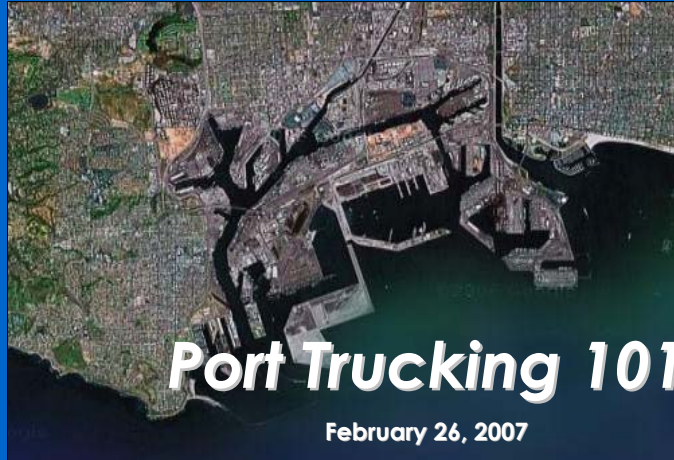


Building an Environmentally & Socially Responsible Future



Port Trucking 101

February 26, 2007

Key Players in Port Trucking

- **Port Owners (Port of Long Beach, Port of Los Angeles)**
- **Beneficial Cargo Owners (Waterfront Coalition)**
- **Shipping Companies (Pacific Merchant Shipping Association [PMSA])**
- **Terminal Operators (PierPass & PMA)**
- **Freight Forwarders/Brokers**
- **Trucking Companies/Independent Owner Operators**
- **Railroads (BNSF & UPSP)**
- **International Longshore Warehouse Union (ILWU)**
- **Environmental & Community Groups**

Players: San Pedro Bay Ports

- Cover 7,400 acres of land
- Processed 15,760,218 TEU in 2006
- Equivalent roughly to 8.756 million containers or 28,063 containers every working day.
- Together make the 5th busiest container port in the world.
- Together process approx. 40% of the imports that enter the U.S.



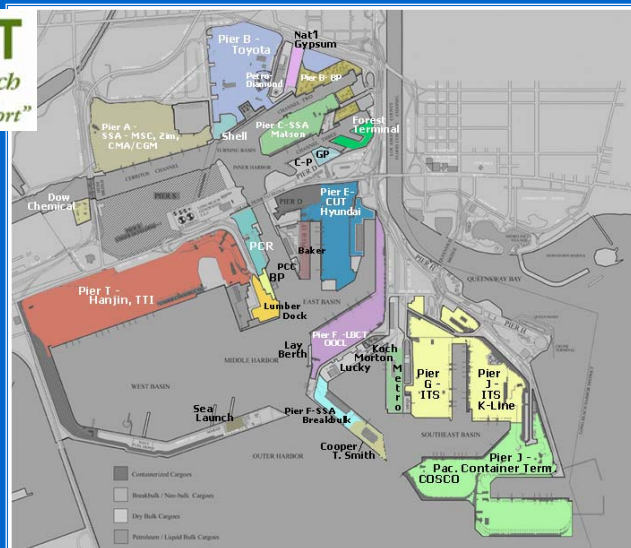
Players: Port of Long Beach

GREEN PORT

Long Beach

"Your Environmentally Friendly Port"

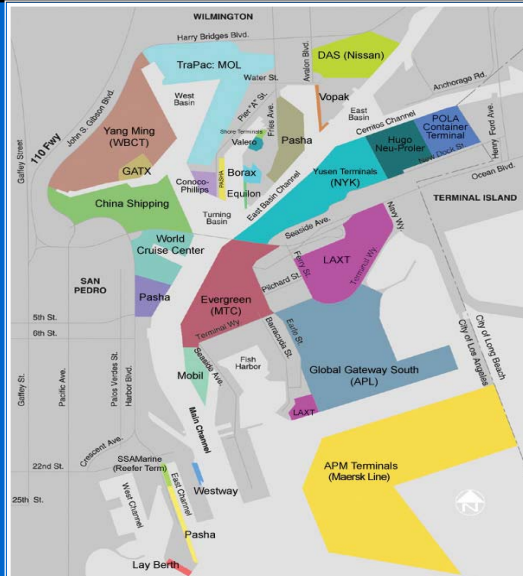
- 3,200 acres
- 5,313 vessel calls (2005)
- 7,290,365 TEU (2006)
- 2nd busiest in U.S.
- 80 Million MT of cargo
- Value of Cargo = \$100B
- 1.4 million jobs generated in U.S.



Players: Port of Los Angeles



- 4,200 acres
- 2,695 vessel arrivals (2005)
- 8,469,853 TEU (2006)
- 1st busiest container port in U.S.
- 169 Million MT of cargo
- Value of Cargo = \$190B (2005)
- 1 million jobs generated in the U.S.



Players: Marine Terminal Operators



SSAMarine

Trans Pacific Container Service Corp.



APM TERMINALS



Long Beach
Container
Terminal Inc.



