

TRANSCRIPT

marketplace  of ideas



featuring the Director of Economic
Development Strategy for the Los Angeles
Mayor's Office

SEAN ARIAN

On improving the quality of air
and jobs at the nation's ports

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**DRUM
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INSTITUTE FOR PUBLIC
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THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY MARKETPLACE OF IDEAS SERIES

IMPROVING THE QUALITY OF AIR AND JOBS AT THE NATION'S PORTS

SPEAKERS:

SEAN ARIAN

Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

HON. JERROLD NADLER

United States Congress

CHRISTOPHER WARD

Executive Director, The Port Authority of
New York and New Jersey

KIM THOMPSON-GADDY

Co-Chair, North Jersey Environmental Justice Alliance

Introduction by **GARY LA BARBERA**

President, International Brotherhood of Teamsters Joint Council 16

Moderated by **ANDREA BATISTA SCHLESINGER**

Executive Director, Drum Major Institute for Public Policy

ABOUT DMI'S "MARKETPLACE OF IDEAS" SERIES:

Never content just to argue theory, DMI provides a platform for policymakers who have successfully worked for social and economic fairness in our public institutions. For far too long the conservative right has defined the limits of what is "possible" in society and politics. The "Marketplace of Ideas" shows that we can transcend these artificial boundaries: it is possible to be progressive, practical, and effective. Since its inception we've heard from a wide range of speakers, including Congresswoman Hilda Solis, who authored the nation's first environmental justice law; Minnesota Attorney General Lori Swanson, who initiated tough standards to crack down on predatory mortgage lending; Dallas District Attorney Craig Watkins, who transformed the prosecutor's role to include a focus on exonerating the innocent; and Maine State Rep. Sharon Treat, who passed legislation increasing access to affordable prescription drugs.

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PANELISTS AND SPEAKERS

SEAN ARIAN is Mayor Antonio Villaraigosa's Director of Economic Development Strategy. He is responsible for guiding the Mayor's economic development strategy focusing on key sectors of the Los Angeles economy, working on issues as diverse as the development of Mayor Villaraigosa's "green growth" strategy at the Port of Los Angeles and the Mayor's strategy to build the green economy in Los Angeles. Prior to joining the Mayor's Office, Sean worked as a manager and consultant at McKinsey & Company, a global management consulting firm. Sean also worked as Project Director for the Access to Justice & Legal Reform Initiative in Buenos Aires, Argentina, Executive Director of Harry Bridges Institute, and Director of International Policy for the International Longshore & Warehouse Union. A native of Los Angeles, Sean earned his J.D. from Columbia University School of Law, and a Bachelor of Arts from the University of California at Berkeley. In 2002, Sean served as a Fulbright scholar in Latin America, and in 1995, he served as a Japan Foundation fellow in Yokohama, Japan. He is a member of the California Bar.

HON. JERROLD NADLER represents New York's Eighth Congressional district. Congressman Nadler was first elected to the House of Representatives in 1992 after serving for 16 years in the New York State Assembly. Throughout his career he has championed civil rights, civil liberties, efficient transportation, and a host of progressive issues such as access to health care, support for the arts and protection of the Social Security system. He is considered an unapologetic defender of those who might otherwise be forgotten by American law or the economy, and is respected specifically for his creative and pragmatic legislative approaches. In his roles as an Assistant Whip and a senior member of both the House Judiciary and the House Transportation Committee, Congressman Nadler has the opportunity on a daily basis to craft and shape the major laws that govern our country. Congressman Nadler is a longstanding and nationally recognized expert on transportation. During his 16 years as a New York State Assemblyman, Nadler was able to match his ideas for improving transportation and infrastructure with legislative solutions. In this capacity he founded and chaired the Assembly's Mass Transit and Rail Freight Subcommittee. Since his election to the U.S. House, he has brought that expertise and enthusiasm to work for New York as a senior member of the House Transportation and Infrastructure Committee. He is now the highest-ranking Democrat from the Northeast and co-chair of the Congressional Transit Caucus, where he's fought for better subway service and New York's fair share of mass transit funding. Congressman Nadler stood virtually alone for many years in decrying the downstate New York region's isolation from the national rail freight system and its almost total reliance on truck-borne freight. Congressman Nadler proposed to reverse these effects by reconnecting New York to the nation's rail freight system through the construction of a rail freight tunnel under New York Harbor.

CHRISTOPHER WARD is the Executive Director of the Port Authority of New York and New Jersey. He was appointed on May 22, 2008. He previously served at the Port Authority as Chief of Planning and External Affairs, as well as Director of Port Redevelopment from 1997 to 2002. Immediately prior to being appointed Executive Director of the Port Authority, Mr. Ward served for over two years as Managing Director of The General Contractors Association of New York, Inc. (GCA), where he directed and managed the major trade association that represents the heavy construction industry in the City of New York. Before joining the GCA, Mr. Ward spent a year as Chief Executive Officer of American Stevedoring, Inc., a stevedoring and port services company headquartered at the Brooklyn Port Authority Marine Terminal with major operations at the Elizabeth Port Authority Marine Terminal. Mr. Ward had previously worked at American Stevedoring in the 1990s. Prior to leading American Stevedoring, Mr. Ward served as Commissioner of the NYC Department of Environmental Protection (DEP) for the Bloomberg Administration from 2002-2005. Mr. Ward has spent much of his professional career in service to the City of New York in various capacities, such as Senior Vice President for Transportation and Commerce at the Economic Development Corporation, Assistant Commissioner at the Department of Telecommunications and Energy and as Director of Research at the Department of Consumer Affairs. Mr. Ward holds a Bachelor of Arts from Macalester College and a Master of Theological Studies from Harvard University's Divinity School. Mr. Ward has also served as an Adjunct Professor at the School of International and Public Affairs at Columbia University.

KIM THOMPSON-GADDY is the environmental justice and North Jersey organizer for the New Jersey Environmental Federation. She facilitates the development and implementation of NJEF/CWF's grassroots-based environmental justice campaigns, networking and coalition building efforts. She serves on the Essex County and Irvington (past chair) Environmental Commissions, NJ Department of Environmental Protection (NJDEP) and NJ Department of Health and Human Services Health Tracking Advisory Group, as well as vice chairs NJDEP's Environmental Justice Advisory Council. Kim is a member of the NJ Environmental Justice Alliance Steering Committee. She is currently the NJ President of the International Black Women's Congress. She is also former Chief of Staff for Newark City Councilwoman Crump and Founder/President of South Ward Cultural Center. She has a long history of being active on many Newark civic committees and was an elected school board member. She has a B.A. in Economics from Rutgers University and is the happy mother of three.

GARY L.A. BARBERA is President of the New York City Central Labor Council (elected June 2007), and President of the International Brotherhood of Teamsters Joint Council 16 and Local 282. In 1996, the General President of the International Brotherhood of Teamsters appointed Gary as International Trustee of Local 282, which has an active membership of 4,000 truck drivers throughout New York City and Long Island. In October 2000, Gary became the first elected president of Local 282 in more than a decade. Gary has subsequently run unopposed for three consecutive

terms. Gary became actively involved in Teamsters Local 282 in the early 1980s working as a warehouse forklift operator. He first served as a Steward and was subsequently appointed to the position of Business Agent. In addition to his role at Local 282, Gary was elected as Secretary-Treasurer of Teamsters Joint Council 16 in 2001. He ran unopposed in 2005 and currently holds the position of President of Teamsters Joint Council 16, a 120,000-member organization representing thirty-four Teamster Locals. Along with his responsibilities to the Teamsters, Gary also serves organized labor in several other leadership capacities. Gary was appointed by then-New York State Governor Eliot Spitzer to serve on his Transition Transportation Policy Advisory Committee. Gary is a Vice President of the New York State AFL-CIO. In 2005, he was asked by New York City Mayor Michael Bloomberg to serve on the Mayor's Commission on Construction Opportunity. Gary was also asked to Chair the New York City Model Code Program Labor Advisory Committee. He serves on the Metropolitan Transportation Authority's Blue Ribbon Panel on Construction Excellence.

ANDREA BATISTA SCHLESINGER has led the effort since 2002 to turn the Drum Major Institute, originally founded by an advisor to Rev. Dr. Martin Luther King, Jr. during the civil rights movement, into a progressive policy institute with national impact. Under Andrea's leadership as Executive Director, DMI has released several important policy papers to national audiences, including: 'Congress at the Midterm: Their Middle-Class Record' and 'Principles for an Immigration Policy to Strengthen and Expand the American Middle Class.' Andrea studied public policy at the University of Chicago. Andrea has worked in various capacities to promote educational equity and youth empowerment. She directed a national campaign to engage college students in the discussion on the future of Social Security for the Pew Charitable Trusts, and served as Director of Public Relations of Teach For America before working as the education advisor to Bronx Borough President Fernando Ferrer. Andrea has been profiled in the *New York Times*, *The New Yorker*, *Latina Magazine* and in 'Hear us Now,' an award winning documentary about her tenure as the student member of the New York City Board of Education. She has appeared on the 'Lou Dobbs Tonight' show on CNN and has been published in *New York Newsday*, *Crain's New York Business*, the *Mississippi Sun Herald*, *New York Daily News*, *Alternet.com*, *Tom Paine.com*, the *New York Sun*, *Colorlines Magazine*, *The Chief-Leader* and *City Limits* magazine. She is a contributor to The Huffington Post, on the Editorial Board of *The Nation* and was named a '40 under 40 Rising Star' by *Crain's New York Business*, a "Next Generation of Political Leaders in New York" by *City Hall Newspaper*, and received a LatinaPAC Dolores Huerta Award for 'making great strides in promoting progress in our community.'

TRANSCRIPT

The transcript from this event has been edited for length and readability.

Internet links are provided in footnotes throughout this transcript as resources for readers seeking to better understand the policy discussion. While we hope they are helpful, the Drum Major Institute for Public Policy is not responsible for the content or continued functioning of these links.

GARY LA BARBERA: My name is Gary La Barbera. I serve the labor movement in New York City as the president of the New York City Central Labor Council¹, which represents 400 affiliated unions and 1.2 million members. I also serve as the President of Joint Council 16 of the International Brotherhood of Teamsters here in New York City, representing 120,000 Teamsters.

It is a pleasure for me to be here this morning to open the program. We have a very exciting and important program and a wonderful panel. Unfortunately, I have to deliver the news which many of you may already know: the mayor of Los Angeles, Antonio Villaraigosa, will not be joining us this morning. Obviously, if anyone's watching the news, they know his absence is due to the fires in L.A. There were two deaths yesterday because of the fires and he is needed in L.A. However, we do have a very special guest from Los Angeles this morning. Joining us is Sean Arian, the mayor's Director of Economic Development. He will step in this morning on the mayor's behalf.

I would also like to acknowledge this morning our very special panel. First, let me acknowledge my good friend. I know everybody says in our business "my good friend", but I can really say this. Chris Ward, my good friend, from the Port Authority in New York and New Jersey is with us this morning.

We are also joined by one of the leaders on transportation issues in our area. Congressman Jerry Nadler has been a tremendous advocate for progress in the transportation and port arena [applause]. We are also joined by the co-chair of North Jersey Environmental Justice Alliance, Kim Thompson-Gaddy. I would also just like to take a quick point of personal privilege and make one introduction. I know so many of you but I would like to introduce a very dear friend of mine and a vice president at large of the International Brotherhood of Teamsters², Fred Potter. Freddy, thanks so much for being here.

Our moderator this morning is Andrea Batista Schlesinger, who is the Executive Director of the Drum Major Institute for Public Policy. Andrea and I got to know each other quite well in a short period of time when we both served on the Traffic Mitigation Commission³ here in New York City. I have to tell you that Andrea is clearly a leader in public policymaking in New York, and we really should give her a

1 <http://www.nycclc.org/>

2 <http://www.teamster.org/>

3 https://www.nysdot.gov/portal/page/portal/programs/congestion_mitigation_commission

round of applause for putting this all together. She brought a lot to that commission, was a real advocate, and she continues to be a strong one.

The focus of this morning's conversation is to look at the efforts to reduce air pollution and improve working conditions for truck drivers at the nation's ports. The Drum Major Institute's Marketplace of Ideas events are designed to highlight a policymaker who has successfully put his or her progressive values into practice. The Drum Major Institute provides a platform for policymakers who have successfully worked for social and economic fairness in our public institutions. The Marketplace of Ideas shows that it is possible to be progressive, practical, and effective. Since its inception, there has been a wide range of speakers, including New Jersey Governor Jon Corzine, who signed family leave insurance into law in his state; Boston Mayor Thomas Menino, who catalyzed the rehabilitation of abandoned buildings into affordable housing; Minnesota Attorney General Lori Swanson, who initiated tough standards to crack down on predatory mortgage lending; and Dallas District Attorney Craig Watkins, who transformed the prosecutor's role to include a focus on exonerating the innocent.

