DailyBreeze.com

PRINT THIS

Click to Print

SAVE THIS | EMAIL THIS | Close

Today is Tuesday, April 17, 2007
Originally published Saturday, April 14, 2007
Updated Saturday, April 14, 2007

Ports of L.A., Long Beach outline clean-trucks plan

Vehicles that don't meet air standards would be charged to enter and eventually banned by facilities.

By Kristopher Hanson
Staff Writer

A proposal to overhaul the port trucking industry by restricting terminal access to motor carriers with the cleanest fleets was announced Friday by the ports of Los Angeles and Long Beach.

The long-awaited Clean Trucks Program seeks to phase out the current "owner-operator" trucking system by awarding annual franchise rights to motor carriers who agree to use less-polluting diesel trucks operated only by drivers with employee status.

"Our ports have received a number of suggestions on our truck program, and we have developed a concept based on input to date and additional research that staff has conducted," said Geraldine Knatz, executive director of the Port of Los Angeles.

"In the course of the next month or two, I'm confident that we can finalize a plan that will help significantly reduce the air pollution impact of (trucks) for the benefit of everyone who lives in Southern California."

Under the plan, container trucks not meeting port clean-air standards by January, including most pre-1994 trucks, would be assessed a gate fee estimated at $34 to $54 for each terminal visit. Eventually, older trucks would be banned under the plan.

A similar fee is being proposed for trucks calling at noncontainer terminals.

"It's a major undertaking, but it's going to result in major improvements in air quality," said Port of Long Beach Executive Director Richard Steinke. "Over the next five years, there should be a huge air-quality benefit for surrounding communities."

The truck plan requires majority approval by both harbor commissions, which port staff hopes to accomplish by midsummer.

In addition, port officials Friday revealed a tentative plan to assess a $24 fee on every 20-foot-equivalent container moving through the port to pay for infrastructure improvements. The plan would supplement recent state bond monies approved to improve goods-movement.

Additional aspects of the proposed container fee, such as who would collect the money and how it would be distributed, are being debated, said Port of Long Beach spokesman Art Wong.

The ports' goal in their recently approved Clean Air Action Plan is to dramatically reduce emissions

from the estimated 16,000 diesel trucks calling on waterfront terminals every day. The pollution from these vehicles and other port industry has been linked to increased rates of asthma, cancer and other ailments.

The Clean Trucks Program seeks to replace more than 80 percent of harbor trucks with vehicles meeting 2007 and newer federal EPA standards within five years.

Model-year 2007 diesel trucks, which operate only on low-sulfur diesel fuel and include additional emission-restriction components, are 90 percent cleaner than older trucks, according to the California Air Resources Board.

Environmental and labor groups applauded the decision Friday, saying it will quickly reduce the health impact on surrounding communities and improve the working conditions of drivers, primarily by granting them employee status.

Currently, the mostly immigrant trucking work force is paid a per-trip fee. Such drivers are responsible for truck purchase, maintenance, fuel and equipment and do not receive health care or other benefits.

As a result, port authorities, who are investing more than $400 million to subsidize truck replacement, believe so-called owner-operators would be unable to purchase or maintain newer trucks on their own.

"The entire trucking industry needs to change for this program to be sustainable," Steinke said.

Labor groups hailed the decision.

"The situation that exists for drivers now is akin to sharecropping," said Teamsters spokesman Barry Broad. "People receive poverty wages and live completely on the edge."

Melissa Lin Perrella, an attorney with the Natural Resources Defense Council, said accelerated fleet replacement should also help ease asthma and cancer rates in harbor communities.

"We're very supportive of this approach and think it moves much further and faster than anything else we've seen," Perrella said.

The new regulations come following months of intense closed-door sessions involving labor, business and environmental groups and port authorities.

Notably, the proposal opens the door for organized labor, whose harbor membership declined dramatically following the federal Motor Carrier Act of 1980, which deregulated trucking. The act allowed a flood of small "mom-and-pop" firms to receive carrier licenses and begin hauling goods, driving down prices primarily by reducing driver wages and vehicle maintenance costs.

