September 30, 2019

Mr. Matt Plezia
Director of Master Planning
Port of Long Beach
415 West Ocean Boulevard
Long Beach, CA 90802

Mr. Matthew Arms
Director of Environmental Planning
Port of Long Beach
415 West Ocean Boulevard
Long Beach, CA 90802

SUBJECT: Draft Port of Long Beach Master Plan Update 2020

Dear Mr. Plezia and Mr. Arms:

I am writing on behalf of the Pacific Maritime Association (PMA). The PMA negotiates and administers West Coast maritime labor agreements with the International Longshore and Warehouse Union (ILWU) on behalf of its 70 member companies. PMA is proud to have our regional headquarters in downtown Long Beach, and fully appreciates the importance of the Port to our community, the region, and the state.

We have reviewed the Port of Long Beach’s Draft Port Master Plan (PMP) Update 2020. We concur with its key goals of accommodating forecasted demand for diverse cargoes, developing modern terminals with efficient operations, integrating the Green Port Policy and land use planning, and protecting and enhancing the coast for the benefit of all Port users and communities.

The Draft PMP Update recognizes the changes in the global economy and competitive challenges and market share losses the Port is facing. Over the past 15 years, the Los Angeles/Long Beach port complex has experienced a significant erosion in market share of containerized cargo. Earlier this year, the PMA commissioned a study led by U.C. Berkeley Professor Michael Nacht that looked at strategies for reversing the market share losses at the Ports of Long Beach and Los Angeles. Southern California’s share of Asian imports have dropped by nearly one-fifth, from 56 percent to 46 percent. It is projected that, by 2024, Southern California will lose its market share lead for discretionary cargo to East Coast and Gulf Coast ports, which have invested billions of dollars to enhance their facilities and improve operations.1 A copy of the study is attached.

1 Sustaining the San Pedro Bay Community Ports of Los Angeles and Long Beach, 2019, by Dr. Michael Nacht, Mr. Larry Henry and Dr. John Martin.
The Draft PMP Update correctly points out that a key aspect of staying competitive is modernizing terminal operations to meet a higher standard of productivity – a core focus of the PMA. The draft update recognizes the need to create modern, cost-effective, productive terminals that place a premium on efficient operations, including the use of increasingly advanced technologies that help move cargo on terminals and within the port complex. This will strengthen the Port of Long Beach’s already leading role, locally and nationally, and support the Port’s efforts to attract containerized cargo in an increasingly competitive environment while stemming the market share losses that threaten the Port’s future economic vitality. In addition, the Port (and the City) should be concerned about the implications of the loss of market share on the Alameda Corridor, given the City’s economic backstop to Corridor losses. (See attached report on the “Economic Impacts of San Pedro Bay Ports’ Share Losses on the Alameda Corridor Transportation Authority” prepared by Mercator in Q2 2019.)

Importantly, the Draft PMP Update also builds upon significant environmental progress made over the last two decades. This progress has been driven by many important policies at the local and state levels, including the Port of Long Beach’s Green Port Policy (2005), the Clean Air Action Plan (CAAP) Update (2017), and the California Sustainable Freight Action Plan. As formalized in your 2005 Green Port Policy, a guiding principle for the Port’s environmental protection efforts is to “employ the best available technology to minimize port impacts and explore advanced technology solutions.” The use of zero-and near-zero-emissions operating equipment also is consistent with the 2017 CAAP Update and the California Air Resources Board’s proposed zero-emission cargo handling equipment concept at ports by 2030. The implementation of zero-emission operating equipment also follows the Port of Long Beach’s Energy Initiative Roadmap that sets a goal of increasing zero-emission operations that necessitate greater resiliency in the electrical system and stabilized costs for energy.

The Draft PMP Update also supports the Port of Long Beach’s 2019 Strategic Plan that established key strategic objectives of strengthening the Port’s competitive position while meeting the CAAP’s strict criteria. Unless the costs of implementing these environmental objectives can be offset with productivity gains, the Port will experience continued loss of market share. See attached Nacht study on cost competitiveness of the Port compared to East Coast and Gulf Coast Ports.

Dr. Nacht found that “pricing disparities for comparative terminal process charges per container show a 90-165% differential with major port competition on the East Coast compared to those on the West Coast, before additional costs are included for required environmental mitigation measures at the Ports of Los Angeles and Long Beach.”

The Port of Long Beach’s 2019 Strategic Plan also recognizes the importance of equipping workers with the requisite skills for the port terminal jobs of the future. The PMA looks forward to sharing our work in this area as we continue to strive to prepare workers for opportunities in a changing industry.
Earlier this year, we reached an agreement with the ILWU on an expansive job training program for ILWU workers in Southern California. This program will empower ILWU Local 13 members to keep pace with the modernization of the container shipping industry by providing specialized up-skill and re-skill training – enabling workers to take full advantage of new work opportunities on the waterfront in Southern California. The training will be available at no cost, and all participants will continue to earn full-time pay and benefits.

In summary, the PMA supports the key goals of the Draft Port Master Plan Update 2020 that address the crucial issues facing the Port – maintaining market share, modernizing terminals and optimizing operational efficiencies, and protecting the environment.

The PMA and its member companies – many of whom are tenants at the Port of Long Beach – appreciate the culture of collaboration that has served the Port of Long Beach and the stakeholders you represent so well. Because of this atmosphere, the Port has positioned itself well to continue its role as a huge economic catalyst that supports the vitality of our region.

Sincerely,

James C. McKenna
President and CEO

cc: Mr. Richard Cameron, Deputy Executive Director of Planning and Development