it. The 15 percent was the furlough that every State employee had to take.

I'm not feeling sorry for myself. I still do very well, and I'm grateful for that.

Should also say this building wasn't built by the State. It was built by a private developer and the State rents. They pay rent for it. But actually they didn't build it.

MR. BROWN: The private industry --

CHAIRPERSON NICHOLS: It's a beautiful building --

MR. BROWN: You're taking your 15 percent. I thank you for that. But you still have 85 percent of yours. I have zero.

CHAIRPERSON NICHOLS: I said I'm grateful for
MR. MC KEEMAN: Madam Chairman, Board members,
I'm Jay McKeeman with the California Independent Oil
Marketers Association.

We remain opposed to the mutually expensive
emission control requirements. While staff has made
significant adjustments to the regulatory package, there
will remain a very significant burden on California-based
trucking operations. Out-of-state and interstate trucking
operations are able to manipulate their fleets so that
newer trucks will be based for California deliveries,
while older trucks will remain in active duty at least to
the other 48 states. In-state operators do not have that
luxury.

We believe this will put a competitive
disadvantage to our members and likely increase the demise
of independent small businesses in the state. With that
demise, California public will experience higher costs and
less convenience in the product delivery options. CARB
need only examine the in-state gasoline regulations to
understand the cost impacts of this.

California gasoline is typically 25 to 50 cents a
gallon higher than other states, and that's largely due to
the loss of small independent refiners in the state.
We question the regulation necessity. There is ample evidence in the record for you, as Board members, to question the public health benefit of this program. And that's been entered several times over the last year-and-a-half.

There was a question of whether there is a correlation between fine particulates and adverse health benefits when you use California-only data.

There is also a problem in terms of emission calculations that your staff has had.

We believe that, with all this new information, the right thing to do is to step back from the regulation and make sure you have the best information available. We urge you to take that step.


MS. TURNER: Hi. My name is Kathy Turner with Enterprise Holdings. In addition to operating our three rental brands, Enterprise, Alamo, and National, we have a car sharing and ride sharing business, a commercial truck rental, as well as selling our cars in a fleet management. We have 10,000 commercial trucks in the United States, 3,000 in California.

Five years ago, our company decided to really focus our commitment on the environment. And in doing so,
we're embarking on things like retrofitting our facilitates, reducing our energy by 20 percent. Our airport have biodiesel fuel. Most importantly, we are introducing alternative fuel vehicles to the public as part of our rental fleet. We are going to be taking 500 Nissan Leaf electric vehicles shortly.

We introduce these alternative fuel vehicles to the consumers, and we promote fleet modernization by purchasing a very large number of vehicles and reselling the discarded vehicles. But these are still newer vehicles.

We see the commercial truck rental business as a growing market, and we will be purchasing thousands of these diesel trucks each year and in turn, reselling the older one to five-year vehicles into the secondary market.

We believe it's critical that the regulatory standards be fixed and predictable so our purchasing and re-selling decisions can be made with some degree of certainty.

We support the proposed revisions, and we commit to working with you in any manner possible to fully integrate our company's practices with your clean air and the greenhouse gas reduction rules.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.
Matt Schrap, John Cloud, Kathy Fitzgerald.

MR. SCHRAP: Good afternoon. Thank you, Chairman Nichols and Board members, for allowing the opportunity to testify before you today. We're very pleased to see the credit for the new purchases of 2007 vehicles. The amendments are welcome relief. And, in fact, for many in our segment of the industry, the light at the end of the tunnel is no longer a train headed right for us. And it's positive also that with potential expansion of funding criteria for Cal Cap and for 1B many fleets all over the state, we afforded the opportunity to purchase compliance equipment with public assistance.

However, these rules are not without their challenges. Specifically, the proposed amendments to the greenhouse gas regulation or the tractor-trailer regulation do not go far enough. Although we are wholly supportive of the provisions which expand the large fleet phrase-in requirements as well as the storage trailer definitions and the extended time line for tire installation on trailers, the short haul average air radius mile standards are still too restrictive.

We respectfully request that you direct staff to investigate an extended air radius mile exemption up to 150 air radius miles. The reasons for this are simple. Staff assumptions about saving percentages are not based
on any rational facts that California fleets have been
dealing with. Nowhere has staff given an indication that
California-based fleets were approached to survey average
speeds, of which in California, I might remind everyone,
is a posted 55. Further, most California-based fleets
govern their tractors at 58 miles an hour or less.

Now, they did call fleets in Canada, which is
helpful to find out how a California regulation would pan
out. But, in fact, when you're in a controlled
environment, there is serious payback on the aerodynamic
equipment, as indicated by the standards at which these
assumptions are based upon, which the testing was done for
these aerodynamic devices at 62-and-a-half miles per hour.
For us, it's not penciling out.

If I could just add a couple more points.

For anyone that's traveling in the greater L.A.
area, you know this sustained operation at 62 miles an
hour or 55 is something that would be very welcomed. I
think that it's not necessary to ask the patrol man to
come up here and talk about speed enforcement policy in
California. If it says 55, that's the speed limit.

We really need to take a second look at how this
air radius miles is being applied. And we respectfully
request that you ask the staff to re-investigate that to
something up to 150-mile air radius miles.
We ask that you adopt these limits for the on-road rule and drayage rule, and we look forward to having this finalized and remain an active partner with you in order to ensure a level playing field for California-based carriers.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

John Cloud.

MR. CLOUD: Madam Chair, Board members, I had to modify my comments because you switched it to two minutes, and I also promised my father I would be civil today.

In March of 1869, the following words were pinned: "Laws, like sausages, cease to inspire respect and proportion as we know they are made."

I want to read that again.

"Laws, like sausage, cease to inspire respect and proportion as we know they are made," John Godfrey Saxe, American poet, 1869. He would be floored if he were here today.

This proposal and my disapproval for it are well documented as is my near total utter disdain for your staff. However, that notwithstanding, I'm here today to support these proposed changes. They are far better than what we have been dealing with, even just four months ago, let alone a year ago.
It's been touched upon earlier -- and I think it's worth touching on again -- that the amendment to this rule is really not backsliding on any of the health benefits. The reason being for those on the environmental side, is the health benefits that were discussed six months ago, let alone two years ago, were pure fantasy. They weren't based off any real actual numbers. Today, we have a far better baseline to deal with. And the proposed health benefits are going forward from that baseline. And that's what this is needed all alone.

And thinking of being civil, the only other thing I want to state, Ms. Nichols, I believe next month your staff has a workshop scheduled on false statements. When you have that workshop, I would just like to add when it comes to false statements, I think it should be reciprocal and it should be retroactive, and your staff should be prepared to be the first ones in the state to write checks for fines and penalties. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Kathy Fitzgerald and then Elizabeth Jonasson and Shirley Batchman.

MS. FITZGERALD: I'm Kathy Fitzgerald.

Hello, Madam Chair, Board, and staff. I'm the dealer principle of Fitzgerald Truck Sales in Oakland, California. I've been selling trucks in that area for
more than 25 years, and I'm based out of the Port of
Oakland.

I support your amendments. First, I support the
change in the drayage rule to give the useful life to the
trucks longer after they retrofit. And I would
respectfully ask that the engines that are 2004, 2005,
2006, that you give more time -- one more year for them to
get the retrofits. These guys are already paying $30,000
for the trucks. To add another $20,000 retrofit on top is
just astronomical. I ask that you make that change,
consider that.

Secondly, I support the truck and bus rule
eliminating the under 26,000 pounds from the PM. That was
a great, great move.

The last things I want to say is let's get the
money into the hands of these people. We've been talking
about all these grants that are available. We rarely have
seen the people actually get the money. So whatever you
can do to facilitate getting the money out on the street,
my customers are going to appreciate. I'm going to
appreciate it. The industry is going to appreciate it.
Let's get the money out.

And finally, make a decision. We've been going
for a long time with this. What are they going to do?
What are they going to do?
Very hard to do business when we don't have a decision. That's the last thing I want to say is make good decisions. And thank you.

CHAIRPERSON NICHOLS: Thank you.

Elizabeth Jonasson.

MS. JONASSON: I'm Elizabeth Jonasson, the Coalition for Clean Air in the San Joaquin Valley.

Thank you very much for your time this afternoon and for the opportunity to speak and for your continued SIP commitment.

We are particularly concerned about how these amendments to both diesel rules will affect our home in the short and long term, as these sources represent a considerable amount of PM and NOx emissions. Even though we are, of course, sensitive to the economic situation and the current times that we are living in, of course, the localized impacts will continue. These especially effect low-income communities of color a lot, which are located in the San Joaquin Valley. These people will have little or no access to health care. And they will not be getting relief in their health or their health care bill.

People don't feel the difference in the changes in modeling or inventory. They feel the changes in how they breathe and how well they can breathe.

These rules play a significant role also in our
SIP attainment. The economy, of course, is a very difficult thing to predict, and I know staff has spent tireless hours working on that. However, in terms of health, a slightly faster economic recovery would put us out of SIP compliance. And since we have no margin of error, as other people have mentioned, this is a serious concern.

Some specific steps are mentioned in a comment letter that we signed onto, but in sum, we respectfully ask some changes be made to these amendments to minimize the localized impacts and give us at least a 20 percent SIP margin.

Thank you very much for your time.

CHAIRPERSON NICHOLS: Shirley Batchman, Bruce Wick and Brent Newell.

MS. BATCHMAN: Madam Chair and members of the Board, I'm Shirley Batchman with California Citrus Mutual. And you know, this has been a really long and challenging time for agriculture. And I think staff would agree when they have had negotiations with us. But I want to tell you, I'm pleased today to tell you that we do support the amendments that have been put forth for the agricultural component of the rule.

But I do want that little caveat that Roger had at the very beginning of today. My industry, if they
thought I was supporting the whole rule wholeheartedly, I would be with Roger on the unemployment line. Just need that caveat in there.

But secondly, the citrus industry, a high percentage of our trucks do not qualify for the ag component of the rule, because we are an industry that pretty much operates ten months a year. So with the amendments that have been put forward in the main part of the rule today, they will have benefit for a great percentage of the citrus industry. So I do thank you for taking a look at the economy, because the profit margins that you've heard many times today are very, very thin.

My last comment is -- and I hear this frequently from the people that are affected by this rule and my industry -- they are looking for certainty. They make a plan. The rule changes. They make another plan. We really appreciate what you've done for the economy. But at some point, they've got to know so they can plan going forward.

So with that, thank you.

CHAIRPERSON NICHOLS: Thank you.

Bruce Wick.

MR. WICK: Good afternoon.

Bruce Wick. I'm Director of Risk Management for CalPAS Specialty Contractor Association, 300 members in
California.

I do want to first thank staff for the work they've done with the Cal/OSHA Standards Board. And, hopefully, in February, we're going to have an effective regulation regarding the safe installation of retrofits. That's been an important thing for us, and I appreciate the efforts and work.

Also like to thank the Board for directing staff on the on-road and off-road diesel regs to contemplate the economy. And I thank staff for the enormous amount of work, to take that information and come up with the amendments that are proposed today. Support the amendments. Again, don't support the regulation, but do support the amendments as they are.

For construction, two really important concepts are the bubble concept, because dual regs are hurting construction a lot. And the low mileage on-road regs for construction, because we do have a lot of equipment that does have very little mileage, but does go over the thousand miles a year.