At the least, the proposal severely impacts the current owner-operator system, which opponents criticize as a system of "sweatshops on wheels." Under the owner-operator system, drivers purchase their own trucks and are paid for each container or cargo load delivered to and from port terminals.

Only a tiny fraction have health care and most do not receive vacation or retirement benefits.

Opponents of the plan, including some smaller trucking firms, said the proposal will raise delivery rates, lead to driver shortage and create unnecessary bureaucracy.

Retailers expressed support Friday for the overall clean-air plan, but were skeptical of the truck-replacement approach.

In recent months, retail lobbyists have been advocating statewide standards on diesel trucks.

"We believe the state of California should set emissions standards for diesel trucks, but with that said, we have no problem with replacing these trucks, even if it raises (delivery) prices," said Robin Lanier of the Waterfront Coalition, whose members include such retailers as Wal-Mart, Home Depot and Target.

Despite early indications that opponents may sue to block the rules, city attorneys in both Los Angeles and Long Beach believe the proposals would withstand any legal challenge.

---For more details on the proposal, visit www.portoflosangeles.org.

kristopher.hanson@presstelegram.com

USER COMMENTS (0 of 0 total)

.submission { display: none; }

COMMENTS FORM

Title:

Name:

Email:

Comments:

Post Clear

I have read and agree to abide by the Comment Policy

San Pedro Bay Ports
Clean Air Action Plan (CAAP)
Stakeholder Group Meeting #2 Highlights
Port of Long Beach
May 11, 2007
8:00 – 11:00

- Executive directors announced that only the stakeholder or their alternate could attend each meeting. Request that each stakeholder submit the name of their alternate for addition to the stakeholder group member list.
- EDs provided a brief overview of comments received (reference comments handout); many comments were questions asking for more detail about the program. By early June ports plan to generate a series of documents detailing the program. EDs then answered some of the questions, but referenced that answers are still subject to change as the program develops.
- The ports are presenting informational workshops to LMCs and Drivers. LMC Focus: Thursday, May 31st 9:00-10:30 am – Long Beach Hyatt. Driver Focus: Tuesday, June 5th 9:00-10:30 am and Thursday, June 7th 6:00-7:30 pm - Both at Bannings Landing.

DRAFT

Discussion Highlights

- Commissioner Freeman clarified that the proposed Clean Trucks program is not only a clean air program; it will also support very serious homeland security programs managing the personnel coming to our ports. Cleaner air, homeland security and workforce stability are all three very serious, important program objectives.
- Concern was raised over whether there will be an adequate number of drivers and equipment servicing the ports once the program is in effect. Ports shared that the five year transition period is a key element of the program to ensure the program can adapt to the needs of the ports. The most important criteria for implementing the program to ensure adequate resources to support the goods movement.
- Stakeholders emphasized that there is a current shortage of truck drivers on the terminals now; studies report an overall shortage of on-road drivers. Stakeholders also emphasized that much of the trucking is seasonal (peak vs. non-peak times) and concern that the current proposed program takes away the inherent flexibility necessary. Companies won't want the obligation of maintaining employees during the off peak times.
- Training new drivers may help with shortage, but typically insurance requires two years of driving experience. There is also rigorous, continual drug testing - post hire, pre hire and random. Typically new drivers have a relative or a friend they ride along with to teach the terminals and port systems. The first job may be to drive terminal equipment inside a yard; driver continues until he/she is at the minimum required age and can then seek a commercial driver's license.
- Suggestions that job offers should first extend to drivers currently servicing the ports; and to those from local inner cities that suffer from port-related pollution.

Reminder that ports are also undertaking a workforce development component to the program.

