



June 28, 2019

The Honorable Henry Stern
Chair, Senate Natural Resources and Water Committee
State Capitol, Room 5046
Sacramento, CA 95814

RE: AB 1321 (Gipson) – OPPOSE

Chair Stern:

The Pacific Maritime Association (PMA) writes to notify you of our **opposition to AB 1321 (Gipson)**.

PMA negotiates with the International Longshore and Warehouse Union (ILWU) on behalf of our member companies and administers labor agreements that govern workplace practices at the 29 ports along the West Coast.

AB 1321 would authorize the State Lands Commission to approve the use of automated technology at coastal ports within the commission's jurisdiction, including Los Angeles/Long Beach and Oakland. Automated technology is defined in the bill to include *any equipment or infrastructure that does not require a human operator*.

This bill would place an unnecessary burden on the State Lands Commission to evaluate basic business operations at all port facilities, including, for example, automated phone answering systems, parking lot payment systems, and vending machines.

Importantly, AB 1321 also would circumvent the collective bargaining agreement between the ILWU and PMA, which expressly allows for automation.¹ Automation enables the ports to achieve important reductions of greenhouse gases (GHGs), diesel and other air contaminants while remaining competitive with national ports.

AB 1321 would jeopardize important environmental benefits. With the passage of two landmark bills – AB 32 (Nunez, 2006) and SB 32 (Pavley, 2016) – the State of California led the way toward reducing greenhouse gas (GHG) emissions. In 2016, various State agencies issued the Sustainable Freight Action Plan as a roadmap for reducing emissions in the freight sector. The Sustainable Freight Action Plan recognizes the role of automation in improving efficiency and reducing emissions. In 2017, the Port of Los Angeles adopted the Clean Air Action Plan (CAAP), which sets forth substantial emission reduction goals. The CAAP also recognizes the role of automation in contributing to emissions reductions.

¹ The PMA/ILWU agreement says: "It is recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers, including the operating, maintenance and repair, and associated cleaning of stevedore cargo handling equipment." (Section 1.72). It goes on to say, "The parties recognize robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications. It is agreed that the jurisdiction of the ILWU shall apply to the maintenance and repair of all present and forthcoming stevedore cargo handling equipment in accordance with Sections 1.7 and 1.71 and shall constitute the functional equivalent of such traditional ILWU work."

PMA members are prepared to support these important goals by transitioning to zero-emission equipment. However, emissions reductions come at a cost that place the California ports at an economic disadvantage with other national ports. In order for the California ports to remain economically viable, the significant investment needed to introduce zero and near-zero equipment must be balanced by the improvements in efficiency and productivity enabled by automation.

AB 1321 would negatively impact the economic vitality of port communities, regional economies, and the State. The Ports of Los Angeles/Long Beach, for example, contribute 31.4% of the Gross Metropolitan Product for the Los Angeles metropolitan area and account for 179,108 direct, indirect, and induced jobs. A critical component of this economic value is generated by discretionary cargo which is container cargo that arrives in California ports and is then bound for destinations elsewhere in the United States.

California has already lost considerable market share to East Coast and Gulf ports due to various competitive factors, including the rising costs of doing business at California ports. Today, it costs up to 165% more to move a container through a California port than through other major ports in North America, and that is before additional costs required for environmental mitigation measures at California ports.

Researchers estimate that by 2024, a majority of containerized cargo will bypass the Ports of Los Angeles/Long Beach altogether, instead arriving in the U.S. from Asia on “all water” routes – namely, through the widened Panama Canal and the Suez Canal. Plus, competing ports on the Gulf and East Coasts are extremely well-positioned to continue taking volume from the West Coast.

Automated technology is an essential part of the strategy to maintain and recapture this market share. AB 1321 would put this important activity at risk, threatening overall goods movement that has a ripple effect across multiple industries.

AB 1321 would threaten jobs and important labor agreement benefits. We believe AB 1321 was introduced in response to a local permit issue at the Port of Los Angeles. PMA member company APM Terminals operates Pier 400, and has sought a local permit to install electrification equipment that would enable the use of zero-emission automated technology consistent with the Clean Air Action Plan. Local 13 of the ILWU is opposed to the issuance of this permit in order to block automation, which two other Southern California terminals have successfully implemented. However, this ill-conceived bill threatens to drive tens of thousands of valuable trade-related jobs out of California and harm the very workers it is intended to help.

PMA and the ILWU currently have in place *a model labor agreement that provides certainty of earnings and future positions* for longshore workers even in light of automation and electrification.

In recognition of PMA members’ ability to automate terminals, the employers have agreed to the following with the ILWU:

- **Pension Increases:** PMA has agreed to very significant increases in pensions, which are currently nearly \$89,000 annually for fully vested workers with maximum years of service, rising to more than \$95,000 annually in 2021.
- **Pay Guarantees:** PMA has agreed to protect eligible registered longshore workers who are unable to obtain full-time work for any reason including technology and automation by expanding the pay guarantee plan (PGP). The PGP provides a guaranteed weekly income to industry registrants who meet eligibility criteria and are unable to obtain a 40-hour workweek.

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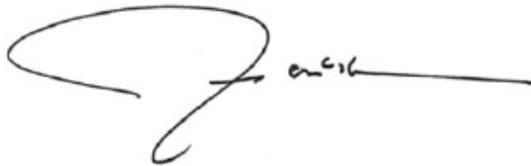
- **World Class Health Care Benefits:** ILWU-PMA welfare plan is among the most generous health plans in the nation, with fully paid medical care with no employee premiums and only very limited deductibles. Prescription drugs are provided for \$1. The cost of the health care plan, borne entirely by the employer, is approximately \$53,000 per active registrant.

Increased Wages: Wages have continued to increase through the technology and automation agreements, with the average full-time registered worker earning more than \$183,000 per year. For longshore registrants, the average is \$171,110. Clerks are paid an average of \$193,511 per year, and for foremen the average is \$281,555.

AB 1321 (Gipson) would jeopardize this important labor agreement that has been in place since 2008 between port terminal operators all along the West Coast and the ILWU. And it does all of this for Local 13 whose jurisdiction is limited to a single port complex in Southern California.

For the foregoing reasons, PMA respectfully **opposes AB 1321** and urges your “no” vote in committee.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. McKenna', with a large, stylized initial 'J' and a horizontal line extending to the right.

James C. McKenna
President and CEO

cc: Members, Senate Natural Resources and Water Committee
Assembly Member Gipson