HANJIN

P&O

Nedlloyd



Cosco



MAERSK



APL

Players: Shipping Associations

HELPING TO SUSTAIN A STRONG
MARITIME INDUSTRY

PMSA



**P
M
A**

**PACIFIC
MARITIME
ASSOCIATION**

Players: Railroads

BNSFSM
RAILWAY



BUILDING AMERICA[®]

Players: Longshoremens



<http://www.latimes.com/news/local/la-me-docks28jan28,0,5203777.story?coll=la-headlines-california>

From the Los Angeles Times

Labor Lends Its Clout to Port Pollution Battle

Dockworkers union says it will pressure shipowners to cut diesel fumes at all West Coast facilities. Emissions have been linked to asthma.

By Deborah Schoch

Times Staff Writer

January 28, 2006

The powerful union representing 60,000 West Coast dockworkers is stepping publicly into the port air pollution arena for the first time

Players: Environmental Groups



- **China Shipping (POLA)**
→ \$60M Air Quality Mitigation Program



- **Pier J (POLB)**
→ Recinded EIR
- **Port of Stockton**
→ In progress



Port Trucking: How it Works

- State owns the land, cities operate it on behalf of the state (Tidelands Trust Act). Ports develop and build the facilities, then lease these to the terminal operators.
- Terminals are operated both by shipping companies, by independent companies affiliated with shipping companies and by contractors.
- Beneficial cargo owners contract with shipping companies to deliver their goods from overseas locations to a delivery point in the U.S.
- Shipping companies contract with freight forwarders to get cargo from marine terminals to the BCO.
- Freight forwarders contract with trucking companies/Independent Owner Operators to carry the cargo to the BCO.

Freight Forwarders/Freight Brokers

- Function is to manage the pick up and delivery of cargo from the dock to the BCO.
- Generally do not own any transportation assets.
- Typically contract with trucking companies to pick up and deliver cargo



Trucking Companies

- Organized in many different ways.
- Most do not own transportation assets – contract with IOOs to pick up and deliver cargo
- Some do own their own transportation assets – generally will also contract with IOOs
- Fewer still own their own trucks and do not contract with IOOs

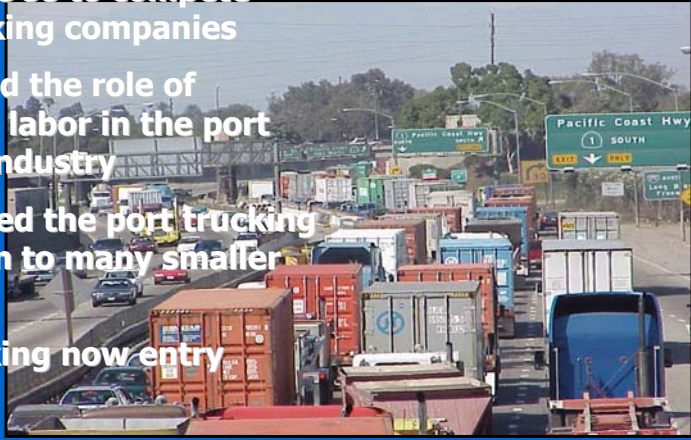


Economics of Port Trucking

- Roots of the current structure of port drayage can be traced to the Motor Carrier Act of 1980
- Eased restrictions on securing certificate of public convenience and necessity
- Eliminated Interstate Commerce Commission (ICC) restrictions on:
 - Commodities that could be carried
 - Routes that motor carriers could use
 - Geographic regions they could operate in
- Gave truckers authority to set prices with fewer challenges

Economics of Port Trucking: Consequences

- **Pushed cargo rates down**
- **Enabled IOOs to compete with trucking companies**
- **Diminished the role of organized labor in the port trucking industry**
- **Fragmented the port trucking industry in to many smaller players**
- **Port trucking now entry sector**



Economics of Port Trucking (cont.)

Environmental Consequences

- **Pressure to lower cargo rates solidified role of IOO**
- **Attracted older, dirtier, less safe trucks to market**
- **Age of port trucks tends to slightly older than state average**
- **Anecdotal evidence that higher concentration of "gross polluters" in port trucking than in other sectors of goods movement surface transport**

Public Health Impact of Goods Movement

Pollution from the Ports of LA and Long Beach

- Spreads 20 miles inland
- Creates a cancer risk of 1 in 2,000 adjacent to the ports
- Annual CA healthcare costs of \$6.3 billion (total of \$70 billion by 2020)
- Causes 2,400 premature deaths per year
- 2002 premature deaths in CA:
 - 1,810 - handguns
 - 1,686 - MVA

DIESEL PARTICULATE MATTER EXPOSURE ASSESSMENT STUDY FOR THE PORTS OF LOS ANGELES AND LONG BEACH



California Environmental Protection Agency
2005 **Air Resources Board**

**DRAFT EMISSIONS PLAN FOR PORTS AND
INTERNATIONAL GOODS MOVEMENT IN CALIFORNIA**

How Many Port Trucks are there?

