

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to reviewing the leases of trucking and warehousing companies operating on Port of Los Angeles (Port) property and denying access to companies that are in violation of local, state, and federal laws, including labor and employment laws.

Recommendations for Council action, pursuant to Motion (Buscaino - Blumenfield - Bonin):

1. REQUEST the Harbor Department, with the assistance of the City Attorney, City Administrative Officer (CAO), and Chief Legislative Analyst (CLA), to review the conditions of the leases of any trucking or warehousing companies operating on Port property and 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 can be implemented to enhance the employee rights of Port truck drivers and ensure that trucking companies comply with labor and employment laws.
2. DIRECT the Bureau of Contract Administration to investigate and report on wage theft claims due to minimum wage and paid sick day violations by trucking companies operating on Port property.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

(Also referred to the Trade, Travel and Tourism Committee)

Summary:

On November 28, 2017, your Committee considered a Motion (Buscaino - Blumenfield - Bonin) relative to reviewing the leases of trucking and warehousing companies operating on Port property and denying access to companies that are in violation of local, state, and federal laws, including labor and employment laws. According to the Motion, trucking companies that operate at the Port have a long history of contracting with truck drivers individually. When hired as independent contractors, drivers are not afforded their basic benefits and protections as employees, such as receiving minimum wage and paid sick days. Port truck drivers also often assume the risk and responsibility associated with purchasing and maintaining newer, low-emission trucks, as detailed in a recent USA Today story.

The Port made an effort to address the issue by incorporating an employee mandate into the 2008 Clean Truck Program. This mandate would have required trucking companies to hire drivers instead of contracting with them, in an effort to ensure that trucking companies did not pass the costs of new clean trucks on to drivers. The mandate was ultimately removed from the Clean Truck Program after a 9th Circuit Court of Appeals ruling finding that the Federal Aviation Administration Authorization Act of 1994 preempted the employee mandate. Since 2010, at least 1,150 port truck drivers have filed claims in civil court or with the California Department of Industrial Relations' enforcement arm, known as the labor commission. Judges have sided with drivers in more than 97 percent of the cases heard, ruling time after time that port truckers in

California can't legally be classified as independent contractors. Port drivers and warehouse workers have engaged in 15 labor strikes in the past four years, disrupting Port activity and service. It is important to take a closer look at potential violations and their impact on the Port and identify solutions.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion as detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
BUSCAINO:	YES
HUIZAR:	YES

ARL
11/28/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-