



**Pacific Maritime Association
Headquarters**

March 15, 2019

Los Angeles Board of Harbor Commissioners
The Port of Los Angeles
425 South Palos Verdes Street
San Pedro, CA 90731

Director of Planning and Strategy
Harbor Department
P.O. Box 151
San Pedro, California 90733

SUBJECT: Summary Letter – Level 1 Coastal Development Permit No. 18-25 Appeal

Dear President Lee and Honorable Commissioners:

I am writing on behalf of the Pacific Maritime Association (PMA), which negotiates and administers West Coast maritime labor agreements with the International Longshore and Warehouse Union (ILWU) on behalf of its 70 member companies.

We would like to share crucial information regarding the Pacific Coast Longshore Contract Document (PCLCD) and other agreements that govern workplace practices at APM Terminals' Pier 400 and all other terminals at the 29 ports along the West Coast of the United States, specifically including the Port of Los Angeles. This letter summarizes our much longer submittal.

Embracing innovation and modernization have been hallmarks of the West Coast waterfront for decades, dating back to the advent of containerization – a revolutionary advance included in the landmark Mechanization and Modernization (M&M) Agreement of 1960. Traditionally, employers and workers alike have recognized that harnessing technology enables ports to grow larger and more productive – benefitting all sides.

More recently, contract agreements between PMA and the ILWU have allowed for automation at West Coast port terminals tracing back to the 2002 contract that first allowed for the introduction of modern technology. **In 2008, PMA reached an agreement with the ILWU that specifically called out employers' right to automate, and which paved the way for the TraPac and Long Beach Container Terminal (LBCT) automation projects in Southern California.**

The collectively bargained PCLCD is one of the primary governing documents for West Coast terminal operations, from Southern California to the Pacific Northwest. The contract includes the rights of employers, as well as the commitments made to ILWU members in regard to wages,

health benefits, pensions, work rules, and more. In addition, the parties have a long and well-documented history of using the coast arbitration process to settle waterfront disputes. The contracts and the coast grievance machinery (aka arbitration system) have been used for decades by both parties to resolve issues of mutual concern.

Negotiations over the contracts that resulted in the employers' right to modernize and automate were challenging, requiring concessions from both sides. The 2002 contract negotiation resulted in a 10-day coast-wide shutdown, and the White House intervened – invoking a Taft-Hartley injunction for the first time in 30 years (granted by a federal judge appointed by President Bill Clinton) which re-opened the ports and mandated federal mediation for the duration of the negotiations.

The 2008 and 2014 contracts, which include very specific language granting PMA member companies the right to automate, also attracted national and international attention. The 2014 contract ultimately involved meaningful mediation by Los Angeles Mayor Eric Garcetti, U.S. Secretary of Labor Thomas Perez, and U.S. Secretary of Commerce Penny Pritzker, reaching conclusion in early 2015 – nearly 8 months after the contract expired.

Among key contract provisions, detailed in our complete submittal, are the following:

- *“There shall be no interference by the Union with the Employers’ right to operate efficiently and to change methods of work to utilize labor-saving devices...efficient utilization and organization of the workforce, introduction of labor-saving devices, or removal of work restrictions.”*
- *“It is recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers, including the operating, maintenance and repair, and associated cleaning of stevedore cargo handling equipment.”*
- *“The parties recognize robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications. It is agreed that the jurisdiction of the ILWU shall apply to the maintenance and repair of all present and forthcoming stevedore cargo handling equipment in accordance with Sections 1.7 and 1.71 and shall constitute the functional equivalent of such traditional ILWU work.”*

And the Coast Arbitrator, jointly appointed by PMA and the ILWU as the final arbiter of waterfront disputes, has ruled multiple times, including the following:

- *“...the quid pro quo in 2008 was that the Union would secure new terminal facilities as maintenance and repair sites along with such work on new automated and longshore equipment which was a huge gain for the Union which in turn agreed to reinforce the Employers' right to utilize automated container handling equipment...”*

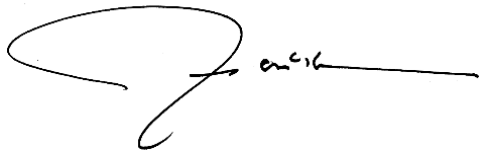
- *“Section 1.72 is explicit that ‘robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications.’”*

The attempt by ILWU Local 13 to appeal the Level 1 Coastal Development Permit on the basis that terminal automation should be stopped is an end-run around the current Pacific Coast Longshore Contract, the federally-governed collective bargaining process that led to it, as well as the ILWU’s democratic election that resulted in its ratification by overwhelming numbers of longshore members.

An appeal of the Coastal Development Permit is not the appropriate venue to adjudicate matters related to automation or the collectively bargained contract, both of which have been subject to years of negotiations and a comprehensive dispute resolution process. In fact, issues related to automation at the Ports of Los Angeles and Long Beach have already been arbitrated; the employers’ right to automate has not been raised by the ILWU in a single case.

For the benefit of the Port of Los Angeles and the government of the City of Los Angeles, we have submitted a lengthy letter with supporting documentation about the PMA, the PCLCD, the automation issues that have already been arbitrated, the current automation projects at the ports, and the vital role that automation and other terminal efficiencies play in maintaining the competitiveness of the Southern California port complex. We hope you find this summary to be a useful guide to these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. McKenna', with a large, stylized loop at the beginning.

James C. McKenna
President and CEO

cc: Mayor Eric Garcetti
Los Angeles City Attorney Janna Sidley
Gene Seroke, Executive Director, Port of Los Angeles



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We would like to share crucial information regarding the Pacific Coast Longshore Contract Document (PCLCD) and other agreements that govern workplace practices at APM Terminals' Pier 400 and all other terminals at the 29 ports along the West Coast of the United States, specifically including the Port of Los Angeles.

Embracing innovation and modernization have been hallmarks of the West Coast waterfront for decades, dating back to the advent of containerization – a revolutionary advance included in the landmark Mechanization and Modernization (M&M) Agreement of 1960. Traditionally, employers and workers alike have recognized that harnessing technology enables ports to grow larger and more productive – benefitting all sides. More recently, contract agreements between PMA and the ILWU have allowed for automation at West Coast port terminals tracing back to the 2002 contract that first allowed for the introduction of modern technology. In 2008, PMA reached an agreement with the ILWU that specifically called out employers' right to automate, and which paved the way for the TraPac and Long Beach Container Terminal (LBCT) automation projects in Southern California.

The collectively bargained PCLCD is one of the primary governing documents for West Coast terminal operations, from Southern California to the Pacific Northwest. The contract includes the rights of employers, as well as the commitments made to ILWU members in regard to wages, health benefits, pensions, work rules, and more. In addition, the parties have a long and well-

documented history of using the coast arbitration process to settle waterfront disputes. The contracts and the coast grievance machinery (aka arbitration system) have been used for decades by both parties to resolve issues of mutual concern.

Negotiations over the contracts that resulted in the employers' right to modernize and automate were challenging, requiring concessions from both sides. The 2002 contract negotiation resulted in a 10-day coast-wide shutdown, and the White House intervened – invoking a Taft-Hartley injunction for the first time in 30 years (granted by a federal judge appointed by President Bill Clinton) which re-opened the ports and mandated federal mediation for the duration of the negotiations.

The 2008 and 2014 contracts, which include very specific language granting PMA member companies the right to automate, also attracted national and international attention. The 2014 contract ultimately involved meaningful mediation by Los Angeles Mayor Eric Garcetti, U.S. Secretary of Labor Thomas Perez, and U.S. Secretary of Commerce Penny Pritzker, reaching conclusion in early 2015 – nearly 8 months after the contract expired.

The attempt by ILWU Local 13 to appeal the Level 1 Coastal Development Permit on the basis that terminal automation should be stopped (see “Re-Elect Mark Mendoza for President” letter) is an end-run around the current Pacific Coast Longshore Contract, the federally-governed collective bargaining process that led to it, as well as the ILWU's democratic election that resulted in its ratification by overwhelming numbers of longshore members.

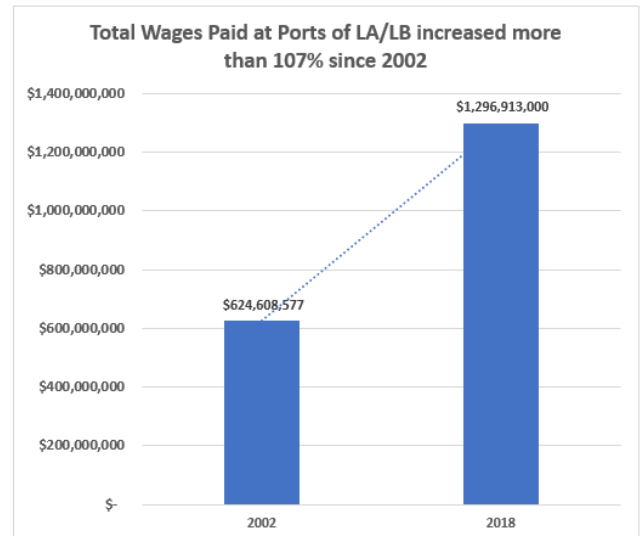
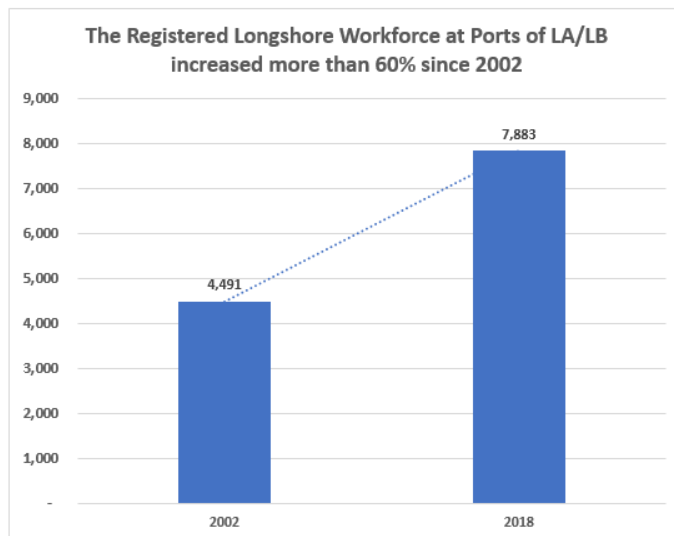
ILWU Local 13 leaders are raising issues that have been thoroughly negotiated and agreed to over nearly two decades. They are inappropriately attempting to use the City of Los Angeles as a tool in their attempt to circumvent the collective bargaining process and contract arbitration system. Issues related to automation at the Ports of Los Angeles and Long Beach have already been arbitrated; the employers' right to automate has not been raised by the ILWU in a single case.

For the benefit of the Port of Los Angeles and the government of the City of Los Angeles, below is more detailed information about the PMA, the PCLCD, the automation issues that have already been arbitrated, the current automation projects at the ports, and the vital role that automation and other terminal efficiencies play in maintaining the competitiveness of the Southern California port complex.

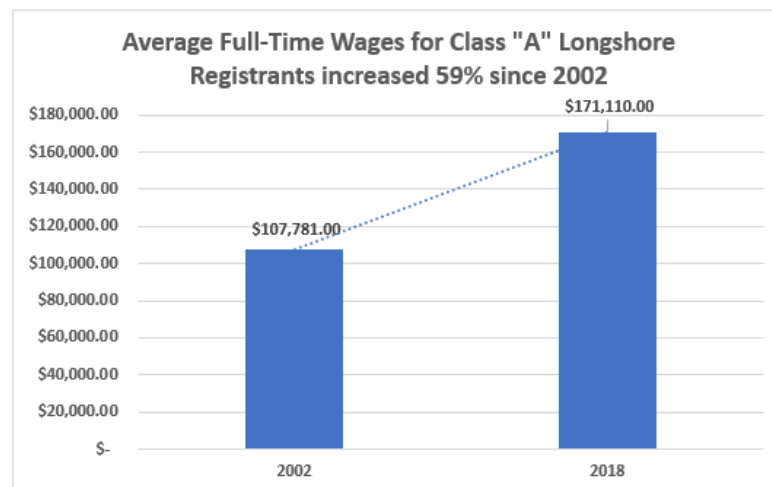
Technology Has Kept Ports Competitive and Created Opportunities for Labor

Over the years, union officials have at times made broad statements about technology being a job killer. To the contrary, the facts demonstrate that technology keeps ports competitive, and by so doing, grows jobs for longshore workers. Since 2002, when the first technology agreement was agreed to, ILWU jobs at the Los Angeles/Long Beach port complex increased by more than 60 percent (*see chart below*), and total wages have increased by more than 107 percent.

(see charts on following page)



In the years since the 2002 technology agreement was reached, average annual wages for longshore workers have increased a healthy 59%, from \$107,781 to \$171,110 in 2018. (See chart below)



Background on the PMA

The Pacific Maritime Association is proud to represent the world's leading maritime companies who do business on the U.S. West Coast. Our members move roughly 1 million tons of cargo through West Coast ports each day, directly employing tens of thousands of longshore workers and contributing to port activity that supports nearly 10 million jobs across the nation. We are proud to be an important part of the U.S. economy, with West Coast port traffic accounting for 12.5 percent of the U.S. GDP.

The PMA's mission is to provide industry leadership to our member companies through innovative integrated labor relations, human resources and administrative services. Specifically, the PMA negotiates and administers maritime labor agreements on behalf of its members with the ILWU. These agreements cover wages, employee benefits and conditions of employment for workers employed at longshore, marine clerk and walking boss/foreman jobs.

APM Terminals is a longstanding leader in the PMA, with membership on the Coast Steering Committee.

In 2017, the ILWU and PMA agreed to their first-ever contract extension, giving a significant boost and stability to the West Coast waterfront as it continues to gain momentum as the leading North American maritime gateway for international trade. The provisions of the 2014 contract now extend until 2022.

The Right to Automate Terminals

The Pacific Coast Longshore Contract between the PMA and the ILWU clearly allows APM Terminals to automate its terminal. As noted earlier, the seeds of automation were planted in 2002 with the groundbreaking technology agreement.

During the 2002-2008 contract period, as technology continued to evolve, the PMA and ILWU conducted information-gathering tours, observing automation projects at terminals in Europe and Australia. Just prior to the 2008 bargaining for the new contract, ILWU and PMA officials toured Maersk's automated facility in Portsmouth, Virginia.

In 2007, ILWU President Robert McEllrath shared his thoughts on technology with his members:

In the Longshore Division, again on the idea of strength through unity, we will bring together the Clerks' Technology and the Longshore Technology committees for a roundtable discussion about the implementation of new technology in our industry. We will also be visiting the new Maersk facility in Virginia to observe the automated container handling equipment. (The Dispatcher, President's Report, February 2007)

Automation itself became a vital part of the 2008 and 2014 contracts, which remains in effect today due to the recent contract extension. The current contract contains sections specifically addressing employers' right to automate; acknowledging that automated terminals necessarily displace traditional longshore work; and stating plainly that there shall be no interference by the ILWU when employers make use of their contractual rights to use labor-saving technologies. In recognition of this fact, the PMA has made numerous material concessions to the ILWU in terms of wages, pay guarantees, pensions, health benefits, and more.

Relevant jurisdictional provisions of these contracts, starting with the 2002 agreement, are summarized below:

Landmark 2002 Technology Agreement

The 2002 contract and accompanying Letter of Understanding (LOU) paved the way for the introduction of important technology that ushered in the modern era at West Coast ports. The technology replaced clipboards and other manual processes with bar code scanners, GPS trackers, and optical character recognition that was already in use at other ports around the world.

That agreement included the following key provisions:

Letter of Understanding – Longshore Technology (November 23, 2002)

- *“All implementation of new technology as it affects Longshoremen shall be introduced in accordance with Section 15 of the PCLCD (the contract).”*
- *“When the Employer chooses to implement new technology to perform work covered in Section 1 of the PCLCD, then that work shall be assigned to Longshoremen. The performance of this work shall be performed on dock – on site.”*

PCLCD Section 15

Section 15 of the contract, mentioned above, provides clear direction about the rules and guidelines for implementing technology. As noted, this section remains in force today.

- ***“There shall be no interference by the Union with the Employers’ right to operate efficiently and to change methods of work to utilize labor-saving devices...efficient utilization and organization of the workforce, introduction of labor-saving devices, or removal of work restrictions.”***
- *“In order to avoid disputes, the employer shall make every effort to discuss with the Union in advance the introduction of any major change in operations.”*

In compliance with this provision, the ILWU was first informed of plans to automate Pier 400 at the start of last year. Numerous Section 15 meetings between APMT, the PMA and ILWU have been held since then, including a meeting held earlier this month with ILWU Local 13.

ILWU Ratification of the 2002 Agreement

The rank-and-file members of the ILWU voted overwhelmingly to ratify the 2002 contract, widely referred to as the “Technology Agreement.”

Following the vote, the Associated Press reported the following:

The labor dispute that shuttered West Coast ports and hamstringing Pacific Rim trade last fall formally ended Wednesday when both dockworkers and shipping companies announced separately they had overwhelmingly approved a new six-year contract.

Nearly 90 percent of International Longshore and Warehouse Union members who voted approved the multi-billion dollar deal, which should bring labor peace to 29 major ports that badly need to modernize - and should do so under the pact. Slightly more than 7,400 members voted for the deal, nearly 900 against it - the largest margin of victory for any longshoremen's contract, according to union officials. Voter turnout was 85 percent.

"They had union meetings to question the negotiators about it and plenty of time to debate it among themselves," said union President Jim Spinosa. "They understood the terms of the contract, the times it was negotiated in and the victory it represents."

("West Coast port dispute over; union companies ratify contract," January 23, 2003)

The Landmark 2008 Contract Specifically Provided the Ability of PMA Members to Automate

Building on the provisions of the 2002 contract, the PMA and ILWU visited automated port sites elsewhere in the world and reached an agreement on new technology language in the 2008 contract which specifically recognized the type of automated technologies they observed.

Section 1.72 as well as a 2008 Letter of Understanding established the **quid pro quo on implementation of Robotic Operated Marine Terminals** in which the ILWU recognized employers' right to automate in exchange for assignment of maintenance and repair work. Once again, these contract provisions remain in force in the latest governing contract.

- Section 1.72— page 9 of the 2014-2019 PCLCD

"It is recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers, including the operating, maintenance and repair, and associated cleaning of stevedore cargo handling equipment."

"The parties recognize robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications. It is agreed that the jurisdiction of the ILWU shall apply to the maintenance and repair of all present and forthcoming stevedore cargo handling equipment in accordance with Sections 1.7 and 1.71 and shall constitute the functional equivalent of such traditional ILWU work."

- 2008 Letter of Understanding: Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction, July 1, 2008

Letter of Understanding: “During the course of the 2008 PCL&CA negotiations, **the Parties discussed the assignment of maintenance and repair work to the ILWU coastwise bargaining unit to offset the introduction of new technologies and robotics that will necessarily displace/erode traditional longshore work and workers.** The scope of ILWU work shall include the pre-commission installation per each Employer’s practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment and its electronics in all West Coast ports except for those, and only those, specific marine terminal facilities as ‘red-circled’ below...”

- *Section 10 - Process to Implement Automation*

The 2008 contract also stipulates a clear process for engagement between the employers and the ILWU regarding the implementation of modern methods of terminal operations. The Joint Coast Labor Relations Committee, or “Coast LRC” below, is a body composed equally of ILWU and PMA representatives to adjudicate disputes related to the contract. (See Section 10 of the 2014-2019 labor agreement)

Section 10 of the Agreement: “where a subsequent change in operation after the establishment of the original manning introduces a machine, or device, or new method of operation which results in the need for reduced or increased manning, shall be subject to review through the contract machinery at the Coast LRC level at the request of either party.”

- *Section 17 – Joint Labor Relations Committees, Administration of Agreement, and Grievance of Procedures*

This section stipulates the process for arbitrating contract disputes on the West Coast waterfront. Disputes must be handled within the grievance procedures described herein.

Section 17.15: “**The grievance procedure of this Agreement shall be the exclusive remedy with respect to any disputes** arising between the Union or any person working under this Agreement or both, on the one hand, and the Association or any employer acting under this Agreement or both, on the other hand, and no other remedies shall be utilized by any person with respect to any dispute involving this Agreement until the grievance procedure has been exhausted.”

Section 17.26: "The Joint Coast Labor Relations Committee has jurisdiction to consider issues that are presented to it in accordance with this Agreement and shall exercise such jurisdiction where it is mandatory and may exercise it where such jurisdiction is discretionary as provided in Section 17.261, Section 17.262 and other provisions of this Agreement."

*17.26.1: "Any decision of a Joint Port or Joint Area Labor Relations Committee or of an Area Arbitration Panel claimed by either party to conflict with this Agreement shall immediately be referred at the request of such party to the Joint Coast Labor Relations Committee (and, if the Joint Coast Labor Relations Committee cannot agree to the Coast Arbitrator, for review). **The Joint Coast Labor Relations Committee, and if it cannot agree, the Coast Arbitrator, shall have the power and duty to set aside any such decision found to conflict with the Agreement and to finally and conclusively determine the dispute.** It shall be the duty of the moving party in any case brought before the Coast Arbitrator under the provisions of this Section 17.261 to make a prima facie showing that the decision in question conflicts with this Agreement, and the Coast Arbitrator shall pass upon any objection to the sufficiency of such showing before ruling on the merits."*

Coast Arbitrator John Kagel, jointly appointed by PMA and the ILWU as the final arbiter of waterfront disputes, has ruled multiple times on automation-related matters. In 2010, he laid out in the clearest terms the nature of the automation agreement reached by the parties during 2008 negotiations:

*"...the quid pro quo in 2008 was that **the Union would secure new terminal facilities as maintenance and repair sites along with such work on new automated and longshore equipment which was a huge gain for the Union which in turn agreed to reinforce the Employers' right to utilize automated container handling equipment...**" (See C-05-10, page 9)*

The Coast Arbitrator's rulings in 2009 and 2017 also referenced the "quid pro quo" in clear terms. In other words, the most significant independent decision-maker regarding the waterfront contract has repeatedly noted that ILWU officials agreed to automation – and saw significant gains as a result.

Technology, Productivity and ILWU Benefits Grow Together

In light of the 2008 contract provision related to automation, the PMA agreed to expand the ILWU's jurisdiction to include Maintenance and Repair (M&R) jobs on automated terminal equipment and vehicles at the terminals – a valuable concession to ILWU members.

To help prepare ILWU members to perform these M&R functions, in 2018 the PMA established a partnership with Long Beach City College to train longshore workers in maintenance and repair of cargo-handling equipment, including semi-tractor trucks and small vehicles. The 2018 pilot program is expected to expand as terminal modernization and automation continue to take hold.

This concession to the ILWU is part of a long history of extending the benefits of technology-driven productivity on the West Coast waterfront to ILWU members in the form of growing wages, protections and benefits. This practice has continued to the present day, enabling meaningful compensation improvements, such as:

- **Pension Increases:** The PMA agreed to very significant pension increases, which are currently nearly \$89,000 annually for fully vested workers with maximum years of service, rising to more than \$95,000 annually in 2021. (*PMA 2018 Annual Report, page 36*)
- **Pay Guarantees:** The PMA agreed to protect eligible registered longshore workers who are unable to obtain full-time work because of technology by expanding the pay guarantee plan (PGP). The PGP provides a guaranteed weekly income to industry registrants who meet certain eligibility criteria and are unable to obtain a 40-hour work week.
- **World Class Health Care Benefits:** The ILWU-PMA welfare plan is among the most generous health plans in the nation, with fully paid medical care with no employee premiums and only very limited deductibles. Prescription drugs are provided for \$1. The cost of the health care plan, borne entirely by the employer, is approximately \$53,000 per active registrant.
- **Increased Wages:** Wages have continued to increase through the automation agreement. ILWU members enjoy world-class wages, with the average full-time registered worker earning more than \$183,000 per year. For longshore registrants, the average is \$171,110. Clerks are paid an average of \$193,511 per year, and for foremen the average is \$281,555.

Automation Is Already a Reality at the L.A./Long Beach Port Complex

Automation projects, including the TraPac terminal at the Port of Los Angeles, have already been implemented consistent with the provisions of the contract agreements between the PMA and ILWU.

The 2008 and 2014 contracts enabled TraPac and LBCT to automate, just as APM Terminals is planning to do at Pier 400. The TraPac terminal at the Port of Los Angeles has the following automated components:

- Autostrads carry containers from the ship offloading area to an automated stacking crane in the yard or to a buffer storage area for on-dock rail transfer. This terminal has been widely featured in the media, including a 2016 article in the industry's leading trade publication, the Journal of Commerce.
- Electric Automated Rail-Mounted Stacking Cranes (ASCs) place the containers on a truck chassis or rail car with the assistance of an ILWU crane driver who operates the ASC remotely.

The automated TraPac facility, which contains technology similar to what is planned by APM Terminals, was featured on the Port of Los Angeles' video channel *Latitude*. The Port of LA reporter enthusiastically described the facility in the story: ***TraPac: Tomorrow's Technology Today*** (April 7, 2016). In describing the facility, the reporter said:

- "Autostrads. This is just one component of the innovative technology that has created one of the most efficient and advanced automated container terminals in the world – the TraPac terminal at the Port of Los Angeles."
- The reporter also celebrated that TraPac was the "first terminal to combine automatic straddle carriers with automated stacking cranes." She also reported that TraPac was the "first terminal operator to use automated straddle carriers for the horizontal transport between the automated terminal and an automated on-dock rail operation. The terminal will be the first to combine automatic straddle carriers with automated rail-mounted gantry cranes."

The Coast Arbitrator Has Already Ruled on Automation in Favor of the PMA

Issues related to automation at TraPac and LBCT have been arbitrated, and awards by the Coast Arbitrator (the final arbiter of contract disputes on the West Coast waterfront, as laid out in the contract) have clearly reinforced PMA member companies' rights to automate. It is worth noting, in the matters below, that the ILWU has not once challenged the right of employers to automate, but has merely contested the manning levels that would result.

- In a matter related to the use and manning of Automated Stacking Cranes (ASTs) at the TraPac terminal at the Port of Los Angeles (*See C-03-2014, Opinion and Decision of John Kagel, Coast Arbitrator, May 6, 2014*), Coast Arbitrator John Kagel recognized that the ILWU and PMA toured automated port facilities prior to the 2008 automation agreement, and denied the ILWU's assertion that additional manning at the automated TraPac terminal in Los Angeles is required. Arbitrator Kagel, in denying the ILWU's request, writes the following statements which recognize the employers' rights to automate terminals:
 - "Prior to that time [2008] the Parties had toured port facilities in the Netherlands, Germany, Australia and Virginia, and at those locations had seen automated cargo handling equipment which was installed and in operation there."
 - "In 2008 bargaining, according to the Employer, and not generally contested by the Union, Section 1.72 and the LOUs were added to the **Agreement to allow for the installation of such automated equipment and, in exchange, at non-red circled facilities, all maintenance and repair (M&R) work was exclusively reserved for ILWU-represented employees.**"

- *"...the Union recognizes that there is no manning minimums for fully automated equipment such as ASTs."*
- *"The ASCs here are installed as part of the automation of the TraPac terminal, as in the other worldwide facilities visited by the Parties before the 2008 Agreement. Given the reason for their installation, the ASCs, operating robotically no less than seventy percent of the time, qualify as new technologies directly related to a robotic-operated marine terminal. **Section 1.72 is explicit that "robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications."** One applicable LOU states that such new technologies will "displace/erode traditional longshore work and workers."*

The Favored Nations Concept Governs

The Favored Nations concept, agreed to by the PMA and ILWU dating back to 1957 and recognized in Letter and Coast Labor Relations Committee minutes, affords APM Terminals and other PMA members the same opportunities to automate as afforded to LBCT and TraPac.

- Favored Nations is a method of preventing discriminatory treatment by the ILWU among PMA member companies. It establishes equality of labor opportunity among companies by guaranteeing that if one company is given better terms by ILWU, then all other companies must get the same terms. Favored Nation status also provides manpower and work-rule equality among companies by ensuring that the ILWU will not discriminate against another company's services in favor of those from a third. Once the ILWU grants any type of concession, this concession must be given to all other companies. (*See CLRC Minutes 11-64, item #2*)
- In 1957 ILWU President Harry Bridges sent a letter to Paul St. Sure, President of the PMA at the time, which stated that the ILWU would not encourage or condone separate negotiations or agreements between ILWU local unions and PMA members. The letter further established that all ILWU disputes will be handled directly with PMA and through the existing means of resolution (i.e. contract grievance machinery). (*See Harry Bridges letter dated January 17, 1957*)
- Over the years, "favored nations" has been referenced by the Coast Labor Relations Committee (*See minutes from CLRC Meeting 13-1986, Item #3*, in which the CLRC writes that "This Committee agreed that the "favored nations" understanding prevails in this matter, i.e., Metropolitan Stevedore Company, as a PMA member, is entitled to equal treatment by being accorded the same manning provisions and conditions in effect at the nonmember's facility when comparable or similar circumstances exist.")

- Further, local area arbitrators (who typically hear disputes before they reach the CLRC or Coast Arbitrator) have also adjudicated matters related to Favored Nations. See, for example, the 1989 arbitration award SCAA-12-1989 and the 2012 award SCAA-01-12.

The 2014 Contract -- in Effect through 2022 – Preserves the Employers’ Rights to Automate Terminals

The 2014 contract negotiations were contentious and gained national headlines when the PMA and ILWU failed to reach a contract agreement months after the deadline had passed. Congestion plagued the terminals, with the PMA asserting union-staged slowdowns that crippled terminal operations.

Ultimately, Los Angeles Mayor Eric Garcetti played an important role in mediating the contract dispute. Also, the Obama administration dispatched Secretary of Labor Thomas Perez and Secretary of Commerce Penny Pritzker to participate in helping the parties reach agreement.

In late February 2015, nearly eight months after the prior contract had expired, a new contract agreement was reached that preserved the technology and automation provisions from the 2002 and 2008 contracts, augmented the pay guarantee plan, and modified the local arbitration process to handle manning and jurisdictional disputes that automation was likely to raise.

According to the Journal of Commerce:

*“... the deal between the Pacific Maritime Association and International Longshore and Warehouse Union preserved the provision of the 2002 and 2008 contracts **that allowed employers to use, at their discretion and without the ILWU being able to stop them, computer technology for the free flow of information and automated cargo-handling machines to modernize West Coast port operations.**” (“ILA raises automation concerns anew with conference boycott,” October 8, 2018)*

A separate Journal of Commerce story noted:

The previous arbitration system...caused some terminal operators to shy away from investing hundreds of millions of dollars to bring in automated guided vehicles, automated stacking cranes and other equipment that is not manned by dockworkers.

The arbitration system in the new contract that was ratified in late May establishes in each port range a three-person panel, one nominated by the ILWU, one by the PMA and the third will be a professional arbitrator with no previous ties to the waterfront.

“The new system will replace the patchwork nature of the old system with more uniformity and, presumably, more certainty,” the PMA [Annual Report] stated.

...Under the new arbitration system, West Coast ports will resume their investments in technology and automation to reshape the waterfront, the report said. (“PMA: ILWU contract to pave road to automation,” Aug. 16, 2015)

The 2014 contract was approved by 82% of the rank-and-file ILWU members who cast votes. That is more than the 72% who ratified the 2008 contract.

The Los Angeles Times reported on the negotiations, highlighting the challenges the maritime industry was facing at the time:

Ever-larger ships are dumping more cargo at once on the docks, creating more congestion even when the work is going smoothly. That's increasing the demand for automation, said Levinson, who noted that ports in Europe and Asia increasingly use robotics to move goods that union longshoremen handle today on the West Coast.

Another threat is the widening of the Panama Canal, scheduled for completion next year. That will enable some larger ships to pass more quickly to the East and Gulf Coast, though experts disagree on how much that could hurt Southern California.

Still, the ILWU shouldn't overplay its hand, [economist Marc] Levinson said.

"The employers and the union both have a common interest in the success of L.A.-Long Beach and in keeping the port as efficient as possible," he said. ("Small but powerful union is at center of port dispute," Feb. 17, 2015)

ILWU Leaders Have Consistently Acknowledged PMA Members' Right to Automate

The leaders of the ILWU who negotiated the contracts with the PMA have acknowledged that automation is a right of the companies operating terminals on the West Coast. Former ILWU President James Spinosa led the 2002 negotiations. Recently retired ILWU President Robert McEllrath led the 2008 and 2014 negotiations, as well as the precedent-setting five-year extension that was reached in 2017.

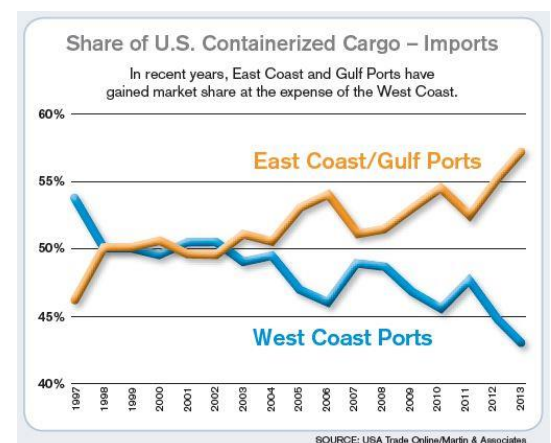
- Bob McEllrath in *The Docker* podcast (July 2018): *"I've heard people say we won't allow automation. Well, if you don't allow automation, I guess you don't need your new flat screen TV and your cell phones and all that stuff. It's going to come. It's going to happen. But you've got to be involved in it, you've got to have your mechanics, you've got to have the people who fix it, you've got to have people that repair it. And you've got to bargain manning on those pieces of equipment, whether it be a crane or anything, you've got to bargain those issues.... I've told the guys: we've got to get in it. We can't just turn our head. If we do, we'll be left behind. They'll eat us up."*
- McEllrath in *The Dispatcher* (May 8, 2012) – *"Just like the ILA, we know that automation is coming. In fact, the ILWU has a long history, beginning in the 1960's, of accepting automation provided that all associated work is assigned to the ILWU."*

- James Spinosa in KCRW Cargoland News Feature (December 4, 2014): *"Never, ever have we found ourselves able to stop technology, and we're not going to," he says, referencing a future in which automation and innovation mean fewer jobs.*
- McEllrath in YouTube interview (February 2009): *"In the past, new technology helped some of our longshore jobs get safer and the work more efficient. So we're positive about new technology. We just want to be sure that the companies don't try to outsource the jobs from the ports."*
- ILWU Local 63 President Mike Podue (May 16, 2013), as reported by JOC reporter Bill Mongelluzzo on Twitter (@billmongelluzzo): ***"Local 63 Pres. Mike Podue tells Long Beach seminar the ILWU embraces automation as long as the union has those jobs 'from here to eternity.'"***
- Former ILWU Local 63 Secretary Peter Peyton, San Francisco Chronicle (July 6, 2003): *The ILWU believes increased productivity is a good thing, said [Peter Peyton, secretary of ILWU Local 63 in San Pedro]. "There is not a problem with us one bit," he said. "They can knock themselves out in terms of how they want to do it, as long as they realize that the second phase of this is compliance with the MOU (meaning it has job jurisdiction), and that's where we're going next."*
- Former ILWU spokesperson Steve Stallone in the Sacramento Bee (October 2, 2002): ***"Have all the technology you want; we understand some jobs are going to be lost,"*** said union spokesman Steve Stallone. *"The proviso we have (is) that all of the remaining jobs and new jobs created by new technology will be ILWU jobs."*

Maintaining Competitive West Coast Ports

The importance of terminal automation is directly tied to West Coast ports' ability to stay competitive locally and globally. In today's marketplace, shippers have options, especially when considering that roughly half of the cargo moving through West Coast ports is *discretionary cargo* – cargo that moves outside regional markets region bound for the Rocky Mountain states, the Midwest and other points east.

In the years after the 2002 and 2008 contract disputes, the West Coast lost significant market share to East Coast and Gulf Coast ports. And the competition for this cargo is intensifying due to many factors, including investment throughout North America in deep water terminals and modern terminal operations to handle large mega-vessels.



Also, the opening of the wider Panama Canal; larger and increasingly sophisticated ports in Canada, Mexico, the East Coast and Gulf states; the diversification of global sourcing; and lower cost structures in other markets are only fueling more intense competition for discretionary cargo.

It is also important to note that while the West Coast is typically the most efficient route for goods sent from China, manufacturing centers in other parts of Asia are efficiently accessing East Coast ports via the Suez Canal.

The reality is this: If the Port of Los Angeles fails to modernize through automation, discretionary cargo will go elsewhere. It is all our business – the PMA, ILWU and the Port of Los Angeles – to keep the nation’s busiest container port competitive so we can continue to attract the cargo that supports our local economies.

The economic stakes are high. In 2014, leading maritime economist John Martin documented the economic impact of West Coast ports, along with factors that could threaten their growth. Martin found that West Coast ports – led by Los Angeles and Long Beach, which together move roughly 60 percent of coast tonnage – have a domestic business impact of more than \$2 trillion annually.

Looking ahead, Martin pointed out that as ports around the world continue to modernize, there is no question that future economic growth will go to those ports that show the best ability to adapt. The experience of the past two decades shows remarkable elasticity in cargo’s movement through different ports, he said. If West Coast ports led by Los Angeles and Long Beach wish to remain leaders, they will need to move cargo efficiently and reliably.

The Bottom Line: The Biggest Job Killer Would Be Ports That Can’t Compete

To stay competitive, the Port of Los Angeles must accomplish three objectives: 1) meet clean air goals that are the most stringent in the world; 2) modernize terminal operations to meet a high standard of productivity; and 3) support good jobs for the future. The stakes are high, for the health of both the local and national economies. Ports on the West Coast provide the foundation for nearly 10 million American jobs.

History shows examples of our collective ability to lead and adapt to changing times. In the 1960s, PMA and our member companies led the transition from break bulk to containerization. In the early 2000s, we negotiated some of the industry’s most important technology and automation provisions. And in recent years, we have worked within an aggressive environmental framework while achieving record-setting volumes.

Terminal Automation Supports the Clean Air Action Plan

The Port of Los Angeles and Port of Long Beach’s Clean Air Action Plan Update, approved in 2017, was a momentous step forward for environmental sustainability and a future of zero-emissions cargo movement at the nation’s busiest container port complex. The CAAP set ambitious goals for reducing carbon emissions and toxic air pollution from cargo-handling equipment and drayage trucks serving the ports.

“Our ports are the engines that power our economy – they must also be the forces that drive our region toward a greener, more sustainable future,” Mayor Garcetti said at the time, reiterating the City’s “commitment to cleaning our air and moving boldly toward our goal of zero emissions goods movement at the ports.”

The CAAP explicitly recognizes the role of automation at the port to promote clean air and protect public health. Specifically, automated guided vehicles and intermodal yard cranes are cited as examples of zero-emissions cargo-handling equipment that promote the Plan’s sustainability objectives.

Further, the proposed automation plans for Pier 400 would directly enable the reduction of emissions from port drayage trucks, a major source of air pollution and greenhouse gas emissions.

The project would improve the efficiency of drayage trucks by reducing operational time, improving traffic flow, and lowering vehicle miles traveled – precisely as outlined in the CAAP.

Finally, the CAAP acknowledges that significant investment on the part of terminal operators will be necessary to achieve the Plan’s vision of transitioning equipment to zero-emission alternatives:

“It is not simply a matter of swapping equipment; there must be years of design, engineering, and construction to install the necessary electric and alternative fuel terminal infrastructure. This infrastructure will be costly – as much as \$2 billion according to our estimates – and must be in place before the fleets can transition. Moreover, the longer it takes to install the infrastructure, the less time the operators have to purchase new equipment, which concentrates their costs into a few years and increases their financial burden.”

The operators of Pier 400 are recognizing this reality by seeking to install the infrastructure needed for these important environmental improvements without delay, thereby moving the port’s largest terminal toward the CAAP’s clean-air vision as rapidly as possible.