- CTA is hosting an informational meeting targeting its members and LMCs on June 1st at the Long Beach Hyatt, 8:30 to 2:00. Topics include mechanics of drayage; DPF trap explanation; ARB plans; invitation to ports to present this plan; and CTA presentation on their plan. Anyone interested is invited to attend.
- One-time 1B bond money should come to the ports in a block grant under broad standards. It is important to remember that this is one-time money; ports will receive it to jump start changes but these changes will need to be sustained over decades without additional bond monies.
- There is substantial concern by stakeholders regarding the transition period to employee mandate for the concession contracts. Stakeholders want more detail on this part of the concession agreements. Some stakeholders feel that when the concessions are granted employees should be required immediately or hold the transition to employee mandate date-certain and forbid the use of independent contractors beyond that date.
- Other comments:
    - Opposition to employee mandate - can hold a concession company responsible for trucks without requiring employees.
    - One can be both an owner operator and an employee (reference car haulers).
    - Be watchful of allowing lease backs, where money is deducted from the driver's check and if driver fails the trucks are repossessed.
- Recommend ports analyze any NAFTA regulations to ensure there aren't restrictions on program implementation.
- Recommend ports conduct a comprehensive economic analysis of the proposed program, including: cost/benefit, market intervention, transition time, cost-effectiveness, and future freight volumes.
- Recommend Clean Trucks program address community impact mitigations, including truck idling, routing, and additional community impacts like requiring lots for parking trucks overnight to prevent trucks dominating residential neighborhoods.
- Recommend flexibility in the plan to address future problems not yet identified.
- Concern if the long term emission reduction goals will be met by implementation of the measure as proposed.

DRAFT

June 1, 2007

Geraldine Knatz, Executive Director
Port of Los Angeles
425 South Palos Verdes Street
P.O. Box 151
San Pedro, CA 90733-0151

Richard D. Steinke, Executive Officer
Port of Long Beach
925 Harbor Plaza
P.O. Box 570
Long Beach, CA 90801

Dear Dr. Knatz and Mr. Steinke:

The California Trucking Association (CTA) appreciates the opportunity to comment on the San Pedro Bay Ports Clean Air Action Plan. CTA is a non-profit trade organization representing nearly 2,500 trucking companies and suppliers operating in and out of California. We represent the largest number of intermodal trucking companies in our industry and our companies provide 1 out of every 12 jobs in the state of California.

CTA shares the same objective as the Ports regarding the urgent need to reduce truck emissions related to port operations, and we are committed to working with the state and Ports to identify solutions to that objective.

However, CTA has two fundamental problems with the Ports' Clean Trucks Plan. First we question the Clean Truck Plan's legality and constitutionality. Local agencies, such as the Ports, do not have the legal authority to regulate how trucking services are to be provided. This authority resides with the State and Federal agencies under their respective laws. Moreover, trucks that provide services to the ports are engaged in interstate commerce, and their right to have access to and conduct business in the ports is protected under the U.S. Constitution's Interstate Commerce Clause.

Second, as currently drafted, the Ports' Clean Trucks Plan will literally change the face of our industry by eradicating the role of the small owner-operator trucker at the ports. In adopting this approach, the ports have not adequately considered the input of the trucking industry, nor does their plan take into account the distinct qualities of our industry. The

result is a plan that could significantly impair the capacity of the ports to efficiently move cargo and potentially lead to port gridlock.

CTA has many member firms who have employee drivers as well as many who contract with owner-operators to transport freight into and out of the ports. We support the ability of both licensed motor carriers and owner-operators to determine which system is the best fit for them. But we oppose a port-mandated concessions program that will, for all intents and purposes, put many small firms out of business.

This letter has two parts. Part I is a critique of the Ports' proposed Clean Trucks Plan with an identification of the Plan's inherent problems and the unanticipated consequences if the Ports proceed as proposed. Part II contains CTA's recommendations on how best to improve the emissions profile of trucking in the ports.

I. Critique of the Port's Clean Trucks Plan

A. Legal Concerns

CTA has consistently noted that the Ports' plans fall outside their legal authority to implement and summarizes the points it believes the Ports should carefully consider. Specifically:

- The Ports do not have the legal authority to force a change in the manner in which motor carriers structure their individual businesses in the provision of drayage services.

- The Ports proposals are unreasonable and discriminatory practices subject to prohibitions under the federal Shipping Act.

- Port trucks are engaged in interstate commerce and their right to access and conduct business in the ports is protected under the US Constitution's Interstate Commerce Clause.