I do want to reiterate Skip Brown's comment about 480 hours average equipment usage. That is misinformation. It's much, much higher than that.

And a point I would just like to make is construction is not in recovery yet. We get estimates
that will start in 2012 or maybe 2017 or somewhere in between. But the experts do say when recovery begins, it will be very gradual. So I think emissions from construction equipment is going to be very low, unfortunately, for quite a while.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Brent Newell and Don Watson and Al Nunes.

MR. NEWELL: Good afternoon, members of the Board. My name is Brent Newell, Center on Race, Poverty, and the Environment.

Today, I want to make two points. First, I want to talk about honoring past resolutions. And second, I want to talk about environmental justice.

In 2008, this Board adopted this version of the rule that you are proposing to amend. When you adopted it, your resolution called for a risk assessment to be done within a year of the adoption in order to calculate the cancer risk and other health effects that would have happened as a result of the agricultural exemption that was inserted in that rule. You recall that ag trucks received special treatment under this current rule. That risk assessment has never been done. Staff confirmed to me last month that the risk assessment was not done.

In 2003, this Board adopted a resolution that
committed itself to adopting significant mobile source reductions, including diesel reductions, in order to meet the one-hour ozone standard. The deadline for which was just over a month ago, November 15th of 2010. The South Coast air basin and the San Joaquin Valley have failed miserably to meet that one-hour ozone standard. The primary reason they failed to meet that one-hour ozone standard is because this Board, this agency, did not deliver on the reductions that it adopted and committed to do in that 2003 resolution.

The failure to meet that one-hour standard triggers Section 185 of the Clean Air Act, which imposes a fee -- $10,000 per ton fee on stationary sources. The Clean Air Act says it goes to stationary sources. So stationary sources are paying a penalty in the South Coast air basin and in the San Joaquin Valley because primarily as a result this Board did not adopt those mobile source reductions that it promised to do in 2003.

Ironically, in the valley, the San Joaquin Valley Air District, want to, instead of charging the fee to the stationary sources, they want to charge it to passenger vehicle owners through their DMV registrations, as if they had anything to do with the not adopted rules.

So my point is don't adopt these amendments. The San Joaquin Valley and the South Coast need these
reductions, these extra reductions that you're going to backslide on to meet the one-hour standard. You still have to meet the one-hour standard. We've been talking about the PM2.5 standard and the eight-hour ozone standard. You still need to meet the one-hour standard. Very quickly, civil rights and environmental justice. NRDC introduced those maps. The environmental justice screen method that's been pioneered at USC demonstrate the adverse and disparate impacts that will occur as a result of these amendments.

There is some talking back and forth about whether there was an effect or was not. The bottom line is that the current rule requires a significant amount of reductions to occur earlier. This amendment reduces the reductions and pushes them off. Near-highway communities that are predominantly low income and communities of color will bare an adverse and disparate impact. Title 6 of the Civil Rights Act says a federally funded agency like yours may not discriminate on the basis of race. Therefore, there will be a Title 6 complaint in your future.

Thank you.

CHAIRPERSON NICHOLS: Okay.

Mr. Watson and then Al Nunes and Barbara Lee.

MR. WATSON: Chairman Nichols, Board, and staff, thank you for the opportunity to speak today.
I'm an owner-operator of one ten-wheel dump truck. Let me explain briefly how I get my work. I call brokers, many of which are here today. And when their trucks are out, they give me a call back and tell me I have some work. When their trucks don't get out and they're not, then I don't have any work.

So this recession, like everybody else, has hit me very, very hard. I'm down over 50 percent in what I'm taking in a year.

I have a 1990 Kenworth. And I talked to Peter earlier this morning, and he said that there might be some relief on the way as far as a particulate matter filter or something I might be able to do for my truck. Without some kind of relief like that, with this recession, you're going to find another 60-year-old man in the unemployment line, because I just won't be able to purchase any truck. It's just not in the cards.

Again, thank you for this opportunity to speak. And whatever you can do for us, I would really appreciate.

CHAIRPERSON NICHOLS: Thank you.

Mr. Nunes?

Ms. Lee.

MS. LEE: Good afternoon, Madam Chair and members of the Board.

I'm Barbara Lee, the Air Pollution Control
I want to start by congratulating this Board and staff on your leadership in protecting air quality and public health and especially the tremendous job you've done steering your program to some great successes through some really difficult economic times.

Second, I would like to add my support to the comments that were submitted by the California Air Pollution Control Officer's Association recognizing the needs of the areas in California that have dirtier air than Northern Sonoma does, and especially urging ARB to align your guidelines for your grant programs with the changes you're making to these rules as quickly as possible so the programs work well together.

My main purpose in appearing today is fairly specific. I would like to ask your consideration for adding the Northern Sonoma Air District area to the NOx exempt area list in Section 2449(c)(6) and 2449.1(a) of your rules.

As you know, last March, ARB classified Northern Sonoma as attainment for all federal and state ambient air quality standards. Only one other area in the state has achieved this status. And in northern Sonoma, we will maintain, regardless of the level at which the EPA sets its new ozone standard.
Our highest ozone level in 2010 was .036 PPM, which is I think below background for most of the state. I'm giving you that information by way of underscoring that allowing NOx-exempt status in northern Sonoma would have no adverse impact on our air quality, but it would provide some really important relief and compliance alternatives for the regulated community there. I appreciate the opportunity to speak.

CHAIRPERSON NICHOLS: Thanks.

Hank de Carbonel, Eric Eisenhammer and Nick Pfeifer.

MR. DE CARBONEL: Good afternoon.

I'm with the Concrete Pumpers of California. Little perspective. In our industry, five, six years ago, over 1,000 new concrete pump boom trucks were sold in the United States of America. One year ago, for which the accurate records exist, there were less than 35 for the United States. And in California, that's probably down to about two or three trucks as far as I could find out. So, yeah, we've had a little bit of a downturn in our economy.

The California Legislative Analysts Office says the overall California economy won't recover start to recover until 2013. And as some of the previous people have mentioned, construction in homes won't probably go
for another -- until another five or six years. So our
guys are going to stay busy doing nothing.

Your amended rules to give us 15,000 miles of
travel does nothing for us should business come back. And
I base that on taking 12,000 miles or 15,000 divided by
each month. Divide each month by 20 working days, and you
get a working radius of about 30 miles. Or that means we
could travel maybe from Oakland to San Francisco should
there be a job. The numbers just don't work out for us.

The last thing I'll mention, we talked about
saving lives here and the dangers of particulate matter
and now it's gone to particulate matter is even worse than
vapor the ether. I want to point out to you that
according to the National Safety Council each year, 371
people die getting in and out of their bathtub in the
United States. If you take the current numbers and you
relate to what the responsibility of diesel is for the
supposed maybe could be deaths from particulate matter,
it's less than that. If we spend $14 billion to save
people from falling in and out of their bathtub every
year, people would think we're insane. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Eric Eisenhammer. No.

Nick Pfeifer.

MR. PFEIFER: Good afternoon. I'm Nick Pfeifer
Granite currently owns a fleet of approximately 800 pieces of off-road diesel equipment and 800 diesel trucks in California. Since 2006, Granite's business is off more than 50 percent in the state of California. And we actually did the math, and our emissions are off more than 75 percent. That reduction in emissions is obviously for two reasons. The economy is one driver, but we also took a number of proactive steps to comply primarily with the off-road rule, and there are reductions to show for that.

So I'm here for the most part in support of the amendments and do appreciate staff working with us. The light truck relief provision is particularly helpful. But I would like to stress the importance of one of the 15-day changes that was mentioned, and that's the bubble or credit exchange concept. For proactive fleets, this concept, especially to be able to move credit from the off-road rule to the on-road rule, is very helpful. It allows us to "cash in" some of our actions that we took early. And it really does give us some breathing room on the on-road rules for things that we did to comply with the off-road rule early. So again I appreciate staff including that.

And would also just like to ask that a look be
given at giving full retirement credit in the off-road rule from the original baseline date of March 1st, 2009. With that, I thank you for the opportunity and look forward to working with staff for the 15-day changes.

CHAIRPERSON NICHOLS: Thank you very much. And thanks for all that your company has already done.

Gordon Downs, are you here, Mr. Downs? Yes. Followed by Joy Williams and Nidia Bautista.

MR. DOWNS: Good afternoon, Board members. Good afternoon, staff.

My name is Gordon Downs. I own Downs Equipment Rentals in Bakersfield.

CHAIRPERSON NICHOLS: I'd like to say you're one of the more memorable characters that we've had. Good to see you again.

MR. DOWNS: Thank you. Good to see you.

We have about 250 diesel heavy earth-moving equipment -- pieces of earth-moving equipment in our company. So we're looked at very closely by the California Air Resources Board. To let you know, we are in support of the proposed amendments. I'd like to make a couple of points.

First of all, staff estimates that the cost reduction is about 60 percent with the amendments. And also included in that I suppose is the delay until 2014.
The first point I'd like to make is that all of the costs of complying with this rule, for a business -- they're not -- these costs are not made to improve a business. They're just -- it's just wasted money. You just may as well take the money that it costs to meet compliance and throw it down the drain. That's point number one. As far as strictly business.

Am I already -- do I already have a warning here? Point number two, I'll try to hurry up.

CHAIRPERSON NICHOLS: I took some of your time.

MR. DOWNS: We have 30 employees now. We had 50 several years ago. But these 30 employees have gone three years now without a pay raise. Now, most of these people are raising children. Their costs have gone up. The point is, their standard of living over the last three years have gone down within our company. They have gone done.

By 2014 now, we are going to be facing the costs of this regulation as it starts to go into effect. And that will be like putting our company into another recession. If you think about it, since we had to spend money for no good reason and it just takes money away from our employees, this is very harmful to employees. So in a sense, if you would think about it, we're sort of exchanging one health problem for another. Because we've
all agree that if your income goes down, you can't maintain as healthy a lifestyle.

That's the point I would like to make. Thank you.

CHAIRPERSON NICHOLS: Thank you.

Joy Williams and then Nidia Bautista and Andy Katz.

MS. WILLIAMS: Hi. I'm Joy Williams. I'm here from the Environmental Health Coalition in San Diego. Environmental Health Coalition did sign onto the Environmental Coalition letter, and we're in agreement with those recommendations.

So I'll give you two minutes of perspective on what's going on in San Diego and why we're especially concerned about the on-road rule deadline roll-backs in our region.

For one thing, it's not that clear to me that our communities have gotten any reprieve in particulate pollution due to the recession. Looking at levels of PM2.5 at the air monitor that's located in one of our environmental justice communities, Barrio Logan, we have not seen any consistent decreases between 2006 and 2009 in the annual average levels. So questioning whether that highly-impacted community is really getting a break from pollution during the last three years.
That community has also been working hard to finalize a new land use community plan which would allow water-front industries and residential communities to exist side-by-side in order to keep those jobs and make sure that air quality has improved for those residents. We need to make sure that every truck going through that truck or traveling through or visiting the port is as clean as possible in its emissions.

Looking further south, the cargo terminal in National City receives mostly car cargos, so the trucks visiting that terminal are car carriers, which are exempt from the drayage truck rule. The only relief that community will see from truck particulate matter is from the on-road rule. So again, we're looking to that rule to help air quality in that community.