Sean Arian is responsible for guiding the Mayor's economic development strategy to focus on key sectors of the L.A. economy, working on issues as diverse as development of Mayor Villaraigosa's Green Growth Strategy at the Port of Los Angeles and the Mayor's strategy to build the green economy in Los Angeles. Under the leadership of Mayor Villaraigosa, the Port of Los Angeles adopted a Clean Air Act Plan in November of 2006, aiming to reduce port-related emissions by at least 45 % by 2012. The plan includes initiatives to cut pollution from trains, ships, trucks, and equipment used to move cargo. One ambitious component is the Clean Truck Program, which both imposes tough emission standards on 16,000 diesel trucks and prevents exploitation of truck drivers by mandating that only licensed trucking companies can serve the port.

Since deregulation, drivers have struggled as independent contractors. In fact, a recent study finds that the typical truck driver in the Port of New York and New Jersey makes only \$28,000 per year, or the equivalent of \$10 per hour, with no benefits, and drives a truck that is on the average eleven years old.⁴ These old trucks create a safety hazard on our roads and increase pollution tenfold, causing a public health crisis in nearby communities. In order to get a job in the port today, drivers have to buy their own truck, pay their own expenses, and buy their own fuel. With all of these responsibilities for clean air placed on a driver who is least able to afford it, it is no wonder we are in a crisis.

I am so excited to hear about the ambitious and bold plan that Mayor Villaraigosa passed this spring, a plan that went into effect just a couple of weeks ago. Change to Win and the Teamsters have started discussions on cleaning up ports here in

New York and are so pleased with the response that we have received from our good friend, Chris Ward.

I am pleased to be working on behalf of the New York City labor movement and, in particular, the Teamsters and Change to Win on this very important issue. If we look around this forum this morning, we see people from all different organizations and agencies. The ports are a really important issue in terms of our national security and our environmental situation. Working with a broad coalition of people is the way that we move forward, by sharing common goals and common views and working together in unprecedented ways.

I want to thank Andrea very much for giving me the opportunity to start this morning's program and present the welcoming remarks. Thank you all very much for being here, and it is really my pleasure to introduce Sean Arian from Los Angeles, Director of Economic Development.

SEAN ARIAN: Thanks, Gary. I really appreciate that. It is an absolute pleasure to be here today and I am honored. It is the start of a great coalition to do something like we have done in Los Angeles. I know that all of you were expecting Mayor Villaraigosa to be here today. I spoke to him yesterday and he asked me to send his regrets that he was not going to be able to be here today due to the catastrophic fires that are still burning in Los Angeles this morning. But I will do my best to channel the mayor in what he might have said to you.

My name is Sean Arian. I am the Mayor's Director of Economic Development and I was fortunate to be able to lead part of an amazing team in Los Angeles to help develop and implement what we call the Clean Trucks Program in L.A. The mayor, whenever he speaks on this, will tell you that he believes that the transformation of Los Angeles's port into a clean and green gateway is the single most high stakes and far-reaching policy debate taking place in Southern California today. And as a debate, it is raging. But all too often in the 24-hour news cycles we have, the big picture gets lost and it often seems like this debate is raging behind closed doors. So what I would like to do today is open those doors a little bit and talk to you about what we have done in Los Angeles. I am going to start with an overview and then dive into some details, because I know a lot of those do not typically come out in the press about this topic.

Ladies and gentlemen, in America we have seen cities step up to fill a void in leadership that has been left in the wake of inaction on the federal level. We are stepping up on immigration, on traffic, on decaying infrastructure and failing schools, on counterterrorism, and on homelessness. But I think in more than

Ladies and gentlemen, in America we have seen cities step up to fill a void in leadership that has been left in the wake of inaction on the federal level. We are stepping up on immigration, on traffic, on decaying infrastructure and failing schools, on counterterrorism, and on homelessness. But I think in more than any other area, cities have stepped up on environment and climate change.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

⁴ These statistics are based on a 2008 Rutgers University survey of 299 truck drivers selected at random at the ports of Newark, Elizabeth, and Bayonne. The study had not been released at the time of publication.

Our docks welcome 44 percent of all containerized goods entering the United States of America. Together we support one in 25 jobs in the Southern California region. Over a half a million jobs in Southern California are directly a result of the ports. We bring in over \$373 billion in trade a year through the ports of Los Angeles and Long Beach... that is a lot more than Hollywood or the entertainment industry contributes to the Los Angeles economy.

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any other area, cities have stepped up on environment and climate change. Let me give you one example.

About two years ago, 22 mayors from some of the largest cities in the world signed a pact to lower carbon emissions more effectively and more efficiently than the Kyoto Treaty did.⁵ They did it in Los Angeles. Since then, cities from Seattle to Trenton have laid out an aggressive plan to cut their carbon footprint. London has experimented with congestion pricing; Paris reintroduced the bicycle; New York

turned yellow cabs green. In Los Angeles, a city at the global crossroads of trade and culture, America's gateway to Asia and Latin America, we have blazed a new path for the green economy that begins right on our shoreline. The ports of Los Angeles and Long Beach, as you will hear today, are the economic engine that drives the Southern California economy. Our docks welcome 44 percent of all containerized goods entering the United States of America. Together we support one in 25 jobs in the Southern California region. Over a half a million jobs in Southern California are directly a result of the ports. We bring in over \$373 billion in trade a year through the ports of Los Angeles and Long Beach. Again, to put it in perspective, that is a lot more than Hollywood or the entertainment industry contributes to the Los Angeles economy.

But the fumes of this economic engine have also begun to choke our cities. Every day over 16,000 dirty diesel trucks from the port clog the arteries that run through

neighborhoods in Los Angeles. And our greatest asset has, in turn, become the single greatest cause of pollution and smog in the Los Angeles basin. So Mayor Villaraigosa is not exaggerating when he says that cleaning the ports has become one of the most high stakes policy debates in Southern California. That stake is more than just the 2,400 lives that are cut short every year in California from a barrage of diseases like emphysema, throat and mouth cancer, it is more than just the one million school days that children in south Los Angeles missed last year because pollution-induced asthma kept them in bed sick. At stake is our willingness to rise up to the challenge of being a global city, even when it means overcoming short-term obstacles. It is a fundamental question about whether we are willing to flex our might now to secure a cleaner and brighter future for our city and for our children, or whether we are

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going to continue to allow the Big Box companies to call the shots and add pennies to their profit margins at the expense of the health of our communities.

Mayor Villaraigosa drew a line in the sand. When he campaigned to become mayor back in 2005, he said that we have a moral mandate to act immediately. And we did. Today at the Port of Los Angeles, we have adopted the most aggressive sustainable plan to make L.A. truly the greenest port in America and, perhaps, in the world.⁶

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We set a path to cut diesel emissions from trucks at our port by 80 percent and overall emissions by 45 percent by 2012. We switched to cleaner harbor craft such as hybrid electric tugboats that we have experimented with and plug-in electric power on the docks. We worked out agreements with ships coming in and out to switch out to cleaner, low-sulfur fuel twenty miles from the shoreline. We also

set clear benchmarks for the 16,000 dirty diesel trucks now calling on our terminals. They will have to abide by tough emission standards in the next five years or we are simply not going to allow them through the gates of the port.

But what we realized when we moved from a plan on paper to one in practice was that the heavy lifting suddenly got a lot heavier. We realized that a one-off investment to replace these 16,000 dirty diesel trucks is not going to work, especially not for the long term. Not when the ports are relying on a Third World business model focused on independent-operator truckers, based on low wages and even lower responsibilities, and where the environmental, social, and public safety costs of the industry are externalized onto the citizens of Los Angeles. It is a broken system in which multi-billion-dollar corporations for years have left the day-to-day work of moving cargo to non-capitalized independent operators and anonymous freelance truck drivers that are scraping by on an average of \$24,000 a year. These are drivers who—and you can look at the *L.A. Times* expose on this⁷—when the thread of their tires wears down, they simply take out a hot butter knife and they carve deeper grooves in the tire. This is an unstable workforce who work in port service one day and then the next day somewhere else because port service really does not pay very much. They cannot afford new tires, they cannot afford health insurance, much less what we are asking them to do today, which is to maintain new \$100,000 trucks and then replace them again in five years.

5 For more on the World Mayors and Local Governments Climate Protection Agreement, see <http://www.globalclimateagreement.org/>.

6 Read the details of the San Pedro Bay Ports Clean Air Action Plan at <http://www.portoflosangeles.org/environment/caap.asp>.

7 <http://www.latimes.com/news/local/wheel/la-me-trucks21jan21.0.6246775.story>

Let me explain this a little bit more in detail for those of you who do not work in the port operations. For those of you unfamiliar with the system of port drayage⁸ trucking, let me break down a little bit how the system worked in L.A. and how we have seen it work in different parts of the country as well. What we have are something called LMCs, or Licensed Motor Carriers, that arrange for the use of trucks in our ports. Now, the LMCs have business relationships with the retailers, like Wal-Mart, Target, Home Depot, and their subsidiaries, and with the carriers, which are the shipping lines. In Los Angeles, we probably have about 1,300 different LMCs. As you can see, there are a lot of them.

These LMCs have little-to-no assets. They are often just made up of the kitchen table and a cell phone. They really do not own anything. They contract with independent-operator truckers to haul cargo. Sometimes they have a long-term relationship with them, sometimes they do not. Now, these paid-by-the-load truckers engage in really intense competition which leads to razor-thin profit margins at the port. So if you can imagine Home Depot sitting on one side of the table and an independent-operator trucker sitting on the other side, you can see what happens to the profit margins for workers at the port.

What this has done is create a situation where lots of different costs are externalized onto the community. As I have said, some of the environmental costs come in the form of pollution. Public safety costs come in terms of a system where you could have as many as 43,000 different truckers coming in and out of the port at one time or another with no way to figure out who is coming in and who is going out. A huge social cost is also at play, not just in the low wages that the workers make, but the burden on the public system of people who do not have health care, people who are not able to pay for health care for their children, people who do not even have any of the basic rights that employees have under state law in California.

Another huge impact is congestion on our streets. If you talk to folks that live in places like San Pedro or Long Beach—these are places near the Port of Los Angeles—they will tell you that almost everybody from these communities has a friend or a relative who has been in an accident with one of these trucks. They are very dangerous. Lastly, it literally creates a very inefficient system. It externalizes the cost of efficiency on the community. I can give you an example that we have seen in the Port of Los Angeles. There were times, because there was no incentive to do anything else, where LMCs would sometimes say, “I have a container over on this

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dock.” And they will call up two or three or sometimes four of their truck drivers and say, “Whoever gets there first can pick up that container.” As you can imagine, first it is highly inefficient, second, it is horrible for the environment, and, third, it multiplies our problems many fold.

So that is why when we looked at this, there had been a lot of pressure from business interests to focus on just switching out the trucks. They basically said to us we should subsidize the replacement of dirty trucks or let the industry institute a solution. Now, as I explained to you, dirty trucks are just a symptom of the larger problem. If we used our \$1.6 billion in public funds, which is what we are going to do, and placed them into the same dysfunctional system with poor maintenance and no capital, we would be facing the exact same problem we are facing today in another five-to-ten years and would have done nothing to improve public safety and security or working conditions, nothing to attract a stable workforce or encourage operational efficiencies.

So it became clear to us that if the Port of L.A. was serious about cleaning the air, we needed to get to the root of the problem rather than constantly just reacting to the symptoms. We discovered that if we kept this current system in place, we were going to find ourselves in the same situation as we are in now: dirty, unsafe,

inefficient, and reliant on Third World labor standards. So we met with a coalition of environmentalists and drivers, and we drafted a new model of responsibility in Los Angeles where everybody has skin in the game.

Let me tell you a little bit in detail about what we did. We put together a clean truck program that basically has five parts to it. The first part was what we call the Dirty Truck Ban. By 2012, all trucks that enter the Port of Los Angeles must meet at least

2007-level standards or better or they cannot enter the ports. Starting two weeks ago, on October 1, 2008, we banned all pre-1989 trucks. That was the first stage of the ban. That is 2,000 of the dirtiest trucks that were taken out of port service. I think like New York/New Jersey, Los Angeles had an average truck fleet age that was quite old, which contributed quite a bit to the problem.

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We instituted what was called an environmental cargo fee... and we also instituted a set of exemptions from this fee so that we could start to incentivize good behavior at the port... if you are the average cargo owner, like say a Wal-Mart or a Target, it would probably mean about \$40,000 in fees per year on your trucks going through. So you have a strong incentive to avoid this fee.

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⁸ Drayage refers to the transportation of goods by truck for short distances, for example between the dock and a local warehouse.

Number two, we instituted what was called an environmental cargo fee, which I believe, as far as we could tell, was the first environmental cargo fee that had ever been levied in the world, which was \$35 per TEU.⁹ For an average 40-foot container, that fee is about \$70. And we also instituted a set of exemptions from this fee so that we could start to incentivize good behavior at the port. Now, what does this fee mean? It means if you are the average cargo owner, like say a Wal-Mart or a Target, it would probably mean about \$40,000 in fees per year on your trucks going through. So you have a strong incentive to avoid this fee.

Let me tell you about the exemptions to the fee. One option is to buy your own truck that is at least a 2007-level compliant diesel truck. Then you pay no fee. Another option is to get a publicly funded, subsidized, alternative fuel truck running on natural gas or new hybrid technology. Whether it is publicly funded or you pay for it yourself, you also do not have to pay the fee. A lot of people talk about how the fees are really going up in Los Angeles as a result of this program. We say that if you are a responsible company, fees are not really going up for you at all because you are going to avoid the fee. This allows a lot of new players to get into the port, responsible companies that might not have otherwise been there.