- The Ports' Plan to establish local regulation of the trucking industry by creating entry requirements to conduct port drayage operations violates the Motor Carrier Act of 1980

- Although the Ports claim their authority to require drayage concessions is based upon their proprietary powers, public entities cannot use their proprietary powers in ways contrary to expressed statutory limitations.

- The Ports proposal to not allow individual owner operators to drive their own trucks in the provision of drayage services in the ports would constitute an illegal deprivation of livelihood to these individuals.

CTA finds it hard to understand why a responsible public entity would court legal jeopardy when other reasonable ways forward already exist. The Ports' entry into statutorily restricted areas could delay the implementation of any reasonable clean-up

measures in the port and create issues for the allocation of public monies. Any such delay could also discourage owner-operators from upgrading their current trucks or investing in new equipment.

CTA raised these concerns first in August 2006 and subsequently in November 2006. In response, the Ports' requested additional time to conduct its own legal analysis. CTA understands the Ports' legal analysis has now been completed by outside legal counsel. It is now the responsibility of the Ports to provide sufficient information to address the above stated concerns.

B. Program Concerns

1. The Ports' Employee-based Concession Model Will Impair the Ports' Capacity to Efficiently Move Cargo and Could Lead to Port Gridlock

While well intentioned, the Ports' Clean Trucks Plan will have serious and significant negative impacts on the efficient flow of cargo from the ports and on our local economy. The Port's Plan will impair the capacity of the ports to move cargo and possibly result in port gridlock because it will require more drivers and trucks to move current and future cargo volumes at the same time it induces critical truck and driver shortages, increases drayage costs and disenfranchises small businesses and owner-operators.

More Employee Drivers Will Be Needed to Keep Pace with Current and Future Cargo Volumes

Because owner-operators have a vested interest in maximizing the efficiency of their operations, relying exclusively on employee drivers may also have the unintended consequence of requiring a higher number of drivers and trucks.

Peak Demand-based Staffing and Truck Requirements Will Uneconomically Inflate the Size of Drayage Operations

Drayage truck fleets would have to be sized to handle peak volumes. The difference in cargo movements between October, the highest volume month, and December, the lowest volume month, is 36 percent. Under the current system, owner-operators move to other transportation services work during low volume periods or use the opportunity to take vacation. In non-peak periods, many employee drivers and trucks would have little or no work and might be subject to seasonal layoffs.

Increased Marine Terminal Congestion Will Reduce Port Throughput

The need for increased numbers of trucks and drivers will also have a number of unanticipated consequences. Marine terminal congestion during peak and non-peak periods will increase, resulting in longer truck turn times, increased fuel consumption and additional pollution. Marine terminal congestion will cause delays as ships wait to offload. Ship delays will produce train delays and cause shipment backups.

The Link between Employee Status and Truck Model Bans Will Lead to Additional Driver and Truck Shortages

The Clean Trucks Plan linkage between the replacement of trucks and the requirement that drivers be motor carrier employees will lead to the effective removal of pre-1994

trucks and their owner-operators from the drayage fleet. However, pre-1994 trucks will continue in service in port neighborhoods performing dray offs and other container-related movement activities that do not require port entry.

Motor carriers will compete to offer the lowest-priced drayage services to customers and will attempt to minimize their drayage costs. A significant new cost for motor carriers will be the cost of vehicles. Employee drivers and motor carrier-owned trucks are linked because only employees would drive motor carrier-owned vehicles.

It will be less costly to meet emission requirements and avoid truck impact fees by retrofitting newer trucks, making it more likely that these would be the vehicles and drivers added to drayage fleet and employee rosters. The proposal to ban pre-1988 trucks effective January 2008 will effectively remove these vehicles and their drivers from the port drayage fleet but not necessarily lead to their replacement. The same state of affairs would be repeated the following year when pre-1994 trucks would be banned.

The port-banned trucks would migrate to services in port neighborhoods, most likely in the container dray-off trade. The PierPASS program has multiplied these dray-off opportunities as some 40 percent of containers moved from the ports during off-peak periods are taken to holding areas because customers cannot receive them during off-peak hours. The containers subsequently are drayed-off (delivered) the following day during on-peak hours.