And then looking way down at the border area, the area of our region with the most consistently high particulate levels is the Otay Mesa area where the Mexico/U.S. border crossings are. And although those are ports of entry, they're not subject to the emission -- drayage truck rules. So we need the on-road rule to help that community.

Finally, I want to remind you, you've gotten a letter from the Port of San Diego expressing level playing field concerns between the drayage truck rule and the
on-road rule.

Thank you.

CHAIRPERSON NICHOLS: Nidia and then Andy Katz.

MS. BAUTISTA: Thank you. Good afternoon, Chair and members of the Board.

I'm Nidia Bautista, Policy Director at the Coalition for Clean Air. We're a statewide air quality advocacy organization with offices in Los Angeles, Fresno, and Sacramento. And we're committed to ensuring clean air for all Californians.

I want to acknowledge the efforts of CARB staff and Board for over the last few years continuing to engage with us in dialogue and really spending time with us going over the inventory. I know it's a tough task before you in terms of getting things as best as we can with the latest data. So we do appreciate your efforts there.

I also want to acknowledge the work of the TRAC and the outreach that ARB has committed itself to do on diesel rules. I think these efforts want to continue to support those and ensure they continue.

Certainly in terms of the regulation, we appreciate the efforts to address the dray-off issue.

That said, I think we have some major concerns with the proposal before us today. While we acknowledge certainly a need for and have consistently acknowledged
with the downturn of the economy there would be a need for some modification to these rules, we are concerned by the level of the modifications both in terms of the fact that we are unfortunately trading off some of the near-term benefits that we would otherwise have experienced, particularly in localized communities, as well as our level of comfort with the SIP margin is just not at a place where we'd like to be.

So as the joint coalition letter shared, we would really appreciate having a 20 percent margin there, particularly considering the South Coast emissions inventory analysis showed the potential for 20 to 30 percent of the emissions being off. So we don't want to get to a place where we're at 2014 and actually short.

And though I know that the staff is committed to reviewing this rule, if the economy changes down the line, I'm concerned that's going to be too late to really make any fundamental changes we might need to do to shore up that SIP.

That said, in our letter, we did include some -- those are the umbrella requests. We included some specific suggestions where staff can explore making these changes, and we really encourage the Board to ask staff directly about some of those changes, but also to ensure to see if they can explore any others that might be able
to meet the request we're making today.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Andy Katz and then Jocelyn Vivar, and Isella Ramirez.

MR. KATZ: Good afternoon, Chair Nichols and Board members.

Andy Katz from Breathe California. Want to thank the Board for advancing clean air and public health through cleaning up diesel equipment. I understand that taking reasonable efforts to relax the rule due to fewer emissions and slower economy is what the Board is prepared to do.

But due to the absence of updated air quality monitoring and modeling and specific reasons for uncertainty, these proposed amendments risk missing the mark and falling short on SIP requirements and public health goals to prevent cancer, asthma, and other health effects due to diesel pollution.

That SIP requirements and public health goals to -- some of the reasons for uncertainty, some of the specific reasons for uncertainty are, number one, the credit provisions for early PM retrofits. I think that those are good provisions that can help encourage early compliance and early health reductions. But there's some
uncertainly in how they're going to progress. The trend in the economy indicating that truck miles could outpace expectations in the economy, that's an uncertainty. And the methodology changes to off-road equipment. While this adjustment to the inventory is reasonable, this does not mean there's a linear relationship with SIP requirements. This is because the 2007 SIP commitment were projected assuming 15 percent more tons of emissions than were actually occurring.

So there is a lot of uncertainty in the modeling, and I do hope that ARB will follow through and make sure when the SIP occurs in April 2011 that there will be an adequate margin or contingency measures. I encourage the Board to have a 20 percent margin to make sure that there will not be falling short of the SIP commitments and there will be a compliance with the Clean Air Act.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

MS. VIVAR: Hi. Good afternoon, members of the Board.

My name is Jocelyn Vivar. I'm with East Yard Communities for Environmental Justice. We are an environmental health and justice organization in the city
of Commerce where our communities are heavily impacted by activity from the goods movement industry.

There is a real impact in our communities because of the place that where they live and work is a diesel hot spot. With two major freeways, one of which is the I-710 super highway, a major arterial road, and four rail yards. They are suffering from asthma, cancer and other respiratory illnesses due to the cumulative impacts from all of these sources, which some are mobile smoke stacks just driving by constantly through our community.

It is really unfortunate that instead of children carrying backpacks full of toys, they are carrying backpacks with respiratory machines. And there's children that their backyard is rail yards or their backyard is the freeway or other highways where their quality of air is heavily impacted.

And we do appreciate the fact that the staff and the Board are working towards improving the quality of air, but we do recognize that the economy is not ideal right now. Not for some of the industry and not for our community. And these rules as they are important because they will cut down on costs, medications, and also health risk for the families that are heavily impacted. The human cost is heavy, and the proposed changes go beyond what is necessary. And the near-term health risks in 2014
and 2017 would be cut short.

Our impacted communities need near-term relief now. We ask that staff provide near-term benefits through upgrades on the oldest dirtiest trucks beginning in 2014.

If I could just add a few more seconds.

CHAIRPERSON NICHOLS: We are really losing ground here. So just wrap up.

MS. VIVAR: So we would ask that the staff provide near-term benefits starting in 2012 from the dirtiest trucks, including a higher SIP margin and also a monitor program.

And thank you for the drayage rules that you are working on.

CHAIRPERSON NICHOLS: Thank you.

Isella Ramirez, Tim Carmichael, John Yandell.

MS. RAMIREZ: Good afternoon. My name is Isella Ramirez. I'm also with East Yard Communities for Environmental Justice.

And today, I come here to recommend that as we -- or you consider offering some economic relief to the small and large businesses that you don't forget about the communities that are also having to content with an economic crisis, while having to contend with the negative impacts on their health caused by toxic diesel pollution as Senator Polanco detailed earlier.
In particular, East Yard EJ recommends that you require all 1994 to 2000 year heavy-duty vehicles to install these much needed filters by 2012. Waiting until 2017, as staff proposes, is inconceivable, given our communities are already overburdened with diesel pollution.

We also request that you replace all heavy-duty vehicles that are more than 20 years old beginning in 2012. We cannot allow for these uncontrolled pre-1994 model year trucks to continue to park near our schools, drive past our parks, and exhaust in our lungs.

I work in the city of Commerce where I grew up and where all my family still lives. This may -- my need niece and three-year-old -- I promised myself I wouldn't cry -- was diagnosed with a very aggressive type of cancer. And she's been a warrior and been battling. And even though I've gone through a lot of challenges in my own life, seeing her fight for every breath at the ICU this last month has really been the hardest thing I've ever had to experience.

And so today I ask that you consider the children and the communities that are most negatively impacted both by the economic crisis but also from these dirty businesses.

Thank you for your time.
Mr. Carmichael with the California Natural Gas Vehicle Coalition. Very much share the concerns that have been raised about health impacts and about the inventory and the lack of a margin for error. But I want to use my time to discuss something that I don't think has been discussed today.

A few weeks from now, in early January, the L.A. County Metropolitan Transportation Authority is going to retire its last diesel bus. It's going to retire its last diesel bus. That's an effort I was involved with back in the 1992. It's taken them 18 years, but they're going to retire their last diesel bus.

I raise this, because it highlights what these heavy-duty rules don't accomplish. They don't reduce our dependence on petroleum. And they don't really do much for reducing greenhouse gases.

In 2006 and 2007, the Air Board worked with the CEC to develop an AB 1007 alternative fuels plan for the state. This Board adopted that plan. That plan -- the moderate growth scenario in that plan calls for 26 percent alternative fuels by 2022; 26 percent alternative fuels for the transportation sector in California by 2022.
I have two specific requests for the Board. I raised this one before back in 2009. As I recall, several of you from the dias agreed and thought it was a good idea. Starting now with every regulation that this staff brings to you, including amendments to regulations that you've already adopted, not only should they report on the economic impacts, not only should they report on the health/SIP/criteria pollutant impacts, but also be reporting to you on what are the greenhouse gas impacts of these changes or this new reg, as well as how does this play into our petroleum reduction goals that we've adopted as a state? That was not part of the presentation today, and it should be part of every presentation that staff makes to you with any regulation or an amendment to a regulation.

Quickly, the second request is looking even beyond 2022, we've done so much work as a state in clarifying and developing our strategy for the light-duty vehicle sector. Where do we need to be by 2050 and how are we going to get there? We have not done the work with the heavy-duty sector.

My request is that the Board direct staff to accomplish this in 2021. Work with interested parties and develop that equivalent plan for the heavy-duty sector in California. Where do we need to be and how are we going
to get there? Today, I submit even those that work on
this reg can't lay that out for you. And they should be
able to.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

John Yandell, Sean Edgar, Daniel Massolo.

MR. YANDALL: Good afternoon, Madam Chair, Board
and staff.

My name is John Yandell. My family has been in
the trucking warehousing business doing business solely in
the state of California of 65 years and would like to
continue to do so.

At this time, as we've heard, there are a lot of
different groups here today, a lot of different
regulations we and others in the room have to deal with
and get compliance concurrently, we do, with three
different regulations. Number one is the on-road rule.
Number two is the greenhouse gas regulation because when
we are out in business, we are having to replace all of
our forklifts. A challenge in these economic times.

I here to speak on today and again I'll try to
stay within my two minutes that the American Trucking
Association and California Trucking Association has asked
the Board to direct staff on their greenhouse gas
regulations to change the short haul exemption from 100
miles to 150 miles. I'd like you to support that.

Certainly in our environment and others, in short haul transportation, we have not just one trailer and one truck. Actually, our situation is we have three trailers per one power unit. Sometimes these are not turning over more than three to five just in time deliveries. The return on investment for us to invest at this time in aerodynamics with two rules at this time is just not economically feasible. And I would ask that the Board would again ask staff to please support that change in the short haul exemption.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Sean Edgar and then Daniel Massolo.

MR. EDGAR: Chair Nichols and Board members, good afternoon.

I'm Sean Edgar, Executive Director for the Clean Fleets Coalition. In my ten years of appearing in front of your Board, I know 120 seconds goes very quickly. So I will be referencing two documents that on the Clean Fleets Coalition letterhead I'll be buzzing through to ask for your consideration of some critical technical amendments. Primarily, the first item that you've heard from Trucking Association as well as others that the 2007 to 2009 engine credit is something that is very important to
them. The Board allows that for VDEX or aftermarket
installation. So we'd like to give equal consideration to
folks that actually put down -- give money to buy new
equipment, because recognizing you also get a NOx benefit
with that decision. I know folks have been gearing up to
be prepared for the rule. That's first item we'd like to
ask, equity with regard to early action.

Secondly, there is early action -- there is
currently a pre-payment requirement -- I use that
terminology, because Board staff has a requirement that
filters with need to be paid for prior to completion of
the work. And that's something that we have concern about
and should be the same language as the items that
correspond to the VDEX manufacturer delay in terms of
having deposit or contractual obligation.