Terminal Automation Supports Worker Safety

Over the years, as a result of technology and other measures, port safety has improved dramatically. In 2002, for example, the OSHA lost-time injury and illness rate in Southern California was 6.49. By 2018, it had fallen to 2.55 – a drop of 61 percent.

It is generally accepted that automated terminals are safer than non-automated terminals, for the simple reason that fewer people are in harm’s way. A 2018 article by the consulting firm McKinsey & Company states plainly, “Automated ports are safer than conventional ones.” (See *The Future of Automated Ports*, December 2018)

As noted in a 2015 Journal of Commerce article about a fully automated terminal in Rotterdam, “Safety is the key feature of an automated terminal. People are not hurt because people are not allowed in the cargo-handling section of the terminal.”

Moving forward, PMA and its member companies look forward to automation being an important part of making marine terminals even safer places to work.

Terminal Modernization Has Driven ILWU Wages & Job Growth

When PMA negotiated the technology agreement in 2002, it was a bitter fight. The ports were closed for 10 days and the nation felt the economic impact coast-to-coast. The longshoremen were worried that technology would decimate their jobs. **The opposite has happened.**

Coastwide since 2002, we have grown our longshore workforce by nearly 50 percent (adding almost 5,000 workers), with average full-time longshore wages rising from \$107,781 a year to \$171,100.

In Southern California since the technology agreement of 2002, the registered longshore workforce has grown from 4,491 to 7,883. Last year, we added 1,180 Class B registrants and 500 casuals in Southern California.

In short, technology has enabled our ports to compete and attract business. That has been good for the economy and for the longshore members.

The best strategy to support union jobs is to keep attracting cargo. And the way to attract cargo while meeting the Port's environmental goals is the very automation demonstrated at TraPac and LBCT – and planned by APMT.

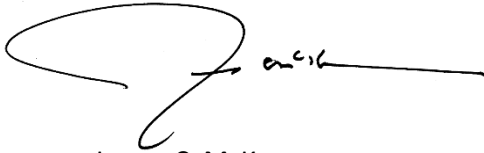
Conclusion: Terminal Automation is Essential to the Future of the Port of Los Angeles and the Entire West Coast

During the past two decades, technology and automation have been important features of a West Coast waterfront that is rapidly evolving to meet 21st century challenges. Supporting millions of jobs and providing trillions of dollars in economic activity, West Coast ports are essential to the local and national economies. The Port of Los Angeles is a huge economic engine for all of Southern California, and requires continued modernization to keep its place as the leading U.S. container port.

The APM Terminals automation project follows the TraPac automation project at the Port of Los Angeles and the LBCT at the neighboring Port of Long Beach, both of which have added to productivity which will enable further economic growth. Importantly, the APM Terminals project is entirely in keeping with widely accepted industry practices, most notably the manner in which it has been introduced to and discussed with the ILWU-- precisely as the PCLCD prescribes. The contract and its dispute resolution machinery have a decades-long history, and the ILWU itself has acknowledged that automation is part of the picture for the future of West Coast ports.

The Los Angeles Board of Harbor Commissioners can best support the port's ability to produce jobs for both ILWU workers and others by respecting the well-honed process of collective bargaining and the waterfront contracts it has produced. We respectfully urge the commission to deny ILWU Local 13's appeal and to allow the parties to move forward in enabling the port to reach ever-greater heights.

Sincerely,

A handwritten signature in black ink, appearing to read 'McKenna', with a large, stylized loop at the beginning.

James C. McKenna
President and CEO

cc: Mayor Eric Garcetti
Los Angeles City Attorney Janna Sidley
Gene Seroka, Executive Director, Port of Los Angeles

Attachments

Addendum 1

Index – Supporting Documents

| | |
|--|-----|
| Letter: “Re-Elect Mark Mendoza for President” | 2 |
| Letter of Understanding – Longshore Technology (November 23, 2002) | 4 |
| Letter of Understanding - Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction (July 1, 2008) | 6 |
| C-05-10, Opinion and Decision of John Kagel, Coast Arbitrator (May 24, 2019) | 10 |
| 2018 Annual Report sections on Pensions and Pay Guarantee Plan | 31 |
| Link to “TraPac: Tomorrow’s Leading Technology Today” (April 7, 2016) | 33 |
| C-03-2014, Opinion and Decision of John Kagel, Coast Arbitrator (May 6, 2014) | 35 |
| 11-1964, Coast Labor Relations Committee Meeting Minutes (May 12, 1964) | 43 |
| 1957 Letter from Harry Bridges to PMA | 48 |
| 13-86, Coast Labor Relations Committee Meeting Minutes from July 22, 1986 | 50 |
| SC-12-89, Opinion and Decision of George Love, Area Arbitrator (February 14, 1989) | 54 |
| SCAA-0001-2012, Opinion and Decision of David Miller, Area Arbitrator (December 15, 2011) | 59 |
| “Economic Impact and Competitiveness of the West Coast Ports and Factors that Could Threaten Growth,” by John Martin (April 30, 2014) | 68 |
| “The Future of Automated Ports” by McKinsey & Company (December 2018) | 111 |
| 2014-2019 PACIFIC COAST LONGSHORE CONTRACT DOCUMENT | 122 |

Letter: “Re-Elect Mark Mendoza for President”

Re-Elect *Mark Mendoza for President*

Brothers and Sisters:

Over the past two years as your President, Local 13 has accomplished so much together. As documented by various news outlets, not only did the ILWU break records in 2017 by moving the most cargo ever in Los Angeles, but we even surpassed that number in 2018. Under my leadership, **I have proven that I can protect current jobs, create more jobs, and elevate more longshore men and women to strengthen our union.** With that being said, the ILWU now faces the biggest fight ever: automating the Ports of LA and Long Beach.

I have proven, time and time again, to be a President that has a hard line on automation. While some people believe the workforce should complement automation's development, I believe that **automation is an egregious attack on working families and should never be an option at the Ports.** While Local 13 successfully blocked public funds from going towards port automated machines in 2017, employers have now embraced the idea of fronting the money themselves.

As we face the threat from Maersk, and companies to come, of automating our work, I know I have the institutional knowledge of the Ports to turn the automation conversation on its head and use PMA's own talking points against them. With over 35 years of experience working in the Los Angeles and Long Beach ports, I personally have seen PMA's strategies and tactics and believe **I have the temperament, judgment, and knowledge to go toe-to-toe with PMA leadership.**

And nothing slips past me. For example, when the Port of Los Angeles approved Maersk's initial permit request to automate our work, Gary Herrera, Vice President, and I knew how to rally our membership and push back on Port leadership to halt its processing. **The ILWU will never be sidelined, and, with the help of the current officers, I will always ensure that Local 13 has a seat at the table and controls the conversation.**

As the ILWU faces the biggest threat yet, I hope you will entrust in me, once again, to lead our Local and protect our jobs, families, and communities. I humbly ask for your support and vote this upcoming election between **March 12th – 14th (6 AM – 6 PM) at the ILWU Memorial Hall.**

In Solidarity,
Mark Mendoza

FIGHTING AUTOMATION AND PROTECTING
OUR JOBS FOR GENERATIONS TO COME

Letter of Understanding – Longshore Technology (November 23, 2002)

November 23, 2002

Mr. Joseph Miniace
President and CEO
Pacific Maritime Association
550 California Street
San Francisco, CA 94104-1006

LETTER OF UNDERSTANDING – LONGSHORE TECHNOLOGY

“In addition, the union is guaranteed that any new equipment used by PMA employers will be operated by ILWU members, trained if necessary by the employers.” Men and Machines, an ILWU-PMA Publication, July 1, 1966.

- All implementation of new technology as it affects Longshoremen shall be introduced in accordance with Section 15 of the PCLCD.
- When the Employer chooses to implement new technology to perform work covered in Section 1 of the PCLCD, then that work shall be assigned to Longshoremen. The performance of this work shall be performed on dock – on site.
- Work historically performed by Longshoremen shall continue to be performed by Longshoremen.
- All Longshore equipment in PCLCD facilities shall be operated by Longshoremen.

Yours truly,

James Spinoso
International President

Understanding Confirmed:

Joseph Miniace
President and CEO
Pacific Maritime Association

Letter of Understanding - Clarifications and Exceptions to ILWU
Maintenance and Repair Jurisdiction (July 1, 2008)

**INTERNATIONAL
LONGSHORE &
WAREHOUSE UNION**
AFL-CIO



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President

JOSEPH R. RADISICH
Vice President

WESLEY FURTADO
Vice President

WILLIAM E. ADAMS
Secretary-Treasurer

July 1, 2008

James C. McKenna
President & CEO
Pacific Maritime Association
555 Market Street, 3rd Floor
San Francisco, CA 94105

LETTER OF UNDERSTANDING
Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the assignment of maintenance and repair work to the ILWU coastwise bargaining unit to offset the introduction of new technologies and robotics that will necessarily displace/erode traditional longshore work and workers. The scope of ILWU work shall include the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment and its electronics in all West Coast ports except for those, and only those, specific marine terminal facilities listed as "red-circled" below:

| OAKLAND | |
|--|---|
| APL/EMS Berths 60-63 | Red circle cranes, reefers, and container washing |
| APM OAK Berths 20-23 | Red circle Berth 20 cranes, Horizon off dock trucking operation and associated equipment |
| OICT/SSAT Berths 57-59 | Red circle |
| TBCT/ITS Berths 24-26 | Red circle |
| Howard Terminal/SSAT Berths 67-68 | Red circle |
| Ben Nutter/Evergreen Berths 35-38 | Red circle |
| Hanjin/TTI Berths 55-56 | Red circle with the exception of cranes, transtainers, dry containers, reefers, and chassis |
| SSAT/Richmond | Red circle |

James C. McKenna

Re: Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction

July 1, 2008

Page 2 of 3

| LONG BEACH | |
|-----------------------------------|---|
| LB 243-247/ LB 266-270 SSA Pier J | Red circle |
| LB 88-94 SSAT Pier A | Red circle |
| LB 60-62 SSAT Pier C | Red circle |
| LB 227-236 ITS Pier J/G | Red circle |
| LB 132-140 Pier T Hanjin/TTI | Red circle with the exception of cranes, transtainers, reefers, dry containers, and chassis |
| LB 205-207 SSA Pier F | Red circle |

| LOS ANGELES | |
|----------------------------------|---|
| LA APL/EMS Berths 302-305 | Red circle reefer, minor chassis service repair and roadability in CY |
| LA Berths 226- 236 Evergreen | Red circle with the exception of cranes, transtainers, reefers, dry containers, and chassis |
| LA Berths 121-131 Yang Ming | Red circle with the exception of cranes |
| LA SSA Outer Harbor 54-55 | Red circle |
| LA Berth 100 WBCT/China Shipping | Red circle with the exception of cranes |

| TACOMA | |
|----------------------------------|--|
| Husky Terminal/ITS | Red circle |
| TOTE | Red circle with the exception of minor trailer repair, federal trailer licensing, and rolox box repair |
| APM Terminal | Red circle hammerhead cranes only |
| OCT/Yang Ming/Terminal 7 Berth D | Red circle with the exception of chassis, reefers, and dry containers |
| Horizon Facility | Red circle |

| SEATTLE | |
|---------------------------------|---|
| SSA Terminal 18 | Red circle |
| SSAT Terminal 25 | Red circle |
| SSAT/China Shipping Terminal 30 | Red circle |
| Terminal 46/Hanjin | Red circle with the exception of cranes, transtainers, chassis, dry containers, and reefers |
| Pier 66/CTA | Red circle |
| APL/EMS North Terminal 5 | Red circle |

James C. McKenna

Re: Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction

July 1, 2008

Page 3 of 3

The "red-circled" list shall replace the 1978 past practice exception with respect to Sections 1.7, 1.71, 1.72, and 1.73 of the PCLCD.

The Parties further agree that all carriers and vessel operators may use any of the "red-circled" facilities, as they see fit, without affecting the status of these facilities as an exception to ILWU maintenance and repair jurisdiction. It shall be a subterfuge for a carrier to utilize a "red circled" terminal to perform maintenance and repair work on its equipment unless the work is associated with a vessel calling that facility. Modifications and reconstruction of any "red-circled" facility, including changes in the boundary lines that do not change the fundamental identity of the "red-circled" facility, shall not change its exception status.

The Parties agree that a terminal operator that is the owner or lessee of a "red-circled" facility and that has a direct collective bargaining relationship with another union as of July 1, 2008, may vacate a "red circled" facility and then relocate its operations to another facility within the same port (other than newly constructed terminals subject to ILWU jurisdiction under Section 1.731) and retain its incumbent non-ILWU mechanic workforce, provided the relocation maintains a continuity of operations, personnel, and equipment.

The Parties also agree that, notwithstanding the above paragraph, the anticipated relocation, due to eminent domain, of the Tacoma TOTE facility to another location within the Port of Tacoma area shall not displace or disturb the recognized workforce at the prior facility, unless otherwise determined by the Employer.

With respect to Section 1.75, the Parties agreed that the exception would only apply to "full red circled" facilities.

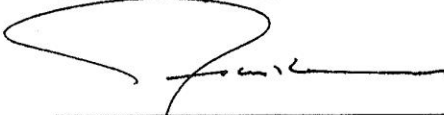
The Parties left for future resolution under Section 17 the question concerning how Section 1 provisions, as amended, apply in situations when stevedore cargo handling equipment (See Section 1.7 and sub-sections), at a marine terminal is moved off the marine terminal by the terminal operator or by a signatory carrier.

Sincerely,



Robert McEllrath
International President

Understanding confirmed:



James C. McKenna
President & CEO
Pacific Maritime Association

Dated: 7-28-08

C-05-10, Opinion and Decision of John Kagel, Coast Arbitrator (May 24,
2019)

IN COAST ARBITRATION PROCEEDINGS PURSUANT TO
THE PACIFIC COAST LONGSHORE CONTRACT
DOCUMENT

| | | |
|---|---|-----------------------|
| INTERNATIONAL LONGSHORE AND WAREHOUSE UNION, |] | C-05-2010 |
| |] | |
| |] | OPINION AND DECISION |
| |] | |
| Union, |] | of |
| and |] | |
| |] | JOHN KAGEL |
| |] | |
| PACIFIC MARITIME ASSOCIATION, |] | Coast Arbitrator |
| |] | |
| Employers. |] | May 24, 2010 |
| |] | |
| |] | Palo Alto, California |
| Re: Appeal of SCAA-51-2009 |] | |

APPEARANCES:

For the Union: Ray Ortiz, Leal Sundet, Coast Committee Members, ILWU

For the Employers: Rich Marzano, Coast Director, Contract Administration and
Arbitration, PMA

ISSUE:

Whether the Employers' appeal of SCAA-51-2009 should be sustained or denied.

BACKGROUND:

Tires on rims were removed from chassis and stevedore cargo handling equipment
by Bargaining Unit Mechanics and then taken off site where non-bargaining unit

PMA - LR
MAY 25 2010

personnel removed the tires from the rims and then reinstalled either repaired or new tires to the rims. The tires on their rims were then transported back to the dock for reinstallation on the equipment by Bargaining Unit Mechanics. The Area Arbitrator determined that such work by non-bargaining unit personnel violated Section 1 of the PCLCD. According to the Employers, the Area Arbitrator decision is in violation of the Agreement since, in their view, maintenance and repair (M&R) work can be performed off dock at the discretion of the individual Employer by other than Union Mechanics.

AGREEMENT PROVISIONS:

"SCOPE OF THIS CONTRACT DOCUMENT AND ASSIGNMENT OF WORK TO LONGSHOREMEN

This Contract Document, as supplemented by agreements (Port Supplements and Working Rules) for the various port areas covered hereby, shall apply to all employees who are employed by the members of the Association to perform work covered herein. It is the intent of this Contract Document to preserve the existing work of such employees.

1.1 Within the States of California, Oregon and Washington, all movement of cargo on vessels or loading to and discharging from vessels of any type and on docks or to and from railroad cars and barges at docks is covered by this Contract Document and all labor involved therein is assigned to longshoremen as set forth in this Section 1

1.11 This Contract Document covers the movement of outbound cargo only from the time it enters the dock and comes under the control of any terminal, stevedore, agent or vessel operator covered by this Contract Document and covers movement of inbound cargo only so long as it is at a dock and under the control of any vessel operator, agent, stevedore, or terminal covered by this Contract Document. In instances where an Employer asserts that it had no control of the movement of the cargo in question, responsibility of proving such lack of control shall be upon the employer....

1.5 All machinery, equipment and other tools now or hereafter used in moving cargo and/or used in performing other work described in Section 1.1 shall be operated by longshoremen when used in an operation or at a facility covered by this Contract Document and the operation thereof is assigned to longshoremen and is covered by this Contract Document....

1.7 This Contract Document shall apply to the maintenance and repair of containers of any kind and of chassis, and the movement incidental to such maintenance and repair. (See Section 1.81.)

1.71 This Contract Document shall apply to the maintenance and repair of all stevedore cargo handling equipment. (See Section 1.81.)

1.72 It is recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers, including the operating, maintenance and repair, and associated cleaning of stevedore cargo handling equipment. The parties recognize robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications. It is agreed that the jurisdiction of the ILWU shall apply to the maintenance and repair of all present and forthcoming stevedore cargo handling equipment in accordance with Sections 1.7 and 1.71 and shall constitute the functional equivalent of such traditional ILWU work. It is further recognized that since such robotics and other technologies replace a certain number of ILWU equipment operators and other traditional ILWU classifications, the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of such new technologies perform and constitute the functional equivalent of such traditional ILWU jobs. (See Section 1.81 and Letter of Understanding - Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.73 The scope of work shall include the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment (which term includes containers and chassis) and its

electronics, that are controlled or interchanged by PMA companies, in all West Coast ports. (See Section 1.81 and Letter of Understanding - Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.731 In accordance with Sections 1.7, 1.71, 1.72, and 1.73, the maintenance and repair work on all new marine terminal facilities that commence operations after July 1, 2008, shall be assigned to the ILWU. New marine terminals shall include new facilities, relocated facilities, and vacated facilities. (See Section 1.81 and Letter of Understanding - Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.74 PMA members and their affiliated companies shall not engage in subterfuge to avoid their maintenance and repair obligations under this Agreement to the ILWU. Containers and chassis, owned, leased, or interchanged by a carrier controlling, controlled by or under common control with an agency company that is a PMA member shall be deemed to be owned, leased or interchanged by that PMA member company when that equipment is on a dock....

1.76 The Employers shall assign work in accordance with Section 1 provisions and as may be directed by the CLRC or an arbitration award, which the Employers shall defend in any legal proceeding. PMA shall participate along with the individual Employers assigning the work in any legal proceeding.

1.8 Any type of work assigned herein in Sections 1.43, 1.44, and 1.6 to longshoremen that was done by nonlongshore employees of an employer or by subcontractor pursuant to a past practice that was followed as of July 1, 1978, may continue to be done by nonlongshore employees of that employer or by subcontractor at the option of said employer.

1.81 ILWU jurisdiction of maintenance and repair work shall not apply at those specific marine terminals that are listed as being 'red-circled' in the July 1, 2008 Letter of Understanding on this subject. Red-circled facilities, as they are modified/upgraded (e.g., introduction of new technologies), or expanded, while maintaining the fundamental identity of the pre-existing facility, shall not result in the displacement of the recognized workforce and shall not be disturbed, unless as determined by the terminal owner or tenant.

1.811 This Contract Document shall apply to all movement of containers and chassis under one of the following conditions: (a)

when containers or chassis are moved on a dock from a container yard to or from a storage area adjacent to a maintenance and repair facility on the same dock, such movement will be made by ILWU personnel, and (b) when an employer does not use a storage area adjacent to a maintenance and repair facility and the movement is directly between a container yard and a maintenance and repair facility on the same dock, such movement will be made by ILWU personnel. If there is objection by the union having contractual rights at such facility, (a) above shall be applied and ILWU personnel shall move the containers or chassis to a storage area adjacent to a maintenance and repair facility.

This Section 1.811 does not apply to: (a) movements of containers or chassis to or from roadability check stations in the container yard for repairs required for over the road haulage; or (b) movements for emergency repair and emergency maintenance of laden refrigerated containers....

1.9 Definitions....

1.92 The term 'dock' as used herein shall mean any moorage -- anchorage, pier, wharf, berth, terminal, waterfront structure, dolphin, dock, etc. -- at which cargo is loaded to or discharge from ocean going vessels or received or delivered by an employer covered by this Agreement. The term 'dock' does not include any facility at which vessels do not moor....

LETTER OF UNDERSTANDING **Contractual Obligations**

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the contractual obligations of PMA member companies and steamship carrier lines, stevedores, marine terminal operators and maintenance companies that do business in West Coast ports. The Parties agree that PMA member companies shall not engage in subterfuge through their affiliated companies to avoid their contractual obligations under the PCL&CA or the ILWU-PMA Benefit Plans. The term 'affiliated companies' means carriers, stevedores, marine terminal operators or maintenance companies that are part of a group of trades or businesses under common control with a PMA member company.

It was further agreed that the Union shall be promptly notified of all PMA membership changes within five (5) days of

the date PMA is notified of such change(s), and that the Trustees of the ILWU-PMA Pension Plan shall develop and implement policies and procedures to monitor compliance with the Plan's withdrawal liability rules.

Sincerely,
Robert McEllrath
International President

Understanding confirmed:
/s/ James C. McKenna
Dated: 07/28/08
James C. McKenna
President & CEO
Pacific Maritime Association

LETTER OF UNDERSTANDING

Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the assignment of maintenance and repair work to the ILWU coastwise bargaining unit to offset the introduction of new technologies and robotics that will necessarily displace/erode traditional longshore work and workers. The scope of ILWU work shall include the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment and its electronics in all West Coast ports except for those, and only those, specific marine terminal facilities listed as 'red-circled' below:...

[Red-circled list]

The 'red-circled list shall replace the 1978 past practice exception with respect to Sections 1.7, 1.71, 1.72, and 1.73 of the PCLCD.

The Parties further agree that all carriers and vessel operators may use any of the 'red-circled' facilities, as they see fit,

without affecting the status of these facilities as an exception to ILWU maintenance and repair jurisdiction. It shall be a subterfuge for a carrier to utilize a 'red circled' terminal to perform maintenance and repair work on its equipment unless the work is associated with a vessel calling that facility. Modifications and reconstruction of any 'red-circled' facility, including changes in the boundary lines that do not change the fundamental identity of the 'red-circled' facility, shall not change its exception status.

The Parties agree that a terminal operator that is the owner or lessee of a 'red-circled' facility and that has a direct collective bargaining relationship with another union as of July 1, 2008, may vacate a 'red-circled' facility and then relocate its operations to another facility within the same port (other than newly constructed terminals subject to ILWU jurisdiction under Section 1.731) and retain its incumbent non-ILWU mechanic workforce, provided the relocation maintains a continuity of operations, personnel, and equipment.

The Parties also agree that, notwithstanding the above paragraph, the anticipated relocation, due to eminent domain, of the Tacoma TOTE facility to another location within the Port of Tacoma area shall not displace or disturb the recognized workforce at the prior facility, unless otherwise determined by the Employer.

With respect to Section 1.75, the Parties agreed that the exception would only apply to 'full red-circled' facilities.

The Parties left for future resolution under Section 17 the question concerning how Section 1 provisions, as amended, apply in situations when stevedore cargo handling equipment (See Section 1.7 and sub-sections), at a marine terminal is moved off the marine terminal by the terminal operator or by a signatory carrier.

Sincerely,
/s/ Robert McEllrath
International President

Understanding confirmed:
/s/ James C. McKenna
President & CEO Pacific Maritime Association
Dated: 07/28/08" (Jt. Ex. 1)

POSITION OF THE PARTIES:

Position of the Employers:

That the Union cannot logically maintain that it is a violation of Section 1 to have tire repair work performed off dock after so many years of agreeing to the practice; that the work in question is work that the Union repeatedly attempted to gain through coast contract bargaining; that evidence was refuted as to how the Union's efforts to expand its maintenance and repair jurisdiction over the years which it did not gain; that during 2008 negotiations the Union repeatedly sought provisions that all damaged equipment must be repaired in the port where the damage is discovered; that the Union also sought a provision that its jurisdiction extended to work off the dock; that testimony going back to 1981 established that the Union had sought to expand its jurisdiction to cover work performed off the dock; that the Union did not counter this bargaining history; that an NLRB decision should have been considered by the Area Arbitrator which established that long ago sections 1.7, 1.71 and 1.8 did not prohibit shipping lines from removing chassis tires from the marine terminal and have them repaired by other than the Longshore workforce; that the only testimony of the period between 1978 and 2008 was supplied by Employers' witnesses; that the Area Arbitrator provided no rationale as to why he rejected their credibility; that the Area Arbitrator was bound by case C-4-09 as bargaining proposals of the Union over the years were determined in that case that the Union, through negotiations, was attempting to extend its jurisdiction; that authors' perceptions about their demands do not prevail over their plain text; that during 2008 bargaining the Employers determined to not agree to mandate making M&R work

mandatory nor to grant the Union off the dock jurisdiction; that as shown by case C-10-81 the Union cannot gain jurisdiction that it had unsuccessfully sought in negotiations in arbitration; that the CLRC in 1973 determined that work performed off the dock is not covered by the Agreement; that absent a joint agreement for specific permissive language such as that found in the CFS agreement such work is not for the Union; that case C.-10-99 supports the Employers' position; that the longevity of the practice of sending tires off dock for repair shows that it is not a subterfuge to avoid assigning the work to the Union; that the 2008 agreement was not necessarily one which required employers to change their maintenance and repair practice; that the *quid pro quo* in 2008 was that the Union would secure new terminal facilities as maintenance and repair sites along with such work on new automated and longshore equipment which was a huge gain for the Union which in turn agreed to reinforce the Employers' right to utilize automated container handling equipment; that in 2008 the past practice became stationary, with limited exceptions to the prevalent practice of the terminal as of July 1, 2008 with respect to assignment of work to non-bargaining unit workers at red circled locations; that in doing so work performed off dock was not disturbed despite the Union's repeated bargaining efforts; that the Agreement did not even address off-dock M&R work except in the last paragraph of the red circled Letter of Understanding, a paragraph inserted by the union as a means of protecting its future and pending jurisdictional claims from the contractually correct defense that it's bargaining demands which it did not achieve did not gain such jurisdiction for it; that the Union's pre-2008 position was that Employers played a shell game which was resolved by the language in Section 1.74, a provision which does not

contain restrictive language that binds the Employers to perform the maintenance and repair work on dock, the Agreement barring subterfuges dealing with work at that location; that Section 1.74 has the significant qualifying phrase "when that equipment is at a dock."; that that wording was injected into the Section to reinforce the geographic limitation of the Union's work jurisdiction; that Section 1.7 does not stand on its own for Section 1 has to be read as a whole; that there was no confusion with respect to Section 1.8 for 30 years; that this is not a sleeping on rights case for it is one where everyone knew what was occurring; that the position that if the Employers prevail then there will be no more maintenance and repair work on the West Coast waterfront does not hold water for what the Employers are looking for is *status quo*; that the Employers will operate exactly as they operated on July 1, 2007.

Position of the Union:

That the issue is limited to whether the Area Arbitrator's decision conflicts with the written Agreement; that the Area Arbitrator's credibility determinations are not subject to rehearing at the Coast level; that the Employers are seeking to have this case reheard at the Coast level contrary to the terms of the Agreement; that it was not until 2008 that the Employers claimed for the first time that the Union did not have maintenance and repair jurisdiction over anything that takes place off dock; that if a chassis is owned or leased by any PMA member company, is utilized at a terminal, and repair work is needed or is discovered to be needed at a non-red circle marine facility as defined in the 2008 Red Circle Clarification Letter that work must be done by Bargaining Unit Mechanics; that it is irrelevant where repairs are made provided that they are made

by Union-represented Mechanics; that not until the close of the 2008 negotiations did the Employers consistently claim the right to subcontract work off the dock to then-existing Section 1.8 or waivers contained in local agreements as shown in Southern California Area Arbitration decisions and local minutes; that before 1978 there were specific exceptions to Union jurisdiction; that after 1978 such that continued were in Section 1.8; that there was no geographic exception in Sections 1.7 and 1.71 for it was up to the Employer to determine where it wanted the work done; that in 1978 the Employers separated maintenance and repair work from the Union's proposed inclusion in Section 1.1; that the Agreement contains no restriction on the location of where maintenance and repair work is to be done so long as the work being performed is directly associated with that described in Sections 1.1 and 1.11; that Case C-10-99 did not restrict the application of Sections 1.7 and 1.71 for the Employers there relied on a local agreement and the Coast Arbitrator misinterpreted that decision in relying on it in Case C-4-09 which, in any event, is limited to the issue addressed in that case; that there is nothing in the Agreement which restricts where an individual Bargaining Unit worker can be located so long as that work is the performance of work as described in the Sections 1.1 and 1.11 at a location where a vessel moors as shown in Case C-5-88; that past practice can apply only in situations where a contract is silent, the term is ambiguous or there's a claim that the contract has been modified in some way which does not apply here since the language contained in Sections 1.7 and 1.71 clearly and unmistakably covers the work in dispute; that in any event there was no past practice which was consistently followed and accepted by the Parties and the Union did not waive its contractual rights; that the record showed

that Union Mechanics have worked at off dock sites for 30 years so that the Employers' subcontracting violates the work preservation clause of the preamble of the Agreement; that much of a mixed practice over the last 30 years can be attributed to the expansion of Section 1.8 and confusion over its proper application; that Union jurisdiction is not surrendered when the Union sleeps on its rights; that if the Employers do not wish to repair equipment there is nothing in the Agreement which requires them to do so; that in 2008 when the Employers dropped Section 1.8, the work was that of the Union across the board and that was the first time that the Employers came up with the concept about "on dock, off dock" which the Union rejected.

DISCUSSION:

Consolidation of Tire Cases:

Because there had been three separate cases concerning tire repair with the three separate records these cases were consolidated. The Parties were given the opportunity to present evidence in one record concerning the bargaining history of their Agreement. This was necessary so that the mandate of the Parties in their Letter of Understanding (LOU) with respect to clarifications concerning maintenance and repair work and the reference to Section 17 there could be carried out.

Wording of Agreement:

In doing so, the PCLCD requires that written agreement of the Parties must be analyzed to determine, from the words the Parties used, how the Agreement is to be interpreted. (Sections 17.52, 17.53) If the terms of the Agreement are unclear,

ambiguous or contradictory, then reference can be made to bargaining history to seek to determine the Parties' mutually agreed-to intent to interpret the Agreement. Reference can also be made to how the Parties have mutually applied the Agreement in terms of their mutually understood practices under it.

The Agreement provides in its preamble that the intent of the Agreement is "to preserve the existing work" of employees covered by the Agreement. With respect to maintenance and repair the Agreement "shall apply" to chassis and all stevedore cargo-handling equipment. (Sections 1.7, 1.7.1) Section 1.72 provides for Union jurisdiction for the maintenance and repair work of "all present and forthcoming stevedore cargo-handling equipment" and that jurisdiction is further outlined in Section 1.73.

By contrast Section 1.1 deals with cargo movement "on docks" and the term "dock" is defined in Section 1.92 of the Agreement. Similarly, Section 1.811 defines jurisdiction with respect to movements of containers and chassis on a dock to a container yard or from a storage yard to a maintenance and repair facility on a dock. Section 1.731 provides that maintenance and repair work on all new marine terminal facilities after July 1, 2008 is to be assigned to the Union. Section 1.74 prevents Employers from engaging in subterfuge to avoid maintenance and repair obligations including with respect to chassis when such equipment is on a dock.

In the Parties' Letter of Understanding concerning clarification of Union maintenance and repair jurisdiction, the Parties agreed that non-bargaining unit personnel could perform maintenance and repair work at red-circled facilities as defined by them, on equipment associated with vessels that call at such facilities. They further agreed that

the grievance procedure under Section 17 would resolve future disputes concerning stevedore cargo-handling equipment being moved off a marine terminal.

With respect to how the Agreement reads, therefore, there is no geographic limitation with respect to chassis and cargo-handling equipment maintenance and repair, provided that such equipment is utilized on a dock. As Sections 1.1 and 1.811 illustrate, when the Parties agreed to limit work to a dock, they so express themselves, including a definition of that term in Section 1.92. No such limitation appears in Sections 1.7 and 1.71, except the implicit recognition that the equipment referred to is “dock related” equipment, such as that defined in Section 1.5. Without such a geographic limitation—as opposed to a description of where the equipment to be repaired and maintained is used—maintenance and repair work on such chassis and stevedore cargo-handling equipment, which includes their tires, is to be performed by Bargaining Unit personnel irrespective of where Employers want the repairs to occur.

Section 1.74 does not change this view. It makes explicit what is implied in Sections 1.71 and 1.72; the equipment that is the subject of Section 1’s provisions for maintenance and repair is equipment that is used on the dock. But there is no limit expressed in the Agreement where, if maintenance and repair is required of such equipment, as to where that maintenance and repair is to occur.

Bargaining History:

During 2008 bargaining the Union made a number of proposals concerning Section 1 of the Agreement:

On March 17, it proposed that all damaged equipment shall be repaired by Bargaining Unit employees in the port where the damage is discovered.

On June 24, it continued that proposal and added that non-bargaining unit employees would not perform covered work but for the exceptions in Section 1.8, including work to be performed "off the job site," and that the Union's jurisdiction "remains in effect" at off-site premises used for servicing and repair of equipment. In addition, it proposed that the 1978 past practice exception would not be transferable and that new worksites within a 50-mile port area would be staffed by Union-represented personnel. The Employers rejected those proposals the following day.

On July 1, the Union proposed that it would be a subterfuge if the Employers allowed non-bargaining unit personnel to perform covered work off the job site. In addition, the Union would retain its work jurisdiction if marine terminal work was moved off the marine terminal to facilities in the port area and that its jurisdiction would remain in effect off-premises for servicing and repair of equipment covered by the Agreement. The Union further proposed that new facilities and sites within a 50-mile port area, and along the West Coast, would be staffed by Bargaining Unit personnel. The Employers rejected these proposals the next day.

On July 9, the Union proposed its jurisdiction would include the maintenance and repair of stevedore cargo handling equipment involved in robotics. It proposed covering interchanged equipment. It also proposed that if marine terminal work is moved off the terminal, the Union "shall retain its work jurisdiction." It further proposed that the 1978 past practice exception would be nontransferable and that existing non-union collective

bargaining unit sites would not be disturbed. It continued to propose the 50-mile port area be included in its jurisdiction.

On July 12, it continued several of those proposals including the robotics concept, proposed removing references to Sections 1.7 and 1.71 from Section 1.8 and introduced the concept of red-circled facilities. The employers responded the following day with wording changes with respect to robotics, agreeing to the change in Section 1.8 and adopting the red-circled concept.

On July 14, the robotics proposal was again modified in terms of its wording.

On July 15, Employers' responses again dealt with some wording changes on the robotic proposal.

Although there were references to a Letter of Understanding earlier in the material in the Area transcript, the first provided Letter of Understanding concerning clarifications and exceptions to Union maintenance and repair jurisdiction was dated July 9. An Employers' response of July 13 amended the proposed last paragraph to have the question of how Section 1 applies with respect to the movement of stevedore cargo-handling equipment referred to in Section 1.7 when it moved off site decided by agreement or arbitration pursuant to Section 17. That amendment was accepted by the Union on July 16. (Jt. Ex. 4, Un. Ex. 19, Er. Ex. 25)

With respect to these written proposals and responses, there were opinions and conclusions of witnesses for both Parties as to what they meant to the witnesses in the Area transcript. (*See, for example*, Jt. Ex. 4 pps. 183, 218-219, 231, 246-247, 349) There was no testimony that related with specificity what was said by and heard by the

witnesses during bargaining, either in joint session or in “hallways,” let alone being identified as to date. Uncommunicated statements of intent as well as bare opinions or conclusions of what occurred during bargaining are irrelevant to prove the mutual intent of the Parties with respect to interpreting the words of their Agreement. They are given no weight here.

What is left with respect to 2008 bargaining history are the written proposals which showed an evolution from a Union demand for all M&R work, irrespective of where located, to the final agreement. And that evolution, despite the Union’s attempt to expressly win all such work, included the Union maintaining that it already had off-site M&R jurisdiction. What is significant is that ultimately the Parties agreed to disagree as to the issue of off-site jurisdiction as shown in the last paragraph of the clarification LOU. If the 2008 Agreement explicitly banned all off-site work, there would have been no purpose to leave such questions to Section 17 grievance and arbitration processes. But the Parties did. From this record, bargaining history is inconclusive with respect to aiding in the interpretation of Section 1.

Past Practice:

The Employers maintain that there had been a past practice, which is essentially undisputed, that the kind of tire work in question had been routinely done off the dock by non-bargaining unit personnel for years for certain PMA Employers or their customers. The Union, however, also showed that some off-dock maintenance and repair work had been done by Bargaining Unit personnel. It further showed that pay claims for maintenance and repair work done by non-bargaining unit personnel off the dock had

been paid by Employers to Union-represented personnel as agreed at meetings in which PMA participated. (Jt. Ex. 4, Un. Ex. 15)

Thus there was a mixed practice with respect to whether or not Sections 1.7 and 1.71 applied to off-dock maintenance and repair work not covered by the pre-2008 Section 1.8 exception. There is nothing unique about tires with their rims being taken from, and then returned to, the dock, so that an exception, not in the Agreement, should be made for their off-dock repair provided that a decision has been made by an Employer to repair them. This mixed practice does not show the Parties have adopted a consistent mutual practice that shows that both Parties have accepted the meaning of the words used in the Agreement as claimed by the Employers to restrict work under Sections 1.7 and 1.71 to work only on a dock when such a limitation is not present in the Agreement.

In this case, as shown, the Parties, in 2008, agreed that the performance of maintenance and repair work by non-bargaining unit personnel would be confined to red-circled facilities without limitation of where chassis and stevedore cargo-handling equipment maintenance and repair work would be done by Bargaining Unit personnel. Given that agreement, it is not necessary to determine in this case if the situation of the Union "sleeping on its rights" is applicable here.

Case C-04-09:

Employers' reliance on Award C-04-09 does not resolve the issue in this case. As ultimately noted in that decision, the facts of each case distinguish it from others. That decision in its discussion does not rely on, nor even cite, Award C-10-99. Primarily, in C-04-09, the facts showed that those chassis being taken off dock may or may not have

been repaired, depending on the determination by the lessor to whom the chassis were returned. There was no requirement in the Agreement to repair chassis by Bargaining Unit personnel that were never going to be repaired nor required to be repaired by the Employer. Since the determination as to whether or not to repair them was unknown at the time of the return of the chassis in that case, and there was no subterfuge to avoid the application of the Agreement by the Employer, the Agreement did not apply.

In addition, to the extent that bargaining history of the 2008 Agreement was referred to, its presentation was incomplete in that record compared to that in this case. This case is decided on this record; that case was decided on its. And, as this record is far more detailed as to what occurred in 2008 bargaining, references to prior bargains lose significance given the major changes in Section 1 occurring that year.

As noted in that case the facts of each case must be applied to the Agreement to determine whether or not there is a violation of it as provided in the clarification Letter of Understanding. No determination is made here on other than the facts presented.

Summary:

What this record showed was that the pre-2008 Agreement was explicit that pre-1978 subcontracting of M&R work was permissible and that such practices could be passed from an Employer to a successor. By 2008, the Union was recognized by the Parties as entitled to do M&R work that was done off the dock as shown by honored pay claims. In other instances, such as tire work done off dock, no claims for that work were made. In 2008, the Union initially sought the unrestricted jurisdiction to perform all M&R work wherever it occurred. It later pulled back to 50 miles from the port. That

would have eliminated anyone else from doing M&R work wherever located or, later, within the proposed 50-mile area. Its demands also at varying times sought to either eliminate or restrict the breadth of the pre-1978 subcontracting exceptions. As the 2008 bargaining evolved, those exceptions were eliminated as to M&R work. Instead, red-circled facilities could do non-Union M&R work. The Union's initially-sought desire to do all M&R work wherever located was unfulfilled. References in new provisions defined the equipment on which Union M&R work would be allowed, including that to be decided concerning off-dock work in subsequent grievance arbitration.

