



Clean Truck Program: A Fight for Clean Air and Goods Jobs

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Table of Contents

Glossary.....	3
Introduction.....	4
Chapter 1: Research Methods.....	7
Chapter 2: Prioritizing Our Environment.....	9
Chapter 3: San Pedro Bay Ports Clean Air Action Plan.....	12
Chapter 4: Clean Truck Program.....	15
Chapter 5: Gateway Cities Program Clean Air Pilot Program.....	24
Chapter 6: The Evolution of the Trucking Industry, and Success of the Teamsters.....	26
Chapter 7: 21 st Century Independent Truck Drivers.....	29
Chapter 8: Independent Owner-Operator Profiles.....	32
Chapter 9: Community Accountability and Long-Term Sustainability.....	42
Conclusion.....	50
Appendix.....	52
Bibliography.....	71

Glossary

Beneficial Cargo Owner: owns the freight that has been imported. Refers to the party that will take possession of the cargo at the destination. For example: Wal-Mart, Target, K-mart, Shell, and so on.

Dockworkers: employees at the ports whose responsibilities are to load and unload the ships.

Drayage rates: the agreed price that beneficial cargo owners are willing to pay for the delivery of their freight, and the amount that licensed motor carriers agree to receive for the delivery.

Independent Contractor: provides a service to a company, but is not an employee. Independent contractors are self-employed.

Independent Truck Driver: drives a diesel truck as an independent contractor. Provides service to licensed motor carriers, but is not an employee of the company.

Licensed Motor Carriers: provides service to the beneficial cargo owner. The licensed motor carrier employs drivers, or contracts independent truck drivers in order to pick up the freight from one of the San Pedro Bay Ports, and deliver it to the beneficial cargo owner. The licensed motor carrier negotiates drayage rates with the beneficial cargo owner.

San Pedro Bay Ports: Makes reference to both the Port of Los Angeles and the Port of Long Beach.

Shipper: transports the goods of the beneficial cargo owner across the ocean.

Twenty-Foot Equivalent Unit (TEU): the standard container that shippers move from port to port. TEU is also referred to as freight or cargo.

Truck Driver: drives a diesel truck that moves freight. Truck drivers can be classified as employees or independent contractors. When the term truck driver is used in this paper it is inclusive of both classifications.

Introduction

Some of my earliest childhood memories consist of my brother, mother, and me waiting at the gate of the Port of Los Angeles for my father in order to give him his lunch. I would always fuss about the long wait we would have to endure to do this for my father, but my mother would never hear it. Now that I think back, these were some of the few times we could see my father. As a young child I remember seeing my father walking around the house, but never really knowing who he was. Years later, I became aware of our financial situation during my childhood that forced my dad to work extended hours for several years. As I reached adolescence my father was able to stabilize our financial situation after years of working long hours, allowing him to finally become a more present figure in our household. My parents worked hard as immigrants to achieve economic success for our family; they wanted nothing more than to achieve the “American” dream, which they learned about through stories of “el Norte” in Mexico. My mother often told me about the stories she heard that influenced her to come to the United States: “Money in the United States is plentiful; the wind blows it through the streets.” The “American” dream has many definitions, but it is commonly defined as owning your own home, having financial stability, and being able to provide your children with a quality education. Upon my parent’s arrival to “el Norte”, they learned that achieving that dream was no fairy tale.

I still question whether my family has reached the “American” dream. My parents have worked hard to give us a good life, and they have, but that can quickly change given the economical insecurity my father faces as an independent truck driver. We have faced several challenging moments, but have been able to persevere. Diesel prices and the Clean Truck Program, however, might put an end to my father’s career as an independent truck driver, which would surely strain our family financially.

My father has worked as an independent truck driver for the San Pedro Bay Ports for over twenty years. For many years our family has been able to sustain ourselves on his income, but it is becoming harder to do so with the rapid increase in living costs. The income he brings home continues to shrink as diesel prices, and other expenses continue to climb. This is not unique to my family, as thousands of independent trucker families’ nation-wide are finding it harder to make a living in the trucking industry. As low-skilled workers in a very competitive industry they are vulnerable to the decisions of powerful market players.

The San Pedro Bay Ports has developed a San Pedro Clean Air Action Plan that entails a Clean Truck Program that has the opportunity to better the lives of thousands of independent truck drivers, while creating a more efficient trucking industry, and most importantly, cleaning up our environment, which is in much need of this.

My family and I have made our nest in Carson, California, but have previously lived in Long Beach and Wilmington, California. As a child I lived in Wilmington, California. If you walked outside you could see the huge cranes of the San Pedro Bay Ports in the background, never imagining the impact they had on your life.

As a child I thought I was the unluckiest child in the world, suffering from asthma and skin allergies that made going to school a miserable experience. This continues to be a reality for many children today who live in the communities surrounding the San Pedro Bay Ports. Studies have linked port operations, such as freight movement by diesel trucks and trains, ships carrying freight, and harbor craft as the major source of pollution in the South Coast Basin. They have also linked several of the pollutants released by these activities to respiratory illness and premature death. The pollutants disproportionately affect dockworkers, truck drivers, port employees, and communities in closest proximity. Residents of the communities surrounding the San Pedro Bay Ports tend to be low-income minorities, with a large population of immigrants.

The San Pedro Bay Ports are moving forward with a revolutionary plan, but one question remains: Who should to pay for it? The San Pedro Bay Ports could not come to an agreement in regards to the Clean Truck Program, Though they are still working as partners on the San Pedro Bay Ports Clean Air Action Plan, they have adopted different models of implementation for one of the most important and controversial components of the plan: the Clean Truck Program.

The Port of Los Angeles has approved a Clean Truck Program that will force licensed motor carriers to employ truck drivers instead of contracting independent truck drivers. The Port of Long Beach will continue to follow a similar industry model that is in practice today, which allows licensed motor carriers to employ truck drivers or contract independent truck drivers.

The main goal of the Clean Truck Program is to reduce the air pollution contributed by harbor trucks by 80% over the course of five years. In this research I plan to assess each plan and deduce which one would do a better job of cleaning up the air in the five-year timeline, and which one would remain sustainable beyond the timeline. In order to do this it is important to take a personal look at the lives of the independent truck drivers moving drayage in and out of the San Pedro Bay Ports. The trucking industry is not very transparent; thousands of licensed motor carriers and truck drivers run the trucking industry with little enforcement of regulations. The trucking industry continues to leave its most vulnerable players further behind as it evolves. A space for independent truck drivers to voice their concerns and hopes will be presented in the following text.

This research hopes to gain a multifaceted understanding of how the goods movement industry works, and more specifically the trucking industry component. The trucking industry is a highly complex system that involves ports, truck drivers, licensed motor carriers, beneficial cargo owners, shippers, dockworker, labor, environment, communities, consumers, and several regulatory boards. In order to implement a successful Clean Truck Program it is vital to understand the reality of the industry.

The success of the San Pedro Bay Port Clean Air Action Plan lingers with the outcome of the Clean Truck Program that could have a major impact on the future growth of the port. The San Pedro Bay Ports is key to our economy, not only in California but nationally as well. In 2005, it was estimated that both ports generated an estimated 3.3 million jobs nationally and \$28 billion in state and local taxes. The port is obviously an important asset to our local economy, whose success we want to ensure. But is it

necessary to give up our health to ensure its success? What is the most viable strategy to achieve this success with the minimum negative impact to port activity?

This research will attempt to answer several questions in order to understand the highly complex trucking industry and make recommendations for future success.

- ⇒ Who are the industry players
- ⇒ How does the industry function? And how does history play a role?
- ⇒ Who is serving the San Pedro Bay Ports as independent truck drivers? And what are their concerns?
- ⇒ What does the San Pedro Clean Air Action Plan entail? And what are the goals?
- ⇒ What are the different strategies offered for the Clean Truck Program? Which one is more effective and efficient? Is it sustainable? And how will the San Pedro Bay Ports be held accountable?
- ⇒ Is there anything that can make the Clean Truck Program more effective?

In order to answer these questions it is important to contextualize the history of the trucking industry. By analyzing the historical development of the trucking industry one can further understand the current situation and possibly take lessons from the past. In my research I also interviewed several stakeholders, attended public meetings, and collected port documentation.

This study makes the case that an employee provision is important in both ports in order to ensure the long-term sustainability of the program. The expansion of public transportation is also necessary to mitigate the future impact of port expansion. Support for smaller licensed carriers and a regulatory board that specifically oversees the trucking industry market practices is necessary to protect the most vulnerable stakeholders and promote. The most vital challenge, however, falls on communities surrounding the ports, labor, and environmental organization.

In order to ensure the success and sustainability of the San Pedro Bay Ports Clean Air Action Plan and all that it entails, the community as a whole must hold the ports accountable, and provide support for the ports, which will face several challenges during the implementation of the San Pedro Bay Clean Air Action Plan. In order to do this, community organizations must engage in grassroots organizing that empowers residents through education that gives them the knowledge and tools to hold the ports accountable, thereby reducing the dependency on the leaders of organizations to sustain the entire action.

Chapter 1: Methods

Methodology

Qualitative research methods were used in the process of collecting data. The methods included consist of the following:

- ⇒ Secondary Resources
- ⇒ Participant Observation
- ⇒ Focus Group Interviews
- ⇒ Face to Face Interviews

Secondary Resources

In order to reach my research objective I outlined the type of information I had to accumulate through interviews and data available. The research required stakeholder perceptions and goals, federal and state regulations related to the goods movements and labor, San Pedro Bay Ports Clean Air Action Plan strategies, objectives and current status, technology advancements, and historical data outlaying key changes in the trucking industry.

In order to understand the past and the present I analyzed scholarly research journals, current and past news articles, company and organization memos, San Pedro Bay Ports and organization pamphlets, stakeholder websites, government agency reports, meeting minutes, and videos documenting San Pedro Bay Port meetings. Sources were specifically used to understand the development of the trucking industry, market deregulation, market changes, and the current situation of independent truck drivers. The San Pedro Bay Ports Clean Air Action Plan is a current event whose development has been tracked through several newspapers.

Participant Observation

I used direct observation to gain an unobtrusive perspective of the San Pedro Bay Ports Clean Action Plan process and the perspective of the stakeholders. I attended several commission meetings for the Port of Los Angeles and the Port of Long Beach, and attended organization events. I will share personal experience as a community member and as a part of a trucking family. I am also aware that my position as a stakeholder might make my bias to stakeholders in my group, and have made the best effort to present a fair representation of stakeholders and current events.

I visited the port on several occasions to become more familiar with the facilities and community. As a community member of the surrounding port area I was already somewhat familiar with the port. As a child I accompanied my father to work occasionally and have driven by the ports all my life, but have never really taken the time to look at them properly. Thanks to the organizing efforts of Los Angeles Alliance for a New Economy (LAANE) regarding the San Pedro Bay Ports Clean Air Action Plan, I was also able to attend a boat tour that gave me an inside look of the Port of Los Angeles.

Focus Group Interviews

A focus group interview was conducted with three independent truck drivers who have been in the trucking industry for over 10 years. Each participant was informed about their rights to privacy, and given the option to choose an alias name. Because of the sensitive issues that were discussed, the actual names will not be disclosed, and I will refer to them through alias names.

Face-to-Face Interview

Face-to-face interviews were conducted with the manager and safety inspector of the International Bridge Transport licensed motor carrier, and with Teamster organizers. In order to respect their privacy, I will only disclose their position in the text. The interviews were conducted at their place of business. I also had several unofficial interviews with several stakeholders, independent truck drivers, community members, and organizers. I refer to them as unofficial because it was in the form of conversations, and no privacy rights were set forth. I will incorporate the ideas of these participants, but will not disclose their identity. These unofficial interviews took place at community events and harbor commission meetings.

Chapter 2: Prioritizing Our Environment

Our environment has become one of the top concerns facing world leaders. We have failed to protect the very essence of our existence as we continue to revolutionize our world. "I say the debate is over. We know the science, we see the threat and we know the time for action is now," Governor Arnold Schwarzenegger said at a United Nations conference on the environment in reference to global warming.¹ Pollution contributes to global warming, which has altered the natural state of our environment. Pollution is also linked to several health effects.

The Port of Los Angeles and Long Beach have stepped up to the plate and have developed a revolutionary plan that will cap the particulate emission being released by port activity, according to federal standards or surpass them. Port activity is a major source of pollution in California. In 2005, the California Air Resource Board² estimated that statewide diesel particulate matter and ozone exposure associated with ports and goods movement contributed annually to approximately 2,400 premature deaths, 2,000 hospital admissions due to respiratory causes, 830 hospital admissions due to cardiovascular causes, 62,000 asthma and other lower respiratory symptoms, 5,100 cases of acute bronchitis, 360,000 lost work days, 3.9 million minor restricted activity days, and 1.1 million cases of school absences. These cases are estimated to cost California's economy \$19 million. This cost is externalized disproportionately across Californian residents. According to Southern California Air Quality Management District³ Multiple Air Toxics Exposure Study (MATES III), the overall South Coast Air Basin cancer risk from air toxins was approximately 1,200 in 1,000,000.⁴ MATES III identified higher risks from air toxins in the areas surrounding the ports. Specific port areas reaching the highest risk estimated at 2,900 in 1,000,000. Second in line is the Alameda Corridor, located south of Central Los Angeles (Appendix 1).

For years, research after research linking several health risks to diesel particulate matter (DPM), nitrogen oxides (NOx), sulfur oxides (SOx), and other particulate matter has been piling up. What has led the ports to pay attention now? Leading environmentalists, such as Wilmington resident Jesse Marquez, have been at the forefront of the fight: "The united Environmental Justice, Environmental, Homeowners, Public Health Advocacy, Laity, Academic and Labor forced them to change. We have stopped 17 Port of Los Angeles and Port of Long Beach projects in six years. No new project has been approved and no existing terminal expansion project has been approved."⁵

¹ "Arnold Target Global Warming: California Governor Unveils Plan to Reduce Greenhouse Gas Emission." *CBS News*. 2 June 2005 <<http://www.cbsnews.com/stories/2005/06/02/tech/main699281.shtml>>

² The California Air Resource Board is a government agency that belongs to the California Environmental Protection Agency. Its goal is to reduce air pollution. < www.arb.ca.gov>

³ South Coast Air Quality Management District is a smog control agency for Los Angeles, Riverside, and San Bernardino Counties. <<http://www.aqmd.gov>>

⁴ "Multiple Air Toxics Exposure Study in the South Coast Air Basin." *South Coast Air Quality Management District*. MATES III (2008): 6-1.

⁵ Marquez, Jesse. "Re: Q & A." E-mail to environment organizer and member of stakeholder group. 28 Mar. 2001.

Environmental organizations have continuously fought the expansion of the ports, and have condemned government agencies for not enforcing emission standards. In 2002, the Natural Resources Defense Council⁶ and the Coalition for Clean Air⁷ successfully stopped the construction of a new container complex that was to be operated by China Shipping. The judges unanimously found that the Port of Los Angeles and city violated state law in failing to assess the pollution, traffic, and other proposed effects the terminal would have before beginning construction.⁸ Environmental groups have also gone after regulatory government agencies; Communities for a Better Environment, Rocky Mountain Clean Air Action, Coalition for a Safe Environment, and Physicians for Social Responsibility-Los Angeles filed a suit against the United States Environmental Protection Agency (EPA)⁹ in July 2007 for failing to update nationwide air quality standards for carbon monoxide since 1994. Under the Federal Clean Air Act the EPA must review all National Ambient Air Quality Standards every five years.¹⁰

The pressure from environmental organizations and the pressure to provide the necessary facility expansions have required the San Pedro Bay Ports to develop a plan that will force the goods movement industry to clean up the air, and pay for its externalized cost. The San Pedro Bay Ports stated that they “recognized that their ability to accommodate projected growth in trade [would] depend upon their ability to address adverse environmental impacts that will result from trade.”¹¹ According to “San Pedro Bay Ports Rail Study Update” prepared by the San Pedro Bay Ports will increase from 14.2 million TEU in 2005, to 20.2 million TEU in 2010, to 36.2 million TEU in 2020.¹² The cargo arriving at the San Pedro Bay Ports will more than double in a period of 15-years. In order to sustain such a dramatic growth the San Pedro Bay Ports will have to undergo heavy expansion.

The San Pedro Clean Air Action Plan will change the way that the San Pedro Bay Ports conduct business. Stricter regulations and new fees, and in the case of the Port of Los Angeles an employee mandate will surely conflict with the interest of business at the port. Several have questioned the legal right of the San Pedro Bay Ports to enforce certain components of the plan, such as the employee mandate.

⁶ Natural Resources Defense Council is a non-profit that uses law, science, and support from its members to protect wildlife and the environment. <www.nrdc.org/>

⁷ Coalition for Clean Air is a non-profit committed to cleaning up the air in California. <www.coalitionforcleanair.org/> They are also part of the Coalition for Clean & Safe Ports, which has brought environment, labor, clergy, community, and many others together in the fight for cleaner air. <<http://www.laane.org/projects/ports/index.html>>

⁸ “Appeals Court Stops China Shipping Terminal” *Natural Resource Defense Counsel* 30 Oct. 2002 <<http://www.nrdc.org/media/pressreleases/021030b.asp>>

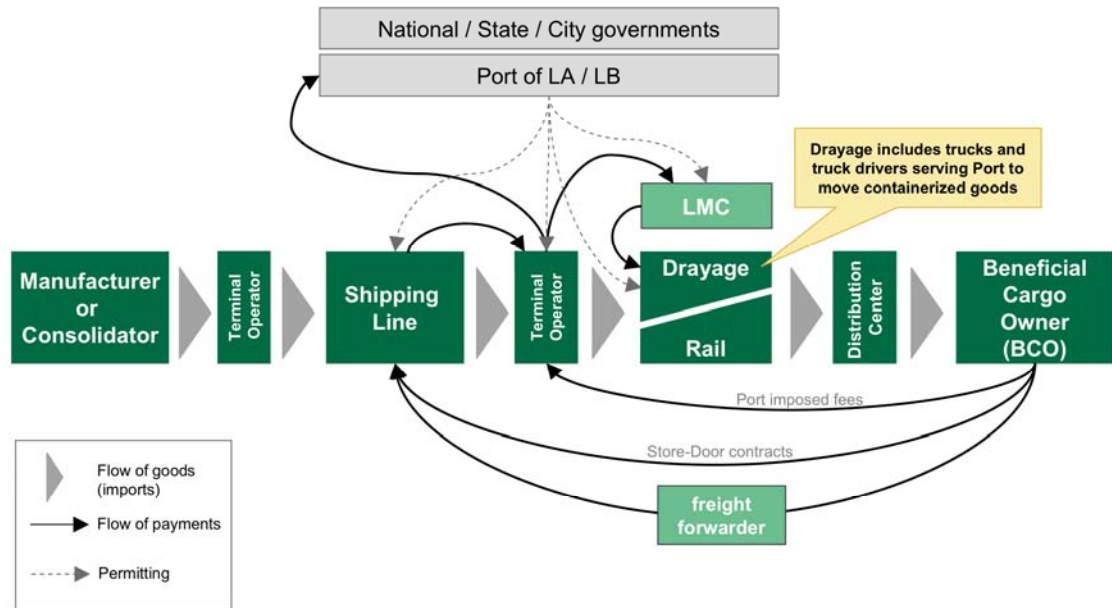
⁹ United States Environmental Agency is a federal agency that establishes and enforces national environmental protection standards. <www.epa.gov/>

¹⁰ *Communities for a Better Environment v. United States Environmental Protection Agency*, Robert Ukeiley (United States District Court Northern District of California San Francisco Division. 2007)

¹¹ Long Beach, and Los Angeles. Ports. *San Pedro Bay Ports Clean Air Action Plan*. November 2006: 13. <<http://polb.com/civica/filebank/blobdload.asp?BlobID=3452>>

¹² Long Beach, and Los Angeles. Ports. *San Pedro Bay Ports Rail Study Update*. December 2006. <http://www.portoflosangeles.org/DOC/REPORT_SPB_Rail_Study_ES.pdf>

Port complexes serve as the landlords of our waterfront. They build, maintain, and protect our waterfront. Docks are leased to shipping companies that import goods from around the world. A board of harbor Commissioners and an executive director oversight the activities of the San Pedro Bay Ports. The city mayor appoints the executive director and the harbor commissioners who must also obtain the approval of the city council board. Several city, state, and federal government bodies regulate the port complex. The following chart depicts the import system.