Number three, national security-related issues and port security. Some of you have heard about something called Transportation Worker Identification card.¹⁰ This is something required by the federal government where they do a background check

on everybody entering the port. We are, as part of our program, able to implement that a little bit earlier than the federal government is implementing it. So that has also gone into effect this month. As part of our program, we are able to monitor trucks going in and out of the port a lot more easily than we ever have been able to in the past.

Number four, we have a concession program. This is essentially a contract between the port and the trucking

companies that are coming into the port that set certain basic rules of the game for coming into the Port of Los Angeles. So part of this is the need to transition to an employee-based system in Los Angeles. Another example is that we are requiring that trucks have off-street parking. One of the big problems around our port communities is a lot of these trucks end up getting parked on residential streets and run through residential streets. It is dangerous for kids and it is dangerous for other public safety reasons and it is a blight on the neighborhood. We are also requiring things like that they have to have an established place of business.

If you look at some of the criticism from opponents concerning the concession program, they said, “Well, you guys at the Port of Los Angeles are favoring big companies over small companies. This is not really fair to the little guy.” They misunderstand the program. We do not favor big companies over small companies; we favor responsible companies over irresponsible companies. The proof has been in the pudding because the companies that have signed up for concessions range from large national carriers to very small 2- to 3-truck companies. We have seen the entire gamut of companies coming into the Port of Los Angeles.

Number five is a financing program. So we take that \$1.6 billion and we use it to fund clean trucks in our port. We have the port pay up to 80 percent of the cost of a new truck, which could be either a 2007-level diesel truck or an alternative fuel truck. We require that to participate in the financing program, for every new truck you get from the port, you have to turn in an old, dirty, polluting truck. Because we do not want to just shift these trucks to another part of the country or down to Mexico. We want to take them off the road, we want to drill a hole in their engine, we want to smash them for scrap and make sure that these trucks are never on the road anywhere again. Two weeks ago we were able to smash the first of these trucks on the first day that the program took place. You can go and see, I think on the port’s website, some of the details of that and actually see a big crushing thing just come and smash the truck.¹¹ It was actually pretty cool to watch.

So let me explain why it is better to fund companies with employees as opposed to continue to fund the current independent-operator system. A lot of you are familiar with the financial crisis that we are in today with regards to subprime lending. Well, one of the things we did when we looked into the details of our Clean Trucks Program was to have an economist come in and look at it, asking what would happen—even if we were funding up to 80 percent of the cost of the new trucks—if we make that money available to trucking companies with employees or if we made it available to independent operators.¹² One of our findings was that even with an 80 percent subsidy, the cost for a new diesel truck per month is about \$500 and for a new alternative fuel truck about \$1,000 a month. First off, that means a lot of drivers are not going to get alternative fuel trucks, which we are trying to encourage at the ports. That also means that to get to that level, you have a huge balloon payment at the end of the period. There are a lot of these truckers, again, just barely scraping by. They would not be able to afford maintenance, would not be able to afford a lot of the things that you have to do, so would probably default on even a

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⁹ TEUs are twenty foot equivalent units, a standardized measure of cargo capacity.

¹⁰ [http://www.tsa.gov/what we do/layers/twic/twic_factsheet.shtm](http://www.tsa.gov/what_we_do/layers/twic/twic_factsheet.shtm)

¹¹ Unfortunately, this video could not be located on the Port of Los Angeles website.

¹² The study is available at http://www.portoflosangeles.org/CAAP/CTP_Full_Report_Sept72007.pdf.

\$500 or a \$1,000 a month payment. Whereas currently they go in and for \$3,000 or \$4,000, they can buy a 30-year-old truck and participate in port service. So it is a big bump for a lot of these guys

So the ports of Los Angeles and Long Beach have Daimler Financing performing our financing program.¹³ Daimler came back with a study that showed that the default rate would be quite high if you were to give the money directly to independent operator truckers, and quite low if you gave it to capitalized licensed motor carriers or trucking companies. That is another reason why we felt in Los Angeles that we needed to have a more asset-based system that relied on our employee model.

Overall, that is basically a little bit about what our system looked like. With this type of system, L.A. has blazed a path that will set a standard, we believe, for cleaner ports from Oakland to Dubai. And I will tell you, the fight has been really tough. Our opponents are some

of the most well-funded corporations across the world, and many said this deal could never be done. In fact, it was on the same week that we passed the program that our hometown newspaper, the *Los Angeles Times*, printed an editorial that said it could not be done, and many others agreed with them. They said that our plan was illegal and that the courts would stop it. But they were wrong. Both the Federal District Court and the 9th Circuit Court of Appeals found in our favor, just in September. And they said that we would not have enough trucks to service the ports, but they were wrong. We have over 21,000 trucks that signed up for our program. This is more than double what our target goal was going in. They said that the trucking companies would never sign up for our program, but they were wrong. Over 600 firms have signed up to be part of our program. This includes national giants like Knight Trucking and Swift, which you see on the roads even back here on the East Coast. But it also goes down to small two- and three-truck operators.

Critics also said that when we started our program on October 1st—and you can read this in places like the *Journal of Commerce*¹⁴ as late as September, 2008—that chaos would reign at the ports, that our environmental goals would be delayed indefinitely. Again, they were wrong. On October 1st, we banned 2,000 of the dirtiest and oldest trucks. We only allowed concessionaires to operate in the port and implementation has been smooth. In the first hour of operation we had a 92 percent compliance rate. By noon that day, we had a 100 percent compliance rate. No backups at the port, no

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delays, no congestion. So while the naysayers told us we could never reach our goal, we just kept on going. Or, as the mayor likes to say, we just kept on trucking.

Our lesson has been that it is never easy. At no time in history has real systemic change for the greater good ever come without growing pains. It didn't happen in the twenties and thirties, did not happen in the sixties, and it sure is not happening today. History is paved by those who persist courageously in the face of doubts, threats, and dire predictions. And I think today we are seeing that history and I am proud to be a part of it. Today, the Port of L.A. is laying that ground work. Now, I happen to have a personal connection to it. My father is a longshoreman and my grandfather before him was a longshoreman, my sister is a longshoreman, my aunt is a longshoreman, three of my cousins... I could go down the line. As you can imagine, I grew up at the Port of Los Angeles and when I was a little boy my parents would sometimes rush me to the emergency room because my asthma attacks were severe. And until I worked with Mayor Villaraigosa, I never actually put two and two together and figured out what was causing it.

So when the Mayor asked me to help him lead this effort, I was honored and proud to be part of a really amazing team, not just at the Mayor's Office but also with folks down at the Port of Los Angeles. People sometimes try to tear apart city government as being very bureaucratic, but I can tell you the people down at the Port of L.A. did an amazing job. They have an environmental ethic that is second to none, and they really stepped up to make this happen. Also, working with the community has been vital throughout the process. There has been a coalition that has formed in Los Angeles, a very unique one, that pulls together environmentalists, community members, environmental justice leaders, labor organizations, and truckers that really is a combination that cannot be beat. So I want to thank the Mayor for the opportunity to be able to participate in this program and I would also like to thank all of you for listening. Thanks very much.

ANDREA BATISTA SCHLESINGER: Thank you so much, Sean, for pinch hitting. That was a terrific presentation. We have a fantastic panel today and I look forward to a lively discussion. As we do in the Marketplace, I will introduce the panelists in turn, then toss a question their way, and then we will open it up. First, I wanted to introduce Representative Nadler, who represents New York's Eighth Congressional District. Congressman Nadler has served in the House of Representatives for the past sixteen years. Prior to that he was a New York State Assemblyman. He is Assistant Whip of the House, a senior member of the Transportation and Infrastructure Committees, Co-Chair of the Congressional Transit Caucus, and a nationally recognized expert on transportation, and, frankly, several other things, which makes it difficult because he is now going to become, and already is, a regular in the Marketplace of Ideas. So we apologize in advance to your scheduler.

I wanted to ask you about the situation that created the conditions at the ports, what is taking place at the ports, what required this action of taking drivers and making them employees. That wasn't always so. If I had a nickel lately for every time I

¹³ <https://www.daimler-truckfinancial.com/inet/en/common/home.do>

¹⁴ <http://www.joc-digital.com/joc/20080922/?pg=28>

hear the word “deregulation”, I could probably single-handedly fund an economic stimulus plan. But this is really about deregulation, how we got to this place in time. Can you provide some context to the audience about deregulation and its relationship to truck drivers and their status at the ports?

REP. JERRY NADLER: Well, thank you very much. I do not really know the history of it very much, but I do know the following: when I talk about economics, I generally say that the free market is the best mechanism we have discovered for generating wealth, for generating goods and services. But the unrestrained free market without proper government regulation and limitations will always result in all kinds of catastrophes. The first one I usually mention is that the free market ignores externalities and I was interested to hear Sean Arian use the word “externalities,” which I have rarely heard anybody else use.¹⁵ When I say externalities, I mean first and foremost the environment, because exactly as Sean described the port, when you have a lot of independent operators competing with each other and at the mercy of large corporations, they cannot be environmentally sound on their own. They cannot maintain their trucks if

[W]hen you have a lot of independent operators competing with each other and at the mercy of large corporations, they cannot be environmentally sound on their own. They cannot maintain their trucks if the other guy does not maintain his. If the government steps in and says everybody has to, then you have a level playing field and it becomes the cost of doing business. But if the government does not do that, then the first thing that goes out the window is environmental protection...

—Representative Jerry Nadler

the other guy does not maintain his. If the government steps in and says everybody has to, then you have a level playing field and it becomes the cost of doing business. But if the government does not do that, then the first thing that goes out the window is environmental protection. Whether it is a factory that decides to throw all the crud in the river because the other guy is doing it or whether it’s an independent truck driver who cannot maintain the truck and certainly cannot upgrade it for the environment, they are based on the same phenomenon.

So the first lesson is that we must have strict government regulation. We are learning that again now. We seem to learn that every sixty years or so. We are learning that again on the larger canvas right now. I must say I am very impressed with what I hear about what they are doing in Los Angeles and actually changing the whole pattern. By the way, let me just say one thing about New York, not about the port. You saw the same change happen years ago with cab drivers, where they went from union-organized companies to suddenly independent operators who rented the car from the fleet owner and are responsible for paying all the expenses, etcetera. And suddenly their income went down, their ability to maintain the cars to decent standards went down, and the same thing has happened at the ports.

So the use of government regulation to mandate cleaner vehicles, to mandate

proper environmental conditions, and to mandate a social organization, economic organization, where you do not have these independent operators who cannot make ends meet, where there is a more employee-based system, is the way to go and I hope the other ports will copy it. In fact, I hope the federal government will mandate it.

ANDREA BATISTA SCHLESINGER: And speaking of the other ports—no pressure, Chris—Chris Ward is Executive Director of the Port Authority of New York and New Jersey, and prior to his service there he served the City of New York in various capacities, including Senior V.P. for Transportation and Commerce at the Economic Development Corporation and Assistant Commissioner at the Department of Telecommunications and Energy. We have just heard from Sean about the challenges facing the ports of L.A. and Long Beach and their remedy. Could you, for the audience, talk about the similarity of challenges facing the ports of New York and New Jersey and perhaps some differences with L.A. as well?

[The ports in New York and New Jersey are] unlike the load center that L.A. and Long Beach are because we are a competitive port up and down the East Coast with some of our other port partners, going all the way down south to Savannah and to Norfolk, but also up through a potential burgeoning port in Baltimore and a little bit in Boston. The level playing field competitively, in terms of how you can assess fees, is something we need to be careful about.

—Christopher Ward,
Executive Director, Port Authority
of New York and New Jersey

CHRISTOPHER WARD: Sure. I know this is like heresy for a New Yorker to say, but I will say it anyway: L.A. and Long Beach, both in size, breadth, and capacity, is larger and superior to New York and New Jersey. The breadth of that port, the volume of cargo which is coming into L.A. and Long Beach, is over double what we bring in here to New York City. That is an important logistic distribution reality that is going to have to be a part of any plan that New York and New Jersey puts together. But Sean hit a couple of key points and I would like to come back to them.

The Port Authority of New York and New Jersey before my tenure began looking at the very same issues that L.A. and Long Beach have put policies in place to deal with. Our program is not as extensive yet, it is not as comprehensive, and it does not have all of the components that Sean laid out. But I think we have taken a very strong position recently that we will set the same sorts of goals in NOx reductions, SOx reductions, and particulate reductions.¹⁶ We have also looked at alternative fuel initiatives within the port. We have obviously focused on rail versus truck. We have looked at paperless gates so that you do not have the idling issues—like the excessive exhaust idling causes. We have also undertaken a comprehensive port master plan right now to look at some of the questions on volume capacity and growth and community impacts in terms of congestion on local streets, highways, and distribution highways around Newark and Elizabeth, in particular.

¹⁵ Economists define externalities as the effects of business activities that are not included in the market price of a good or service. Pollution is an example of a negative externality.