The language of Sections 1.7 and 1.71 did not change. No geographic limit was placed in them. The exception to Union M&R work is now the red-circled area work. Except for the latter, there is no restriction of the tire repair work solely to be done on the dock by Bargaining Unit personnel.

DECISION:

The Area Arbitrator's decision in SCAA-51-2009 is affirmed. The Employers' appeal is denied.



Coast Arbitrator

2018 Annual Report sections on Pensions and Pay Guarantee Plan

Industry Benefits 2018

The ILWU benefits package includes comprehensive health care coverage, a pension plan, a 401(k) savings plan, and vacation and holiday pay. Following is an overview of the benefits program; more information may be found at the PMA website (www.pmanet.org) or through the ILWU-PMA Benefit Plans Office, funded by the PMA.

For health coverage, registrants and retirees (and their eligible dependents) generally have a choice between HMO coverage and a self-insured PPO plan; new registrants enter an HMO for the first 24 months. In either case, workers pay no premiums. The PPO covers basic hospital, medical and surgical benefits at 100% of scheduled limits, regardless of whether the treatment is received in-network or out-of-network. If there are remaining out-of-network charges, the PPO pays for those up to 80% of the Maximum Allowable Charge. The PPO has an annual family deductible of \$300 and out-of-pocket maximum of \$1,000. The PPO also provides prescription drug coverage with a \$1 co-pay per prescription.

The employers spend more than \$2 million per day for health coverage for registrants, retirees and their dependents. Registrants and retirees generally have access to dental and vision benefits for themselves and their dependents at little or no cost, as well as employer-paid life insurance

coverage. Active registrants receive employee-paid disability coverage.

The industry Pension Plan has seen major upgrades in recent years. Currently, the maximum yearly retirement benefit is \$88,800 increasing to \$91,020 on July 1, 2019, \$93,240 on July 1, 2020, and \$95,460 on July 1, 2021. In addition, workers have access to a 401(k) savings plan and receive a PMA contribution, which can be as much as \$2,000 per year for longshore workers and marine clerks, and \$11,200 per year for walking bosses and foremen.

Registrants also receive 13 paid holidays each year, and up to six weeks of paid vacation. Other benefits include a pay guarantee plan, an industry travel system, a CFS program fund and payments for up to 85% of the expenses of the jointly operated dispatch halls.

The graphs to the right show the total benefits costs for the industry, which were \$1.57 billion for the fiscal year ending June 30, 2018, up 317% since 2002, and the cost per active participant of \$112,085 for the same period, which increased by 211% since 2002. Over the last five years alone, total benefits costs were up nearly 22%.

For information on specific benefits that comprise this overall program, please turn to the following pages.

Three cranes at the Port of Los Angeles.



[Link to “TraPac: Tomorrow’s Leading Technology Today” \(April 7, 2016\)](#)



C-03-2014, Opinion and Decision of John Kagel, Coast Arbitrator (May 6, 2014)

IN ARBITRATION PROCEEDINGS PURSUANT TO THE PACIFIC
COAST LONGSHORE CONTRACT DOCUMENT BETWEEN THE PARTIES

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| INTERNATIONAL LONGSHORE AND |] | C-03-2014 |
| WAREHOUSE UNION, |] | |
| |] | OPINION AND DECISION |
| |] | |
| Union, |] | of |
| and |] | |
| |] | JOHN KAGEL |
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| PACIFIC MARITIME ASSOCIATION, |] | Coast Arbitrator |
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| Employers. |] | May 6, 2014 |
| |] | |
| |] | Palo Alto, California |
| Re: Automated Stacking Cranes |] | |

APPEARANCES:

For the Union: Ray Familathe, International Vice President, Leal Sundet, Ray Ortiz, Coast Committee Officers.

For the Employers: Richard Marzano, Coast Director, Contract Administration and Arbitration

ISSUE AND BACKGROUND:

This matter is before the Coast Arbitrator pursuant to Section 10.5 *et seq.* of the PCLCD from a disagreement of the Coast Labor Relations Committee with respect to the manning of what the Employers call Automated Stacking Cranes (ASCs), and the Union refers to as Transtainers, being introduced at TraPac's marine terminal at the Port of Los Angeles. There are referred to as ASCs here for ease of reference only.

TraPac has introduced Automated Straddle Trucks (ASTs) which carry containers to and from a place of rest to the shore side Hammerhead Cranes. Being fully automated, they require no manning to operate as the CLRC has agreed. (Jt. Ex. 2) To or from the place the ASTs deposit or pick up containers, ASCs take over. Currently on the shore side of container stacks four ASCs remove or place containers to or from the stack. According to the Union, given that they are also fully automated, no manning is required of these four. Four others are on the land side of the stack of containers, and they either unload trucks and stack their containers, or load trucks from the stack, while an additional two can load and unload containers directly to and from trucks from and to the ground. For these six ASCs, the Employer presently seeks to man their operation with two Longshoremen, one serving as a relief, from a remote location on the Terminal using video screens and controls there to line up trucks for the ASCs, which because of differing truck configuration or misalignment, may require manual manipulation of the ASCs. At this point, manual manipulation may be needed up to thirty percent of the operation of these six ASCs.

According to the Union, pursuant to Section 14.8 of the PCLCD, each of the six land side ASC's which the Employer seeks to operate requires its own Longshoreman Operator plus, if more than five are in operation, an additional Operator for relief purposes. (Tr. 9-13)

The Parties have made respective motions reflecting these positions in this arbitration.

AGREEMENT PROVISIONS:

**“SCOPE OF THIS CONTRACT DOCUMENT
AND ASSIGNMENT OF WORK TO
LONGSHOREMEN ...**

1.72 It is recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers, including the operating, maintenance and repair, and associated cleaning of stevedore cargo handling equipment. The parties recognize robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications. It is agreed that the jurisdiction of the ILWU shall apply to the maintenance and repair of all present and forthcoming stevedore cargo handling equipment in accordance with Sections 1.7 and 1.71 and shall constitute the functional equivalent of such traditional ILWU work. It is further recognized that since such robotics and other technologies replace a certain number of ILWU equipment operators and other traditional ILWU classifications, the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of such new technologies perform and constitute the functional equivalent of such traditional ILWU jobs. (See Section 1.81 and Letter of Understanding - Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction. ...

CRANES ...

14.81 The employer has the following alternatives with respect to manning.

14.811 One crane driver may be used where directed by the employer, the hatch tender not to be a crane driver, on jobs of short duration and on cranes not used in the direct movement of cargo in and out of the ship. This provision is subject to further review by the Joint Coast Labor Relations Committee.

14.812 At his option the employer may employ 2 crane drivers for 1 piece of equipment, the 2 crane drivers to tend hatch and to drive the equipment. In such cases they shall relieve each other.

14.813 At his option the employer may order 1 crane driver per crane plus 1 relief crane driver for each 5 cranes, or fraction of 5; in such cases the hatch tenders shall not be crane drivers. This provision shall be subject to further review by the Joint Coast Labor Relations Committee.

**JOINT LABOR RELATIONS COMMITTEES,
ADMINISTRATION OF AGREEMENT, AND
GRIEVANCE PROCEDURES ...**

17.52 Powers of arbitrators shall be limited strictly to the application and interpretation of the Agreement as written. The arbitrators shall have jurisdiction to decide any and all disputes arising under the Agreement including cases dealing with the resumption or continuation of work.

17.53 Arbitrators' decisions must be based upon the showing of facts and their application under the specific provisions of the written Agreement and be expressly confined to, and extend only to, the particular issue in dispute. The arbitrators shall have power to pass upon any and all objections to their jurisdiction. If an arbitrator holds that a particular dispute does not arise under the Agreement, then such dispute shall be subject to arbitration only by mutual consent. ...

LETTER OF UNDERSTANDING

**Clarifications and Exceptions to
ILWU Maintenance and Repair Jurisdiction**

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the assignment of maintenance and repair work to the ILWU coastwise bargaining unit to offset the introduction of new technologies and robotics that will necessarily displace/erode traditional longshore work and workers. The scope of ILWU work shall include the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment and its electronics in all West Coast ports except for those, and only those, specific marine terminal facilities listed as "red-circled" below:

LETTER OF UNDERSTANDING

New Terminal Facilities

Dear Mr. McEllrath:

During the course of the 2008 PCL&CA negotiations, the Parties had extensive discussion about future industry growth. The Employers sought assurance that the Parties will be able, in advance, to resolve disputes connected to the opening of new terminal facilities. The Union restated its support of the investment and construction of new terminal facilities and development of technologies.

This Letter of Understanding commits both parties to proactively discuss intended new terminal facilities, pursuant to the provisions of Section 15 of the PCLCD to avoid and/or resolve disputes. ...

DISCUSSION:

Sections 14.81-14.813 are provisions which have been in the PCLCD for years. (Un. Exs. 3-6) Section 1.72, and the above quoted Letters of Understanding (LOUs), were added to the Agreement in 2008. Prior to that time the Parties had toured port facilities in the Netherlands, Germany, Australia and Virginia, and at those locations had seen automated cargo handling equipment which was installed and in operation there.

In 2008 bargaining, according to the Employer, and not generally contested by the Union, Section 1.72 and the LOUs were added to the Agreement to allow for the installation of such automated equipment and, in exchange, at non-red circled facilities, all maintenance and repair (M&R) work was exclusively reserved for ILWU-represented employees. (*E.g.*, Er. Exs. 1-6)

The Union maintains that while the Union recognizes that there is no manning minimums for fully automated equipment such as the ASTs, that currently there are operational constraints on the ASCs that can require manned intervention up to thirty percent of the time. And, according to the Union, then, the Coast Arbitrator has no option

under Sections 17.52 and .53 but to apply Section 14.81 as written and assign an Operator to each, with a relief if applicable.

The Employers agree that with respect to such equipment, when there is any human intervention required, new robotic equipment introduced for the purpose of robotically operating a marine terminal is to be performed by ILWU-represented personnel. (*See, for example*, Tr. 32, 61, Un. Ex. 8) The Employers agree that if an ILWU-represented Mechanic is required to repair an ASC, or an AST for that matter, that the Mechanic does the repair. A Mechanic does not advance a container, which is either done automatically, or by the intervention of a non-Mechanic ILWU-represented Longshoreman. (Tr. 12) But, as the Employers maintain, Section 14.81's staffing requirement is applicable to fully manned Transtainers as used in non-automated facilities (Tr. 37), (and it is accepted that the ASCs perform functions of Transtainers in the TraPac operation in question). But, at least up to seventy percent of the time, and higher, if operations are more optimal, the ASCs operate without human intervention.

Comparing Section 1.72 and the LOUs with Section 14.8, Section 1.72 and the LOUs apply where the Employers factually establish that the purpose of the automated equipment is an integral part of an automated Terminal, that such equipment substantially operates without human intervention, and any human intervention that is involved is the function of ILWU-represented personnel in terms of operation and M&R concerning this equipment, as well as was negotiated in 2008 as part of the automation negotiations, all M&R work at non-red circled facilities.

The ASCs here are installed as part of the automation of the TraPac terminal, as in the other worldwide facilities visited by the Parties before the 2008 Agreement. Given the reason for their installation, the ASCs, operating robotically no less than seventy percent of the time, qualify as new technologies directly related to a robotic-operated marine terminal. Section 1.72 is explicit that “robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications.” One applicable LOU states that such new technologies will “displace/erode traditional longshore work and workers.”

Here the Union’s focus solely on Section 14.8 of the PCLCD would require that Section 1.72 and the LOU’s be ignored, contrary to Sections 17.52 and .53, where an arbitrator is to apply and interpret the Agreement as it is written. The Agreement must be interpreted to include all of its applicable provisions, as required here, and given the specific application of Section 1.72 and the LOU’s to these particular facts, they apply and Section 14.8 does not as to the questioned AST’s under these facts.

Given the specificity of Section 1.72 and the LOU’s directly applicable to the particular facts presented, no discussion is necessary concerning Section 15.

DECISION:

The Union’s motion is denied.


Coast Arbitrator

11-1964, Coast Labor Relations Committee Meeting Minutes (May 12,
1964)

MINUTES OF MEETING OF THE
COAST LABOR RELATIONS COMMITTEE

Meeting No. 11

Time: May 12, 1964

Place: 150 Golden Gate Avenue

Present: For the Union

Messrs. H. Bodine
W. Ward

For the Employers

Messrs. B. H. Goodenough
J. J. O'Shea

1 - T-4 - REQUEST FOR CHANGE IN MANNING;

As a result of CLRC 812 of June 13, 1961, CLRC #13 of June 14, 1961 and CLRC #10 of June 15, 1962, a special arrangement was reached between the parties regarding the employment of dockmen and swingmen for Calmar dock operations at Long Beach, California, when ship gangs were working on the vessel.

On April 16, 1964, the Employer requested that the agreement be changed so as to allow the Employer to order dockmen and swingmen as needed for the operation to be performed.

The parties agree there is no dock manning and amend the special agreement referred to above so as to provide that the Employer is permitted to order dockmen and swingmen as necessary for the operation to be performed. Such dockmen and swingmen when employed are to be utilized in accordance with the current Pacific Coast Longshore Agreement and CLRC determinations.

2 - STEAM SCHOONERS - SECTION 19:

There is an agreement of long standing between the PMA and the ILWU which provides that the ILWU will make no agreements with

non-PMA members which would disadvantage companies working under the agreements between the PMA and the ILWU.

There are in existence separate agreements between the ILWU and non-PMA members (Barge and Steam Schooner Agreement) for operations covered by Section 19 of the Pacific Coast Longshore Agreement. The following is quoted from one of these agreements:

"BARGES

- "1. The minimum packaged lumber loading gang for each crane or gear shall be: A crane operator, a hatch tender and six men, one of whom shall be a working foreman who may be selected by the Company and one of whom can be a lift driver.
 - "2. The minimum packaged lumber discharge gang for each crane or gear shall be: A crane operator, a hatch tender and six men, one of whom can be a working foreman selected by the Company and one of whom can be a lift driver.
 - "3. The men, other than the hatch tender, shall be divided between the dock and the vessel according to the employer's direction. All of the men may be ordered to work aboard the vessel while lashing or unlashng. The minimum gang shall be augmented by an additional man when the employer requires that peavies be used to separate packages of lumber beneath the tackle and when dunnage is to be used between loads simultaneously.
 - "4. The employer shall have the right to hire such men as he deems necessary in addition to the basic minimum gang for a given operation, and these men, skilled or unskilled, shall not constitute a precedent to manning in regard to future operations.
- "(NOTE: Additional lift truck drivers shall be furnished, in addition to the above minimums when required by the Employer.)"

The following is quoted from another of these agreements:

"The minimum log loading gang for each crane or gear shall be: A hatch tender, a crane operator and five men."

IMA members are permitted the same flexiblities in use of manning for barges operating in the Steam Schooner trade.

3 - TRAINING PROGRAM:

Under the "Manpower Development and Training Act", the Federal Government is participating in training men in various skills under some circumstances. It is possible that the industry is eligible to participate in a training program under this Act.

The objective of the employers and the Union is to have sufficient men trained in all necessary skills required by the industry. In addition, capable men should be trained in multi skills in order to provide the industry with flexibility in operations and the skilled men with better work opportunities by being trained in more than one skill.

In order to determine whether or not the industry is eligible under this Act to embark upon an extended training program, it is necessary that both parties jointly furnish answers, port by port, to the following questions:

1. How many trained men are there at the present time in each port in each skill?
2. How many trained men does the industry require in each port in each skill?

CLRC Mtg. 11-64, 5/12/64

3. How many trained men in each skill in each port are employed on monthly guarantees which dilute the availability of these men for general use in the industry?
4. In addition to the present needs of the industry in each port in each skill, what percent should be trained in addition to the present needs to take care of future requirements and to offset attrition?
5. In what categories should men be trained in multiple skills and how many are required?

The parties are directed to reply as promptly as possible and no later than 30 days in order that the necessary machinery can be placed in motion. The Act provides for the operation of training programs up to June 30, 1965.

Date Signed: May 18, 1964

Date Signed: May 13, 1964

For the Union

For the Employers

/s/ Wm. T. Ward

/s/ J. A. Robertson

/s/ H. J. Bodine

1957 Letter from Harry Bridges to PMA

Handwritten: 11.20.56 date of letter

INTERNATIONAL
LONGSHOREMEN'S & WAREHOUSEMEN'S UNION
150 Golden Gate Avenue
San Francisco 2, California

January 17, 1957

Mr. J. Paul St. Sure, President
Pacific Maritime Association
16 California Street
San Francisco, Calif.

Dear Paul:

With reference to your letter of December 20, 1956.

It is ILWU policy, and in keeping with understandings between ILWU and PMA, that all negotiations, agreements and disputes affecting PMA members will be handled directly through PMA and through the machinery of such contracts as exist between ILWU and PMA, locally or coastwide.

The ILWU does not and will not encourage or condone separate negotiations or agreements between ILWU local unions and PMA members. We will make every effort to prevent and discourage such procedures.

As to steamship or stevedoring companies who are not members of PMA and who seek to negotiate agreements with ILWU, the ILWU will keep in mind at all times the provisions and terms of our agreements with PMA, and we will do our best to avoid any situations which, as a result of any agreements between ILWU and non-PMA members, may tend to disrupt existing agreements or relationships between ILWU and PMA.

It has been and will continue to be ILWU policy to keep the PMA fully informed of any negotiations of agreements between ILWU and any non-PMA company. The ILWU is well aware of the value to its members, and to our union, of industry-wide contracts. We do not look with favor on any employer seeking indirectly to gain the benefits of established industry-wide contracts, and at the same time deliberately avoiding, if possible, the responsibility of obtaining and maintaining such industry-wide agreements.

I am forwarding a copy of your letter of December 20, 1956, and this reply, to all longshore, shipclerks, walking bosses and miscellaneous waterfront locals for their information.

Sincerely,

/s/ Harry Bridges
Harry Bridges
President

HB:mpc
opw34cio-af1

EXHIBIT# 6

13-86, Coast Labor Relations Committee Meeting Minutes from July 22,
1986

MINUTES OF MEETING OF THE
COAST LABOR RELATIONS COMMITTEE

Meeting No. 13-86

Time: 10:00 A.M., July 22, 1986

Place: 1188 Franklin Street
San Francisco, California

Present: For the Union

R. Olvera
R. Vekich

For the Employers

J. Eschen
R. Holbrook
R. Holtgrave
R. Whitmire
C. Wallace

Also

Present: E. Wakefield

1. a. CR-09-86 -- Union Request for Class "B" Longshore
Registration -- H. Thomas, Sr. and D. Matson,
Coos Bay (Local 12)

The Committee noted this referral has been resolved with the Class "B" registration of Messrs. Thomas and Matson.

- b. CR-14-86 -- Child of Deceased -- Jack Wyatt, Coos Bay
(Local 12) (Ref. CLRC Mtg. No. 5-86, Item 1(1.))

The Committee approved the request of Jack Wyatt for Class "B" longshore registration in accordance with the provisions of CLRC Mtg. No. 21-63, Item 2(j).

- c. SC-28-86 -- Joint Request for CLRC Appeal for Class "B"
Registration Procedure, Los Angeles/Long Beach (Locals
13 and 63)

The Committee approved the joint request for automated machine scoring of Class "B" longshore applications. As this proposal for streamlining the processing of Class "B" applications does not conflict with the coastwise rules for registration and deregistration. The Committee noted that the procedure for application updating shall conform with CLRC Mtg. No. 12-86, Item 3.

- d. PS-08-86, PS-09-86 and PS-10-86 -- Class "B"
Longshore Registration -- Tacoma (Local 23)

The Committee approved the following for Class "B" longshore registration: K. Arneberg, R. Loudin and G. Cole.

- e. NC-21-86 -- Union Request to Advance F. Huckaby (#2306)
to Class "A" Longshore Registration, Sacramento
(Local 18)

The Committee agreed to reject this request. When there is a notable improvement in the work hours of F. Huckaby, a new request may be submitted.

2. Request for Class "B" Longshoremen Port Angeles for
Advancement to Class "A" Registration (Local 27)
(Ref. CLRC Mtg. No. 11-85, Item 1(b))

Port Angeles Class "B" longshoremen Rout and Hansen have requested the CLRC to review the attrition formula for advancement of Class "B" longshoreman to Class "A" registration based upon an increase in port work opportunity.

The Committee agreed, following a review of this issue, to direct the Joint Port Labor Relations Committees of Port Angeles, Everett and Seattle to re-evaluate their current advancement formulas and to submit their recommendations to this Committee by September 15, 1986.

3. SC-27-86 -- Joint Referral Concerning Claim by
Metropolitan Stevedore Company for Revised Manning at
Long Beach Bulk Dock Under "Favored Nations" Agreement,
Los Angeles/Long Beach (Local 13) (Ref. CLRC No. 16-85,
Item #6

In this case the Employers contend that under the "favored nations" understanding they are entitled to modification in the manning at the Long Beach Metropolitan bulk dock. This issue had previously been presented to Coast Arbitrator Kagel, who on March 25, 1986 remanded the issue back to the local parties with the directive that "it proceed through the normal procedures." The local parties have been unable to resolve the dispute. Arbitrator Love did not issue a decision but made recommendations to the local parties and referred to the Coast Labor Relations Committee the issue concerning the employment of a hatch tender under terms of T-Letter #71.

This Committee agreed that the "favored nations" understanding prevails in this matter, i.e., Metropolitan Stevedore

CLRC MEETING NO. 13-86
July 22, 1986

Page 3

Company, as a PMA member, is entitled to equal treatment by being accorded the same manning provisions and conditions in effect at the nonmember's facility when comparable or similar circumstances exist. Any question about the existence of comparable or similar circumstances shall be promptly referred to the Area Arbitrator for resolution.

4. Items Discussed and Held Over

- a. PS-12-86 -- Held over by the Union
- b. CR-03-86 -- Held over by the Employers
- c. SC-01-86 -- Held over by the Committee
- d. SC-30-86 -- Held over by the Committee

Signed 7/30/86

Signed 7/30/86

For the Union:

For the Employers:

/s/ Randy C. Vekich

/s/ R. R. Holtgrave

/s/ Robert Olvera

SC-12-89, Opinion and Decision of George Love, Area Arbitrator
(February 14, 1989)

IN THE MATTER OF A CONTROVERSY

Between

INTERNATIONAL LONGSHOREMEN'S AND
WAREHOUSEMEN'S UNION, LOCAL 13,

and

PACIFIC MARITIME ASSOCIATION.

Involving jurisdiction of certain
maintenance and repair work at
California United Terminals,
Long Beach, California.

SC-12-89

OPINION AND DECISION

Of

GEORGE LOVE,
Area Arbitrator

Long Beach, California

February 14, 1989

The hearing was held January 4, 1989 in offices of the P.M.A., Long Beach, California. Each party was afforded full opportunity for the examination and cross-examination of witnesses, and for presentation of relevant argument and documents. A Certified Shorthand Reporter was in attendance and recorded a transcript of the hearing.

APPEARANCES

FOR THE UNION: John Pandora and Jerry Patapoff.

FOR THE EMPLOYER: Charles Wallace.

C.U.T.: Charles Doan.

M.T. CORP: Bill Boyington.

ISSUE

The issue here results from action of the Coast Labor Relations Committee in their meeting No. 15-88, 7/14/88. The local parties had submitted a Joint Referral, S.C. 11-88, Mechanics Jurisdiction, California United Terminal. The C.L.R.C. discussed the referral and agreed that the issue is remanded to the local Joint Port Labor Relations Committee, the moving party may pursue the issue through the steps of the Grievance Machinery.

BACKGROUND

The Union as moving party contends that the issue is that the Memo of Understanding between C.U.T. and the I.L.W.U., dated June 19, 1979, has not been fully implemented and the Company is required to implement the Agreement as shown in that document, a valid agreement.

That document reads in pertinent part, as follows:

"Whereas, California United Terminals is a member of Pacific Maritime Association and is a party to the ILWU/PMA Pacific Coast Longshore and Clerks agreement and recognizes its obligation to comply with all of the provisions of said Agreement; and

Whereas, Section 1.7 of said Agreement provides that the Pacific Coast Longshore Contract Document, which is a part of the ILWU/PMA Pacific Coast Longshore and Clerks Agreement, shall apply to the maintenance and repair of all stevedore cargo handling equipment (M and R work) under the control of or owned by California United Terminals; and

Whereas, heretofore California United Terminals has not itself performed such M and R work but has had such work on transtainers and portainers performed for it, at its option and choice and not pursuant to contract, by Marine Terminals, Inc., and

Whereas, California United Terminals intends in the future to perform such M and R work itself and agrees to do so under the terms and conditions of the aforesaid Agreement and Contract Document; and

Whereas, the ILWU recognizes that a certain transition period may be necessary to obtain the necessary facilities and equipment so that California United Terminals can commence to undertake such M and R work on its own;

Now, therefore, the parties agree as follows:

1. On and after the 15th day after California United Terminals has received approval from the Federal Maritime Commission to operate the facility at which it proposes to perform such M and R work, California United Terminals shall perform all M and R work on all chassis and containers under the control of or owned by California United Terminals pursuant to the provisions of Section 1.7 of the Pacific Coast Longshore Contract Document.

2. On and after the 60th day after the receipt of said approval from the Federal Maritime Commission, California United Terminals shall perform all M and R work on all other rolling stock under the control of or owned by California United Terminals pursuant to the provisions of Section 1.7 of the Pacific Coast Longshore Contract Document.

3. On and after a subsequent date, to be mutually agreed upon by the parties, California United Terminals shall perform all M and R work on any remaining stevedore equipment under the control of or owned by California United Terminals including all rolling stock and all cranes (including but not limited to container cranes, portainers, etc.) pursuant to the provisions of Section 1.7 of the Pacific Coast Longshore Contract Document."

DISCUSSION

The fact situation here is, in short, C.U.T. is a P.M.A. member company since at least 1969, the Company is primarily a Terminal Operator, they have implemented paragraphs numbered one and two of the memorandum. The controversy here is Union's claim that Company has not, and should be now required to implement paragraph number three and exercise their right as provided in Section 1.8, P.C.L.C.D., and they assign all the remaining M & R work on stevedore equipment, including cranes under the control of or owned by C.U.T. The Union claims all this and that there is not any reason, legal or otherwise why the Company should not implement paragraph No. 3. That the "favored nation" clause should work both ways.

The Employer claims that the Company employs another P.M.A. member company to stevedore vessels, Marine Terminals Corp. That company has non-I.L.W.U. employees to perform the M & R work on M.T.C. equipment and the cranes under the control of C.U.T. that this was the practice prior to July 1, 1978. Section three of the Memo requires mutual agreement by the parties as to when the remaining M & R work will be performed by C.U.T. The Company does not now agree to do that and until they do agree to a date the status quo prevails.

The Employer here is California United Terminals; not any other employer has control over the M & R work involved here, the provisions of Section 1.8, applying. On June 19, 1979, an agreement with the I.L.W.U. was negotiated providing for C.U.T. to commence performing M & R work with their own employees and within the terms of the P.C.L.C.D. an orderly transition period was negotiated, providing for a subsequent date, to be mutually agreed to by the parties, for the full implementation of that Agreement. When the Company agreed to that they gave up their prerogative, Section 1.8, "or by subcontractor at the option of said employer." The Company has agreed with the I.L.W.U. to perform all of their own M & R work. Paragraph three of the Memo provision sets no deadline that the Company must meet to "mutually agree".

The Arbitrator has considered and explored all the facts of this issue including Union's opinion that "over 9½ years is long enough to wait for a mutual agreement." The opinion reached is that the Memorandum is a valid, workable agreement, largely, but not fully, implemented, that the Company has not agreed to a date to implement the final phase of the Memorandum, that an order by the Arbitrator to do that would change terms of the Agreement, eliminating the date by mutual agreement provision.

DECISION

The Company is not in violation of terms of the June 19, 1979, Memo of Understanding.


George Love, Area Arbitrator

DATED: February 14, 1989

SCAA-0001-2012, Opinion and Decision of David Miller, Area Arbitrator
(December 15, 2011)

| | |
|--|--|
| <p>IN THE MATTER OF A CONTROVERSY</p> <p>BETWEEN</p> <p>PACIFIC MARITIME ASSOCIATION</p> <p>AND</p> <p>INTERNATIONAL LONGSHORE AND WAREHOUSE UNION LOCALS 13,63, AND 94</p> <p>Re: Formal Hearing as it Pertains to Interim Award SCAA-0036-2011</p> | <p>SCAA-0001-2012</p> <p>Opinion and Decision</p> <p>of</p> <p>David Miller Area Arbitrator</p> <p>December 15, 2011</p> <p>Long Beach, California</p> |
|--|--|

The hearing was held at 9:00 AM on Thursday, December 15, 2011 at 300 Oceangate, 12th Floor, Long Beach, California. Each party was afforded full opportunity for examination and presentation of relevant arguments, documents, and testimonies of witnesses. A Certified Shorthand Reporter was in attendance and recorded a transcript of the hearing.

APPEARANCES:

FOR THE EMPLOYERS: Timothy Kennedy
Pacific Maritime Association

FOR THE UNION: Michael Ponce
ILWU Local 63

Mark Mascola
ILWU Local 13

Daniel Miranda
ILWU Local 94

ALSO PRESENT: L. Swietlikowski, PMA
S. Marron, YTI
M. Outland, PCMC
R. Merical, PMA
M. Trudeau, Local 94
P. Peyton, Local 63
R. Schlarb, Local 63
J. Mascola, Local 63
C. Viramontes, Local 13
M. Podue, Local 63
R. Mayner, Local 63

SCAA-0001-2012

2

December 15, 2011

ISSUE:

Shall Interim Award SCAA-0036-2011 as it pertains to the ILWU Office Clerical Unit's picket line hereafter OCU be vacated, amended or sustained.

BACKGROUND:

On December 2, 2011 picket lines were established by the OCU at YTI, Evergreen, WBCT, and Hanjin Terminals in the LA/LB Harbors. The above picket lines were recognized by ILWU Locals 13, 63 and 94. The above action created a work stoppage, thereby directing the parties to an Interim Hearing as to the legitimacy of such picket lines as described within Section 11.51. The hearing resulted in Interim Award SCAA-0036-2011 and the decision found the picket lines at YTI, Evergreen, WBCT, and Hanjin Terminals to be non-bonafide based on the evidence submitted.

After publication of the Interim Award the Union requested a formal hearing as provided within Section 17.63 of the Master Agreement.

The following sections of the Master Agreement pertaining to this dispute read:

"17.61 When a grievance or dispute arises on the job and is not resolved through the steps of Sections 17.21 and 17.22, and it is claimed that work is not being continued as required by Section 11, a request by either party shall refer the matter to the Area Arbitrator (or by agreement of the Joint Coast Labor Relations Committee to the Coast Arbitrator) for his consideration in an informal hearing; such referral may be prior to formal disagreement in any Joint Labor Relations Committee or upon failure to agree on the question in the Joint Area Labor Relations Committee. Such hearing may be ex parte if either party fails or refuses to participate, provided that the arbitrator may temporarily delay an ex parte hearing to permit immediate bona fide efforts to settle an issue without a hearing.

17.62 The arbitrator shall act with his powers limited strictly to the application and interpretation of the Agreement as written. The parties shall have the right to present such views as they wish to the arbitrator, but it shall not be necessary to have a shorthand or stenotype reporter present to report the proceedings nor shall employment of counsel be necessary. The arbitrator, on this basis, shall promptly issue an oral interim ruling with respect to the grievance or dispute and thereafter confirm it in writing. An interim ruling shall be binding on the parties regarding the particular issue on the particular ship on the particular occasion but shall not be a precedent for other cases. Any interim ruling shall be binding unless reversed by a contrary decision after a formal hearing.

17.63 If either party is dissatisfied with the interim ruling, the question shall be immediately referred at the request of such party to the arbitrator for hearing and decision in accordance with the normal procedure under Section 17.5 of this Agreement; the arbitrator shall then proceed as if there had been a failure to

SCAA-0001-2012

3

December 15, 2011

agree on the question by the Joint Port Labor Relations Committee, provided that the arbitrator may temporarily delay a hearing to permit prompt bona fide efforts to settle the question in the Port or Area Joint Labor Relations Committee.

11.1 There shall be no strike, lockout or work stoppage for the life of this Agreement.

11.51 Refusal to cross a legitimate and bona fide picket line, as defined in this paragraph, shall not be deemed a violation of this Agreement. Such a picket line is one established and maintained by a union, acting independently of the ILWU longshore locals, about the premises of an employer with whom it is engaged in a bona fide dispute over wages, hours or working conditions of employees, a majority of whom it represents as the collective bargaining agency. Collusive picket lines, jurisdictional picket lines, hot cargo picket lines, secondary boycott picket lines and demonstration picket lines are not legitimate and bona fide picket lines within the meaning of this Agreement."

It is hereby noted that the Employer by letter of January 6, 2012 has made the following corrections to the transcript:

Page 82, Line 1, the words "trump it" should read "trumpet." Page 82, Line 23; Page 83, Line 12; Page 84, Line 8; and Page 88, Line 23, the word "incident" should read "instant."

DISCUSSION:

Employer's Position:

The Employer asserts that the Union has failed to meet its burden of proof as described within Kagel Award dated January 10, 1966 (Joint Exhibit No. 2). This Award, hereafter the Kagel Award, gives all parties guidance and direction as to the legitimacy of picket lines and the interpretation and application of the Master Agreement as it pertains to Section 11.51.

Within the Kagel Award Section 11.51 is defined as follows:

"This provision specifically defines a bonafide and legitimate picket line. This definition is in detail and is clearly stated. In order for a picket line to be legitimate and bonafide so that it can be observed by longshoremen and clerks without violating the Agreement must, according to Section 11.51 of the Agreement, fit the following description:

- 1. That it is a picket line established and maintained by a union acting independently of the ILWU longshore locals;*
- 2. That the picket line that longshoremen and clerks may observe is about the premises of an employer with whom the picketing union is engaged in a bonafide dispute over wages,*

hours or working conditions of the employees which it represents;

3. That the picketing union must represent a majority of the employees as the collective bargaining agency for whom it is engaged in a bonafide dispute over wages, hours or working conditions.

Unless the picket line meets all of these criteria it is not a legitimate and bonafide picket line as defined in the Agreement.

Since Section 11.51 gives to the longshoremen and clerks an affirmative right to refuse to work under certain conditions without violation of the Agreement, they must if challenged establish that the picket line which they may be observing is a legitimate and bonafide picket line as defined in the Agreement.

A review of the evidence which formed the basis of the various area awards establishes that the picket lines involved in those cases did not meet the requirements of a legitimate and bonafide picket line as provided for in the Agreement. -It was the responsibility of the Union to establish that the picket lines involved met the criteria which the Union and the Employers set forth in Section 11.51 as defining a legitimate and bonafide picket line. A picket line which could be observed by longshoremen and clerks without being in violation of the Agreement. This was not established."

The Employer's assert that the OCU is not acting independent of the ILWU Longshore Locals, thereby failing the criteria established by the Kagel Award.

The Employer's witness, Stephen Berry, lead negotiator for the Employers in OCU negotiations that began in April 2010, testified to the following facts:

- There are 14 separate Employers involved in negotiations.
- Approximately 580 members of the OCU.
- No agreement reached by the OCU and the 14 subject Employers.
- The Employers last complete proposal submitted on November 7, 2011 (Employer Exhibit No. 1) is listed below.

Pay/Work Guarantee: Guaranteed pay for 40 hour workweek (37.5 hours for six companies) for 52 weeks a year whether there is work or not; plus terminal operators promise to staff off-hour gate operations with OCU.

Work Preservation: Preserve all existing union work jurisdiction and maintain framework for resolving grievances to protect union jurisdiction going forward.

Paid Time Off: Maintain all PTO levels, including vacation (up to 6+ wks/yr); holidays (up to 23 holidays), sick leave (up to 15 days), paid doctor appointment time (up to 30 hrs), and other forms of leave.

Staffing as Needed: Ability to hire permanent and call temporary employees

SCAA-0001-2012

5

December 15, 2011

only when there is a business need for work to be performed, not every time a vacancy exists.

Technology: Preserve the existing technology implementation framework that the parties agreed upon in 2004 and again in 2007, so that employers can remain competitive within the industry and meet the evolving needs of their customers.

Control Rising Costs: Control rising health care costs by encouraging use of in-network health care.

Fair Treatment: "Favored nation" language that protects against singling out by union for unfair, punitive wage, benefits, and paid time off provisions.

Wage Increase (all companies):

| | Ratification Date | 7/1/12 | 7/1/13 |
|-------------------------|-------------------|---------------|---------------|
| Hourly Increase* | \$0.50 | \$0.50 | \$0.50 |

Pension Increase (all companies except Yang Ming – DC Plan):

| | Ratification Date | 7/1/12 | 7/1/13 |
|---------------------|-------------------|--------------|--------------|
| Pension MMB* | \$160 | \$170 | \$180 |

*These offers would equal a 3.7% wage increase and 20% pension increase over contract term.

In addition Berry testified that John Fageaux, President of the OCU, began as the OCU spokesperson in April 2010. Furthermore, in September 2010, Robert McEllrath, President of the ILWU International, became the spokesperson for the OCU and was assisted by Ray Familathe, International Vice-President, and ILWU attorney Rob Remar. Berry testified that twenty seven (27) bargaining sessions occurred beginning in September 2010 until the present with a minimum of one (1) International officer in attendance at each session (Transcript Pages 23-24).

Berry also makes reference that officers from Local's 94 and 63 were also in attendance at some of the negotiating sessions. There was reference to an ILWU-PMA possible supplement that would allow the OCU to become Marine Clerks under the PCLCD. However, the ILWU-PMA agreed to keep those talks under seal and such talks shall remain so. Employer Exhibit No. 3 provides details pertaining to a timeline of OCU

SCAA-0001-2012

6

December 15, 2011

negotiations.

Employer Exhibit No. 4 is a letter from International President Robert McEllrath to the ILWU Election Procedures Committee regarding the status of John Fageaux and his eligibility to be elected to the International Executive Board.

The Employers submitted a document titled Marine Clerks Association Local No. 63 Constitution and Rules of Order Adopted May 1, 2000. (Employer Exhibit No. 6).

Union Position:

The Union asserts that the OCU has met all of the criteria set forth by the Kagel Award and contained within Section 11.51 of the Master Agreement.

It is asserted by the Union and submitted as exhibits that the following three (3) Awards C-02-96 (Union Exhibit No. 2) C-16-80 (Union Exhibit No. 3) and C-26-80 (Union Exhibit No. 4) support the Union's position that the OCU was acting independently when picket lines were established and maintained at the four (4) terminals on December 2, 2011 (Transcript Page 63). In addition, the Union submitted a July 1, 1981 letter to PMA members from Edmund Fynn, President of PMA at the time, regarding Flynn's opinion of C-16-80.

In summary, of their position, the Union asserts that the OCU and the Marine Clerks have separate bylaws, officers, executive board, membership meetings, union dues, collective bargaining agreements, and LM-2 reports (Transcript Pages 79-80). Therefore based on the above rationale given by the Union the longshore locals have the contractual right to observe the picket lines described in the instant dispute.

OPINION:

The basis of this dispute are the actions of the OCU in regards to Item No. 1 of the Kagel Award and how such actions are relevant to the picket line of December 2, 2011. The focus of this dispute is whether the longshore locals through the presentation of evidence have met the standard set forth in the Kagel Award. The Kagel Award clearly states that the Union, when challenged, must establish that the picket line, which they choose to observe, is a legitimate and bonafide picket line as defined within the Master Agreement.

The following Union Exhibits 15 and 16 establish that the OCU has separate LM-2 obligations to the Department of Labor and are irrelevant to the instant issue. Union Exhibits 17, 18 and 19 depict Bargaining Agreements between the OCU and the Marine Clerks Associations. These exhibits are also found to be irrelevant to the instant issue. I further find that Union Exhibits 9 and 10 have no significance to the instant issue. Also, Union Exhibit 11 is rejected based upon a lack of foundation or background as to its merit. Union Exhibits 12, 13 and 14 provide no value to the instant dispute. The Union submitted Out of Area Award 0-1-99 (Union Exhibit No. 8) and such Award shall be given the appropriate weight, if any, as per CLRC Meeting No. 19-61, which reads:

SCAA-0001-2012

7

December 15, 2011

"USE OF ARBITRATION AWARDS: Arbitration awards emanating from other areas are being used by Local arbitrators and by the ILWU locals and PMA as citations to apply in varying situations. The CLRC agreed that an arbitration award, based on the agreement as written, applies only to the one ship or to the one dispute. The CLRC doesn't need to be bound by a decision or it doesn't have to be raised even as an argument.