Lastly, I'll skip over engine family, because we
can't supply data that's not available on the engine. You
should allow gasoline hybrid electric vehicles. I have an
explicit statement request for switching compliance paths
if fleets goes from one path to another. We ask for a
explicit statement as long as the fleet is in compliance
in one schedule, to be compliant on the other schedule and
that's not intuitive but not explicit.

Lastly, I'll reference very quickly an item on
belly boxes. I have a one-page handout that contains a
belly box amendment that I can speak to.

And lastly, I provided a picture set of the lettuce truck harvesting set that Mr. Dan Massolo is going to speak about.

Thank you for your time. Happy to the answer questions you may have.

CHAIRPERSON NICHOLS: Thank you.

Daniel Massolo, Allen Faris, Jill Gayaldo.

MR. MASSOLO: Daniel Massolo with Massolo Brothers, Inc.

And we have a vehicle that we are requesting that you would place in the specialty agriculture category. Our vehicle is a vehicle that can't be bought. They're not made anymore. They're a short wheel base for sharp turning in the field. They have 80-inch track. They're wider than a regular truck so that the tire doesn't fit in the lettuce furrow. And they also have a self-loading bed on them that they pack up to the harvesting machine, the load is transferred off the harvesting machine onto our truck and taken to a processing plant.

So we're a family business. We can't find a truck to replace this in a short amount of time that you're giving us. If you can get into the specialty ag category, they will give us the time to start either manufacturing our own trucks or finding a manufacturer
that would do it for us. Thank you very much for your time.

CHAIRPERSON NICHOLS: Thank you.

MR. FARIS: Good afternoon. My name is Allen Faris. I've been hauling rock, sand, and gravel in Sacramento for over 45 years.

My position on this hasn't changed one bit. Everybody wants the cleanest air possible. They want the latest technology and everything else, and there is nobody in their right mind that wouldn't like to own a brand-new state-of-the-art truck or any company. I'm down to the small fleet, three truck operator right now because of taking advantage of the complying element with your original rules.

Due to the economics, our business is down probably like 90 percent today. It depends on how you look at the figures. Fortunately, almost all of our equipment is paid for. And I would hate to think if I had a couple thousand dollar a month payment on a new truck, even though a large percentage of it was granted money from one place or another, we could not meet that liability. We would not be able to meet the terms and conditions of that. I am quite sure there are a lot of people that have already lost the Carl Moyer trucks, all the stuff.
I really want you to take a good look at how down the economy is right now. And when it comes back, it's going to be hard to borrow money to meet the new technology in the state-of-art vehicles. Even if you have some grants because you won't be able to borrow any money if you can't state some income, have some jobs. There's just no work in the construction industry in Sacramento, northern California right now to speak of.

And our entity is probably in good times we put 45,000 miles on our truck because it's all pretty local. We're not in that category where we're gross emitter. And there's a lot more people. There's thousands of people with one, two, three truck, swimming pool diggers or whatever that due to the economy, one thing, cannot afford any more cash outlays. Please be sensitive to where our economy is right now and where it's going to be for the next ten years.

CHAIRPERSON NICHOLS: Thank you.
Is Jill Gayaldo here?
MS. GAYALDO: Everybody still awake?
My name is Jill Gayaldo. I'm the Director of Transportation for the Elk Grove Unified School District here in Sacramento County. We are third in Sacramento County. Cover 320 square miles. Of our 64,000 kids, less than 10,000 now qualify for a rid every day due to the
cuts in transportation.

We traveled 2.5 million miles last year. I know your desensitized to the message that everything the world is going to fall apart and businesses are going to close. But the reality are we have districts that are going under State control now in our county. We have massive cuts to education, and we are absolutely a target when it comes to that.

We have been the leader in clean fuel for this county. I'm very proud of that. I have 25 compressed natural gas buses, and I put traps on 58 of my buses long before you ever asked for them. We were the guinea pigs, and we tried to work out the bugs for our neighboring districts. Please know there are bugs. We were able to accommodate that with our regular ed students on big buses due to the size of our fleet. I could handle the breakdowns. That cannot be the case for special needs buses. The smaller buses are for medically fragile students. They cannot sit by the side of the road in heat and cold while we have wait to get another driver to them. They're emotionally disturbed and they get too shook. So I do encourage you to look at those special ed buses and follow through with what you're recommending.

Last year, there was a proposal to eliminate all seven through 12th grade bussing through our district. It
came down to -- our employees were great. They took furlough days, and we cut five school days out of our school year to save that service.

As you all heard from our incoming Governor this week, he told us to fasten our seatbelts. It's back on the table as of yesterday.

And I need to tell Ms. Nichols, I need to clarify what you mentioned earlier what that really means. And I'm going to use Pleasant Grove High School as an example.

I transport 1100 students every day on 18 buses. It's incredibly efficient clean equipment. Putting those kids on the roads means 1100 cars. We are the public bus. There is no public bus coming down Jackson highway, and it's 16 miles to school. I don't think anyone expects them to walk.

I have 25 buses that are 25 years and older. I want them to be clean and I want them replaced. Help us get there. I can't put a trap on a 25-year-old bus that's going to be reliable. Please, let's not spend 15,000 to put on a bus that's worth five. Let's be good stewards of this money and replace the equipment. It's the reasonable way to do it. We want to do it with you.

Last, but not least, the voters voted three years ago, and we had Prop. 1B and we were going to replace old school buses. We get safer buses that were clean. It's
been three years. I haven't seen a dime. That's a failure to our kids and a failure to our community.

Thank you.

MR. HAMMOND: Good afternoon, members of the Board, Chairman, and members of staff.

I actually feel special. Nobody is up here today except for me representing the endangered species, the mobile crane. I've spoken to you in the past about the mobile crane, and you've actually given us some help. And we appreciate staff's effort and the things that you have done for us.

There is a couple of things, however, that need to be addressed, and the on-road rule is one of them. These endangered species that I speak about, the mobile crane, which is very imperative to keep our society moving because we need it not only for building new buildings but we need it for maintaining and for emergency services when we have things like the tanker truck that exploded on the Oakland Bridge.

These mobile cranes require trucks to haul auxiliary equipment, counterweights, boom sections and jigs. So it's very imperative that we be able to carry that stuff. And these trucks get very low use.

We have submitted a letter to the workshop down in El Monte. I think it was in May of last year. I think
1 I talked to Tony about it. And we would like to ask your
2 consideration for including low use equipment of these
3 trucks that haul these counterweights into a low use
4 equipment.
5          Currently, the letter that I submitted asked for
6 a 20,000 mile use for low equipment. There's other pieces
7 of low use equipment that should be considered in that
8 request. But for our main source of work is the equipment
9 that hauls these auxiliary parts for our cranes.
10          So if you could help us with that, we think that
11 would be a big help. And we actually also would like the
12 idea -- I'll end my comments. Thank you.
13          CHAIRPERSON NICHOLS: Thank you.
14 Seth Hammond, Betty Plowman, Clayton Miller.
15 Betty Plowman.
16          MS. PLOWMAN: Thank you, Chairman Nichols. Good
17 afternoon, Board.
18          I have something that might surprise all of you
19 and this comes from after listening to the children.
20          I'm also from Richmond, California. Escaped in
21 1977. Grew up next to Interstate 80. I have one child
22 with asthma, which he developed while we moved to our
23 farmland in Vacaville and he was allergic to the walnut
24 trees.
25          Thanks for some of your considerations. I know
that this is all about the economy. Unfortunately, the
amendments for the 15,000 mile won't do much for our
members. That is because we are dedicated dump trucks.
And that's our only business. And this may help some of
the contractors who use trucks that are incidental to
their contracting business. But for people who use these
full time, 15,000 is just a little short, even to help a
group of our single trucks, our ten wheelers. And perhaps
after talking with Peter outside on the Moyer thing,
perhaps we should have moved these trucks at some point
into the off-road rule, because these are not the trucks
that are on the highway moving material. These are
on-site trucks, which means when construction is down,
these trucks aren't moving either. Maybe too late for
that. Just a thought.

And the reason that our folks can't -- and I know
you've heard it today from some of the others. But here's
the problem. We have no income for very little income.
We have no credit or very little credit. And then if you
do get the funding and the Peterbilt and Kenworth right
here in down have several -- quite a few of the units
actually when incentive funding was given and the trucks
were repossessed.

So we're in dyer straights. 20,000 miles would
help some of us. Actually, if those guys could be put in
those trucks again, maybe perhaps into the off-road rule
if you could at all. Our guys are going to need 35,000
miles to even be able to stay in business, our larger
trucks.

Thank you very much.

CHAIRPERSON NICHOLS: Thank you.

Clayton Miller.

MR. MILLER: Good afternoon, Chairman Nichols,

members of the Board.

My name is Clayton Miller. I represent the
Construction Industry Air Quality Coalition. And CIAQC
supports the efforts that your staff has made to
re-evaluate the impacts of the economic downturn on the
emissions from the off-road equipment and the on-road
truck. It's the trucks that support the construction
industry. Certainly the changes before you today will
provide a measure of relief at a time when it is sorely
needed.

I think it's also important to recognize that the
construction industry has equipment and on-road vehicles
or trucks that fall under various regulations. There's
two here today. And with that, the construction industry
has developed a proposal that it sent to your staff for
consideration, which is a 15,000 mile lower use exemption
for construction trucks or the trucks that are used to
support the construction industry. We certainly hope that this is something your staff can consider during the 15-day changes. We think there might be two ways to look at developing how it would apply. One could be to come up with a prescriptive list of trucks limiting who could participate. The other would be maybe to take a look at an overall number of trucks and allow the industry to through reporting participate in that.

So I would just hope or I ask that you could direct your staff to take a look at those two options today and move forward through the process. And hopefully we can come up with something that's workable and helps everybody on both sides.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

MR. DAVIS: You can hear the crescendo building.

CHAIRPERSON NICHOLS: The excitement is building.

MR. DAVIS: We certainly hope so.

Good afternoon, Chairman Nichols and members of the Board and your staff.

We want to wish all of you and your families a very happy holiday. It's a wonderful time for reflection and joy, and we all need a little of that these days.

We'll start our comments today with a paraphrase from our old friend, William Shakespeare, for which I hope
CHAIRPERSON NICHOLS: Ominous.

MR. DAVIS: They have followed your direction and suggestions for industry in the off-road rule and we appreciate those changes.

Regarding the on-road rule, as my beloved Roberta would say, we would be a little bit happier. We have provided staff with a simple one-page proposal providing a small bit of additional relief through increasing low use exemption for construction trucks. Just in case you didn't hear, Clayton. We believe this exemption will actually not affect your emissions on any significant way.

Today, we and your staff find ourselves in substantial agreement of the size of the construction fleet. We, however, have differing estimates of potential low-use activity. We propose we use the two-year relief in the amendments through registration and reporting, substitute real data for estimates, models, and inventories. At that point, we'll all know if additional relief from our low-use proposal will add to your environmental emissions envelope, subtract from it, or as we believe, be emissions neutral.

Please direct staff to implement this request.
As always, we stand ready to assist in this process in any way. Then I, like the Harold in Shakespeare's Henry the 5th will say, "Farewell, gracious king. Though shall Harold no more."


MR. LEWIS: Notice he didn't hear him say we are not going to hear Bill anymore.

CHAIRPERSON NICHOLS: Good point.

