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SUMMARY REPORT

THE 22ND ANNUAL POLICY CONFERENCE

THE PORTS OF LOS ANGELES AND LONG BEACH:



LINKS IN A CHAIN

FRIDAY ◆ 13 NOVEMBER 2015 ◆ THE L.A. HOTEL DOWNTOWN

presented in association with

LAEDC LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION

WORLD TRADE CENTER® LOS ANGELES

CONFERENCE SPEAKERS:

Richard D. Cameron
Managing Director of Environmental Affairs and Planning
Port of Long Beach

Stephen Cheung
President
World Trade Center Los Angeles

Ben De Alba
Assistant Secretary of Rail and Ports
California State Transportation Agency

Eric Garcetti
Mayor
City of Los Angeles

Dr. Robert Garcia
Mayor
City of Long Beach

Michele Grubbs
Vice President
Pacific Merchant Shipping Association

Peter Herzog
Assistant Director of Legislative Affairs
NAIOP-SoCal Commercial Real Estate Development Association

Hasan Ikhrata
Executive Director
Southern California Association of Governments

Dr. Robert Kleinhenz
Chief Economist
LA Economic Development Corporation

Angelo Logan
Policy Director
Urban and Environmental Policy Institute

Dr. Suja Lowenthal
Vice Mayor
City of Long Beach

Dr. Lynn Mahoney
Provost
California State University, Los Angeles

Mary D. Nichols
Chair
California Air Resources Board

Dr. Thomas O'Brien
Executive Director
Center for International Trade and Transportation
California State University, Long Beach

Patrick O'Donnell
Assemblymember
California State Assembly, District 70

Robert (Bobby) Olvera
President
International Longshoreman and Warehouse Union Local 13

David Roberts
Director of Planning and Economic Development
Office of Los Angeles City Councilmember Joe Buscaino

Gene Seroka
Executive Director
Port of Los Angeles

Don Snyder
Director of Business and Development
Port of Long Beach

Dr. Raphael J. Sonenshein
Executive Director
Pat Brown Institute for Public Affairs
California State University, Los Angeles

Nicholas Weiner
Campaign Director
Justice for Port Drivers
International Brotherhood of Teamsters

THE 22ND ANNUAL POLICY CONFERENCE SUMMARY REPORT

THE PORTS OF LOS ANGELES AND LONG BEACH: LINKS IN A CHAIN

The Pat Brown Institute's 22nd Annual Conference, *The Ports of Los Angeles and Long Beach: Links in a Chain*, was held on November 13, 2015 at the L.A. Hotel Downtown. Presented in association with the Los Angeles Economic Development Corporation (LAEDC) and the World Trade Center Los Angeles (WTC LA), the conference brought together elected and appointed officials; business, labor, and environmental leaders; and community members and students to address issues that face the ports and the greater supply chain.

Whether it be the interplay between the two ports at the San Pedro Bay or the entire transportation and supply chain sector, the conference focused on increasing cooperative efforts among the welter of different groups and communities with a stake in the work of the ports.

"Everything that is in this room, everything you are wearing, everything you eat...everything you touch has gone through the goods movement system. Without the goods movement system, you don't have a quality of life. This is why we need to sustain and grow this industry that encompasses the 19 million people in Southern California..."

Peter Herzog

NAIOP-SoCal Commercial Real Estate Development Association

GOVERNING THE PORTS

Remarks by Mayors Eric Garcetti and Robert Garcia

According to Los Angeles Mayor Eric Garcetti, "The growth of the city was made possible by the excavation of the Port of Los Angeles…which changed the landscape of the economy forever." He affirmed his commitment to economic development of the ports. A million dollars a day is spent on the Port of Los Angeles in order to support newer technology and innovation. Mayor Garcetti noted that one out of 50 jobs in the region is linked to the ports.

The two mayors described their plans for cooperation between the ports of Los Angeles and Long Beach. Garcetti stated that he is "proudest of the fact that the ports of Los Angeles and Long Beach have entered a new partnership" with healthy competition. The competition creates a prosperous sector that affects about one-third of the entire state's economy. The mayor of Long Beach, Dr. Robert Garcia, attributed overall increases in productivity at the ports to the success of Supply Chain Optimization Group meetings encompassing leadership on both sides of Los Angeles and Long Beach. Mayor Garcia also announced his plans for new infrastructure development projects that will continue to make the Port of Long Beach a leading facilitator of goods movement and environmental sustainability.