- **No one seems to know for sure**
- **Acurex estimate from mid-1990s: 6,000 – 8,000**
- **PierPass estimates that there are approximately 14,000 regular truckers to Ports**



- **Clean Air Action Plan estimates that there are approximately 41,000 trucks that make calls on the SPBP, 16,800 of which make 80% of the visits**

Programs Directed at Port Trucking

- **Gateway Cities Council of Governments Fleet Modernization Program**
 - Voluntary truck replacement program
 - Replace 528 port trucks since Sept. 2002
- **PierPass**
 - OffPeak – Shifted 35% of truck moves to off peak hours
 - RFID – Radio Frequency Identification – enhances port security
- **TWIC – Transportation Worker Identification Card**

Programs Directed at Port Trucking

San Pedro Bay Ports Clean Air Action Plan

- **HDV1: Performance Standards for On-Road Heavy-Duty Trucks**
 - Targets 16,800 port trucks that make 805 of terminal calls
 - Replace 5,311 port trucks with 2007 or newer diesel trucks
 - Replace 5,311 port trucks with 2007 or newer alternative fuel trucks
 - Retrofit 6,178 port trucks with DFPS & lean NOx catalysts
- **HDV2: Alternative Fuel Infrastructure for Heavy-Duty Natural Gas Vehicles**

Programs Directed at Port Trucking

San Pedro Bay Ports Clean Air Action Plan

- **Goal of CAAP: By July 1, 2011 no truck that does not meet SPBP definitions of clean trucks can access marine terminals.**
- **Use of two key strategies to encourage participation in SPBP's truck modernization program (under development)**
 - **Emblem program – requires trucks serving terminals to obtain emblem by date certain to gain access. Emblems only to “clean trucks”**
 - **Incentives/impact fees – Dirty trucks to pay fee to gain access to terminals, while clean trucks bypass the fee.**

Regulations Directed at Port Trucking

California Air Resources Board

- **Commercial Heavy Duty Vehicle Idling Restrictions – Limits the idling of new heavy-duty diesel vehicles**
- **Port Truck Regulatory Development (Board to consider in late 2007)**
 - **Strategy 1: Replacement of Pre-1994 MY Trucks with 1998 or newer MY Trucks and Installation of DPFs on entire fleet**
 - **Strategy 2: Replacement of Pre-2003 MY Trucks with 2003 to 2006 MY Trucks and Installation of DPFs on entire fleet**
 - **Strategy 3: Replacement of Port Trucks, Implemented in two phases**

Regulations Directed at Port Trucking

California Air Resources Board

- **On-Road Private Vehicles Control Measure:** A regulation to reduce diesel particulate matter (PM) and other emissions from in-use heavy-duty diesel powered vehicles operated in California (no staff report yet – still gathering information).
- **On-Road Heavy-Duty Diesel Engine In-Use Compliance Program:** ARB, the U.S. EPA, and the Engine Manufacturers Association are developing a manufacturer-run heavy-duty diesel engine in-use compliance program.

Regulations Directed at Port Trucking

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Regulations Directed at Port Trucking

710 Corridor Communities Air Quality Action Plan (In development)

Some Significant proposed features of the AQAP:

- **Increased truck inspections**
- **Support policies that encourage the use of alternative fuels**
- **Increase enforcement on trucks of all local, state and federal standards**
- **Require trucks using 710 Corridor to use alternative fuels or equivalent pollution controls**
- **Create programs to assist truckers with required upgrades**
- **Restrict Port generated traffic on 710 until emission mitigation in place**

General Observations & Conclusions

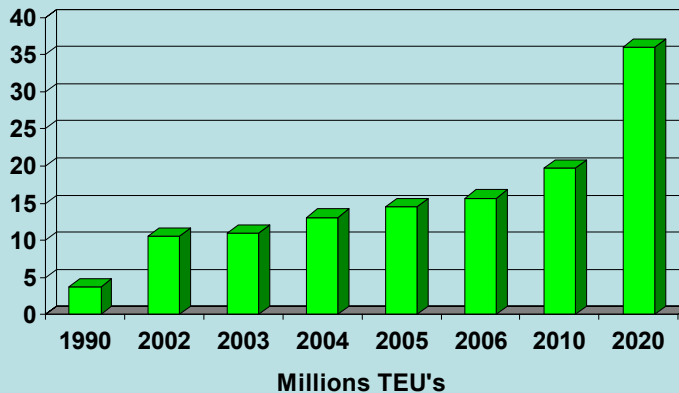
- **The trucks that service the ports, and environmental impacts they cause, are ultimately the result of the macro economics**
- **Truck owners have daily pressure to take a job at whatever payment they can**
- **Truck owners have limited understanding of current and proposed regulations and their potential impact on their business. They are concerned, however, that they will not be able to work in port drayage much longer.**

General Observations & Conclusions

- There is already a severe shortage of port truck drivers and the port trucking industry is expending significant energy and resources in driver retention and recruitment
- Port truckers are a very diverse community that cannot be communicated with through normal channels of business outreach
- Newer, cleaner trucks cannot be deployed and be competitive in the existing system without substantial subsidy
- Proposed regulations hold the possibility of leveling the playing field

Container Traffic Continues to Grow

Projected Growth POLA/POLB



General Discussion