

TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to vetoing a Board of Harbor Commissioners' approval of a Revocable Permit between Port of Los Angeles (POLA) and California Transload Services, LLC (CTS).

Recommendations for Council action:

1. VETO the September 20, 2018 action of the Board of Harbor Commissioners approving a Revocable Permit between POLA and CTS for the use of City property located at 2401 East Pacific Coast Highway.
2. FIND that the City has a proprietary interest in avoiding work stoppages and ensuring the efficient movement of cargo in and out of the Port of Los Angeles.
3. REQUEST that the POLA include safeguards to protect against work stoppages in any future permit or lease with CTS.

Fiscal Impact Statement: The Board of Harbor Commissioners reports that this action will not impact the General Fund. The Revocable Permit will produce revenue of \$446,977.10 per month to the POLA, or \$5,363,725.20 per year. This amount will increase by the applicable Consumer Price Index at the anniversary of the effective date. Nonetheless, the estimated financial rate of return associated with the Revocable Permit does not meet the stated policy targets, as enacted by the Board of Harbor Commissioners.

Community Impact Statement: None submitted.

TIME LIMIT FILE – OCTOBER 19, 2018

(LAST DAY FOR COUNCIL ACTION – OCTOBER 19, 2018)

(On September 28, 2018, Council adopted Motion [Buscaino – Bonin] pursuant to Charter Section 245, asserting jurisdiction over the Board of Harbor Commissioners' action taken September 20, 2018.)

SUMMARY

On September 28, 2018, Council adopted Motion (Buscaino – Bonin) pursuant to Charter Section 245, asserting jurisdiction over the Board of Harbor Commissioners' action taken September 20, 2018 to approve a Revocable Permit between POLA and CTS for the use of property located at 2401 East Pacific Coast Highway. Motion states that the previous lease for the property with CTS's predecessor, California Cartage Company, was terminated in 2013 pursuant to the development agreement between POLA and BNSF Railway for the Southern California International Gateway project and then replaced by a BNSF license. In October 2017, CTS's parent company acquired Cal Cartage and CTS became the successor in interest to Cal Cartage. The Revocable Permit approved by the Board allows for CTS's continued and lawful use and occupancy of the property.

Motion goes on to state that over the past three years, there have been various violations of, and

current investigations into, labor, employment, health and safety, and tax laws. As a result, there have been over five labor strikes by workers, with another strike planned for October. Before another agreement is approved, Motion movers believe it is imperative that the City ensures that operations at the Port of Los Angeles are not affected by labor disruption.

Accompanying a report to Council dated September 28, 2018, the Board of Harbor Commissioners presents documents related to this matter. Board staff states CTS is the successor in interest to California Cartage Company which was acquired by CTS' parent company, NFI Industries, October 2017. The 85.51 acre site is used by CTS for large transloading and truck staging operations. The Revocable Permit is for a term of 30 days.

At its meeting held October 2, 2018, the Trade, Travel, and Tourism Committee discussed this matter with POLA's General Manager. The Port's General Manager stated that the Revocable Permit can be renewed without further action by the Board. The Department can revoke the Permit by providing 30-day notice to the property tenant.

During the public comment period, support for the Board's action to approve the Permit was expressed by a number of CTS employees and the company's owner. It was stated that NFI, the new owner, has invested at the worksite to improve safety and for the benefit of the employees. It was further stated that NFI maintains an open door policy for employees to express their concerns. Wages have been increased and an election was held at which employees rejected a proposal to unionize. The company owner stated that NFI should not be held accountable for violations committed by the previous owner.

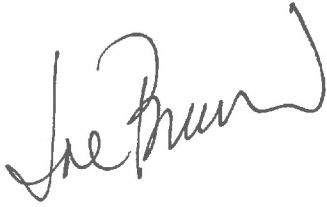
Other speakers urged the Committee to revoke the Board's action. An employee stated he was illegally terminated for objecting to workplace conditions and lawfully trying to unionize. Others stated that the company retaliates against and intimidates employees who express concerns regarding racial discrimination and unsafe work conditions. Worker advocates stated that wage theft, misclassification of employees as independent contractors, unsafe work conditions and tax evasion are ongoing and have not stopped under the new owner. A representative of a union organizing worksite employees said that a legal election has not been held.

In response to concerns previously raised by the Trade, Travel, and Tourism Committee, working conditions at the site have been reviewed by Department staff according to the POLA General Manager. Attempts are underway to improve turn times for truckers to reduce their down time waiting. The POLA General Manager was unable to determine how long it would take for a new tenant to occupy the property, stating the site is slated for use by the BNSF Railway.

Trade, Travel, and Tourism Committee members expressed concern regarding the impact of recent and ongoing work stoppages on the operations of the Port of Los Angeles. The Port has a tradition of labor peace and for providing good jobs that pay well. The Committee members stated they could not support a Revocable Permit without provisions to end work stoppages. The Committee recommended that Council veto the Board's action taken September 20, 2018, to approve the Revocable Permit for CTS. Committee further recommended that Council find that the City has a proprietary interest in avoiding work stoppages and ensuring the efficient movement of cargo in and out of the Port of Los Angeles, and that any future permit or lease with CTS include safeguards to protect against work stoppages.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE

A handwritten signature in black ink, appearing to read "Joe Pina", written in a cursive style.

<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	YES
KREKORIAN:	ABSENT

jaw

-NOT OFFICIAL UNTIL COUNCIL ACTS-