In regard to the use of arbitration awards from other areas the CLRC agreed that they are only useful as an aid in interpreting the agreement, but should not be considered as binding on their face (in another dispute - in another area). Either party can introduce and argue another area's award, but it should not be the sole determinate as to the meaning of the agreement."

The subject of Union Exhibit No. 7 (C-2-97) is regarding ILWU Local 63 Planners and their job affiliation within the 1996 Master Agreement. This exhibit is rejected based on a lack of relevance to the instant dispute.

The "Flynn Letter" (Union Exhibit No.5) has been carefully reviewed and Flynn's words *"In this instance Local 63 (OCU) was acting independently of the ILWU Longshore Locals"* Again, Flynn's closing words *"In the future, thereafter, you will be guided by the Kagel ruling in parallel situations."* The above words of Flynn give credence to the Employer's position that each picket line must be judged on the facts presented in each distinct instance.

It is obvious that Item No. 1 of the Kagel Award and the words "acting independently" are in the present tense. This wording gives clear direction that each picket line must be decided on the specific facts presented on behalf of the pickets at the time of the hearing as it pertains to Section 11.51 of the Master Agreement.

It is the Union's position that the instant issue and the facts of C-16-80 are the same in that both disputes are parallel (Transcript Pages 100-101). If this Arbitrator were to accept the above rationale of the Union then SCAA-0006-2011 (Joint Exhibit No.5) would simply be recognized as "fact similar" since this Award concerns the same four Employers, OCU, picket lines and the same local longshore locals. The above decision was published on February 24, 2011, and to this Arbitrator's knowledge no appeal of the Award exists. However, this Arbitrator is obligated to ignore the facts presented at the hearing of SCAA-0006-2011 and render a decision based upon evidence, testimony and the actions of the parties that are relevant to the instant dispute.

Union Exhibits 2, 3 and 4 (C-2-96, C-16-80, and C-26-80) are decisions based on facts, evidence, and the actions of the OCU at the time of that particular hearing.

The actions and decisions of the International Union and its officers are not in question in this instant dispute. The International Union is free to represent any Local under their authority and conduct inter-union policy as they see fit. However, the actions of the OCU and their (OCU) exploitation of the Longshore Locals is the central question that must be addressed in the instant dispute.

SCAA-0001-2012

8

December 15, 2011

This Arbitrator finds the evidence supports a conclusion that the OCU by their actions conducted a premeditated plan to utilize Longshore strength and force to systematically create an economic hardship upon any Employer they choose. The OCU's actions to only strike and picket a selection of two (2) Employers that transmute into a total of four (4) terminals supports the above finding. In addition, upon distribution of Interim Award SCAA-0036-2011 and the return to work of longshoremen, the OCU also returned to work at their respective terminals. The OCU can refuse to work (strike) and withhold their services if they so choose however, such action cannot be dependent upon the grievance procedure of the Longshore Master Agreement.

There was no rebuttal testimony from the Union as it pertains to Employer, witness Berry and the timeline and facts of OCU bargaining. This Arbitrator finds Berry's testimony to be credible and straightforward. The majority of background evidence submitted by the parties is found to be peripheral and was given appropriate consideration.

The evidence and facts that pertain to the OCU's actions are persuasive beyond doubt, given that the OCU is found to be entirely dependent upon the longshore division to withhold labor from the OCU Employers to the benefit of the OCU.

In conclusion, the Union has failed to present any evidence which proves that the OCU by way of their (OCU) actions are acting independently of the longshore locals thereby failing to meet the standards set forth within the Kagel Award.

DECISION:

The decision of Interim Award SCAA-0036-2011 is hereby sustained.



David Miller
Area Arbitrator
Southern California

Dated: January 19, 2012

“Economic Impact and Competitiveness of the West Coast Ports and Factors that Could Threaten Growth,” by John Martin (April 30, 2014)

Economic Impact and Competitiveness of the West Coast Ports and Factors that Could Threaten Growth



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April 30, 2014

TABLE OF CONTENTS

| | |
|---|-----------|
| ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH | 1 |
| <i>The Ports as an Economic Engine</i> | <i>1</i> |
| THE DYNAMICS OF THE U.S. CONTAINER MARKET IN THE AFTERMATH OF THE 2002 PORT SHUTDOWN.8 | |
| <i>Historical Overview of the U.S. Container Market.....</i> | <i>8</i> |
| <i>Dynamics of the U.S. Containerized Cargo Market</i> | <i>11</i> |
| <i>Impact of Changing Logistics Patterns on All-Water Services at Atlantic Coast and Gulf Coast Ports.</i> | <i>16</i> |
| <i>Supply Sources of Containerized Imports and Implications on All-Water Services.....</i> | <i>17</i> |
| <i>Future Implications on West Coast Market Share</i> | <i>20</i> |
| <i>Implications and Competitive Logistics Cost Analysis to Serve Containerized Markets</i> | <i>23</i> |
| ASSESSMENT OF THE ECONOMIC IMPACT OF A WEST COAST PORT SHUTDOWN | 28 |
| <i>Impact of the 2002 West Coast Port Shutdown</i> | <i>28</i> |
| <i>Assessment of the Potential Economic Impacts of a 5-Day, 11-Day and a 20-Day Port Shutdown</i> | <i>31</i> |
| <i>Long Term Potential Structural Impact of a 2014 Port Shutdown.....</i> | <i>35</i> |
| <i>Summary.....</i> | <i>40</i> |

Economic Impact and Competitiveness of the West Coast Ports and Factors that Could Threaten Growth

The West Coast port range is a major gateway of international waterborne trade between the United States and Asia. The ports located in California, Oregon and Washington provide the key linkage between the United States consumer, industrial and agricultural sectors and Asia. As the economies of Asia have developed, the importance of the West Coast ports becoming an economic catalyst has continued to increase. Not only does the growing international Trans-Pacific trade provide jobs and economic stimulus in the West Coast region, but these port gateways and the cargo they handle support the industrial, retail and agricultural sectors throughout the United States. The continued success of these ports is essential to the stability and growth of the entire United States economy.

It is the purpose of this discussion paper to highlight the economic importance of the West Coast port range, both regionally and nationally, to provide an overall analysis of the U.S. containerized cargo market, and to document the structural logistics changes that have occurred in this industry since the West Coast shutdown in September, 2002. In light of the dynamics that have occurred in the U.S. container market since the 2002 shutdown, an assessment of the potential impacts of a work stoppage related to the 2014 contract negotiations is also provided.

As demonstrated in this white paper, the West Coast ports are a critical economic engine for the U.S. economy. Furthermore, the port activity at the West Coast ports represents a significant economic impact to the states in which they are located in terms of job creation and economic value. Any disruption in the operation of these ports would have a significant impact, not only nationally, but on the individual states in which they are located. Furthermore, should terminal charges at the West Coast ports increase as the result of the contract negotiations in 2014, the competitive logistics position of the West Coast ports will be eroded, further resulting in potential job loss, and/or reduced job growth at West Coast ports. Because of the importance of the ports of Los Angeles and Long Beach to the Southern California economy, work stoppages and/or the loss in competitive logistics pricing to reach inland consumption and production markets will have a magnified impact on this region.

The Ports as an Economic Engine

Martin Associates has conducted over 500 seaport economic impact studies throughout the United States and Canada, including economic impact studies for the majority of the ports in California, Oregon and Washington. In total, to quantify the economic impacts of the cargo handled at the terminals operated by the International Longshore and Warehouse Union, Martin Associates developed 27

ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH

individual seaport models for the West Coast ports.¹ These models are based on more than 4,200 interviews with terminal operators, freight consolidators, trucking firms, freight forwarders/customhouse brokers, ocean carriers, as well as with railroads, trucking firms, steamship agents and government agencies. For this updated analysis, Martin Associates interviewed more than 175 terminal operators, and used data collected from past interviews that were to develop recent economic impact models for selected West Coast ports. These impact models were modified to reflect containerized cargo, break bulk, and bulk cargo moving via the West Coast port terminals operated by the ILWU. The impacts are estimated for the year 2013, and for 27 specific ports, as follows:

- San Diego
- Long Beach
- Los Angeles
- Port Hueneme
- San Francisco
- Redwood City
- Oakland
- Richmond
- Crockett
- Benicia
- Port Chicago
- Stockton
- West Sacramento
- Eureka
- North Bend/Coos Bay
- Portland
- Vancouver
- Kalama
- Rainier
- Longview
- Aberdeen/Grays Harbor
- Olympia
- Tacoma
- Seattle
- Everett
- Port Angeles
- Anacortes

In 2013, it is estimated that cargo handled at the West Coast ports at ILWU terminals supported nearly 9.2 million jobs throughout the United States. Of these jobs, 401,319 were created directly and indirectly by the handling of the cargo at the West Coast ports, as follows:

- As a result of the cargo and associated vessel activity, 128,842 jobs were created directly at the individual ports, and held by members of the ILWU, terminal operators, steamship agents, freight forwarders, consolidators, CFS and warehouse operators, truckers and railroads. These 128,842 workers earned \$7.1 billion of wages and salaries.
- Because these 128,842 workers spend a portion of their wages and salaries for food, clothing, housing, transportation, education and health care, another 198,302 induced jobs are created throughout United States.
- The national purchases by the firms employing the 128,842 employees supported an additional 74,175 indirect jobs in supplying industries.

¹Cargo at marine terminals on the West Coast, and the associated impacts, that are not under the ILWU jurisdiction were not included in this impact analysis. This excludes primarily liquid bulk petroleum products.

In total, about \$35.2 billion of direct, induced/consumption expenditures and indirect personal income was created locally by the handling of cargo at West Coast ports. The businesses providing the cargo handling and vessel services at the West Coast ports (including railroads, terminal operators and stevedores, freight forwarders and customshouse brokers, cargo consolidators, etc.) received \$30.9 billion of sales from serving the West Coast cargo and vessel operations. Finally, \$9.9 billion of federal, state and local taxes were created directly and indirectly by the port operations.

Economic impacts are also generated throughout the national economy by those firms producing the exports and consuming the imports moving via the West Coast ports. This impact occurs not only in the firms producing the exports or using the imports, but also in the firms providing the goods and services to export producers and the firms providing services to those businesses importing the cargo. By those measures, it is estimated that 8.7 million U.S. jobs are supported by the cargo handled at these ports. These jobs are with manufacturers producing the Asian exports, retailers importing consumer items such as apparel, shoes, furniture and toys and manufacturers using imported parts and materials for further production, such as auto parts and computer components, as well as with the U.S. agricultural community exporting grains, vegetables and meat and poultry; and the mining community exporting dry bulk cargoes such as coal, fertilizers and iron ore. These 8.7 million workers employed with exporters and importers of the cargo moving via the West Coast ports earn \$347.9 billion of personal income and pay \$96 billion of federal, state and local taxes.

In total, nearly 9.2 million workers throughout the United States were supported by the cargo handled at the West Coast ports at ILWU terminals, and they received \$383.1 billion of wages and salaries and paid \$106.3 billion of federal, state and local taxes. Finally, the total cargo moving via ILWU terminals at the West Coast ports created a total economic value of \$2.1 trillion throughout the United States. This impact represents about 12.5% of the total U.S. \$17 trillion Gross Domestic Product in 2013. These impacts are summarized in Exhibit 1.

The importance of containerized cargo handled at the West Coast ports is underscored by the fact that in 2013, the containerized cargo handled at these ports accounted for 8.7 of the 9.2 million jobs, more than 94% of the total jobs, and 97% of the value of the output generated by all cargo moving via the West Coast ports via the ILWU facilities. Exhibit 2 compares the economic impacts generated by all cargo moving via ILWU facilities with the impacts generated by containerized cargo moving via the West Coast ports.

**Exhibit 1: Total Annual Economic Impact of Cargo Activity at West Coast Ports,
2013**

| Impact Categories | Total Impacts of ILWU Facilities on the US Economy |
|---|--|
| JOBS | |
| Port Sector | |
| Direct | 128,842 |
| Induced | 198,302 |
| Indirect | <u>74,175</u> |
| Subtotal | 401,319 |
| Importers/Exporters | |
| Direct/Induced/Indirect | <u>8,745,239</u> |
| TOTAL | 9,146,559 |
| WAGES/SALARIES (1,000) | |
| Port Sector | |
| Direct | \$7,094,612 |
| Re-spending/Consumption | \$24,357,222 |
| Indirect | <u>\$3,701,646</u> |
| Subtotal | \$35,153,481 |
| Importers/Exporters | |
| Direct/Induced/Indirect | <u>\$347,934,117</u> |
| TOTAL | \$383,087,598 |
| BUSINESS REVENUE AND ECONOMIC OUTPUT (1,000) | |
| Port Sector | |
| Direct | \$30,861,349 |
| Importers/Exporters | |
| Value of Output | <u>\$2,076,918,520</u> |
| TOTAL | \$2,107,779,869 |
| TAXES (1,000) | |
| Port Sector | |
| Direct | \$1,997,497 |
| Re-spending/Consumption/Indirect | <u>\$7,900,010</u> |
| Subtotal | \$9,897,507 |
| Importers/Exporters | |
| Direct/Induced/Indirect | <u>\$96,377,750</u> |
| TOTAL | \$106,275,257 |
| TOTAL ECONOMIC VALUE (1,000) | |
| Port Sector | |
| Direct Business Revenue | \$30,861,349 |
| Induced Income and Personal Consumption | <u>\$24,357,222</u> |
| Subtotal | \$55,218,571 |
| Importer/Exporters | |
| Economic Value to the Importers/Exporters | <u>\$2,076,918,520</u> |
| TOTAL | \$2,132,137,091 |

Exhibit 2: Annual Economic Impact of All Cargo Activity at West Coast Ports Compared to the Economic Impacts Generated by Containerized Cargo at West Coast Ports, 2013

| Impact Categories | Total Impacts of ILWU Facilities on the US Economy | Total Impacts of ILWU Container Operations on the US Economy |
|---|--|--|
| JOBS | | |
| Port Sector | | |
| Direct | 128,842 | 94,528 |
| Induced | 198,302 | 145,288 |
| Indirect | <u>74,175</u> | <u>45,870</u> |
| Subtotal | 401,319 | 285,686 |
| Importers/Exporters | | |
| Direct/Induced/Indirect | <u>8,745,239</u> | <u>8,387,658</u> |
| TOTAL | 9,146,559 | 8,673,344 |
| WAGES/SALARIES (1,000) | | |
| Port Sector | | |
| Direct | \$7,094,612 | \$5,179,066 |
| Re-spending/Consumption | \$24,357,222 | \$17,600,770 |
| Indirect | <u>\$3,701,646</u> | <u>\$2,489,299</u> |
| Subtotal | \$35,153,481 | \$25,269,135 |
| Exporters/importers | | |
| Direct/Induced/Indirect | <u>\$347,934,117</u> | <u>\$334,794,482</u> |
| TOTAL | \$383,087,598 | \$360,063,617 |
| BUSINESS REVENUE AND ECONOMIC OUTPUT (1,000) | | |
| Port Sector | | |
| Direct | \$30,861,349 | \$24,367,575 |
| Importers/Exporters | | |
| Value of Output | <u>\$2,076,918,520</u> | <u>\$2,042,293,688</u> |
| TOTAL | \$2,107,779,869 | \$2,066,661,263 |
| TAXES (1,000) | | |
| Port Sector | | |
| Direct | \$1,997,497 | \$1,458,172 |
| Re-spending/Consumption/Indirect | <u>\$7,900,010</u> | <u>\$5,656,384</u> |
| Subtotal | \$9,897,507 | \$7,114,557 |
| Importers/Exporters | | |
| Direct/Induced/Indirect | <u>\$96,377,750</u> | <u>\$92,738,072</u> |
| TOTAL | \$106,275,257 | \$99,852,628 |
| TOTAL ECONOMIC VALUE (1,000) | | |
| Port Sector | | |
| Direct Business Revenue | \$30,861,349 | \$24,367,575 |
| Induced Income and Personal Consumption | <u>\$24,357,222</u> | <u>\$17,600,770</u> |
| Subtotal | <u>\$55,218,571</u> | <u>\$41,968,345</u> |
| Importer/Exporters | | |
| Economic Value to the Importers/Exporters | <u>\$2,076,918,520</u> | <u>\$2,042,293,688</u> |
| TOTAL | \$2,132,137,091 | \$2,084,262,033 |

In addition to the economic importance of the West Coast ports to the U.S. economy, the activity generated by the cargo activity handled at the ILWU terminals on the West Coast is of particular importance to the states in which these ports are located. Martin Associates developed separate state-wide impact models for California, Washington and Oregon to underscore the importance of port activity in each of these states to the state-wide economies. Exhibit 3 presents the economic impacts created in each state by the ports located in that state. The last line on the chart shows, for each state, the share of the total state gross domestic product in 2013 that was related to the movement of cargo through the ILWU marine terminals located in that state. For the state of California, port activity at the state's ILWU marine terminals supported nearly 3.7 million jobs, and contributed \$742.8 billion to the state's economy. This represents about 37% of the California Gross State Product in 2013.

Activity at the ILWU operated terminals in Oregon generated 68,600 jobs in 2013, and contributed \$9.6 billion to the Oregon economy. This represents about 4.7% of the Oregon State Gross Product.

Finally, the economic importance of port and maritime activity to the state of Washington is underscored by the fact that the economic impact associated with the cargo and vessel activity at the ILWU facilities in the state generated 524,736 jobs, while the economic value of the cargo activity at the ILWU facilities accounted for more than 60% of the Washington Gross State Product in 2013.

As these findings demonstrate, not only are the West Coast ports a major catalyst to economic health in the U.S., but these ports are major economic drivers in the economies of the states in which they are located. Any disruption of service levels such as a work shutdown or slowdown would have a devastating impact on the national economy, but also on the economies of the states in which these ports are located. The 2002 work shutdown at the West Coast ports had a major impact on the logistics supply chain decisions of key importers and exporters, as will be discussed in the next chapter, and any disruptions of service at these ports in the future will likely have a similar structural impact, in turn eroding the economic importance of these ports to the states in which they are located, as well as to the national economy.

ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH

Exhibit 3: Annual Economic Impact of Cargo Handled at ILWU Facilities by State, 2013

| IMPACT CATEGORIES | Total Impacts of ILWU Facilities on the California Economy | Total Impacts of ILWU Facilities on the Oregon Economy | Total Impacts of ILWU Facilities on the Washington Economy |
|---|---|---|---|
| JOBS | | | |
| Port Sector | | | |
| Direct | 85,738 | 5,836 | 37,268 |
| Induced | 88,931 | 6,181 | 39,858 |
| Indirect | <u>31,872</u> | <u>4,424</u> | <u>15,868</u> |
| Subtotal | 206,541 | 16,441 | 92,994 |
| Importers/Exporters | | | |
| Direct/Induced/Indirect | <u>3,463,827</u> | <u>52,196</u> | <u>431,742</u> |
| TOTAL | 3,670,368 | 68,637 | 524,736 |
| WAGES/SALARIES (1,000) | | | |
| Port Sector | | | |
| Direct | \$4,266,351 | \$308,527 | \$2,519,734 |
| Re-Spending/Consumption | \$10,376,619 | \$752,498 | \$5,538,375 |
| Indirect | <u>\$1,745,396</u> | <u>\$185,034</u> | <u>\$871,535</u> |
| Subtotal | \$16,388,365 | \$1,246,060 | \$8,929,644 |
| Importers/Exporters | | | |
| Direct/Induced/Indirect | <u>\$137,949,915</u> | <u>\$2,329,554</u> | <u>\$16,266,972</u> |
| TOTAL | \$154,338,281 | \$3,575,614 | \$25,196,615 |
| BUSINESS REVENUE AND ECONOMIC OUTPUT (1,000) | | | |
| Port Sector | | | |
| Direct | \$18,962,658 | \$1,200,275 | \$10,698,417 |
| Importers/Exporters | | | |
| Value of Output | <u>\$713,473,163</u> | <u>\$7,631,245</u> | <u>\$220,433,995</u> |
| TOTAL | \$732,435,821 | \$8,831,520 | \$231,132,411 |
| TAXES (1,000) | | | |
| Port Sector | | | |
| Direct | \$1,236,292 | \$84,584 | \$676,680 |
| Re-spending/Consumption/Indirect | <u>\$3,512,684</u> | <u>\$257,027</u> | <u>\$1,721,394</u> |
| Subtotal | \$4,748,976 | \$341,611 | \$2,398,074 |
| Importers/Exporters | | | |
| Direct/Induced/Indirect | <u>\$39,974,751</u> | <u>\$638,653</u> | <u>\$4,368,528</u> |
| TOTAL | \$44,723,727 | \$980,264 | \$6,766,602 |
| TOTAL ECONOMIC VALUE (1,000) | | | |
| Port Sector | | | |
| Direct Business Revenue | \$18,962,658 | \$1,200,275 | \$10,698,417 |
| Re-spending and Personal Consumption | <u>\$10,376,619</u> | <u>\$752,498</u> | <u>\$5,538,375</u> |
| Subtotal | \$29,339,276 | \$1,952,773 | \$16,236,791 |
| Importer/Exporters | | | |
| Economic Value to the Importers/Exporters | <u>\$713,473,163</u> | <u>\$7,631,245</u> | <u>\$220,433,995</u> |
| TOTAL | \$742,812,439 | \$9,584,018 | \$236,670,786 |
| SHARE OF STATE GROSS PRODUCT | 37.00% | 4.65% | 60.68% |

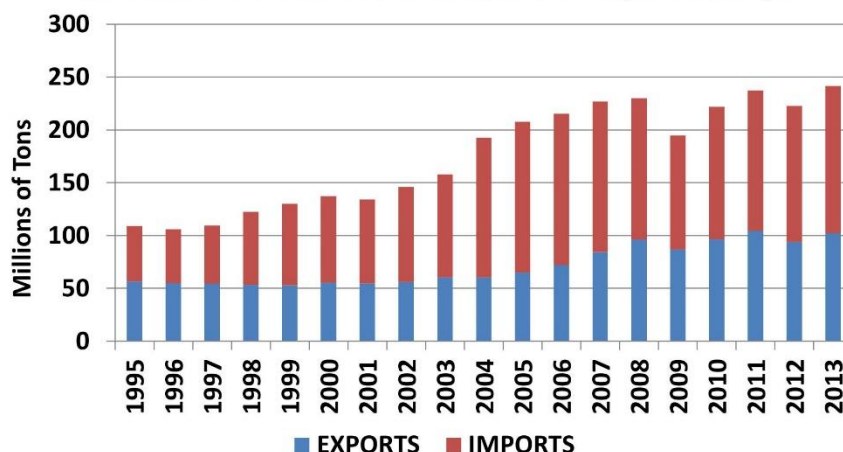
THE DYNAMICS OF THE U.S. CONTAINER MARKET IN THE AFTERMATH OF THE 2002 PORT SHUTDOWN

Because of the demonstrated economic importance of containerized cargo handled at the West Coast ports, an overview of the U.S. container market is presented in this chapter. An understanding of the dynamics of this market is critical in order to further analyze the potential impacts of a disruption in service at the West Coast ports. The impacts of the 2002 port shutdown on the logistics supply chain of beneficial cargo owners (BCO's), and the resulting growth in all-water services between Asia and the U.S. Atlantic and Gulf Coasts are documented in this chapter.

Historical Overview of the U.S. Container Market

International container traffic to and from the U.S. (import and export tonnage) has grown steadily from 1995 to 2007, as shown in Exhibit 4. The exhibit shows there was a significant decline from 2007 through 2009 due to the economic downturn in the U.S. and worldwide economies. Volume increased through 2011, but then declined in 2012, only to rebound in 2013.

Exhibit 4: Historical Volume of U.S. Containerized Imports and Exports

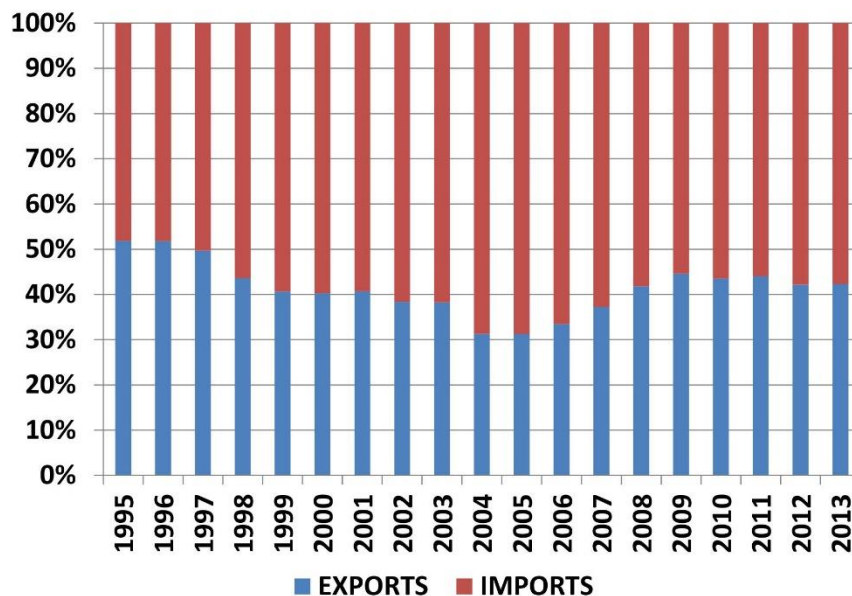


Source: U.S.A Trade On-Line

Over the historical period shown above, containerized imports grew at an average annual rate of 5.6%, while exports grew at an average annual rate of about 3.3%. However, since 2005, the growth of export containerized cargo outpaced the import growth, resulting in a significant gain in the market share of export vs. import containerized cargo. For example, in 2005, export tonnage represented

about 30% of the total container market, and by 2009, exports accounted for 45% of the containerized cargo moving via all U.S. ports. The share of exports has actually fallen in the last two years as exported containerized cargo from the U.S. has slowed compared to import growth. Exhibit 5 shows the shift in the composition of containerized cargo that occurred over the period 1995 to 2013.

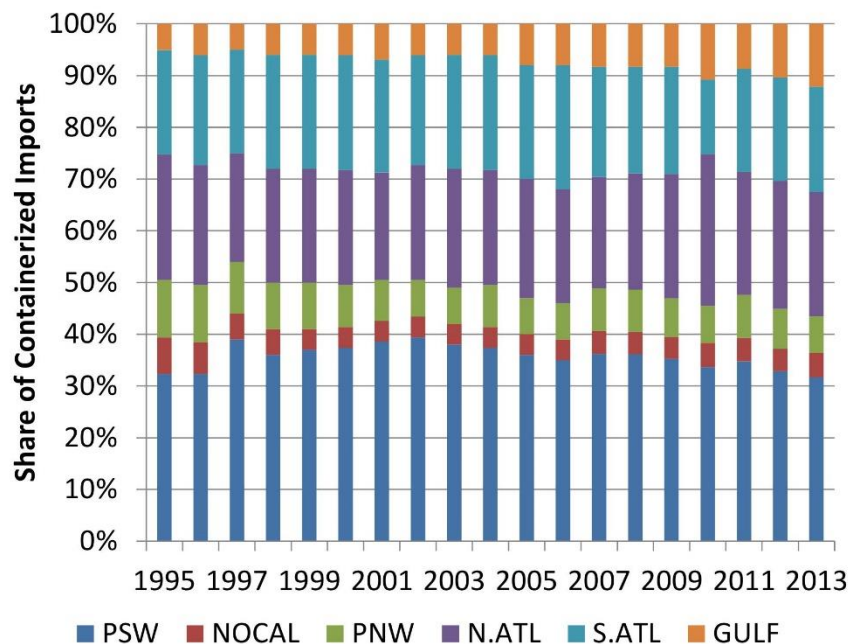
Exhibit 5: Historical Share of U.S. Containerized Imports and Exports Source



Source: U.S.A Trade On-Line

Exhibit 6 shows that Pacific Coast ports (Southern California, Northern California and the Pacific Northwest) have historically handled half of the U.S. import container volume. In 2002, the West Coast ports handled about 50% of the total U.S. imported containerized cargo. By 2013, the West Coast ports share had fallen to 43.5%. It is important to note that the decline in market share at the West Coast ports was driven by the loss in market share at the Southern California ports. The exhibit shows that Southern California ports' market share peaked in 2002 at about 40%, and has been declining since, reaching a 33% share in 2013. The exhibit also shows South Atlantic ports have maintained share in the last several years; with the Gulf and North Atlantic ports actually increasing their share over the last several years.

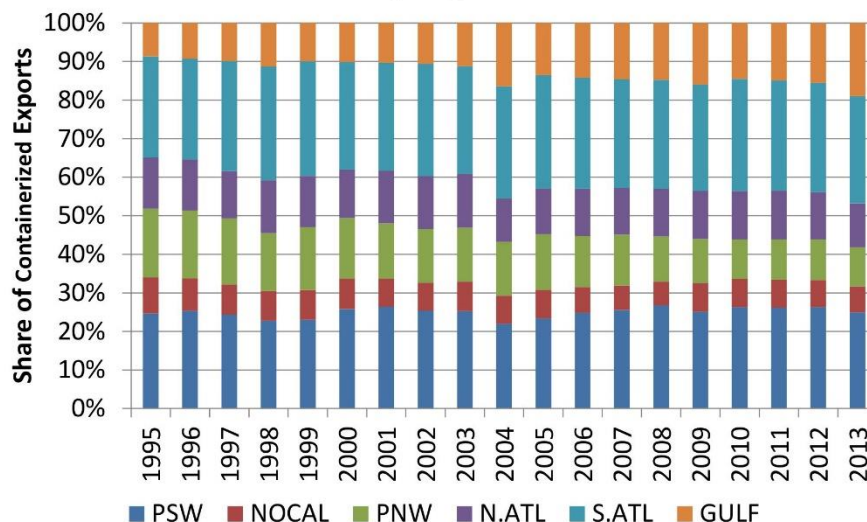
Exhibit 6: Historical Port Range Share in the U.S. Import Container Market (Tons)



Source: U.S.A Trade On-Line

A similar decline in market share for the West Coast ports has also occurred in the container export market. The West Coast ports' share of containerized exports fell from about 50% in 1995, to 40% in 2012. However, unlike the loss of import market share driven by the Southern California ports (shown above as Pacific Southwest), the loss of market share of West Coast ports exports was driven by the loss in export market share in the Pacific Northwest ports. Exhibit 7 illustrates the loss in West Coast market share; the South Atlantic and Gulf Coast ports increased their share of the container export market overtime, which is most likely the result of the increased vessel capacity and equipment associated with the growing import markets from Asia on the Atlantic and Gulf Coasts after 2002.

Exhibit 7: Historical Port Range Share in the U.S. Export Container Market (Tons)



Source: U.S.A Trade On-Line

Dynamics of the U.S. Containerized Cargo Market

This dominance of the containerized trade by the West Coast ports, and in particular the concentration of container activity at the Ports of Los Angeles and Long Beach in the late 1990's through 2002, was driven by the fact that importers viewed these ports as the major port linkage in the supply chain of imported cargo. Prior to the mid to late 1990's, the steamship lines determined the port routings and importers were essentially "port blind" as they selected an ocean carrier, and the carrier decided which port the cargo would be discharged at and how the cargo would be delivered to the customer.

However, as the concentration of large importers such as Wal*Mart, Target, Cost Plus, etc. increased in the late 1990's, these importers invested in large distribution centers in the Los Angeles/Long Beach area to serve as points in the importers' logistic supply chains. As these importers gained bargaining power in terms of contract negotiations with the ocean carriers, they were able to "demand" a San Pedro Bay port (Los Angeles/Long Beach) routing from the carriers. Hence, with the development of the distribution centers and cross dock operations² in the

² Cross-dock or trans-load operations refer to the activity whereby marine containers are stripped and the contents are loaded into larger 45 and 53 foot domestic trailers as the Asian cargo tends to cube out rather than weight out. The use of the domestic containers reduces the effective surface transportation cost per ton or unit, as more cargo can be placed into these large trailers without causing the trucks to be in an overweight situation.

San Pedro Bay region, the concentration of imported Asian containers at the Ports of Los Angeles and Long Beach increased. Furthermore, the railroads providing intermodal services at the San Pedro Bay ports further increased investment in rail track and intermodal yards to facilitate the flow of containers from the Los Angeles area to the key Midwestern and Eastern consumption centers such as Chicago, Memphis, St. Louis, New York, Atlanta, Columbus, etc. This concentration of containerized cargo import activity continued to increase until several events occurred.

These events are:

- The impact of 9/11 on the distribution supply chain³;
- The 2002 West Coast port shutdown; and
- Congestion issues in 2004 due to rail meltdowns at the San Pedro Bay ports.

As a result of these events, there has been an increased focus on diversification of containerized cargo through various U.S. ports. This is evident by the growth in container volume at the North Atlantic, South Atlantic and Gulf Coast ports. The growth of all-water service from Asia to the East Coast and Gulf Coast ports has been increasing significantly since 2002.

There are two all-water routings that are available for all-water services – the use of the Panama Canal and the use of the Suez Canal. Each of the routings provides advantages and disadvantages to the use of the intermodal cargo (railed from the West Coast ports). For example, the current dimensions of the Panama Canal limit the size (width and depth) of the vessels that can transit the Canal, and also the transit time using an all-water service to an East Coast port and then a rail move to a Midwestern consumption point is longer than using an intermodal move via a West Coast port. This longer transit time from Asia results in increased inventory carrying costs, and is more pronounced for higher value cargo than for lower value cargo. In addition, ocean carriers prefer to internalize the revenue for the entire trip from Asia to the East Coast rather than sharing the revenue with a rail carrier from the West Coast to an East Coast consumption point.

However, changes are in play to improve the current negatives of using the Panama Canal. The expansion of the Canal to be completed in late 2015 (or early 2016) will allow for the transit of much larger container and non-container vessels, which in turn tend to have a lower per-unit operating cost than smaller vessels. In addition, the ocean carriers are introducing more direct all-water services that are improving the transit times using all-water routings from Asia to the East Coast and the nation's midlands. In addition, with the increased fuel prices since 2010, vessels are operated under a slow steaming service to minimize fuel cost increases, in turn reducing the importance of faster transit time for Trans-Pacific routings compared

³ The events of 9/11 underscored the potential impact of similar acts of terrorism at seaports, and resulted in recognition of the need to diversify ports of import.

to lower rates via all-water services. The increased transit times are also a contributing factor to the growth in near market sourcing in Mexico and Central America.

With respect to the Suez Canal, the dimensions of this canal do not limit the size of the container ships that can transit, but there is some concern over political instability in the region. The Suez routing from Asia to the East Coast is longer than via the Panama Canal, but as production centers shift to South Asia and India, this routing can in some cases provide very competitive transit times in comparison to the use of the Trans-Pacific routings and the use of intermodal moves from the West Coast to the East Coast. In addition, ocean carriers are increasing India-Europe express services, with the use of Mediterranean ports for transshipment centers for cargo destined further to the U.S. and Europe. The Suez routing is becoming particularly attractive as the production centers are shifting into India and Vietnam.

On-going investment in rail infrastructure in the U.S. will enhance all-water Panama Canal service to the East and Gulf Coasts' ports. Two rail projects will reduce transit times from Atlantic Coast ports into the Midwest. The Heartland Corridor Project will provide significant rail improvements for Norfolk Southern between Norfolk and the Midwest. The Crescent Corridor will provide improved service between the Gulf and North Atlantic. The National Gateway Project will provide significant transit time improvements for the CSX service connecting New York and Baltimore to key Midwestern points, with a focus on the North Baltimore/Toledo (OH) Intermodal Container Transfer Facility (ICTF).

In addition to the investment in the Heartland Corridor Project and National Gateway Project, investments by the Kansas City Southern (KCS) and Centerpoint, near Rosenberg, TX, will provide significant intermodal access into the key manufacturing centers and distribution activity of the Monterey and Saltillo areas of Mexico. Union Pacific is developing an ICTF near Rosenberg, TX which will further improve intermodal access into the Midwest from the West Gulf area. In Florida, the design and construction of ICTFs at JAXPORT's Dames Point, PortMiami and Port Everglades are underway.

Domestic market factors should also be considered in assessing future implications as to all-water services. The Port of New York serves the country's largest consumer market. Baltimore is located in the Baltimore-Washington corridor, and currently under-serves this market with a less than 50% penetration rate. Savannah serves the Atlanta market, as well as the Florida market. The Midwestern market is open to competition from North Atlantic, South Atlantic and Gulf Coast ports, as well as the West Coast ports.

Container terminal development will also influence shipping and logistics patterns. The Global Container Terminal in New York, which avoids air draft restriction imposed by the Bayonne Bridge, is densifying its operations through

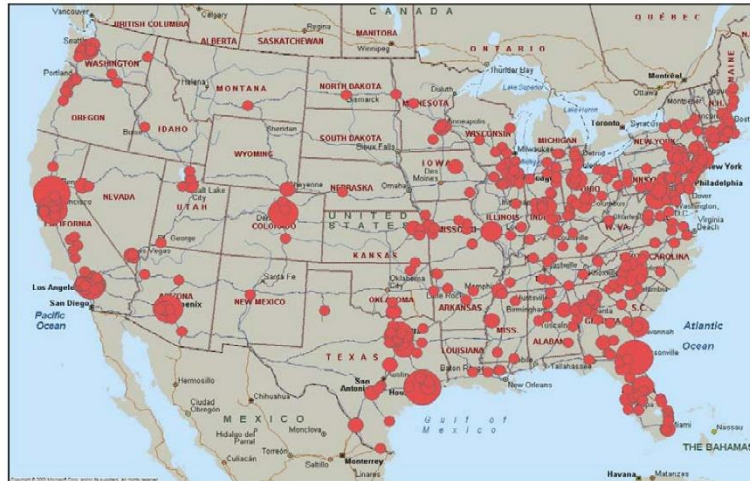
automation, and the Port Newark Container Terminal (PNCT) is undergoing terminal yard expansion, including the purchase of three super post Panamax cranes and the development of on-dock rail.⁴ The Port of New York/New Jersey has also announced the intent to address the air draft restriction of the Bayonne Bridge. Baltimore recently entered into a 50-year concession with Ports America Chesapeake for the Seagirt Marine Terminal that has 50 feet of water at the berth. This water depth will allow the Seagirt Marine Terminal the ability to accommodate a fully loaded super post Panamax vessel that requires water depth typically in excess of 47 feet. Four new super post Panamax cranes have just been installed at Seagirt Marine Terminal. Norfolk has expansion capability at Craney Island and Charleston is completing a new terminal at the Charleston Navy Base. JAXPORT has developed the MOL/TraPac Terminal focusing on Asian all-water trade. The ports of Savannah, Charleston and Jacksonville are all pursuing channel depths of 47 feet and deeper.

Along with the growth in port infrastructure on the Atlantic and Gulf Coast ports, distribution centers have also developed since 2002. Exhibit 8 provides a map of the location of the key distribution centers (DCs) in the U.S. The first map indicates the number of DCs by location of the top 25 retailers (the number of DC's in a particular city is reflected by the size of the circle in that location). The second map, shown in Exhibit 9, indicates the location of the DC's associated with the second 26-50 largest retailers in terms of sales volumes. As these maps demonstrate, DC's have developed around the major Atlantic and Gulf Coast ports, as well as inland in such areas as Chicago, Memphis, St. Louis, Columbus and Indianapolis.

The operators of these distribution centers control the cargo and as a result, the steamship line rotation. This has contributed to the growth in all-water Asian services at New York, Norfolk and Savannah as well as Baltimore and Houston.