2. The Ports Have Not Conducted an Economic Impact Analysis of Their Plan

The Ports' Clean Trucks Plan will have considerable economic consequences for trucking companies, shipping companies, railroads and shippers yet the Ports have conducted no economic or environmental analysis of their Plan. Drayage costs will inevitably increase to accommodate the increased costs of using more drivers who are employees, the higher costs of increased truck wait times and the costs of lost labor flexibility. There will be no environmental benefit associated with these higher costs. Motor carriers will limit drayage cost increases by seating consecutive driver shifts in the same truck and avoiding overtime pay. However, employee drivers will have effectively shorter work days because they would need to return as they near the end of their shifts to make their trucks available to the next driver shift.

Motor carriers will be hard pressed to find sufficient numbers of employee drivers. There is currently a shortage of drivers at the ports. Many owner-operators will not be interested in becoming employee drivers because they prefer the flexibility of choosing when to work and value the option to work additional hours at their discretion. Moreover, the wages that they will be able to earn as employee drivers will not equal their current incomes nor have the potential upsides of owner-operator income. Thus, significant numbers of owner-operators can be expected to exit port trucking and seek other opportunities in which to use their trucks because they will not be lured, and indeed will reject, the opportunities to become employees.

Third party safety and security inspections will also add costly, duplicative procedures. Appointing a third party to conduct safety and security inspections would duplicate functions currently performed by the Federal Motor Carrier Administration, California Highway Patrol and the Transportation Security Administration, and add non-productive costs.

An independent third party should conduct the economic analyses of the Ports proposed Plan as well as assess the cost effectiveness of the Port Plan environmental solutions versus alternatives such as the draft ARB Port plan.

3. The Forced Consolidation of Motor Carrier Operations Will Force Small Motor Carriers Out of Business and Cause the Unemployment of Thousands of Small Motor Carrier Employees

Motor carriers employ many people in non-driver positions. Among the positions are those for dispatchers, clerical support, payroll, customer service, scheduling, safety compliance, accounting, security, human resources and recruiting. There are over 1400 motor carriers licensed to operate in the ports of Los Angeles and Long Beach. The consolidation of motor carrier operations into a few large carriers will effectively eliminate many smaller motor carriers and their non-driver jobs. Although some small proportion will be able to find employment with the larger motor carriers, the vast majority will lose their jobs.

4. The Involuntary Conversion of Owner-Operators into Employee Drivers Will Deprive Them of Their Livelihoods

A particularly insular element of the Clean Trucks Plan is the Ports' unilateral decision to convert owner-operators into employee drivers. This decision has been made without any input from owner-operators themselves. Moreover, the naïve assumption that owner-operators desire or would willingly allow themselves to be converted into employees will create significant problems in the movement of freight through the Ports.

The port's proposal appears in part to be related to its limited understanding of port trucking. Instead of consulting with stakeholders with the deepest understanding, the Ports have taken their understanding of port trucking from a Teamster Union disinformation campaign which has mischaracterized owner-operators as a transient, unstable work force of recent immigrants who cannot speak English, have a 130 percent annual turnover rate (meaning that they stay in port service about 9 months), drive unsafe vehicles and are security risks.

Owner-Operators Constitute a Stable Work Force

The fact is that owner-operators are a stable, experienced professional work force with an average of more than 10 years commercial driving experience and more then 8 years port

driving experience. Eighty percent are married and have families[1]. Port drivers choose to work as owner-operators because they value the choice of when and whether to work.

Owner-operators' trucks are an average of 12.9 years old versus the statewide average of 12.2 years. Their vehicles are regularly inspected in conformity with state and federal safety requirements. Owner-operators must also undergo stringent drug testing, subject themselves to extensive background checks and provide documented evidence of their experience and qualifications in order to contract with a motor carrier to perform drayage services in the port.

The Vast Majority of Owner-Operators Would Prefer to Continue as Such

The CTA has recently conducted a survey of 1090 drivers to measure owner-operators' interest in becoming employees. The results of that survey showed that 80 percent of owner-operators wished to continue in that capacity while 15 percent would, if they had the choice, prefer to be employees. Five percent of the drivers declined to make a choice.