MR. LEWIS: Thank you, Madam Chairman and members of the Board.

Mike Lewis from the Construction Industry Air Quality Coalition.

First and foremost, I want to talk about the emissions inventory and the cushion. We believe that you have a much bigger cushion built into your assumptions than you probably do, in part because we think your assumption of fuel consumption is still hi. Two independent studies looked at that model both had 50 to 70 million gallons less or lower in fuel consumption. We think that the low use equipment is indicative of two things. One, it's going to be low use if it as used at all. And number two, it's probably on its way out of the fleet. You're going to see further shrinkage in the fleet, which gives you more cushion I think than you planned on.
I'm here today to support the proposed amendments, including to the bubble, and to call a couple of items to your attention.

First, we think or hope two-thirds of the contractors have complied with this rule so far by shrinking their fleets. And those are good-paying jobs that probably aren't coming back. What we're trying to do is stop the shrinkage and hope we don't have to do that anymore. And we think these amendments will get us there.

But a couple of clean up matters. First one is the addition of the additional sticker to the equipment. That's a multi-million dollar cost to this industry. If it was important enough to have it done, it would have been nice if you asked us to do it when we first the first sticker on. This I think is just ripe for problems with people sticking the wrong number on the other side of the equipment so it has two different numbers. There's the cost of going out to do it. It's probably going to be an opportunity for violation notices. And I would suggest to fix that you could require the addition of a second sticker at the time they add a new piece of equipment to fleet.

Secondly, we'd like to suggest that the engines less than 50 horsepower be exempted from the rule. This would be consistent with the portable rule. These engines
are less than five percent of the horsepower. They're just not worth the trouble, frankly. It takes as much energy and effort to track those thousand horsepower ones. And we think you get a bigger bang for the buck focusing on those and not the smaller ones.

Thank you.

CHAIRPERSON NICHOLS: Thank you.

Cynthia Corey, Michael Kennedy. I apologize.

MR. KENNEDY: Thank you, Madam Chair.

Mike Kennedy, General Counsel for the Associated General Contractors of America.

I spent the last several weeks trying to think about what I would say today. And when I found out I had two minutes, I realized can't clear my throat in that amount of time. But if I use too much of it, so be it.

I'm going to begin by doing what has repeatedly come back to my mind, and that is to thank. Above all, I think need to thank you, Supervisor Roberts and Ms. Berg, Dr. Telles and Dr. Balmes, Chairman Nichols, Ms. D'Adamo, Dr. Sperling, Mrs. Riordan, Supervisor Yeager, and Mayor Loveridge.

I want to thank each of you personally for doing something that I don't have to do. And that is make decisions. It's easy to be an advocate. It's easy to get out there on one side and push as hard as you can. It's
much harder to decide where to draw the line.

I hope that we've been respectful of the line that you drew back in 2007. From the beginning, we've tried to make it clear that we were not trying to second guess your judgment as to the level of emissions that were acceptable within the state. We've not tried to second guess your judgment on the medical science, about the dangers surrounding particulate matter, and other pollutants.

We simply have been trying to demonstrate that within those constraints and given the policy judgment that you made, we hope we can find some room to give relief to the construction industry.

I also want to thank the CARB staff. It's hard to take a position. It's much harder to change it in public. That begins with you, Mr. Goldstene, and the hearing that you held. Tom Cackette, with whom I've had interesting conversations. Michael Terris has been there. Eric, Eric White has been integral to this process, as has Kim Heroy-Rogalski -- I pronounced that, I hope. Todd Sax, thank you, sir. You've set a fine examples for the country. And Nicole Dolney who was much involved in this process.

It has been a good process. And I commend this organization. It's very difficult to let the data drive
the decision. We all come to all of this with many
preconceptions about where it's going to come out. Where
it should come out. When we find that the realities are
not lining up with our preconceptions, it can be hard to
acknowledge that and even harder to change the course.

It took a great deal of fortitude for the staff
to re-examine your emissions inventory. At the end of the
day, I don't believe that my organization agrees with
everything that you've developed. But I'm here to tell
you and everyone else it was a serious good faith effort
and certainly within the realm of the reasonable.

I think it sets a good example for the rest of
the country. Too much today, we see ourselves with lots
of divisions. I think the search for hard data, for
objective science, for transparency is the only way we're
going to resolve the kinds of differences we see. I think
there is a lot of integrity that's been added to this
process. A lot of transparency. I thank you for setting
a good example of what good government looks like. I do
appreciate that.

I think the process needs to continue. I would
love nothing more than to see a great reservoir of trust
built up between this organization and all of the
industries that you regulate. I think it would be to
industries' benefit and to your own and to the benefit of
California.

Turning to the outcome, the specific proposals that are here on the table, I'm a lawyer. I want to debate everything I've heard today. I'm sure, if nothing else, you're ready to let me let that go.

I just point out a few things. First, there's been much concern from the environmental community. I hear you. We hear you. We understand your concerns. AGC's construction contractors have wives, children, husbands. They have families here in California. And they share the concern about California's air quality and the environment.

We would note that there's been much discussion of a January 1, 2014, start date. Actually, the start date is January 1, 2013. January 1, 2014 is the deadline by which we have committed to make changes. Compliance efforts will start one year earlier. Compliance targets that are in this rule are actually lower than the NOx targets that are in the rule that it replaces. Those targets have been set over a ten-year schedule, not an eleven-year schedule. There's actually a compression in the rate, a compression in the timetable, and an increase in the rate of decline that will take place particularly in the later years.

We hear your concern about action in early years.
Our concern is that the economy won't recover. And we, in supporting this rule and coming out and saying that the industry will stand beside you, we are taking the risk it will not.

But having said that, we also believe that if the economy does not recover, the emissions will remain low and year 2014 goals will be met. If it increases, if it picks up faster than expected, I do think the contractors will reasonably look at their opportunities for early credits. You have early credits for repowers and rebuilds. You have early credits for replacement of Tier 0 and Tier 1 equipment. You have double credits for early retrofits. Looking over the life span of this rule running out to 2023 and knowing they can accumulate credits and carry credits forward, contractors will act in the early years if the economy permits them to do so.

There are also early restrictions on adding new vehicles. The ban on the addition of Tier 0 equipment takes effect the day this rule is approved by the U.S. Environmental Protection Agency. The restrictions on the addition of Tier 1 equipment. It becomes an absolute ban in 2013. And there is a ban on Tier 2. Actually, the deadline for banning Tier 2 equipment moved up in the final rule. It is closer than it was before. It will now move up to 2018.
There was a discussion earlier today about low use equipment. Low use equipment is not exempt from the ban on the addition of Tier 0 and Tier 1 equipment. It will also be banned whether it's low use or not.

CHAIRPERSON NICHOLS: Mr. Kennedy, I know you weren't going to debate the entire rule, but you're making your way through it. And I'd appreciate if you could wrap it up.

MR. KENNEDY: I'm done. Well, I just want to say that the construction industry is still suffering. And I thank you for understanding that nationwide we've lost 2.1 million jobs. 450,000 of those jobs have been in California. Nationwide, the unemployment rate remains 18.8 percent. It's still far higher out here.

California's construction industry lost 45,000 jobs in the last year.

I've overstayed my welcome. But I thank you for having me, and I wish you the best of luck.

CHAIRPERSON NICHOLS: Thank you. We appreciate the fact that you have come out from D.C. and also that you've worked with us to try to turn the issue around, to make it one that was -- that we could address, as you've said, in the way that was focused on the data and the facts. And overall to make the rhetoric constructive and to be into a more trusting relationship between the
industry and the Air Resources Board.

I came in 2007 here when we were just on the verge of adopting these rules. So I'm very appreciative of the fact that the tone of the discussion has changed and improved a lot since we started. I do think the rules are also -- not just because they we've adapted to the economic conditions, but because we did improve the inventory and learned more about the uses of the equipment and the nature of the very complicated industries that we're dealing with. I think they are simpler and better in a number of respects than they were when we started. So it has been in many respects a very positive journey.

BOARD MEMBER BERG: I believe we have the LSI people, and we'll have to excuse ourselves.

CHAIRPERSON NICHOLS: I'm sorry. I have not seen that extra list.

BOARD MEMBER BERG: I don't think there's very many people.

CHIEF COUNSEL PETER: We need to close the hearing, except for 1048 which will be held after.

CHAIRPERSON NICHOLS: Are you are here on LSI?

MS. COREY: I'm on the truck rule.

CHAIRPERSON NICHOLS: Okay. So we'll finish up and then close the record.

MS. COREY: Chairman Nichols and Board, I'm
sorry. I didn't mean to be the last person on the truck rule. I just wanted to make sure we heard from all sides. While I was sitting here, I heard the "E" word a couple times, and that also always makes my hair stand on end, which is exempt. As you know, I know the Chairwoman knows, and I know the Board knows and I know the staff knows that ag is not exempt from the truck rule. And we've been complying for the last year. We're going to continue to comply.

But we just wanted to make sure that you knew we appreciated that. And we also appreciate the changes that you've made for the folks that could not take advantage of the mileage provisions for the agriculture community. Because there's many folks in the agriculture communities that harvest several times a year and can't stay under the low mileage provisions, and these new changes will be helpful to them. I appreciate the staff already helping us get the word out and doing the workshopping.

I just wanted to make sure that you heard from all sides on that and you appreciate the staff and the Board and happy holiday.

CHAIRPERSON NICHOLS: Thank you very much.

So are you here on the truck and bus rule?

MR. GRABOWSKI: I'm here on the LSI rule.

CHAIRPERSON NICHOLS: Hang on. I'm going to
close the other record.

We have now closed the record on the first four rules.

CHIEF COUNSEL PETER: Madam Chair, if you do it by resolution number, that might be easier.

CHAIRPERSON NICHOLS: It would be nice if I had the resolution in front of me.

CHIEF COUNSEL PETER: The Resolutions that we just heard testimony on are: Resolution 10-44, which is truck and bus; 10-45 drayage truck; 10-46 truck and trailer, greenhouse gas; and Resolution 10-47, off-road.

Those are what we just --

CHAIRPERSON NICHOLS: These are the ones that we closed.

We are now going to open testimony on 10-48, which is the large spark ignition. And two of our Board members will excuse themselves for that portion of the discussion.

(Whereupon Ms. Berg and Ms. D'Adamo exited the proceedings.)

CHAIRPERSON NICHOLS: Ms. Berg and Ms. D'Adamo are exiting the room. Okay.

Now who else besides you is here to testify on the LSI rule? Do we have a list? You're it. Great. You can have an hour.
MR. GRABOWSKI: I don't want an hour. I've got to get to the airport.

My name is Mike Grabowski. I'm here representing American Rental Association. We've been working with the LSI staff in order to address an issue that's related to rental businesses.

The principle issue is that under the proposal and under the current regulation, it turns out that our members could be subject to the operator definition, even though they are rental fleets. The rule was originally carved out so that rental fleets weren't operative; they rented equipment to companies who were then classified as operators. But because we use some forklifts and a moderate amount of forklift times in our yards, it would mean that equipment that's principally rented or equipment that's dedicated rented in the rental industry could basically become operator equipment if that equipment is used load, pumps, or tools or whatever within the yard.