⁴ Super post Panamax refers to the large container vessels in excess of 8,000 TEUS that are currently too large to transit the Panama Canal. These vessels carry containers stacked 22 to 26 rows across the beam of the vessel and require super post Panamax cranes with a 22 to 26 container outreach capacity.

Exhibit 8: Location of Distribution Centers Associated with the Leading 25 Retailers



Source: Chain Store Guide, National Retail Federation

Exhibit 9: Location of Distribution Centers Associated with the 26-50 Leading Retailers



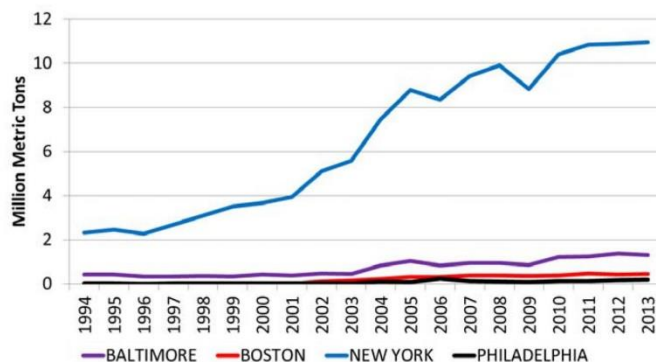
Source: Chain Store Guide, National Retail Federation

Impact of Changing Logistics Patterns on All-Water Services at Atlantic Coast and Gulf Coast Ports

The growth in all-water services (both Panama and Suez Canal routings), driven by the development of distribution centers and terminal development at Atlantic and Gulf Coast ports, is reflected by the growth in Asian imported containerized cargo at these ports.

Exhibit 10 shows the growth in Asian container imports at the North Atlantic ports, and documents the dominance of the Port Authority of New York/New Jersey. The Ports of Baltimore, Philadelphia and Boston have not been key players in the import Asian container market to date. However, with the completion of the 50-foot channel and berths at the Port of Baltimore, the port has experienced a significant growth in imported Asian cargo, and overall containerized cargo at the Port has increased by 9% annually in the past three years, the highest growth rate of any port on the North Atlantic Port range.

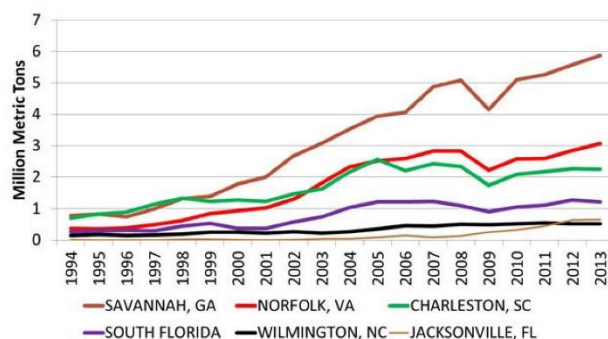
Exhibit 10 Imported Asian Containerized Cargo at North Atlantic Ports



Source: U.S.A. Trade On-Line, U.S. Bureau of Census

The growth in Asian container imported tonnage throughput at key South Atlantic ports is depicted in Exhibit 11. The Port of Savannah has dominated the South Atlantic ports in terms of imported Asian containerized cargo since 1999, reflecting the concentration of distribution centers in the Savannah and Atlanta areas. Since 2005, Norfolk has eclipsed the Port of Charleston in terms of imported Asian containerized cargo. This growth in imported containerized cargo from Asia reflects the change in logistics patterns after 2002, and the accompanying growth in distribution centers at these two ports. South Florida Ports have not shown growth since 2005. The growth in Asian service since the opening in 2009 of the MOL/TraPac Terminal at Dames Point is evident in the Exhibit.

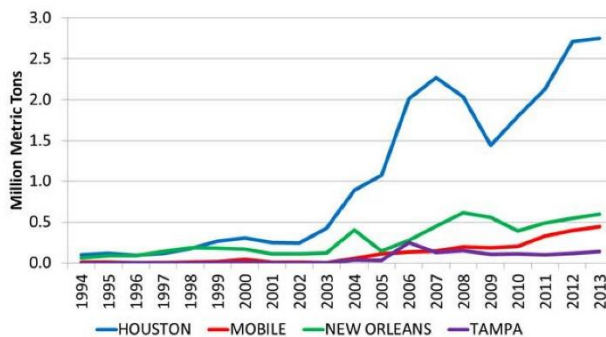
Exhibit 11: Imported Asian Containerized Cargo at South Atlantic Ports



Source: U.S.A Trade On-Line, U.S. Bureau of Census.

Exhibit 12 presents the growth in Asian imported containerized cargo at the Gulf Coast ports, and demonstrates the strong growth in the all-water services at the Port of Houston (and the accompanying growth in distribution center development) as well as the Port of New Orleans, and the recovery of this port from the impact of Hurricane Katrina. The growth in Asian imports at Mobile reflects the growth in operations of the Choctaw Point Container Terminal.

Exhibit 12: Imported Asian Containerized Cargo at Gulf Coast Ports



Source: U.S.A Trade On-Line, U.S. Bureau of Census

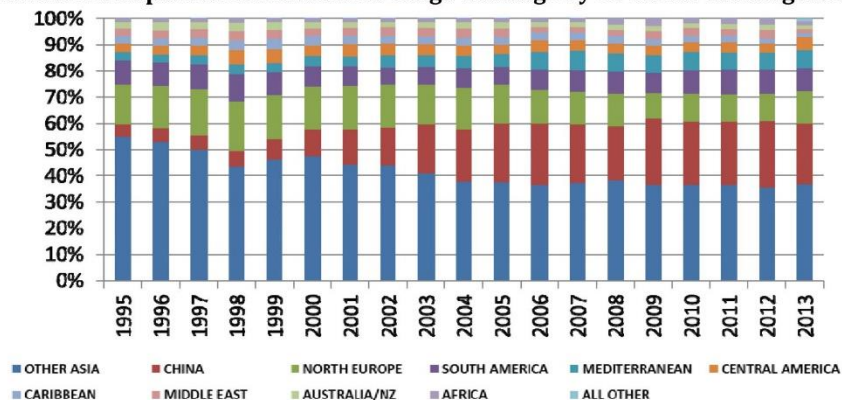
Supply Sources of Containerized Imports and Implications on All-Water Services

Since 2000, China and other Asian countries have been the source for about 60% of container imports into the United States. During this time, China has steadily been increasing its share of the Far Eastern market to the U.S. However, the growth

ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH

in the share of the China sourcing appears to have stabilized beginning in 2009, although the other Asia plus China market still supplies about 60% of all U.S. imported containerized cargo. More recently, the production and manufacturing sources are shifting away from China to other South Asia countries including, India and Vietnam. Exhibit 13 shows the sources of containerized imports over time.

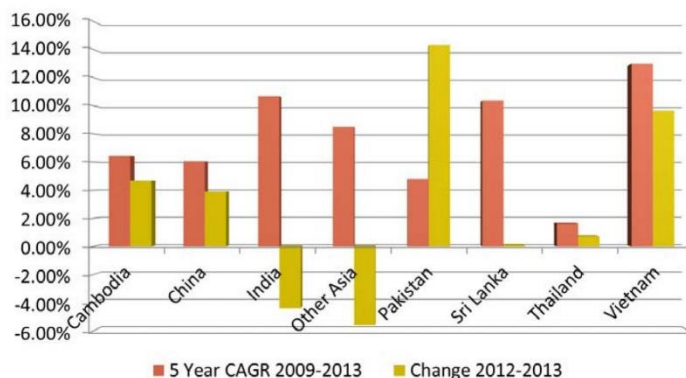
Exhibit 13: Imported Containerized Cargo Tonnage by Overseas Trading Area



Source: U.S.A. Trade On-Line, U.S. Bureau of Census

Exhibit 14 illustrates the growth in imports by key Asian countries from 2009-2013. Over the period, China showed a very modest increase. Vietnam registered the highest compound annual growth rate (CAGR) of more than 12%, followed by India, Sri Lanka, Other Asia and Cambodia. Between 2012 and 2013, Pakistan and Vietnam posted the highest percentage increases.

Exhibit 14: Growth in Key Supply Sources of Asian Imports to the U.S.



Source: U.S.A. Trade On-Line, U.S. Bureau of the Census

The importance of the shifting supply sources is that the Suez Canal becomes the preferred all-water routing (compared to the Panama Canal) for Asian areas west and south of Singapore, and this has implications as to the competitiveness of all-water services with intermodal services from the West Coast ports into the nation's Midwestern consumption points, the subject of the following section.

Exhibit 15: Preferred All-Water Routings by Cargo Production Area



Future Implications on West Coast Market Share

In the previous sections of this chapter various factors that contributed to changes in logistics patterns and the growth in all-water services were identified. Looking forward it is difficult to say with certainty what the future logistics patterns will look like:

- West Coast ports have recognized that demand for these ports has become more elastic; as substitutes, mainly all water services, supporting distribution center networks and Atlantic and Gulf Coast terminal capacity have developed since 2002;
- Truck and rail service at West Coast ports has improved;
- Intermodal rates are more competitive; and
- Growth of environmental policies and infrastructure fees at West Coast ports has stabilized.

Some observers still question whether labor productivity, terminal costs and reliability on the West Coast have improved. These factors will become very important in the summer of 2014, with upcoming ILWU/Pacific Maritime Association contract negotiations.

What is certain is after the projected 2015 opening of the expanded Panama Canal, the composition of the container fleet (especially vessels calling East and Gulf Coast ports) will likely change; as vessels of 8,000 TEUS and greater will be deployed. Actual volume increases through the Panama Canal may be less than anticipated because the factors that have impacted growth in all-water services are now in place, and growth in trade is occurring with areas that are more efficiently served via the Suez Canal. The dynamic changes in all-water vs. intermodal services are slowing. These shifts have occurred since 2002 due to the West Coast port shutdown; changes in distribution center geographic locations and logistics supply chain patterns of importers; development of new container terminals on the Atlantic and Gulf Coast; and intermodal pricing by the railroads that shifted cargo away from West Coast ports.

The West Coast ports have come to realize that the demand for the use of West Coast ports has become much more elastic, and, in fact, substitute port routings via the all-water services are viable. Similarly, the railroads have also found that pricing of intermodal services do impact importers/exporters' port choice decisions, and the higher intermodal rates of the early 2000's actually did impact the West Coast port routings in favor of all-water services. Significant investments in terminal capacity and efficiencies are planned for the Ports of Long Beach and Los Angeles, with the focus on protecting market share after the expansion of the Panama Canal. ***Therefore, in the absence of a disruption of service at the West Coast ports, increases in terminal charges at these ports, and***

increases in intermodal rates, it is not likely that the erosion of West Coast container market share will continue at the same rate since 2002.

East and Gulf Coast ports will have to compete to handle the larger sized vessels that will be deployed on the Suez, as well as on the Panama Canal, based on infrastructure including channel depth to accommodate larger vessels, berth capacity to handle vessels with lengths of over 1,000 feet, and crane outreach capability to handle the wider ships. All of these infrastructure needs require capital investment. East and Gulf Coast ports will also need to compete based on local market and access to discretionary cargo for both truck and rail. In addition to the growth in infrastructure at U.S. East Coast and Gulf Coast ports to accommodate the direct calls of the larger size vessels deployed after the expansion of the Panama Canal, the development of transshipment hubs in the Caribbean will likely continue, such as those in place in the Bahamas, Dominican Republic, Jamaica, Puerto Rico and Panama. Other transshipment hubs designed to handle the larger vessels transiting the Panama Canal after the expansion in 2016 are planned in Cuba and Trinidad. At these transshipment ports, the larger vessels transiting the Panama Canal from Asia will discharge containers at these hubs, and then return to Asia. In addition, these transshipment hubs will also represent an opportunity to mix northbound and southbound cargoes headed to and from Asia and the U.S. without the ability to handle a fully loaded post Panamax vessel (8,000 TEU capacity and greater) by offering a 47 to 50 foot channel. U.S. South Atlantic Ports will have difficulty in competing with these transshipment hubs and attracting direct first in-bound service.

The ability of Atlantic and Gulf Coast ports to handle larger vessels is critical because of the increased deployment of larger vessels via the Panama Canal after 2015, as well as via the Suez Canal. The growth in the size of the container fleet is underscored by Exhibit 16, which indicates that 43% of the container vessels currently on order are in excess of 8,000 TEUS, and will require a channel depth ranging from 47 to 50 feet. Compared to the current fleet composition, approximately 7% of the current world container fleet is in excess of 8,000 TEUS. Therefore the size of the container ships will continue to increase in the future and will require a 47 to 50-foot shipping channel.

Exhibit 16: Size Distribution of Current World Container Fleet and Order Book, as of 2012

| TEU Size Class | Current Fleet | Order Book |
|----------------|---------------|------------|
| <999 | 1,099 | 32 |
| 1000 < 1999 | 1,286 | 87 |
| 2000 < 3999 | 1,046 | 89 |
| 4000 < 5999 | 921 | 110 |
| 6000 < 7999 | 250 | 42 |
| 8000 < 9999 | 280 | 106 |
| > = 10,000 | 111 | 165 |
| Total | 4,993 | 631 |

Source: Institute of Shipping Economic and Logistics, Shipping Statistics and Market Review, 2012

The majority of the ports that will compete for the new services consisting of larger container vessels do not have channel depths in the necessary 47 to 50 foot range. Only three Atlantic Coast ports currently have a 50-foot draft to accommodate a fully-laden 8,000 TEU plus ship: New York, Baltimore and Norfolk. PortMiami will join this list in 2015, with the completion of its 50-foot channel. Exhibit 17 shows the current and planned depth at key U.S. ports.

Exhibit 17: Current and Planned Depths at East and Gulf Coast Ports

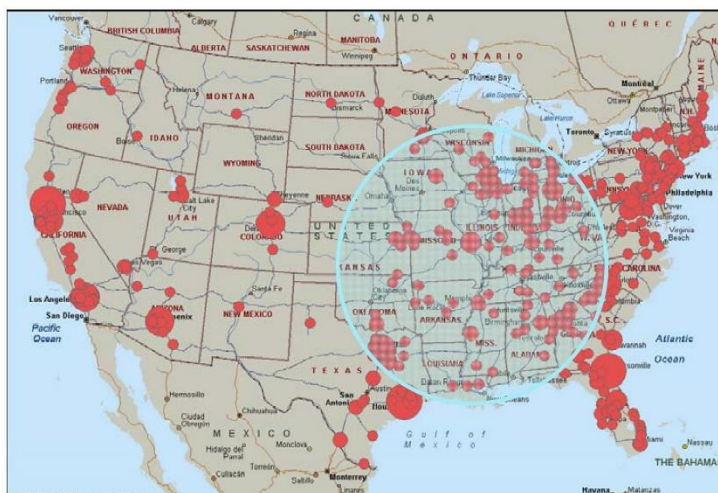
| State | Port Name | Current Depth | Planned Depth |
|----------------|------------------------------------|---------------|---------------|
| Maryland | Baltimore | 50 | 50 |
| Massachusetts | Boston | 40 | 48 |
| South Carolina | Charleston | 45 | 45+ |
| Texas | Corpus Christi (Authorized) | 45 | 55 |
| Delaware River | DE, PA, NJ Ports Portions Underway | 40 | 45 |
| Texas | Freeport (Authorized) | 45 | 55 |
| Texas | Houston-Galveston | 45 | 45 |
| Florida | Jacksonville | 40 | 47 |
| Florida | Manatee | 40 | 40 |
| Florida | Miami (Under Way) | 42 | 50 |
| Alabama | Mobile | 45 | 45 |
| Louisiana | New Orleans | 45 | 45 |
| New York | New York (Underway) | 45-50 | 50 |
| Virginia | Norfolk/Hampton Roads | 50 | 55 |
| Florida | Port Everglades | 42 | 47 |
| Texas | Sabine Naches | 40-42 | 42-48 |
| Georgia | Savannah | 42 | 47 |
| Florida | Tampa | 43 | 43 |

Source: Martin Associates

Implications and Competitive Logistics Cost Analysis to Serve Containerized Markets

Given the dynamics of the U.S. container market, it is obvious that in order for the West Coast ports to preserve and perhaps grow market share, the ability to compete with the East Coast and Gulf Coast ports from a logistics cost perspective to serve the major areas of distribution center clusters is key. As noted, the battleground for market share will occur in the Chicago, Columbus, Indianapolis, St. Louis, Nashville, Atlanta and Dallas markets. Exhibit 18 shows the locations of the major distribution centers, which also correspond to the key consumption and population markets in the U.S. The transparent oval on the map indicates the competitive battleground between the West, Atlantic and Gulf Coast ports.

Exhibit 18: Location of Distribution Centers Associated with the Leading 25 Retailers

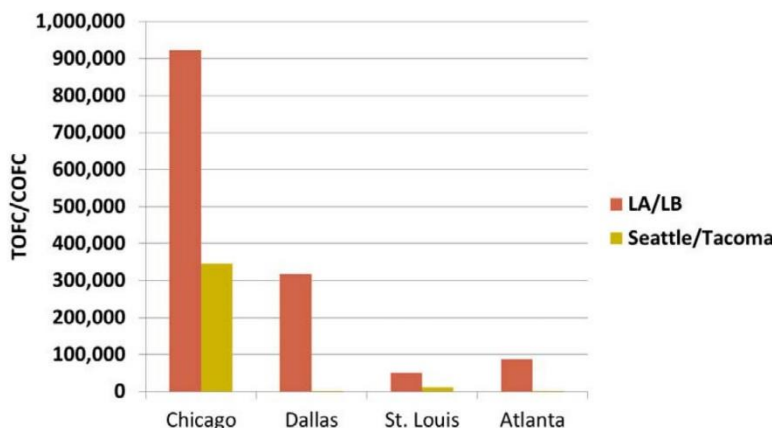


Source: Chain Store Guide, National Retail Federation

Martin Associates developed a logistics costing model to estimate the competitive advantage, by trade route, of the port ranges to serve the specific inland markets. The logistics cost model includes the voyage costs, terminal costs (stevedoring, terminal operations, pilotage, tugs, infrastructure fees, and ILWU and ILA assessments), intermodal rates and direct truck rates. Inventory carrying costs and drayage costs are not included in the model. The logistics costs are developed by trade lane – Hong Kong, Singapore and Nhava Sheva, India. The ports included in the analysis are the San Pedro Bay ports of Los Angeles and Long Beach, the PNW ports, and the Atlantic Coast ports of New York, Baltimore and Savannah. These

Atlantic Coast ports reflect ports with growing all-water Asian services, through both the Suez and Panama canals. The inland points were identified based on the volume of intermodal rail traffic moving from the West Coast port regions into each inland point, as determined from the 1% Waybill Sample Data Base developed by the Surface Transportation Board of the U.S. Department of Transportation. These intermodal rail volumes for the most recent year available, 2011, are shown in Exhibit 19.

Exhibit 19: Intermodal Rail Volume from West Coast Port Regions to Key Inland Destinations, 2011



Source: Surface Transportation Board, 1% Waybill Sample

Exhibits 20-22 demonstrate the logistics costs for each trade route. These costs include the terminal charges, pilotage, towing, stevedoring, infrastructure fees, labor benefit assessments, and port fees; intermodal rail rates and linehaul truck rates; and voyage costs between each coastal port and the three Asian ports of Hong Kong, Singapore and Nhava Sheva (India). It is to be emphasized that the inventory carrying cost per container, about \$50 per day, is not included in the logistics costs, nor is the dray from the rail yard to the ultimate destination. The inclusion of inventory carrying costs could add about \$350 per container move for use of the Atlantic and Gulf Coast ports, reflecting about a 7-day transit time differential via the all-water service. Truck drayage from the rail yard to a destination could range from \$250 to \$500 per container. Therefore, for truck moves from the East Coast ports to an inland point, the dray cost would not exist and would likely offset the inventory carrying cost penalty of using the Atlantic or Gulf Coast port. In contrast, for rail moves from the Atlantic and Gulf Coast ports, the inventory carrying cost would add about \$350 per container to inland points.

ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH

It is the relative cost differentials that are most important, indicating that the West Coast ports currently enjoy a small cost savings to inland points such as Chicago and St. Louis for the Hong Kong trade route, while all-water services are more competitive to serve Columbus, Atlanta and Dallas. It is to be emphasized that currently the West Coast ports serve these inland markets intermodally, even though the logistics costs may be more via this routing. Frequency of service, transit time and seasonality requirements may override the cost advantages. However, as additional all-water services are deployed, the Atlantic and Gulf ports will become increasingly competitive with the West Coast ports to serve the inland markets, as additional vessel capacity will add to the ability to serve these inland points more frequently and with a reduced transit time.

Furthermore, as the exhibits indicate, the Atlantic and Gulf Coast ports are very competitive on the Singapore and Nhava Sheva trade lanes, and as more services are deployed through the Suez Canal, it is likely that trade will move towards all-water routings. In addition, with respect to all-water services, the Suez Canal routing is more competitive than the Panama Canal routing for cargo originating from Singapore and points south and west.

**Exhibit 20: Least Cost Routing To Serve Key Inland Points- Hong Kong Routing
Cost per Container Move**

| Port | Hong Kong to: | | | | |
|---------------|---------------|---------|---------|----------|-----------|
| | Chicago | Atlanta | Dallas | Columbus | St. Louis |
| LA | \$4,582 | \$5,477 | \$4,909 | \$5,118 | \$4,578 |
| Seattle | \$4,093 | \$4,779 | \$5,433 | \$4,847 | \$4,478 |
| New York | \$4,825 | \$4,923 | \$5,836 | \$4,559 | \$4,766 |
| Baltimore | \$4,529 | \$4,856 | \$5,772 | \$4,242 | \$4,519 |
| Savannah | \$4,858 | \$4,001 | \$5,769 | \$4,791 | \$5,052 |
| Houston | \$4,961 | \$5,639 | \$4,497 | \$5,639 | \$4,880 |
| Prince Rupert | \$5,159 | NA | NA | NA | NA |

Exhibit 21: Least Cost Routing To Serve Key Inland Points- Singapore Routing Cost Per Container Move

| Port | Singapore to: | | | | |
|---------------|---------------|---------|---------|----------|-----------|
| | Chicago | Atlanta | Dallas | Columbus | St. Louis |
| LA | \$4,938 | \$5,833 | \$5,265 | \$5,474 | \$4,934 |
| Seattle | \$4,510 | \$5,196 | \$5,850 | \$5,264 | \$4,895 |
| New York | \$4,438 | \$4,536 | \$5,449 | \$4,172 | \$4,379 |
| Baltimore | \$4,215 | \$4,542 | \$5,458 | \$3,928 | \$4,205 |
| Savannah | \$4,669 | \$3,812 | \$5,580 | \$4,602 | \$4,863 |
| Houston | \$5,035 | \$5,713 | \$4,571 | \$5,713 | \$4,954 |
| Prince Rupert | \$5,576 | NA | NA | NA | NA |

Exhibit 22: Least Cost Routing To Serve Key Inland Points- Nhava Sheva Routing Cost Per Container Move

| Port | Nhava Sheva to: | | | | |
|---------------|-----------------|---------|---------|----------|-----------|
| | Chicago | Atlanta | Dallas | Columbus | St. Louis |
| LA | \$5,627 | \$6,522 | \$5,954 | \$6,163 | \$5,623 |
| Seattle | \$5,198 | \$5,884 | \$6,538 | \$5,952 | \$5,583 |
| New York | \$3,979 | \$4,077 | \$4,990 | \$3,713 | \$3,920 |
| Baltimore | \$3,757 | \$4,084 | \$5,000 | \$3,470 | \$3,747 |
| Savannah | \$4,211 | \$3,354 | \$5,122 | \$4,144 | \$4,405 |
| Houston | \$4,577 | \$5,255 | \$4,113 | \$5,255 | \$4,496 |
| Prince Rupert | \$6,265 | NA | NA | NA | NA |

It is important to emphasize that within the logistics cost chain, the port sector can only control one element of the cost chain – the port and terminal charges. It is to be emphasized that the terminal charges at the West Coast ports are significantly higher than those on the East and Gulf Coasts. For example, an average West Coast terminal/port charge per container (including infrastructure fees, stevedoring and terminal fees, assessments, port charges, towing and pilotage) averages between \$320 and \$420 per move compared to an average box rate of \$240 for the Atlantic Coast port range. This differential also reflects the fact that an average ship production rate is about 25-28 moves per gang hour on the West Coast compared to 35-42 moves per gang hour on the Atlantic and Gulf Coasts.

**ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD
THREATEN GROWTH**

As depicted by the logistics cost analysis, the total logistics cost of using West Coast ports versus Atlantic and Gulf Coast ports to serve these inland points is very competitive with the cost of using the all-water services. Any increases in terminal charges would have competitive cost impact, putting at further risk the intermodal cargo moving via the West Coast ports. The impact of increases in terminal charges are more critical on trade moving via the Suez Canal from sources such as India, Vietnam and Cambodia, all areas identified as growing supply sources for the U.S.

ASSESSMENT OF THE ECONOMIC IMPACT OF A WEST COAST PORT SHUTDOWN

Because of the demonstrated importance of the West Coast ports to the United States economy, it is critical that port operations continue uninterrupted. Operational interruptions at the ports will have a magnified impact throughout the United States economy. This magnification of nationwide impacts of a port shutdown became a reality on September 29, 2002 when the West Coast ports were shut down for an 11-day period.

Impact of the 2002 West Coast Port Shutdown

The 11-day port shutdown demonstrates the importance of the West Coast ports to the U.S. economy. Martin Associates quantified the economic impact of that shutdown in 2002. To quantify the economic impacts of the 11-day lockout, Martin Associates conducted more than 200 interviews with terminal operators, ocean carriers, and importers and exporters using West Coast ports. In addition, Martin Associates conducted extensive literature searches to identify the impacts to key import and export sectors of the United States.

The disruption of port operations had a cumulative effect not only on the port industry and its employees, but also on exporters and importers, as well as the entire transportation infrastructure and supply chain of the United States. The impacts spread throughout the nation as follows. Initially, the ocean carriers could not discharge the cargo for the 11-day period the ports were closed. During this time, the ocean carriers incurred operating costs while at anchor, including crew costs, fuel costs and insurance costs. Furthermore, during this time, the carriers could not transport cargo and, hence, did not receive additional revenue. Due to the congestion at the container terminals and the backlogs that occurred during this time, the majority of the container vessels actually missed an entire voyage rotation. After the 11-day delay, the container vessels experienced an average loss of 25 days on their schedule. During this time, daily operating costs continued to be incurred and the vessels lost the additional 25 days of revenue potential. One option for the carriers was to re-route the cargo through alternative ports, including ports in the Pacific Northwest, Mexico, Canada and the U.S. East Coast. As a result of the re-routing, additional charges were incurred by the importers to move their containers back to the ports where the boxes were originally scheduled for discharge from the ship, as well as to move the cargo to the final inland destination. This not only resulted in increased transportation costs, but also in increased transit times that added to the delays experienced by the importers and exporters.

The next wave of impacts occurred at the marine terminals, as daily operations ceased. Wages and revenue earned by the truckers, longshoremen, CFS operators, warehousemen, tugs, pilots, etc. were lost for the 11-days. However, the

fixed operating costs to the terminal operators continued to be incurred, without any offsetting revenue. Interviews with the terminal operators were used to develop a daily cost per container. The container terminal operators experienced growing congestion. Terminal capacity was stretched, as boxes traditionally using chassis were grounded.

After the 11-day shutdown, congestion continued to mount at the terminals, and equipment shortages became acute. Due to yard congestion, overall costs of operations increased per box per day, as productivity was impaired. Ship load and discharge productivity also was reduced due to the yard congestion, falling about 20% from normal vessel operation productivity. These conditions persisted from 5 to 7 weeks after the shutdown.

In addition to the yard costs, the trucking industry was very hard hit. Truck retrieval of containers from the yard was very slow, and truckers' income, which is based on loads moved per day to and from the port, was severely impacted. Truck turn time in the ports more than tripled during the 5 to 7 week recovery period, thereby reducing the number of truck trips per driver to the yard to 1 per day, if that.

A large number of freight consolidators were shut down during the work stoppage. After the ports reopened, consolidators needed to find additional storage capacity for the surge in boxes, which resulted in increased drayage costs to distant container yards, increased storage costs and gate costs, as well as delays in receiving cargo from the terminals. Additional delays were passed on to the importers and exporters, or carried by the consolidators.

The intermodal trains serving the West Coast ports were halted during this time period. Equipment associated with these trains incurred demurrage and locomotives were reassigned to other areas. Domestic users of marine equipment for repositioning moves experienced equipment shortages as the work stoppage continued. Based on discussions with railroad scheduling officials, it was necessary to find rail siding throughout the nation's rail system to store about 150 miles of double stack rail cars. The railroads imposed an embargo on westbound containers and grain in order to minimize congestion at the ports. After the ports reopened, the railroads instituted a quota system to allocate rail cars to ports. One major railroad reported a **daily cost** of the shut down at between \$4 and \$5 million in terms of lost operating revenue and direct costs.

Finally, importers and exporters using the West Coast ports were impacted in several ways. Interviews with the major importers and exporters in key industry sectors were conducted to assess these impacts. The impacts range from lost sales to increased inventory carrying costs, to increased use of air cargo at a much higher freight rate. The magnitudes of the impacts are quite staggering. The importers and exporters indicated that, on average, shipments were delayed from three to four

weeks after the 11-day shutdown. Furthermore, a large number of retailers indicated that inventories were increased during the summer months in anticipation of a port shutdown in the fall. While this stockpiling of inventory minimized the impacts on lost sales during the holidays, it resulted in substantial inventory carrying costs for the retailers. It was estimated that inventory carrying costs represented about 10% of the daily value of the cargo. In general, the research indicated that about 10% of import values were lost during the 11-day period.

Within the retail sector, toys, apparel and electronics were hardest hit. Based on the interviews, many retailers used air freight during this time at rates in excess of 15 times the level of ocean freight. Those retailers that diverted cargo to East Coast ports paid nearly a 50% rate premium to divert to the East Coast. Importers of apparel were especially impacted as contracts were canceled or honored at reduced rates due to the missing of deadlines. On average, it was estimated that about 10% of the key import cargo such as apparel, shoes and electronics used air cargo during the 11-day shutdown. Another 2% of daily imports during the 11-day shutdown were diverted to East Coast ports.

With respect to manufacturing, auto production was particularly impacted. The NUMMI plant (Toyota-GM joint venture facility in Fremont, CA) closed temporarily during the shutdown and this, in turn, led to the closing of an auto parts manufacturer plant that supports this operation. Other auto plant closings were reported by Honda Motor Company and Mitsubishi Motors Corporation. For example, the Honda plant in Lincoln, AL that produces 650 Odyssey vans and V-6 engines per day stopped operations for three days while the Mitsubishi plant in Illinois halted production for several days.

On the export side, the nation's agricultural sector was most impacted. The West Coast ports are critical for the export of frozen beef, as more than 80% of all U.S. frozen beef exports move via the West Coast ports. The West Coast ports also handle 80% of U.S. hides and skins exports, 80% of frozen French fries exports, and 70% of U.S. pork exports. Grain is the key bulk agricultural export moving from the West Coast ports, particularly the Pacific Northwest ports. The more than 20 million tons of grain that was exported via the West Coast ports in 2002 supported nearly 60,000 direct, indirect and induced jobs in the U.S. economy. Interviews with grain exporters and meat export associations, as well as with producers, identified the impacts in this sector ranged from a 5% loss in market share (a \$135 million loss) for U.S. grain exported from the Pacific Rim to increased refrigeration charges due to the delay in the meat exports.

Importers of fresh fruits were likewise impacted, with loss in sales of bananas due to the shutdown estimated in excess of \$1 million.

It was very difficult for many importers and exporters to provide precise dollar impacts of the West Coast port shutdown since it was difficult to isolate these

impacts from those generated by the weak economy. Nevertheless, it was possible to develop an estimate of the lost economic impacts as the result of the shutdown. It is to be emphasized that not only did the shutdown impact the importers and exporters directly, but the shutdown also impacted supporting industries in the U.S. economy, as well.

To estimate the impact on the importers and exporters, Martin Associates developed a port user model to translate the value of specific imports and exports by 4-digit commodity code into direct jobs, wage and salary income and revenue. The Bureau of Economic Analysis' Regional Input-Output Modeling System (RIMS II) was then used to estimate the indirect impacts in supplying firms (to the importers and exporters). Martin Associates next developed a set of impact measures based on the interviews that were then used to estimate the economic impact of the 11-day work shutdown.

Based on the above described analysis, the total cost of the actual shutdown was estimated at \$15.6 billion.

Assessment of the Potential Economic Impacts of a 5-Day, 11-Day and a 20-Day Port Shutdown

As noted, since 2002, the demand for West Coast ports has become more elastic, as driven by the increased all-water Asian services at Atlantic and Gulf Coast ports, the growth in distribution centers served by Atlantic and Gulf Coast ports, and the investment in terminal capacity by the Atlantic and Gulf Coast ports.

However, there still remain limited alternatives for the ocean carriers to re-route cargo in the event of an unannounced port shutdown due to size restrictions of the Panama Canal to accommodate the larger container vessels operating on the Trans-Pacific routings, as well as to the uncertainty of the duration of a shutdown and the disruptions on sailing schedules that would occur should vessel re-routings take place. Therefore, should an unannounced shutdown occur, the vessels would most likely remain at anchorage in the ports' harbors, or slow steam in transit to the West Coast (not diverting to another trade lane). While at anchor, the vessels will be incurring operating costs (crew cost, fuel, insurances, etc.), but will not be generating any revenue. At the same time, eastbound cargo will begin to accumulate on the docks in Asia, which can be expected to impact the Asian supply chain, further exacerbating the economic problems in this region. Due to the fact that most vessels are sailing at near capacity on the eastbound leg, it is unlikely that the cargo accumulating in Asia can be accommodated on future vessels, and this cargo could, in fact, be lost from the system. In fact, a work stoppage of a 5-day duration will likely result in the entire loss of one week's vessel capacity in the Trans-Pacific trade. As the duration of the work stoppage increases from 5 to 20 days, it becomes more unlikely that the loss in vessel capacity can be regained throughout the year. Therefore, under a 20-day work stoppage it is estimated that 10 days' worth of

imported cargo will be lost from the system, representing a direct loss in revenue to ocean carriers and a direct loss in sales for importers. For exporters, the westbound capacity is not fully utilized, and it is assumed that Trans-Pacific containerized exports will not be lost from the system, but will only experience delays. However, the cost of these delays will result in increased inventory carrying costs to United States exporters.

At the terminal, daily operations will cease. Wages and revenue earned by the truckers, longshoremen, CFS operators, warehousemen, tugs, pilots, etc. will be lost. However, the fixed operating costs to the terminal operators will continue to be incurred, without any offsetting revenue.

Freight consolidators will be shut down during the work stoppage and the 55 intermodal trains serving the West Coast ports will be halted. Equipment associated with these trains may incur demurrage and locomotives will be reassigned to other areas. To the extent that the international equipment is removed from the rail system, the railroads will lose revenue (since the cars are not employed), and domestic users of marine equipment for repositioning moves could experience equipment shortages as the work stoppage duration increases. Based on discussions with railroad scheduling officials, if the ports close, it will be necessary to find rail siding throughout the nation's rail system to store about 300 miles of double stack rail cars. As the duration of the work stoppage increases, the loss of these cars from the system could result in delays over the entire national railway system, hence, resulting in delay times to domestic rail shippers.

Finally, the importers and exporters will be impacted in terms of the supply chain. For flow freight (cargo that is seasonal or associated with advertised sales), the work stoppage, even for 5 days, could result in a direct loss in sales, or the need to "fire-sell" the seasonal items. For producers working under just-in-time inventory, a work stoppage of more than 10 days could result in plant shut downs, as actually occurred in 2002. For exporters of perishable goods, air service might be the only, albeit costly, alternative.

For those importers of staple stock (commodities with a longer shelf life compared to seasonal items), the work stoppages will result in inventory carrying cost increases, since the importers cannot receive the revenue for the sale of the items, and hence cannot use the sales revenue for other purchases or investments. As the slowdown continues with the importers and exporters, the suppliers of goods and services to the importers and exporters will also become impacted. Under a work stoppage of 10 days, it is assumed that 10 percent of the daily containerized imports will be lost from the system, resulting in a direct loss in sales revenue. With a 20 day work stoppage, it is assumed 20 percent of the daily containerized imports will be lost from the system. The lost sales of the imported commodities will have a ripple effect throughout the nation's retail support sector, creating negative impacts in such support activity as local warehousing and distribution, advertising,

wholesale activity and packaging. Containerized exports will not likely be lost from the system even after a 20- day work stoppage, since the utilization on the westbound leg to Asia is less than 100%, and the empty boxes moving in the westbound direction will be utilized to handle the delayed export cargo. As a result, exporters will experience an increase in inventory carrying costs.

The supply system impacts will become even more problematic after the work stoppage is ended, since the ports will be flooded with the cargo previously waiting for discharge. Terminal capacity will be stretched, as boxes traditionally using chassis will require grounding to increase terminal storage capacity; costs will thus be incurred. Truckers delivering and picking-up containers will face delays, which will further increase trucking costs as congestion within the terminal and at the gates will occur. Thus, the initial work stoppages will create additional delays as congestion at the terminal continues.

Consolidators will need to find additional storage capacity for the surge in boxes, which will result in increased drayage costs to distant container yards, increased storage costs and gate costs, as well as delays in receiving cargo from the terminals. Additional delays will be passed on to the importers and exporters. Interviews with terminal operators and consolidators indicated that experience suggests that for every one day of port closure, another day of delay will occur due to the congestion. Thus, a 5- day work stoppage will result in another 5 days of delay to clear out the terminal, and a 20- day work stoppage will create another 20 days of delays in the distribution system.

As this narrative highlights, a work stoppage of only a few days will have magnified impact throughout the entire distribution and production sectors of the economy, and the impact will increase, the longer the duration of the work stoppage.

The West Coast baseline economic impact models developed for 2013 were used to quantify the potential impact of containerized cargo handled at West Coast ports. Using the new baseline impacts, and adjusting the work stoppage model developed by Martin Associates in 2002 and again in 2008, it is possible to quantify the potential impact of various work stoppages under a 5- and 20- day duration, as well as the impacts that would occur should the shutdown reflect the 2002 actual West Coast port shutdown duration of 11 days. As expected due to a more elastic demand for the West Coast ports compared to 2002, the estimated impacts associated with the similar number of shutdown days are lower than was the case in 2002.

Exhibit 23 presents the projected impact under a 5- day, 11- day and 20- day port shutdown. The impact of the work stoppage increases as the duration of the interruption increases. If the work stoppage only lasts 5 days, the impact to the national economy is estimated at \$3.4 billion, or about \$688 million per day. Under

ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH

the 5 day work stoppage scenario, 814,000 person hours will be impacted. If the duration of the work stoppage increases to 11 days as was the situation in 2002, the national economic impact increases to \$12.6 billion, or a lost economic impact of about \$1.1 billion per day. With a work stoppage of 11 days, 44.4 million person hours are likely to be impacted. By the time the duration of the work stoppage increases to 20 days, the cost to the United States economy is estimated at \$40.9 billion, or \$2 billion per day. Under a work stoppage of 20 days in duration, nearly 92 million person hours will be impacted.