Source: The Boston Consulting Group

The following pages will provide deeper insight into port activity and the San Pedro Air Action Plan, more specifically the Clean Truck Program component.

Chapter 3: San Pedro Bay Ports Clean Air Action Plan

The Port of Los Angeles and Long Beach worked side-by-side along with the staff of the South Coast Air Quality Management District (SCAQMD), the California Resources Board (CARB), and the United States Environmental Protection Agency Region 9 (EPA Region 9) to develop the San Pedro Bay Ports Clean Air Action Plan (CAAP). Both ports decided to adopt the program November 20, 2006. By the fifth year of implementation the San Pedro Bay Ports Clean Air Action Plan estimates it will reduce diesel particulate matter emission by 47%; nitrogen oxide (NOx) by 45%; and oxides of sulfur (SOx) emission from heavy-duty vehicles, ocean going vessels, and cargo handling equipment by 52%.¹³ Diesel particulate matter, NOx, and SOx are associated with short-term and long-term health risk such as asthma and cancer.¹⁴ The implementation of the plan will also reduce greenhouse gases. The San Pedro Bay Ports plans to reduce pollution in order to fit the acceptable regulatory health risks threshold of 10 in 1,000,000 additional cancer risks for individual proposed projects.¹⁵

The implementation of the San Pedro Bay Ports Clean Air Action Plan will reduce pollution by addressing the major sources of pollution involved in the cargo movement. The plan has proposed several performance standards for heavy-duty vehicles and trucks, ocean-going vessels, cargo-handling equipment, harbor craft, and railroad locomotives (Appendix 2).

The San Pedro Bay Clean Air Action Plan standards will be implemented through funding incentives, lease requirements, and tariff changes. These strategies are considered to be the most effective among other strategies being developed. Since the ports operate like landlords, its strongest strategy would be to implement leasing standards that would reduce pollution. The problem with this strategy is that a majority of leases do not expire for another 20 to 40 years (Appendix 3). This limits the ability of the port to act more promptly, and with more force. Lease requirements can only be negotiated when they are reopened and this happens only when a new lease is sought, an existing lease comes up for renewal, or a terminal modification triggers an Environmental Impact Report (EIR). The ports plan to require tenants to adopt new technologies through tariffs, lease amendments, incentives, and agency regulations.

The ports plan to reduce air toxins through the implementation of alternative fuel technology, cleaner diesel engines, and stricter restrictions. Both ports plan to develop alternative fuel infrastructure to provide additional options for cleaner trucks, cargo handling equipment, ocean-going vessels, and harbor craft. Both ports are developing distinct shore-power programs that will enable ocean-going vessels and harbor crafts to reduce emission while they are idle at the berth transferring cargo.

¹³ Long Beach, and Los Angeles. Ports. San Pedro Bay Ports Clean Air Action Plan. November 2006: 35. <<http://polb.com/civica/filebank/blobdload.asp?BlobID=3452>>

¹⁴ United States. Environmental Protection Agency. What are the Six Common Air Pollutants? <www.epa.gov/air/urbanair/>

¹⁵ Long Beach, and Los Angeles. Ports. San Pedro Bay Ports Clean Air Action Plan. November 2006: 13. <<http://polb.com/civica/filebank/blobdload.asp?BlobID=3452>>

The implementation of the San Pedro Bay Ports Clean Air Action Plan will require an estimated \$2.2 billion that will be collected from the ports, regulatory agencies, taxpayers, and other players involved in the goods movement (shippers, licensed motor carriers, stevedoring companies, and independent truck drivers in the case of the Port of Long Beach).¹⁶ The plan, signed on November 20, 2006, committed the following funds over the next five years:

Port of Los Angeles.....	\$177,500,000
Port of Long Beach.....	\$240,400,000
SCAQMD.....	\$47,000,000
Bond/Impact Fee Funding.....	\$1,602,900,000

In November 2006, voters approved proposition 1B, which would authorize the state to sell \$19.925 billion in general obligation bonds to help fund transportation improvement projects.¹⁷ The ports are counting on several million dollars of 1B funds to support the plan. The ports will implement an Infrastructure and Cargo Fee (ICF) to raise the matching private funds required in order to obtain a share of Proposition 1B. The ICF plans to commence January 1, 2009, at \$15 per loaded TEU. The fee would increase in 2010, and would decrease thereafter as projects are completed.¹⁸ A Truck Impact Fee of \$35/TEU will also be administered to beneficial cargo owners. The two fees will serve different components of the plan.

The ports have launched a joint website in order to monitor their progress and provide key information about the San Pedro Bay Ports Clean Air Action Plan. The port continually monitors air pollution in and around the port and has real-time results constantly updated on the website. The ports have also included a group of stakeholders to serve as an advisory board. City of Los Angeles Mayor Antonio Villaraigosa and Long Beach City Mayor Bob Foster appointed a Clean Air Action Plan stakeholder group that is made up of individuals representing environment, industry, academia, and government agencies (Appendix 4). The board is able to offer recommendations regarding the San Pedro Bay Ports Clean Air Action Plan to the harbor commission during scheduled meetings. The stakeholder group represents the stakeholders of the trucking industry, unlike the current commission boards that tend to appoint political officials and business figures. However, the Port of Los Angeles represents a wider spectrum of stakeholders. Labor and environment representatives fill two of their seats.

Update

The San Pedro Bay Ports Clean Air Action Plan is considered to be a “living” document due to the ability of the ports to make changes as they see fit. Dates and tariffs

¹⁶ Long Beach, and Los Angeles. Ports. San Pedro Bay Ports Clean Air Action Plan. November 2006: 13. <<http://polb.com/civica/filebank/blobdload.asp?BlobID=3452>>

¹⁷ California. Strategic Growth Plan: Bond Accountability. <<http://svdtsucp.dot.ca.gov:8084/bondacc/>>

¹⁸ Shen, Eric C. Memorandum: Infrastructure Cargo Fee Tariff. 14 Jan. 2008. <www.polb.com/civica/filebank/blobdload.asp?BlobID=4766>

have been approved, along with the Clean Truck Program that will reduce pollution being emitted from harbor diesel trucks. The ports have also made a strong commitment to Liquefied Natural Gas (LNG) as an alternative fuel. The Port of Long Beach has made a commitment to replace “dirty” trucks with “no less than 50%” powered by clean alternative fuels.¹⁹ This commitment has provided a market for LNG truck maker Westport Innovation, who has teamed up with major truck manufacturer Kenworth Trucks to produce a substantial amount to meet demand.

¹⁹ “Port of Long Beach Approves Plan to Replace No Less Than 50 Percent Aging Diesel Trucks with Alternative-Fueled Models.” *Business Wire* 21 Feb. 2008
<<http://news.moneycentral.msn.com/ticker/article.aspx?Feed=BW&Date=20080221&ID=8222734&Symbol=CLNE>>

Chapter 4: Clean Truck Program

The Clean Truck Program (CTP) is a critical component to the San Pedro Bay Ports Clean Air Action Plan; it is aimed at reducing air pollution from San Pedro Harbor trucks by 80%. 30% of the miles traveled per year by trucks are undertaken with truck models from pre-1994.²⁰ The Clean Truck Program estimates 16,800 trucks operating at the San Pedro Bay Ports need to be replaced or retrofitted.²¹ The program will progressively ban trucks that were not manufactured in 2007 or later, and models manufactured after 1996 that are not retrofitted over the next five years. The timeline for the progressive ban is as follows:²²

- ⇒ October 1, 2008: All trucks built before model year 1989 will be banned from the port. Trucks must also have a Radio Frequency Identification Device (RFID) tag installed, which will be distributed by the port.
- ⇒ January 1, 2010: All trucks built in years 1989 to 2003 will be included in the ban. Trucks built in model years 1994 to 2003 that have been retrofitted with emission reduction equipment will still be allowed in the port.
- ⇒ January 1, 2012: All trucks that do not meet Federal EPA emission standards will be banned from the port. Trucks that do not meet the 2007 EPA emission standards will have to pay a Truck Impact Fee in order to enter the port. Trucks funded through the CTP will not be exempt. The program will be implemented through a third party, which will most likely be realized by the Gateway Cities Program modified to CTP agenda.

Both ports have agreed to charge \$35/TEU on cargo that passes through the port complexes by truck and would be paid by the Beneficial Cargo Owner. The \$35/TEU would be directly charged to the licensed motor carriers who cannot absorb the cost, given their financial assets available. This will force licensed motor carriers to pass on the cost to Beneficial Cargo Owners through higher drayage rates. The \$35/TEU fee is expected to generate \$1.6 billion to finance the replacement of the estimated 16,800 trucks by 2012. The Clean Truck Program budget will also include \$143 million for the San Pedro Bay Ports, and \$36 million from SCAQMD. The ports will also apply for \$400 million from the state Proposition 1B transportation bond.²³

Trucks that qualify for financial aid are ‘frequent’ and ‘semi-frequent’ visitors to the port, making a minimum of 3.5 trips to the port per 7-day week. Clean Truck Program will offer three grant options:

²⁰ Monaco, Kristen. “Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach.” California State University Long Beach Jan. 2008. 21.

²¹ Long Beach, and Los Angeles. Ports. San Pedro Bay Ports Clean Air Action Plan. November 2006: 28. <<http://polb.com/civica/filebank/blobdload.asp?BlobID=3452>>

²² Long Beach. Port. Clean Truck Program Fact Sheet. <www.polb.com/civica/filebank/blobdload.asp?BlobID=4906>

²³ Long Beach. Port. Clean Truck Program Fact Sheet. <www.polb.com/civica/filebank/blobdload.asp?BlobID=4906>

- ⇒ Lease-to-own program: Older trucks can be exchanged for pre-approved new trucks under a multi-year lease agreement with a financial institution that is selected by the port. At the end of the lease term, the CTP will provide the lessees in good standing significant financial incentives towards the purchase of trucks.
- ⇒ Up-front grant towards a truck cost buy-down: Older trucks can be exchanged for new trucks with a grant that will cover an estimated 80% of the cost. The purchaser must pay the remaining debt.
- ⇒ Up-front grant for retrofit to 2007 emission standards: The ports will provide a one-time grant of up to \$20,000 for the retrofit equipment for model year 1994-2003 trucks. Retrofit equipment must update trucks to meet state and federal EPA emission standards.

The Port of Long Beach and Los Angeles worked together for months to develop a Clean Truck Program, but found themselves unable to come to a consensus. The Port of Long Beach decided to move forward with their own implementation model, and so did the Port of Los Angeles one month later. Both ports adhere to the guidelines mentioned above, but differ in strategic planning and requirements.

Separate Roads

"Even in the best of marriages there is a need for discussion every once in a while when one partner decides to move out a little ahead of the other"²⁴ commented President of the Los Angeles Harbor Commission David Freeman, after the Port of Long Beach abruptly diverged paths. The port released their proposed plan on February 15, 2008, and voted February 19, giving stakeholders but a few days to look over the plan. The plan would continue to allow licensed motor carriers to use employee drivers, independent truck drivers, or a combination of the two. Long Beach Mayor Bob Foster justified the decision the Port of Long Beach took, reminding stakeholders that "[W]e're doing this to clean air. That's first priority. Anything else is secondary."²⁵

The Port of Los Angeles decided to adopt the revolutionary plan to do away with independent truck drivers. The plan to include an employee mandate was unanimously approved on March 20, 2008. Port Executive Director Geraldine Knatz believes that the Los Angeles Clean Truck Program with "an asset-based drayage [and] a more stable workforce will provide more safety, concessionaire accountability and certainty that our Port will only have to fund the turnover of our fleet this one time and not again in seven to 10 years from now."²⁶ The Port of Los Angeles will only make funding grants through the Clean Truck Program to licensed motor carriers that hold concessions, which give licensed motor carriers access to the port. In order to gain concession the licensed motor carriers must pay a concession fee of \$2,500, the Port of Long Beach fee stands at \$250.

²⁴ Sahagun, Louis. "L.A., Long Beach port officials split over truck pollution." Los Angeles Times 19 Feb. 2008 <<http://articles.latimes.com/2008/feb/19/local/me-trucks19>>

²⁵ Gallegos, Emma and Alan Mittelstaedt. "Ports of Harm." Los Angeles City Beat 5 March 2008. <www.lacitybeat.com/cms/story/detail/ports_of_harm/6782/>

²⁶ Smith, Gordon. "Los Angeles Harbor Commission Approves Landmark Clean Truck Program." The Port of Los Angeles News 20 March 2008 <www.portoflosangeles.org/News/2008/news_032008ctp.pdf>

Licensed motor carriers must also comply with concession agreements.²⁷ Licensed motor carriers that hold concessions at the port of Los Angeles will commit to the use of full-time and part-time employee drivers only. The Port of Los Angeles Clean Truck Program also has a few more requirements for licensed motor carriers that work within their ports; they must agree to meet Port standards for technology and efficiency, provide proof of adequate off-street parking for trucks, and post a placard with a 1-800 call in number on their trucks that will provide concerned community members with an access number.

The Port of Los Angeles has also established a Scrap Truck Buyback Program that will pay \$5,000 to the owner of any eligible pre-1989 model year truck bought for scrapping. The qualified years will follow the truck ban timeline, and only trucks that were not awarded Clean Truck Program funding or concession may participate.

Compared to the Clean Truck Program passed by the Port of Long Beach, the Port of Los Angeles has passed a plan that will place greater responsibility on the licensed motor carriers. The economic burden of buying new trucks will fall on the licensed motor carriers, instead of the truck drivers since they will be forced to work with employees only. A study conducted by CGR Management Consultants and Economics & Politics; Thomas E. Brightbill, Peter A. Crosby, and John E. Husing points out that both independent truck drivers and licensed motor carriers do not have the financial means to incur the Clean Truck Program cost. On February 19, 2008 owner of Overweight Container Logistics, a small licensed motor carrier firm, Douglas Reeves applauded the Port of Long Beach Harbor Commission for their approval of a Clean Truck Program.

Today I got nothing but a big kiss for all of you... I was dead set against the concession agreement portion of the [Clean Truck Program] plan...was the thing that I thought was going to put me out of business as it was originally construed, and so I was very fearful I would lose my investment into this community...And it stopped every other major decision regarding reinvestment for last seven months.²⁸

What makes us think that independent truck drivers can financially sustain the Clean Truck Program if licensed motor carriers are also unable to do so? The cost should be the responsibility of licensed motor carriers because they hold more market power than independent owner operators as they have direct contact with shippers. A consolidation would certainly bring greater market power to the surviving licensed motor carriers. Yes, many licensed motor carriers would go out of business due to a large increase in operating costs that many smaller licensed motor carriers will not be able to take in, but there is no such thing as a “free lunch.”²⁹

²⁷ Long Beach. Port. Clean Truck Program Fact Sheet.

www.polb.com/civica/filebank/blobdload.asp?BlobID=4906/ Smith, Gordon. “Los Angeles Harbor Commission Approves Landmark Clean Truck Program.” The Port of Los Angeles News 20 March 2008 www.portoflosangeles.org/News/2008/news_032008ctp.pdf

²⁸ Reeves, Douglas. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

²⁹ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 99.

A concession will increase safety, security, and accountability that will be practically impossible if working with thousands of independent truck drivers. Licensed motor carriers will also have to find other ways to cut costs, which will lead to higher efficiency in freight transport. A concession through the employee mandate will also ensure higher wages, which will attract the necessary truck drivers as the ports continue to expand.

The Studies: Economic Impact of the Clean Air Action Plan

The Boston Consulting Group released an analysis of three possible models of implementation for the Clean Truck Program in March 2008. “San Pedro Bay Ports Clean Truck Program: CTP Option Analysis” was conducted in behalf of the Executive Director of the Harbor Department. The goal of the Boston Consulting group was to establish which model would best accomplish the Clean Truck Program goals. The goals they outlined were short-term and long-term sustainability of the program. This included the removal of trucks that do not meet emission standards, and the ability for participants to maintain new, greener technologies in the future. The second goal was to ensure that the San Pedro Bay Ports retain its import role in the national and regional economy through continuity of port operation and a sufficient supply of trucks and drivers. The third and final goal included truck and driver compliance with safety standards and port security.

Their research used information from many previous studies, and included interviews with many of the study authors and market participants. The Boston Consulting Group analyzed the following three models:

- ⇒ Basic plan: minimizes the disruption to drayage market by allowing licensed motor carriers to use employees or independent truck drivers as they do today. The financing program would grant subsidies to licensed motor carriers and independent truck drivers. A \$35/TEU would be applied, exemptions based on truck technology, funding source, and time of purchase. Progressive truck bans as outlined by both ports and compliance with the Transportation Worker Identification Credential (TWIC) as mandated by the Transportation Security Administration (TSA).
- ⇒ Enhanced model with market incentives: would create more incentives in order to ensure a faster adoption of cleaner technology, and acquisition of trucks by licensed motor carriers. \$35/TEU would be applied; exemptions would encourage cleaner technology and private funding. Truck ban according to both ports. TWIC as mandated by TSA. Subsidies only available to licensed motor carriers, but scrap program available to licensed motor carriers and independent truck drivers. Business outreach program providing assistance to current licensed motor carriers for transition assistance in order to minimize disruption to drayage market. No employee commitment must be made by licensed motor carriers, but incentives that will most likely lead to an employee based drayage industry will be included.
- ⇒ Enhanced model with market incentives and employee mandate: would commit licensed motor carriers to employee drivers over a set period of time, and truck acquisitions that would ensure long-term sustainability. Added security features include control, training, and compliance among employees. Taking this into

account, same fee, truck ban schedule, safety and security and financing program regulations as the “enhance model with market incentives” apply.

