



**Owner-Operator Independent Drivers Association, Inc.**

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Via Email: [john.white@lacity.org](mailto:john.white@lacity.org)

Members of the Los Angeles City Council  
Trade, Travel, and Tourism Committee

RE: Special Meeting on Tuesday, November 28, 2017

Dear Councilmember Buscaino, Councilmember Bonin, and Councilmember Krekorian:

We hope you will consider the following comments from the Owner-Operator Independent Drivers Association (OOIDA) as you pursue potential actions to address working conditions, worker misclassification, and other labor-related issues at the Port of Los Angeles.

OOIDA is the largest trade association representing the views and interests of small-business truckers and independent owner-operators. We have more than 160,000 members nationwide, including nearly 6,000 who reside in California. Accordingly, our comments are focused exclusively on issues that impact our members, which do not include other segments of port workers.

Without question, truck drivers at the Port of Los Angeles – and ports throughout the country – are often misclassified. In trucking, this is generally done through “lease-purchase” agreements. Lease-purchase agreements are schemes where motor carriers lease a truck to a driver with the promise of fair compensation, future ownership of the truck, and “independence” from traditional employer-employee requirements. The most problematic lease-purchase agreements are generally those that require the lessee (truck driver) to lease their truck to the lessor (motor carrier) when the motor carrier and lessor are the same entity.

In reality, as others have described it, it is often times modern day “indentured servitude” where drivers are paid pennies on the dollar, will likely never own the truck, and have zero independence. This is because the motor carrier is in fact their employer, but through lease-purchase agreements, the motor carrier can avoid providing employee benefits, paying applicable taxes, and complying with other labor and employment laws. Addressing lease-purchase agreements and the exploitation of drivers is long overdue.

However, there are legitimate lease agreements (not to be confused with lease-purchase agreements) between motor carriers and independent contractors that can be quite successful and should be protected. In fact, roughly 60% of our members are independent contractors that are

“leased to” motor carriers. When lease agreements are done right and comply with existing laws and regulations, they can be mutually beneficial to motor carriers and leased owner-operators.

Traditional lease agreements can also be complex. Lease-purchase agreements and traditional lease agreements are different, but recognizing the differences can be difficult. At OOIDA, as a member benefit, we have reviewed thousands of prospective lease agreements. After decades of firsthand experience, we have developed the necessary expertise to perform this function. Naturally, we would be concerned with unintended consequences that might impact our members and arise as a result of someone trying to distinguish between lease-purchase agreements and traditional lease agreements that simply do not have the required qualifications or expertise.

Lease-purchase agreements – in particular those that lead to the conditions described herein – need to be addressed. But they need to be addressed without jeopardizing legitimate business arrangements between motor carriers and leased owner-operators.

Thank you for your time and consideration. We would welcome the opportunity to discuss this issue with you and your staff in more detail. Please contact me directly at (816) 229-5791 ext. 1603 or [mike\\_matousek@ooida.com](mailto:mike_matousek@ooida.com) should you have any questions, require additional information, or to schedule a meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike Matousek".

Mike Matousek  
Director of Government Affairs, OOIDA