

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

DATE: October 31, 2018

TO: Honorable Members of the Trade, Travel and Tourism Committee and Economic Development Committee

Attn: Chair, Councilmember Joe Buscaino
Vice Chair, Councilmember Mike Bonin
Councilmember Paul Krekorian

Attn: Chair, Councilmember Curren Price
Vice Chair, Councilmember Joe Buscaino
Councilmember Jose Huizar

FROM: Eugene D. Seroka, Executive Director
Harbor Department, Mail Stop 260

SUBJECT: RESPONSE TO MOTION CF# 17-0725

SUMMARY

On October 13 and 17, 2017, the City Council referred Motion 17-0725 to the Trade, Travel and Tourism Committee (TTT) and Economic Development Committee (EDC). On November 28, 2017, both TTT and EDC held public hearings, and approved and forwarded reports with recommendations to the City Council for its consideration.

On December 12, 2017, City Council held a hearing and adopted the Motion and Committee reports. The adopted Motion requested various actions of the Harbor Department, Bureau of Contract Administration (BCA), Chief Administrative Officer (CAO), Chief Legislative Analyst (CLA) and the Office of the City Attorney.

This correspondence responds specifically to the request made by TTT and EDC to: 1) review the conditions of the leases of any trucking or warehousing companies operating on Port property; and 2) report on the feasibility of denying access to companies that are in violation of local, state, and federal laws, including labor and employment laws, as well as alternative solutions that can be implemented to enhance the employee rights of Port truck drivers and ensure that trucking companies comply with labor and employment laws.

I. Review of Conditions of the Leases of Trucking or Warehousing Companies

As of October 15, 2018, the Harbor Department has 13 Revocable Permits (RP) with Trucking Companies. Below is the list of those companies:

NO.	Company	Revocable Permit Number
1	SAN PEDRO FORK LIFT INC.	RP18-06
2	MR. G TRUCKING, INC.	RP17-21
3	MORTIMER & WALLACE, INC.	RP18-07
4	MAX INTERAMERICAS, INC.DBA FLARE LOGISTICS	P927
5	LONG BEACH CONTAINER TRANSPORT	RP07-06
6	HARBOR PERFORMANCE ENHANCEMENT CENTER, LLC	RP17-05
7	FAST LANE TRANSPORTATION, INC.	RP14-08
8	FAST LANE TRANSPORTATION, INC.	RP16-16
9	FAST LANE TRANSPORTATION, INC.	RP06-02
10	FAST LANE CORPORATION	RP92-46
11	ECO FLOW TRANSPORTATION, LLC	RP16-13
12	CSC LOGISTICS, INC.	RP17-09
13	A&A CONTAINERS (AGUSTIN ALCALA)	RP16-26

The Harbor Department as of October 15, 2018 has one (1) permit with a warehouse company:

NO.	Company	Permit Number
1	SSA PACIFIC	Permit No. 907

Based on our research, these tenants are not among companies that have misclassification rulings and wage orders against them. There are no known rulings among the Harbor Department tenants in the drayage motor carrier or warehousing business.

California Transload Services, LLC (formerly California Cartage Company)

When the TTT and ED Committees first considered this motion, there were allegations made against a former Harbor Department tenant, California Cartage Company (Cal Cartage).

Cal Cartage was issued an RP in 1995 and an agreement in 1998 to conduct transloading operations. Entitlements were terminated by the Harbor Department in August 2013. A sublicense agreement was issued by Burlington North Santa Fe (BNSF) Railway to Cal Cartage to continue operations during the preconstruction development process of BNSF's proposed near-dock rail facility, known as the Southern California International Gateway (SCIG). In October 2017, Cal Cartage was purchased by NFI Industries, Inc., the parent company of California Transload Services, LLC (CTS).

Due to a court challenge to the SCIG project, the State Court ordered the Harbor Department and City to set aside the permits and decertify the Final Environmental Impact Report for that project. As a consequence, as a sublicensee to BNSF, CTS' entitlement to operate on the property was also set aside by action of the Board of Harbor Commissioners on August 23, 2018, and by action of the City Council on September 18, 2018.

Because a new lease document was required to impose effective terms and conditions on premises and occupancy, the Harbor Department staff proposed to issue a 30-day RP to CTS on September 20, 2018. Following extensive public comments in support and in opposition of the staff recommendation to approve the RP, including issues involving wages, safety violations and business environment, the Board of Harbor Commissioners voted to approve the staff recommendation, with modifications that enhanced the prominence of compliance with Occupational Safety and Health Administration (OSHA) regulations. The Harbor Commission also weighed in the balance the 700 jobs at the facility.

On September 28, the City Council adopted a motion to assert jurisdiction on the Harbor Commission decision and a hearing was held in the TTT Committee on October 2. The TTT Committee voted to assert jurisdiction over the Commission's action to approve the RP and recommended that the City Council veto it unless measures could be added to the permit to prevent work stoppages at the premises. Port staff and CTS management have engaged in extensive and good faith discussions since October 2 to reach an agreement in furtherance of that recommendation.

On October 12, 2018, the Los Angeles City Council vetoed the 30-day RP with CTS previously approved by the Harbor Commission. As a result, CTS has no lawful tenancy, and the Port issued a 30-day notice to terminate possession of the property.

II. Feasibility of Denying Access: Alternative Solutions to Enhance Employee Rights of Port Truck Drivers

On the issue of denying access to companies that are in violation of local, state, and federal laws, including labor and employment laws, the Harbor Department would refer to the legal analysis issued by City Attorney on March 23, 2018.

With respect to alternative solutions to enhance employee rights of Port truck drivers, the Harbor Department has demonstrated a commitment to supporting a robust and productive workforce for the port complex. Recently, the Department established the **Port Workforce Training Center** as a demonstration of our commitment to enhancing workforce development efforts for the entire maritime supply chain.

The Harbor Department has likewise demonstrated a commitment to addressing issues related to port truck drivers. Most notably, the Harbor Department attempted to include measures in our original Clean Truck Program which were struck down by the Ninth Circuit Court of Appeals.

Based on our extensive experience with this issue, the Department recommends the City establish a **blue ribbon committee** to identify issues and propose solutions to issues facing port truck drivers. Issues to be addressed by the panel include, but are not limited to:

- Truck turn times and productivity;
- Investment in new, cleaner equipment in support of the Clean Air Action Plan;
- Workforce development and expanding job opportunities;
- Wage, pay and benefit solutions; and
- Safety and regulatory compliance & enforcement

The Department recommends the **blue ribbon committee** include government, labor, employers and business.

EDS/EJM