The “basic plan” satisfies immediate environmental goals through the truck ban, but fails to create long-term sustainability due to the minimal requirements to licensed motor carriers, and independent truck drivers would face minimal requirement to maintain and replace these trucks in a very fragmented market. The “enhance model with market incentives” provides no guarantee of long-term sustainability since licensed motor carriers are offered several incentives to operate under employees, but there is no guarantee that they will follow through. The Boston Consulting Group concluded that the “enhanced model with market incentives and employee mandate” offers the “best guarantee of long term sustainability, but at the cost of introducing a new element of operational uncertainty.”³⁰ This option causes the greatest increase in operating costs for licensed motor carriers that might lead to a shaky transition, along with the uncertainty of independent truck drivers’ willingness to become employees. Overtime the market would stabilize, and new employee drivers would be attracted to better paid jobs.

Brightbill et al. study provides a more detailed economic analysis of the Clean Truck Program employee and owner operator model options. Their analysis collected statistical information, including responses from 409 surveyed drivers at both Los Angeles and Long Beach port terminals. One-on-one interviews and group interviews were conducted with 50 plus licensed motor carriers, and 136 companies were surveyed. Licensed motor carriers were randomly chosen from a transportation industry database, and varied on size determined by the number of drivers.³¹ Interviews were also held with beneficial cargo owners, Teamster Union officials, International Longshore and Warehouse Union officials, a terminal operator, freight forwarders and licensed motor carriers not involved in the moving port cargo. It is important to note that the Brightbill et al. study estimated a truck impact fee of \$50/TEU per inbound trip that is now known to be \$35/TEU; it also overestimates the concession fee and per truck fee. This has led to a slight overestimated cost increase.

According to the analysis, both independent truck drivers and licensed motor carriers do not have the necessary finances to afford and maintain new “greener” trucks due to their net income and credit available, which is dictated by current market conditions. They estimate that the operation cost for licensed motor carriers under an “enhance model with market incentives and employee mandate” would increase 80% compared to today’s costs.³² However, John Haveman and Christopher Thornberg,

³⁰ “San Pedro Bay Ports Clean Truck Program: CTP Analysis.” The Boston Consulting Group, March 2008. 12.

³¹ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 94.

³² Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 74.

founders of Beacon Economics, argue that consolidation will allow for new efficiencies that can offset most of the increase, their estimate falls between 20 and 25%.³³

Haveman et al. argue that licensed motor carriers will seek to decrease their operating cost through other manners after they are forced to employ independent truck drivers. Businesses want to maximize the returns on their assets; in this case, licensed motor carriers will want to maximize their returns on trucks and employees. Licensed motor carriers would require fewer trucks because they would be able to share them among different drivers, at different shifts. Licensed motor carriers will have an incentive to match inbound and outbound loads. For example, a driver delivers a container to San Bernardino; there is a container at that location that needs to be delivered to the port. Licensed motor carriers have no incentive to tell that driver to pick it up since all the transportation cost falls on the independent truck driver. There is no economic incentive to send him or another driver, but after the implementation of an employee mandate they will face hourly and truck associated costs that will surely lead them to more efficiently match drivers with cargo. They will have higher safety standards, both in maintenance and operation. Top-notch maintenance will be provided for their trucks in order to ensure a longer life. They will have an incentive to better use off-peak and drop-off opportunities in order to maximize returns on trucks and drivers. Licensed motor carriers will also be able to put more pressure on terminal operators to reduce wait times.

Diesel trucks sponsored by the San Pedro Bay Ports will most likely provide service to the ports for a longer period of time if they fall under the ownership of licensed motor carriers. The San Pedro Bay Ports will be able to oversight a smaller number of licensed motor carriers, compared to thousands of individual independent truck drivers, in order to ensure that their sponsored diesel trucks are serving their ports. Also, after the lessee obtains ownership of the truck, it is more likely for an individual independent truck driver to move to a new location. A licensed motor carrier is more likely to keep the diesel truck in the same location due to his investment at that location, and the time and effort it would take to relocate and re-investment in his business. By forcing ownership upon licensed motor carrier the San Pedro Bay Ports will ensure a greater return on their investment.

Licensed motor carriers that operate hundreds of trucks might also opt to install diesel fuel tanks at their operating facilities in order to purchase diesel at a wholesale price, which often falls 25% to 35% below retail price.³⁴ Newer more efficient trucks will also offer more miles per gallon, which will reduce gas prices. Licensed motor carriers can also opt to employ routing or scheduling software that will permit higher efficiency. Haveman et al. considered a combination of these strategies and estimated a percentage of cost saving associated with each strategy, estimating that the average drayage rate would only increase 22%. The Brightbill et al. study estimated that prices would have to increase by 48.6% under a “basic model” due to wage increases needed to attract independent truck

³³ Haveman, Jon and Christopher Thornberg. “Clean Trucks Program: An Economic Policy Analysis.” Beacon Economics Feb. 2008. 14.

³⁴ Haveman, Jon and Christopher Thornberg. “Clean Trucks Program: An Economic Policy Analysis.” Beacon Economics Feb. 2008. 34.

drivers, and in order to provide assistance for “cleaner” trucks.³⁵ This estimate is higher than the Haveman et al. estimate that considers a combination of efficiencies that would only be possible under an employee model.

Wages must increase in order to recruit new truck drivers that will meet the need as the San Pedro Bay Ports expand, and will replace truck drivers disqualified by the implementation of the Transportation Worker Identification Credential (TWIC). 9/11 has made security our nations top priority. Homeland Security formed the Transportation Security Administration immediately following 9-11 in order to secure the nation’s transportation systems. Several security measure are being taken, amongst them is the Transportation Worker Identification Credential (TWIC) that will allow access to the port to qualified applicants only.

Longshoremen, truck drivers, port facility, and others requiring unescorted access to the port must apply for the TWIC. Qualifying for the TWIC will give the applicant access to the ports. Enrollment has begun, but a date of enforcement is yet to be determined by the Coast Guard’s Captain of the port. Application will carry a fee of \$132.50.

Access will be denied to those who pose a security threat. According to program guidelines undocumented immigrants will be disqualified. Several crimes will also disqualify an applicant; murder, espionage, treason, improper transportation of hazardous materials, crimes dealing with illegal use of weapons or explosives, bribery, smuggling, sexual abuse, robbery, fraud, and other crimes that the Transportation Security Administration considers to be inherent of an individual that can possibly pose a threat to the national ports.³⁶ Brightbill et al. study interviewed 409 truckers at the San Pedro Bay port, and found that 22% did not plan to apply, while 20.8% were still unsure.³⁷ Brightbill et al. study estimates a percentage of people that are not planning to apply for a TWIC that does not necessarily reflect how many people will not qualify, but a program with more restrictions will certainly deny entry to some number of truck drivers.

The Haveman et al. and Brightbill et al. studies recognized several limitations to the employee model. They acknowledged that a large percentage of the weakest licensed motor carriers would be driven out of business due to their inability to face the price increase impact. The Brightbill et al. study estimated that 376 of an estimated 1,000 licensed motor carriers would be driven out of business, giving surviving licensed motor carriers a greater degree of market power.³⁸ If extreme consolidation of the industry takes place it would provide much leverage to unions. This could cause rates to exceed cost, and

³⁵ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 79.

³⁶ United States. Transportation Security Administration
<www.tsa.gov/what_we_do/layers/twic/twic_faqs.shtm#disqualifying_crimes>

³⁷ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 27.

³⁸ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 87.

decrease efficiency. The Haveman et al. study believes that this is unlikely as long as licensed motor carriers are allowed to continue price competition and barriers do not effectively prevent entry to the market. The Brightbill et al. study proposes a port sponsored loan, which would allow weaker licensed motor carriers to take out the loans necessary to survive the operating cost increases.

The Brightbill et al. study also notes that roughly 1,504 jobs will be lost to consolidation.³⁹ These are office jobs that run and maintain operation of licensed motor carriers. The Haveman et al. study predicts that the licensed motor carriers left in the market will have to expand to sustain market needs, which will create more office jobs to replace lost ones. Haveman et al. also argues that the current Clean Truck Program does not provide incentive for licensed motor carriers to keep up with the cleanest emission technology available, only to keep up with emission standards. They recommend a particulate matter-trading scheme (PMTS) that would provide incentives to operate under the cleanest technology available.⁴⁰ The scheme would award credits to licensed motor carriers that operate under particulate matter emission standards. The licensed motor carriers would then be able to auction off their credits to licensed motor carriers exceeding their particulate matter emission.

Licensed motor carriers will have to pass the cost to shippers and beneficial cargo owners since they do not have the financial means to cover the increased cost that will follow the implementation of the Clean Truck Program with an employee mandate. Some opponents claim that this will lead to cargo diversion, which could possibly harm the San Pedro Bay Ports leading position among other national ports. The San Pedro Bay Ports, BST Associates, and Moffat and Nichol released “Container Diversion and Economic Impact Study: Effects of Higher Drayage Cost at San Pedro Bay Ports” on September 2007, which estimated cargo diversion based on an analysis of the elasticity of demand for container transportation that was determined through regression analysis. The study estimated that cargo diversion would fall between 75,000 TEU to 193,000 TEU out of a total of 15,800,000 TEU. If a “basic model” is implemented it estimates a diversion of 75,000 or more TEU. If an “enhanced model with market incentives and employee mandate” is implemented, drayage rates would increase an estimated 40%, which would lead to the diversion of no more than 193,000 TEU.⁴¹

This represents a loss of .5% to 1.2% of TEU. But one must take into account that a sustainable Clean Truck Program is needed to have a successful San Pedro Bay Ports Clean Air Action Plan that will allow the port to engage in much needed expansion programs. The Brightbill et al. study predicts that by the period 2020 to 2030 the ports will reach a 42.5 million TEU capacity. Despite the diversion of cargo due to the impact of increasing operation costs, overtime there will be a net increase due to the ability for the port to expand under “greener” conditions.

³⁹ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” CGR Management Consultants, LLC. 7 Sept. 2007. 87.

⁴⁰ Haveman, Jon and Christopher Thornberg. “Clean Trucks Program: An Economic Policy Analysis.” Beacon Economics Feb. 2008. 38.

⁴¹ “Container Diversion and Economic Impact Study: Effects of Higher Drayage Cost at San Pedro Bay Ports.” BST Associates. 27 Sept. 2007. 27.

Consumer prices are also a concern resulting from higher drayage rates. The Truck Impact Fee is estimated to add very little cost to the individual goods shipped in containers. The San Pedro Bay ports provide an example, “if the ports were to set the Truck Impact Fee at \$34 per gate move, and assuming that the container is loaded with iPod nanos, the fee would add less than 2 cents to the cost of an item that retails for \$199.00.”⁴² This estimate does not include other fees, and other operating costs that the licensed motor carriers might pass on to the beneficial cargo owners. But even taking this into account the price change will be minimal due to the large amounts of individual goods that each container carries, and the fact that retail companies must strategically choose prices that will yield the highest profit. This means that they will absorb some of the cost along with the consumer in order to ensure maximum efficiency.

A final concern that was raised during the research was that a “basic model” San Pedro Bay Ports Clean Air Action Plan would create a higher dependency on independent truck drivers. The small percentage of licensed motor carriers that operate with employees will be inclined to switch over to independent truck drivers due to their lack of financial resources. Reeves’ conversation with the Port of Long Beach Commissioners on February 19, 2008 sparked concern.

I’m a little different than many of them. I run company employees as drivers and I provide healthcare...you made room for the small businessman to continue which is consistent with your other programs [referring to the Port of Long Beach approval of a Clean truck Program without an employee mandate].⁴³

Harbor Commissioner Dr. Mike Walter followed the comment by asking Reeves “[D]o I understand you to say that your drivers are employees?” Reeves responded “[M]ine are now, that doesn’t mean that I won’t have a mix in the future.” A “basic model” would provide a loophole for companies who currently operate with employee drivers. They will be able to avoid the cost of buying new trucks by contracting independent truck drivers. But will independent truck drivers be able to afford these new trucks? In order to answer this question my research will analyze demographic data found on San Pedro Bay Port independent truck drivers, will give a personal look into the life of independent truck drivers, and present the Gateway Cities Program that resembles a “basic model” Clean Truck Program as a case study.

⁴² Long Beach, and Los Angeles. Ports. “Ports of Long Beach and Los Angeles Proposed Clean Truck Program.” Environment Management
<www.cleanairactionplan.org/civica/filebank/blobload.asp?BlobID=2220>

⁴³ Reeves, Douglas. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

Chapter 5: Gateway Cities Clean Air Pilot Program

The Gateway Cities Clean Air Pilot Program will provide a case study of the successes and shortfalls of employing a Clean Truck Program that continues to operate under current market conditions. The program was deployed September 2002 through the collaboration of the Gateway Cities Council of Governments (GCCOG)⁴⁴, Environmental Protection Agency, California Air Resource Board, the Port of Long Beach, the Port of Los Angeles, and the Mobile Source Air Pollution Reduction Review Committee (MSRC)⁴⁵. The goal of the program is to reduce emission by replacing 1986 and older on-road heavy-duty diesel that have been serving the South Bay Ports for over two years with eligible newer trucks. Trucks can only be replaced with 2000 model engines or newer; this ordinance was not made official until December 31, 2005. Applicants are also expected to solely provide service to the San Pedro Bay Ports drayage industry for five years in exchange for the subsidy.⁴⁶

The fifth year anniversary revealed that the program successfully replaced 628 older, heavy-duty diesel trucks with newer, cleaner models. This has eliminated an estimated 107 tons of toxic diesel particulate matter, 150 tons of NOx, and 62 tons of reactive organic gases (ROG).⁴⁷ The program has successfully reduced harmful emission, and replaced several hundred inefficient older models. But does the program provide economical long-term sustainability? On February 19, driver Chris Quinones described his experience to the Port of Long Beach Harbor Commission:

I'm a professional driver, and I worked for 10 years in the ports, and I got my truck from Gateway Cities. I got my beautiful truck 2007, but it's hard for me to keep it [running] because I do not have money for repairs; I do not have money to pay insurance. I pay more insurance, I pay more registration. And I realize I can't afford it mister, I pay \$30,000 extra for that. I'm [struggling] right now, I can't do anything, I do not make any extra money, [and] the new company pays the same. The new technology for this truck is too much money for me. I am very happy I got my clean truck, but I can't afford it. I believe the American dream is not going to happen if [we're] still with this system, so my future, my family's future is in your hands, please make the right decision for the drivers and the community.⁴⁸

Independent truck drivers are now responsible for higher costs associated with newer trucks; increased insurance rates, increased registration rates, and higher maintenance fees

⁴⁴ Gateway Cities Council of Governments is a cooperative and advocacy association of city governments of southeastern Los Angeles County <www.gatewaycog.org/>

⁴⁵ Mobile Source Air Pollution Reduction Review Committee sole purpose is to fund projects that reduce air pollution <<http://www.cleantransportationfunding.org/>>

⁴⁶ "Gateway Cities Clean Air Pilot Program: Truck Fleet Modernization Program Guidelines." Gateway Cities Council of Governments June 2006. 18. <www.gatewaycog.org/cleanairprogram/pdf/On-Road+Guidelines+6-06.pdf>

⁴⁷ Gladstein, Cliff and Jack Joseph. "Gateway Cities Fleet Modernization Program Celebrates 5 Years of Pollution Reduction." PR Newswire 25 Oct. 2007 <www.gatewaycog.org/publications/PR20071005_Gateway_Cities_Fleet_Modernization_Program_Celebrates_5_Years_of_Pollution_Reduction.pdf>

⁴⁸ Quinones, Chris. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

due to newer technology. Independent truck drivers can no longer go to a small business mechanic because they might not carry the necessary replacement parts for newer trucks, or the necessary knowledge. Trucks will be provided with a one-year/100,000 mile warranty covering major engine components, which shall be provided for the replacement engine. Problems falling outside of the engine components will fall on the independent truck driver. Applicants will also be responsible for paying taxes on the subsidy granted. The applicant will also be limited to a mileage no more than 1.3 times the base year amount for the proceeding five years.⁴⁹

A major shortfall of the program is that replacement trucks are not expected to meet 2007 emission standards, and will be phased out before 2012. A “basic model” Clean Truck Program will perpetuate this cycle by forcing drivers to continuously update their trucks to meet new emission standards.

The Cities Gateway Clean Air Pilot program has accomplished short-term goals, but one wonders if they have achieved long-term sustainability. 628-diesel trucks have been replaced, but have participants been able to provide adequate maintenance? Have participants been able to financially support them? The research encountered several stories of economic difficulties due to the higher costs associated with owning newer trucks. The average earning of an owner operator falls below the means necessary to properly maintain such expensive equipment. Gateway cities themselves prepared “A Survey of Drayage Drivers serving the San Pedro Bay Ports” that found that on average independent truck drivers serving the port have a net income of \$29, 520. Can they really afford to pay higher insurance, monthly payments, taxes, registration, and maintenance costs? It is no surprise that 75% of independent truck drivers own pre-1998 models, of those, 25% own pre-1994 models.⁵⁰

⁴⁹ “Gateway Cities Clean Air Pilot Program: Truck Fleet Modernization Program Guidelines.” Gateway Cities Council of Governments June 2006. 18. <www.gatewaycog.org/cleanairprogram/pdf/On-Road+Guidelines+6-06.pdf>

⁵⁰ Monaco, Kristen. “Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach.” California State University Long Beach Jan. 2008. 21.

Chapter 6: The Evolution of the Trucking Industry, and Success of the Teamsters

In order to understand the situation of independent truck drivers today one must take a look at the evolving trucking industry from its beginnings. The trucking roots its beginnings from the teaming industry that used horse and ox to move cargo. Teamsters pulled cargo with their own carts and teams of horses, oxen, or mules. Teamsters were also known as cart-men, draymen, and hack-men. In 1792, New York City Teamsters formed the Cart-men's society in order to represent tradesmen to rate-setting public agencies. By the end of the nineteenth century, drayage employed 1.6 percent of all U.S. workers thanks to expanding industrialization and commerce.⁵¹ The motorized truck was introduced in 1896 but did not become the dominant player in cargo movement until 1950. The development of the Interstate Highway System in the 1950s and 1960s gave the motorized truck the playing field necessary to become a powerful force in the transportation system.

Team drivers would be present at work every morning with no guarantee that work would be available. In search of fair and stable work, team drivers unionized. The International Brotherhood of Teamsters (IBT) was formed in 1902. Successful strikes in Minneapolis in 1934 led to an explosive growth of Teamster membership. Leaders also realized the importance of organizing nationally if they wanted to sustain long-term success. Labor unions were thriving during this era due to the mobilization of workers across all sectors. Massive efforts to unionize by Teamster leaders and members led to the first region wide, multistate unified contract among eleven states.

The Teamsters historically helped improve the working conditions and wages of African-Americans as a biracial union.⁵² Though individual white union members still held racist views, leaders advocated against racial exclusion because of the need to organize all workers in order to be successful. If African-Americans were excluded from the union, they could serve as scabs for the company. The Teamsters flourished along with the trucking industry. The union expanded rapidly beginning in 1934, and continued through the early 1970s.