Exhibit 23: Projected Economic Impacts of a West Coast Port Shutdown Under Varying Duration Scenarios

| Impact Duration | 5 Days | 11 Days | 20 Days |
|-------------------------------------|------------------------|-------------------------|-------------------------|
| Total Economic Impact | \$3,441,947,789 | \$12,558,166,503 | \$40,861,602,810 |
| Impact Per Day | \$688,389,558 | \$1,141,651,500 | \$2,043,080,141 |
| Port Service Providers | | | |
| Net Port Revenue | \$649,105 | \$1,428,031 | \$5,192,842 |
| Impacted Wages | \$34,615,253 | \$76,153,556 | \$276,922,023 |
| Ocean Carriers | \$179,789,912 | \$426,296,274 | \$858,970,864 |
| Terminal Operators | \$32,739,989 | \$61,671,590 | \$130,959,957 |
| Truckers/Consolidators | \$129,470,879 | \$183,531,215 | \$285,593,402 |
| Railroads | \$226,655,000 | \$497,471,000 | \$903,695,000 |
| Subtotal | \$603,920,139 | \$1,246,551,667 | \$2,461,334,088 |
| Importers/exporters | | | |
| Inventory carrying costs/Lost sales | \$2,834,384,184 | \$11,303,599,208 | \$38,371,120,986 |
| Tax Impact | | | |
| Port Service Sector | \$3,643,467 | \$8,015,627 | \$29,147,736 |
| Subtotal | \$3,643,467 | \$8,015,627 | \$29,147,736 |
| Job Impact | | | |
| Person hours | 814,008.56 | 44,340,391.32 | 91,611,213.46 |

It is to be emphasized that as the duration of the work stoppage approaches and exceeds 30 days, structural shifts will likely begin. For example, Asian consumers of United States exports will likely begin to look for new supply sources, resulting in a loss of exports from the United States, which will have a strong multiplier effect throughout the entire economy. Costs of production for U.S. firms dependent on imported raw materials will increase due to delays, and those firms dependent on a steady flow of imported inventory will now have depleted stockpiles, and production line shutdowns in the United States and Asia will be likely. The spin-off effects of these production line shutdowns in the United States will be magnified throughout the entire national economy, and the impact on the Asian export industries would likely be translated into a negative world financial market reaction.

Equally important is the longer term impact of a West Coast port shutdown on the future cargo throughput and market share of the West Coast ports. As demonstrated in this report, the West Coast ports have lost market share over the past 15 years, and specifically since 2002. More specifically, the loss of market

share of the West Coast ports was concentrated at the San Pedro Bay ports. In 2002, the San Pedro Bay ports handled 39% of the total U.S. imported containerized tonnage. This share had fallen to about 32% in 2013. This loss of market share was not evident for the Northern California nor the Pacific Northwest port ranges, as these port ranges maintained their market share between 2002 and 2013.

Long Term Potential Structural Impact of a 2014 Port Shutdown

The importance of the loss of market share, and further the concentration of this loss in the San Pedro Region, is underscored by the economic importance of the San Pedro Bay ports to the California economy, and further the economic impact of the discretionary cargo that is at risk as the result of a structural change. This discretionary cargo moves out of the Los Angeles/Long Beach region, typically to areas throughout the United States. This cargo moves directly in marine containers by rail to points such as Chicago, Atlanta, St. Louis, Columbus and Memphis, and also in 53 foot domestic trailers by truck and rail. For this latter move of discretionary cargo in domestic 53 foot trailers, the marine containers are stripped at the port facilities and the cargo is transloaded into the 53 foot domestic containers to achieve better shipping economies. Transloading is most prominent for lighter cargo such as apparel, furniture and toys that tend to “cube-out” a marine container rather than “weight-out” the container. Hence, the 53 foot containers allow for a greater utilization of space for the lighter cargo than a 40 foot marine container.

The ports of Los Angeles and Long Beach have a significant economic impact on the California economy. In 2013, it is estimated that the San Pedro Bay ports supported nearly 166,300 direct, induced and indirect jobs and the majority of these jobs are mostly held by residents of the Los Angeles/Long Beach community. The Port activity creates nearly \$1.5 billion in state and local taxes and \$2.3 million in federal taxes. The economic value of this port complex accounts for nearly 34% of the total \$2 trillion Gross State Product for the State of California. In addition nearly, 3 million jobs with California importers and exporters are related to the activity of the ports of Los Angeles and Long Beach in 2013. The annual economic impact of these ports is summarized in Exhibit 24.

**Exhibit 24: Annual Economic Impacts of the San Pedro Bay Ports to the
California Economy, 2013**

| Impact Categories | Impact of San Pedro Bay Ports on the California Economy |
|-------------------------------|--|
| Jobs | |
| Direct | 69,063 |
| Induced | 73,266 |
| Indirect | <u>23,966</u> |
| Total | 166,295 |
| Income (1,000) | \$3,406,892 |
| Re-spending/Local Consumption | \$8,286,242 |
| Indirect | <u>\$1,294,383</u> |
| Total | \$12,987,516 |
| Direct Revenue (1,000) | \$15,920,425 |
| Purchases (1,000) | \$3,095,973 |
| State/Local Taxes (1,000) | \$1,454,602 |
| Federal Taxes | \$2,311,778 |
| User Impacts | |
| Jobs | 2,977,315 |
| Income (1,000) | \$119,092,601 |
| Output (1,000) | \$665,450,285 |
| State/Local Taxes (1,000) | \$13,338,371 |
| Federal Taxes (1,000) | \$21,198,483 |

ECONOMIC IMPACT AND COMPETITIVENESS OF THE WEST COAST PORTS AND FACTORS THAT COULD THREATEN GROWTH

To further underscore the potential long term impact of a work-stoppage, the annual economic impacts on the state of California of only the discretionary containerized cargo handled at the ports of Los Angeles and Long Beach were estimated. It is a portion of this state-wide impact that is at risk should a work stoppage in 2014 occur, and result in further erosion of market share and cargo throughput at the San Pedro Bay ports. In 2014, the discretionary cargo supported nearly 54,000 direct, induced and indirect jobs in the California economy, the majority of which were residents of the Los Angeles/Long Beach area. In addition, the discretionary containerized cargo at the San Pedro Bay ports supported 2.9 million jobs with users of the port complex, and these jobs are held by residents throughout other states (excluding California). These jobs would also be at risk, as the logistics costs of the current out of state users of the San Pedro Bay ports would increase should the discretionary cargo be diverted to other Atlantic and Gulf Coast ports in the longer term.

Exhibit 25: Annual Economic Impact of Discretionary Containerized Cargo at San Pedro Bay Ports, 2013

| Impact Categories | Economic Impact of Discretionary Cargo at San Pedro Bay Ports on the California Economy |
|-------------------------------|--|
| Jobs | |
| Direct | 22,087 |
| Induced | 24,293 |
| Indirect | <u>7,524</u> |
| Total | 53,904 |
| Income (1,000) | |
| Direct | \$1,151,239 |
| Re-spending/Local Consumption | \$2,800,044 |
| Indirect | <u>\$413,967</u> |
| Total | \$4,365,251 |
| Direct Revenue (1,000) | \$10,537,938 |
| Purchases (1,000) | \$990,148 |
| State/Local Taxes (1,000) | \$488,908 |
| Federal Taxes (1,000) | \$87,026 |
| Related Impacts at US Level | |
| Jobs | 2,852,948 |
| Income (1,000) | \$114,117,938 |
| Output (1,000) | \$737,111,343 |
| State/Local Taxes (1,000) | \$12,781,209 |
| Federal Taxes (1,000) | \$20,312,993 |

It is to be emphasized that the impact of discretionary cargo at the West Coast ports is used to demonstrate the economic importance of this type of cargo to the California and Washington state economies. Long term market share loss due to a work shutdown would result in a loss of a portion of the annual impact of discretionary cargo. While it is not possible to predict the potential market share loss due to a potential shutdown, it is possible to estimate the cost of the loss in market share that occurred at the San Pedro Bay ports between 2002 and 2013. In 2002, the San Pedro Bay ports handled about 40% of total imported containerized tonnage, and by 2013, this share fell to 33%. If the San Pedro Bay ports of Los Angeles and Long Beach had maintained that 40% share in 2013, these ports would have handled an additional 566,000 container moves. This market share loss cost the California economy about 12,300 direct, induced and indirect jobs in 2013, along with a loss of \$112.5 million in state and local tax impacts.

In addition to the impact of a port shutdown on market share, these impacts, as well as the impacts of all discretionary cargo at West Coast ports, are also at risk due to increases in terminal charges at the West Coast ports that would result in a loss of competitive logistics position with respect to the Atlantic and Gulf Coast ports, as well as the Mexican and Canadian ports.

The importance of discretionary containerized cargo at the Washington and California ports, which is in turn dependent on the ability of the West Coast ports to provide a logistics cost advantage over competing port ranges is presented in Exhibit 26. Should terminal charges be increased as the result of the 2014 contract negotiations, a portion of these impacts of discretionary cargo to the states of California and Washington would be at risk. As demonstrated in this report, other factors are in play to reduce the competitive position of the West Coast ports, and a combination of a shutdown and increases in terminal charges could have long-lasting impacts on the economies in which these ports are located.

Exhibit 26: Economic Impacts of Discretionary Containerized Cargo at West Coast Ports, Annual State-Wide Impacts

| Impact Categories | Economic Impact of Discretionary Cargo at California Ports on the California Economy | Economic Impact of Discretionary Cargo at Washington Ports on the Washington Economy | Impacts of Discretionary Cargo |
|-------------------------------|--|--|--------------------------------|
| Jobs | | | |
| Direct | 24,534 | 6,476 | 31,010 |
| Induced | 26,750 | 6,285 | 33,035 |
| Indirect | 8,624 | 1,843 | 10,467 |
| Total | 59,908 | 14,604 | 74,512 |
| Income (1,000) | | | |
| Direct | \$1,293,587 | \$405,745 | \$1,699,332 |
| Re-spending/Local Consumption | \$3,146,262 | \$891,829 | \$4,038,091 |
| Indirect | \$482,494 | \$94,404 | \$576,898 |
| Total | \$4,922,344 | \$1,391,978 | \$6,314,322 |
| Direct Revenue (1,000) | \$10,923,649 | \$2,917,420 | \$13,841,069 |
| Purchases (1,000) | \$1,094,095.49 | \$228,653 | \$1,322,748 |
| State/Local Taxes (1,000) | \$551,302 | \$126,670 | \$677,972 |
| Federal Taxes (1,000) | \$98,132 | \$247,772 | \$345,904 |
| Related Impacts at US Level | | | |
| Jobs | 2,936,195 | 684,850 | 3,621,045 |
| Income (1,000) | \$117,356,237 | \$27,393,994 | \$144,750,231 |
| Output (1,000) | \$748,863,933 | \$145,832,432 | \$894,696,365 |
| State/Local Taxes (1,000) | \$13,143,899 | \$2,492,854 | \$15,636,752 |
| Federal Taxes (1,000) | \$20,889,410 | \$4,876,131 | \$25,765,541 |

In 2013, about 75,000 direct, induced and indirect jobs in the states of California and Washington are estimated to be dependent on discretionary containerized cargo moving over the West Coast container terminals. This discretionary containerized cargo also supports 3.6 million jobs with importers and exporters throughout the U.S. (excluding importers and exporters located in Washington and California) that use the West Coast ports for containerized cargo imports and exports. Should terminal charges increase after the 2014 contract negotiations, and the West Coast ports lose competitive position via other port ranges, these direct, induced and indirect impacts are at risk in the West Coast states, and the importers and exporters located in other states and employing 3.6 million Americans will be subject to higher logistics costs, with potential longer

term impacts on the competitive position of these importers and exporters in the world economy.

Summary

As demonstrated in this white paper, the West Coast ports are a critical economic engine for the U.S. economy. Furthermore, the port activity at the West Coast ports represents a significant economic impact to the states in which they are located in terms of job creation and economic value. Any disruption in the operation of these ports would have a significant impact, not only nationally, but on the individual states in which they are located. Furthermore, should terminal charges at the West Coast ports increase as the result of the contract negotiations in 2014, the competitive logistics position of the West Coast ports will be eroded, further resulting in potential job loss, and/or reduced job growth at West Coast ports. Because of the importance of the ports of Los Angeles and Long Beach to the Southern California economy, work stoppages and/or the loss in competitive logistics pricing to reach inland consumption and production markets will have a magnified impact on this region.

“The Future of Automated Ports” by McKinsey & Company (December 2018)

The future of automated ports

The challenges are significant, but careful planning and implementation can surmount them.

Fox Chu, Sven Gailus, Lisa Liu, and Liumin Ni



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Executive summary

Although ports have adopted automation more slowly than comparable sectors, notably mining and warehousing, the pace is now starting to accelerate. Automated ports are safer than conventional ones. The number of human-related disruptions falls, and performance becomes more predictable. Yet the up-front capital expenditures are quite high, and the operational challenges—a shortage of capabilities, poor data, siloed operations, and difficulty handling exceptions—are very significant. A McKinsey survey indicates that while operating expenses decline, so does productivity, and the returns on invested capital are currently lower than the industry norm.

Nonetheless, successful automated ports show that careful planning and management can surmount these difficulties: operating expenses could fall by 25 to 55 percent and productivity could rise by 10 to 35 percent. And in the long run, these investments will lead the way toward a new paradigm—call it Port 4.0—the shift from asset operator to service orchestrator, part of a larger transition to Industry 4.0, or digitally enabled efficiency gains throughout the world economy. Port 4.0 will generate more value for port operators, suppliers, and customers alike, but that value isn't proportionally distributed across ports and their ecosystems. Innovative business models and forms of collaboration will be required to realize this vision.

The difficult economics of port automation

The first automated container port was developed in Europe in the early 1990s. Since then, many ports—more than 20 in the past six years—have installed equipment to automate at least some of the processes in their terminals (see sidebar, “What is port automation?”). Almost 40 partly or fully automated ports now do business in various parts of the world, and the best estimates suggest that at least \$10 billion has been invested in such projects.¹ The momentum will probably accelerate: an additional \$10 billion to \$15 billion is expected over the next five years.

On the face of it, container ports seem ideal places to automate. The physical environment is structured and predictable. Many activities are repetitive and straightforward. They generate vast amounts of readily collected and processed data.² Better still, the value from automation includes not only cost savings but also performance and safety gains for ports and the companies that do business there.

Nonetheless, ports are moving more slowly than sectors with comparable complexities (Exhibit 1), in part because the economics of automating them haven't lived up to expectations. In the mining sector, which is also process driven and asset intensive, some early movers in automation have improved costs and productivity by 20 to 40 percent. In the warehousing business, the improvements have been estimated at 10 to 30 percent. Manufacturers of cars and trucks have also successfully automated complex processes, and some of the equipment they use, such as automated guided vehicles and materials-handling robots, are highly relevant for ports.

Yet our recent survey of industry leaders indicates that the real-world performance of most automated ports doesn't increase sufficiently in every material way. Safety improves, the number of human-related disruptions (such as shift changes) falls significantly, and performance becomes more predictable. But practitioners responding to the survey think that these ports, especially fully automated ones, are generally less productive than their conventional counterparts. The return on invested capital of assets at some automated ports is falling short by up to one percentage point from the industry norm of about 8 percent.












What the research shows

To determine the current status and future outlook of container-terminal automation in the port sector, McKinsey hosted a forum together with the Shanghai International Port Group and conducted a survey in 2017, just before the Port of Shanghai

Exhibit 1

Container ports face complexities comparable to those of other industries that have already begun to automate.

 Warehousing  Mining  Chemical plants

| | Customer | Process | Location | Asset intensity | Labor |
|---|--|---|---|---|---|
| Characteristics of port sector | Customer requirements change dynamically, in parallel to execution of operations | Massive transactions involve repetitive process steps in service delivery | Planning and execution locations can be different | Asset-intensive operations involve heavy machinery central to automation system | Involves considerable portion of field labor in the workforce |
| Implications for automation complexities | <ul style="list-style-type: none"> • Data integration • Quick response | <ul style="list-style-type: none"> • Process standardization • Governed human intervention | <ul style="list-style-type: none"> • Connected assets • Connectivity (especially in remote locations) | <ul style="list-style-type: none"> • Integration of equipment in entire automated system | <ul style="list-style-type: none"> • Human-machine interface • Human reaction (especially in problem resolution) |
| Comparable industries |  |    |    |    |   |

rolled out a fully automated terminal. We collected the responses of more than 40 participants from leading practitioners in the top ports of China, Europe, the Middle East, Singapore, and the United States; global suppliers of automation equipment and software; and experts from academia, port asset-management firms, and shipping companies. More than three-quarters of the participants were senior executives or high-level managers.

The survey clearly showed that automation has become a trend. Eighty percent of the respondents expect that in the next five years, at least half of all greenfield port projects will be semi- or fully automated. Thirty-five percent believe that the proportion of automated ports will rise above seven in ten.³ Brownfield projects—the total or partial conversion of existing conventional ports—will probably gain momentum soon: more than half of the participants expect at least 50 percent of the top 50 ports to initiate retrofitting plans or to add automated equipment during the next five years.

But the survey also clearly showed that the return on investment from port automation demands attention from port operators and investors alike. Up-front capital outlays are high. We estimate that to justify these investments, the operating expenses of an automated greenfield terminal would have to be 25 percent lower than those of a conventional one or productivity would have to rise by 30 percent while operating expenses fell by 10 percent.⁴

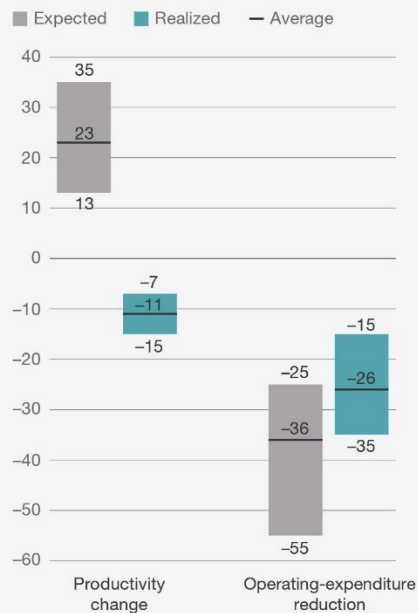
The respondents to McKinsey's survey expect automation to cut operating expenses by 25 to 55 percent and to raise productivity by 10 to 35 percent, in line with our estimates of what might be possible. But today these expectations generally aren't realized, especially in fully automated projects.⁵ Our survey indicates that operating expenses at automated ports do indeed fall, but only by 15 to 35 percent (Exhibit 2). Worse, productivity actually falls, by 7 to 15 percent. An executive of a global port operator told us, for example, that at fully automated terminals,

the average number of gross moves per hour for quay cranes—a key indicator of productivity—is in the low 20s. At many conventional terminals, it is in the high 30s. With numbers like these, automation can't overcome the burden of the up-front capital expenditures.

Exhibit 2

Automation currently may not reduce operating expenses or increase productivity as much as expected.

Impact comparison of fully automated greenfield terminal vs conventional terminal, %



Source: Expert interviews; McKinsey Container Terminal Automation Survey, 2017

Barriers and solutions

Responses to our survey suggest that the major barriers (in descending order of importance) are capabilities, data quality, siloed operations, and the handling of exceptions.

A shortage of capabilities

Respondents who had previous experience with automation say that the top problem is filling the specialized technical positions it requires (Exhibit 3); they add that even experienced engineers can take as long as five years to train. Many ports have apparently underestimated the challenge of acquiring the needed capabilities, especially in planning and implementation. Port and terminal operators must therefore step up their efforts to acquire talent and build these capabilities.

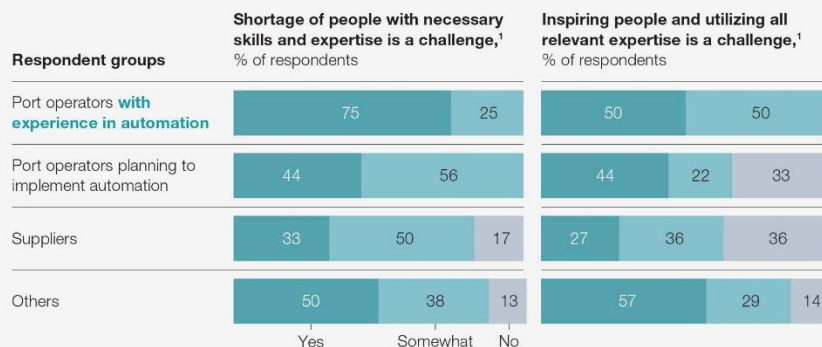
Poor data quality

Like organizations in other sectors, ports find that data silos and a lack of data standards are basic problems in automation. Many interviews with managers of port operations indicate clearly that the quality of data and the data analytics isn't sufficiently strong to run automated ports efficiently.

Why? The first reason is that the lack of a structured, transparent data pool makes it hard to monitor and diagnose the operations and performance of equipment quickly. Second, the standards, formats, and structures of the data may be misaligned or even wholly absent, so ports can't collect and exchange data efficiently.

Data-infrastructure applications have huge potential. They can help to predict and forecast demand and the arrival-and-departure patterns of container ships. They can schedule the maintenance of equipment for optimal availability, allocate equipment and frontline staff, and adjust the allocation in real time. They can also use machine intelligence to make plans ever more accurate. Standardizing data so that they can be used in

Exhibit 3 A shortage of talent for specialized technical positions is a common issue.



¹ Figures may not sum to 100%, because of rounding.

Source: Expert interviews; McKinsey Container Terminal Automation Survey, 2017

these ways will help to make ports and terminals more efficient. Ports are not only becoming more aware of this reality but are also starting to upgrade and harmonize their terminal operating systems. Nonetheless, the IT setups of most terminal operators remain fragmented.

Siloed operations

Breaking down silos between functions is always a challenge, but it is especially difficult for ports: the basic principle of automation is process orientation, which requires integration across the end-to-end terminal process chain and important interfaces. Automated ports, unlike conventional ones, can't contain problems at individual functions or process steps. They must therefore ensure close collaboration among activities ranging from marine operations to crane movements to the control of yards and gates.

Handling exceptions

Many ports find that exceptions are the greatest single challenge for raising productivity. More than

60 percent of the operators in our survey agree that when ports have large numbers of exceptions, the likely culprit is a mistaken approach to automating manual processes. Such ports skip an important step: simplifying processes before automating them. These processes therefore remain cumbersome even after they are configured by automated systems.

The way forward

No one route will take all ports to the automated future, but our knowledge of the leading automated ports has revealed general principles that others might consider.

1. **Build automation-ready capabilities.** As we have already noted, port automation shouldn't merely run old processes with new automated equipment. The first step is to redesign the operating model. Port operators should start with a blank slate as they think through every process from beginning to end, across functional silos. The redesigned processes will suggest

the necessary organizational structure and capabilities, including data, the human-machine interface, and the technical infrastructure.

2. **Set up a strong project-governance and communication plan—and execute with discipline.** Automation projects require a wide variety of capabilities in areas such as terminal operations, technical engineering, software engineering, and systems integration. A collaborative project environment is essential, and so is early input from stakeholders such as customers, shareholders, labor representatives, operations leaders, the technical team, vendors, and external experts.

Make sure to leave enough time for testing, dry runs of operations, and production trials. A normal project cycle could involve 3,000 to 5,000 incident logs that users of the terminal and the port must handle collectively, as well as months of stabilization efforts. Throughout the journey, the case for change should be communicated thoroughly, and stakeholders must be carefully managed. Remember too that the capital intensity of port automation has implications for the economics of projects and for the ongoing cost of implementation, maintenance, and operations. It therefore calls for an awareness of the total cost of ownership and for disciplined execution.

3. **Define a road map to realize value from automation.** Port concessions have timelines, so realizing the benefits of automation at a reasonable pace is important. Port executives should develop the business case for investments and support it with solid productivity, cost, and implementation targets. Then they should monitor performance to track the capture of value. A step-by-step approach will probably work better than a “big bang” push for a total transformation in one mighty blow.

4. **Build and continually refresh your technology ecosystem.** Technical functions not only support automated ports but also control the effort to improve their productivity and asset turnarounds. An appropriate portfolio of in-house and third-party technology providers balances strategic control of important competitive advantages against the need to keep up with the latest developments. The choice of technologies should reflect the business needs of the port and its customers, not the intellectual curiosity of the technical staff.

5. **Incorporate external data into your automation system.** One key benefit of automation is consistent, predictable performance. In a perfect world, machines would execute nothing except instructions. But operational variables beyond terminals—for instance, the arrival of trucks, feeders, and ships—are also important elements of performance; ships, for example, may arrive or depart significantly earlier or later than planned. An advanced automated port should factor these variables (typically available through external data) into its automation systems so it can be flexible enough to cope with changes from customers and unlock the potential of its investment in automation.

Beyond automated machinery

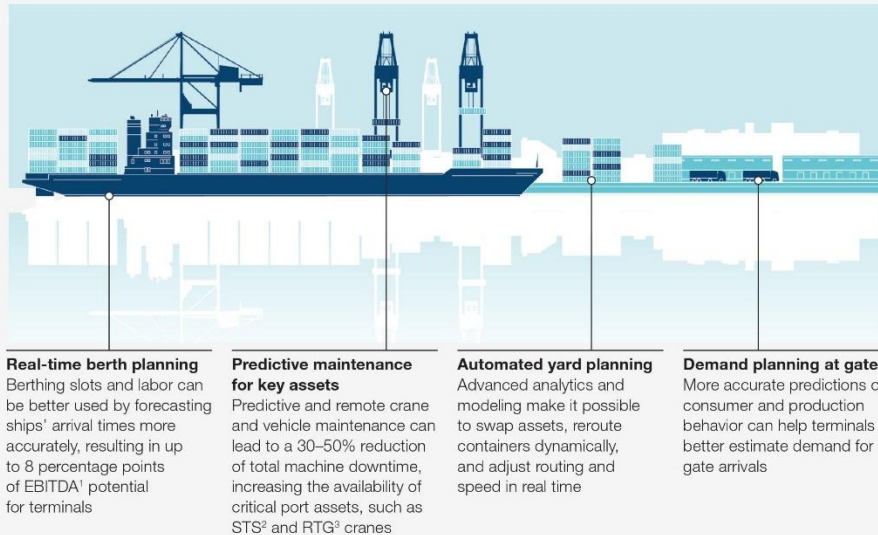
Over the years, ports have evolved through several basic models of operation. In what we call Port 1.0 (“management by hero”), they adopt individual pieces of machinery, such as yard cranes, while workers link individual process steps and direct yard operations. The process-driven operations that define Port 2.0 (“management by process”) demand a process-oriented approach: ports govern the steps of these processes through a terminal operating system, while operators make most decisions in the central control tower. Port 3.0 (“management by exception”) is a progression from Port 2.0: automated equipment and algorithms

What is port automation?

Automation has five components in ports. They can create value by implementing each component individually but will unlock the full benefit only if all five are integrated and coordinated.

1. *Automated equipment.* Typically, automation requires large up-front capital investments across functions such as ship to shore, yard operations, ground transportation, and gate automation. The technology is relatively stable and mature for many solutions, and we have seen them implemented successfully. This kind of equipment makes operations run more consistently and without downtime. Ports are starting to recognize the importance of such benefits even where low factor costs seemingly make automation hard to justify.
2. *Equipment-control systems.* The essential systems and processes that control machines and equipment make operations smoother and provide more information for decision making. Although integrating many systems and interfaces is hard, and the lack of standardization adds complexity, many ports have begun to use such applications: ports have integrated gate-operating software with advanced optical-character-recognition and camera technology, for example, to automate gate operations and to identify and route containers and trucks automatically.
3. *Terminal control tower.* The “brain” of an automated terminal comprises the terminal operating system, decision-making tools, advanced analytics, the digital platform, and interfaces to the port community and customers. The control tower coordinates and optimizes the management of the entire port; handles demand forecasting, workflow management, scheduling, optimization, monitoring, and control; gives working instructions to the equipment controls; and receives real-time feedback from them. Advanced analytics and machine learning, which can improve the performance of ports by generating better demand forecasts and optimizing operations, will enable these benefits.
4. *Human-machine interactions.* The increasing use of robots and other automated equipment makes interactions between them and humans increasingly important in ports. These interactions take many forms; technologies like augmented reality and virtual reality, for example, direct robots and automated guided vehicles. Augmented reality can also speed up complex tasks such as maintenance. Humans will soon be able to program their own experiences and judgment into these systems.
5. *Interactions with the port community.* A more seamless exchange of data and connectivity along the wider value chain—both sea side and land side—makes the system more efficient. Digitization and real-time connectivity are important for collaboration among the key stakeholders (including liners, logistics service providers, consignees, and customs officials) and for interactions with the wider port ecosystem.

Exhibit 4 Port 4.0 will be powered by artificial intelligence, optimization through advanced analytics, and dynamic scheduling.



¹ Earnings before interest, taxes, depreciation, and amortization.

² Ship to shore.

³ Rubber-tired gantry.

run and optimize processes, leaving humans to dispose of exceptions.

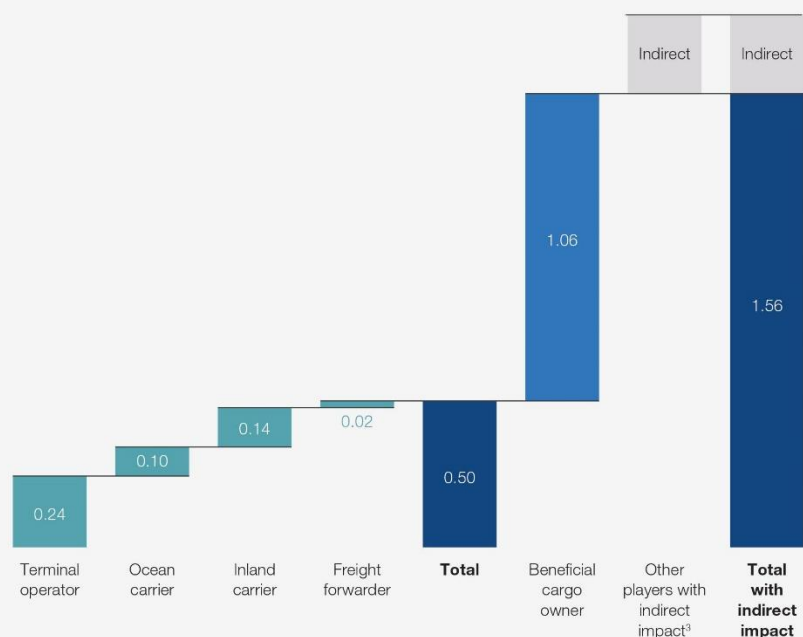
But Port 3.0 isn't the end of the story. In the model of the future, Port 4.0 ("from manage to orchestrate"), ports will enlarge their role by orchestrating physical and information flows inside and outside terminals to enhance the port ecosystem's broader, systemwide efficiency (Exhibit 4). Forward-looking ports will push toward this next horizon, beyond automation, in the coming Port 4.0 era. Every player—terminal operators, trucking companies, railroads, shippers, logistics companies, and freight

forwarders—will be connected to optimize not just the port itself but also its entire ecosystem.

The cornerstone of Port 4.0 will be automation, which—if implemented and configured appropriately—can transform ports into highly reliable and flexible logistics hubs that direct predictable physical flows and use extensive data and advanced analytics to buffer the many variables in transportation networks. Ports, now often seen as constraints in transportation networks, could then actively resolve problems in other parts of the value chain.

Exhibit 5 Port 4.0 could create more than \$1.5 billion in value for an average port and could have an impact of some \$70 billion to \$80 billion on a global scale.

Example of value creation¹ for 1 medium-size port,² by stakeholder, \$ billion



¹ Sum of revenue and cost absolute impact, rounded numbers.

² Assuming -\$1 billion in revenues for container port, 6 million–8 million twenty-foot equivalent units of import/export generated, and -\$2 trillion trade value per annum.

³ Sum of revenue and cost absolute impact, rounded numbers. The indirect impact includes customs, port authority, towage, and pilotage.

This journey from Port 1.0 to Port 3.0 has been evolutionary, but Port 4.0 requires a leap into the future and bold changes in the operating model. We estimate that for a six- to eight-million TEU⁶ port that handles both imports and exports, the value at stake from Port 4.0 might be more than \$1.5 billion a year for the port community, including terminal operators, shipping companies,

intermodal operators, freight forwarders, shippers, and consignees. Terminal operators might capture less than 20 percent of the value pool directly, and other parties in the ecosystem would claim the rest (Exhibit 5).

The sectorwide gain in efficiency is obvious. But the ports' traditional investment model, which

requires terminal operators to front-load investments, doesn't align with the distribution of value in Port 4.0. It will be essential to involve the relevant stakeholders and to develop, together with them, a new business and governance model for collaboration—a model that ties investments to the redistribution of value. Only then will Port 4.0 unlock its full potential.



The value at stake from Port 4.0 is large but not proportionally distributed across ports and their ecosystems. Realizing that value will require innovative business models and new collaboration frameworks. They won't come easily. Yet this is surely a future worth striving for. ■

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¹ Port-automation investments include basic infrastructure and automation equipment.

² For more, see "Harnessing automation for a future that works," McKinsey Global Institute, January 2017, on McKinsey.com.

³ The percentage could vary by region. In any case, the trend toward automation is consistent, particularly for high-capacity greenfield projects, which are mostly major gateway ports and transshipment hubs that must provide consistent, reliable, and uninterrupted service for large vessels.

⁴ We derived these estimates from interviews with experts and industry executives, as well as our own estimates and analysis.

⁵ Integrated quayside–yard–gate automated terminals.

⁶ Twenty-foot equivalent unit.

2014-2019 PACIFIC COAST LONGSHORE CONTRACT DOCUMENT

**PACIFIC COAST
LONGSHORE
CONTRACT
DOCUMENT
2014 - 2019**



ILWU-PMA

PACIFIC COAST LONGSHORE CONTRACT DOCUMENT

July 1, 2014 – July 1, 2019

Between

INTERNATIONAL LONGSHORE AND
WAREHOUSE UNION

and

PACIFIC MARITIME ASSOCIATION

Name _____

Port _____

Local No. ____ Reg. No. _____

Pacific Coast Longshore Contract Document

TABLE OF CONTENTS

Page

PREFACE

| | |
|------------------|---|
| Preface. | 1 |
|------------------|---|

CONTRACT SECTIONS

| | |
|---|----|
| 1 — Scope of This Contract Document and Assignment of Work to Longshoremen. . . . | 2 |
| 2 — Hours and Shifts | 13 |
| 3 — Guarantees | 19 |
| 4 — Wages | 30 |
| 5 — Holidays | 39 |
| 6 — Scheduled Day Off | 44 |
| 7 — Vacations | 44 |
| 8 — Dispatching, Registration, and Preference . . . | 51 |
| 9 — Promotions, Training, and Steady Skilled Men. | 56 |
| 10 — Organization of Gangs, Gang Sizes and Manning, and Methods of Dispatching | 59 |
| 11 — No Strikes, Lockouts, and Work Stoppages . . | 68 |
| 12 — Meetings for Registered Longshoremen. . . . | 75 |
| 13 — No Discrimination | 76 |
| 14 — Cranes. | 78 |
| 15 — Efficient Operations | 87 |
| 16 — Accident Prevention and Safety | 88 |

| | |
|--|-----|
| 17 — Joint Labor Relations Committees, Administration of Agreement, and Grievance Procedures | 90 |
| 18 — Good Faith Guarantee | 111 |
| 19 — Union Security | 111 |
| 20 — Pay Guarantee Plan, Rules, and Administration | 112 |
| 21 — Lash Barge Jurisdiction | 130 |
| 22 — Term of Agreement and Items Open to Review During Term of Agreement | 133 |
| 23 — Welfare and Pension Plans | 133 |
| 24 — Modification | 134 |

PENALTY CARGO LIST

| | |
|------------------------------|-----|
| Penalty Cargo List | 136 |
|------------------------------|-----|

WAGE SCHEDULES

| | |
|--|-----|
| 2014-2015 Wage Schedule (<i>Effective 8:00 a.m., June 28, 2014 to 8:00 a.m., July 4, 2015</i>) | 144 |
| 2015-2016 Wage Schedule (<i>Effective 8:00 a.m., July 4, 2015 to 8:00 a.m., July 2, 2016</i>) | 148 |
| 2016-2017 Wage Schedule (<i>Effective 8:00 a.m., July 2, 2016 to 8:00 a.m., July 1, 2017</i>) | 152 |
| 2017-2018 Wage Schedule (<i>Effective 8:00 a.m., July 1, 2017 to 8:00 a.m., June 30, 2018</i>) | 156 |
| 2018-2019 Wage Schedule (<i>Effective 8:00 a.m., June 30, 2018</i>) | 160 |
| Mechanics Wage Schedule | 164 |

CONTRACT SUPPLEMENTS

| | |
|--|-----|
| I — Coastwise Registration and Transfer | 166 |
| IA — Registration/Transfer to Clerk | 172 |
| II — Coast Provision for Transfer of Registration Between Longshore and Clerk Registered Lists | 177 |
| III — Registration and Transfer of Men from Low Work Opportunity Ports | 180 |
| IV — Industry Travel System | 185 |

ADDENDA

| | |
|---|-----|
| Holdmen Capable of Driving Lifts | 192 |
| In Lieu of Time | 194 |
| Jobs of Short Duration | 199 |
| Picket Line Language | 200 |
| Scheduling of Meetings | 202 |
| Guarantees, Skilled Rates for All Longshoremen and Clerks | 203 |
| Steady Skilled Men | 203 |
| San Francisco Steady Skilled Men | 205 |
| San Francisco Bay Area Crane Board | 207 |
| San Francisco Utility Man/Lift Drivers | 207 |
| San Francisco Local 10 Day and Night Dock Preference | 209 |
| Seattle Equalization of Work Opportunity for Crane Operators | 212 |
| Los Angeles/Long Beach Crane Operators | 215 |
| Los Angeles/Long Beach Container Yard (CY) Equipment Board | 220 |

| | |
|---|-----|
| Los Angeles/Long Beach UTR Drivers | 221 |
| Dispatch Hall Costs | 225 |
| Employer Contribution to Longshore 401(k) Fund. | 226 |
| PMA Letter to Members | 227 |
| Contractual Obligations | 228 |
| Strike, Lockout, and Work Stoppage Accelerated Grievance Procedure | 229 |
| Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction. | 229 |
| Maintenance and Repair - Warranty Definition | 233 |
| New Terminal Facilities. | 235 |
| M&R Work “Contract Stevedore” and Bulk Facilities. | 236 |
| California Crane Operations | 237 |
| San Francisco Bay Area (Local 10) Container Crane Manning. | 238 |
| Chassis | 239 |
| M&R Training. | 241 |
| Container Freight Station (CFS) Supplement | 242 |
| Picket Lines. | 243 |
| Tool Voucher Program. | 244 |
| Northern California Supplement IV Travel | 248 |

INDEX

| | |
|------------------------|-----|
| Subject Index. | 249 |
|------------------------|-----|

PACIFIC COAST LONGSHORE CONTRACT DOCUMENT

THIS CONTRACT DOCUMENT, dated July 1, 2014, is by and between Pacific Maritime Association (hereinafter called “the Association”), on behalf of its members (hereinafter designated as “the Employers” or the “individual employer”), and the International Longshore and Warehouse Union (hereinafter designated as “the Union”), on behalf of itself and each and all of its longshore locals in California, Oregon and Washington (hereinafter designated as “longshore locals”) and all employees performing work under the scope, terms and conditions of this Contract Document. This Contract Document is a part of the ILWU-PMA Pacific Coast Longshore and Clerks’ Agreement.

The parties hereto are the International of the International Longshore and Warehouse Union and the coastwise Pacific Maritime Association. All property rights in and to the Agreement, including this Contract Document for longshoremen, are entirely and exclusively vested in the Pacific Maritime Association and the International Longshore and Warehouse Union respectively, and their respective members. In the case of the International Longshore and Warehouse Union, a majority of the members of both the individual and combined locals covered by the Agreement shall be necessary to designate any successor organization holding property rights and all benefits of the Agreement, and if an election is necessary to determine a majority of both individual and combined locals in order to establish

the possessors of all rights and benefits under this Agreement, such election shall be conducted under the auspices and the supervision of the Coast Arbitrator provided for in Section 17, provided that such designation or election is not in conflict with any paramount authority or lawful or statutory requirements.

SECTION 1

SCOPE OF THIS CONTRACT DOCUMENT AND ASSIGNMENT OF WORK TO LONGSHOREMEN

This Contract Document, as supplemented by agreements (Port Supplements and Working Rules) for the various port areas covered hereby, shall apply to all employees who are employed by the members of the Association to perform work covered herein. It is the intent of this Contract Document to preserve the existing work of such employees.

1.1 Within the States of California, Oregon and Washington, all movement of cargo on vessels or loading to and discharging from vessels of any type and on docks or to and from railroad cars and barges at docks is covered by this Contract Document and all labor involved therein is assigned to longshoremen as set forth in this Section 1.

