

The Port of Los Angeles Clean Truck Program

Program Overview & Benefits

Introduction & Program Objectives

The Port of Los Angeles (POLA) is a national economic engine that facilitates as many as 918,800 jobs in the five-county Southern California region. The trucking ("drayage") system that serves the Port negatively impacts Port operations and the community through substantial air pollution and a variety of other negative impacts. Studies by the South Coast Air Quality Management District (AQMD) and the California Air Resources Board (CARB) have concluded that the more than two million people who live near the ports of Los Angeles and Long Beach face greater health risks than those who live elsewhere in the region. Based on CARB formulas, it is estimated that Southern Californians pay between \$100 million and \$590 million annually in health impact costs related to drayage truck pollution and will pay up to \$10.1 billion between now and year 2025.

The objectives of the Port of Los Angeles Clean Truck Program are to...

- Rapidly advance the improvement of air quality at the Port
- establish performance criteria for providers of drayage services that promote the Port's business objectives
- Ensure sufficient supply of drayage services and drivers that promote the Port's business objectives;
- Enhance Port security and safety; and
- Reduce negative impacts that port drayage inflicts on the local community.

The Port of Los Angeles Clean Trucks Program (CTP) provides a reasonable fix to a broken system that imposes direct and indirect social costs of our current port drayage system and enables the Port to more expediently and effectively address critical environmental concerns. Program considerations have been designed to optimize the following overall benefits:

Aggressive Environmental Gains

The POLA CTP is designed to achieve greener results promptly -- and for the long-term -- by...

- Encouraging compliance promptly
- Encouraging private investment and procurement of new trucks quickly
- Encouraging investment in cleaner, greener trucks by providing logical exemptions and strong subsidies for both private and publicly funded alternative fuel trucks and trucks powered by emerging technologies
- Accelerating the transition of port drayage toward an asset-based system where proper truck maintenance will help ensure fewer emissions output over the life of the truck

Long-Term Sustainability

Providing truck funds to individual drivers who can not afford new trucks does little to ensure that they have the capital to maintain those trucks and fully leverage them as assets toward the purchase of future trucks. The POLA CTP fixes the broken drayage system by creating clean, sustainable conditions for port trucking because...

- It encourages private investment
- Accelerates the transition of port drayage toward an asset-based system

- It allows concessionaires to build equity that can be used to acquire funding for future truck investments

Operational Safety and Security

The POLA CTP has a strong, positive impact on public safety, ensuring the highest degree of driver health, drayage safety and port security because the Program...

- Provides a consistent level of direct accountability over companies and employee drivers
- Makes it possible to assess and oversee safety issues and hold companies accountable for maintaining trucks and employing properly credentialed drivers
- Provides a far greater degree of control over drivers so concessionaires, as employers, can ensure that drivers and trucks meet security and safety standards
- Will be easier for California Highway Patrol and other authorities to identify and directly connect both the driver and the truck with their concessionaire employer/truck owner
- Gives concessionaires direct accountability over employees, and the system that be created as a result of the program will make it far easier to track both employees and companies

Optimal Efficiency

Today's disjointed drayage system places the burden of inefficiency (traffic, excessive fuel consumption, wasteful idling and extra truck trips) on the truck driver. The present system does not encourage efficiency. With the employee driver component, the POLA CTP will...

- Provide concessionaires a structure that makes it efficient to dedicate trucks and resources to the drayage industry
- Allow concessionaires to focus on drayage efficiency and have multiple employees drive a single truck. As a result, fewer trucks can pick up more containers, and common trucking industry technology, like on-board GPS tracking, can help concessionaires operate in the same efficient manner as today's major fleet operators.

Accountability to Our Communities

Local communities bear the brunt of our fragmented trucking system. The POLA CTP is a community friendly model because it provides solutions to address present issues that the existing loose confederation of drivers and Licensed Motor Carriers (LMCs) cannot address, including...

- Requirements for off-street truck parking – a major issue in many Los Angeles communities and a factor that concessionaires will need to manage as part of their agreement with the Port
- More control over how LMCs operate their trucks when coming into the Port, while at the Port and upon leaving the Port.
- Greater authority for the Port to exercise direct control over the concessionaires and, as employers, giving concessionaires greater ability to control the operations of the drivers

A More Responsible, Flexible and Administratively Manageable System

The POLA CTP is a responsive, flexible and easy to manage model because it provides...

- Grants to Licensed Motor Carriers and not individual truck owner-operators
- Direct control over the participants, the ability to make immediate changes to the program, and the ability to rapidly implement any necessary changes
- A more consolidated network of concessionaires through which program information and changes can be circulated and implemented immediately

- A system that is not based on a complex network of 1,000+ LMCs and 16,000+ independent owner-operators, but instead fosters a system based on hundreds of employee-based concessionaires
- An exemption program with a straight-forward scheme (no partial exemptions). This, in turn, makes the POLA CTP cost effective to operate.

The Best Solution to Advance “Green Growth”

According to a drayage options analysis performed by The Boston Consulting Group (BCG), the current drayage system imposes between \$500 million and \$1.7 billion of costs on the public each year through: operational inefficiencies (e.g impact on truckers and trucking companies of truck under-utilization, traffic congestion and lack of driver health/benefits); city/community costs (e.g. road maintenance, environmental damage, vehicle and driving safety and residential impacts from truck traffic and parking); and, above all, public health (premature death, hospital admissions, workday and school-day loss, and restricted activity).

By all accounts, the cost of replacing the present truck fleet will raise the price shippers pay to move their cargo through the San Pedro Bay ports. But at an incremental cost of \$500 million over a non-asset and employee-based drayage model, the additional cost of the Port of Los Angeles’ proposed system is less than the externalized, public-borne costs (\$500 million to \$1.7 billion annually) that are offset by a transformed drayage market. According to BCG’s analysis the proposed employee based system should deliver a positive cost:benefit ratio from 2010 onwards.

If the Port fails to effectively address the public health impacts of the present drayage fleet, the progress of much-needed Port facility expansion and modernization projects that have constrained growth at the ports for the past seven years will continue to be impeded. The Port will be hampered by legal constraints and the opposition of surrounding residents and communities to further expansion without an actual improvement in environmental conditions surrounding the ports. Conversely, a clean and sustainable drayage fleet, coupled with the dozens of other pollution reduction measures outlined in the San Pedro Bay Clean Air Action Plan (CAAP), provide a “green growth” strategy for moving projects forward successfully, increasing port capacity to accommodate future cargo volumes, significantly reducing port related air emissions in the decades ahead, and creating nearly 72,000 permanent jobs upon full build-out of a cleaner, modernized Port.

#