Los Angeles Mayor Eric Garcetti



Long Beach Mayor Robert Garcia

GOVERNOR'S EXECUTIVE ORDER

Remarks by Mary Nichols and Ben De Alba

EXECUTIVE ORDER B-32-15
THE CALIFORNIA SUSTAINABLE FREIGHT ACTION PLAN

IT IS HEREBY ORDERED that the Secretary of the California State Transportation Agency, the Secretary of the California Environmental Protection Agency, and the Secretary of the Natural Resources Agency lead other relevant state departments including the California Air Resources Board, the California Department of Transportation, the California Energy Commission, and the Governor's Office of Business and Economic Development to develop an integrated action plan by July 2016 that establishes clear targets to improve freight efficiency, transition to zero-emission technologies, and increase competitiveness of California's freight system.

Executive Order B-32-15, the California Sustainable Freight Action Plan, was issued by Governor Jerry Brown on July 17, 2015. The order covers policies, programs, and investments related to California's freight system, and focuses on economic competitiveness, cutting emissions and increasing efficiency. The three-legged approach was discussed by panelists Mary Nichols, Chair of the California Air Resources Board, and Ben De Alba of the California State Transportation Agency.

How are we going to make the ports function at high levels while also reducing our dependence on fossil fuels and reducing greenhouse gas emissions?

Ben De Alba offered some suggestions including the increased use of electric trucks and development of hydrogen fuel cell technology. He called for incentives that public policy makers need to promote to make this happen. Mary Nichols added that to work toward the executive order, "we need to be pursuing our goals together, not just only one group advancing their own interests." The three-legged approach must be worked on together "or else we will fail." Cooperation and coordination of different interests through improving the stakeholder input process and increasing transparency of information across interest groups is essential.

WHAT IS **CLEAN UP GREEN UP**?

The ***Clean Up Green Up Initiative*** was initiated by L.A. City Councilmember Jose Huizar to update environmental regulation policies in neighborhoods susceptible to pollution and health hazards. It has three goals: to ***reduce pollution*** in "toxic hotspots;" to ***prevent additional pollution***; and to ***revitalize neighborhoods*** through economic development and improved public spaces.

In addition to the governor's executive order, Assemblymember and Chair of the Select Committee on Ports Patrick O'Donnell asked the audience to stay informed on a new L.A. City ordinance called the **Clean Up Green Up Initiative** proposed by the Environmental and Business Committee that was scheduled to go before the L.A. City Council in late 2015.



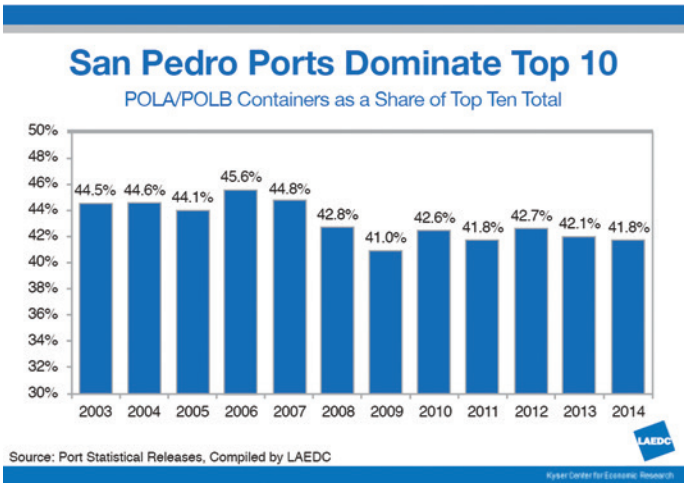
(L-R) Mary Nichols, Hasan Ikhrata, Nicholas Weiner, Peter Herzog, Don Snyder

GOODS MOVEMENT

On Port Productivity

Assemblymember O'Donnell warned that congestion at the ports was not simply due to labor strife. Current bottlenecks are caused by **chassis** issues. Angelo Logan of the Urban and Environmental Policy Institute noted that chassis are essential to rapid goods movement because chassis "put wheels on the containers…It is the most critical piece in order to move the cargo." ILWU Local 13 President Bobby Olvera added that the shortage of chassis causes a snowball effect. Containers are unable to get off the port docks, piles of cargo get larger, truckers are waiting longer at terminal gates, and emissions increase which compromises environmental health. Michele Grubbs of the Pacific Merchant Shipping Association said that the chassis issue is the most critical issue to resolve, especially since the ports are expecting volume growth in the years to come. Grubbs suggested peel off piles, free flow piles and new technology such as Cargomatic to solve problems with container sorting and movement. Utilizing a new appointment system and even using offsite docks may help relieve congestion at the ports.