The Teamsters were able to provide truck drivers with a high standard of wages, benefits, and working conditions. In 1964, the international union negotiated its First Master Freight Agreement (NMFA), unifying all truck drivers under a single collective bargaining agreement. Michael H. Belzer, author of "Sweatshops on Wheels" states that the "agreement produced higher average wages, as employers could not play one terminal, city, or region against another."⁵³ Truck drivers enjoyed economic success, stability, and better working conditions.

The success was also possible due to the heavy regulation of the trucking industry. The trucking industry was regulated by the Interstate Commerce Commission (ICC), whose purpose was to ensure fair rates, eliminate price discrimination, and oversee the

⁵¹ Belzer, Michael H. Sweatshops on Wheels. Oxford: University Press, 2000. 23.

⁵² Witwer, David. "Race Relations in the Early Teamsters Union." Labor History 43.4 (2002): 508.

⁵³ Belzer, Michael H. Sweatshops on Wheels. Oxford: University Press, 2000. 27.

activity of licensed motor carriers. Donald V. Harper conducted a study of economic regulation in six states, which included California, in the 1950s. His research concluded:

Regulation has improved the situation of the carriers themselves and has benefited the shippers and hence, the general public. The carriers have gained to the extent that destructive competition has been restrained and opportunity has been afforded them to maintain a reasonable level of rates. Shippers have profited from the tendency for regulation to improve service, equipment, and facilities, to remove discriminations, and to require adequate financial responsibility and more reliable service.⁵⁴

Regulation imposed several restrictions that prevented market entry to just anyone. A large capital investment was needed in order to start up a licensed motor carrier company that abided by the ICC regulations. This gave licensed motor carriers a greater degree of market power that in return provided the Teamsters with more leverage to make their demands.

Deregulation of the Trucking Industry

The success came to a halt when the trucking industry was deregulated by congress through the implementation of the Motor Carrier Act of 1980. The reasons behind this move came from concern over inflation and economic stagnation in the country. The United States was at the brink of a recession in 1980 due to high inflation. Economist argued that wage increases were fueling inflation.⁵⁵ The deregulation of the industry allowed fierce competition that drove drayage rates down.⁵⁶ Market barriers to entry were torn down, allowing anyone to become a licensed motor carrier. Today, it is said that you do not need much more than a telephone, a contact to a beneficial cargo owner or shipper, and a truck driver to start up a licensed motor carrier company. The ICC was stripped of its regulatory power over the trucking industry. The dismantling of their power allowed licensed motor carriers to charge competitive rates that trickled down into the wages of truck drivers. A large portion of unionized trucking companies went out of business, and new carriers that entered the market were not forced to pay union wages or provide benefits.

The Teamsters union was forced to make several changes in order to keep their union alive. The licensed motor carriers that were paying union wages and benefits were not able to keep up with the non-union companies emerging in the market. According to Belzer, the 1980's Teamsters permitted "major changes in work practices, such as flexible starting times and flexible work-weeks...contracts also froze wages, diverted automatic cost-of-living adjustment wage increases to benefit plans, created lower wage for new hire..."⁵⁷ The earnings of independent truck drivers fell by 21% from 1973 to 1995,

⁵⁴ Harper, Donald V. Economic Regulation of the Motor Trucking Industry by the States. Urbana: The University of Illinois Press, 1959. 200.

⁵⁵ Belzer, Michael H. Sweatshops on Wheels. Oxford: University Press, 2000. 29.

⁵⁶ Engel, Cynthia. "Competition Drives Trucking Industry." Labor Review 121.4 (1998): 34-41.

⁵⁷ Belzer, Michael H. Sweatshops on Wheels. Oxford: University Press, 2000. 29.

according to a published study by the Industrial and Labor Relations Review.⁵⁸ The deregulation allowed licensed motor carriers to hire non-unionized workers that undermined the position of the union. The deregulation of the market allowed companies to break up strikes by hiring non-union workers.

⁵⁸ Belman, Dale. L and Kristen A. Monaco. "The Effect of Deregulation, De-Unionization, Technology, and Human Capital on the Work and Work Lives of truck Drivers." Industrial and Labor Relations Review 54.2 (2001): 502.

Chapter 7: 21st Century Independent Truck Drivers

The cultural image of the truck driver is one that is very different from today's reality. Michael Agnar, author of "Independents Declared" describes the truck driver as "the ultimate entrepreneur in the free market, working for whom he pleases and making good money in the process."⁵⁹ This concept is far from the reality of independent truck drivers serving the San Pedro Bay Ports today. The deregulation of the trucking industry through the Motor Carrier Act of 1980 opened the market to a flood of licensed motor carriers, creating a highly competitive trucking industry. Seeking to cut operation costs in order to remain competitive, they shifted their reliance from employees to independent truck drivers. Licensed motor carriers were no longer responsible for providing and maintaining diesel trucks, or paying for diesel and licensing fees. As independent-owner operators own their trucks, and operate their own business, one would think they have achieved the 'American dream', free to work for whom they please, and able to bargain their own rates. But caught in competitive war for the lowest rate and unable to seek protection through employee provision, independent truck drivers were left with virtually no bargaining power. The Belman et al. study found that the earnings of truck drivers fell by 21% between 1973 and 1995 nationwide and increased a mere 1.5% from 2003 to 2006.⁶⁰ Meanwhile, inflation increased at an average of 7.2% in the 1970s, 5.5% in the 1980s, 3.0% in the 1990s, and 2.9% since 2000.⁶¹ Drivers nationwide have been forced to ingest most of the increases in the cost of living. A driver in Pennsylvania was cited in a local newspaper as he headed to the nation's capital to protest the diesel prices that are pushing drivers out of business; "he noted that the price of everything was going up, diesel and gasoline, food, clothing, anything to do with the economy..."you're paying double. Everything is going up except the paycheck. Something has to be done."⁶²

Local independent truck drivers for the San Pedro Bay ports are hauling freight that contains anything from the clothes on your back, to oil, to the food on your plate. Their daily routine involves the moving of freight from the port to their destinations, which consist of warehouses and rail yards. Independent truck drivers may have a contract with a single, or various licensed motor carriers that provide a link to shippers. Licensed motor carriers have agreements with various beneficial cargo owners that allow them to deliver their freight. The driver must go to the port to pick up the freight, which often entails a long-wait. According to licensed motor carriers the average wait time was 2.2 hours.⁶³ The driver is also responsible for accommodating the chassis onto his truck in order to receive the freight, or the freight might already be on the chassis. After this, the driver might be required to report to customs or homeland security. They are also subject

⁵⁹ Agnar, Michael H. Independents Declared. Washington D.C.: Smithsonian Institution Press, 1986. 11.

⁶⁰ Belman, Dale. L and Kristen A. Monaco. "The Effect of Deregulation, De-Unionization, Technology, and Human Capital on the Work and Work Lives of truck Drivers." Industrial and Labor Relations Review 54.2 (2001): 502.

⁶¹ Unites States. Department of Labor < <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt>>

⁶² Lynn, Wendy B. "Local Drivers Heading to Nation's Capital to Protest" The Progressive 24 April 2008 <www.theprogressnews.com/default.asp?read=12179>

⁶³ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. "Economic Analysis: Proposed Clean Truck Program." CGR Management Consultants, LLC. 7 Sept. 2007. 107.

to random safety checks on the road, and police officers have the right to demand a weigh-in of the freight to make sure it is not overweight for the chassis.

The ethnic makeup of San Pedro Bay Port drivers is highly concentrated with Hispanics accounting for 91.24% of the total work force.⁶⁴ A study conducted by Kristen Monaco surveyed 197 drivers at the Port of Los Angeles and Long Beach and found that Hispanics were the majority, along with 2.06% White, 5.5% African-American, and 1.55% Asian. A study prepared by The Gateway Cities Council of Government and conducted by CGR Management Consultants LLC surveyed 209 independent truck drivers of which 90% were conducted at least partially in Spanish.⁶⁵ The study conducted by Monaco also found that the mean age was 38.7, and 8.7 years was the mean number of years as a driver. The study also surveyed the education level of drivers: 48.70% of drivers had attained less than a high school degree education, with 33.16% receiving their high school degree. Of the drivers interviewed by the Monaco study, 78.5% were independent truck drivers. On average drivers worked five days a week, but 25% of the drivers interviewed worked six days per week. Drivers operated for an average of 57.7 hours a week and 13.5 hours a day. Drivers are limited to 60 hours by the Federal Hours of Service (HOS) regulation; the Monaco study found that about ten percent violated the regulation by working 72 or more hours.⁶⁶

The Gateway Cities Government Program and Monaco's study both estimated the earnings of drivers; Gateways Cities Program prepared a study sample of uniquely independent-owner operators contrast to Monaco's study, which included both employees and independent truck drivers (Appendix 5). Average gross income was identified at \$73,929 by CGR and \$79,800 by Monaco. Gross income does not take into account the several expenses a truck requires such as monthly payments, fuel, maintenance and repair, tires, insurance, licensing, taxes, permits, and tolls. Average net income is \$29,432 according to responses collected by CGR. It is important to note that this survey was conducted in 2007 at a time when diesel fuel approximated \$2.87 a gallon; currently, as of April 2008 the average is at \$4.31 in California with no decreases in site. Monaco's study estimated a net income of \$36,550 but failed to recognize all expenses, deducting only major expenses estimated by drivers: diesel fuel expenses, truck note payments, insurance premiums, and average truck maintenance. Both studies found that for most independent truck drivers the mean price paid for their truck was \$24,177, with a mean 1995 model year.

Independent truck drivers are low-skilled workers that are subsidizing the trucking industry through their ownership and maintenance of diesel trucks. Diesel trucks are costly assets to own and operate. As the trucking industry has shifted their reliance to independent truck drivers, it has passed on the responsibility. The presentation of income statistics demonstrate that owning these diesel trucks deducts over 50% off the drivers' net

⁶⁴ Monaco, Kristen. "Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach." California State University Long Beach Jan. 2008. 19.

⁶⁵ "A Survey of Drayage Drivers Serving the San Pedro Bay Ports." CGR Management Consultants, LLC 26 March 2007. 3.

⁶⁶ Monaco, Kristen. "Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach." California State University Long Beach Jan. 2008. 19.

income. Further research will present individual stories from independent truck drivers about the difficulties affecting them, which are for the most part rooted in their ownership of diesel trucks.

Chapter 8: Independent Truck Driver Profiles

Independent-owner operators are seen as proprietors of a business in a highly fractionalized market. As business owners they are unable to protect themselves under employees' right provisions. Instead, they are constrained by antitrust laws that prevent them from unionizing or striking, leaving them powerless to engage in any effective efforts to gain better conditions. As business owners they are held accountable to the same antitrust laws that regulate large corporations such as Microsoft. Antitrust laws prevent independent truckers from coming together and "conspiring" to set prices and divide up the market. Antitrust laws are in place to regulate markets, providing protection for consumers, by preventing monopolies, price fixing, etc.⁶⁷ The drivers are able to do little but complain, yet the lack of interest in their concerns leaves them practically voiceless. In this section the concerns and hopes of independent truck drivers will be presented in order to gain insight to the future sustainability of the Clean truck Program. It is necessary for the trucking industry to understand the barriers that independent truck drivers are struggling with in order to prevent a shortage of drivers, future wildcat strikes that can cost port operation billions of dollars, and to increase industry efficiencies that can benefit independent truck drivers and the industry as a whole. As an example Los Angeles Times editor Louis Sahagun describes the "11-day West Coast Lockout in 2002 [that] cost the U.S. economy an estimated \$1 billion a day and required roughly six months for full recover."⁶⁸

George Martinez

George Martinez is 43 years of age and has been working in the industry for 21 years. He came to the United States 24 years ago from Mexico. He has been working for the Ventura Transfer Company, a liquid and solid bulk transporter, for the past four years. He transports hazardous material approximately 48 hours a week, and normally takes a week off for vacation a year. He reported that he made a gross income of over \$100,000 this last year, but reported spending an estimated 65% on operation costs such as insurance, gasoline, and maintenance. He is the only person who works in his household, located in Carson, California, and has four children to care for. He does not have any kind of health insurance, and estimates that he spent about \$7,000 in medical care costs last year.

Martinez voiced several concerns during a group interview with independent truck drivers providing service to the San Pedro Bay Ports on February 9, 2008. Among his top concerns was the employee mandate entangled in the Clean Truck Program.

⁶⁷ United States. Department of Justice <http://www.usdoj.gov/atr/public/div_stats/211491.htm>

⁶⁸ Sahagun, Louis. "Port Plan Covers Terrorism; Homeland Security Chief Chertoff, in Los Angeles, Announces a Strategy for Speedy Return to Trade in the Event of an Attack at a U.S. Facility." Los Angeles Times 21 Jul. 2007
<<http://pqasb.pqarchiver.com/latimes/access/1307704371.html?dids=1307704371:1307704371&FMT=ABS&FMTS=ABS:FT&date=Jul+21%2C+2007&author=Louis+Sahagun&pub=Los+Angeles+Times&desc=Port+plan+covers+terrorism%3B+Homeland+Security+chief+Chertoff%2C+in+Los+Angeles%2C+announces+a+strategy+for+a+speedy+return+to+trade+in+the+event+of+an+attack+at+a+U.S.+facility.&pqatl=google>>

Estoy feliz como estamos...Lo malo es que cada día nos pagan menos, y es mas difícil mantenerlo corriendo y legal. Quisiera ser empleado pero si eso pasara no podría pagar mis costos, pero si nos pagaran bien la hora con beneficios que me llamen inmediatamente (I am happy the way we are [as independent contractors]...the downfall is that everyday they pay us less, and it us harder to maintain [my truck] running and legal [according to industry regulations]. I would like to be an employee but I am afraid I will not be able to pay my bills, [but] if we received fair wages with benefits, please call me immediately.⁶⁹

The Brightbill et al. study interviewed 349 independent truck drivers of which only 19.5% reported they were willing to become employees, 31.5% reported to not be willing to become employees, and 48.4% said maybe.⁷⁰ Their lack of willingness extends from their fear that they will not be able to support themselves if companies pay them low wages or limit their hours. Many are worried about the future of their investments in new and used trucks that cost them thousands of dollars. But as independent truck drivers, they will continue to receive the short-end of the stick because they are unable to lawfully strike and unionize due to antitrust laws. In an interview with Teamsters organizer Oscar Ruiz, he mentioned antitrust laws as the biggest barrier to organizing independent truck drivers. The Teamsters have put forth efforts to work around this; in 2005, the California Teamsters Public Affair Council sponsored Senate Bill 848, which was vetoed by Governor Arnold Schwarzenegger.⁷¹ They reintroduced a similar bill (Senate Bill 1213) in 2006 that faced the same faith. The Senate Bills were attempting to exempt independent truck drivers from antitrust laws that would enable them to negotiate contracts with licensed motor carriers.

Martinez also expressed concern over the lack of information truck drivers receive on issues that affect them.

Es muy poca la información que recibimos, yo tengo 22 años de ‘troquero,’ y las leyes vienen, las aplican, y se acabo (We receive very little information, I’ve been a truck driver for 22 years, and the laws come, they apply them, and that is the end of that).⁷²

New regulations or increased fees are being applied without the truck drivers’ prior knowledge, according to Martinez. When asked what their main source of information for trucking industry related issues is, they responded the “news”. For example the news has been their main source of information for issues regarding the San Pedro Bay Ports Clean Air Action Plan. This situation creates a problem with the flow of information truck drivers are receiving. The information might lack sufficient detail or be misleading. Lack of time, lack of access to information, and language barriers, among other factors

⁶⁹ Martinez, George. Personal Interview. 17 Feb. 2008.

⁷⁰ Brightbill, Thomas E., Peter A. Crosby, John E. Husing. “Economic Analysis: Proposed Clean Truck Program.” *CGR Management Consultants, LLC*. 7 Sept. 2007. 91.

⁷¹ Mack, Chuck. “Driver Classification Memo.” *Assembly Committee on Labor and Employment* 20 Sept. 2007.

⁷² Martinez, George. Personal Interview. 17 Feb. 2008.

contribute to their inability to receive information regarding prominent issues in the trucking industry that affect them.

Martinez was most angered with the treatment he received at the San Pedro Bay Ports. “Se sienten intocable. No tienen nada de respeto hacia nosotros” (“they feel untouchable. They have no respect for us”), reported Gonzalez in reference to port employees such as dockworkers and security. The rest of the independent truck driver interviewees shared Gonzalez’s sentiment. They felt anguished by a situation in which they felt powerless to do anything. They reported that they are constantly disrespected by security and dockworkers at the port because of their immigrant background. During a Port of Long Beach Harbor Commission meeting, Ramon Baragal, an independent truck driver, went as far as to say:

[W]e enter the ports and the rails voluntarily, and they keep us waiting as long as they want. Why? Simply because of the chronic despotism from which the majority of the people there suffer [from]. They treat us as they darn well please. They think we are not human, and are so called human rights, where are those?⁷³

Martinez described several encounters with dockworkers and security in which he was called demeaning names due to his immigrant background. He also blamed the long waits at the San Pedro Bay Ports on the dockworkers who failed to take the drivers into consideration. He claimed that they had no incentive to work more efficiently because they got paid by the hour, while an independent truck driver is paid by the load, no matter the time it takes him. Very negative feelings were expressed during interviews in which independent truck drivers were asked about their experiences at the port. Ruiz also mentioned a broken relationship with the International Longshore and Warehouse Union (ILWU) at the local level during his interview. However he did state that there was a strong tie with the ILWU at a national level. The ILWU is one of the strongest unions in the nation, and primarily represents dockworkers in the west coast.

Safety was also a big issue for interviewees at the San Pedro Bay Ports. The independent truck drivers interviewed told several stories of accidents that involved them or that they witnessed. Independent truck driver Pablo Garcia described an accident in which he witnessed a security guard’s death from a mishandled cargo that crushed his body. The group session interviewees felt that dockworkers should undergo more rigorous drug testing and face harsher penalties if found guilty of drug use. The ILWU and Pacific Maritime Association (PMA) contract for 2002 to 2008 specified that dockworkers must submit themselves to drug testing, but it is not clear how often dockworkers undergo drug testing. According to the contract, if an employee is guilty of substance abuse he faces a penalty of 15 days if it is his first offence. A second offence carries the penalty of 30 days, and a third offence faces the minimum penalty of 60 days.⁷⁴ It was surprising that such mild punishment was implemented, considering that the slightest mistake in handling cargo could lead to the loss of life and thousands of dollars.

⁷³ Baragal, Ramon. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

⁷⁴ Pacific Coast Longshore Contract Document <www.ilwu13.org/pdf/contracts/PCLCD-2002-2008.pdf>

Martin Gonzalez

Martin Gonzalez is 42 years of age and has been working in the industry for ten years. He currently resides in Los Angeles, California. He has been living in the United States for 20 years, after leaving his native country of Mexico. He has been working for International Bridge Transport for the last five years, and whenever he can he takes up to a month and half of vacation. He is the only income provider in his household, which consists of his wife and one son. He reported making a gross income of \$80,000 last year, but paid an estimated \$45,000 on operating expenses.