The sampling error for the total sample of 1090 is +/- 2.7 percent at the 95 percent confidence level. This means that 95 times out of 100, the results will be within 2.7 percentage points of what they would be if all port drivers were surveyed.

Drivers who wished to continue as owner-operators consistently cited their ability to earn considerably more than an employee driver as well as their freedom to set their weekly and annual schedules, choose which motor carriers to work for and decide how much to work.

One option mentioned by the Ports has been converting owner-operators into "employee" owner-operators who would retain ownership of their trucks but lease their truck to the motor carrier. However, under this approach all the income and flexibility benefits of being an owner-operator would vanish and be replaced by the hourly wages, work schedule and earning limits of employee status.

To be sure, there is a minority of owner-operators who might prefer to be employees. As the Ports' own income survey demonstrated[2], there is great disparity among owner-operators as to how much they earn.

For example, the Ports' survey showed that the top 20 percent of owner-operators who drove more than 36,000 miles annually, grossed from $100,000 to more than $150,000 per year. By contrast, the lowest 20 percent of owner-operators grossed approximately $35,000 per year, possibly making employee status more attractive to them.

---

[1] "Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach" - Kristen Monaco, Department of Economics, CSU Long Beach, January 2007, METRANS Report.

[2] "A Survey Of Drayage Drivers Serving The San Pedro Bay Ports", The Gateway Cities Council of Governments, March 26, 2007.

The ports need to realize that current employment opportunities for truck drivers at union wages regularly go unfilled. Drivers' preference to operate as owner-operators is a reflection of their view that their status is economically preferable to the option of becoming employees. It behooves the Ports to make the effort to query owner-operators before they assume that there will be sufficient owner-operators who wish to become employees.

II. What the Ports Should Do

A. Withdraw the Current Clean Trucks Plan and Work with CTA and ARB to Develop an Alternative Plan that Allows Motor Carriers to Use Owner-Operators.

The Ports need to take a closer look at ARB's proposed Port Drayage Plan. In earlier discussions with CTA, senior Port staff appeared to have dismissed the ARB Plan because it did not achieve the precise objectives of the Ports' Plan. However, the Port's Plan has changed since it was introduced in November 2006 and it now appears that the first phase of the ARB plan would achieve 95 percent of toxic particulate reductions targeted by the Ports' Plan for about 52 percent of the cost.

Moreover, the ARB appears to have the regulatory authority required to establish in-use emission standards for heavy duty trucks that the Ports lack. While the ARB Port plan is, like the Ports' own Plan, still a work in progress, ARB has been open to CTA suggestions in crafting its plan. For this reason, ARB's plan appears at this juncture to be capable of avoiding the legal pitfalls that could plague the Ports' Plan and has an implementation schedule virtually identical to that of the Ports. Significantly, the ARB plan does not propose to change the business model under which owner-operators and motor carriers currently work.

Uniform statewide standards are another benefit of the ARB port plan because it would use the same standards for all state ports as those in the ARB's proposed statewide private fleet rule that is currently under development. The Ports' proposal to establish unique local emission standards would generate serious economic problems for the state's trucking industry because it could lead to a patchwork of local restrictions across other parts of the state and country. This would create an impossible situation for our industry and make it difficult to enforce any meaningful regulation.

The ARB plan also does not require marine terminals undertake the potential liability of barring non-compliant trucks from accessing the port. Instead, it makes motor carriers responsible for dispatching only compliant vehicles to the ports and makes shipping companies responsible for contracting with motor carriers that only use compliant vehicles. In lieu of a Truck Impact Fee that would be set at a level based on the ports' need to fund truck replacement, the ARB plan uses the ARB's regulatory authority to fine non-compliant motor carriers and shipping companies at statutory levels that will not be affected by the Ports' revenue requirements.

Port Commissioners should be asking Port staff to educate them by providing comparative information on the ARB plan. Among the issues considered should be

estimating the actual costs to achieve the additional 5 percent reductions the Port Plan might achieve beyond those the ARB proposal would provide, taking into consideration the unnecessary disruptions and cost inefficiencies that would be introduced by the Port Plan.