Mayor Garcia focused his afternoon remarks on how the new Supply Chain Optimization Group has ushered in "an unprecedented era of cooperation" between the ports. Gene Seroka from the Port of Los Angeles added that the Group has brought stakeholders together that typically were not meeting on a regular basis. The Ports of Los Angeles and Long Beach have, as a result, been working together on increasing the velocity of transport of goods, improving security, aiding the trucking industry and increasing trade for the region.



"If there is an issue that is actually national, not just state and regional, it is goods movement. For a sector that is responsible for one-third of the state's economy, we have to take the governor's executive order seriously."

Hasan Ikhrata
Executive Director, Southern California Association of Governments

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WHAT ARE **CHASSIS**?

Chassis are steel frames with wheels. They facilitate movement of containers at the port from the ships to trucks. Right now, the ports are dealing with an alarming shortage of chassis.

WHAT IS THE **SUPPLY CHAIN OPTIMIZATION GROUP**?

The Supply Chain Optimization Group includes stakeholders from shipping lines, cargo owners, truckers, and rail. The Federal Maritime Commission, which regulates how extensively the two ports can work together, approved the collaboration of stakeholders between the Ports of Los Angeles and Long Beach. The group's goal is to overcome port congestion and also to focus on improving port competitiveness and environmentally-friendly practices.

(Left)
Presentation by Dr. Robert Kleinhenz on port productivity

ENVIRONMENTAL CONCERNS AND COMMUNITY IMPACT

"Government sets the bar and the private sector innovates."

Assemblymember Patrick O'Donnell
on solving issues of the environment

Panelists expressed serious concerns about externalities that the public faces as a result of port-related activity. Moderator Stephen Cheung of the World Trade Center Los Angeles asked several questions about the prospects of **zero-emission technology**.

WHAT IS **ZERO-EMISSION TECHNOLOGY**?

Zero-emission technology refers to energy sources that do not emit waste products that can pollute the environment. The goal of zero-emission technology at the ports is to create a cleaner environment for surrounding communities as well as avoiding exacerbating the problem of climate change.

Long Beach Vice Mayor Dr. Suja Lowenthal was optimistic about this technology, noting that the Port of Long Beach has taken the lead to become a greener port, especially with the construction of the most modern and first zero-emissions terminal, Middle Harbor. Assemblymember O'Donnell added that much of the zero-emission technology has yet to be developed. In order to fully implement zero-emission technology, more funding is needed. O'Donnell will be urging the state government to allocate **cap and trade** dollars back into the Southern California ports in order to create a cleaner environment for all. Since

WHAT IS **CAP AND TRADE**?

The Cap and Trade policy was implemented in California in 2012. It is a market based regulation targeted to reduce pollutants and provide economic incentives for limiting emissions of greenhouse gases. The "caps" or limits are set by a governmental body and then sold in the form of emissions permits that then gives industries the right to emit a specific amount. The emission threshold is decreased by 3% in every subsequent year.



Assemblymember O'Donnell and Vice Mayor Lowenthal

the adoption of the **Clean Air Action Plan**, there has been a drastic decline in diesel exhaust and greenhouse gas emissions. There was also a 95% reduction of truck-related emissions. However, the elected and appointed officials on all three panels insisted that there is still much work to be done, especially with the Governor's new goal to reduce greenhouse gas emissions by 40% by 2030.

WHAT IS THE **CLEAN AIR ACTION PLAN**?

The Clean Air Action Plan was adopted by both Ports in 2006. It was a comprehensive strategy to lower port-related air pollution and health risks while still maintaining a balance to fulfill the need for economic development and job creation.

Community members from cities such as San Pedro and Wilmington raised concerns about pollution that stems from port-related activity. Logan spoke about the environmental injustice and externality that residents have to face every day. He called for "democratization of planning" because many environmental advocates and community members are the first to be left out of the port planning, design and developmental stages. Including the environmental point of view will be important in moving projects forward through consensus instead of having to battle in court later.

