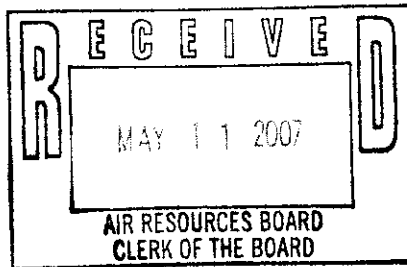


# FRANKLIN CONSTRUCTION, INC.

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May 7, 2007

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, Ca. 95814



Re: The California Air Resources Board In Use Off Road Diesel Regulation.

My name is Rod Winkle and I am the president of Franklin Construction, Inc. which is a general engineering contractor located in Chico, California. We employ 37 people and do between \$10 and \$12 million dollars worth of business each year. Currently our off road diesel fleet is comprised of 56 machines with a total of approximately 9500 Horsepower.

The California Air Resources Board (CARB) is currently considering the adoption of off road diesel regulations that, if implemented as presently drafted, would have a negative impact on our company as well as California's infrastructure rebuilding efforts, the health of the state's construction industry and its overall economy.

Franklin Construction, Inc. is supportive of reducing diesel emissions, as are most other contractors in the state of California. Over the past 10 years we have tried to be a responsible company by replacing older machines in our fleet with the most currently available new or near new machines at a rate that we have been able to afford. Currently we own several non-compliant machines, a few tier 1 machines, several tier 2 machines and one tier 3 machine. Not only have we been doing this, but most contractors through the desire to improve their fleet along with knowing that some day a regulation like this would come along, have been voluntarily upgrading their equipment using their own funds as well as taking advantage of funding resources such as the Carl Moyer program.

I believe that we need to work collectively to improve the state's air quality and all of us want to provide a healthy environment for our employees, our families, and our children. However, in their current form, the Board's proposed regulations are not viable from an economic or technological perspective based on the current available technology, the cost of the current technology, and the aggressive time frame proposed within this regulation for its implementation.

When CARB first announced its intention to promulgate these regulations in 2000, their plan called for an 18-year timeline to meet the state's goals of reducing particulate matter emissions only. Due to delays in developing the regulation, that timeline has been reduced to 13 years. In addition, the regulation of NOX emissions has been added to the rule. The addition of NOX significantly alters the kind of technology needed for companies like ours to be in compliance with the proposed regulation.

Currently, there is no diesel engine that is capable of addressing both the PM and NOX emissions. This lack of equipment technology and availability are serious barriers to meeting the targets under these rules. Currently there are very few options on the market for contractors like us to meet these requirement other than purchasing new equipment with new engines to replace perfectly good but

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higher polluting machines, re-powering existing equipment with new expensive engines that have electronic control systems that are not compatible with the older machines, and a very few approved aftermarket products for the removal of PM from diesel exhaust that are extremely expensive.

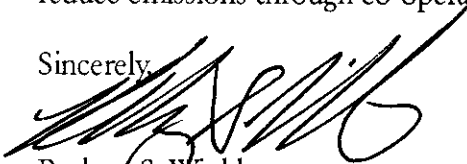
Under the annual emission reduction targets required in this proposed regulation, many machines will need to first be re-powered or retrofit with today's existing technology. Then, within a few years, that same equipment will need to be re-powered again or completely replaced when the technology to do the job right finally becomes available in the market place.

If this regulation is approved as currently proposed, our company is in for a long and expensive process that will change the nature of the way we do business and may very well put us out of business completely. As our fleet exists today it will not be compliant with the required fleet average proposed for it in 2010. We can not afford to replace all of the equipment needed to meet the fleet emissions average required in 2010, so we will need to utilize the method of replacing 10% of our fleet horsepower for NOX and 20% of our fleet horsepower for PM annually. At a total fleet horsepower of 9500 we would need to re-power or replace 950 horsepower for NOX compliance and 1900 horsepower for PM compliance. I estimate that this process will cost Franklin Construction, Inc. over \$650,000 annually. Unfortunately we are in a low margin industry where the average profit margin is between 4% and 6% of total volume. Since our annual volume currently runs at between \$10 million and \$11 million per year, it is conceivable that all of our profits and more for any year will go to equipment replacement and upgrades for emission purposes. The rate at which we will be turning equipment over will dramatically exceed the normal rate of turn over due to attrition of aged equipment and the acquisition of additional equipment for growth. In effect, this regulation can and will stop growth of our company since the lower our total fleet horsepower, the less money is spent to upgrade it. We will actually experience an incentive to down size our fleet, our company, and our work force. We will be losing jobs rather than creating them as we have in the past.

These rules will also significantly reduce the buying power of the \$43 billion of infrastructure bonds the people of California approved in November of 2006. Due to the enormous expense of replacing equipment that in some cases can cost over \$1 million for each machine, we will be forced to pass along the costs of this regulation to the customers and increase the cost of all construction projects both private and public. This will mean fewer roads, schools, levees, and homes. Construction will become more costly and slow down in an already slowing market.

In conclusion Franklin Construction hopes that the approval of the new In Use Off Road Diesel Regulation can be delayed in order for it to be re-written with a longer time frame to accomplish the end result in order to give contractors, the market place, and our state time to catch up to and successfully reduce emissions through co-operation by all parties.

Sincerely,



Rodney S. Winkle  
President  
Franklin Construction, Inc.