When we look at the total number of pieces of equipment we're talking about, it's less than 500. And in comparison, we rent industry-wide thousands of forklifts a year. And a maximum number of hours we're talking about from a survey we just conducted and provided staff is about 170 hours a year of use per yard in doing service work. Now, that's less than the 200 hours that's going to
be allowed as a low threshold. But the problem is that
declaring our units as, let's say, low use units is not a
universe tool solution because the business in the yard
can't be limited based on satisfying a regulatory
threshold.

So we provided staff with a number of possible
solutions, but I would want to stay -- if I can have
another minute, since I've been waiting a long time --
that the real issue is that our guys will do whatever they
need to do to comply with the rules. And what they don't
want to do is be classified as operators, because for 500
forklifts total, that means they're going to have to
comply with another reg, and they're going to have to be
associated with the costs and the training involved.

And so what happens then is that some of our guys
already and others in the future have indicated that if
they can't get some relief under the LPG LSI forklift
rule, they're going to want to use diesel forklifts in the
yard, which we don't want them to do because that goes
against the Diesel Risk Reduction Plan.

So all we're asking for is in the 15-day period
that we be able to work out some kind of an equitable
arrangement with staff. Like I said, we provide some
ideas to them. And if we can do that and protect the
environment and reduce the regulatory burden for 500
units, that's what we'd like to do. So we'd like you to
direct staff to just work with us and trying to get it
resolved.

CHAIRPERSON NICHOLS: Okay. Staff want to
comment on this at this point or --

ON-ROAD CONTROL REGULATIONS BRANCH CHIEF

KITOWSKI: Yes. We actually agree with comments that he's
made that the operator definition that we have in the
staff report really didn't work completely. So we
appreciate him bringing this comment up.

The proposals came in on Wednesday. We think
there needs to be a little back and forth, but we're in
the ballpark. So we look forward to resolving in the
15-day process

CHAIRPERSON NICHOLS: Directing you to resolve
this would not be a problem then. So your day was not
wasted.

MR. GRABOWSKI: My day is never wasted here. I'm
an engineer, so I have a low standard. But this is
sometimes the most entertaining times I have.

CHAIRPERSON NICHOLS: We live to serve. Okay.

We will close the record now then on Resolution
10-48, and now we can bring this back to the Board for
discussion. But I think we should -- we can just resolve
this one while the two are out of the room. Why not.
Okay. Any other questions or comments from --

BOARD MEMBER RIORDAN: I would make a motion to adopt staff recommendation with the direction to continue to work on this issue that the last speaker brought up.

BOARD MEMBER LOVERIDGE: Second.

CHAIRPERSON NICHOLS: Any further discussion?

If not, all in favor say aye.

(Ayes)

CHAIRPERSON NICHOLS: Any opposed?

All right. It carries.

Now we can ask our two missing Board members to come back, please.

BOARD MEMBER LOVERIDGE: Maybe you can use the same procedure that you did last night.

CHAIRPERSON NICHOLS: Yes. We will ask people to file their ex parte communications in writing on this one also before we proceed to discussion.

EXECUTIVE OFFICER GOLDSTENE: The ex parte filing would apply to the LSI as well.

CHAIRPERSON NICHOLS: Yes. That one was easy. You should have picked something else to recuse yourself on. You should have bought cement mixers instead of forklifts.

All joking aside, we're back to the truck and bus, drayage, tractor-trailer, and off-road rules now.
And maybe we should just discuss them in order in terms of changes or modifications that any Board members want to see discussed or any questions that you may have.

BOARD MEMBER RIORDAN: I do have a couple of questions, Madam Chair.

Before I do that, let me just congratulate the staff and those of you who participated in much of the effort that is culminating today.

And also let me just share with you I think our outreach -- I noticed it today more than ever. And I want to thank the staff, particularly because as people commented and particularly those single owner-owned truck owners, you know, it's very helpful for guidance. They don't have staff. They don't have the capability to understand sometimes some very technical issues that we have placed before them. So I notice that. I appreciate that. And I believe that we need to do more and more. And I know I have a commitment from staff that they will once we get this behind us.

I was a little concerned Mr. Massolo left. You couldn't even capture him for a moment. But I wanted to ask about his lettuce vehicle truck. And I do know those are very specific. Can we do some work on that so that we could understand a little bit better what it is? I mean, I've seen those trucks in the field. I don't know. I
can't believe they're going that far to the processing facility. But maybe they are. I just don't know. I think it's worth exploring with him. And I'm sorry he took off.

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF BRASIL: I can say we are familiar with that type of truck, and it is a unique design. I believe we can accommodate it within the construct of the rule and simply include it.

BOARD MEMBER RIORDAN: And then my second question would be going to I think the testimony of the last few speakers, the low use construction trucks. Is there an opportunity to work with them on something there that might make sense not to cause us to raise emission levels, but to work with them, especially if they're low usage?

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: Yeah. As it relates to the vocational trucks, we have tried to focus in on those on-road trucks that are used in the construction industry. As I think was noted, there is two ways to approach it. Could specify the vehicles are very prescriptive or cap the number of vehicles, which is what we've done with the specialty off-road ag vehicles so that you assure that you don't exceed the number of vehicles
that are going to go over the emissions budget you've established for that. So we can certainly look at either way and have further discussions with them about what would make the most sense, recognizing that we have other changes we made to ensure that we would still stay within our margin. And whatever we do needs to -- all the additional relief we've provided as the 15-day changes falls within that emission margin. Additional emission margin we tried to free up for that.

BOARD MEMBER RIORDAN: With that, Madam Chair, I'm very comfortable with the staff recommendations. And thank you for all your work.

BOARD MEMBER ROBERTS: Is that the less than 15,000 miles a year?

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: Yes.

BOARD MEMBER ROBERTS: That would cut across all the categories?

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: We are specifically focusing on multiple vehicle types that are used in the construction industry, but limited to the construction industry.

BOARD MEMBER ROBERTS: You put a cap on number of those --
ASSISTANT DIVISION CHIEF WHITE: That would be one way, yes. We heard suggestions from industry that that would be the preferred way to do that. We'll look at that.

CHAIRPERSON NICHOLS: Okay. I'm going to go next to Dr. Telles.

BOARD MEMBER TELLES: Thank you.

There was mention of the cross-over issue between the construction and trucking. I believe that was -- recommendation was probably not initially in the rule and it was taken up by some of the workshops. I remember that being an issue in the Fresno workshop when I went there, and it seemed like that issue was -- staff listened to the request to have the cross-over as part of where a truck in the construction industry and trucking industry could maybe cross over. And I was just wondering, is there a reason -- sounds like it applies to just new trucks. And is there a reason why it's not for retrofits as well as fleet reduction also? Was that an oversight or is there a --

ASSISTANT DIVISION CHIEF WHITE: May need a little bit more clarification could help us get you an answer to that.

BOARD MEMBER TELLES: I wasn't clear myself,
because it was in testimony today that one of the commentators mentioned that there is a relief -- a cross-over relief for purchase of new trucks, but not a relief for purchase of retrofits or fleet reduction.

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF BRASIL: If I understand the issue, I think it was the opposite. In the staff proposal, we said if you install a retrofit device before July of next year that you could treat another vehicle as exempt until 2017. But we did not have an analogous or comparable advantage if you purchased 2007 or newer engines, since you wouldn't get this extra credit for having upgraded the whole truck. We've introduced that in the 15-day change to provide credit for that.

BOARD MEMBER TELLES: Probably my biggest issue in this is coming from the San Joaquin is that the margins can be very, very close. And I think that the request of the two air districts, the San Joaquin and South Coast, it's probably a reasonable request to put their languages into the resolution. I think everybody has probably read that. And I would hope that we include that language in there, which briefly, CARB accepts responsibility for mitigation should we not get our SIP, closer monitoring, and have a date somewhere around 2012 and partner together with the three agencies to improve the local and regional
inventories and to help expedite the moving out of incentives.

CHAIRPERSON NICHOLS: There was also a monitoring request --

BOARD MEMBER TELLES: Yeah.

CHAIRPERSON NICHOLS: -- on a specified schedule. I would have no objection to that if we can just incorporate that into the resolution.

BOARD MEMBER TELLES: And one other issue is the greenhouse gas smart truck issue. Moving it out to 150 miles seems reasonable to me, especially given that the trucks which are -- health benefits for that rule is really minimal or nonexistent. And the trucks that are involved in that rule are often it's their third or fourth regulation -- trucking regulation that they might be participating in. It seems like a Reasonable thing to do.

ON-ROAD HEAVY-DUTY DIESEL SECTION MANAGER LEMIEUX: There is a few good reasons why -- Stephan Lemieux with the On-Road Heavy-Duty Diesel Section. I'm responsible for developing the heavy-duty greenhouse gas requirements for the tractor-trailer greenhouse gas regulation.

There are a few good reasons why the 150 mile doesn't really work in this instance. For one, we did workshop a lot with the industry on establishing what is a
local haul and long haul. And the US DOT has a definition for commercial driver's license that they require that if you operate less than 100 miles, you're not -- you don't need to have the hours of service. It's kind of a mark point for the industry breaking out between what a local haul is and what a long haul begin is about 100-mile radius of operation. And so also the insurance companies when they determine whether you're long haul or local haul and insurance rate changes is based on 100 mile radius. So we had some precedence in place to establish that. We had to make a cut point.

The other issue is -- I have a slide you might want to go to. But basically when you look at 150 mile radius, you can get from the bordering states into the Los Angeles or Oakland area. So it would add a mechanism where fleets would be able to register a local haul, but we would have a difficult time enforcing it because it can get out of the state where it's not enforceable and back into the state.

As you can see here, I took Victorville as an example and probably a lot of other cities that would fall in this situation. 150-mile radius -- you're thinking about it's 300 miles from one end of the radius to the other. And in order to even operate in this region, you're spending quite a bit of time on the highways as
well on 15 or the 99 or the 5. And so if we allow for this, you can see that you're going -- you're able to spend quite a bit of time on the highways. So you would benefit from the technologies and at the same time you have a big opportunity to circumvent our requirement and request the local haul exemption and get away with being able to come in and out of the state without ever being caught.

BOARD MEMBER BERG: Could you just follow up on that though about the mileage and the fact that the smart trucks benefit at 62 miles an hour and the law requires them to go 55 miles an hour?

ON-ROAD HEAVY-DUTY DIESEL SECTION MANAGER LEMIEUX: When we did our estimates, we based it on the highway speeds. We actually provided no benefits for aerodynamics at lower speeds. But in reality, when you look at the physics and what happens with aerodynamics, you actually get some benefits at lower speeds. And it's a function of the speed. So speed does have a big impact on the forces on the vehicle, but less so at lower speeds. And so operators are getting benefits even at 40 miles per hour. That was thrown out as an average speed. The only thing I would let the Board know is average speed is not as good a metric because trucks often spend a lot of time at very low speeds and idling, and then they spend
most of their time -- a good portion of their time for
long hauling at a highway cruise speed. So you can't
really use the average speeds in this case.
And so at 55 miles per hour, you are getting a
majority of the benefits. Less than the SmartWay
identified benefits, which are usually done at 62 miles
per hour. But you're not talking about -- you're talking
about probably anywhere -- you're going to range anywhere
from three to five percent, in that range.
A lot of the technologies that are coming onto
the marketplace now are actually verified even in the
seven percent range. So what that means is that even at
lower speeds, you're getting substantial benefits down.
You're running at 50 miles per hour, you're getting
significant benefit with those technologies.
And also if you've driven on the freeways, even
though you do have the 55 mile per hour speed limit, it's
not 100 percent the case out there unfortunately. They
all have governed speeds, it would be great. But they're
oftentimes at 65, 70. I spend quite a lot of time going
to Arizona. It's my hobby. And you'll see them out there
cruising quite fast.