Vice Mayor Lowenthal responded, "We need to speak honestly to our communities about environmental impact and mitigation efforts. We need to acknowledge that there should be neighborhoods…designated as non-residential." However, Long Beach is working to "bring our communities to the port" through cyclist and pedestrian walk ways and developmental projects that make the Port of Long Beach a more attractive tourist destination. David Roberts, Director of Planning and Economic Development for L.A. City Councilmember Joe Buscaino, encouraged community members to attend, be involved, and stay opinionated at the Harbor Commission and Air Quality Management District meetings. "Making communities less impacted by the ports is a collective policy goal at the local, state, and federal level," said Roberts.



(L-R) Rick Cameron, Bobby Olvera, Angelo Logan

LABOR, TECHNOLOGY, AND INNOVATION

There were both advocates and skeptics about the application of new technology to facilitate goods movement at the ports and along the supply chain. Will new technology increase efficiency at the ports? At the same time, will new technology compromise job conditions and employment opportunity at the ports?

New forms of technology include electrification of transportation modes and **automation** of port terminals. Vice Mayor Lowenthal said that for our ports to stay at the top, "we need to set the standard for innovation" through research and development. Assemblymember O'Donnell added that new technology and labor are not necessarily in a zero-sum game. "We have to automate wisely" to make sure that we do not eliminate jobs. He said that with new technology there is opportunity for workforce development and training, which can lead to demand for higher-skilled labor and higher-paid jobs.

WHAT IS **PORT AUTOMATION**?

Port automation is the shift from reliance on manual labor to self-operating systems such as automated terminal operators, ship-to-shore cranes, and other automated cargo-handling machines.

Lastly, Bobby Olvera warned that "we need to balance technology with the reality that technology may not always work." In order to increase productivity, we need to simply "let the workers do their jobs."

Nicholas Weiner of the International Brotherhood of Teamsters advocated for a broader approach to the governor's executive order that included a fourth leg. He argued that "supply chain policy needs an even greater holistic and comprehensive view" that includes the people that literally drive the supply chain. There is a national shortage of truck drivers because of low wages. Weiner explained the truck driver shortage, misclassification of truck drivers and trucking wage issues as ones that cannot be ignored but often are.

"In order to sustain the linchpin in society, we need to sustain these next generations and make sure they get educated about this industry."

Dr. Robert Kleinhenz
LA Economic Development Corporation



(L-R) Gene Seroka, Michelle Grubbs, Rick Cameron, Bobby Olvera

Weiner was backed by Vice Mayor Lowenthal, who added, "workforce development forces need to be inclusive of all workers…we are not doing a great job today with our workers."

Gene Seroka laid out future plans for the Port of Los Angeles. Moving forward, "we need a strategic plan, one that emanates from stakeholder groups... It must be sustainable in two respects: 1) continued leadership in our environmental causes and 2) from a financial perspective." He added that the Port of L.A. is not a profit maximizing agency. The money generated goes back into developing infrastructure, environmental strategy and surrounding communities. Thus, "the more successful the port is, the more successful our communities will be." In closing, Seroka stated that "whether it's the larger trucking companies or the family owned businesses, if the port can act as a facilitator to bring these entities together, we will."

EDUCATING THE NEXT GENERATION

The role of millennials in the ports industry was a central theme of the day. Thirty Roosevelt High School students who are a part of the Pat Brown Institute's Youth Enrichment Policy Program, along with faculty and staff from the International Trade Education Program at Phineas Banning High School, drew the attention of the panelists. Christian Veloz, a student from Roosevelt High School, expressed concern with the environmental pollution that his community faces in Boyle Heights 20 miles away from San Pedro Bay. De Alba responded, "Trucking congestion on the highways that run through Boyle Heights is exactly what the governor's executive order is trying to address" and creates a cleaner future for these students living near the ports.

Jobs that have been created at the ports will demand more education for millennials in Los Angeles and Long Beach. David Roberts affirmed L.A. City Councilmember Joe Buscaino's commitment to continuing education especially at the community colleges and harbor colleges so that young people can have the necessary education to succeed in the port industry. There is no doubt that more technical training is needed now more than ever. Peter Herzog suggested that one part of the solution to supply chain bottlenecks would be education and employment preparation of students.