¹⁶ Nitrogen oxide (NOx), sulfur oxide (SOx), and particulates are pollutants produced by burning fossil fuels. They reduce air quality and have been linked to health problems such as asthma and lung cancer.

But just doing some of the numbers, I think Sean said that on average it is 16,000 trucks in L.A. and Long Beach. As a comparison, New York is at around 8,000 to 9,000 trucks. One of the market conditions as a driver that L.A. has that New York needs to be careful about, and I use that word advisedly, is that we are unlike the load center that L.A. and Long Beach are because we are a competitive port up and down the East Coast with some of our other port partners, going all the way down south to Savannah and to Norfolk, but also up through a potential burgeoning port in Baltimore and a little bit in Boston. The level playing field competitively, in terms of how you can assess fees, is something we need to be careful about. \$35 worked well, I think, due to the market domination that L.A. and Long Beach has and that we need to be careful about here in New York and New Jersey.

I come back to the one point, and Jerry mentioned it and Sean mentioned it, and it always amazed me, being in the transportation industry, that we drive costs down rather than driving prices in a way that addresses externalities and are reflected in the cost of distribution. The razor margin that independent truckers face, whether they are even employee-based or large-scale-trucking based, is essentially the entire economy pushing down those prices and that efficiency, wringing the last nickel out of that part of the industry rather than a thoughtful price signal that could move back up into the production chain. From there it would move into worldwide distribution chains and, finally, into the manufacture so that externalities are, in fact, priced in a way that we can end the type of truck and environmental damage that we know presently occurs. I like the combination of Congressman Nadler's remarks about where we are with regulation, where we are with price signals for pricing those externalities, and then finally changing the economic model so it is not the trucker who pays for the externalities, but it is somewhere embedded in a one-, two-, three-cent price impact for the goods produced elsewhere in the world and brought here, whether it is L.A. or Long Beach or into New York.

ANDREA BATISTA SCHLESINGER: We will come back to some of these questions about regulation, externalities, and the role of the federal government in a few moments. I want to introduce Kim Thompson-Gaddy, who is the co-chair of the North Jersey Environmental Justice Alliance and North Jersey organizer for the New Jersey Environmental Federation. She facilitates the development and implementation of grassroots-based environmental justice campaigns and coalition building efforts and serves on the New Jersey Department of Health Tracking Advisory Group.¹⁷ This is one of these topics where you have to keep the big picture

In Newark, in particular, there are 7,400-and-something trucks that travel to and through our communities on a daily basis. The South Ward, where I was born and reared, was adjacent to the port, as well as the East Ward. So residents who live near the ports experience an environmental health injustice.

—Kim Thompson-Gaddy,
Co-Chair, North Jersey Environmental
Justice Alliance

in mind, but also get into the details. But one of the things that I see clearly here is this union of economic justice goals and environmental justice goals.

Now, you recently joined a coalition.¹⁸ I think you even have stickers. I have seen people with the stickers, which is very important for the coalition work: to get the trucker mandate that is being pioneered at the L.A. port here to New York. So I guess my question for you is: what is a nice environmental justice activist like you hanging out with the Teamsters and the other folks at the center table here for? Why make that leap, that choice, to join that coalition?

KIM THOMPSON-GADDY: Well, first that choice is definitely a personal one. As Sean mentioned, I had asthma growing up and asthma never leaves you, you just have to learn to manage it. Unfortunately, I have three children who are asthmatic and it is directly linked to the poor air quality that we suffer from the ports in our community. In Newark, in particular, there are 7,400-and-something trucks that travel to and through our communities on a daily basis. The South Ward, where I was born and reared, was adjacent to the port, as well as the East Ward. So residents who live near the ports experience an environmental health injustice. It was my responsibility to now step up to the plate and say we need to have a coalition that can begin to address these issues that are killing our communities. One in four children in the city of Newark is asthmatic versus one in ten throughout the state. Hospitalization rates have doubled in our city.

So I do want to acknowledge Deen Shareef who is from the economic development office. Mayor Cory Booker¹⁹ could not be here, but I do want to thank you for coming, as well as Joel Sonkin from the BCDC²⁰, because it is important that not only the Coalition for Healthy Ports begins to address this issue, but we, too, like Sean, have to include the economic development departments of the City of Newark. We have to include our mayor and we have to say that the lives of our children are more important than somebody's personal agenda. So we have to come together as a collective body, with the Teamsters, with Change to Win, with clergy, with community activists, and say we need a New Jersey Clean Trucks Plan and we need it right now.

And at the end of the day what all this research told us was that... having a shift from independent operators to an employee-based system with highly-capitalized firms is vital for making sure that it is sustainable over time.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

¹⁷ <http://www.state.nj.us/health/epht/index.shtml>

¹⁸ For more on the Coalition for Healthy Ports, see <http://www.cleanwaterfund.org/feature/clean-air-campaign-coalition-healthy-ports>.

¹⁹ Cory Booker is the Mayor of Newark, New Jersey.

²⁰ The Brick City Development Corporation is Newark's economic development agency. See, for example, http://www.ci.newark.nj.us/government/city_departments/economic_housing_development/brick_city_development_corporation.php.

ANDREA BATISTA SCHLESINGER: To Sean now. As part of the trucking program, as you talked about it, as part of this overall Clean Air Action Plan, the Environmental Protection Agency has given a lot of awards to it.²¹ And Long Beach, your neighboring port, decided not to do the truck driver piece. They decided it is not necessary that you require that the drivers become employees, that they can remain independent operators and the plan could still work. Why did you stick to this requirement and what do you think will be the difference in the impact between the Port of L.A. and Long Beach?

SEAN ARIAN: That is a good question. In the Port of Los Angeles, I think for most parts of the Clean Air Action Plan we are continuing to move lock step with our brothers over in Long Beach on this. On certain components of the Clean Truck Program, we have diverged. I cannot give you a reason why Long Beach has gone the

route that they have gone, but let me tell you a little bit about why we chose to stick with where we are. We realize in the court of public opinion it has been a harder road for us than it has been for Long Beach. We wanted to make sure that our plan worked economically. We wanted to make sure that it was one that had the right incentives set up, that it was one that was sustainable over time, and that we would attract responsible trucking companies to the port. So when we were creating it, we actually brought in a number of different economists and we had a professional firm come in and do a cargo diversion study. As Chris was talking about with New York and New Jersey, I recalled that in Los

Angeles about 40 percent of all the cargo comes to the region locally. About 60 percent is discretionary cargo, meaning they can put it into Oakland or Seattle or any other West Coast port if they should choose to do so. So we were worried about some of the same issues—we had some of the same concerns that the Port of New York and New Jersey have.

So we brought in an economist to look at some of the divergence of goods to other coast ports. We brought in a management consulting firm called the Boston Consulting Group, which helped us do all the economic modeling of our programs so that we have the most sustainable program. And at the end of the day what all this research told us was that the only way you make it sustainable for a five- to ten-year period, is if you develop a system like the one we have developed, with these five interlocking pieces that I discussed. Having a shift from independent operators to an

employee-based system with highly capitalized firms is vital for making sure that it is sustainable over time.

Again, I referred a little bit to the financing program. We found if you finance independent operators as opposed to employee-based capitalized firms, you run a much higher risk of having the equivalent of a subprime system for truckers. At the end of the day, the port ends up on the line for any defaults that happen. One example is the projection of our default rate—it is going to be much lower than the Port of Long Beach's. So that is a decision that we made that was a little bit different than Long Beach and it will have a different result.

Quite frankly, the other result is the companies you will see coming in to participate. A lot of folks thought that the Port of L.A. would not get people signing up for our concessions program and that Long Beach would have more because their system was “freer.” At the same time, in the same period, we signed up in Los Angeles trucking firms that have over 21,000 trucks that they will employ in port service, when our goal was about 8,000 to 10,000. At the same time, I do not have the exact figures for the number that have signed up in the neighboring port of Long Beach, but we have heard estimates of somewhere between 8,000 and 12,000 trucks. So even on that indicator, we found that companies have voted with their feet, that we have set up a program that economically makes sense for them and that it is beneficial for them to come to the Port of Los Angeles. And they have done it.

Also, before I move on, I wanted to address one of Chris's points, because I think it is really important to understand what the impact on the competitiveness of ports and the cost of this is. Early on one of our economists came in and did a look at this to see how much it will actually raise costs. If you look at it just as port drayage, you can come up with some quite high numbers. You could say, oh, it is going to raise costs 40 percent, 50 percent, 60 percent. But the short-haul drays and the medium-haul drays are actually a very small part of the total cost of transporting a container. So what does this mean in a practical sense? One, it means that for a short-haul dray we are talking about, I believe, an extra 7 cents on the cost of a pair of sneakers. Just to give you a sense of context. For a longer haul dray, maybe about a hundred miles or so, it jumps up to about 13 to 15 cents on the cost of a pair of sneakers. Not a huge cost.

The other thing that is not often taken into account are the operational efficiencies that moving to this kind of system allows you to do. Just to give you two quick examples before we move on, the concept of a slip seeding, which basically means

[T]oday we have about a 1-to-1 truck driver-to-truck ratio in the port because people own their trucks. They park it at home at night. They only use it when they are using it. So in the rest of the industry you move up to a one truck for two or three driver ratio because you have different shifts that people use. Now, the benefit of that is environmentally obvious, but it is a huge economic benefit for the companies because now, all of a sudden, they only need one truck for every three drivers. So that reduces the overall operating costs for companies and allows them to be much more profitable.

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Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

[W]e looked at companies that did drayage work outside the port as a comparison and they had employees. Frankly, these companies pay on average about \$40,000-\$50,000, whether they are union or non-union... They tend to get benefits. So we thought: why doesn't the drayage system in the port look like trucking in the rest of the United States or in the rest of the region? That was really the question we asked ourselves.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

21 See, for example, <http://yosemite.epa.gov/opa/admpress.nsf/0/5F0610A3CB577CB78525745700713817>.

that today we have about a 1-to-1 truck driver-to-truck ratio in the port because people own their trucks. They park it at home at night. They only use it when they are using it. So in the rest of the industry you move up to a one truck for two or three driver ratio because you have different shifts that people use. Now, the benefit of that is environmentally obvious, but it is a huge economic benefit for the companies because now, all of a sudden, they only need one truck for every three drivers. So that reduces the overall operating costs for companies and allows them to be much more profitable. So even without raising prices, it allows them to be much more profitable because their utilization rate is so much higher.

I think the keystone to the clean ports policy in L.A. is the \$1.6 billion and the \$35 per truck concession fee that it generates. And we need to find ways within our local economy, looking at exactly the same sets of issues. How much is domestic cargo? How much is discretionary? What are you diverting when you end up making that pricing decision? Where does it go? Does it go someplace that in fact brings the same externality back to the region?

—Christopher Ward,
Executive Director, Port Authority
of New York and New Jersey

ANDREA BATISTA SCHLESINGER: Let me push on the issue of the drivers a bit. Because part of how you set the table here was everyone having an understanding of how little the drivers make, of how they do not have benefits. That means that their children do not have benefits. Explain for me the leap from the drivers becoming employees to the drivers having better working conditions so that they could have health insurance, so that they can have health insurance for their kids. I do not mean to be naive here, but just moving from being independent operators to employees of these companies does not automatically mean that they will stop going to use the emergency rooms as health care for their children. Can you give us that equation?

SEAN ARIAN: I think the easiest way to explain it is how we looked out there at the port trucking industry. Because of the nature of who they are negotiating with at the port, our drivers made a lot less than even independent operator drivers in the rest of Los Angeles. So the number was approximately \$ 10–12 an hour for drivers in the Port of Los Angeles. In the L.A. area it was about \$16 or \$17 an hour and for independent operators in Greater Los Angeles it was about \$20–21 an hour. So there was just that differential to start with.

The second thing is that we looked at companies that did drayage work outside the port as a comparison and they had employees. Frankly, these companies pay on average about \$40,000-\$50,000, whether they are union or non-union. There are differentials for union and non-union companies, but that is still the range that they make. They tend to get benefits. So we thought: why doesn't the drayage system in the port look like trucking in the rest of the United States or in the rest of the region? That was really the question we asked ourselves. And we knew we could do it because we saw it happening everywhere else.

ANDREA BATISTA SCHLESINGER: So here is the real question for the panel now: We are not talking about sports here, so we can accept that L.A.'s port is larger and

that your plan is quite bold. But the idea here, just to bring out the competitive spirit—I guess we're in the post-season so the competitive spirit is numb—but can this happen at the ports of New York and New Jersey? And should it happen? Is it the appropriate remedy? And if so, what do we need to do? If not, what do we need to do differently? I think all of you have perspectives on this, so I am not just going to put Chris on the hot seat, but I am going to put you on the hot seat first. Is this remedy appropriate? Then others will warm up as you are speaking. Is this the right remedy for New York?

CHRISTOPHER WARD: I think inevitably, yes, it is. I do not think you can look at the moving parts within the port industry, the economics of the trucking industry, and the environmental community health consequences of what these huge engines of economic prosperity do for us independently. I think Sean has clearly broken down what the moving parts are that create both the wealth and the environmental challenges. And I think you heard within the framework that there were a variety of different strategies depending on what part of the world you were attempting to deal with. L.A. and Long Beach obviously took a slightly different approach in terms of the employee-/owner-operated independent trucker, and that is something that New York and New Jersey need to be careful about, only because we perhaps have a higher number of independent truckers, and the leakage that we went through in terms of when you incentivize, either buying the trucks, financing the trucks, or providing loans against the truck, you want to make sure that it stays within the region. So that is a part of what we are going to need to deal with here in New York.