1.11 This Contract Document covers the movement of outbound cargo only from the time it enters a dock and comes under the control of any terminal, stevedore, agent or vessel operator covered by this Contract Document and covers movement of inbound cargo only so long as it is at a dock and under the control of any vessel operator, agent, stevedore, or terminal covered by this Contract Document. In instances where an Em-

ployer asserts it had no control of the movement of the cargo in question, the responsibility of proving such lack of control shall be upon the employer.

1.2 Dock work provisions.

1.21 When an employer chooses to perform the following dock work, such work is covered by this Contract Document and all labor involved therein is assigned to longshoremen:

- (a) High piling cargo and breaking down high piles of cargo,
 - (b) Sorting of cargo,
 - (c) Movement of cargo on the dock or to another dock,
 - (d) The removing of cargo from cargo boards,
 - (e) Building any loads of cargo on the dock,
 - (f) Multiple handling of cargo,
 - (g) Loading and unloading of containers at intermodal rail yards on dock (as defined in Section 1.92) and near dock, (i.e., not on dock, but adjacent to an employer's on-dock container yard) under the control of any employer covered by this Contract document shall be assigned to longshoremen — exception: unless such work at the intermodal yard has been assigned to other workers under terms of a collective bargaining agreement. An intermodal rail yard can only be designated as an on dock or a near dock but cannot be defined as both.
1. Uninterrupted movement of containers, 365 days a year, 24 hours per day (no non-work days).
(See July 1, 1996, Letter of Understanding.)

2. Available shift starting times: day shift 0700, 0800 and 0900; night shift 1700, 1800, 1900, 0200 and 0300.
3. Side gate and expedited gate procedures.
4. Maximum of 10 hours for the purpose of finishing a train.

1.211 Carriage of cargo between docks by barge or rail or by trucks on public roads may be assigned to longshoremen.

Exception: The intraport drayage of cargo, containers, chassis and cargo handling equipment shall be assigned, in either direction, to longshoremen whenever such drayage is between an on-dock container yard (as defined in Section 1.92) and a near-dock rail yard (i.e., not on-dock but adjacent to such container yard) which is covered by this Contract Document.

1.212 When the following dock work is performed, such work is covered by this Contract Document and all labor involved therein is assigned to longshoremen:

Consolidating containers or chassis on the dock for storage or delivery purposes.

1.22 Cargo received on pallet, lift, or cargo boards, or as unitized or packaged loads shall not be rehandled before moving to ships' tackle, unless so directed by the employer.

1.23 Any load of cargo discharged from a vessel may be dock stored just as it left the hatch.

1.24 Any load of cargo discharged from a vessel may, in whole or part, be rearranged if necessary for dock storage. Such cargo shall not be considered high piled unless stored more than 2 loads high.

1.241 Newsprint in rolls shall not be considered high piled unless stored more than 2 high, except that half size rolls (36 '' or less in height) shall not be considered high piled unless stored more than 4 high.

1.25 Cargo may be removed by the consignee or his agent, without additional handling by longshoremen except for breaking down high piles and any other work as the employer may choose to have done under Section 1.21.

1.26 If jurisdictional difficulties arise in connection with the performance of dock work, whatever jurisdictional agreements are reached shall not result in multiple handling.

1.27 Provisions relating to sorting or subsorting cargo to marks shall not prohibit a drayman from taking or rearranging such already sorted cargo for the purpose of properly loading his truck.

1.28 Masonite, hardboard and similar commodities are not high piled if the commodity is dock stored for delivery to a truck in piles not to exceed approximately 6 feet in height.

1.3 Any class of seamen in the employ of a vessel operator may do the work herein assigned to longshoremen that such seamen in their class now do, or may do, by practice arrived at by mutual consent of the parties or the Joint Coast Labor Relations Committee.

1.4 The Union may at any time, in general or limited terms, waive in writing the right of longshoremen to do any portion of the work herein assigned to longshoremen or so accept an interpretation of such assignment, and to the extent and for the time that such waiver or interpretation is accepted by the Association in writing the employer may assign or permit assign-

ment of excepted work to any other class of workers consistent with such waiver or interpretation.

1.41 The Employers have the right to have trucks come under the hook to move heavy lifts, dunnage, lining material, long steel, booms, and ship-repair parts directly from truck to ship and/or ship to truck.

1.42 Longshoremen will load or discharge trucks operating in direct transfer to or from the ship and otherwise will work on trucks when directed to do so by the employer.

1.43 Teamsters may unload their trucks by unit lifts (excluding containers) or piece by piece, to the area designated by the employer at which point the trucking or drayage company or shipper releases control of the cargo. *(See Section 1.8.)*

1.44 Teamsters may load their trucks piece by piece from cargo boards or with unit lifts (excluding containers) and build loads and otherwise handle cargo on their trucks or tailgates and on loading platforms and aprons. *(See Section 1.8.)*

1.45 The movement of cargo to or from a vessel on an industrial dock shall be defined as work covered by this Contract Document and is assigned to longshoremen. Existing practices under which other workers perform such dock work at an existing facility may be continued. An industrial dock is a dock at a facility where materials are manufactured and/or processed and from which they are shipped or at which materials used in the manufacture or process are received, and the dock operator has a proprietary interest in such materials.

1.5 All machinery, equipment and other tools now or hereafter used in moving cargo and/or used in performing other work described in Section 1.1 shall be operated by longshoremen when used in an operation or at a facility covered by this Contract

Document and the operation thereof is assigned to longshoremen and is covered by this Contract Document.

- (a) Procedures provided for resolving disputes as set forth in Section 1.5 and subordinate subsections shall be construed in connection with the agreement of the Employers to provide skill training for longshoremen so as to minimize the grounds for exceptions listed in Section 1.54. When trained skilled longshoremen, certified as capable of performing work now assigned by the Pacific Maritime Association member company to nonlongshoremen, are available, such longshoremen will be assigned to such work, provided no union jurisdictional work stoppages are caused and provided that such trained skilled longshoremen may be assigned to any skilled work they are capable of performing without limitation by reason of claimed specialization.
- (b) Where Pacific Maritime Association or its member companies have existing bargaining relationships, have granted recognition to, and have assigned work to bona fide labor unions as a result of such relationships and recognition; or where status quo exceptions relating to other unions are now set forth in Section 1, International Longshore and Warehouse Union will not make any jurisdictional claim or cause any jurisdictional work stoppage dispute involving Pacific Maritime Association or such member companies with relation to such work assignments. However, if the Union obtains the right to represent and bargain for such workers and no jurisdictional work stop-

page problems are created, the Association agrees that such exceptions regarding assignment of work to longshoremen will be eliminated.

1.51 The individual employer shall not be deemed to be in violation of the terms of the Contract Document assigning work to longshoremen if he assigns work to a nonlongshoreman on the basis of a good-faith contention that this is permitted under an exception provided for herein.

1.52 Should there be any dispute as to the existence or terms of any exception, or should there be no reasonable way to perform the work without the use of nonlongshoremen, work shall continue as directed by the employer while the dispute is resolved hereunder.

1.53 Any such dispute shall be immediately placed before the Joint Coast Labor Relations Committee by the party attacking any claimed exception or proposing any change in an exception or any new exception. The Joint Coast Labor Relations Committee decision shall be promptly issued and shall be final unless and until changed by the parties or that Committee. The Committee may act on the grounds set forth in Section 1.54 or on any other grounds. Both parties agree that its position on such a dispute shall in no case be supported by, or give rise to threat, restraint or coercion.

1.54 Any such dispute that is not so resolved by the Committee within 7 days after being placed before it, may be placed before the Coast Arbitrator on motion of either party. The Arbitrator shall decide whether an exception should be upheld and may do so on the following grounds only:

- (a) Nonlongshoremen were assigned the skilled or unskilled labor in dispute under practices existing as

of January-August 10, 1959, arrived at by mutual consent and as thereafter modified or defined by the parties or the Joint Coast Labor Relations Committee, or;

- (b) Cranes are not available on a bare boat basis and reasonable bona fide efforts to obtain them have been made and there is no reasonable substitute crane available.

1.6 This Contract Document shall apply to the cleaning of cargo holds, loading ship's stores, handling lines on all vessels (including lines handling at industrial docks), marking off lumber and logs, hauling ship, lashing, etc. (*See Addenda, In Lieu Of Time.*) (*See Section 1.8.*)

1.7 This Contract Document shall apply to the maintenance and repair of containers of any kind and of chassis, and the movement incidental to such maintenance and repair. (*See Section 1.81.*)

1.71 This Contract Document shall apply to the maintenance and repair of all stevedore cargo handling equipment. (*See Section 1.81.*)

1.72 It is recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers, including the operating, maintenance and repair, and associated cleaning of stevedore cargo handling equipment. The parties recognize robotics and other technologies will replace a certain number of equipment operators and other traditional longshore classifications. It is agreed that the jurisdiction of the ILWU shall apply to the maintenance and repair of all present and forthcoming stevedore cargo handling

equipment in accordance with Sections 1.7 and 1.71 and shall constitute the functional equivalent of such traditional ILWU work. It is further recognized that since such robotics and other technologies replace a certain number of ILWU equipment operators and other traditional ILWU classifications, the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of such new technologies perform and constitute the functional equivalent of such traditional ILWU jobs. (See Section 1.81 and Letter of Understanding - Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.73 The scope of work shall include the pre-commission installation per each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment (which term includes containers and chassis) and its electronics, that are controlled or interchanged by PMA companies, in all West Coast ports. (See Section 1.81 and Letter of Understanding - Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.731 In accordance with Sections 1.7, 1.71, 1.72, and 1.73, the maintenance and repair work on all new marine terminal facilities that commence operations after July 1, 2008, shall

be assigned to the ILWU. New marine terminals shall include new facilities, relocated facilities, and vacated facilities. (See Section 1.81 and Letter of Understanding – Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.74 PMA members and their affiliated companies shall not engage in subterfuge to avoid their maintenance and repair obligations under this Agreement to the ILWU. Containers and chassis, owned, leased, or interchanged by a carrier controlling, controlled by or under common control with an agency company that is a PMA member shall be deemed to be owned, leased or interchanged by that PMA member company when that equipment is on a dock.

1.75 All on dock activities associated with the plugging and unplugging of vessels for cold ironing or its equivalent shall be performed by ILWU Longshore Division employees, except for US Flag vessels and crews as to their work on the vessel, as may be contractually assigned to them as of July 1, 2008. (See Section 1.81 and Letter of Understanding – Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction.)

1.76 The Employers shall assign work in accordance with Section 1 provisions and as may be directed by the CLRC or an arbitration award, which the Employers shall defend in any legal proceeding. PMA shall participate along with the individual Employers assigning the work in any legal proceeding.

1.8 Any type of work assigned herein in Sections 1.43, 1.44, and 1.6 to longshoremen that was done by nonlongshore employees of an employer or by subcontractor pursuant to a past practice that was followed as of July 1, 1978, may continue to

be done by nonlongshore employees of that employer or by subcontractor at the option of said employer.

1.81 ILWU jurisdiction of maintenance and repair work shall not apply at those specific marine terminals that are listed as being “red-circled” in the July 1, 2008 Letter of Understanding on this subject. Red-circled facilities, as they are modified/upgraded (e.g., introduction of new technologies), or expanded, while maintaining the fundamental identity of the pre-existing facility, shall not result in the displacement of the recognized workforce and shall not be disturbed, unless as determined by the terminal owner or tenant.

1.811 This Contract Document shall apply to all movement of containers and chassis under one of the following conditions: (a) when containers or chassis are moved on a dock from a container yard to or from a storage area adjacent to a maintenance and repair facility on the same dock, such movement will be made by ILWU personnel, and (b) when an employer does not use a storage area adjacent to a maintenance and repair facility and the movement is directly between a container yard and a maintenance and repair facility on the same dock, such movement will be made by ILWU personnel. If there is objection by the union having contractual rights at such facility, (a) above shall be applied and ILWU personnel shall move the containers or chassis to a storage area adjacent to a maintenance and repair facility.

This Section 1.811 does not apply to: (a) movements of containers or chassis to or from roadability check stations in the container yard for repairs required for over the road haulage; or (b) movements for emergency repair and emergency maintenance of laden refrigerated containers.

1.82 An employer in a port covered by this Contract Document who joins the Association subsequent to the execution hereof and who is not a party to any conflicting longshore agreement becomes subject to this Contract Document.

1.9 Definitions.

1.91 The term “longshoreman” as used herein shall mean any employee working under this Contract Document. (*See Addenda, No Discrimination.*)

1.92 The term “dock” as used herein shall mean any moorage—anchorage, pier, wharf, berth, terminal, waterfront structure, dolphin, dock, etc.—at which cargo is loaded to or discharged from oceangoing vessels or received or delivered by an employer covered by this Agreement. The term “dock” does not include any facility at which vessels do not moor.

1.10 This document also covers the stuffing, unstuffing, and transloading of containers on docks. (*See Container Freight Station Supplement and associated Letters of Understanding.*)

SECTION 2

HOURS AND SHIFTS

2.1 The standard work shifts and work week consist of the first 8 hours on the first shift, the first 8 hours on the second shift and the first 5 hours on the third shift, Monday through Friday. Work outside the standard work shifts on Monday through Friday and all work on Saturdays, Sundays, and Agreement Holidays is overtime work.

2.2 Meal time shall be 1 hour.

2.21 The established noon meal period shall be the 2 hours between 11:00 a.m. and 1:00 p.m. and the meal hour shall be

any 1 hour within such period beginning at 11:00, 11:30, or 12:00 noon.

2.22 The midshift meal hour on the second shift shall be at either 10:00 p.m. or 11:00 p.m. in those ports whose normal starting time is 6:00 p.m. and at either 11:00 p.m. or 12:00 midnight in those ports whose normal starting time is 7:00 p.m. In either case the 2 meal hours constitute the established meal period.

2.23 Men may be sent to the midshift meal an hour later than the established midshift meal period when there is a late start of a vessel and an extended shift is to be worked.

2.231 When men are sent to the midshift meal an hour later than the established midshift meal period under Section 2.23 and an extended shift is not worked, the men shall be paid 1 hour extra at the overtime rate on either the first shift or the second shift.

2.24 Except when released as provided in Section 2.25, employees shall go to midshift meals as directed by the employer under the provisions of Sections 2.21, 2.22 and 2.23.

2.25 When so ordered, employees shall work 6 hours without a midshift meal on all vessels. The employees will then be released with payment for the full shift.

2.26 The employers have the right to relieve hatches during meal periods.

2.3 Longshoremen are entitled to a 15-minute relief period around the midpoint of each work period involved, having due regard for the continuity and nature of the work.

2.31 Men shall take their relief as directed by the employer, and there shall be no abuse of such relief periods by the

employees and they shall observe specified times for starting, resuming and finishing work as directed by the employer.

2.32 The granting of relief in accordance with the foregoing sections shall not, during periods of such relief, be construed to amount to a reduction of manning on any operation so as to require replacement of the men on relief, provided such operation can continue to meet all protective health and safety and onerous work standards as set forth in the Agreement.

2.4 The standard work shifts shall be as set forth in Section 2.41.

2.41 The first shift shall start at 8:00 a.m. except that the initial start may be made later than 8:00 a.m. The second shift shall start at 6:00 p.m., provided that the Joint Port Labor Relations Committee in any port may by mutual agreement alter the second shift regular starting time for such port to 7:00 p.m. An employer who orders gangs for the third shift may start the second shift, at the option of the employer, at 5:30 p.m. or 6:00 p.m. or at the second shift regular starting time set by the Joint Port Labor Relations Committee. The initial start on the second shift may be made later than the regular starting time. The third shift shall start at 2:30 a.m. or 3:00 a.m. at the option of the employer.

2.411 The term “initial start” refers to the man’s start, not the job or ship’s start.

2.42 Agreed upon exceptions to the regular shift starting time because of special conditions shall continue in effect with such modifications as may be mutually agreed to by the Joint Port Labor Relations Committee.

2.43 The first shift may not overlap the next shift for work purposes, but may overlap the next shift at a different berth for payroll purposes. The work of the second shift gangs that are

sent to eat and return to work may overlap the work of the third shift gangs but only for the purpose of completing the pay guarantee.

2.431 However, for the purpose of implementing Section 2.4492 work on the third shift and first shift may overlap between 7:00 a.m. and 8:00 a.m., and

2.432 For the purpose of implementing Section 2.5 any work shift may overlap the following work shift.

2.44 The following are the extensions or exceptions to the standard shift:

2.441 Travel time, whether paid or unpaid, shall not be included in the work shift, except where traveling from one job to another in order to complete a shift.

2.442 A 2-hour leeway without going to a second meal or receiving meal money shall be allowed, thus extending the 8-hour shift to a maximum of 10 hours, when a vessel is required to finish in order to shift.

2.443 On the shift immediately preceding the final work shift, men may be required to work a maximum of 9 hours in any hatch or hatches to finish such hatch or hatches. At the end of the ninth hour, such hatch or hatches shall not be worked further before sailing.

2.4431 *Container Operations.* On the shift immediately preceding the final work shift, men may be required to work a maximum of 9 hours to perform any work related to the loading/discharging of containers to complete a hatch covered under deck container stowage area or that area directly above. At the end of the ninth hour, such areas shall not be worked further before sailing.

2.4432 *Lash Operations.* On the shift immediately preceding the final work shift, men may be required to work a maximum of 9 hours to perform any work related to the loading/discharging of LASH barges to complete a vertical tier (or tiers) either below and/or above deck. At the end of the ninth hour, such tier (or tiers) shall not be worked further before sailing.

2.4433 *Roll-On/Roll-Off Operations.* On the shift immediately preceding the final work shift, men may be required to work a maximum of 9 hours to perform any work to complete the cargo loading/discharging operation in any watertight compartment or on any deck. At the end of the ninth hour, such compartment or compartments, or deck or decks shall not be worked further before sailing.

2.444 On the final shift (day or night) the men may be required to work a maximum of 10 hours without a second meal or meal money to sail a vessel.

2.4441 Some gangs on a vessel may work the standard shift, some gangs work part of the extension and other gangs work the full extension.

2.445 A 1-hour leeway shall be allowed on the third shift, thus extending the 5-hour shift to a maximum of 6 hours. On a final third shift, gear priority is suspended at the end of 5 hours. Gangs may then be released and the remaining gang or gangs may be worked in all hatches in order to finish and shall receive the full hour at the rate provided in Section 4.153.

2.446 The standard shift shall be extended to work a vessel in case of real emergency, such as fire, or a leaking vessel in danger of sinking and men thus employed shall go to eat when ordered to do so.

2.447 When no replacements are available to the employer in the area, men and gangs in their home port shall work a maximum of 10 hours.

2.4471 Where men and gangs travel from home port to another port they shall not work longer than the maximum provided for in Sections 2.442, 2.443 and 2.444.

2.448 An extension of up to 2 hours on any shift shall be allowed when using a floating crane to finish any heavy lift operation but shall apply only to the gang and/or men involved.

2.449 Dock Operations.

2.4491 Any dock facility may operate from 7:00 a.m. to 6:00 p.m. and from 5:00 p.m. to 4:00 a.m. at the option of the employer.

2.4492 For flexibility on dock operations, individual longshoremen may (1) be ordered to perform any dock work for 1 full hour only prior to the start of any shift or (2) be directed to perform any dock work for 1 full hour only after any shift. Individual longshoremen shall be limited to a total of 9 hours on the first shift, 9 hours on the second shift, and 6 hours on the third shift. The 1 hour of work before or after the first and second shifts shall be paid at 1.5 times the straight time rate and on the third shift at 1.8 times the straight time rate.

2.4493 The local working rules may provide further or different exceptions for dock work.

2.5 For flexibility on ship operations, longshoremen may be ordered 1 full hour only prior to the start of any shift for work "other than actual handling or moving of cargo," such as lashing, unlashng, rigging of ramps, covering and uncovering, rigging or trimming of gear and preparing equipment. The phrase

“other than actual handling or moving of cargo” is intended to permit the preparation of cargo for movement to or from the vessel so long as there is no actual movement of cargo directly to or from the vessel. The hour shall be paid at the overtime rate and shall not count against the eight hour guarantee.

2.6 To meet extraordinary or emergency situations, Joint Port Labor Relations Committees may, by mutual agreement of the parties, make limited exceptions to the rules in this Section other than 2.1.

2.7 Men and gangs shall be available to the employers for 3 shifts. The employer shall determine the number of shifts to be worked and the number of gangs used on each shift. Gangs and men will report at the shift starting time designated by the employer in accord with the Contract Document.

SECTION 3

GUARANTEES

3.1 Eight-hour guarantee.

3.11 Applicability and method of payment.

3.111 Fully registered and limited registered men who are ordered to a job and who report to work and are turned out shall receive a guarantee of 8 hours' pay, except on the third shift where a guarantee of 5 hours' work or 5 hours' pay is applicable.

3.112 On the first shift, the 8-hour guarantee of work or pay shall be provided between the hours of 8:00 a.m. and 6:00 p.m.

3.113 On the second shift, the 8-hour guarantee of work or pay shall be provided within a spread of 9 hours from the normal starting time, or in the San Francisco Bay Area from the

beginning of a late subsequent start permitted under the present provisions in the San Francisco working rules. The spread is enlarged by 1 hour for a late initial start.

3.114 In the event a full shift of work cannot be provided and dead time results, such dead time shall be payable at the regular hourly rate of the shift involved to which the employee is entitled under Section 4.13. No penalty cargo rates shall be paid for dead time hours.

3.115 A man shall have only one 8-hour guarantee in any one day (*See Section 3.28*).

3.12 Exceptions to 8-hour guarantee.

3.121 The 8-hour guarantee shall not apply in the following circumstances:

3.1211 When men are neither turned to nor ordered to stand by (*See Section 3.22*).

3.1212 When men are turned to or ordered to stand by and work cannot commence, continue or resume because of bad weather (such determination to be made by the employer) and the men are not ordered back after a midshift meal (*See Section 3.23*);

3.1213 When extra longshoremen from the skilled classifications are ordered and turned to on an operation of short duration and are not shifted thereafter to comparable work on other docks or ships and are not ordered back after a midshift meal (*See Section 3.24*).

3.1214 When men employed at Selby, California, are not shifted to other operations to fill out the 8-hour guarantee (*See Section 3.27*), and

3.1215 As provided in Section 3.3.

3.122 Where men have been ordered and fail to report to work at all or on time, thus delaying the start of an operation, the time lost thereby until replacements have been provided or until the man or gang has been turned to shall be deducted from the 8-hour guarantee.

3.123 When gangs are traveled and, as a result, their starting time is later than 9:00 a.m. so that it is impossible to fill out the 8-hour guarantee between 8:00 a.m. and 6:00 p.m., the guarantee shall be pay or work from actual starting time until 6:00 p.m., except for the meal hour. The same principle shall apply to a night shift start.

3.124 When hours are lost as a result of stop-work meetings, or mutual agreement of the ILWU and PMA, such hours shall be deducted from the 8-hour guarantee.

3.125 When men are employed at Selby, California, the employer may shift the men to other operations to fill out an 8-hour guarantee, otherwise the guarantee is only 4 hours. If men are not shifted to other work but are ordered back after a midshift meal, a second 4-hour minimum shall apply.

3.13 Accompanying the obligation placed upon the employers to furnish 8 hours of work each shift is the obligation on the part of the men to shift from one job to another when such move is ordered by the employers. Subject to the provisions hereunder the employers shall have the right to shift men and gangs, and men and gangs shall shift as ordered.

3.131 A skill rated longshoreman may be shifted only to skill rated work suitable to his qualifications. (*Note: See Sections 4.32 and 10.32(e).*)

3.132 Employers may shift men in ship gangs to any other work including all dock and car work.

3.133 Longshoremen working on the dock may be shifted to work aboard ships and may be shifted from their original assignment on any shift to any work on docks, cars, or barges, except that longshoremen listed on port lists, as agreed by Joint Port Labor Relations Committees as men being limited to dock work, shall not be shifted to work aboard ships.

- (a) This Section 3.133 as it relates to certain longshoremen being limited to dock work, is intended to implement reference in Coast Labor Relations Committee Meeting No. 28, December 27, 1961 concerning the preferential assignment of dock work to "men either old or disabled." It is understood that the Joint Port Labor Relations Committees will prepare such lists of men who are "old or disabled," and who consequently will not be shifted away from dock work. The Joint Port Labor Relations Committees shall limit such lists to those in fact old or disabled and shall consider the normal volume of dock work in the port and the shifting of men from ship to dock, in order that the number of men on preferred dock assignment lists may have sufficient work opportunity to make reasonable hours of employment.
- (b) Included in such lists shall be machine operators (bull drivers) in order that such men, not necessarily filling the classification "old or disabled," shall not be forced off machines and put to work hand handling cargo on dock or ship. The period of time such machine operators have been doing such work shall be the major factor to be used by Joint Port Labor Relations Committees in placing such men on pref-

erential lists. This Section of the Contract Document shall not be construed to mean a guarantee of work or pay if insufficient work is provided.

3.134 Employers may shift men from shovel, freezer, and calk shoe work to any other work including all dock and car work. When so shifted, the penalty cargo rate shall not prevail. The employer may not shift men dispatched for general cargo to shovel, freezer or calk shoe work.

3.135 The employer shall have the right to peel off gangs at any time during a shift or at the end of a shift. The remaining gangs can work at all gears.

3.1351 The employers have the right to order back after any shift only such gangs as are needed to finish the remaining work. Such gang or gangs ordered back must be the gang or gangs which the employer believes in good faith have the most work to do at their gear. They may be required to finish the work at the gear of the released gangs. Under such circumstances the gear priority of the gangs released is suspended. Any gang peeled off under this rule cannot be replaced at its gear by a new gang from the dispatching hall until the second subsequent comparable shift.

3.1352 Gangs ordered to work under conditions which such gangs contend violate gear priority rules shall work as directed and claim(s) for such violation shall be presented by the union. If it is established that a gear priority violation did occur, then it will be automatic that the amount of time another gang worked in the hatch in which the gear priority violation was claimed will be paid the gang whose gear priority was violated on an hour for hour basis, unless the employer on whose ship the alleged gear priority violation occurred maintains that

such incident happened for reasons beyond the employer's control. The employer may then take that position and process it through the grievance procedure to the Area Arbitration Panel for final decision.

3.136 The shifting of registered and limited registered men shall be carried out without bumping.

3.137 Any gear priority rule will not prevent the shifting of men and gangs for the purpose of fulfilling the 8-hour guarantee.

3.138 No "center line" and "imaginary bulkhead" or similar practices which result in division of work among gangs shall be permitted.

3.14 Rules and examples applicable to shifting men or gangs:

3.141 Initial late start orders may be placed at the dispatching hall to work a ship and to shift to a second ship for a late start on the second ship. Men so ordered shall be dispatched for the second ship, with orders to work the first ship only as a fill-in.

3.142 Men or gangs may be ordered to shift from a job or a ship that they have completed to a late start on another job or ship. Such men or gangs will be released at the end of the shift on the second job and may be required to work no longer than the extended hours as provided in Section 2.

3.143 Men or gangs may be ordered to shift from a job or a ship where they have not completed their original assignment to permit a late start on another job or ship, or in order to finish the second ship for shifting or sailing. These men or gangs will be ordered back to their original job during that shift or for the start of the next day's shift. If extended hours are

required to permit the second ship to shift or sail, the men or gangs will work up to but not beyond the end of the extension provided in Section 2.

3.144 Men or gangs may be ordered to shift from a job or a ship which they have not completed but where they have run out of available work—e.g., a delay in arrival of cargo, a breakdown of equipment, or a ship that fails to arrive as scheduled to another job or ship, and they will be ordered to return to their original job to finish it.

3.145 Shifting of men or gangs under Sections 3.13 or 3.14 may be accomplished without clearance through the dispatching hall.

3.146 Gangs will have gear priority on only 1 ship during a shift and will be released to the dispatching hall at the end of any shift in which they have completed their work on the ship on which they had priority.

3.15 Possible adjustments in small ports:

3.151 The full provisions of the 8-hour guarantee shall prevail in all ports. In ports of 6 gangs or less adjustments may be made in leeway for late starts because no alternative work is available to fill out the 8-hour guarantee by mutual agreement at the local level provided there is approval by the Joint Coast Labor Relations Committee.

3.2 Four-hour minimum.

3.21 Longshoremen, other than fully registered or limited registered men, who are ordered to a job and are turned to shall receive a minimum of 4 hours' work or 4 hours' pay.

3.22 Men and/or gangs who are ordered, report for work complete as ordered or in the agreed minimum numbers and

ready to turn to but are not turned to shall receive the 4-hour minimum. Such men and/or gangs may be required to stand by for a maximum of one-half hour within the 4-hour minimum. Present port rules defining the number of men to start operations shall apply.

3.221 When an operation cannot commence at the designated starting time because of failure of at least the minimum required and properly ordered number of men to appear, then pay shall be as follows:

3.2211 Units not filled to minimum complement as provided in local working rules shall, if ordered by the employer, stand by awaiting additional men as needed to complete the minimum complement of men. Such standby shall be paid for and limited to 1 hour.

3.2212 Other units or men directly related to the operation who report for work as ordered shall be turned to. They may be released 1 hour later if the balance of the work does not commence or continue thereafter because of insufficient men being present. If they are so released they shall receive a 4-hour minimum in addition to the time they may have worked prior to the commencement of the shift.

3.2213 Where possible, units of less than the minimum requirements of men shall be consolidated to provide proper complements and the men shall so combine or shift as provided by this Contract Document.

3.222 When the required minimum number of men report they are required to turn to as directed by the employer and work up to the midshift meal hour. If at that time there are men who have not as yet reported, then either the men or the employer can determine that work cannot proceed at any time

thereafter. When work ceases under such circumstances or if the employer determines that the operation is not satisfactory prior to the meal hour then the minimum pay for all related men or units shall be time worked or 4 hours, whichever is the greater.

3.223 When the required minimum complement reports and the operation commences and cannot be continued because of refusal of men to continue working with less than the required number of men, then pay shall be as follows:

3.2231 Such men or units of men refusing to continue work shall be paid on the basis of time worked.

3.2232 Related men or units of men shall be shifted to other work, or shall be released with a 4-hour minimum.

3.2233 Such a refusal to continue work shall not be considered a violation of this Contract Document.

3.23 Inclement weather.

3.231 When men are ordered to stand by and work cannot commence because of bad weather (such determination to be made by the employer), the 4-hour minimum shall apply. Any dead time resulting from bad weather shall be paid under Section 3.114.

3.232 When men are turned to and work cannot continue because of bad weather (such determination to be made by the employer), the 4-hour minimum shall apply unless the men are ordered back after a midshift meal. Any dead time resulting from bad weather shall be paid under Section 3.114.

3.233 When men are turned to and commence work at the start of a shift in bad weather, they shall be entitled to pay for the full shift. Any dead time resulting from bad weather shall be paid under Section 3.114.

3.24 When an operation of short duration requires extra longshoremen from the skilled classifications and such men are ordered and turned to, they shall have a 4-hour minimum, and can be transferred to comparable work on the original dock or ship to fill out the 4-hour minimum. (*See Addenda, Jobs Of Short Duration.*)

3.25 When a gang quits during the course of the 8 hours of work or quits by refusal to work the extensions for shifting or sailing and a replacement gang is ordered from the dispatching hall then the replacement gang shall have a 4-hour minimum guarantee for that shift.

3.26 Any replacement who is not refused employment for personal cause is to be paid for time worked on his initial shift, but he shall not receive less than the remainder of the original man's guarantee. Replacements caused by industrial injury or illness shall continue to receive time worked, or a minimum of 4 hours, whichever is greater.

3.27 When men are employed at Selby, California, they have a 4-hour guarantee. If the employer shifts the men to other operations or orders them back after a midshift meal then the 8-hour guarantee shall apply.

3.28 A man who has received an 8-hour guarantee and has been dispatched from the hall to a new job shall receive an additional 4-hour guarantee for the second job. Overtime is payable only after 8 hours of straight time work on both jobs.

3.29 Longshoremen and/or gangs who report to work as ordered and are turned to on fishing vessels 350 feet or less length over-all, shall receive a 4-hour minimum guarantee. Registered longshoremen ordered back after the mid-shift

meal shall receive a guarantee of 8 hours. This provision does not apply to San Francisco or Los Angeles/Long Beach.

3.3 General provisions as to guarantees.

3.31 There shall be no guarantee for any man who is released for cause or who quits or who refuses to shift as provided under Section 3.13 or who loses hours as a result of ILWU unilateral action or who is not turned to where inability to turn to is a result of insufficient men to start the operation or who is turned to and works less than his guaranteed time by reason of illness or injury. Such men shall be paid only for their actual working time.

3.32 When men are late in reporting at the designated shift starting time on an initial or subsequent start, if they are turned to, they shall then be turned to at and paid as of the next quarter-hour; that is, the quarter-hour, the half-hour, the three-quarter hour or the even hour and time lost between the designated starting time and time turned to shall be deducted from the guarantee.

3.33 When men are not sent to eat before the beginning of the second hour of the 2-hour meal period, pay for the work in the second hour shall be one-half hour if worked less than one-half of such hour and 1 full hour if worked one-half or more than one-half of such hour.

3.34 When men are knocked off work 6 minutes or more after the even hour, they shall be paid to the next one-half hour and when knocked off 36 minutes or more past the even hour, they shall be paid to the end of the hour.

3.35 The guarantees of this Section 3 do not apply to long-shore baggagemen or linesmen or to gearmen called in on an emergency.

3.351 Guarantees applicable to longshore baggage-men, linesmen and gearmen called in on an emergency may be adopted or modified by unanimous action of the Joint Coast Labor Relations Committee and, subject to the control of such Committee so exercised, existing and future local rules or mutually agreed practices shall be applicable.

3.36 No rule is to be used as a subterfuge for firing gangs.

SECTION 4

WAGES

4.1 Wage Rates.

The basic straight-time hourly rate of pay for long-shoremen shall be as follows:

| | |
|------------------------------------|---------|
| Effective 8:00 a.m., June 28, 2014 | \$36.68 |
| Effective 8:00 a.m., July 4, 2015 | \$38.18 |
| Effective 8:00 a.m., July 2, 2016 | \$39.43 |
| Effective 8:00 a.m., July 1, 2017 | \$40.93 |
| Effective 8:00 a.m., June 30, 2018 | \$42.18 |

4.12 All hourly rates of pay shall be as set forth in the Wage Schedule and shall be effective as set forth therein.

4.13 Work Experience Straight Time Hourly Rates.

4.131 Each employee, regardless of registration or non-registration status, unless exempted under Section 4.132, shall be paid for work under this Contract Document on the basis of total worked hours in the industry accumulated since the beginning of the 1976 payroll year. The total accumulated worked hours credited to the employee at the end of the previous payroll week (7:59 a.m. Saturday) shall determine the

employee's appropriate straight time hourly rate according to the following tables:

| Work Experience Hours | Straight Time Hourly Rate | | |
|---------------------------|---------------------------|-------------|-------------|
| | Eff. 6/28/14 | Eff. 7/4/15 | Eff. 7/2/16 |
| 0 through 1,000 hours | \$26.43 | \$27.51 | \$28.41 |
| 1,001 through 2,000 hours | \$27.43 | \$28.51 | \$29.41 |
| 2,001 through 4,000 hours | \$29.43 | \$30.51 | \$31.41 |
| 4,001 or more hours | \$36.68 | \$38.18 | \$39.43 |

| Work Experience Hours | Straight Time Hourly Rate | |
|---------------------------|---------------------------|--------------|
| | Eff. 7/1/17 | Eff. 6/30/18 |
| 0 through 1,000 hours | \$29.49 | \$30.39 |
| 1,001 through 2,000 hours | \$30.49 | \$31.39 |
| 2,001 through 4,000 hours | \$32.49 | \$33.39 |
| 4,001 or more hours | \$40.93 | \$42.18 |

4.1311 Qualifying hours for pay rate status as set forth in Section 4.131 above shall include all hours for which pay is received, excluding vacation hours, paid holiday hours, and Pay Guarantee Plan hours.

4.1312 At the end of each succeeding payroll week, each employee, regardless of registration or non-registration status, will be credited with any hours worked. If the new total accumulated worked hours exceeds the upper limit of the work experience hours grouping in which the employee is classified, pay for hours worked the following payroll week and succeeding weeks shall be based on the hourly rate of the next work experience grouping.

4.1313 All other derivative rates, such as the second and third shift rates and the overtime rates shall be calculated from the rates described in Section 4.131. All skill rates appropriate to the work being performed shall be applied to the rates so derived.

4.132 All Class A and Class B employees registered on or before June 30, 1987 shall be exempted from the work experience requirements of Sections 4.131 through 4.1313 and shall be entitled to receive the basic straight time hourly rate or rates derived therefrom.

4.14 Shift Rates and Overtime Rates.

4.141 Shift Rates: The first shift hourly rate shall be the basic straight time hourly rate. The second shift hourly rate shall be 1.333333 times the basic straight time hourly rate. The third shift hourly rate shall be 1.6 times the basic straight time hourly rate.

4.142 Overtime Rates: The overtime hourly rate shall be 1.5 times the basic straight time hourly rate on the first shift, 1.5 times the basic straight time hourly rate on the second shift and 1.8 times the basic straight time hourly rate on the third shift.

4.15 Payment of Rates.

4.151 *First Shift.* The basic straight time hourly rate shall be paid for the first 8 hours worked between the hours of 8:00 a.m. and 6:00 p.m. on the first shift Monday through Friday. The overtime rate (1.5 times the basic straight time hourly rate) shall be paid for work in excess of 8 hours, for work outside the hours of 8:00 a.m. to 6:00 p.m. on the first shift Monday through Friday and for all hours worked on the first shift on Saturday, Sunday, and Agreement Holidays.

4.152 *Second Shift.* The second shift hourly rate (1.333333 times the basic straight time hourly rate) shall be paid for the first 8 hours worked on the standard second shift as set forth in Section 2.41, Monday through Friday. The overtime rate (1.5 times the basic straight time hourly rate) shall

be paid for work in excess of 8 hours, for work outside the standard 8-hour second shift Monday through Friday, and for all hours worked on the second shift on Saturday, Sunday, and Agreement Holidays.

4.153 *Third Shift.* The third shift hourly rate (1.6 times the basic straight time hourly rate) shall be paid for the first 5 hours worked on the standard third shift, as set forth in Section 2.41, Monday through Friday. The third shift overtime rate (1.8 times the basic straight time hourly rate) shall be paid for work in excess of 5 hours, for work outside the standard 5-hour third shift, Monday through Friday, and for all hours worked on the third shift on Saturday, Sunday, and Agreement Holidays.

4.2 Training Rates of Pay.

4.21 The hourly rate of pay for training shall be the employee's straight time rate as established under Sections 4.13 through 4.132.

4.3 Skill Rates.

4.31 Wages to be called Skill Rates shall be paid for types of work specified in Section 4.32.

4.32 The straight time Skill Rates are derived by adding a skill differential to the straight time hourly rate payable under Sections 4.13 through 4.132.

Effective Date:

| | 6/28/14 | 7/4/15 | 7/2/16 | 7/1/17 | 6/30/18 |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| Skill I: | \$39.08 | \$40.58 | \$41.83 | \$43.33 | \$44.58 |

| | |
|--|-----------------------------------|
| Boom Man ¹ | Holdmen (Skilled) ^{1, 4} |
| Bulldozer Operator ² | Lift Truck Operator |
| Burton Man | (Up to 15 tons) ⁵ |
| Combination Lift Truck- Jitney Driver | Payloader Operator ² |
| Crane Chaser ¹ | Sack Turner |
| Gang Boss | Side Runner ¹ |
| Guy Man | Tractor (semi-truck) Driver |
| Hatch Boss Tender ³ | (On Dock) |
| Hatch Tender (Aboard Ship) | Winch Driver |

Effective Date:

| | 6/28/14 | 7/4/15 | 7/2/16 | 7/1/17 | 6/30/18 |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Skill II: | \$41.35 | \$42.85 | \$44.10 | \$45.60 | \$46.85 |

| | |
|---|---|
| Lift Truck Operator – Heavy (over 15 tons rated) | Shipboard Whirley |
| Locomotive Operator | Shore-based Whirley & Mobile Crane Operators |
| Log Stacker Operator | |
| Shipboard Munck Crane Operator | |

Effective Date:

| | 6/28/14 | 7/4/15 | 7/2/16 | 7/1/17 | 6/30/18 |
|-------------------|----------------|----------------|----------------|----------------|----------------|
| Skill III: | \$42.48 | \$43.98 | \$45.23 | \$46.73 | \$47.98 |

| | |
|----------------------|-------------------------|
| Portainer/Hammerhead | Strad Driver |
| Portpacker | Tophandler Driver |
| Reachstacker | Transtainer |
| Sidpick Operator | 9.43 Equipment Operator |

Skill I, Skill II, and Skill III rates based on Work Experience Straight Time Hourly Rates shall be paid as determined under Sections 4.13 through 4.132. These rates are provided in the Wage Schedules, pages 144-163.