(Right) Mayor Garcetti with the Pat Brown Institute's YEPP students from Roosevelt High School

PORT ISSUES, HEADLINE NEWS

Moreno Valley OKs 40 million-square-foot warehouse project

Moreno Valley, California

In a recent vote, Moreno Valley city leaders unanimously approved an initiative in favor of a 40 million square foot (equivalent to 700 football fields) warehouse called the World Logistics Center. The city estimated that 68,000 more cars and trucks on the road will bring job growth and economic development to the region. Opposing the creation of the center are government agencies and environmental organizations. The Southern California Air Quality Management District believes that the plan is unlawful because the city fails to address its environmental impact.



Jerilyn Mendoza, SoCalGas

Largest container ship to ever visit U.S. arrives in Bay Area

San Pedro, California

The *Benjamin Franklin*, the largest container ship to ever visit the west coast, docked at the Port of Los Angeles on December 26, 2015. The French ship can hold 18,000 containers and is one-third larger than any other freight carrier that has come through this port. As the San Pedro Bay faces increasing pressure to develop infrastructure to accommodate these large vessels, public officials and international trade experts alike say that this is a sign of the port's increased efficiency in handling larger ships. Jock O'Connell, of Beacon Economics, said "it's a vote of confidence in the West Coast ports." After passing through the Port of L.A., the Benjamin Franklin's journey will take it to the Port of Long Beach in early 2016.

Environmentalists ask judge to halt $500 million harbor-area rail yard

Port of Los Angeles

Environmental organizations and community groups such as the NRDC, AQMD, East Yard Communities, The Coalition for Clean Air, the City of Long Beach, Long Beach Unified, and

PORT ISSUES, HEADLINE NEWS

CONTINUED

the California Attorney General have asked the Contra Costa Superior Court to order a halt to the Port of LA's proposed construction of the Southern California International Gateway. The construction of the railyard, with a proposed cost of $500 million, would make room for an additional 8,200 trucks a day and 2.8 million containers by 2035. The environmental coalition has called for legal action because the port fails to take into consideration the increased pollution that surrounding communities will face. Another court hearing will take place on January 28, 2016.

As e-commerce rises, Compton makes a play for more distribution centers

Compton, California

In an effort to adapt to the increasing e-consumerism culture, the City of Compton will soon transform a brickyard into a 60-acre distribution and logistics center. The Trammell Crow Company will oversee the construction of the site newly named, "The Brickyard." Mayor Aja Brown is confident in the site's ability to capitalize on increasing employment rates in the city. She is focused on not only development of this logistics center to create jobs but also ensuring above the minimum wage and on educational training programs for prospective employees to be successful in this industry. The completion of the facility is expected in August 2016.



Coro Fellow, Sean Fahmian (L), interviews Cal State LA Honors College student, Noe Mecina (R), on his main takeaways from the conference.

"The conference gave us a new insight about the intricate trading system at the Ports of Los Angeles and Long Beach."

Noe Mecina
Cal State LA Honors College Student

DECISIONS WE FACE IN THE YEAR AHEAD:

- *Is freeway expansion the right move to facilitate goods movement?*
- *Should we invest more in the rail transportation system or in the trucking industry?*
- *What steps must be undertaken to achieve environmental goals while bolstering the economy?*
- *Are technology and automation the answers to increased efficiency at the ports and in the greater supply chain?*
- *Will young people who are more focused on high technology careers find employment opportunities at the port and along the supply chain?*
- *What is the prospect of the logistics industry on future inland economic development?*

AS SEEN ON SOCIAL MEDIA

WTC Los Angeles
@WTCLosAngeles

"We have 6,000 chassis redlined at the ports." Bobby Olvera - lets get this problem fixed!!! #PBIPortsCon2015

PortTech
@porttechla

Dr. @SujaLowenthal, "Ports are #1 for TEU volume and should now strive for #1 in #Innovation" #PBIPortsCon2015 @PBI

Jerilyn L. Mendoza
@JerilynLM

"Great discussion, great agreement on priorities, good move forward." @MaryNicholsCA @AirResources @PBI #PBIPortsCon2015 #goodsmovement

Cristina Regalado
@cristina_says

Ports of Los Angeles & Long Beach world's 10th largest port complex #PBIPortsCon2015 policy issues - greening & growing economy

WTC Los Angeles
@WTCLosAngeles

"POLA & POLB are working more closely now than ever." Long Beach Mayor @RobertGarciaLB @PBI #PBIPortsCon2015

Pat Brown Institute
@PBI

Q&A how will #naturalgas be utilized as an energy source in the future #energyisland #lifecycle #PBIPortsCon2015

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