Also, Sean, within your program there is inevitable tension: that consolidation of financial capacity potentially restricts smaller carriers and it does sound like the distribution of smaller carriers without market domination has been maintained within your model. But that again is something that, depending on how New York

We are at a point where there's no growth without green in Los Angeles. One of the reasons Mayor Villaraigosa did what he did was because, in the last six to seven years, every single port expansion program was stopped by the environmentalists.

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Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

and New Jersey function as a port, that you would want to balance. Like all things in life, I like to say to people: if you do not throw money at problems, what *do* you throw at problems? And I think the keystone to the clean ports policy in L.A. is the \$1.6 billion and the \$35 per truck concession fee that it generates. And we need to find ways within our local economy, looking at exactly the same sets of issues. How much is domestic cargo? How much is discretionary? What are you diverting when you end up making that pricing decision? Where does it go? Does it go someplace that in fact brings the same externality back to the region? If we are driving a truck now from Virginia all the way into a local distribution network here in New York is it different than driving cargo out of the region and otherwise going to Chicago? But I think the mayor's bold plan, without a doubt we are following in

that level of leadership and we need to look at the exact same components—they are similar, they are not exactly the same—and then put together a program.

I think if you look at the history of the ports in this region, while we might not have had the language and the science and the ability to understand it the way we have recently, when we had ports in Manhattan, when we were ringed with wharfs, the very reason why they left and moved to Brooklyn are in some sense the externalities of port development spoken of earlier. And then shipping moved from Brooklyn to New Jersey, the externalities of that port development were also a driving factor in the decision to move. Now, if you look at this region there is no other place to move to. Newark and the wards that wrap Elizabeth and Port Newark, they are not part of a greenfield or even a brownfield.²² They are surrounded by towns and communities. How we manage growth within that framework when we do not have another place to go the way we did forty or fifty years ago when Newark was a smaller town, Elizabeth was a much smaller town, is of vital importance.

That, I think, is the complexity for the Port Authority, in particular. We are in a very constrained, high-demand market that needs to balance both the benefits of the port, the economics of the port, with the community environmental benefits. But I defer to my West Coast, left coast partner, and say that the leadership really set the model.

SEAN ARIAN: If I could add, just to emphasize what Chris said, that in Los Angeles our ports are about our communities as well. We are at a point where there's no growth without green in Los Angeles. One of the reasons Mayor Villaraigosa did what he did was because, in the last six to seven years, every single port expansion program was stopped by the environmentalists. No expansion in the Port of L.A. And if we can continue to expand as we have, we will add another half a million jobs to the Southern California economy by 2025. So it is a huge economic engine. And since we passed the Clean Truck Program in March of this last year, in an agreement that brought in the E.J. community,²³ mainstream environmentalists, the community, and labor, we now have an agreement for going forward with all of our new Environmental Impact Reports, which are necessary to do any port development. So we have our first major terminal that was approved earlier this year and we probably have another thirteen development projects in line for the next year and a half, which we now have buy-in for from the environmental community and the community around us to continue to grow the port. None of that would have been possible without the Clean Air Action Plan and without the Clean Truck Program.

ANDREA BATISTA SCHLESINGER: No growth without green...I see this slogan appearing somewhere. Congressman Nadler?

REP. JERRY NADLER: Thank you. We start considerably behind Los Angeles, not just in the fact that we have not implemented as extensive and comprehensive a program as they have implemented, but we start way behind in a number of other areas. They built the Alameda Corridor. They have large rail connected to their port. We are way behind that. We have not yet—although we must—built a rail freight tunnel under New York Harbor so that we take 30 million truck miles a year off New Jersey roads and 6 million off New York and 120,000 tons of CO₂ out of the atmosphere every year.²⁴

We must build a major port again in Brooklyn because we are running out of port space. In 1999, the Port Authority did a study that said that we were then moving, I think, 2.5 million TEUs and if everything went right and we became the hub port of the Eastern Seaboard, we might go to 14 to 17 million TEUs. A TEU is a 20-foot equivalent unit. One 20-foot box, container, is one TEU, one 40-foot box is two TEU's. So we were doing 2.5 million in 1999 and if we became the hub port and competed well with everybody else on the East Coast, we might do 14 to 17 million by 2040. We are now, by the way, at over 5.2 million TEUs, way ahead of the curve.

When you talk about competitiveness between ports and you are inhibited from putting in this port fee, \$35 a container, to finance all of this because maybe Baltimore is not doing it or Norfolk is not doing it, one of the things we should have learned in the New Deal period was that one of the functions of the federal government is to enable everybody to do what is necessary without incurring competitive disadvantages against the guy who does not do it... perhaps the federal government has to assess this port fee and give the funds to the local port to do these environmental things, so that the inhibition on what we can do is not the most laggard other port.

—Representative Jerry Nadler

Many things are conspiring to increase the traffic for our port, which is good, and we are going to need every acre we can lay our hands on in Newark, Elizabeth, Howland Hook, Bayonne and Brooklyn for ports.

Now, obviously as we have said, no growth without green. Agreed. We have got to do that. But you have to have that extra port in Brooklyn and you are going to have to have the rail freight tunnel. Another thing that is happening now is beginning because of the huge increase in the price of oil, and it is going down now but only because of the economic

catastrophe. It will come back up. We are never going to see the kind of cheap oil that we based a hundred years of development on. Because of the huge increase in the cost of oil, we will start to see—and we are already seeing—some diversion of shipping from western Asia. Asian manufacturing that comes to this country now goes predominantly by ship to the West Coast and then by rail to the East Coast. That will start being diverted, some proportion of that. It will become cheaper to avoid that rail across the country by taking the ship directly through the Suez Canal or even the Panama Canal and coming directly to East Coast ports. Which means we are going to have more port traffic than was anticipated earlier. So we have to do what Los Angeles already did: get as much stuff onto rail as possible, have the port

²² A brownfield is property whose redevelopment is complicated by the presence of hazardous substances or pollutants.

See <http://www.epa.gov/brownfields/glossary.htm>.

²³ EJ refers to Environmental Justice. See, for example, <http://www.epa.gov/environmentaljustice>.

²⁴ For more on the proposal for a cross-harbor rail freight tunnel, see <http://www.gothamgazette.com/article/transportation/20040614/16/1007>.

I think that it is important that we begin to talk about the green jobs of the City of Newark. We want our residents to be able to have jobs at the port. We want our port to grow, but to grow green and to grow healthy... We would like, when they build new warehouses at the port, to put green roofs on top, to put in solar panels, so that the amount of pollution that is then released into these adjacent communities is not as hazardous as it is right now.

—Kim Thompson-Gaddy,
Co-Chair, North Jersey Environmental
Justice Alliance

space, and then do all these other things that they are talking about.

One other comment. When you talk about competitiveness between ports and you are inhibited from putting in this port fee, \$35 a container, to finance all of this because maybe Baltimore is not doing it or Norfolk is not doing it, one of the things we should have learned in the New Deal period was that one of the functions of the federal government is to enable everybody to do what is necessary without incurring competitive disadvantages against the guy

who does not do it. So that New York can do it, never mind what Norfolk is doing, and Norfolk can do it, never mind what Baltimore is doing, if it is desirable to do. And that means the federal government has to step in, and perhaps the federal government has to assess this port fee and give the funds to the local port to do these environmental things, so that the inhibition on what we can do is not the most laggard other port.

ANDREA BATISTA SCHLESINGER: One of the great things I have to say about this economic crisis that we find ourselves in is that you can talk about the New Deal with absolutely no hesitation. That is an upside.

REP. JERRY NADLER: A crisis is a terrible thing to waste. Now that we have a crisis, a number of things that were totally unthinkable, like a \$700 billion bailout for banks, are occurring. Many of us were killing each other in the last two months of the congressional session, fighting with each other, on how to fit a \$13.5 billion health program into \$10.7 billion that you could pay for. In the end, we could not do it and the bill did not go for \$2 billion. Yet, all of a sudden, \$700 billion? Here, have it because it is a crisis and it is seen as a crisis. Well, if you can suddenly think that radically outside the box, then you can start thinking about radical notions that are no longer radical notions, like stock transfer taxes²⁵ or wealth taxes, or other things that you could not think about before because they were way outside the box. All of a sudden we must utilize this crisis to expand the debate not only to what Wall Street needs to survive immediately, but for the other things to pay for it and to expand the notion of what government can do to make this a decent society again.

ANDREA BATISTA SCHLESINGER: So Kim, I wanted to ask you a specific question. Sean talked about this as a coalition, and you are part of the coalition. There is a lot of talk about green jobs now. At least one presidential candidate wants to create five million green-collar jobs. You can guess who later if you would like. (This is a good

time to repeat that we are a non-partisan organization.) In all of the talk from the environmental justice community about creating green jobs, retrofitting buildings, installing solar panels, is the environmental justice community as focused on those who are currently laboring in the dirty professions? Do you see this as a first step of some kind of a larger union? Because it is one thing to talk about the creation of green collar jobs, but is the E.J. community as concerned about how we take those jobs that are currently not green and how we make those green?

KIM THOMPSON-GADDY: Yes, we are definitely concerned about that. In hearing what Mr. Ward said and Sean—I just wish people would understand that the East Coast is exactly what the West Coast was. We have the same environmental ills plaguing our community. We have 55,000 residents in the South Ward, 55,000 in the East Ward, and we cannot escape, Mr. Ward, from the pollution that the port spews in our community. There is no escape from it. So our reality is that, in fact, if we implement a strong Clean Trucks Plan at the Port Authority of New York and New Jersey, that will be the important first step in developing a comprehensive port action plan to establish green growth policies, which will enable the port to successfully meet future trade growth by undertaking necessary infrastructure expansion projects.

Also, I think that it is important that we begin to talk about the green jobs of the City of Newark. We want our residents to be able to have jobs at the port. We want our port to grow, but to grow green and to grow healthy. So the E.J. community is concerned about all of these things. We would like, when they build new warehouses at the port, to put green roofs on top, to put in solar panels, so that the amount of pollution that is then released into these adjacent communities is not as hazardous as it is right now. We do not have the time to waste because each and every day there are individuals dying from pollution in our communities, and I just think that we have to take this very seriously. The Port of New York and New Jersey must really understand that there are lives at stake. When we throw around numbers like 5 cents, 7 cents, well, my children's lives are more valuable than 5 and 7 cents. When you look at what Sean talked about specifically in California, that 5-year plan, now that is something that would be so great. You are talking about removing the 1986 trucks and starting with 2007 clean trucks and you are reducing 50 percent of the pollution within the first year. And then over the course of the five years, you are almost at 86 percent. That would be great for us here in New York/New Jersey.

We need to find the program that works right here in New York, take the lessons learned that L.A. and Long Beach have provided, and really assess whether or not and how to implement a \$35 per box charge to do the financing to change out the trucks. So we are committed to it. I could not give you a date of when it will be done, but I think you have heard across the board here today, if it is not part of the solution for the port we will have no growth and we will end up losing the very engine that creates the jobs...

—Christopher Ward,
Executive Director, Port Authority
of New York and New Jersey

²⁵ A stock transfer tax is a small tax on the sale or transfer of stocks, bonds, and other securities. See, for example, <http://www.nytimes.com/2008/12/14/magazine/14Ideas-section4-t-005.htm>.

So we have to begin to look at not only the green opportunities, but the health injustices connected to port growth, port expansion. Because if you grow but you destroy the community, who will you have left anyway? We, the people, will not be there to support a thriving industry because you will have taken our health and our lives away from us. So I think that our reality, as we begin to look at the green jobs movement and workforce and tie it into the port and industry, our reality, our health, must come first.

ANDREA BATISTA SCHLESINGER: That underscores again the point of how we define a crisis. So I wanted to open it up to some questions. First, the microphone to Kennel Hyppolite, who is actually a truck driver at the Port of New York and New Jersey who came out here to join us this morning and is somewhere in the building. The microphone is coming to you.

KENNEL HYPOLITE: Good morning. I'm a so-called independent contractor at the Port of New Jersey. Right now we are having difficulties maintaining our trucks and from what I understand we will be asked to buy new trucks. But now we cannot

afford tires for our trucks, let alone buying a new truck. I would like to know with what's going on in Los Angeles, what will it take to enact the same plan in New Jersey? When will that take effect here?

CHRISTOPHER WARD: I cannot give you a definite time table because we have not started this program. We have not kept pace with L.A. and Long Beach on this. We are committed to the program. We are looking at the particular economics of implementing a similar program. We are totally aware that there is a community around Newark and Elizabeth today and we are working with Change to Win and

the Teamsters. We need to find the program that works right here in New York, take the lessons learned that L.A. and Long Beach have provided, and really assess whether or not and how to implement a \$35 per box charge to do the financing to change out the trucks. So we are committed to it. I could not give you a date of when it will be done, but I think you have heard across the board here today, if it is not part of the solution for the port, we will have no growth and we will end up losing the very engine that creates the jobs, which creates the capacity to change out dirty jobs into green jobs. We need to follow the Mayor's lead in L.A. and put what we can, here in New York, together.