BOARD MEMBER TELLES: I think you answered the
question. Thank you. Very well.

CHAIRPERSON NICHOLS: Is that it?
BOARD MEMBER TELLES: Yeah.


BOARD MEMBER D'ADAMO: I have a question on the bus rule. I don't know that I'm totally comfortable on the school bus provision. Concerned about exposure to children. So maybe if staff could walk through their thinking on that.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: Well, as we looked at the school bus provision in the existing regulation, I think what we found is what we heard today is not only are private companies struggling with this current financial time, so are school districts. And as we've surveyed school districts, while many of them have indicated that they are, in fact, cutting transportation services, most of that is not happening because of our regulation; it's just because it's a reality of the budget times.

So we looked to see where we could maximize the benefit we were getting while still trying to provide some relief. So consistent with how we were looking at trucks, that cut point really was the segregation of about 88 percent of the buses fell into the larger size and about 12 percent or them fell into the smaller size. We found they're newer than the larger buses and replaced more often and typically driven fewer miles.
So as we look at opportunities to try to provide some relief to the school districts, in our opinion, that made the most sense in terms of how to try to structure that. Keeping in mind, we did want to keep the existing date for larger buses consistent with what we have right now in 2014. That was our rational as we were walking through how best to address school businesses to provide some relief.

BOARD MEMBER D'ADAMO: I understand the need. I'm one wondering about the vulnerable population. Do you have any information on how many kids are in those buses? Are they typically full? How long the trips are? Pretty much similar to the regular school bus, or are they used in a different way.

ON-ROAD CONTROL REGULATIONS BRANCH CHIEF ROWLAND: Well, out of approximately 1500 school buses below the 26,000 gross vehicle weight level, only about 400 are actually non-compliant at this point. I don't think that we have good estimates for the actual number of students that are carried. But obviously the smaller buses carry fewer students. I think as you heard today, they do tend to be the special needs children. So obviously they're not going to be packed with 60 children like the larger buses are.
CHAIRPERSON NICHOLS: Dr. Balmes wanted to comment on this particular issue, and I do, too.

BOARD MEMBER BALMES: One of the commentators from one of the school districts -- think it was Elk Grove -- made the point that these are disabled kids often. And she didn't want to see them sitting in an idling situation because the vehicle broke down because of the filter.

But I guess I would turn that around. These are disabled kids already. And I don't know why disabled kids should be breathing more diesel emissions than non-disabled kids.

And, you know, I -- in favor of what we are doing in general today about relaxing the diesel regulations because of the economic need and because we can do that with the fact there is decreased emission from the recession, but my role on the Board is to be concerned about public health. And again, while I'm supporting in general what we are doing today, I think on the school bus issue that's where I would draw a line a little bit myself. I know it's hard on the school districts currently with the fiscal situation. But I think that, again, protecting the most vulnerable kids in the smaller buses is something we should do.

CHAIRPERSON NICHOLS: Well, I agree with you on
that point, but I would also add unlike other things that
are in that category, 100 percent of the money that is
being spent on fixing these things or replacing them is
public money. It's either coming from the federal
government or the state government. And we are in the
process of changing them over. And we put a lot of money
out to the districts. The districts chose for, you know,
reasonable basis to try to get everybody new buses because
there are advantages to that.

But the reality is that it is the kids who are
riding the buses today who are breathing that pollution.
And if they had chosen to do differently, there would have
been enough money to give every single bus a filter. They
didn't do that. But there's still enough money now to put
filters on the ones that aren't controlled. So I just
think we do have an obligation to see that that gets done
sooner rather than later. So if I don't see any
objection, I'd like to propose that we make that change
and in the truck and bus rule to bring the smaller school
buses back.

BOARD MEMBER BERG: Madam Chairman?

CHAIRPERSON NICHOLS: Yes.

BOARD MEMBER BERG: That would be me, Sandy.

I also concur, but I also would really appreciate
if staff would take on a project for the school districts
to try to resolve this issue about retrofits and not working. We hear this time after time, and we hear one thing from the retrofit manufacturers and one thing from the school districts. I really would like to challenge the retrofit manufacturers to get with staff, let's get together with the school bus district in a room, lock the doors, and not let anybody out until we figure out what's going on.

CHAIRPERSON NICHOLS: Well, and fix it whatever it is.

BOARD MEMBER BERG: Yes.

CHAIRPERSON NICHOLS: Because a lot of them do have filters. And if they're not working properly, they need to work.

BOARD MEMBER BERG: Let's find out, and let's be the people that resolve that.

CHAIRPERSON NICHOLS: Good amendment.

Other comments, questions, additions on the truck and bus rule? Let's move onto the drayage --

BOARD MEMBER BERG: I do have some. We want to clarify that retrofits that are purchased with incentive funding will be surplus and not go toward the early credit. Also, there was a question on the 15-day change on the alternative vehicle credit. That was something that was inadvertently left out. That was proposed by
waste management.

HEAVY-DUTY DIESEL IMPLEMENTATION BRANCH CHIEF

BRASIL: We had two conflicting dates of the changes. I think we already addressed it in the 15-day change.

BOARD MEMBER BERG: And also we had a request from Northern Sonoma County to be added to the attainment list and therefore NOx exempt. Are we comfortable with that?

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH ASSISTANT DIVISION CHIEF WHITE: It would certainly be our preference to keep the existing list on a whole county basis, but I think we can entertain that change. And it would include both not just the truck and bus rule, but the off-road rule as well, which has a similar list of counties.

BOARD MEMBER BERG: Thank you very much. Thank you, Madam Chairman

CHAIRPERSON NICHOLS: Okay. I think we're probably going to be able to take up all of these at once. I'm just working through the different resolutions.

BOARD MEMBER BALMES: Perhaps this is same concern, but I was persuaded by some of the testimony about trying to do something for the early compliers. It seems to be appropriate for people that spent a lot of
money and invested a lot of money with a certain expectation about what our rules were. Now we've changed the playing field. Again, I think appropriately. But it seems like we should be trying to do something for those folks. And I don't know if staff has any ideas.

CHAIRPERSON NICHOLS: I think they do.

BOARD MEMBER BERG: I really would like to jump in on this as well, because I do think this is a fairness issue. We are looking at something that has already been implemented and we are trying to accommodate between two separate groups. But the fact is that the group that still has to comply, I think we have some opportunity for some incentive funding and to assist them. And I would like to suggest that we would leave the drayage truck rule as is with the 2007 and newer buy the 2014. And if that isn't acceptable, that we would look at something that was not out to 2020, maybe 2016 if we felt like giving the other individuals with the retrofits an additional two years. But my first choice would be to leave the rule as it is.

CHAIRPERSON NICHOLS: It was changed, I take it, just to make it parallel to other rules. There was no other particular reason for that.

ASSISTANT DIVISION CHIEF MARVIN: The staff's proposal to defer the Phase 2 requirement, which was
essentially the upgrade to '07 trucks, was based on parody or consistency with the changes being made to the statewide truck and bus rule. But if it's the Board's interest to keep this rule consistent so the direction sent to businesses who already made compliance choices, we would recommend you leave that deadline at 2014.

CHAIRPERSON NICHOLS: The thing is for L.A./Long Beach where the ports themselves imposed a ban on trucks coming in that didn't meet the standard, there is no impact at all. So I think that that covers a substantial portion right there of drayage trucks in the state. But for others, there is a real potential -- I don't know how large it is. There is some real potential for some health benefit that we would keep some health benefits that might otherwise be lost.

Yes?

BOARD MEMBER D'ADAMO: You make a good point about L.A./Long Beach. So could staff provide some information what are the numbers and where are those trucks located? Do you have a sense? Because a couple of the companies that came in, we know where they're located. But, you know, not everyone was here to provide us with information as far as compliance. And those that are not in compliance, are they concentrated in a certain area?

ASSISTANT DIVISION CHIEF MARVIN: More than half
of the drayage trucks are already compliant with the Phase II requirement. They're already 2007, '08, '09, '10 trucks. That's is largely as a result of the action by the Ports of L.A. and Long Beach and the gate fees they impose on older trucks. Incredible economic driver.

The issues we're talking about are fundamentally trucks that serve the Port of Oakland. And, really, it's roughly 1700 trucks that serve the Port of Oakland that put on retrofits to comply with the rule and roughly 500 trucks in Southern California that retrofit in order to serve the rail yards exclusively down there.

So the population of trucks we are talking about is 2200 trucks. We estimate that the NOx benefits of going to that second phase, that upgrade, are roughly seven tons per day statewide, with the bulk of those being on the table in Northern California and a smaller proportion in Southern California. So if the Board opted to simply stay with the existing requirement, those are NOx reductions that would be achieved by 2014.

BOARD MEMBER D'ADAMO: Do you have information on what it would do to the margin in the valley? Because I know there's some transport that occurs, and I guess some of those trips are between the two districts.

ASSISTANT DIVISION CHIEF MARVIN: Certainly, it would help with the margin in the San Joaquin Valley. We
know that much of the drayage traffic -- I don't have a statistic, but my sense is probably half of the trucks that are serving the Port of Oakland are making trips back and forth between the port and the San Joaquin Valley. The biggest activity at the Port of Oakland is exports from San Joaquin Valley, ag exports. And those are the ones that we read in the paper are going up tremendously and really are a bright spot in the economy. So we expect that to continue. So clearly there would be San Joaquin Valley NOx benefits from retaining this requirement.

BOARD MEMBER BERG: Cynthia, could you give the number of trucks that are, in fact, compliant with the Phase 2 in the Oakland area? Isn't that around 1,400 trucks?

ASSISTANT DIVISION CHIEF MARVIN: Yes, ma'am. Exactly.

BOARD MEMBER RIORDAN: Madam Chair, may I just ask a question about the owner of one truck? If we retained the rule as is, how does that effect that single owner?

ASSISTANT DIVISION CHIEF MARVIN: In the drayage rule, unlike the truck and bus rule, all owners and fleets are treated the same. Doesn't matter if you have one or 20. The compliance deadlines are the same. However, in
our outreach on the grant programs, we and particularly
the Bay Area District really made an extensive effort to
provide all the assistance that we could, especially to
smaller fleets. And we would maintain the commitment to
do that to the trucks that would need to make the second
upgrade.

CHAIRPERSON NICHOLS: That was based on the fact
that the observation, a very large proportion of the
drayage trucks are these independent owner-operator.

BOARD MEMBER RIORDAN: I remember the testimony
of the gentleman. They're having a hard time getting the
loads.

ASSISTANT DIVISION CHIEF MARVIN: The encouraging
news more recently is when you look at activity in the
last few months compared to the last year, it's definitely
picked up in the port business. And certainly ag exports
from the valley are higher than they've been since
pre-2005.

BOARD MEMBER RIORDAN: That's good news.