Gonzalez decided to purchase a 2005 diesel truck through the Gateway Cities Program after a discussion with a friend who had already done so. After a few phone calls, he decided to go down to the Freightliner dealership to see if he qualified.

[Me preguntaron] que año es tu camión? [Les dije] 1989. [Me dijeron] ok tu calificas...me dio una forma onde tenia que llevar los últimos dos años del IRS. Los Últimos dos años de recibos para el diesel. Una carta de recomendación de la compañía, [y] tenia que llevar prueba de que había trabajado para la compañía los últimos tres años. También tenia que llevar otra forma del DMV diciendo que yo era el dueño de ese camión por los últimos tres años (They asked me what model year my truck was? I told them it was a 1989 model, then they told me ok you qualify...he gave me a form which stated that I had to take the last two years of IRS statements. The last two years of diesel receipts. A letter of recommendation from the company, [and] I had to take proof that I had been working at that company for the last three years. I also had to take a DMV form that proved that I had been the owner of my truck for the last three years).⁷⁵

In the end Gonzalez walked out with a 2005 diesel truck for the price of \$10,500.

El camión en total costo \$83,000...yo pague \$10,500, y me acaba de llegar la forma donde dice que el [programa cubrió] \$72,000. Y ahora el problema es que voy a tener que pagar los [impuestos] de los \$72,000 (The truck cost a total of \$83,000...I paid \$10,500, and I recently received the form where it specifies that the program subsidies \$72,000. And the problem now is that I am going to have to pay taxes on that \$72,000).⁷⁶

He continued to explain that the dealership had told him he could pay the \$72,000 over a period of five years. The reality was that it was up to him to conjure up a deal with the IRS to pay over a five-year period that would result in more money being spent due to interest and fees. He explained to me that the dealership made everything sound so simple, it sounded like a great deal, but in reality it was much more complicated.

The truck did not end up being a total cost of \$10,500 if you include the \$15,000 he had to pay in taxes, which he was planning on taking out a loan for. He mentioned his truck, which they determined was worth \$8,000, for a total cost of \$32,000. Not to

⁷⁵ Gonzalez, Martin. Personal Interview. 17 Feb. 2008.

⁷⁶ Gonzalez, Martin. Personal Interview. 17 Feb. 2008.

mention the maintenance cost that has tallied up. After three days he reported his diesel truck was releasing an excessive amount of smoke; he immediately took it to the dealership and was informed that the warranty did not cover the problem his truck was having.

Pague \$850 para que le metieran la maquina y cambiaran la pompa del diesel. Y perdí dos semanas de trabajo (I paid \$850 so they could insert a machine (that would check what was wrong) and so they would change my diesel pump. And I lost two weeks of work).⁷⁷

He reported that this still failed to fix the problem. He ended up taking it to his friend who owned a small shop who found the problem, and fixed it for \$80. The cost and wait endured at dealerships that led to an estimated \$2,000 income loss, according to Gonzalez, drove him to go to a local truck shop. The problem is that newer trucks have systems that not all local shops are equipped for, and he has been driven back to the dealership against his will because of problems his local shop cannot take care of. During the period of six months that he has owned the truck he has faced several other problems that have forced him to go back to the dealership.

The program also limits him to a 50-mile radius around the port, a minimum of 50,000 miles, and a maximum of 67,000 miles. According to Monaco's study, a driver travels an average of 1,179 miles a week, a total average of about 63,666 miles a year.⁷⁸ He also stated that his net income has some restrictions, but he is not clear about how that works, and also did not take into account that his truck would no longer qualify as of January 1, 2012, according to the Clean Truck Program phase out schedule. He will be required to retrofit his 2005 truck, or purchase a 2007 model year truck. Gonzalez was asked if he would still become a participant of the Gateway Cities Program knowing and having experienced what he has to date.

No, me fuera esperado y fuera [comprado] un camión [del año] 2000 por \$20,000 y me fuera olvidado de este trato (No, I would have waited and bought myself a 2000 model year truck for \$20,000 and forgotten about this deal).⁷⁹

He felt that he had been taken advantage of, and worried about his future. Several companions who participated in the Gateway Cities Program shared his sentiments. Garcia, Gonzalez, and Martinez shared a few stories of companions who were struggling, losing their homes, and their trucks due to the inability to support them financially.

To make matters worse, Martinez reported that he needed medical care, but was unable to comply with his doctor's recommendation.

Tengo una hernia, y necesito seis a ocho semanas para descansar. Pero quien me va a pagar los billes por ocho semanas?... A mi si me preocupa mucho el seguro

⁷⁷ Gonzalez, Martin. Personal Interview. 17 Feb. 2008.

⁷⁸ Monaco, Kristen. "Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach." California State University Long Beach Jan. 2008. 20.

⁷⁹ Gonzalez, Martin. Personal Interview. 17 Feb. 2008.

medico, me encantaria tenerlo...Uno necesita ir al doctor (I have a hernia, and I need to take six to eight weeks to rest. But who is going to pay my bills for eight weeks? I do worry about medical care insurance; I would love to have it. One needs to go to the doctor).⁸⁰

Independent truck drivers are classified as independent contractors, which disqualifies them from attaining sick leave, paid vacation, health insurance, and stock options. Companies do not have to withhold social security taxes, or pay unemployment or workers compensation for independent contractors. On February 19 at a Long Beach Harbor Commission meeting an independent truck driver stated that "When we get sick we go to Tijuana." My family and I know Tijuana very well; both my parents and I have undergone surgical procedure in Tijuana and make several visits a year for routine check-ups. The Los Angeles Times reported in a 2005 article "about 160,000 California workers ... are getting their annual checkups and having surgeries through health networks south of the border".⁸¹ Medical care is a commodity in the United States that many cannot afford.

The cost of gas is also a big concern among independent truck drivers, not only for San Pedro Bay Port truck drivers, but also independent truck drivers nationally. "Cada día se pone mas dura la cosa, ya no es negocio" ("It's getting harder everyday, this business is no longer profitable") reported Garcia, referring to his work as an independent truck driver.⁸² But his sentiment is widespread across independent truck drivers nationally, "If things don't change, I'll be under in four to five months" reported Tim Fisher, a truck driver from Indiana, referring to diesel prices. His truck was in serious need of repair he could not afford, according to the reports.⁸³ Diesel prices in California have reached \$4.31 as of April 21, 2008. A year ago they were at \$3.00. Diesel is the top expense for a driver. Monaco's study reported that independent truck drivers spend an average of \$500 dollars a week on an average gross income of about \$1,500 a week.⁸⁴ The study was conducted in December 2007 when prices were an average of \$3.47. Several protests against the surging diesel prices are being held by independent truck drivers across the nation, with one being held in the nation's capital on April 28, 2008 with expected independent truck drivers from over 25 states.⁸⁵

The income of independent truck drivers has been forced to take the cut for the increased diesel prices. Drayage rates have not increased according to independent truck

⁸⁰ Gonzalez, Martin. Personal Interview. 17 Feb. 2008.

⁸¹ Marosi, Richard. "Healthcare is Migrating South of the Border." Los Angeles Times 21 Aug. 2005 <<http://pqasb.pqarchiver.com/latimes/access/884808381.html?dids=884808381:884808381&FMT=ABS&FMTS=ABS:FT&date=Aug+21%2C+2005&author=Richard+Marosi&pub=Los+Angeles+Times&desc=THE+NATION%3B+Healthcare+Is+Migrating+South+of+the+Border%3B+California+employers+are+steering+Latinos+to+Mexico%2C+where+care+is+less+costly+but+uneven.&pqatl=google>>

⁸² Gonzalez, Martin. Personal Interview. 17 Feb. 2008.

⁸³ Franklin, Stephen. "Driven to the End of the Road." Chicago Tribune 25 March 2008 <www.chicagotribune.com/business/chi-tue-trucks-repo-diesel-mar25,0,3589923.story>

⁸⁴ Monaco, Kristen. "Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach." California State University Long Beach Jan. 2008. 20.

⁸⁵ "Truckers Roll to Washington." Portland Press Herald 27 April 2008 <<http://news.mainetoday.com/updates/026124.html>>

drivers. Garcia presented me with the list of drayage rates he was able to obtain (Appendix 6). “Estado trabajando en esta compañía por los últimos cinco años, los precios no han cambiado, y ellos son una de las compañías que pagan mejor” (“I’ve been working at this company for five years, these rate have not changed, and they are one of the companies that offer the better drayage rates”), reported Garcia, who has been providing his services at International Bridge Transport. The list of drayage rates was reported to be revised on March 16, 2007, and it was noted that the company does not put their name on the list, which raises some questioning of why that is.

The first location on the list was Acton, California, which is approximately 68.4 miles away from the Port of Los Angeles.⁸⁶ The trucks currently in service offer about 5.5 miles per gallon, according to the Haveman et al. study.⁸⁷ Moving cargo to Acton, California would require about 12.44 gallons of diesel that at current prices would cost about \$53.60. The one way pay is \$87.50 and round trip pay is \$175.00. Garcia mentions that drivers are not always able to find another freight to take back; in this case the company will only give them a portion of the round trip pay. Going both ways will cost an estimated \$107.20, which comes out to be about 61% of the driver’s pay. This is not to mention food for the trip, insurance expenses, registration, and other operating cost fees required of the independent truck drivers. Trips varied on return; closer locations such as Long Beach only took 15% of the round trip pay in diesel and distant locations such as Litchfield, Arizona took as much as 73% of the round pay in diesel. Garcia mentions his preference for short distance cargo due to the higher return, and less time being tied up.

Independent truck drivers are holding on by a thread that continues to become weaker. Many of them continue to stay in the trucking industry because they do not have many doors open as less skilled workers. Garcia states “Es lo único que se hacer, lo eh hecho toda mi vida” (“It’s the only thing I know, I’ve been doing this all my life”). The Chicago Tribune reports:

Truckers like him [referring to independent truck driver Tim Fisher] are vanishing from the nation's highways. Vulnerable before, they are almost defenseless now. Facing dwindling freight shipments as the U.S. economy shrinks, fierce competition from job-hungry truckers that keeps rates down, and diesel fuel costs surging over \$4 a gallon in some areas, the highest since the government began keeping inflation-adjusted figures in 1980, their financial woes force them to cash out daily.⁸⁸

Independent-owner operators are facing financial woes that are forcing them out of the market. Nassau Asset Management, one of the nation’s largest repossession firms,

⁸⁶ Google Maps. Los Angeles Harbor to Acton, California < <http://maps.google.com/>>

⁸⁷ Haveman, Jon and Christopher Thornberg. “Clean Trucks Program: An Economic Policy Analysis.” *Beacon Economics* Feb. 2008. 30.

⁸⁸ Franklin, Stephen. “Driven to the End of the Road.” *Chicago Tribune* 25 March 2008 <www.chicagotribune.com/business/chi-tue-trucks-repo-diesel-mar25,0,3589923.story>

reported an increase of 110% in truck repossession, from which the majority are independent truck drivers.⁸⁹

When asked about their ability to negotiate drayage rates they responded that they had no power to do so. Independent truck drivers are price takers because they are seen as an easily replaceable asset due to the large numbers of less skilled workers available. The outsourcing of manufacturing jobs has also increased the pool of less skilled workers in Southern California. There are minimal barriers to enter the industry as an independent truck driver; anyone with the ability to work can go to the DMV and apply for a license to drive a diesel truck.

Pablo Garcia

Pablo Garcia is 50 years old, and has worked in the trucking industry for 29 years as an employee and independent-operator. He is a high school graduate from Banning High School in Wilmington, California and currently lives in Carson, California. He emigrated from Mexico at the age of 15, in search for a better life. The majority of his siblings were already living in the United States, and his father spent many years in the United States as a farm worker. He has been working for International Bridge Transport as an independent truck driver for the last five years. He works an average of 40 to 45 hours a week in his 1992 model year diesel truck. On average he does not take a vacation unless it is due to an injury and cannot work. He reported an estimated net income between \$60,000 to \$80,000, but estimates that he spent well over \$30,000 in operating costs. He has four children, and his wife helps him sustain the household by also working. He does not have any health insurance for himself or his wife, but his younger children use government sponsored health care programs. He estimates that he spent \$4,000 to \$4,500 in medical care costs for himself and his family in the past year.

“Do you believe in Santa Claus? Well I use to when I was little, but when I got older and did not see anything under the tree I stopped believing. It is the same situation with unions” shared Garcia. Garcia was unionized at one point by the Teamsters as a young man back in 1975. He reported that he was happy with the representation he had, but after the deregulation of the market he became an independent truck driver. He lost hope after fighting in several strikes for better rates, against increasing diesel prices, and for unionization.

Despite antitrust laws independent truck drivers have held several unsuccessful wildcat strikes over the years. Most notably are the strikes that took part in 1983, 1988, 1993, and 1996.

An 11-day truck strike took place February 1983 across several port cities led by the Independent Truckers Association. Increasing fuel prices provoked the strike.⁹⁰ The

⁸⁹ Franklin, Stephen. “Driven to the End of the Road.” Chicago Tribune 25 March 2008
<www.chicagotribune.com/business/chi-tue-trucks-repo-diesel-mar25.0,3589923.story>

⁹⁰ Noble, Kenneth B. “11-Day Trucker Strike Called Off Amid Signs Protest Had Collapsed.” New York Times 11 Feb. 1983
<<http://select.nytimes.com/gst/abstract.html?res=F00817FB3F5F0C728DDDAB0894DB484D81>>

strike turned violent; 638 drivers reported being shot at. One driver was killed during the strike. To the dismay of many independent truck drivers the strike was called off by the Independent Truckers Association after 11-days. Several officials from the Independent Truckers Association were accused of being sellouts. Independent Truckers Association officials stated that they backed down because they received promises from several Congressmen, who agreed to look into the schedule increases of Federal fuel taxes and user fees. A similar faith was met in 1988, when a two-week walkout against licensed motor carriers turned violent and collapsed.⁹¹

November 1993 brought a strike for several days led by independent truckers. A strike once again strained from rising fuel price and taxes, and flat earnings. Todd Spencer, Executive Vice President of the Owner-Operator Independent Drivers Association, stated that in 1993 "the average owner-operator makes about \$25,000, and it hasn't moved" in a decade. "That's the reason for most of the frustration now," Spencer said.⁹² Independent truck drivers taking part in the strike were able to keep several truck drivers out of the ports through picket lines.

In May of 1996 thousands of San Pedro Bay Area port drivers refused to haul cargo for non-union companies for several days. This strike was organized by the Communications Workers of American Union in order to help independent strikers unionize. Truck drives were driven by the inability of their salary to cover increasing living costs. The Los Angeles Times quoted Emilio Conrado, a 58-year-old independent truck driver, "There's no hope for the future if we continue like that."⁹³ The Los Angeles Times news article stated that Conrado reported a miserable gross income of \$22,000 at the end of last year, and said after expenses he only earned about \$5,000. The attempts were faced with legal barriers created by antitrust laws that prevent independent contractors from unionizing. The Communication Workers of America planned to get

⁹¹ Leeds, Jeff and Stuart Silverstein. "Independent Truckers, Union Form a Convoy." Los Angeles Times 11 May 1996

<[http://pqasb.pqarchiver.com/latimes/access/16685188.html?dids=16685188:16685188&FMT=ABS&FMTS=ABS:FT&date=May+11%2C+1996&author=STUART+SILVERSTEIN%3B+JEFF+LEEDS&pub=Los+Angeles+Times+\(pre1997+Fulltext\)&desc=Independent+Truckers%2C+Union+Form+a+Convoy%3B+Transportation%3A+A+highstakes%2C+longshot+campaign+to+organize+would%2C+if+successful%2C+write+a+new+page+in+labor+history.+But+many+roadblocks+remain.&pqatl=google](http://pqasb.pqarchiver.com/latimes/access/16685188.html?dids=16685188:16685188&FMT=ABS&FMTS=ABS:FT&date=May+11%2C+1996&author=STUART+SILVERSTEIN%3B+JEFF+LEEDS&pub=Los+Angeles+Times+(pre1997+Fulltext)&desc=Independent+Truckers%2C+Union+Form+a+Convoy%3B+Transportation%3A+A+highstakes%2C+longshot+campaign+to+organize+would%2C+if+successful%2C+write+a+new+page+in+labor+history.+But+many+roadblocks+remain.&pqatl=google)>

⁹² Sanchez, Jesus. "Independent Truck Strike Begins to Hurt Farm Produce Exports Commerce." Los Angeles Times 16 Nov. 1996

<[http://pqasb.pqarchiver.com/latimes/access/60251378.html?dids=60251378:60251378&FMT=ABS&FMTS=ABS:FT&date=Nov+16%2C+1993&author=JESUS+SANCHEZ&pub=Los+Angeles+Times+\(pre-1997+Fulltext\)&desc=Independent+Truckers+Strike+Begins+to+Hurt+Farm+Produce+Exports+Commerce%3A+Traffic+at+the+Ports+of+Los+Angeles+and+Long+Beach+and+at+major+rail+yards+remains+light+for+the+fifth+day+in+a+row.&pqatl=google](http://pqasb.pqarchiver.com/latimes/access/60251378.html?dids=60251378:60251378&FMT=ABS&FMTS=ABS:FT&date=Nov+16%2C+1993&author=JESUS+SANCHEZ&pub=Los+Angeles+Times+(pre-1997+Fulltext)&desc=Independent+Truckers+Strike+Begins+to+Hurt+Farm+Produce+Exports+Commerce%3A+Traffic+at+the+Ports+of+Los+Angeles+and+Long+Beach+and+at+major+rail+yards+remains+light+for+the+fifth+day+in+a+row.&pqatl=google)>

⁹³ Leeds, Jeff and Stuart Silverstein. "Independent Truckers, Union Form a Convoy." Los Angeles Times 11 May 1996

<[http://pqasb.pqarchiver.com/latimes/access/16685188.html?dids=16685188:16685188&FMT=ABS&FMTS=ABS:FT&date=May+11%2C+1996&author=STUART+SILVERSTEIN%3B+JEFF+LEEDS&pub=Los+Angeles+Times+\(pre1997+Fulltext\)&desc=Independent+Truckers%2C+Union+Form+a+Convoy%3B+Transportation%3A+A+highstakes%2C+longshot+campaign+to+organize+would%2C+if+successful%2C+write+a+new+page+in+labor+history.+But+many+roadblocks+remain.&pqatl=google](http://pqasb.pqarchiver.com/latimes/access/16685188.html?dids=16685188:16685188&FMT=ABS&FMTS=ABS:FT&date=May+11%2C+1996&author=STUART+SILVERSTEIN%3B+JEFF+LEEDS&pub=Los+Angeles+Times+(pre1997+Fulltext)&desc=Independent+Truckers%2C+Union+Form+a+Convoy%3B+Transportation%3A+A+highstakes%2C+longshot+campaign+to+organize+would%2C+if+successful%2C+write+a+new+page+in+labor+history.+But+many+roadblocks+remain.&pqatl=google)>

around this by short-lived attempts by the Transport Maritime Association to hire a large number of San Pedro Bay owner operators by offering them high wages and benefits. The Transport Maritime Association would then lease employee drivers to licensed motor carriers. Independent truck drivers were ultimately forced back to work.