B. Help Owner-Operators Acquire Their Own Capability to Purchase and Maintain Emission Compliant Vehicles

Owner-Operators Have Stated They are Willing to Invest in Cleaner Vehicles

Recent surveys have confirmed that drivers are willing to financially contribute to truck retrofitting programs.[3] While many drivers are amenable to grant-based truck replacement programs, many also have a stated preference for interest-subsidized loans.

Current Retrofit Programs Have Conditions That Drivers View as Onerous

Conventional lines of credit available through truck dealers to owner-operators tend to charge extremely high interest rates for loans. Managers for the Gateway Cities truck emission retrofit program report drivers being charged interest rates of 20 to 25 percent for their share of the costs of retrofits. The effect of such interest rates is either very high monthly payments or long amortization schedules, both of which tend to discourage owner-operator interest.

The requirement that grant recipients commit to remaining in drayage service for some specified future period has also discouraged interest in grant-related truck retrofit programs. While such a requirement may seem reasonable to the grantor, owner-operators appear to resist such commitments in favor of retaining their independence and ability to move their equipment between difference trucking vocations, as they see fit.

The IRS requirement that driver grants be treated as taxable income is a third factor that appears to have created the low willingness of owner-operators to enter upgrade programs.

All of these factors tend to discourage participation in publicly financed programs. Owner-operators need access to capital that has no conditions other than the legal obligation to make payments. Fortunately there are ways to make such capital available to owner-operators so that owner-operators could afford to purchase emission compliant vehicles.

Low Interest, No-Strings Capitol Can Be Made Available for Retrofits

Cascade Sierra Solutions (CSS) is an Oregon non-profit 501(c)(3)corporation that promotes solutions for saving fuel and reducing emissions from the legacy fleet of heavy-duty diesel vehicles. As a non-profit, CSS can accept used truck donations and issue receipts for full retail value. CSS is also able to work through various government agencies to issue tax exempt bonds to provide low interest loans.

---

[3] "Incentivizing Truck Retrofitting in Port Drayage: A Study of Drivers at the Ports of Los Angeles and Long Beach" - Kristen Monaco, Department of Economics, CSU Long Beach, January 2007, METRANS Report.

In presentations to CTA, CSS has claimed it can provide access to a pool of relatively new, donated trucks considerably below market costs and upgrade these trucks to significantly improve their emissions characteristics, fuel economy and appearance. CSS estimated that it could provide a 5 yr. lease-to-buy agreement for a late model, emission compliant truck for $750/mo. This is considerably less than the average payment measured by the previously referenced CSU Long Beach Study[4] that found owner-operators who were still paying off their trucks paid an average of $892/month.

III. Summary

In summary, CTA believes that the Ports' Clean Trucks Plan suffers from a number of fatal legal and structural flaws that would, if implemented, literally change the face of our industry by eradicating the role of the small owner-operator trucker at the ports, severely disrupt the efficient flow of cargo through the Ports of Los Angeles and Long Beach and create undue economic hardship for the owners and employees of small businesses operating in the ports.

CTA supports the objective of cleaning up the port drayage fleet but feels that this task is beyond the capacity of the Ports to accomplish. Fortunately, the State of California has the regulatory apparatus and legal structure that can accomplish this task.

The Ports should take this opportunity to gracefully withdraw their Plan and work collaboratively with CTA and ARB to develop a workable plan to cleanup the port truck fleet. For its part, CTA pledges to work with the Ports and ARB to ensure that the adopted plan will truly and efficiently improve the environmental profile of port trucking.

The Ports need to improve the stakeholder process that they are using to review their Plan. In particular, the Ports should ensure that the meetings are not held in secret and are memorialized. CTA also believes that the composition of the Task Force should be expanded to include organizations that are directly affected by the Plan.

Efficient ports are vital contributors to the health of the local, state and national economy. The Ports need to ensure that, in their efforts to clean up the port drayage fleet, they do not throw the baby out with the bathwater.

Sincerely,

Michael D. Campbell
Executive Vice President/CEO

Commissioners, Port of Long Beach
Commissioners, Port of Los Angeles

---

[4] Ibid.