[We] require that to participate in our program and get new financing, [trucking companies] need to turn in an old dirty truck that was in port service, most of which are in operations with these independent operators. A lot of these guys are not likely to give up their trucks if they do not have some other means of getting a livelihood. So that makes an even more direct connection between the workers that are currently in port operations and the guys that are coming in through the new programs.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

ANDREA BATISTA SCHLESINGER: I want to turn to Lance Lindblom who is president of the Nathan Cummings Foundation²⁶ and then after that get a business perspective quickly from Ramon Cruz who's Vice President of Energy and Environment for the Partnership for New York City,²⁷ a business advocacy group. Then we will open it up to everyone.

LANCE LINDBLOM: I find it ironic that an East Coast foundation had to go to the West Coast to participate in this project. We found our partners on the West Coast, so thank you for coming and enlightening us today. I have a question. Are you getting any kind of feedback on what is happening to the independent drivers of the dirty trucks? I mean those individual drivers. Secondly, there is kind of an incentive, as you said, to make people employees. Is there any incentive or do you see any movement for truck drivers forming cooperatives to deal with the kind of efficiencies that you were talking about?

SEAN ARIAN: That's a good question. Some of it, of course, is sort of happening as we speak. On October 1st, we got rid of the first 2,000 trucks, so obviously the rest of the 14,800 are still operating or are still in port operations at the moment. We are finding that when the companies are coming in, that a lot of them are looking for new workers. So I think over the last three months or so we have, probably, between at least ten, maybe fifteen, different job fairs where a lot of the companies that have come into the port have gone out and are looking for new truckers. Now, we do not have any good, accurate statistics of how many of these new people hired are independent operator truckers. But we have done something that sort of helps make that connection, which is to require that to participate in our program and get new financing, they need to turn in an old dirty truck that was in port service, most of which are in operations with these independent operators. A lot of these guys are not likely to give up their trucks if they do not have some other means of getting a livelihood. So that makes an even more direct connection between the workers that are currently in port operations and the guys that are coming in through the new programs.

So that is one answer to the question. We expect that to accelerate as we phase out more and more of the trucks in Los Angeles. The other thing that is a little bit odd, that makes it a little bit hard to count, is obviously that L.A. and Long Beach have different programs. So a lot of these guys are going to be able to continue in port service in Long Beach and not necessarily in Los Angeles. That also makes it a little bit harder to count. The truckers in Los Angeles and Long Beach—I would imagine that truckers in New York and New Jersey have a long history of letting it be known when they are very displeased with what is going on. Even though they are independent operators, there have been a lot of wildcat strikes over the last 20 to 30 years in protest. So we have a pretty good, what we call, safety value in L.A. We

²⁶ <http://www.nathancummings.org/>

²⁷ <http://www.nycp.org/>

know when something is really going wrong because people let us know. So even though we do not have complete information, it is a little bit opaque, we expect that the truckers would let us know if there were major problems.

We also expect just because of the fact that port operations have continued very smoothly since day one, that a lot of folks have made that transition from independent operators to employee truckers. So we obviously have some good case studies of that where we have truckers that have come in. They turned in their old truck. The first one that we smashed, for example, about two weeks ago, the driver has a great story.

RAMON CRUZ: Good morning. I am Ramon Cruz from the Partnership for New York City. I applaud you in your efforts for aggressively pursuing an environmentally sound agenda, but it is also economically responsible. So we hope we can follow your footsteps on that effort in the ports and also in another effort that the mayor recently announced. You announced the CleanTech Manufacturing Center²⁸ that will create many of the so-called green jobs. So I would like you to expand briefly on this and also explain why it was not placed closer to the port—that it is linked to the port and also truck routes, etc.

SEAN ARIAN: That is a great question. In fact, the CleanTech Manufacturing Center is just south of downtown in an industrial zone. It is about a 21-acre site close to downtown Los Angeles that we are dedicating to building new green jobs in L.A. We just launched a Request for Interest about three or four weeks ago and already the interest has been enormous. So we have had companies from all over the world contacting us, wanting to come into the site. We have a lot of incentives connected to it. That said, that does not mean that we are not connecting it to the port. So we do have some spaces set aside. We have not made the announcements yet, but they are going to be very closely focused on the port.

Let me give you one example that is something really cool that we have been doing. As part of the Clean Air Action Plan, the port also set up a \$15 million fund called the Technology Advancement Program.²⁹ In essence what we are doing is investing in companies, clean technology firms, that can help us achieve our pollution goals in Los Angeles. What we will do is invest in them, help them test, help them get through the regulatory process, and if it works out we will be their first customer.

There is a company called Balqon Electric Trucks. This is a company that made electric trucks, zero emissions trucks. They were not quite modified for port service, so...we invested about half a million dollars into this company to help them develop a prototype that could do short-haul truck drayage. We spent about seven months in the testing phase with them, so we set them up with one of our marine terminal operators so that they could test this prototype in real-world conditions... When they successfully tested the prototype, we made the first purchase, the first 25 trucks, which are currently in production.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

Let me give you a really cool example of what we have done with one company that has gone through the whole process. There is a company called Balqon Electric Trucks.³⁰ This is a company that made electric trucks, zero emissions trucks. They were not quite modified for port service, so through the Air Quality Management District of Southern California we invested about half a million dollars into this company to help them develop a prototype that could do short-haul truck drayage. We spent about seven months in the testing phase with them, so we set them up with one of our marine terminal operators so that they could test this prototype in real-world conditions. At the same time, the California Air Regulatory Board needs to approve any new vehicles that go on the road. So we helped them get through the regulatory process and get their trucks with proper regulation.³¹

When they successfully tested the prototype, we made the first purchase, the first 25 trucks, which are currently in production. That was about a \$5 to \$6 million purchase on the part of the Port of L.A. What did this company get out of it? Essentially they got the Port of L.A. as a partner in this and were able to go to their investors and use that to get more investment. They also got a lot of publicity. So Mayor Villaraigosa was actually the first one to drive the electric truck, which got a lot of press. And they get calls now from ports in Italy, in Asia, all over, asking about their electric trucks. What did we get out of it? Well, we essentially have companies now, small firms—and this is not the only firm that is doing it—essentially providing

R&D for our port environmental efforts. But also, we are getting a royalty for every truck that they sell in the future that will be put back into our port technology advancement program.

Lastly, we required that they move their manufacturing to Los Angeles. So in July, they opened their first line to manufacture electric trucks at the Port of Los Angeles, in the City of L.A. It is only 50 jobs, but 50 good-paying manufacturing green-collar jobs that are in Los Angeles as a result of our Clean Air Action Plan. This

is a company that we have gone through the full cycle with, so they are still building their trucks and they still need to make sure that they can make it commercially viable. But it is a good example of how we are building green-collar jobs in Los Angeles. I can tell you, we have companies that are making hybrid electric tugboats, that are making electric flywheels to capture the energy from container cranes; companies that are providing the alternative marine power, the plug-ins at the docks. We have got another company that is providing diesel particulate traps. We

At first blush, if you have not looked at it before, you would probably think, from the outside, that it looks a little bit radical. You might look at it and say: you are making a huge change. And in essence, we started around the same place Chris is at now and that many ports across the country are at now. We wanted to interfere with the market as little as we possibly could, but we knew we needed to get things done.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

²⁸ http://www.crala.net/internet-site/Projects/Central_Industrial/CleanTech.cfm

²⁹ http://www.portoflosangeles.org/CAAP/CAAP_First_Quarter_Section_6.pdf

³⁰ <http://www.balqon.com/>

³¹ For more on the Port of Los Angeles's partnership with Balqon, see http://www.dailybreeze.com/business/ci_9277224.

sort of colloquially call it “sock on a stack.” It is literally a trap that you put over the exhaust of ships when they are coming in to the port.

All of these companies are being funded from our Technology Advancement Programs, and, if successful and we become their customers, we also have them move to Los Angeles. So we are developing what we call a CleanTech Marine Transportation cluster around Los Angeles harbor that is providing jobs.

ANDREA BATISTA SCHLESINGER: We have a question all the way in the back.

MARC LEVINSON: My name is Marc Levinson. I am an economist and also a historian of containerization. I had a question for Mr. Arian and also for Mr. Ward. Having the trucking at the port run by businesses rather than by individual owner operators obviously creates an increased likelihood that these workers will join unions and,

in particular, join the Teamsters Union. I am wondering, in the case of Los Angeles, whether you have put any particular measures in place to make sure that this union deals honestly with its members and also deals honestly with the port itself and does not unduly disrupt business as it gains market power in the port. For Mr. Ward, I want to ask the same. People may

[T]he idea that you could accomplish both environmental goals and create a situation in which more workers could join a union at a time of historic lows in union participation is an incredibly exciting nexus for progressives.

—Andrea Batista Schlesinger
Executive Director, Drum Major Institute
for Public Policy

not be aware, but since the early 1950s we have had an anti-corruption agency, the Waterfront Commission,³² which is designed specifically to deal with racketeering on the New York and New Jersey docks. And I wanted to ask Mr. Ward if he thinks that needs to be extended to cover trucking on the docks as the trucking industry consolidates.

SEAN ARIAN: I guess that is also called the hot seat, right? That is a good question. In the Port of Los Angeles, I think a lot of people have misconstrued our program as one that favors large companies over small companies. Again, like I said, that is not really the case. We like everybody to come in as long as they are a responsible company and there are some small companies that are responsible that are coming into the Port of Los Angeles. We are agnostic as to big or small companies coming in. We want them to have employees. They may choose to organize or not, as they will. Quite frankly, a lot of the larger companies that have come in to the Port of Los Angeles right now—Swift, Knight, May Trucking, all of these big national firms—are not unionized in the places that they are.

At first blush, if you have not looked at it before, you would probably think, from the outside, that it looks a little bit radical. You might look at it and say: you are making a huge change. And in essence, we started around the same place Chris is at now and that many ports across the country are at now. We wanted to interfere with the

market as little as we possibly could, but we knew we needed to get things done. But as we went in and figured out what the economics of the system were and sort of the core of what this broken market looked like, we realized that we could not do anything else but what we ended up doing. Everything else would be a half step and everything else that we would have done would not have been sustainable over the long term. So that said, we are not in the Port of Los Angeles, and in Long Beach as well—neither port has done anything we feel that would unfairly favor unionization or anything else. We are, like I said, agnostic as to the companies that come in so long as they are companies that are responsible. We mean that not just environmentally, but in terms of public safety and labor standards and all of the other things.

CHRISTOPHER WARD: In terms of your question on the Waterfront Commission and market share and dominance within the labor movement, I think you need to really be careful and separate two parts of your question. Clearly, the right to organize and unionization labor is a function that takes place within the economy in terms of the competitiveness of labor vis-à-vis management and addressing health care issues, environmental issues, and economic issues. I think that is a function that takes place within the marketplace. The Waterfront Commission and the evaluation of corruption on the waterfront can and should be seen as a distinct evaluation of whether or not organized crime has come into a particular part of the market in a way which is not necessarily driven entirely by unions, but driven by organized crime taking advantage of a particular location where their influence can be greater than it has been previously.

I will say that if you look back over the 50 years that the Waterfront Commission has been in place, you see far less examples of organized crime on the waterfront, that it has been a very effective regulatory enforcement mechanism to eliminate organized crime on the waterfront. And the few times you do see it, they are small, idiosyncratic, personal relationships of crimes and are not driving mainstream economics out of the port in a way that had been the concern before. So, like Sean, I think that unionization within this country takes place within the management-labor marketplace in any situation and the Waterfront Commission and the standing grand jury to evaluate organized crime on the waterfront have been quite effective. We have actually seen a significant reduction in organized crime on the waterfront, all to the good.

ANDREA BATISTA SCHLESINGER: Those of you who are regulars to the series know we spend a lot of time trying to find these policies that we can highlight. And I will say that one of the reasons we were interested in highlighting this is that, frankly, this is a subject on which we are not agnostic: that it could very well lead to more truck drivers deciding to organize. That does not mean, of course, that it has to and it does not mean that you are wrong in being agnostic about it. But the idea that you could accomplish both environmental goals and create a situation in which more workers could join a union at a time of historic lows in union participation is an incredibly exciting nexus for progressives. So we will not be agnostic about that. I

³² <http://www.wcnyh.org/>

have a feeling Congressman Nadler is not going to be agnostic about that either.

REP. JERRY NADLER: No. Obviously I am not going to be agnostic about that. I just wanted to add a word. It is interesting where we are coming from today. Everybody has forgotten that if you read the National Labor Relations Act of 1935,³³ it does not say that we institute the NLRA in order to provide a neutral ground for peaceful resolution of labor disputes as to whether people want to be organized or not. That's not what it says. It says, "Because government hereby recognizes that it serves the body politic, it serves the economy, it serves the public welfare to have as many workers as possible organized, we hereby establish this framework to promote labor organization."