Several periodical strikes over the 1980s and 1990s point to a discontent with wages due to rising living costs, which is still a concern for present day independent truck drivers. “We need new ideas, fresh faces, we see the same people who have brought us no change.” Garcia feels that he and his companions do not believe that the Teamsters will bring them change because they have failed to help them in the past. According to Garcia, they have also failed to bring new ideas and people that would spark new hope for truck drivers.

Personal experiences and studies presented point to a lack of financial means by independent truck drivers to sustain the Clean Truck Program. Independent truck drivers are in need of higher drayage rates in order to continue to provide themselves and their families with a decent living. Independent truck drivers must seek an employee provision in the Clean Truck Program implemented in both ports despite their fears because our labor laws define only two categories: employee or independent contractor. As we know now from past experiences they will continue to be constrained by antitrust laws that apply to them as independent contractors.

The Port of Los Angeles has approved a Clean Truck Program with an employee provision that has claimed a victory for labor and the environment. Unions should use this win as a springboard, along with new ideas, to bring hope and gain trust among independent truck drivers. But the approval of a Clean Truck Program is only the first step, a lot of work is ahead in the coming years and the best way to ensure a successful implementation in the Port of Los Angeles is through organizing a strong collaboration between unions, environmental organizations, and large number of independent truck drivers serving the San Pedro Bay Ports. A strong collaboration can also put stronger pressure on the Port of Long Beach to acknowledge the facts, and implement a Clean Truck Program with an employee provision in the future.

Chapter 9: Community Accountability and Long-Term Sustainability

The San Pedro Bay Ports has created a revolutionary plan that will require billions of dollars in financial support, and large investment of time. It is crucial to implement a successful Clean Truck Program that will ensure that the investment of time and money will not go to waste. A successful Clean Truck Program is also necessary to ensure that the ports will be able to continue expansion plans in order to meet future needs. A successful plan will meet the 2007 emission standards, and will continue to meet standards past the implementation timeline without future funding from the San Pedro Bay Ports. In order to do this the San Pedro Bay Ports must implement a Clean Truck Program that will ensure that the owner of new trucks will be able to maintain them, and will have the financial means to update them as emission standards become stricter. The powerless position that independent truck drivers hold in the trucking industry makes them the less desirable owners for the trucks. Though licensed motor carriers also lack the financial means to purchase and maintain these trucks, a consolidation through an employee mandate would allow them to gain more market power that would in return give them a bigger say in the rates they negotiate with beneficial cargo owners.

A couple shortfalls were found regarding the Clean Truck Program with an employee mandate, and will be addressed in the following section.

Port of Long Beach and Port of Los Angeles Consensus on a Clean Truck Program

The first recommendation would be to get the Port of Long Beach to follow the same plan of action the Port of Los Angeles has implemented. It is unpractical for the Port of Long Beach and the Port of Los Angeles to adopt different plans seeing as they are located on the same waterfront. It will create an artificial division that can affect the way truck drivers and licensed motor carriers do business. Truck drivers and licensed motor carriers that are currently serving both ports will be forced to pick a side, depending on their choice to implement the employee mandate or not. Licensed motor carriers and truck drivers will run to the port whose new regulations better benefit them. In order to effectively enforce a Clean Truck Program it is necessary for both ports to adopt the same program. A smoother transition will result from one set of regulations, and a complete partnership that can work together to unify information and resources.

Gateway Cities Program Study

Gateway Cities Program provides a case study for a “basic model” Clean Truck Program, similar to what the Port of Long Beach has implemented. In order to put more pressure on the Port of Long Beach it would be strongly suggested to conduct a study on the independent truck drivers who took part in the Gateway Cities Program. The Port of Long Beach claims that their number one goal is to clean the air as soon as possible. The Gateway Cities Program claims the success of clearing out 628 dirty trucks, but in what condition are these trucks in now? Have the independent truck drivers been able to maintain them? And how has their financial situation changed?

Several stories were encountered, and some were presented in this paper, in which independent truck drivers have been put in a financial bind because of the new trucks they

acquired through the Gateway Cities Program. But stories are not enough to move a board of businessman and politicians. A study of the Gateway Cities Program proving that independent truck drivers cannot afford these trucks and that the billion dollars of subsidies can result in very little environmental impact in the long run will be a study that the Port of Long Beach will have to take into account.

Public Transportation Expansion

By 2020 the San Pedro Bay Ports expect to experience an increase of more than 50% their current TEU. How will South Coast Basin deal with such a heavy inflow of cargo? Plans to add lanes to the 5 and 710 freeways are already on their way. But is this enough to mitigate future growth? Most Angelinos are already frustrated with the extended time one is forced to spend on the freeway due to heavy traffic. As a frustrated Angelino, I do not think I can take the stress of any more time being added to my travel time. Freeway expansion is not the answer; it is a temporary solution to the ever-growing problem of traffic.

An expansion of an efficient public transportation system that would attract new riders is a more sustainable answer. By taking more cars off the road, we can make more room for the growing number of trucks that will be on the freeways of the South Coast Basin in the future.

Diverse Harbor Commission

A Clean Action Air Plan Stakeholder Group that involved environment, academia, industry, labor, and government agencies was appointed. This mix of stakeholders is ideal for the planning process of the San Pedro Clean Air Action Plan, and more specifically the Clean Truck Program.

A mix of stakeholders ensures that the plan will be fair to all stakeholders. Also, by bringing in different stakeholders you can gain more insight into the problem and the possible solutions. The Clean Action Air Plan Stakeholder Group is ideal, but it lacks the authority necessary to ensure the Clean Truck Program will take into account their recommendations.

On February 19, 2008, during the Port of Long Beach Harbor Commission meeting, Angelo Logan from East Yard Communities asked the board of commissioners to allow more time for the review of the Clean Truck Program that they were planning on signing that day because “the task force were not allowed enough time to actually review it.”⁹⁴ The Port of Long Beach only allowed the public three days to review the proposed Clean Truck Program, not giving enough time to the stakeholder group to convene and analyze it.

This stakeholder group supplements for the non-inclusive board of commissioners making the decisions at the San Pedro Bay Ports. The Port of Long Beach Harbor Commission seats are filled by business and government officials. While these positions

⁹⁴ Logan, Angelo. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

are important to the development of the port, communities, environment, labor, industry, and academia are equally as important. The Port of Los Angeles Harbor Commission represents more stakeholders including labor, environment, business, and law in their board.

The stakeholder groups is a great addition to the planning process, but will not be of any help if they do not hold some authority over the decisions of the San Pedro Bay Ports Harbor Commission. Granting more authority to the stakeholder group could prove beneficial to both ports.

On several occasions, I attended Port of Long Beach Harbor Commission meetings where the board repeatedly asked questions about labor practices in the trucking industry. For example: “How many people are you able to contract with?”, “Are you able to negotiate your rates?”, and “I’ve heard that truck drivers prefer to work 25 hours, instead of 40?” Questions that should be answered before you are going to pass a plan that can be heavily affected by the answers to these questions. If the Port of Long Beach included labor and industry stakeholders these questions would have been answered, and it might have led to a more sustainable Clean Truck Program that aligned with the program the Port of Los Angeles signed one month later.

Market Regulation

In 1980, the U.S. was at the brink of a recession fueled by rapid inflation that some economist argued had to do with high wages that were sustained through heavily regulated markets. Deregulation of several industries including railroad, airline, and trucking followed as a solution for the problem in the late 1970s and early 1980s. 28 years later we are at the brink of another recession, but this time it is being fueled by low wages.

The U.S. Economy finds itself in trouble again as oil prices are spinning out of control, houses are rapidly losing value, the dollar is dwindling, and consumer debt is escalating beyond record numbers. Consumers find themselves in a bind as inflation continues to climb and they are strapped to their incomes. Leo Panitch, a distinguished Research Professor of Political Science at York University and the Canada Research Chair in Comparative Economy, responded to the question of our troubling economy.

Well I think it is more fundamental connected with consumer debt, and that itself relates to a 30-year period in which American workers suffered an inability to increase their standard of living through wages. The breaking of the American labor movement back in the early 1980s... The organized strength of workers to secure collective bargaining gain has been broken in the last 30 years...In the United States, in the Richer capitalist Countries generally maintain their standard of living but they have maintained their standard of living by working longer hours, by their whole families working, and by above all living on credit. The general deregulation process, the freedom that governments have allocated the banks generally, financial capital generally to move capital where they would to engage in very risky investments etc...In general part of an active role by governments in disempowering working people, and to empower those places

where people who have money or have easy access to borrowing money to speculated money are located in the society.⁹⁵

Americans are in deep trouble because their wages have not kept up with inflation, and now the credit debt that once provided a secondary source of income is in ruins. U.S. foreclosures have jumped 112% since last year as Americans continue to struggle to make payments.⁹⁶ The deregulation of several industries in the late 1970s and 1980s succeeded in lowering wages, but now we find ourselves in troubling financial times as we did in the 1980s. The deregulation of several key industries lowered rates that trickled down into the wages of workers. By regulating the trucking industry, the well living of millions of workers that are a part of the trucking industry would be ensured. Regulation is also necessary to bring some transparency to the trucking industry. Port of Long Beach Harbor Commission President Mario Cordero told an independent truck driver:

The statistics that you have given us, a lot of people do not believe that... Some of us don't understand, why can't you correct that? Drive for somebody else? Contract for somebody else? Or not be a truck driver at all?⁹⁷

This was in response to the independent truck driver's comment regarding low drayage rates and an inability to contract rates. The debate over drayage rates, and the can and cannot of truck drivers continues to be a verbal debate that is not getting anywhere. Studies have provided some insight to the earnings of independent truck drivers, but their ability as independent contractors to do business continues to be a debate. This research finds that as less skilled workers in a flooded market they have no control over the drayage rates they are paid. They are a weak market player, at the mercy of those who are more powerful, such as licensed motor carriers and beneficial cargo owners. Their exemption from employee rights and inclusion in antitrust laws also hinders their weakness.

A free market would be ideal but it does not ensure an equitable market for all industry players. A free market does not ensure that powerful stakeholders will make decisions based on what is more economically sound for the industry as a whole, instead of their personal financial interests. We have seen numerous examples of influential corporations such as Enron, Xerox, WorldCom in which top management made decisions to benefit their personal gains instead of taking into account their employees, shareholders, and industry as a whole. How many of us experienced the rolling blackouts running through California in 2000 and 2001, caused by energy companies such as Enron, whose financial interests to push prices up after the partial deregulation of the California energy industry led them to cause an artificial shortage?

Regulation of the trucking industry is necessary to ensure equity to all stakeholders. Fair rates would also allow the owners of trucks to find new tactics to make the market more efficient. Low drayage rates force licensed motor carriers and truck

⁹⁵ Panitch, Leo. Interview. Paul Jay. The Real News Network. New York. 24 Jan. 2008.

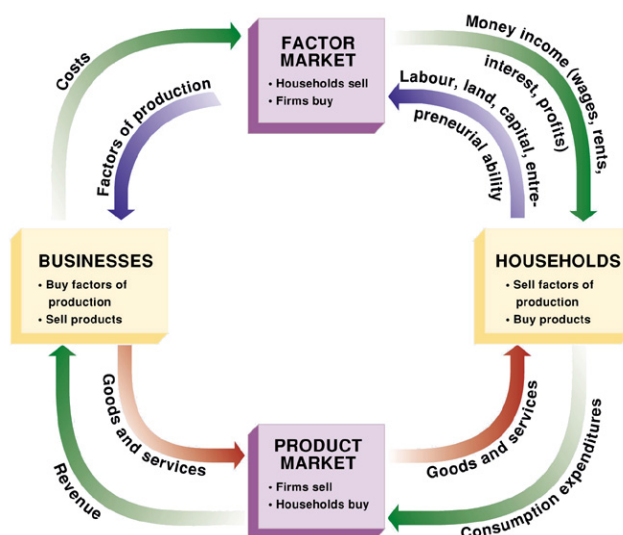
⁹⁶ Adler, Lynn. "U.S. Foreclosures jump 112% with no end in sight." Financial Post 29 April 2008 <<http://www.financialpost.com/story.html?id=480152>>

⁹⁷ Cordero, Mario. Port of Long Beach Harbor Commission. Long Beach. 19 Feb. 2008.

drivers to minimize costs as much as they can, preventing them from installing technology such as a Global Positioning System (GPS), which could be highly beneficial. An article titled “Truck Drivers in the Age of Information: Transformation without Gain” by Dale L. Belman, Francine Lafontaine and Kristen A. Monaco describes that “[i]n contrast with many other jobs blue-collar jobs, a driver from 1975 or even 1950 would quickly recognize and master the job of today’s driver.”⁹⁸ A truck driver today functions much like a truck driver in 1950 despite new technologies, deregulation, and globalization.

Past experience has led us to conclude that heavy regulation of industries also leads to market inefficiencies by putting up numerous market barriers to entry that prevent the necessary competition for a productive industry. Currently, the deregulation of the market has led to the same results; that is why minimal regulation is recommended. A regulatory board should set minimum rates and ensure fair practices. In order to ensure that the trucking industry remains competitive the ports should offer loans, or guarantee loans by small licensed motor carriers to the bank. The aide should only be offered to licensed motor carriers who plan to purchase new trucks that meet 2007 emission standards or greater, and who plan to employ truck drivers. The reasoning behind this specification is that they will incur the greater cost, and bring the greatest benefit to the market.

The regulation of the trucking industry would ultimately force beneficial cargo owners to pay the drayage rates that are necessary to properly maintain the trucking industry and its stakeholders. The ports and taxpayers will not have to continue to subsidize for their responsibilities. Taxpayers spend billions of dollars a year subsidizing health costs that is incur from residents affected by the emission coming from the activity at the ports, and medical costs that low-income independent truckers cannot pay. But this will also benefit beneficial cargo owners, who for the most part provide consumer goods.



Source: Picture from

<http://janssonhhs.edublogs.org>, Concept from Macroeconomics by Gregory N. Mankiw.

⁹⁸ Belman, Dale L., Francine Lafontaine, and Kristen A. Monaco. Trucking In the Age of Information. Burlington: Ashton Publishing. 2005.

Workers want higher wages in order to buy consumer goods. The higher their income is, the higher their spending will be. Independent truck drivers, like many other Americans, just want to achieve the “American” dream, which includes buying a house, owning a car or more, and enjoying the luxuries of life. It is safe to assume that their goal is not to keep a hefty bank account for kicks. If businesses continue to hold more money instead of investing it in higher wages for their workers there will be less money available to flow back into their businesses. Rising home and car repossession fees, and low consumer confidence has sure had some negative effect on businesses.⁹⁹

Grassroots Organizing with an Emphasis on Member Education

The most important action that is necessary to fulfill a successful Clean Truck Program and all of the above recommendations is the organizing of the communities surrounding the San Pedro Bay Ports and independent truck drivers serving the ports. A coalition of environment and labor should be responsible for holding the San Pedro Bay Ports accountable throughout the implementation of this program. If environment and labor do not hold the ports accountable, how will we ensure that they implement a program that includes our interests? The Port of Los Angeles has passed a revolutionary Clean Trucks Program that includes the recommendation of labor and environment, but the challenges of implementation are still ahead; labor and environment must be present figures in order to ensure that the promises are kept.

It is also necessary for labor and environment to provide a supportive role for the San Pedro Bay Ports. The Port of Los Angeles will face litigation from businesses due to the employee mandate, which they claim violates jurisdiction limits of the Shipping Act. A coalition of labor and environment stakeholders should be present to provide support and ensure that the port will not lose sight of its intended goals. Port of Long Beach Harbor Commissioner James C. Hankla argues that the ports do not have the authority to implement an employee mandate.

It is important to remember that we are not the church, we are not the federal government, we are not the state government, and we are not the county government; we are the Port of Long Beach. We have very specific duties and responsibilities bestowed on us by the city charter but state law as well as to what we can and cannot do... Somewhere along the way someone decided that we should take on the responsibilities of all those aforementioned units of governments and society, and fix a lot of things that need to be fixed. I'm the first one to agree they need to be fixed, but I do not believe that we are the appropriate agency to fix them.¹⁰⁰

Whether the Port of Los Angeles has the right to enforce an employee mandate will be decided by the courts. In the case that the courts deny them the right to implement an employee mandate, a strong coalition of environment and labor could put pressure on

⁹⁹ “Consumer Confidence Lowest Since 1982.” *CNN Money* 25 April 2008

<http://money.cnn.com/2008/04/25/news/economy/consumer_confidence/?postversion=2008042511>

¹⁰⁰ Hackla, James C. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

Congress and state legislatures, who do have the authority to do what is necessary to implement an employee mandate that will ensure a sustainable Clean Truck Program.

Organizing a strong and sustainable coalition of community members and independent truckers to represent environment and labor will ensure that their needs are met. In order to do this environment organizations and unions must engage in grassroots organizing that empowers residents and workers. Environment organizations and the Teamsters that are working on the Clean Truck Program are currently more concentrated in gaining political support, but how attainable is it if they do not have the numbers to apply the necessary pressure? Several harbor commission meetings and events were attended throughout this research, and while large crowds were attracted, it was questionable whether they could put enough pressure on political officials.

Environmental organization leaders and union officials should ask themselves if we were to leave the movement tomorrow what would happen to the environmental and labor movement. Community members and independent truck drivers were concerned about the issues, but not many appeared to have the knowledge or tools to know how to move their agenda forward. This can lead them to lose interest in environmental and labor issues affecting them because they do not feel ownership of the agenda.

Ports in the United States have a rich history of unionization. The strongest unions emerged from the docks before the twentieth century. The ILWU is a powerful union that has maintained substantial power since emerging onto the mainstream in 1934. The Teamsters also attained a strong standing that dwindled after the deregulation of the trucking industry. Nonetheless, both of these unions have several lessons that current environmental organizations and unions can learn from.

The success the Teamsters had extends from strong efforts to organize nationally and efforts to be inclusive. The success of the ILWU extends largely from their efforts to educate their members. In the past, probationary members of the ILWU had become registered voters and attended required classes at the California Labor School in order to attain full membership. Cleophas William recalls the transformation he experienced through the education:

It was ‘All this time I’ve been in the dark, and now I’m beginning to see the light. Why did you keep my eyes closed for so long?’ It was a beautiful experience to see how you could be in concert with other workers to improve your lot, and not be out there saying ‘You gotta hustle, hustle, hustle, and you can go ahead, son.’ That’s what I thought-not to come together with the energies of other people and combine those energies for the cause of all.¹⁰¹

Educating their members was the key to unlocking their minds and hearts. The new knowledge changed their roles from followers to workers that fought for the labor agenda they themselves understood and advocated. The deeper understanding made workers feel

¹⁰¹ Kimeldorf, Howard. Reds or Rackets? The Making of Conservative Unions on the Waterfront. Berkley: University of CA Press, 1988. 147.

a sense of responsibility over their situation, which led them to go the distance in order to create better working conditions for themselves.

Environment leaders, labor leaders, and supporters should be commended for their work. A lot of progress has been made in both environment and labor agendas, but in order to attain the success that our labor ancestors once had, and surpass it, we need to create a strong coalition of community and workers that are able to put substantial pressure on our political officials.