CHAIRPERSON NICHOLS: The ports have been putting
out press releases on this that are quite encouraging
actually, quite positive.

This doesn't mean that we don't need this rule
amendment though to fix the other issues.

BOARD MEMBER BERG: Yeah, with the dray-off. We
need the rule for the dray-off. And also there was another testimony by the Port of Los Angeles to close the loophole on the Class 7 trucks.

CHAIRPERSON NICHOLS: Right.

ASSISTANT DIVISION CHIEF MARVIN: We would certainty recommend that the Board consider the addition of the Class 7 trucks with an additional provision that trucks operating in the South Coast air basin, Class 7 trucks, be subject to the regulation and PM controls as of January 1st of 2012, which would be the soonest that we can do it. Would respond to the port of L.A's concerns. And fundamentally, it would mean that Class 7 trucks that came into drayage less than a year ago would simply leave the drayage business. Not all business. They simply would defer their loads back to the --

CHAIRPERSON NICHOLS: Would you like to see changes?

BOARD MEMBER D'ADAMO: I just have one more question. I'm 99 percent comfortable with where we're headed.

But with respect to availability of ag trucks because I've heard anecdotally -- and maybe Dr. Telles can chime in here -- that there has been some challenges, if you will, shippers locating trucks. And I just as assumed what we were doing was headed in the right direction so I
didn't look into it any further.

But in light of what we're just about to do here on drayage, I'm wondering if staff has any input or maybe, John, if you have some knowledge of that.

BOARD MEMBER TELLES: I think the information to me is anecdotal, too, in the sense that many of the grower organizations in our area are concerned about perhaps the lack of availability of trucks or the increased costs of moving the product to the port.

BOARD MEMBER BERG: Is the issue that they're looking for a low cost trucks versus --

BOARD MEMBER D'ADAMO: Compliance.

BOARD MEMBER BERG: -- trucks that aren't in compliance?

BOARD MEMBER D'ADAMO: I think we're headed in right direction anyway.

BOARD MEMBER TELLES: What happened about a year-and-a-half ago, the concern was that because of the economic downturn that no trucks would being able to comply because of the lack of the economics of it. And when that was happening, it became apparent that maybe wasn't going to be enough trucks for this purpose.

Things have changed slightly, perhaps because there has been some delay of this. And I get the feeling that there's probably trucks available, and that fear is
probably not as justified as it was a year-and-a-half ago.

ASSISTANT DIVISION CHIEF MARVIN: Certainly, this was the certain we heard extensively at the end of last year. The Port of Oakland at that time estimated roughly 2,000 trucks making frequent visits would be sufficient to handle their cargo. So even if there are increases, there's currently an over 5800 trucks serving the Port of Oakland that currently comply with the rule. So we absolutely would not expect a supply problem.

I would also note the Class 7 trucks, part of the reason that we suggest that the acceleration on those trucks happen in the South Coast air basin is that there are a number of trucks that just fall into this category that have been in operation serving the ag industry and smaller ports throughout the valley, like the Port of Stockton. So those would be able to continue operating. We still need to put on filters, but by 2014.

CHAIRPERSON NICHOLS: So we're proposing three changes then to the rule that was in front of us or to the resolution. One is to deal with the Class 7 trucks at the Port of L.A./Long Beach. The drayage is in already. So the other change is just to eliminate the time extension.

ASSISTANT DIVISION CHIEF MARVIN: The actual changes to the existing rule would be to incorporate the secondary trucks that eliminate dray-off, to include the
Class 7 trucks with the special provision that those operating in the South Coast would be subject to PM requirements in 2012. Those operating elsewhere in the state would be subject to those PM requirement.

CHAIRPERSON NICHOLS: Sorry. I was looking at it from the point of view of the resolution in front of us and what we had to do to fix it. Okay. I think we understand what needs to be done.

Yes, Mr. Loveridge.

BOARD MEMBER LOVERIDGE: Where's the 2007 versus 2008? What happened to that discussion?

CHAIRPERSON NICHOLS: 2007?

BOARD MEMBER BERG: We didn't hear you because you weren't on the microphone, Mayor Loveridge.

BOARD MEMBER LOVERIDGE: I said you raised the question of 2007, staying with the current or changed it 2008. What happened to that discussion I just wanted to know?

BOARD MEMBER BERG: We're staying with the Phase 2 2007 trucks in place by 2014.

BOARD MEMBER TELLES: I think one reason why this drayage truck thing works is because of Cynthia. If I recall, last Christmas, she spent her Christmas holidays in the Port of Oakland and New Years and probably Easter. I would like to personally thank her for making this work.
I think it's going to be helpful for our area.

CHAIRPERSON NICHOLS: Second that.

This time we'll send you a bottle of champaign to whatever port you're at.

Tractor-trailer, greenhouse gas rule, we are okay with that?

BOARD MEMBER BERG: The only thing I wanted to add to the greenhouse gas was to ask staff about the drop frame trailer, the belly box trailer that they were talking about.

CHAIRPERSON NICHOLS: Right here.

BOARD MEMBER BERG: It seems to have a skirt built in. So should that be on the exempt list?

ON-ROAD HEAVY-DUTY DIESEL SECTION MANAGER LEMIEUX: This is Stephan Lemieux.

The reason why we exempted the drop frame trailers is there was no technology available at the time, and there's actually still remains no technology available either on the rear of the trailers or on the skirting of the trailer.

However, for a standard van that has a box on the bottom, you can put a tail device that complies. There is ways of complying with the regulation.

And we've also added a new provision where we allow Executive Officer for approval for modified SmartWay
technology. So if they test like in a wind tunnel with
the skirting that's been modified to be cut around the
boxes, they can comply that way if they test and show that
it's equivalent. So we do have a few options for them to
be able to comply under the proposed amendments.

BOARD MEMBER BERG: Thank you.

CHAIRPERSON NICHOLS: All right. And now we come
to the off-road rule.

ASSISTANT DIVISION CHIEF MARVIN: Madam Chair,
before we go on to that, if I might on the advice of our
attorney.

On the discussion of drayage trucks, I just want
to be clear that with these changes that the Board was
just discussing, the net effect would be Class 7 trucks in
the South Coast would have to put on filters by 2012. By
2014, those Class 7 trucks would have to comply with the
Phase 2 requirement. So it's both PM control and NOx
control, like every other drayage truck.

BOARD MEMBER BERG: There isn't a provision that
allows them a period of time? I mean, two years useful
life on a retrofit seems a tad short.

ASSISTANT DIVISION CHIEF MARVIN: Certainly, the
trucks in Southern California -- as I said, the Class 7
trucks were not doing drayage in Southern California until
a year ago. It's unlikely that someone would choose to
invest in a filter and keep sending the Class 7 truck into
these facilitates. Instead, they will go back to the
traditional Class 8 to serve the ports.

   CHAIRPERSON NICHOLS: Okay.

   BOARD MEMBER BERG: I'm okay with that.

   CHAIRPERSON NICHOLS: That makes sense. All
right. So just moving last now to the off-road rule, I
frankly think we've done as much with that one as we can
do.

   BOARD MEMBER BERG: Could we just address the
additional sticker though on the --

   CHAIRPERSON NICHOLS: The sticker.

   BOARD MEMBER BERG: We're down to the sticker.

   CHAIRPERSON NICHOLS: What about that sticker?

   HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH

   ASSISTANT DIVISION CHIEF WHITE: The sticker, as we've
gone around -- and I'm sure everyone has started to notice
the red labels on the side of the equipment. And it is a
very valuable tool for us to know whether or not the
vehicle is in there.

   What we have found -- it was suggested all we
have to do is get out and walk around. A lot of times
we're driving by. And what we really have found is that
it would be greatly beneficial I think to everybody to be
able to look at either side of a vehicle and know whether
or not fairly quickly it's been reported or not.

The time frame in which we plan to do this is to provide two years to get the other label on. And it's at the time in which we expected that initial label to probably have warn. I think we heard many of them are turning pink where they're going to have to replace one anyway. At that time they just put one on both sides of a vehicle.

It seems a reasonable way to get better labeling on these vehicles. If you look at the trucks, we do require labels on both sides of the trucks for the ag exemptions and some of the other things. So it seemed to us to be a very good idea and relatively inexpensive relative to everything else we've been talking about.

CHAIRPERSON NICHOLS: I think we should change in the requirement that the label should be pink to begin with. Soften it up. never mind. Okay.

BOARD MEMBER BERG: There could be no big fines on that, I would hope.

The last thing I really would like to talk about before we really lose all sense of sensibility here is on the retrofit request. I would like if the Board was agreeable to ask staff to, in fact, meet with the retrofit companies and review our verification processes, our costs, and to see what type of relief that we can provide
maintaining the quality of our verification process. But it is very expensive. It's very time consuming. And it does take a long time. And I think wherever we can assist in reducing those costs, I'd really be a huge advocate of that.

HEAVY-DUTY DIESEL IN-USE STRATEGIES BRANCH

ASSISTANT DIVISION CHIEF WHITE: Let me take that even a step further.

We already have plans with the Board to make amendments to the program in the fall of next year and have already begun discussions with them about the comments they have raised. And we'll work with them to find some changes we can implement administratively in the near term and bring some long-term changes to that. Because we do recognize -- I think we've talked a lot about the need for relief for effected industry. We do need to recognize it is a substantial investment these companies have made in California and look for ways in which we can reduce costs for them, while not Sacrificing the protections and the demonstrations of durability that we currently have in there.

CHAIRPERSON NICHOLS: This is line on the off-road, but it obviously has a life of its own as well.

Fair enough.

There was one additional point that was raised
here today I also wanted to pick up on, and that was the
request to staff to do a more comprehensive look at
greenhouse gas emissions from the freight transport sector
as a whole.

I'm going to make it bigger than just the trucks
and to suggest that the point that Tim Carmichael brought
to us obviously representing the natural gas industry, but
there's other reasons why as we move forward with our
implementation of AB 32. While we congratulate ourselves
on the great work the Board has done in implementing the
Scoping Plan, the fact is there still are a lot of
emissions out there in the state that we are not capturing
in any other way and the need to think in a more holistic
manner to 2020 and beyond 2020 about what we're going to
do to address the overriding issues of transforming to a
lower carbon economy and the jobs that we all hope will
come along with that.

So I think it would be helpful if Mr. Goldstene
would get you and the staff to agree that this is
something that we would add to our thinking about the
agenda for next year.

EXECUTIVE OFFICER GOLDSTENE: We're happy to do
that.

CHAIRPERSON NICHOLS: All right. Any other final
parting words by anybody?
If not, I think it's probably time to bring this to a vote. So I'm going to suggest that we vote on 10-44, 45, 46 and 47 as a group and entertain a motion.

BOARD MEMBER LOVERIDGE: So moved.
BOARD MEMBER BALMES: Second.
BOARD MEMBER ROBERTS: Second.
CHAIRPERSON NICHOLS: All those in favor, please signify by saying aye.

(Ayes)
CHAIRPERSON NICHOLS: Any opposed?
Very good. They pass unanimously.
Do we have anybody who signed up for public comment? Good.

(Thereupon the California Air Resources Board meeting adjourned at 4:24 p.m.)
CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of December, 2010.

TIFFANY C. KRAFT, CSR
Certified Shorthand Reporter
License No. 12277