Now, we seem to have forgotten that in the last sixty years [Applause]. We seem to have forgotten that in the last sixty years, as much to the detriment not only of workers but of the economy as a whole. Yes, I do think it is more likely that when you get away from an independent contractor model, you are going to have more unions and that is all to the good and ought to be encouraged.

[T]he rail freight tunnel would take a million tractor trailers off New York City streets, 30 million vehicle miles traveled off New Jersey road. It would take 120,000 tons a year of CO2 out of the atmosphere, along with all kinds of other environmental benefits, and would make this port cheaper and more efficient for a lot of reasons.

—Representative Jerry Nadler

TRUDY MASON: I am Trudy Mason and I used to be Deputy Assistant Administrator of New York City Economic Development Administration and I work for the MTA. So I am interested in both economic development and transportation and over the years worked with Jerry Nadler in trying to push through the rail freight tunnel. Jerry, I would like you to talk a little more about this. I know we have been talking about trucking, but since we brought up electric trucks and electric tugboats and everything else, maybe we can talk a little bit about electric trains. Because having a rail freight tunnel here, many of us think, would affect the environment, would affect our economy, and would affect the movement of goods back and forth, as well as goods and people throughout the whole Eastern Seaboard.

REP. JERRY NADLER: There is no question that it would. New York is the only major port in the United States which has never developed or built a rail freight tunnel or bridge over or under its harbor or river. Now, they have been making plans to do so since 1910, but we have to make sure it comes to fruition—and obviously, so far, it has not. The environmental studies that have been done say that the rail freight tunnel would take a million tractor trailers off New York City streets, 30 million vehicle miles traveled off New Jersey roads. It would take 120,000 tons a year of CO2 out of the atmosphere, along with all kinds of other environmental benefits, and would make this port cheaper and more efficient for a lot of reasons. So it is clearly something that is long overdue. I do think it is finally coming to a very

key year next year. The Environmental Impact Statement should be finished by the Port Authority in February or March.³⁴ We are going to seek major funding for it in the next transportation authorization bill.

Jim Oberstar³⁵ and Dan Lipinski³⁶ and I put in the last transportation bill—we have done one every six years—a Projects of National and Regional Significance section. The idea was to give major funding for three or four major projects. We were thinking of the rail freight tunnel in the Alameda Corridor³⁷, CREATE in Chicago³⁸, one or two others maybe, to give a major chunk of change to projects that are expensive and could not easily be financed through the normal financing mechanisms. By the time the Senate got through with that provision, and I must say by the time the Republicans got through with that provision, there were a hundred projects in it, not three or four, and it was larger than usual park.

We are hoping next year to get that back to its original purpose and to be able to fund the rail freight tunnel and a few other projects to a large extent out of that provision. That will obviously be key. But from an environmental point of view, to get those trucks off the roads in New Jersey and Newark is essential. In New York, in the Bronx, we have the highest asthma concentration anywhere. In fact,

studies have been done in the Bronx that show the direct correlation of asthma to how close to a trucking route it is.³⁹ There is no question of that. The biggest single thing we could do is to electrify; the electrification of trains is the next thing. Back in 1979—and many people have forgotten about this—Congress passed an appropriation. It was not a heck of a lot of money—\$20 million—for studies of electrifying major trunk rail lines in the country. The expectation being that in 1981, they would start appropriating a few billion dollars a year for this purpose. The election of Ronald Reagan eliminated that

Right now, much of what comes to New York, to that whole East-of-Hudson region, comes by rail to northern New Jersey where it is taken off the rail and put onto trucks in Carney, at Oak Island, etcetera, and from there gets trucked through Newark, through Jersey City, and onto the George Washington Bridge and through the Bronx to wherever it is going. That is just murderous in terms of the environment. The rail freight tunnel is designed to eliminate all that so things will come directly by rail.

—Christopher Ward,
Executive Director, Port Authority
of New York and New Jersey

and everybody forgot about it, but now we should start looking at that again because rail is three times as energy-efficient per ton mile as trucking is. Three or four times as energy efficient per ton-mile, much less polluting, etc. And electrification of rail means that it is even more efficient and you can pick your power source. You do not have to have diesel power and you do not have to transport your power source with you. You can generate it by whatever the best means is environmentally,

34 <http://www.crossharborstudy.com/view.htm>

35 Congressman Jim Oberstar represents Minnesota's Eighth District <http://oberstar.house.gov/>.

36 Congressman Dan Lipinski represents Illinois's Third District <http://www.lipinski.house.gov/>.

37 <http://www.acta.org/>

38 <http://www.createprogram.org/>

39 See, for example, <http://www.med.nyu.edu/research/gdt1.html>.

33 <http://www.nlr.gov/nlr/legal/manuals/rules/act.pdf>

economically, etcetera. So electrification is something we ought to start looking for, not only in terms of our ports but in terms of our entire transportation system.

KIM THOMPSON-GADDY: On the New Jersey side, we use only 8 percent of rail in terms of the port and 92 percent is trucking. In New Jersey, we passed a 2005 Diesel Mitigation Law,⁴⁰ which called for retrofitting all trucks. The rails in this case are not going to be advantageous to us because traveling from New Jersey and the places that we have to go, you cannot double stack them so you cannot really move the goods as well as maybe you can here. So I am just saying, on our side we have to look at those things that help the residents and I think that if Port Authority of New York and New Jersey looked at making sure those trucks are retrofitted as they enter the port, that would help us tremendously, especially in the City of Newark.

I did an air monitoring study with some kids from the East Ward and the South Ward and we counted 750 trucks in one hour going through one thoroughfare.⁴¹ Four kids became ill, had instant asthmatic attacks. So it is the trucks that are really killing us. And when they come out of that port, they travel within three to seven miles, so they are constantly in and out of our neighborhoods. I just want to make sure when we begin to talk about it on our side—retrofitted trucks, Mr. Ward, are something that we need to look at in our ports to possibly include in any kind of

plan because that will reduce the amount of particulate matter that is released into the air.

CHRISTOPHER WARD: Let me just comment on that. Obviously, retrofitting the trucks and getting cleaner trucks is key. Everything we have been saying has been assuming that. But what is also key is that right now 40 percent of intercity freight in the United States goes by rail. In New York City, Long Island, Westchester, Putnam, and southern Connecticut, it is just one percent. Everything comes in by

truck and everything comes in by truck through New Jersey. Right now, much of what comes to New York, to that whole East-of-Hudson region, comes by rail to northern New Jersey where it is taken off the rail and put onto trucks in Carney, at Oak Island, etcetera, and from there gets trucked through Newark, through Jersey City, and onto the George Washington Bridge and through the Bronx to wherever it is going. That is just murderous in terms of the environment.

The rail freight tunnel is designed to eliminate all that so things will come directly by rail. Instead of getting off in New Jersey, it will go directly by rail to New York

City, to Westchester, to Long Island, etcetera. One further thing that people should know: Norfolk Southern and CSX⁴² are now building very large rail-to-truck or truck-to-rail terminals, one near Harrisburg, Pennsylvania and one near Allentown,

Pennsylvania. When those are finished, a lot of what now comes by rail to northern New Jersey and gets put on a truck there to New York will get put on a truck in Allentown and Harrisburg. The entire width of the State of New Jersey and I-78 will become a parking lot. The trucking and the asthma and the air pollution problems in New Jersey are going to get worse by several orders of magnitude. We have to deal with that by taking a lot of that off the trucks and putting in on rail, as well as retrofitting the trucks.

I hope that in the next mayoral election in New York, people will ask the candidates whether they will think about policies of retaining and promoting industrial manufacturing jobs through land use and hold the candidates to some sort of policy on that. Because every mayoral administration we have had for the last thirty years, bar none, has followed a policy, either deliberately or by inadvertence, designed to chase out manufacturing jobs for highest and best use of land: for condos, for everything else.

—Representative Jerry Nadler

SEAN ARIAN: Starting in about a year or so, I have got some great zero-emission electric trucks I would like to sell you, made in Los Angeles.

ANDREA BATISTA SCHLESINGER: We have time for one more question. Then, as everyone knows, we always continue these conversations on our blog and I am sure that the panelists would be willing to answer some additional questions that way.⁴³

ADAM FRIEDMAN: I am Adam Friedman. I am with the New York Industrial Retention Network.⁴⁴ That is a citywide organization that works with 200 to 300 manufacturers a year. Over the past year, we have developed a very strong relationship with the L.A. Redevelopment Agency.⁴⁵ And after each conference call, we are absolutely green with port envy. What has occasioned that port envy is the extent to which you have been able to coordinate land use with everything that you have described above. That happens through tough zoning, through the acquisition of land for this eco-industrial park, through what sounds like a policy decision not to sell off city-owned land but to co-develop it for these industrial purposes.

Could you just comment a little bit about how important that coordination between your economic development agenda and your land-use agenda was? How did you possibly overcome the institutional interests on the other side that wanted to free up that land for other uses?

SEAN ARIAN: Frankly, the economic crisis of the last year or two has made a lot of people who wanted to make condos in industrial areas much more willing to think about leaving them to industry. But a big piece of it was Mayor Villaraigosa's

[W]e do not have any other land in Los Angeles where we can build jobs. We cannot build it in residentially zoned areas, and commercially zoned areas allow us to get retail jobs that do not have career ladders and are not going to create middle class jobs in Los Angeles. So if we want to create middle class jobs, we need to reposition our industrial land, we need to make sure that we connect it to sectors that are going to be creating more jobs and good jobs with career ladders in the future.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

⁴⁰ <http://www.cleanwater.org/files/publications/nj/dieselfactsheet.pdf>
⁴¹ <http://cleanwateraction.org/files/publications/nj/dieselpaperfinal.pdf>

⁴² Norfolk Southern and CSX are large shipping and transportation companies.
⁴³ http://www.dmi-blog.com/archives/2008/10/liveblogging_the_marketplace_o_5.html
⁴⁴ <http://www.nvirn.org/>
⁴⁵ <http://www.crala.org/>

leadership. This is an area that he saw as very important. A lot of people may not know, but Los Angeles County has more manufacturing jobs than any county in the United States. We have more manufacturing jobs in L.A. than in the entire state of Michigan, just to give you a sense of the scale. A lot of it has been declining, so we have a lot of industrial land right now that needs to be repositioned. It is not being used well. So the mayor has asked the redevelopment agency to work together with the port, because we have the largest port in the United States, with the airport, with the Department of Water & Power—we have the largest municipal utility in the United States—to think about how we reposition those lands to make them into areas that are creating more jobs. Because otherwise what happens is you have developers who will go in and they will look at industrial land, they will say, “Well, it is not being used very well right now. It is not creating very many jobs, you are just warehousing things there.” But the thing is, we do not have any other land in Los Angeles where we can build jobs. We cannot build it in residentially zoned areas and commercially zoned areas allow us to get retail jobs that do not have career ladders and are not going to create middle-class jobs in Los Angeles. So if we want to create middle-class jobs, we need to reposition our industrial land, we need to make sure that we connect it to sectors that are going to be creating more jobs and good jobs with career ladders in the future.

[F]rom the perspective of Los Angeles... [w]hat I see in 25 years is us moving towards a zero-emission port. So the port becomes a leader globally of how to clean and green a port and also of how to create an economic cluster.

—Sean Arian
Director of Economic Development Strategy,
Office of the Mayor of Los Angeles

I would say, to be honest, we do not have it all together yet. We are still working on it, it is a work in progress. But we are trying to coordinate among all the city agencies the use of city properties, but also use of our zoning. And we are updating our community plans to make sure that it takes into account the things that we are doing to build a green economy in Los Angeles. Part of it is making space for these companies, like Balqon Electric Trucks, in the area around the port. We are creating what is called a clean-tech corridor along the revitalizing L.A. River.⁴⁶ Some of you may be familiar with the L.A. River from scenes in *Grease* where it looks like a big storm drain, where they drag race down the middle of it.⁴⁷ We are revitalizing that, creating more trees, making it look more like a natural river, and we are developing sort of a clean-tech corridor right along it. So hopefully if you visit Los Angeles ten or twenty years from now, you will see a vibrant area where people are living, where people have manufacturing jobs, where we are helping to revitalize the middle class in Los Angeles.

REP. JERRY NADLER: It is incredibly refreshing to hear what Mr. Arian just said. I hope that in the next mayoral election in New York, people will ask the candidates whether they will think about policies of retaining and promoting industrial

manufacturing jobs through land use and hold the candidates to some sort of policy on that. Because every mayoral administration we have had for the last thirty years, bar none, has followed a policy, either deliberately or by inadvertence, designed to chase out manufacturing jobs for highest and best use of land: for condos, for everything else. Our land-use policies have been backwards, whether for former rail land, former port land, or former manufacturing. Everything has to be rezoned for residential and for other things. And the kind of considerations we heard a moment ago ought to be in the next mayoral election, whomever the candidates are.

ANDREA BATISTA SCHLESINGER: Sounds like we may have a future Marketplace event on our hands.

SEAN ARIAN: If you are interested in learning more about the Clean Trucks Program, we have been very transparent through the whole process—if you want to see our cargo diversion studies, if you want to see our economic studies, the Boston Consulting Group Study, and more. You can see we had lots of different options and how we chose the one we chose. Just look on the port’s website. It is <http://www.portofla.org>. It is very transparent. You can see exactly how we got where we are today.