Conclusion

The goal of the Clean Truck Program is to clean up the air. The Port of Long Beach did not support the employee mandate because it was outside the Clean Truck Program Agenda. The Port of Long Beach Commissioner shared his sentiment with the public.

I'm astonished that many environmental groups have subordinated their environmental agendas, which we have wholeheartedly subscribed to, to demand a remedy for which there is no environmental justification. There may be great justification, but not environmental justification.¹⁰²

But have environmental groups really subordinated their environmental agenda? Natural Resources Defense Counsel lawyer David Pettit dismisses accusations that he is doing bidding for labor; "We have a common goal with the Teamsters. They have reasons for wanting to support this trucking plan. We have reasons for wanting to support this trucking plan. We have the same goal but we're coming from different directions."

Independent truck drivers do not have the income to maintain new trucks that meet federal emission standards. The studies and the stories all point to the same conclusion. Implementation and oversight of the Clean Truck Program will also be more difficult if you are dealing with thousands of independent truck drivers instead of a few hundred licensed motor carriers serving the San Pedro Bay Ports. A concession plan will also provide an incentive for the use of technology and new strategies that will make the trucking industry more efficient.

Currently, both ports face litigation from the stakeholders that they were unable to satisfy; this will most likely delay the process of implementation. The Clean Truck Program has become the most controversial component of the San Pedro Bay Ports Clean Air Action Plan due to a proposed concession model that would force licensed motor carriers to employ independent truck drivers. The ports are in a situation where they are being forced to choose between satisfying big business or environmental groups and labor. Neither side is willing to compromise. The San Pedro Bay Ports find themselves in a bind in which they themselves are not able to come to an agreement.

A Clean Truck Program with an employee mandate will ensure the future of thousands of trucker families such as my own. I am hopeful that the Clean Truck Program will allow my father to continue to do what he loves, and provide a decent living for our family.

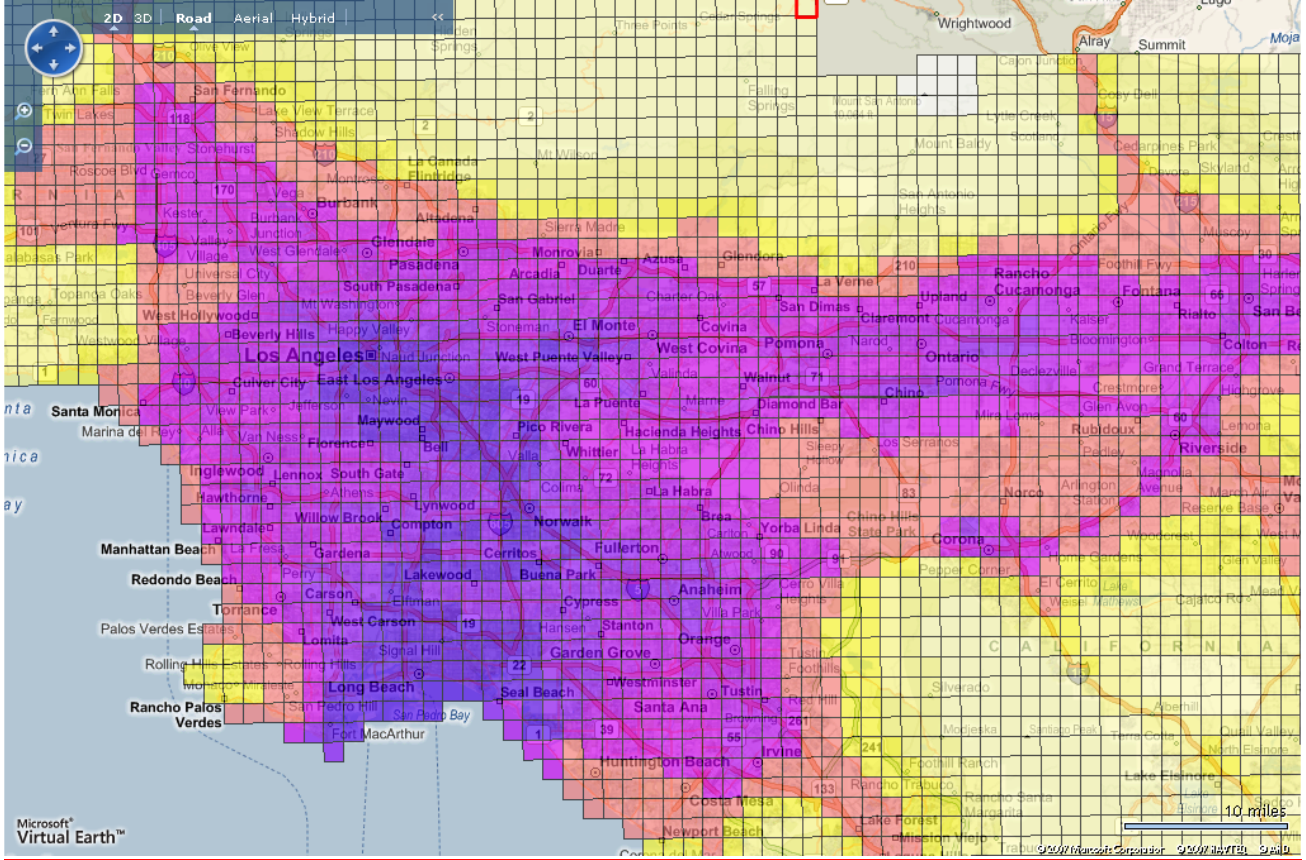
¹⁰² Hackla, James C. Port of Long Beach Harbor Commission. Long Beach. 19 Feb 2008.

Appendix

Appendix 1

South Coast Basin Cancer Risk

Source: <http://www2.aqmd.gov/webappl/matesiii/>



Estimated Risk

- < 100
- 100 to < 200
- 200 to < 300
- 300 to < 400
- 400 to < 600
- 600 to < 800
- 800 to < 1000
- 1000 to < 1200
- Greater or equal 1200

Appendix 2

San Pedro Bay Ports Clean Air Action Plan

<<http://polb.com/civica/filebank/blobdload.asp?BlobID=3452>>

Heavy-Duty Vehicles/Trucks

- ♦ By the end of 2011, all trucks calling at the Ports frequently or semi-frequently will meet or be cleaner than the EPA 2007 on-road particulate matter (PM) emissions standards (0.01 g/bhp-hr for PM) and be the cleanest available oxides of nitrogen (NO_x) at the time of replacement or retrofit.

Ocean-Going Vessels

- ♦ 100% compliance with the Vessel Speed Reduction (VSR) Program (initially out to a distance of 20 nm from Point Fermin, and expanded to 40 nm).
- ♦ The use of ≤0.2% sulfur Marine Gas Oil (MGO) fuel in vessel auxiliary and main engines at berth and during transit out to a distance of 20 nautical miles (nm) from Point Fermin and expanded to 40 nm or equivalent reduction (starting 1st quarter 2008).
- ♦ The use of shore-power (or equivalent) for hotelling emissions implemented at all major container, selected liquid bulk, and cruise terminals in POLA within five years and at all container terminals and one crude oil terminal in POLB within

five to ten years (the implementation time difference being due to the Port of Long Beach's more extensive infrastructure development schedule).

- The use of diesel particulate matter (DPM) and NOx control devices on auxiliary and main engines mandated on new vessel builds and existing frequent callers.

Cargo Handling Equipment

- Beginning 2007, all CHE purchases will meet one of the following performance standards:
 - Cleanest available NOx alternative-fueled engine, meeting 0.01 g/bhp-hr PM, available at time of purchase, or
 - Cleanest available NOx diesel-fueled engine, meeting 0.01 g/bhp-hr PM, available at time of purchase.
 - If there are no engines available that meet 0.01 g/bhp-hr PM, then must purchase cleanest available engine (either fuel type) and install cleanest Verified Diesel Emissions Controls (VDEC) available.
- By the end of 2010, all yard tractors operating at the San Pedro Bay Ports will meet at a minimum the EPA 2007 on-road or Tier IV engine standards.
- By the end of 2012, all pre-2007 on-road or pre-Tier IV top picks, forklifts, reach stackers, rubber tired gantries (RTG), and straddle carriers <750 hp will meet at a minimum the EPA 2007 on-road engine standards or Tier IV off-road engine standards.
- By end of 2014, all CHE with engines >750 hp will meet at a minimum the EPA Tier IV off-road engine standards. Starting 2007 (until equipment is replaced with Tier IV), all CHE with engines >750 hp will be equipped with the cleanest available VDEC verified by CARB.

Harbor Craft

- By the second year of the Plan, all Harbor Craft (HC) home-based at San Pedro Bay Ports will meet EPA Tier II for harbor craft or equivalent reductions.
- By the fifth year, all previously repowered HC home-based at San Pedro Bay Ports will be retrofitted with the most effective CARB verified NO_x and/or PM emissions reduction technologies.
- When Tier III engines become available, within five years all HC home-based at San Pedro Bay Ports will be repowered with the new engines.

Railroad Locomotives

- By 2008, all existing Pacific Harbor Line switch engines in the Ports shall be replaced with Tier II engines equipped with 15-minute idling limit devices, retrofitted with either DOCs or DPFs, and shall use emulsified or other equivalently clean alternative diesel fuels available.
- Any new switch engine acquired after the initial Pacific Harbor Line replacement must meet EPA Tier III standards or equivalent to 3 grams NO_x/bhp-hr and 0.023 g PM/bhp-hr.
- By 2011, all diesel-powered Class 1 switcher and helper locomotives entering Port facilities will be 90% controlled for PM and NO_x, will use 15-minute idle restrictors, and after January 1, 2007 use ULSD fuels.
- Starting in 2012 and fully implemented by 2014, the fleet average for Class 1 long haul locomotives calling at Port properties will be Tier III equivalent (Tier II equipped with DPF and SCR or new locomotives meeting Tier III) PM and NO_x and will use 15-minute idle restrictors. Class 1 long haul locomotives will operate on ULSD while on Port properties by the end of 2007.

Technologies to get to these levels of reductions will be validated through the Technology Advancement Program.

- Any new rail yard developed or significantly redesigned at the San Pedro Bay Ports shall be required to operate the cleanest available technology for switcher, helper, and long haul locomotives, utilize idling shut-off devices and exhaust hoods, use only ULSD or alternative fuels, and have clean only CHEs and HDVs consistent with the Clean Air Action Plan.

Appendix 3

San Pedro Bay Ports Clean Air Action Plan

<<http://polb.com/civica/filebank/blobload.asp?BlobID=3452>>

The following table presents the Port of Los Angeles' major leases, expiration dates, and currently anticipated upcoming Board action dates related to Environmental Impact Reports and/or lease actions.

POLA Leases & Status

Land Use	Grantee	Terms of Agreement	Date Expires	Anticipated Board Action
Container	POLA Container Terminal (berths 206-209)	Vacant	Vacant	Within 5 years
Container	Eagle Marine Services, Ltd.	30 Years	12/31/2026	1st Quarter 2008
Container	APM Terminals Pacific, Ltd.	25 Years	7/31/2027	Not in 5 yr period
Container	China Shipping Holding Company, Ltd.	25 Years	New	1st Quarter 2007
Container	Evergreen Marine Corporation, LTD.	32 Years	12/31/2028	2 nd Quarter 2008
Container	TraPar	15 Years	9/30/2002	2nd Quarter 2007
Container	Yang Ming Marine Transport Corporation, Ltd.	20 Years	10/10/2021	1 st Quarter 2008
Container	Yusen Terminals Inc.	25 Years	9/30/2016	2nd Quarter 2008
Passengers/Sup Com.	Pacific Cruise Ship Terminals, LLC	18 Months	6/30/2005	Within 5 years
Automobile	Distribution & Auto Services, Inc.	N/A	N/A	N/A
General Cargo	Rio Doce Pasha Terminal, L.P. (berths 174-181)	15 Years	Holdover	1 st quarter 2008
General Cargo	Screevoring Services of America (berths 54-55)	10 Years	10/31/2009	4th Quarter 2009
Dry Bulk	Hugo Neu-Proler Company	30 Years	8/30/2024	Not in 5 yr period
Dry Bulk	Los Angeles Export Terminal Corporation	35 Years	8/30/2032	N/A
Liquid Bulk	Equilon (berths 167-169)	35 Years	2/11/2023	Not in 5 yr period
Liquid Bulk	Exxon Mobil Corporation (berths 238-240)	25 Years	12/31/2015	Not in 5 yr period
Liquid Bulk	Pacific Energy Marine Oil (pier 400)	TBD	TBD	2 nd Quarter 2007

POLA Leases & Status (continued from previous page)

Land Use	Grantee	Terms of Agreement	Date Expires	Anticipated Board Action
Liquid Bulk	Canoco Phillips (berths 148-151)	TBD	Holdover	Not in 5 yr period
Liquid Bulk	Ultramar (berth 164)	25 Years	Holdover	3 rd Quarter 2007
Liquid Bulk	Vopak (berths 187-191)	38 Years	8/29/2023	Not in 5 yr period
Liquid Bulk	Westway Terminal Company, Inc. (berths 70-71)	30 Years	3/23/2025	Not in 5 yr period
Liquid Bulk	GATX Tank Storage (berths 118-119)	25 Years	4/13/2013	Unknown
Liquid Bulk	Amerigas (berth 120)	TBD	Holdover	Not in 5 yr period
Liquid Bulk	Valero (berth 163)	20 Years	6/24/2014	Not in 5 yr period

The following table presents the Port of Long Beach's major leases, expiration dates, and currently anticipated upcoming Board action dates related to Environmental Impact Reports and/or lease actions.

POLB Leases & Status

Land Use	Grantee	Terms of Agreement	Date Expires	Anticipated Board Action
Container	PCT	20 Years	4/30/2022	Not in 5 yr period
Container	SSAT - Pier C	20 Years	4/30/2023	Complete
Container	SSAT Long Beach - Pier A	25 Years	10/21/2027	Not in 5 yr period
Container	TTI	25 Years	8/11/2027	Not in 5 yr period
Container	CUT	30 Years	6/30/2009	4 th Quarter 2007
Container	LGBT	25 Years	6/30/2011	4th Quarter 2007
Container	Pier S	TBD	New Lease	3 rd Quarter 2007
Container	ITS	20 Years	8/31/2006	Complete
Auto	Toyota	16 Years	12/31/2006	4 th Quarter 2006
Break Bulk	Cooper/T. Smith	20 Years	12/31/2008	4th Quarter 2008
Break Bulk	Crescent Terminals	15 Years	6/30/2015	Not in 5 yr period
Break Bulk	Fremont	40 Years	4/30/2036	Not in 5 yr period
Break Bulk	Catalyst Paper (USA) Inc.	3 Years	8/31/2008	3 rd Quarter 2008
Break Bulk	Pacific Coast Recycling	25 Years	11/13/2019	Not in 5 yr period
Break Bulk	Weyerhaeuser	36 Years	1/31/2011	1 st Quarter 2011
Dry Bulk	BP West Coast Products	40 Years	12/31/2009	4th Quarter 2009

CAAP STAKEHOLDER GROUP

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Roxanne Johnson
U.S. Environmental Protection Agency
Region IX

Peter Greenwald, Sr Policy Advisor
South Coast Air Quality Management
District

Mike Tollstrup
California Air Resources Board

The following table compares the Results of the study prepared by Gateways Cities Program and Kristine Monaco from CSULB. Provided by CGR

Survey Characteristic Or Results	CGR	CSLUB
Sample Size – Number of Drivers	209	197
Average Gross Income	\$73,929	\$79,800
Average Net Income	\$29,432	\$36,550
Average Hours Worked per Week	50.8	57.7
Average Annual Miles	44,027	63,118
Average Trips per Day	3.45	3.14
Average Net \$/Hour	\$12.13	\$12.65
Average Net/Mile	\$0.65	\$0.58
Average Net/Trip	\$42	\$47
Average Amount Paid for Tractor	\$21,495	\$24,177
Median Gross Income	\$74,909	\$75,000
Median Net Income	\$29,000	\$36,900
Median Hours Worked per Week	50	60
Median Annual Miles	40,000	50,000
Median Net/Hour	\$11.59	\$12.30
Median Net/Mile	\$0.73	\$0.74
Median Truck payment	\$0	\$0

Current drayage rates for International Bridge Transport Licensed Motor Carrier provided by independent truck driver.

