Port Trucking Industry Emissions Compliance

November 5, 2007

What are you legal, economic, and technological constraints relative to air quality improvements?

Legal constraints.

- Independent Contractor Status. GSC does not have the right to dictate exactly how the driver performs services-the methods or equipment used.
- GSC Logistics cannot penalize independent contractors, i.e. independent owner operators, for possessing equipment that aggravates air pollution.
- GSC can refuse to do business with independent contractors that do not abide by or achieve CARB regulations.

Technological constraints.

- Installing smog compliant engines in older tractor units is not a viable process. Few trucks will gain compliance through this method.
- PM emissions of 1993 and older trucks can be reduced by retrofit technology, but not enough to meet CARB standards. (CARB Phase 1)
- PM emissions of 1994 to 2003 trucks cannot be reduced to 2007 standards with retrofit technology. (CARB Phase 2)

Economic constraints.

- Cost for retrofitting existing equipment to meet phase one of CARB requirements, i.e. $9K to $22K per tractor suitable for retrofit.
- Cost for replacement of trucks that do not qualify for retrofitting under phase one of draft CARB requirement, i.e. $40 to $60K per used truck., or $100K to $150K for new three axle tractor units.
- Ability for independent owner operators or trucking companies to secure financing for retrofitting existing equipment or purchasing new equipment
- Customer options for importing through other domestic and foreign ports.
- Unwillingness by customers to accept price increases.
- Additional headcount and infrastructure at trucking companies necessary to handle new regulations and monitor the retrofit/replacement of equipment, estimated at $250/year/truck.
- Insurance costs for equipment and coverage will likely double.

What is the impact of those constraints on your ability to achieve emissions reductions beyond what is required by regulations?

Technological impact.

- A large portion of all existing tractors units will not be technologically suitable for any retrofit program. CARB has acknowledged that only a small percentage of trucks will qualify to retrofitted with a new engine to meet standards. This will require the replacement of large numbers of vehicles.
- CARB regulations set the type of approved retrofit devices and methods for each vehicle and engine type. This will make achieving emissions reductions beyond what is required by regulations difficult, except for rare cases.
- Exceeding current requirements would require the purchase of new vehicles as opposed to the retrofit of current vehicles in the market.

Economic impact.

- CARB regulations will force sizeable price increases required to finance the purchase or retrofitting of tractor units.
- The willingness or unwillingness by customers, i.e. beneficial cargo owners, to accept price increases will decide each transportation company's ability to meet CARB regulations.
- Customers may direct import cargo to other domestic and foreign ports that offer lower prices for transportation services.
- The results of the economic impacts can lead to drastically lower import volumes and a demise of transportation service providers, i.e. transportation companies and independent owner operators, leading to economic recession an/or industry bankruptcy.
- Increased barriers to entry into the drayage truck business, which could result in a shortage of qualified drivers.

Draft CARB Requirement	Number of GSC Drivers Effected
	(GSC has 149 owner operators under contract)
Phase 1: By December 31, 2009, all drayage trucks must be equipped with a:	
(A) 1994 - 2003 model year engine certified to California or federal emission standards and a level 3 VDECS* for PM emissions,	120 trucks will require retrofit devices
or	
(B) 2004 or newer model year engine certified to California or federal emission standards.	3 trucks will not require modifications
* 1993 and older trucks are banned from Port Service	26 trucks must be replaced
Phase 2: By December 31, 2013, all drayage trucks must be equipped with an engine that:	
(A) meets or exceeds 2007 model year California or federal heavy-duty diesel-fueled on-road emission standards, or	1 truck currently meets 2007 standards
* Trucks that do not meet these standards will be banned from port service	To qualify for compliance under phase two of the CARB plan, **148 trucks** currently used to deliver containers for customers of GSC Logistics will have to be replaced before January 1, 2014.

*To qualify as a level 3 VDECS (Verified Diesel Emissions Control Strategy), retrofit devices must be able to achieve an 85% or greater reduction in particulate matter emissions.

Getting the Word Out

Awareness constraints.

- Many drivers and motor carriers servicing the port are not aware of impending air quality initiatives.
- Educating service providers as to the proper course of action needed to bring their vehicles into compliance.
- Educating service providers on qualifying for CARB proposed $400 million in competitive grants to fund cleaner drayage trucks.
- Importers must be assured that the Port of Oakland has a well thought out plan to achieve truck compliance and that the smooth flow of their products will not be impacted.

Impact of low awareness

- Companies will not be prepared to meet requirements of CARB
- Air quality improvements will be delayed
- Delaying action could result in insufficient trucks to move goods resulting in port gridlock.
- The Port of Oakland trucking community must move quickly and decisively to attain grant monies for the retrofit and replacement of vehicles. Delaying action will see this money going elsewhere. Getting the money to the truckers quickly will result in air quality improving sooner.
- Importers sensing a potential trucking shortage may work to move goods through other ports of entry.

Are there any specific commitments you can make to going beyond regulatory requirements in order to reduce emissions, exposure, and health risk from air emissions at the Port of Oakland and in West Oakland?

Operational improvements.

- Help owner operators develop banking relationships.
- Offer incentives to current drivers for early compliance, well in advance of deadlines.
- Offer a signing bonus, i.e. $1K, for new drivers that have CARB compliant equipment.
- Maximize utilization of container boxes to reduce empty miles, i.e. matching import container boxes to export container boxes.
- We would be willing to work with terminals and organized labor to develop new strategies centered on reducing queuing lines at terminals. Closing gates for breaks and lunches is inefficient and leads to lines and pollution.
- We would be willing to partner with members of the community and local police to develop marked truck routes and prohibit trucks entering into residential areas.

Additional Improvements

- An expanded appointment system at the terminals for pick up and delivery of ocean containers.
- Utilization of "trucker tracking," "MobilComm," and other G.P.S. technology to help terminal operators improve and manage the flow of equipment through their facilities.
- Concerted efforts by all transportation services providers, to minimize unnecessary idling and driving, in order to reduce emissions within the port.
- Reach out to importers to educate them on challenges and solicit involvement from them.

What are the 1-3 actions you would most like to implement to reduce air emissions, exposure, and health risk if the political and financial resources were available?

- Promote education and awareness to all driver and motor carriers that service the Port of Oakland. Develop a Port of Oakland drayage truck registry to make sure the information reaches all concerned.
- Provide coordinated access to financial assistance and grants to drivers and motor carriers that service the Port of Oakland.
- Provide financial incentives to drivers for early retrofit of their trucks to required standards.