

Written Comments of the Waterfront Coalition

**Assembly Select Committee on California Ports
South Coast Air Quality Management District
Hearing**

**Assembly Bill 2650 Compliance Review
Port of Long Beach**

January 9, 2004

The Waterfront Coalition is an organization that represents the interests of cargo owners including retailers, manufacturers and agricultural producers on issues impacting goods movement through America's blue water ports. Our main mission is to support better business practices, the development of technologically advanced port and terminal facilities to meet the challenges of growing world trade, and to improve the efficiency of existing terminal facilities while creating a healthier environment within the port area.

It is worth noting that the cargo interests that the Coalition represents generally do not operate trucks or terminal facilities. Our interest is largely in the cargo that moves through terminal facilities. We have an interest in compliance with Assembly Bill 2650, but our interest and knowledge, therefore, is indirect.

Nevertheless, based on input from our members' trucking companies, the general view is that the terminal appointment systems allowed by Assembly Bill 2650 have worked well. Our members have indicated that truckers using appointment systems have significantly reduced "turn times," in some cases reducing the terminal wait as much as an hour. We have heard of some problem areas, such as longer waits to obtain so-called "hot cargo," that indicate to us that business interests are still adjusting to the new way of doing things. By and large, however, the appointment systems encouraged by the bill have been a benefit to truckers and to cargo owners.

As a general matter, shipper interests are always served by more productive, highly efficient, well managed, and less congested terminal facilities. When transportation is efficient, our cargo moves faster and inventory costs are reduced. We believe there is sufficient push from the marketplace to induce terminal operators to make additional changes that will improve the flow of truck traffic through their facilities. For this reason we do not believe any changes are needed to Assembly Bill 2650 at this time.

Indeed, the introduction of new technology and information management applications were recently made possible as a result of the new labor contract signed in 2002, between the ILWU and the Pacific Maritime Association. At this writing, we are not even one year into this six-year labor contract which establishes a process for the application of new technologies that we believe could have significant impact on congestion within terminals and ultimately on air pollution. These technologies will also have the business benefit of improving supply chain efficiency--an issue that cargo interests represented by the Waterfront Coalition continually press with ocean and surface carriers.

Terminals have already introduced new technologies at terminal gates, and 2004 will see major changes in container yard management systems that will be tied to the appointment systems encouraged by Assembly Bill 2650. We believe these new yard systems have the potential to make enormous improvements with interior terminal congestion. Other technologies on the near horizon include the introduction of radio tags on all port truckers to better manage existing appointment systems, information systems relating to the Transportation Worker ID Cards, required now by federal law, but which will be tied to more efficient gate systems, as well as bar coding, satellite systems and many other options designed to improve cargo "visibility," and security.

It is the Waterfront Coalition's view that the private sector will determine those technologies and business practices that allow terminal operators and truckers to meet the thirty-minute wait provisions mandated by Assembly Bill 2650 while also promoting goods movement efficiency and increased security. Terminal operators and trucking companies will determine which features of the many existing electronic appointment system portals, radio tag technologies, satellite systems and other options that best suit their businesses. Competition in the marketplace for these technologies will ensure that the most effective are chosen and that they are managed in the most efficient manner.

Specific government mandates are not necessary to drive these changes. These changes are already on the drawing boards and will take place as a matter of course. Indeed, such mandates could prove counterproductive, by forcing business into certain technologies that may not be the most promising.

Assembly Bill 2650 was designed specifically to address congestion at marine terminals, and not to address larger questions regarding road congestion on the intermodal connectors feeding California's ports. That is a separate issue scheduled to be covered under separate hearings later this month. The Waterfront Coalition supports and has worked hard to initiate a demonstration project for extended hour gates at the terminals in Long Beach and Los Angeles. We will present detailed testimony on benefits of such gains and the impediments facing extended gate hours at that hearing.

We well understand the views of communities surrounding terminal facilities. However, there is a balancing view that international trade, and the handling of export and import cargo provides enormous benefits to the economy of California. Trade also provides very attractive unionized work for many people living near the ports. Cargo movement, by its nature, requires trucks and steamships which use fossil fuels. As a result, addressing air pollution at the ports requires more than just finger pointing at terminal facilities, and more than just mandates aimed at one entity.

Thanks to the new six-year labor contract signed in 2002, port terminal operators have already begun to institute new technologies and business practices needed to efficiently meet the mandates outlined in Assembly Bill 2650. There are huge business advantages to improved efficiency, and government would do well to allow private sector entities to continue this process and to determine those technologies and new business practices needed to meet these provisions, rather than amending the law to require more specific mandates which may or may not reduce congestion.