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
ACTON	\$ 87.50	\$ 175.00	B
ADELANTO	\$ 117.50	\$ 235.00	B
AGOORA	\$ 90.00	\$ 180.00	B
ALHAMBRA	\$ 57.50	\$ 115.00	A
ALISO VIEJO	\$ 68.50	\$ 137.00	A
ALPAUGH	\$ 144.50	\$ 289.00	B
ALTA LOMA	\$ 71.50	\$ 143.00	A
AMBOY	\$ 275.00	\$ 550.00	B
ALTADENA	\$ 57.50	\$ 115.00	A
ANAHEIM	\$ 60.00	\$ 120.00	A
ANAHEIM HILLS	\$ 60.00	\$ 120.00	A
APPLE VALLEY	\$ 105.00	\$ 210.00	B
ARCADIA	\$ 55.00	\$ 110.00	A
ARLETA	\$ 60.00	\$ 120.00	A
ARLINGTON	\$ 80.00	\$ 160.00	B
ARROYO GRANDE	\$ 190.00	\$ 380.00	B
ARTESIA	\$ 45.00	\$ 90.00	A
ARVIN	\$ 122.50	\$ 245.00	B
ATWATER	\$ 317.50	\$ 635.00	B
AZUSA	\$ 65.50	\$ 131.00	A
BAKERSFIELD	\$ 165.00	\$ 330.00	B
BALDWIN PARK	\$ 65.00	\$ 130.00	A
BANNING	\$ 100.00	\$ 200.00	B
BARSTOW	\$ 136.00	\$ 272.00	B
BEAUMONT	\$ 112.50	\$ 225.00	B
BEL AIR	\$ 55.00	\$ 110.00	A
BELL	\$ 49.50	\$ 99.00	A
BELL GARDENS	\$ 47.50	\$ 95.00	A
BELLFLOWER	\$ 47.50	\$ 95.00	A
BEVERLY HILLS	\$ 58.00	\$ 116.00	A
BIOLA	\$ 204.00	\$ 408.00	B
BONSALL	\$ 135.00	\$ 270.00	B
BOULDER CITY, NV	\$ 315.00	\$ 630.00	B
BREA	\$ 61.50	\$ 123.00	A

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
BUENA PARK	\$ 60.00	\$ 120.00	A
BUTTONWILLOW	\$ 155.00	\$ 310.00	B
BURBANK	\$ 60.50	\$ 121.00	A
CALABASAS	\$ 85.00	\$ 170.00	B
CALEXICO	\$ 250.00	\$ 500.00	B
CAMARILLO	\$ 117.50	\$ 235.00	B
CANOGA PARK	\$ 70.00	\$ 140.00	A
CARLSBAD	\$ 115.00	\$ 230.00	B
CARPINTERIA	\$ 155.00	\$ 310.00	B
CARSON TARGET	\$ 50.00	\$ 100.00	N/A
CARSON TARGET WKENDS	\$ 55.00	\$ 110.00	N/A
CARSON	\$ 46.00	\$ 92.00	N/A
CATHEDRAL CITY	\$ 140.00	\$ 280.00	B
CERRITOS	\$ 50.00	\$ 100.00	A
CHANDLER, AZ	\$ 387.50	\$ 775.00	B
CHATSWORTH	\$ 85.00	\$ 170.00	A
CHINO	\$ 77.50	\$ 155.00	A
CHULA VISTA	\$ 145.00	\$ 290.00	B
CITY OF INDUSTRY	\$ 59.00	\$ 118.00	A
CLAREMONT	\$ 82.50	\$ 165.00	A
CLOVIS	\$ 187.00	\$ 374.00	B
COACHELLA	\$ 144.00	\$ 288.00	B
COALINGA	\$ 220.00	\$ 440.00	B
COLTON	\$ 92.50	\$ 185.00	B
COMMERCE	\$ 50.00	\$ 100.00	N/A
COMPTON	\$ 50.00	\$ 100.00	N/A
CORCORAN	\$ 187.00	\$ 374.00	B
CORONA	\$ 77.50	\$ 155.00	A
COSTA MESA	\$ 60.00	\$ 120.00	A
COVINA	\$ 62.50	\$ 125.00	A
CUDAHY	\$ 47.50	\$ 95.00	A
CULVER CITY	\$ 55.00	\$ 110.00	A
CUTLER	\$ 187.50	\$ 375.00	B
CUYAMA	\$ 144.50	\$ 289.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
CYPRESS	\$ 47.50	\$ 95.00	A
DAGGETT	\$ 162.50	\$ 325.00	B
DANA POINT	\$ 65.00	\$ 130.00	A
DEATH VALLEY	\$ 220.00	\$ 440.00	B
DEL MAR	\$ 110.00	\$ 220.00	B
DELANO	\$ 187.50	\$ 375.00	B
DIAMOND BAR	\$ 63.00	\$ 126.00	A
DINUBA	\$ 225.00	\$ 450.00	B
DOWNEY	\$ 52.50	\$ 105.00	A
DUARTE	\$ 58.00	\$ 116.00	A
EAGLE ROCK	\$ 55.00	\$ 110.00	A
EDWARDS AFB	\$ 92.50	\$ 185.00	B
EL CAJON	\$ 125.00	\$ 250.00	B
EL CENTRO	\$ 212.50	\$ 425.00	B
EL MONTE	\$ 59.00	\$ 118.00	A
EL SEGUNDO	\$ 56.00	\$ 112.00	A
EL TORO	\$ 63.00	\$ 126.00	B
ENCINITAS	\$ 110.00	\$ 220.00	B
ENCINO	\$ 60.00	\$ 120.00	A
ESCONDIDO	\$ 110.00	\$ 220.00	B
ETIWANDA	\$ 85.00	\$ 170.00	A
EXETER	\$ 178.50	\$ 357.00	A
FALLBROOK	\$ 112.50	\$ 225.00	B
FILLMORE	\$ 80.00	\$ 160.00	B
FIREBAUGH	\$ 280.00	\$ 560.00	B
FLINTRIDGE	\$ 58.00	\$ 116.00	A
FLORENCE	\$ 50.00	\$ 100.00	A
FONTANA	\$ 92.50	\$ 185.00	A
FOOTHILL RANCH	\$ 70.00	\$ 140.00	A
FORT IRWIN	\$ 137.50	\$ 275.00	B
FOUNTAIN VALLEY	\$ 57.50	\$ 115.00	A
FOWLER	\$ 237.50	\$ 475.00	B
FREMONT	\$ 362.50	\$ 725.00	B
FRESNO	\$ 237.50	\$ 475.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
FULLERTON	\$ 58.50	\$ 117.00	A
GARDEN GROVE	\$ 60.00	\$ 120.00	A
GARDENA	\$ 47.50	\$ 95.00	A
GILBERT, AZ	\$ 387.50	\$ 775.00	B
GLENDALE	\$ 70.00	\$ 140.00	A
GLENDORA	\$ 55.00	\$ 110.00	A
GOLETA	\$ 137.50	\$ 275.00	B
GOSHEN	\$ 232.50	\$ 465.00	B
GRANADA HILLS	\$ 65.00	\$ 130.00	A
GUADALUPE	\$ 160.00	\$ 320.00	B
HACIENDA HEIGHTS	\$ 55.00	\$ 110.00	A
HALF MOON BAY	\$ 337.50	\$ 675.00	B
HANFORD	\$ 225.00	\$ 450.00	B
HARBOR CITY	\$ 46.00	\$ 92.00	A
HAWAIIAN GARDENS	\$ 45.50	\$ 91.00	A
HAWTHORNE	\$ 56.50	\$ 113.00	A
HAYWARD	\$ 350.00	\$ 700.00	B
HEBER	\$ 200.00	\$ 400.00	B
HEMET	\$ 110.00	\$ 220.00	B
HENDERSON, NV	\$ 315.00	\$ 630.00	B
HERMOSA BEACH	\$ 47.50	\$ 95.00	A
HESPERIA	\$ 121.50	\$ 243.00	B
HIGHLAND	\$ 85.00	\$ 170.00	B
HOLLYWOOD	\$ 55.00	\$ 110.00	A
HUNTINGTON BEACH	\$ 52.50	\$ 105.00	A
HUNTINGTON PARK	\$ 56.00	\$ 112.00	A
INDIAN WELLS	\$ 150.00	\$ 300.00	B
INDIO	\$ 145.00	\$ 290.00	B
INGLEWOOD	\$ 57.50	\$ 115.00	A
IRVINE	\$ 62.50	\$ 125.00	A
IRWINDALE	\$ 70.00	\$ 140.00	A
KINGMAN, AZ	\$ 387.50	\$ 775.00	B
LA CANADA	\$ 58.00	\$ 116.00	A
LA CRESCENTA	\$ 58.00	\$ 116.00	A

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
LA HABRA	\$ 57.00	\$ 114.00	A
LA JOLLA	\$ 115.00	\$ 230.00	B
LA MONT	\$ 165.00	\$ 330.00	B
LA MESA	\$ 120.00	\$ 240.00	B
LA MIRADA	\$ 58.00	\$ 116.00	A
LA PALMA	\$ 55.00	\$ 110.00	A
LA PUENTE	\$ 55.00	\$ 110.00	A
LA VERNE	\$ 65.00	\$ 130.00	A
LADERA	\$ 80.00	\$ 160.00	B
LAGUNA BEACH	\$ 66.50	\$ 133.00	A
LAGUNA HILLS	\$ 65.00	\$ 130.00	A
LAGUNA NIGUEL	\$ 72.50	\$ 145.00	A
LAKE ELSINORE	\$ 96.50	\$ 193.00	B
LAKE FOREST	\$ 68.50	\$ 137.00	A
LAKESIDE	\$ 137.50	\$ 275.00	B
LAKEVIEW	\$ 93.50	\$ 187.00	B
LAKEVIEW TERRACE	\$ 55.00	\$ 110.00	A
LAKewood	\$ 45.50	\$ 91.00	N/A
LANCASTER	\$ 101.50	\$ 203.00	B
LAS VEGAS, NV	\$ 337.50	\$ 675.00	B
LAWNDALE	\$ 47.50	\$ 95.00	A
LEBEC	\$ 150.00	\$ 300.00	B
LENNOX	\$ 47.50	\$ 95.00	A
LINDSAY	\$ 170.00	\$ 340.00	B
LITCHFIELD, AZ	\$ 387.50	\$ 775.00	B
LITTLE ROCK	\$ 95.00	\$ 190.00	B
LIVERMORE	\$ 400.00	\$ 800.00	B
LOMA LINDA	\$ 84.00	\$ 168.00	A
LOMITA	\$ 42.50	\$ 85.00	N/A
LOMPOC	\$ 187.50	\$ 375.00	B
LONG BEACH	\$ 46.00	\$ 92.00	N/A
LOS ALAMITOS	\$ 45.00	\$ 90.00	A
LOS ANGELES	\$ 57.50	\$ 115.00	N/A
LOS BANOS	\$ 275.00	\$ 550.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
LUCERNE VALLEY	\$ 112.50	\$ 225.00	B
LYNWOOD	\$ 55.00	\$ 110.00	A
MADERA	\$ 220.00	\$ 440.00	B
MALIBU	\$ 65.00	\$ 130.00	B
MARICOPA	\$ 135.00	\$ 270.00	B
MARINA DEL REY	\$ 60.00	\$ 120.00	A
MAYWOOD	\$ 47.50	\$ 95.00	N/A
MECCA	\$ 160.00	\$ 320.00	B
MERCED	\$ 320.00	\$ 640.00	B
MESA, AZ	\$ 387.50	\$ 775.00	B
MESQUITE, NV	\$ 325.00	\$ 650.00	B
MIRA LOMA	\$ 90.00	\$ 180.00	A
MODESTO	\$ 312.50	\$ 625.00	B
MOJAVE	\$ 165.00	\$ 330.00	B
MONROVIA	\$ 62.00	\$ 124.00	A
MONTCLAIR	\$ 74.50	\$ 149.00	A
MONTEBELLO	\$ 57.50	\$ 115.00	N/A
MONTEREY PARK	\$ 58.00	\$ 116.00	A
MOORPARK	\$ 100.00	\$ 200.00	B
MORENO VALLEY	\$ 93.50	\$ 187.00	B
MURRIETA	\$ 110.00	\$ 220.00	B
NAPA	\$ 400.00	\$ 800.00	B
NATIONAL CITY	\$ 142.50	\$ 285.00	B
NEWBURY PARK	\$ 87.50	\$ 175.00	A
NEWHALL	\$ 75.00	\$ 150.00	B
NEWPORT BEACH	\$ 61.00	\$ 122.00	A
NIPOMO	\$ 140.00	\$ 280.00	B
NOGALES, AZ	\$ 437.50	\$ 875.00	B
NORTH HILLS	\$ 65.00	\$ 130.00	A
NORTH HOLLYWOOD	\$ 55.00	\$ 110.00	A
NORTHRIDGE	\$ 67.50	\$ 135.00	A
NORWALK	\$ 54.50	\$ 109.00	N/A
OAKLAND	\$ 400.00	\$ 800.00	B
OCEANSIDE	\$ 110.00	\$ 220.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
OJAI	\$ 98.00	\$ 196.00	B
ONTARIO	\$ 90.00	\$ 180.00	A
ORANGE	\$ 58.00	\$ 116.00	A
ORANGE COVE	\$ 187.50	\$ 375.00	B
OTAY MESA	\$ 132.50	\$ 265.00	B
OXNARD	\$ 120.00	\$ 240.00	B
PACOIMA	\$ 64.00	\$ 128.00	A
PALM DESERT	\$ 125.00	\$ 250.00	B
PALM SPRINGS	\$ 130.00	\$ 260.00	B
PALMDALE	\$ 95.00	\$ 190.00	B
PALOS VERDES	\$ 47.50	\$ 95.00	A
PANORAMA CITY	\$ 64.00	\$ 128.00	A
PARAMOUNT	\$ 55.00	\$ 110.00	N/A
PASADENA	\$ 60.00	\$ 120.00	A
PASO ROBLES	\$ 253.00	\$ 506.00	B
PERRIS	\$ 96.50	\$ 193.00	B
PETALUMA	\$ 425.00	\$ 850.00	B
PHELAN	\$ 102.50	\$ 205.00	B
PHOENIX, AZ	\$ 387.50	\$ 775.00	B
PICO RIVERA	\$ 55.00	\$ 110.00	A
PISMO BEACH	\$ 165.00	\$ 330.00	B
PLACENTIA	\$ 62.50	\$ 125.00	A
POINT MAGU	\$ 95.00	\$ 190.00	B
POMONA	\$ 82.50	\$ 165.00	A
PORT HUENEME	\$ 97.50	\$ 195.00	B
PORTERVILLE	\$ 177.50	\$ 355.00	B
PRESCOTT VALLEY, AZ	\$ 412.50	\$ 825.00	B
POWAY	\$ 137.50	\$ 275.00	B
RAINBOW	\$ 110.00	\$ 220.00	B
RANCHO CUCAMONGA	\$ 90.00	\$ 180.00	A
RANCHO DOMINGUEZ	\$ 46.00	\$ 92.00	N/A
RANCHO MIRAGE	\$ 130.00	\$ 260.00	B
RCHO SANTA MARGARITA	\$ 100.00	\$ 200.00	B
REDLANDS	\$ 95.00	\$ 190.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
REDONDO BEACH	\$ 52.50	\$ 105.00	A
RESEDA	\$ 63.00	\$ 126.00	A
RIALTO	\$ 100.00	\$ 200.00	B
RICHMOND	\$ 350.00	\$ 700.00	B
RIVERSIDE	\$ 105.00	\$ 210.00	B
ROSEMEAD	\$ 53.50	\$ 107.00	A
ROSEVILLE	\$ 475.00	\$ 950.00	B
ROWLAND HEIGHTS	\$ 57.50	\$ 115.00	A
SACRAMENTO	\$ 387.50	\$ 775.00	B
SAN BERNARDINO	\$ 102.50	\$ 205.00	B
SAN CARLOS	\$ 350.00	\$ 700.00	B
SAN CLEMENTE	\$ 87.50	\$ 175.00	B
SAN DIEGO	\$ 137.50	\$ 275.00	B
SAN DIMAS	\$ 80.00	\$ 160.00	A
SAN FERNANDO	\$ 65.00	\$ 130.00	A
SAN GABRIEL	\$ 51.50	\$ 103.00	A
SAN JOSE	\$ 337.50	\$ 675.00	B
SAN JUAN BAUTISTA	\$ 300.00	\$ 600.00	B
SAN JUAN CAPISTRANO	\$ 75.00	\$ 150.00	B
SAN LUIS OBISPO	\$ 192.50	\$ 385.00	B
SAN MARCOS	\$ 145.00	\$ 290.00	B
SAN MARINO	\$ 56.00	\$ 112.00	A
SAN MATEO	\$ 400.00	\$ 800.00	B
SAN PEDRO	\$ 46.00	\$ 92.00	N/A
SAN YSIDRO	\$ 125.00	\$ 250.00	B
SANTA ANA	\$ 60.00	\$ 120.00	A
SANTA BARBARA	\$ 150.00	\$ 300.00	B
SANTA CLARITA	\$ 81.50	\$ 163.00	B
SANTA FE SPRINGS	\$ 56.00	\$ 112.00	A
SANTA MARIA	\$ 187.50	\$ 375.00	B
SANTA MONICA	\$ 55.00	\$ 110.00	A
SANTA YNEZ	\$ 162.50	\$ 325.00	B
SANTA PAULA	\$ 112.50	\$ 225.00	B
SANTEE	\$ 137.50	\$ 275.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
SAUGUS	\$ 78.00	\$ 156.00	B
SCOTTSDALE, AZ	\$ 387.50	\$ 775.00	B
SEAL BEACH	\$ 50.00	\$ 100.00	A
SELMA	\$ 225.00	\$ 450.00	B
SEPULVEDA	\$ 64.00	\$ 128.00	A
SHAFTER	\$ 127.50	\$ 255.00	B
SIERRA MADRE	\$ 60.50	\$ 121.00	A
SIGNAL HILL	\$ 46.00	\$ 92.00	N/A
SIMI VALLEY	\$ 79.00	\$ 158.00	B
SOLVANG	\$ 145.00	\$ 290.00	B
SOMIS	\$ 115.00	\$ 230.00	B
SOUTH EL MONTE	\$ 57.50	\$ 115.00	A
SOUTHGATE	\$ 49.00	\$ 98.00	N/A
ST GEORGE, UT	\$ 360.00	\$ 720.00	B
STANTON	\$ 52.50	\$ 105.00	A
STOCKTON	\$ 350.00	\$ 700.00	B
STUDIO CITY	\$ 55.00	\$ 110.00	A
SULTANA	\$ 237.50	\$ 475.00	B
SUN CITY	\$ 110.00	\$ 220.00	B
SUN VALLEY	\$ 67.50	\$ 135.00	A
SYLMAR	\$ 70.00	\$ 140.00	A
TARZANA	\$ 65.00	\$ 130.00	A
TEHACHAPI	\$ 110.00	\$ 220.00	B
TEMECULA	\$ 122.50	\$ 245.00	B
TEMPE, AZ	\$ 387.50	\$ 775.00	B
TERMINAL ISLAND	\$ 46.00	\$ 92.00	N/A
THERMAL	\$ 144.00	\$ 288.00	B
THOUSAND OAKS	\$ 87.50	\$ 175.00	B
THOUSAND PALMS	\$ 137.50	\$ 275.00	B
TIPTON	\$ 165.00	\$ 330.00	B
TOLLESON, AZ	\$ 387.50	\$ 775.00	B
TORRANCE	\$ 50.00	\$ 100.00	A
TRABUCO CANYON	\$ 82.50	\$ 165.00	B
TRACY	\$ 350.00	\$ 700.00	B

Revised: 03/16/07

<u>POINT</u>	<u>ONE WAY PAY</u>	<u>ROUND TRIP PAY</u>	<u>DROP ZONE</u>
TUCSON, AZ	\$ 437.50	\$ 875.00	B
TURLOCK	\$ 350.00	\$ 700.00	B
TULARE	\$ 200.00	\$ 400.00	B
TUSTIN	\$ 60.00	\$ 120.00	A
UNION CITY	\$ 350.00	\$ 700.00	B
UPLAND	\$ 85.00	\$ 170.00	A
VACAVILLE	\$ 385.00	\$ 770.00	B
VALENCIA	\$ 100.00	\$ 200.00	B
VALLEY VILLAGE	\$ 56.00	\$ 112.00	A
VAN NUYS	\$ 62.50	\$ 125.00	A
VENTURA	\$ 125.00	\$ 250.00	B
VERNON	\$ 57.50	\$ 115.00	N/A
VICTORVILLE	\$ 127.50	\$ 255.00	B
VISALIA	\$ 232.50	\$ 465.00	B
VISTA	\$ 125.00	\$ 250.00	B
WALNUT	\$ 65.00	\$ 130.00	A
WATSONVILLE	\$ 325.00	\$ 650.00	B
WEST LOS ANGELES	\$ 56.00	\$ 112.00	A
WESTCHESTER	\$ 52.00	\$ 104.00	A
WESTLAKE VILLAGE	\$ 87.50	\$ 175.00	A
WESTMINISTER	\$ 54.50	\$ 109.00	A
WHITTIER	\$ 56.50	\$ 113.00	A
WILMINGTON	\$ 46.00	\$ 92.00	N/A
WINNETKA	\$ 65.00	\$ 130.00	A
WOODLAKE	\$ 237.50	\$ 475.00	B
WOODLAND	\$ 350.00	\$ 700.00	B
YORBA LINDA	\$ 57.50	\$ 115.00	A
YUCAIPA	\$ 93.50	\$ 187.00	B
YUMA, AZ	\$ 315.00	\$ 630.00	B

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