ANDREA BATISTA SCHLESINGER: Before I turn it over to the panel for these closings, I wanted to just recognize a couple of people. Fred Potter, the vice-president of the International Brotherhood of Teamsters is here. Councilman Dan Garodnick joined us. Former New York State Comptroller Carl McCall, a great friend to the institute, is here. I just wanted to thank you, as well as all of you, for coming this morning.

Here is my question as you close. I have been obsessed with thinking about the next 25 years. Where are we going to be in 25 years? We asked in a poll recently whether it was more likely that gas would go under \$3.00 a gallon or that Brangelina would still be together. And they said in 25 years it was more likely that Brad and Angelina would still be together, to give you some sense of people’s hopes at this point. In 25 years, where do you see the Port of New York and New Jersey? And, Sean, if you want to think more broadly about America’s ports, where do you see those ports on the issues that matter to an audience like this? Do some predictions. We can go down the line. When we gather here in 25 years, what will it be?

I do not want to keep waking up and worrying about the future of my three children. If you ever witnessed one person have an asthma attack, you will know that this is a serious issue that we need to address right now because again, the statistics are alarming. One out of four of our Newark children are asthmatic. The death rate is 5.8 per 100,000 in the City of Newark versus 2.8 in the suburban and rural communities.

—Kim Thompson-Gaddy,
Co-Chair, North Jersey Environmental
Justice Alliance

⁴⁶ http://cleantechlosangeles.org/rethink_la/development.php

⁴⁷ [http://www.seeing-stars.com/Locations/Grease/RiverBedRaceStart\(6thSt\).jpg](http://www.seeing-stars.com/Locations/Grease/RiverBedRaceStart(6thSt).jpg)

SEAN ARIAN: I think, looking at it from the perspective of Los Angeles, when we gather here 25 years from now, the Ports of Los Angeles and Long Beach will probably be the single largest source of pollution in the Los Angeles region. Some people say up to 15 to 20 percent of all our pollution comes from the ports, to give you an idea of the scale. What I see in 25 years is us moving towards a zero-emission port. So the port becomes a leader globally of how to clean and green a port and also of how to create an economic cluster. It is not just the 500,000 jobs there multiplying to a million jobs by 2025, but also creating a clean technology cluster around transportation technology at the ports, so that when people want to transform their thinking, Los Angeles is the place that they come to do that.

More broadly, I think that we are already seeing it on the West Coast. Other ports, the Port of Oakland, the Port of Seattle—those are the two other largest ports on the West Coast—are already thinking about doing the same things that we are doing. We

are getting inquiries from ports around the world. So I think ports will start to change from some of the dirtier places to where we are really starting to innovate, to where ports can be not only an economic engine of the region, but also ones that lead the way in terms of greening and providing green-collar jobs for folks in the region.

I think that we in America have an enormous opportunity right now. With the price of energy continuing to go up, in the same way that we rebuilt Europe

after World War II, in the same way that we reached the moon in the 1960s, we have started on a march today which I think we as Americans can lead the world on, to where we are going to be in a place where energy, conservation of energy, cleaning up our environment, and saving the planet is going to become business. It is going to become good business and it is going to create jobs. And I think we are in a position in the United States of America, with help from the federal government and incentives, in the same way that countries like Germany and others have done, for us to be a leader in this new green economy. We as ports and as cities have started to lead the way and hope that the federal government is going to join hands with us and move this forward. We in Los Angeles and the mayor strongly feel that this is a way to continue to build the economic sustenance of the U.S. and it is our ticket to future growth and, to be honest, to global leadership. We feel in Los Angeles that we are trying to set the first example of how to be a global leader in getting the United States there.

CHRISTOPHER WARD: I love the question because in a way I think we will not know what a truck will look like in 25 years, we do not know the fuel source of how it is going to be run or the amount of management and potential regulation that is

going to take place to manage the 16 million and growing population here in New York and New Jersey or the electric trains that Jerry spoke about. In some ways, I think 25 years from now you will see a combination of sustainable zero-emissions goods distribution within the region with a heavy reliance on some form of market-based regulation for distribution. Trucks will go where they are supposed to go at a certain time. They will be meeting environmental standards on the route that they are going. They are not allowed to leave that route. It will almost be a library card-like distribution system where it is regulated to the extent that you have franchises for distribution and you have regulatory and environmental criteria for that. I think managing the wonderful opportunities that you heard here is going to lead to some very practical re-imagining of what a city does and what a region does with the amount of population which is consuming what we are consuming on a daily basis. So I think 25 years from now we will see something that we cannot really imagine today.

KIM THOMPSON-GADDY: I am so glad that Sean and Mr. Ward talked about what the future would look like because one of the missions of the Coalition for Healthy Ports is to create a sustainable port in New Jersey now. One of the things that we see is that we need the Port Authority of New York and New Jersey and other government entities in the region to reform and modernize the port, related industries, and trucks in order to achieve cleaner air, safer working conditions, and living wages and benefits for both port-adjacent communities and workers. It is vital that the Port Authority implement a Clean Air Action Plan and community benefits agreement⁴⁸ to modernize and retire dirty diesels at the port, vastly improve the efficiency of freight movement and workforce stability, consistently enforce and strengthen existing environmental, labor, and transportation standards, and improve air quality in port-adjacent communities.

We also understand that if we take these measure in a proactive manner, we will reduce negative health impacts, we will improve our air quality, we will alleviate the environmental injustices that exist not only in Newark's port but in all the other urban communities that abut our ports. Revitalize our urban economies, create more living-wage jobs, improve working conditions, and ensure that the port's growth will benefit all residents of the region in a fair and just way. Now, that is what we advocate from the environmental justice standpoint. We want our communities to be healthy, vibrant communities. I do not want to keep waking up and worrying about the future of my three children. If you ever witnessed one person have an asthma attack, you will know that this is a serious issue that we need to address right now because, again, the statistics are alarming. One out of four of our Newark children are asthmatic. The death rate is 5.8 per 100,000 in the City of Newark versus 2.8 in the suburban and rural communities.

⁴⁸ <http://www.communitybenefits.org/article.php?list=type&type=39>

So we need attention today and I am grateful that we are planning and looking at what the future will look like. But for us I would like Mr. Ward and the Port Authority and individuals to come together and begin to adopt what L.A. has. I am so grateful, Sean, that you made this presentation because we can do what they did right here on the East Coast.

REP. JERRY NADLER: Obviously, there's going to be great pressure and I think that we will succumb to that pressure to a great degree to have the port as environmentally friendly and green as possible in all the ways we have spoken of, and we should. I think some things are going to happen because the forces are pushing them there and some things may or may not happen depending on political decisions that will be made over the next 25 years. There are a number of things that are going to happen because of trends that are inevitable. One thing is that we have an opportunity, I think, to start reversing the mistake that we made over the last 50 years of putting all our economic eggs into fewer and fewer baskets, namely finance, insurance, and real estate. And we see what happens when you put all your eggs into one basket and the basket develops a hole in the bottom.

I think that the finance industry as a proportion of industry is going to be much smaller after this crisis is over, no matter what happens in the next couple of years. I think that the cost of shipping across oceans is going up because you are not going to see cheap energy again, it is going to become much more profitable to bring some of the manufacturing from Asia back to the United States. I think that is going to happen and I think that gives us an opportunity to try to reverse some of the rather unfortunate policies that we in New York have followed over the last 40 years and see to it that we get some of that manufacturing back into New York City. Not just New York City but Newark and areas around here. And those industries can be made green. We can do all the things we have to do, but we have to give an opportunity to people without college degrees and finance degrees to make a living and we have to diversify our economy.

How much of that we will bring to New York as opposed to just the United States will be largely dependent on the politics of the new few years, who we elect mayor and whether they are interested in changing our land-use policies to encourage manufacturing. Whether all these things come along with living wages and community benefits, that also will be dependent on politics. So I think there are some broad trends. The broad trends are going to bring manufacturing to some extent back to the United States from Asia. They are going to bring more ships to East Coast ports as opposed to West Coast ports, etc. There is going to be tremendous pressure to go to more energy-efficient uses, which is to say rail or barge rather than trucks. And the political decisions will be how green those things are, both the trucks that are remaining, the rail, whether we electrify them, and our land-use decisions in New York.

So, again, some things are going to be pushed by economic trends and some things are up to political decisions that the people of this region will make in the next ten or twelve elections.

ANDREA BATISTA SCHLESINGER: How about a round of applause for our panelists? We will see you next month. We have the CEO of Blockbuster coming, one of the first corporations to voluntarily do say-on-pay where shareholders can vote on executive compensation.⁴⁹ So we will see you next month. Thank you everybody.

[END]

⁴⁹ http://www.drummajorinstitute.org/events/unique_event.php?ID=56

WHO IS THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY?



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February 2009 / 224,000 New York City households are too poor to pay state and/or federal income taxes, yet still owe taxes to the city. Almost all are households with children, most are headed by single parents. DMI proposes eliminating city income taxes on these households and paying for it with a tax increase on the city's wealthiest residents. The plan was endorsed by New York City Council Speaker Christine Quinn, Councilmember David Yassky, and State Senator Liz Krueger.

2008 YEAR IN REVIEW

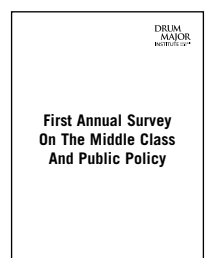
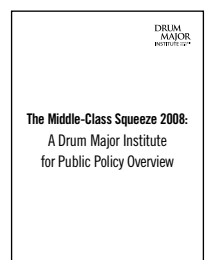
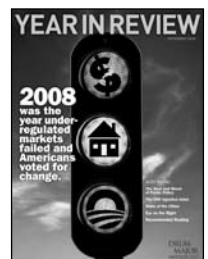
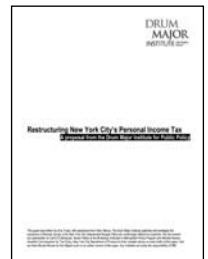
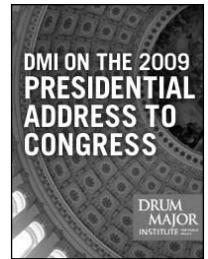
December 2008 / In this Year in Review, the Drum Major Institute for Public Policy offers a look back at 2008 through the best and worst of the year's public policy, including a program to expand the ranks of the insured in San Francisco (one of the best) and the Paulson financial bailout plan (one of the worst). We also highlight on-the-ground stories from five American cities, include an idiosyncratic election timeline, and recommend the year's best books for progressives. As always, we provide a hawk's eye view of what the think tanks on the conservative right are up to and our 2008 Injustice Index, a by-the-numbers appraisal of the Bush legacy.

MIDDLE-CLASS SQUEEZE 2008: A DMI OVERVIEW

September 2008 / Most Americans aim to attain – or hold onto – a middle-class standard of living including a reliable job with fair pay; access to health care; a safe and stable home; the opportunity to provide a good education for one's children, including a college education; time off work for vacations and major life events; and the security of looking forward to a dignified retirement. With this overview, DMI brings together the latest data illustrating how precarious that standard has become.

FIRST ANNUAL SURVEY ON THE MIDDLE CLASS AND PUBLIC POLICY

August 2008 / Despite media depictions of a sharp red and blue divide, DMI's nationwide survey of the middle class finds a broad consensus on a range of public policies aimed at easing the economic squeeze. Middle-class Americans support a universal national health insurance plan, requiring employers to provide paid family and medical leave, making it easier for employees to join labor unions and allowing bankruptcy judges to change mortgage payments to prevent foreclosure. Yet there is a profound disconnect between the nation's legislators and their middle-class constituents. While two-thirds of respondents say they try to follow what Congress is doing, few know how their representatives voted on issues they care about.



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—NEW YORK STATE SENATOR LIZ KRUEGER

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with Minnesota State Senator John Hottinger
- **Guaranteeing Paid Family Leave**
with New Jersey Governor Jon Corzine
- **Combating Global Warming through Congestion Pricing**
with London Deputy Mayor Nicky Gavron
- **Making Prescription Drugs More Affordable**
with Maine State Senator Sharon Treat
- **The Power of Restorative Justice**
with San Francisco Sheriff Michael Hennessey
- **Rehabilitating Vacant Buildings Into Affordable Housing**
with Boston Mayor Thomas Menino
- **Holding Corporations Accountable for Their Fair Share of Employee Health Costs**
with Maryland State Senator Gloria Gary Lawlah
- **Preventing Wrongful Convictions and Exonerating the Innocent**
with Dallas District Attorney Craig Watkins
- **Lowering the Cost of Insurance**
with California Activist Harvey Rosenfield
- **Strengthening the Labor Movement**
with Service Employees International Union President Andy Stern
- **Making Health Care Universal**
with Former Vermont Governor Howard Dean
- **Promoting Access to Pre-School Education**
with Oklahoma State Senator Penny Williams
- **Leveraging Government to Protect the People**
with Former New York Attorney General Eliot Spitzer
- **Tackling Environmental Injustice through Legislation**
with U.S. Congresswoman Hilda Solis
- **Confronting the Need for Massive School Construction**
with Concordia Incorporated Founder Steven Bingler