Mechanics rates are provided in the Wage Schedules, pages 164-165.

¹ Section 3.131 does not apply and these men may be shifted to any longshore work retaining their skill differential.

² Two men shall be employed for each machine in continuous operation.

³ Applies to Tacoma, Anacortes and Port Angeles only.

⁴ See Section 10.2.

⁵ See Section 10.32(e).

4.33 The Skill Rate for the first shift shall be the straight time Skill Rate set forth in Section 4.32; the Skill Rate for the second shift shall be 1.333333 times the straight time Skill Rate; the Skill Rate for the third shift shall be 1.6 times the straight time Skill Rate.

4.34 During overtime hours, the Skill Rates shall be 1.5 times the straight time Skill Rate on the first and second shifts and 1.8 times the straight time Skill Rate on the third shift.

4.35 The rate of pay for Jitney Drivers shall be the employee's appropriate straight time hourly rate. When a Jitney Driver is dispatched to drive Jitney, he may be assigned to other work to fill out his minimum guarantee. Combination Lift Truck-Jitney Drivers may be required to work both as Jitney and Lift Truck Drivers. When a Combination Man, dispatched as such, is required to drive Jitney, he shall be paid the Skill Rate, and shall not be replaced during the shift by a man working at less than the combination rate.

4.36 The parties or the Joint Coast Labor Relations Committee shall establish coastwise skill rates for operating other tools and, where appropriate, for operating machinery not presently in use.

4.361 When new power equipment is introduced, the Employer at the Coast level shall submit to the Union a letter describing the equipment and the proposed skill rate prior to the anticipated use of such equipment. A copy of the letter shall be transmitted to the local(s) in the ports where the new equipment is to be introduced. After such notification, the following procedure shall be implemented:

- (a) The Joint Port Labor Relations Committee in the port where the new power equipment is introduced shall

meet promptly and reach agreement or disagreement on the Employers' proposed skill rate at least 48 hours prior to the anticipated use of the new equipment. If agreement is reached on the Employers' proposal, such skill rate shall be a rate in Section 4.32.

- (b) If the Joint Port Labor Relations Committee under step (a) above does not reach agreement on the skill rate proposed by the Employers, the matter shall be immediately referred to the industry Area Arbitrator, assigned on a random basis, for resolution. The industry Area Arbitrator shall issue a prompt interim decision on the skill rate to be paid for the initial use of the equipment.
- (c) On the initial working shift of the equipment, either party at the local level may request a Joint Port Labor Relations Committee meeting to observe the equipment in use as established by either step (a) or (b) above. If either party is dissatisfied with the skilled rate, the industry Area Arbitrator, assigned on a random basis, shall be promptly called to the job. The industry Area Arbitrator shall observe the operation with the local parties, hear their contentions, and then issue a prompt formal decision on the skilled rate that shall be final and binding, unless changed under step (d) below.
- (d) Either party may appeal a decision by the industry Area Arbitrator under step (c) above to the Joint Coast Labor Relations Committee. Upon receipt of an appeal, the Joint Coast Labor Relations Committee shall meet within 5 days, or later, if the parties

agree on a subsequent meeting date. If agreement is not reached by the Joint Coast Labor Relations Committee, the matter shall be placed before the Coast Arbitrator, whose decision on the skilled rate shall be final and binding.

4.4 Penalty cargo rates.

4.41 In addition to the basic wages for longshore work, additional wages to be called penalties shall be paid for the types of cargoes, conditions of cargoes, or working conditions specified in the Wage Rate Schedule.

4.42 Except where otherwise specified, the penalty cargo rates shall apply to all members of the longshore gang and dockmen working the penalty cargo.

4.43 Where two penalty rates might apply, the higher penalty rate shall apply and in no case shall more than one penalty rate be paid.

4.44 The penalty cargo rate for the first shift shall be the straight time penalty cargo rate as set forth in the Penalty Cargo List; the penalty cargo rate for the second shift shall be 1.333333 times the straight time penalty cargo rate; the penalty cargo rate for the third shift shall be 1.5 times the straight time penalty cargo rate.

4.45 During overtime hours on the first, second and third shifts, the penalty cargo rate shall be 1.5 times the straight time penalty cargo rate.

4.46 The straight time penalty cargo rate for working explosives shall at all times equal the employee's straight time rate as set forth in Section 4.13.

4.47 Where a Skill Rate and a penalty both apply, the allowance for the penalty shall be applied to the Skill Rate and shall be augmented for shift differentials and overtime hours as provided in this Section 4.

4.5 Subsistence.

4.51 Subsistence rates when payable shall be \$120.00 per night. Meal subsistence shall be \$30.00 per meal.

4.511 All registrants dispatched from San Francisco to work in the East Bay shall receive the \$4.00 Bay Bridge toll. This toll allowance shall be increased with any increase in the Bay Bridge toll.

4.6 Mileage Allowance.

4.61 A mileage allowance for transportation shall be payable to each employed traveler. The amount shall be the maximum non-taxable mileage rate in accordance with IRS standards.

4.62 Rate changes by the IRS will be implemented as soon as administratively possible but no later than 30 days from notification.

4.63 When automobile mileage allowance is payable under local travel provisions then travel time shall be determined on the basis of actual automobile driving time, up to existing speed limits, in increments of no less than 15 minutes. Failure of the local parties to agree to a schedule on this basis shall be submitted to the Area Arbitration Panel for final determination in accordance with these guidelines.

4.64 There shall be no other changes made in local travel provisions during the term of this Agreement, except for changes made at the local level by mutual agreement.

4.7 Personal effects. Men shall be reimbursed for damage (other than usual wear and tear) to personal effects which are damaged on the job, provided satisfactory evidence is presented to the Joint Port Labor Relations Committee. The amount of the reimbursement shall be decided by the Committee, which shall adhere to the following rules:

4.71 Personal effects are items which a man needs to take on the job to perform his work, and there must be proven need for the item on the job.

4.72 Any damage must be a direct result of performing work and must be reported to company supervision on the job when it occurs.

4.73 The damaged item must be exhibited to the Committee for determination of the depreciation and extent of damage.

4.74 The claim must be accompanied by prima facie evidence that the item was damaged on the job, and negligence and carelessness are factors to be given consideration.

4.75 If reimbursement is in order, the item will either be repaired or replaced in kind or reimbursed at its depreciated value.

4.76 Any second approved claim by an individual for broken glasses may be reimbursed by replacement with safety-type glasses.

4.77 Claims for lost or stolen items are not valid.

SECTION 5

HOLIDAYS

5.1 The following holidays shall be recognized: New Year's Day, Martin Luther King's Birthday, Lincoln's Birthday, Washington's Birthday, Cesar Chavez' Birthday, Memorial Day, In-

dependence Day, Bloody Thursday, Harry Bridges' Birthday, Labor Day, Veterans' Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, and New Year's Eve Day.

5.2 Holiday observance and work schedule. The observance of holidays and the work schedule on the holidays listed in Section 5.1 shall be as follows in all U.S. Pacific Coast ports:

New Year's Eve Day, December 31 and

New Year's Day, January 1—No work shall be performed between 3:00 p.m., December 31 and 7:00 a.m., January 2.

Exceptions: (a) An extended shift will be worked from 3:00 p.m. to 5:00 p.m. on December 31 for the purpose of finishing a ship and (b) the provision for "no work" shall not apply to passenger ships, essential military cargo and emergencies as defined in Section 5.24.

Martin Luther King's Birthday, 3rd Monday in January—Normal work day.

Lincoln's Birthday, February 12—Normal work day.

Washington's Birthday, 3rd Monday in February—Normal work day.

Cesar Chavez' Birthday, March 31—Normal work day.

Memorial Day, last Monday in May—Normal work day.

Independence Day, July 4—Normal work day.

Bloody Thursday, July 5—No work shall be performed between 8:00 a.m., July 5 and 7:00 a.m., July 6.

Harry Bridges' Birthday, July 28—Normal work day.

Labor Day, 1st Monday in September—No work shall be performed between 8:00 a.m. on Labor Day and 7:00 a.m. the day after Labor Day.

Exception: The provision for “no work” shall not apply to passenger ships, essential military cargo and emergencies as defined in Section 5.24.

Veterans’ Day, November 11—Normal work day.

Thanksgiving Day, 4th Thursday in November—No work shall be performed between 8:00 a.m. Thanksgiving Day and 7:00 a.m. the following day.

Exception: The provision for “no work” shall not apply to passenger ships, essential military cargo and emergencies as defined in Section 5.24.

Christmas Eve Day, December 24 and

Christmas Day, December 25—No work shall be performed between 3:00 p.m., December 24 and 7:00 a.m., December 26.

Exceptions: (a) An extended shift will be worked from 3:00 p.m. to 5:00 p.m. on December 24 for the purpose of finishing a ship and (b) the provision for “no work” shall not apply to passenger ships, essential military cargo and emergencies as defined in Section 5.24.

5.21 When a holiday falls on Saturday or Sunday, the work schedule provided in Section 5.2 shall apply on Saturday or Sunday; however, the holiday shall be observed on Monday and payment as provided in Sections 5.32, 5.321 and 5.322 shall apply to Monday.

5.22 On Election Day the work shall be arranged so as to enable the men to vote.

5.23 Where work ceases at 3:00 p.m. (December 24 and December 31) the day shift guarantee shall be 6 hours on an 8:00 a.m. start and 5 hours on a 9:00 a.m. start.

5.24 Any work schedule restriction provided in Section 5.2 shall not apply in the event of an emergency involving the safety of vessel, life or property.

5.3 Paid Holidays. The following holidays shall be recognized as “paid holidays”: New Year’s Day, Martin Luther King’s Birthday, Washington’s Birthday, Cesar Chavez’ Birthday, Memorial Day, Independence Day, Harry Bridges’ Birthday, Labor Day, Veterans’ Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, and New Year’s Eve Day.

5.31 Eligibility for paid holidays. Only registered employees are entitled to receive a “paid holiday,” provided:

5.311 They have registration status on the date of the “paid holiday,” and

5.312 Have worked the required number of hours, in the most recent payroll year for which total payroll year hours are available, to qualify for a 1-week basic vacation as provided in Section 7.11.

5.313 In addition to Sections 5.311 and 5.312, employees receiving their job assignments through the dispatch hall must be available for at least 2 of the 5 days, Monday through Friday (exclusive of the holiday), during the payroll week in which the holiday falls.

5.3131 Employees who work the required hours to have qualified for a 2-week basic vacation in the prior payroll year shall not be required to meet the provisions of Section 5.313 on paid holidays which are normal work days, i.e., Martin Luther King’s Birthday, Washington’s Birthday, Cesar Chavez Birthday, Memorial Day, Independence Day, Harry Bridges’ Birthday, Veterans’ Day.

5.314 In addition to Sections 5.311 and 5.312, employees working on a steady basis must meet the availability requirement of their employer.

5.315 The availability provision of Section 5.313 or Section 5.314 shall not apply to absence while on vacation or because of sickness or injury which is verified.

5.32 Payment. A registered employee eligible for a “paid holiday” shall receive pay equivalent to 8 hours at the straight time rate to which the employee is entitled under Section 4.13 for the week in which the “paid holiday” occurs.

5.321 Registered employees eligible for a “paid holiday” shall receive payment as provided in Section 5.32 above, whether they work or not. When registered employees who are eligible for a “paid holiday” perform work on such holiday, their additional payment for working shall be as prescribed in Section 4.

5.322 Registered employees not eligible for a “paid holiday” and non-registered employees who perform work on any of the paid holidays listed in Section 5.3 above shall be paid for working as prescribed in Section 4.

5.33 Disbursement. Payment for each “paid holiday” shall be made on the second payday following the payroll week in which the “paid holiday” falls. The Pacific Maritime Association shall be the disbursing agent for such payments. (PMA and the Union will review the timely submission of availability to process payment of holiday pay. When this process is completed and availability is submitted in a timely manner, holiday pay will be paid the week following the holiday.)

5.331 An employee who does not receive a “paid holiday” payment because of illness/injury, vacation, visiting, full-time union employment, full-time joint employment, jury duty

or any other reason in which the employee claims all eligibility requirements were met, shall file a claim. To be valid, such claim for “paid holiday” payment must be submitted to PMA no later than 5 weeks after the normal pay day for the “paid holiday.”

5.34 Work force availability. The Union agrees that employees shall be available to meet the Employers’ work requirements on all holidays in accordance with the work schedule contained in Section 5.2.

SECTION 6

SCHEDULED DAY OFF

6.1 Each registered longshoreman shall be entitled to 2 full days (48 hours) off each payroll week.

6.11 The Joint Port Labor Relations Committee shall fix, arrange, direct and schedule days off in advance in accordance with the above to the extent possible considering needs of the port and men available.

SECTION 7

VACATIONS

7.1 Computation of vacations. In any payroll year each longshoreman who is registered and qualified on December 31 of the calendar year in which he earns his vacation shall receive a vacation with pay the following year at the straight time hourly rate to which the employee was entitled under Section 4.13 on January 1 of the calendar year in which vacations are paid. The computation shall be as follows:

7.11 Basic vacation.

7.111 Qualifying hours required for a basic 1-week or 2-week vacation with pay shall be as follows:

| Average Port Hours | Qualifying Hours | | | |
|-----------------------|------------------|---------|-----------------|---------|
| | Under Age 60 | | Age 60 and Over | |
| | 1 Week | 2 Weeks | 1 Week | 2 Weeks |
| 1,300 or more..... | 800 | 1,300 | 700 | 1,200 |
| 1,200 - 1,299..... | 700 | 1,200 | 600 | 1,100 |
| 1,100 - 1,199..... | 676 | 1,100 | 600 | 1,100 |
| 1,000 - 1,099..... | 615 | 1,000 | 600 | 1,000 |
| 900 - 999..... | 552 | 900 | 552 | 900 |
| 800 - 899..... | 552 | 800 | 552 | 800 |
| less than 800..... | 552 | 800 | 552 | 800 |

7.1111 “Qualifying hours,” as defined in Section 7.21, include hours worked in any port. In no event shall the qualifying hours for a basic 1-week vacation be less than 552 hours.

7.1112 In calculating “average port hours,” the following shall apply:

- (a) Average port hours are the average hours worked in the port during the payroll year by those longshoremen registered in the port at the end of the payroll year, except that men who were paid for less than 100 hours shall be excluded.
- (b) Hours worked shall include work performed by longshoremen in any registration classification (longshore, clerk or foreman).
- (c) Hours worked by men outside of their port shall be excluded. “Port” shall be considered either the port, port district or general area in which men are assigned and have employment priority.

7.12 Additional vacation.

7.121 One additional week vacation with pay if he shall have qualified for at least 2 weeks of basic vacation under Section 7.111, and if in each of any 8 of his past years of service he shall have qualified for at least a 1-week basic vacation. (*See Sections 7.261 through 7.265.*)

7.1211 Any active employee registered before July 1, 1990, in ports other than Seattle, Portland, San Francisco and Los Angeles who does not qualify for the additional week of vacation under Section 7.121 shall receive the additional week if he shall have qualified for 2 weeks of basic vacation under Section 7.111 and shall have been available for employment for 10 years or more under the Agreement or its predecessors for employees bound thereby, and if he shall have qualified for at least a 1-week basic vacation in 5 of the previous 10 payroll years. (*See Sections 7.261 through 7.265.*)

7.122 One additional week's vacation with pay if he shall have qualified for at least 1 week of basic vacation under Section 7.111, and if in each of any 17 of his past years of service he shall have qualified for at least a 1-week basic vacation. (*See Sections 7.261 through 7.265.*)

7.123 One additional week vacation with pay if he shall have qualified for at least 1 week of basic vacation under Section 7.111, and if in each of any 23 of his past years of service he shall have qualified for at least a 1-week basic vacation. (*See Sections 7.261 through 7.265.*)

7.124 One additional week vacation with pay if he shall have qualified for at least 1 week of basic vacation under Section 7.111, and if in each of any 25 of his past years of service he shall have qualified for at least a 1-week basic vacation. (*See Sections 7.261 through 7.265.*)

7.13 Each week's vacation pay shall be 40 times the employee's straight time hourly rate as set forth in Sections 4.13 and 7.1, or the employee's appropriate skilled straight time rate.

7.131 A skilled rate applies when at least half of the qualifying hours are at a skilled rate(s).

7.1311 The skilled rate payable shall be the highest skilled rate at which accumulated skilled hours equal one-quarter of the qualifying hours for the basic 1-week or 2-week vacation.

7.1312 When hours worked as a Walking Boss/Foreman are insufficient to qualify for a vacation under the Walking Bosses & Foremen's Agreement, such hours shall be considered as hours worked at the highest longshore skill rate under this Contract Document.

7.2 Qualifying hours and years.

7.21 Qualifying hours for vacation purposes shall include all hours for which pay is received, except vacation hours, paid holiday hours and Pay Guarantee Plan hours.

7.22 Qualifying hours shall be limited to hours paid for by individual employers or parties to this Contract Document and to other hours as to which employers participating in the vacation plan in the port area make the required payments to the Association. Hours paid to any longshoreman in any port area covered by the Agreement, other than that in which he is registered on December 31, shall be added to paid hours in his home port, provided, however, that such longshoreman either shall have been granted authorization in the customary manner to visit other port areas or shall have been transferred on the

registered list in accordance with the rules and with the consent of the Joint Port Labor Relations Committee.

7.23 Registered longshoremen shall be credited with hours paid for as longshoremen, clerks, or other employment under collective bargaining contracts to which the Union and the Association are parties, but no worker shall receive 2 vacations in the same year, one under this Agreement and another under any other agreement.

7.24 Registered longshoremen shall be credited with hours at court as jurors, including waiting time under court order, as certified by the clerk of the court.

7.25 Those employees who have worked during the payroll year but have insufficient qualifying hours for a vacation due to illness or injury, shall qualify for vacation based on hours worked during the 4 payroll quarters preceding the quarter in which the injury or illness occurred.

7.26 In computing years of service under Section 7.12:

7.261 Continuous absence from employment because of industrial illness or injury arising out of employment under this Contract Document compensated for under a State or Federal Compensation Act shall be considered qualifying time.

7.2611 Temporary absence from employment due to compensable temporary partial disability because of industrial illness or injury shall be considered qualifying time.

7.262 Service in the Armed Forces of the United States or employment by the United States as a civilian in longshore operations in World War II and the Korean War that occurs after registration shall be considered qualifying time.

7.263 Service as a full-time Union official or of a registered longshoreman employed as a joint employee of a Labor Relations Committee, Welfare Fund, Pension Fund, or other joint entity of the parties shall be considered qualifying time.

7.264 When any longshoreman is absent less than the full calendar year, he shall receive only proportionate credit for qualifying time.

7.265 Any longshoreman whose combination of hours worked and hours of Pay Guarantee Plan payment total 800 hours or more in any payroll year shall have such counted as a qualifying year for years of service for vacation eligibility.

7.27 Any employee who has been registered in both a small port and a large port during the period in which he claims to have satisfied the requirements of Section 7.121 for a third week of vacation must satisfy the requirements of Section 7.1211, but for such purposes he shall be given double credit for any year in which he worked at least 800 hours in a small port, and for each such year of double credit the 15-year spread shall be reduced by 1 year.

7.28 Where a longshoreman has been paid for work in part of the year both by the Union or its longshore locals and by the Employers and the total amount thereof qualifies him for a vacation, his vacation shall be paid by the Employers and the Union on a pro rata basis.

7.3 Vacation procedure.

7.31 The method and procedure for scheduling vacations shall be those which have been in effect since 1951. Vacation periods may be scheduled during any month(s) of the calendar year by the Joint Labor Relations Committee of each port, who

will also schedule vacations on a full week by week basis when so requested by the man.

7.32 Each registered longshoreman entitled to a vacation shall take his vacation at the time scheduled.

7.33 A registered longshoreman whose registration is cancelled after he shall have fulfilled all requirements for a vacation during the previous payroll year shall receive vacation pay at the time agreed to by the parties.

7.34 If a registered longshoreman dies after he has worked the required hours for a vacation, his vacation pay will be paid to his widow or beneficiary.

7.35 If a registered longshoreman retires under the IL-WU-PMA Pension Plan after he has worked the required hours for a vacation, he shall receive his vacation pay at the time agreed to by the parties as set forth in Section 7.421.

7.4 Administration.

7.41 The Pacific Maritime Association shall be the disbursing agent under this Agreement and shall make vacation checks available in the same manner as regular pay checks are made available in each port area. Vacation checks will be available for distribution in the first full payroll week of March of the calendar year in which vacations are paid. PMA and the Union will review and analyze the Vacation Claims Process for vacations paid during the January/February 2000 vacation payment cycle. Based on this review, expedited claims processes will be developed so that, in the following year (2001), vacations will be paid in the first full payroll week of February. A second distribution of vacation checks based on timely claims will occur in the first full payroll week of June.

7.411 In addition to the regular distribution of vacation pay checks as set forth above in Section 7.41, there shall be 2 additional vacation pay distributions for vacation benefits earned in the current year for new retirees only. Such distributions shall occur in the first full payroll week in August and in the first full payroll week in December. These current year computations made in August and December shall be based on the prior year's average port hours.

7.42 Any public port or port commission may become a party to this vacation agreement by notifying the Union and the Association, prior to the first day of the calendar year in which the vacation is to be taken. Similarly, any or all of the Armed Services may become parties. In the event that one or more public ports or Armed Services becomes a party to the agreement, said port(s) or Service(s) shall be placed in the same status as an individual employer member of the Pacific Maritime Association for all the purposes of this Agreement.

7.43 Nonmember employers may participate in the vacation plan in accordance with the conditions thereon fixed by the Association.

SECTION 8

DISPATCHING, REGISTRATION, AND PREFERENCE

8.1 Dispatching Halls.

8.11 The dispatching of all longshoremen shall be through halls maintained and operated jointly by the International Longshore and Warehouse Union and the Pacific Maritime Association in accordance with the provisions of Section 17.

There shall be one central dispatching hall in each of the ports with such branch halls as shall be mutually agreed upon.

8.111 The Association and the Union agree that continued study shall be made in mechanizing the dispatching halls and if a feasible plan is developed it shall be instituted in a major port on a trial basis. If no agreement is reached as to a feasible plan or its institution on a trial basis, such disagreement or disagreements may be submitted to the Area Arbitration Panel for resolution.

8.12 Any longshoreman who is not a member of the Union shall be permitted to use the dispatching hall only if he pays his pro rata share of the expenses related to the dispatching hall, the Labor Relations Committee, etc. The amount of these payments and the manner of paying them shall be fixed by the Joint Port Labor Relations Committees.

8.13 Any non-Association employer shall be permitted to use the dispatching hall only if he pays to the Association for the support of the hall the equivalent of the dues and assessments paid by the Association's members. Such nonmember employers shall have no preference in the allocation of men, and shall be allocated men on the same basis as Association members.

8.14 Longshoremen not on the registered list shall not be dispatched from the dispatching hall or employed by any employer while there is any man on the registered list qualified, ready and willing to do the work.

8.15 The local union shall bear one-half of all expenses of the dispatching hall less the amount received by the Joint Port Labor Relations Committee from nonmembers of the Union

as pro rata shares payable under Section 8.12. (*See Addenda, Dispatch Hall Costs.*)

8.2 Dispatching Hall Personnel.

8.21 The personnel for each dispatching hall, with the exception of Dispatchers, shall be determined and appointed by the Joint Labor Relations Committee of the port. Dispatchers shall be selected by the Union through elections in which all candidates shall qualify according to standards prescribed and measured by the Joint Labor Relations Committee of the port. If it fails to agree on the appropriate standards or on whether a candidate is qualified under the standards, the dispute shall be decided in accord with provisions of Section 17.

8.22 The term of office of any Dispatcher shall be at least 1 year.

8.23 All personnel of the dispatching hall including Dispatchers, shall be governed by rules and regulations of the Joint Port Labor Relations Committee, and shall be removable for cause by the Joint Port Labor Relations Committee.

8.24 The Association shall be permitted to maintain a representative in the dispatching hall. The Joint Port Labor Relations Committee shall permit any authorized representative of the Association or the Union to inspect dispatching hall records.

8.3 Registration.

8.31 The Joint Port Labor Relations Committee in any port, subject to the ultimate control of the Joint Coast Labor Relations Committee, shall exercise control over registered lists in that port, including the power to make additions to or subtractions from the registered lists as may be necessary. In each port there shall be maintained a list of longshoremen

showing their registration status under this Agreement. When objecting to the registration of any man, members of the Joint Port Labor Relations Committee shall be required to give reason therefor.

8.32 Any longshoreman registered by a Joint Port Labor Relations Committee in accordance with this Contract Document shall thereby acquire joint coastwise registration under this Agreement. The rights and obligations of coastwise registration in regard to transfers between ports, visiting and leaves of absence are set forth in Supplement I to this Contract Document. The rights and obligations of coastwise registration in regard to transfer of registered longshoremen to registered clerk status and vice versa are set forth in Supplement II to this Contract Document.

8.33 Either party may demand additions to or subtractions from the registered lists as may be necessary to meet the needs of the industry.

8.34 Each registered longshoreman has the obligation to request a leave of absence if he intends to absent himself from work for a period of 30 days or longer and in other circumstances as may be covered by port rules under Supplement I. A registered longshoreman who fails to work for 30 days, except when on approved leave, and whose facts and reasons for such absence are not acceptable to the Joint Port Labor Relations Committee, may be deregistered.

8.35 A registered individual holding a nonlongshore job is subject to discipline, including deregistration if the individual's outside employment detrimentally conflicts with the individual's duties as a registered longshoreman.

8.4 Preference of Employment.

8.41 First preference of employment and dispatch shall be given to fully registered longshoremen who are available for employment covered by Section 1 of this Contract Document in accordance with the rules and regulations adopted by the Joint Port Labor Relations Committee. A similar second preference shall be so given to limited registered men. The Joint Coast Labor Relations Committee shall be authorized to effectuate such preferences in such manner and for such times and places as it determines in its discretion.

8.42 Dispatching of men and gangs shall be under the principle of low-man, low-gang, first-to-be-dispatched, except where local dispatching rules provide otherwise for dispatching of special skilled men and gangs.

8.43 There shall be no favoritism or discrimination in the hiring or dispatching or employment of any longshoremen qualified and eligible under the Agreement.

8.44 Any longshoreman or dispatching hall employee found guilty by the Joint Port Labor Relations Committee of favoritism or discrimination or bribery shall immediately be discharged and dropped from the registered list.

8.5 Furnishing of gangs and supporting men.

8.51 Each dispatching hall shall furnish on any day required up to at least the agreed to number of gangs and supporting men, as well as up to any number agreed to, or arrived at through Contract procedures, in the future.

8.52 Where such gangs and men cannot be dispatched from the fully registered list, then limited registered men and casuals, if required, shall be dispatched.

8.53 Qualified limited registered men and casuals shall be dispatched in skilled categories when required.

8.54 Limited registered men and casuals shall be dispatched on any shift on any day, if required.

8.55 Limited registered men and casuals shall be permitted to finish the job to which they were dispatched when so determined by the Chief Dispatcher. Replacements hereunder shall not occur before the end of a shift.

8.56 Arrangements for employment of casuals shall be made by the Joint Labor Relations Committee of the port.

8.57 A registered man who accepts a dispatch and who fails to report to the job to which dispatched and thereby makes it impossible for the work to proceed shall be guilty of causing a work stoppage and shall be subject to discipline as set forth in Section 17.

SECTION 9

PROMOTIONS, TRAINING, AND STEADY SKILLED MEN

9.1 The principle of promotion from the ranks is hereby recognized and agreed to.

9.2 There shall be established in each port a joint committee of registered longshoremen and of employers. It shall be the duty of such committee to establish qualifications for promotions to classifications covered by this Contract Document, including trainees, and to pass on all such promotions. The promotions committee shall determine the trainees under policies laid down by the Joint Port Labor Relations Committee. Such qualifications shall include length of service in the industry, competency and ability to perform skilled operations,

or to direct work and skilled operations, ability to handle men and to secure conformance to the Agreement and to maintain and promote harmonious relations on the job and between the parties to this Agreement.

9.3 Competent men with adequate experience or training shall be made available for all tools and equipment to be operated by longshoremen.

9.31 Subject to the ultimate control of the Joint Coast Labor Relations Committee, the Joint Port Labor Relations Committee shall provide for the availability of the necessary men when there are not sufficient such competent longshoremen available.

9.4 The Employers will train men and administer the necessary skill training programs. The Employers must be satisfied as to the qualifications of the men so trained and make the determination that they are skilled men. Such men shall be jointly certified. In turn, the men so trained, as well as the men already trained and/or qualified have the obligation to work in the skills in which they have been trained or are already qualified.

9.41 Trained and/or qualified skilled men shall accept work in their skill when checked in for work or while working in other categories. Failure to fill the minimum complement of skilled work as ordered by the employer shall result in penalties levied by the JPLRC against men who do not make themselves available for such work when skilled men are needed.

9.42 The Joint Port Labor Relations Committee shall provide as a part of the local Dispatching Rules an orderly procedure whereby skilled men who are on the skilled lists shall work as provided in Section 9.41. This procedure shall not preclude a skilled man working out of category when there is

no work available for him in that category, but should the need subsequently arise for his skill(s), he will be replaced and will accept the skilled job.

9.43 In addition to other steady employees provided for elsewhere in this Agreement, the Employers shall be entitled to employ steady, skilled mechanical or powered equipment operators without limit as to numbers or length of time in steady employment. They shall be entitled to the Contract guarantees as provided in Section 3. The employer shall be entitled to assign and shift such steady men to all equipment for which, in the opinion of the employer, they are qualified. (*See related subjects in Addenda.*)

9.431 Steady skilled men cannot be assigned to operate winches.

9.432 Steady skilled men cannot be assigned to operate basic forklifts* up to 5-ton capacity except under the following circumstances:

- (a) To fill out the 8-hour guarantee.
- (b) To move equipment around incidental to their other duties.

9.44 Fully registered men holding union office or union or joint employment may apply and participate in training programs, provided such men will be re-entering the active work force within 60 days after the completion of the training program. Fully registered men holding union office or union or

*A basic forklift is defined as a self-propelled machine (up to and including 10,000 pound capacity) for hoisting or moving objects by means of steel fingers (forks), chine hooks, barrel clamps, rotator, ram side-shifter or squeeze attachments affixed to a vertical mast.

joint employment who will not be re-entering the active work force within the 60-day period, if qualified and selected for participation in a training program, may take the training immediately upon re-entering the active work force.

9.45 A steady worker, after serving the Union as an elected official, has the right to be reinstated in his/her same steady job with the same seniority and at the same company, and that job shall be filled on a temporary basis.

9.46 A training program shall be developed to ensure qualified registrants for relief, replacement, or expansion.

SECTION 10

ORGANIZATION OF GANGS, GANG SIZES AND MANNING, AND METHODS OF DISPATCHING

10.1 The Joint Port Labor Relations Committee shall determine the methods of dispatching for the port. Gangs and men shall be dispatched only as ordered by the employer. The employers shall have the right to have dispatched to them, when available, the gangs in their opinion best qualified to do their work. Subject to the provisions of this Contract Document, gangs and men not assigned to gangs shall be so dispatched as to equalize their work opportunities as nearly as practicable, having regard to their qualifications for the work they are required to do. The employers shall be free to select their men within those eligible under the policies jointly determined and the men likewise shall be free to select their jobs.

10.11 Except as provided in Section 10.111, the employer shall have until 2:00 p.m. to file orders or cancel orders for gangs for the second and third shifts.

10.111 In the Columbia River District the Employers shall have until 12:00 Noon to firm or cancel orders for gangs and units on the second and third shifts.

10.2 The organized or make-up minimum basic ship gang for general break bulk cargo (hereinafter called the "basic gang") shall consist of men as follows:

A gang boss (in ports where such are used).*

Skilled deck man or men as required.

2 sling or front men.

4 holdmen (2 of whom shall be skilled and shall receive the skilled rate of pay).** (*See Addenda, Skilled Holdmen.*)

10.21 In a general break bulk cargo operation when the cargo is to be hand handled piece by piece, then 2 longshoremen shall be added to the basic gang for all such discharge operations, and 4 longshoremen shall be added for all such loading operations. *Exception:* When space or safety are the factors that dictate that only 1 load can be handled at a time,

*Employers will continue to employ gang bosses in ports where such are used provided such gang bosses will perform their duties in accordance with the following rules: The parties agree that gang bosses are in complete authority and will be held responsible for the functioning of their gangs. Gang bosses shall have the responsibility to discharge from their gangs any man or men for incompetence, insubordination, or failure to perform work as required, in conformance with the provisions of the Contract Document. Joint Port Labor Relations Committees may adopt additional rules to implement this authority and this responsibility, but may not nullify them.

**Where side runners are used they shall be included as part of the four, but shall not be deemed substitutes for the machine drivers.

prior to the handling of the second load, then the basic gang can perform such handling provided it is to last for 1 hour or more.

10.22 When machine(s) are introduced into the hatch for the purpose of moving the loads to or from the place of stow in the operation defined in Section 10.21, the skilled holdmen in the basic gang shall operate the machines as required. While such machines are in operation, the men operating them shall not be required to do manual work.

10.23 On loading operations: When the loads are being landed in the vessel at their place of rest, the basic gang can be used; when the loads are being stowed by mechanical equipment after landing, the basic gang shall be supplemented on the basis of 1 additional longshoreman for each skilled holdman operating a machine.

10.24 On discharge operations, the basic gang can be used when the loads are pre-slung or require the placement of slings or similar devices. When the loads are being removed from stow by machine to the point of removal from the vessel, the basic gang shall be supplemented on the basis of 1 additional longshoreman for each skilled holdman operating a machine.

10.25 When the cargo handling operation to be performed requires only a basic gang, that gang may be used to rig, uncover and cover hatches without additional men.

10.26 Such longshoremen as are called for herein may be used for any dock work and/or for hold work in any hatch and may be shifted as provided in Section 3.132 and a second winch driver may be shifted as provided in Section 3.131. Longshoremen, skilled or unskilled and a second winch driver, shall not be added to the basic gang complement in order to have ship's time guaranteed. They shall have the 8-hour guar-

antee and the right to callbacks without favoritism. They may be released at the end of any shift when they are not needed to start the next shift.

10.27 The minimums set forth can be supplemented in any numbers as ordered by the employer, while needed, without precedent.

10.3 Manning for existing operations.

- (a) Manning for operations existing on June 20, 1972, including existing T-Letters where a subsequent change in operation after the establishment of the original manning introduces a machine, or device, or new method of operation which results in the need for reduced or increased manning, shall be subject to review through the contract machinery at the Coast LRC level at the request of either party. Where such requests are made the review shall be based on a determination of necessary men as defined in Section 15.2 and the parties are not bound or limited by the basic gang structure provided in Section 10.2.
- (b) Any review under (a) above shall not include a review of the minimum manning provided in Section 10.21.

10.31 Packaged lumber shall be handled in the same manner as T-7. This excludes the reference to "topping off."

10.32 Manning for robot operation as it now applies.

- (a) Skilled deck man or men, as required.
- (b) If lift trucks or similar machines are to be used, then skilled driver or drivers as required.

- (c) Not less than 2 basic longshoremen to do all unskilled work as per Section 10.6 except for hand stowing or unstowing.
- (d) Skilled driver or drivers working with 2 basic longshoremen under (c) above shall do no other work at any time except operate the machine.
- (e) If the operation described above converts to a hand stowing or unstowing operation with no front men required, additional basic longshoremen will be added to the 2 basic longshoremen in (c) above to bring the complement up to the applicable required manning without front men, and the skilled driver or drivers shall function as in a regular gang of that type.
- (f) If the operation starts as a hand handled break bulk operation and converts to a robot operation during the shift the gang boss (in ports where now used) will not lose his 8-hour guarantee. If the operation commences as a robot operation calling for less than the basic gang no gang boss (in ports where used) shall be hired. If such operation converts during a shift to use of a basic gang no gang boss (in ports where used) shall be added during that shift, but if the basic gang structure is called back for the next comparable shift a gang boss (in ports where used) will be ordered.
- (g) Section 10.4 is applicable when operations change during a shift.
- (h) The robot operation is subject to change under provisions of Section 10.5 provided, however, that the above manning continues unless changes are resolved through the grievance machinery.

10.33 LASH manning. The manning for LASH ships and LASH barges shall remain as defined in T-150 with the following exceptions as to manning on LASH barges:

- (a) On all LASH barge operations, except general break bulk cargo operations when the cargo is to be hand handled piece by piece, the manning shall be skilled men and/or basic longshoremen as determined by the employer.
- (b) On all LASH barge operations, which are general break bulk cargo operations with the cargo to be hand handled piece by piece, the manning except for holdmen shall be as determined by the employer. The manning for holdmen shall be 4 holdmen, subject to the Union's right to claim that additional holdman manning is required because of onerousness. In such event the agreed-to procedure on "Onerousness" is to be followed to resolve such a dispute.
- (c) When cranes are utilized to load cargo to or discharge cargo from LASH barges, the manning on the operation of the cranes shall conform with applicable Agreement provisions.

10.4 In all of the preceding operations, if during the period of loading or discharging the operation changes from one category to another the employer shall be free to shift longshoremen in or out of the operation so that only the applicable number of men required are employed on the operation.

10.5 New methods of operation.

10.51 When new methods of operation are introduced after June 20, 1972, the Employers at the Coast level shall submit to the Union a letter describing the operation and the proposed

ship manning prior to the anticipated start of the operation. A copy of the letter shall be transmitted to the local Union in the port or ports where the new method of operation will take place. After such notification the following procedure shall be implemented:

- (a) The Joint Port Labor Relations Committee in the port where the new operation is to first take place shall meet promptly and reach agreement or disagreement on the employers' proposed manning at least 48 hours prior to the anticipated initial starting time of the new operation. If agreement is reached on the employers' proposed manning, such manning shall be ordered for the initial working shift of the ship.
- (b) If the Joint Port Labor Relations Committee under step (a) above does not reach agreement on the ship manning proposed by the employers, the matter shall be immediately referred to the industry Area Arbitrator, assigned on a random basis, for resolution. The industry Area Arbitrator shall issue a prompt interim decision on the manning to be ordered for the initial working shift of the ship.
- (c) On the initial working shift of the ship, either party at the local level may request a Joint Port Labor Relations Committee meeting to observe the manning established by either step (a) or (b) above. If either party is dissatisfied with the manning, the industry Area Arbitrator, assigned on a random basis, shall be promptly called to the job. The industry Area Arbitrator shall observe the operation with the local parties, hear their contentions, and then issue a prompt

formal decision on the manning that shall be binding on all subsequent shifts and on future operations in the port, unless changed under step (d) below.

- (d) Either party may appeal a decision by the industry Area Arbitrator under step (c) above to the Joint Coast Labor Relations Committee. Upon receipt of an appeal, the Joint Coast Labor Relations Committee shall meet within 5 days, or later, if the parties agree on a subsequent meeting date. If agreement is not reached by the Joint Coast Labor Relations Committee, the matter shall be placed before the Coast Arbitrator whose decision on the manning shall be final and binding.

10.52 If a new method of operation is to occur in different areas, the steps defined in Sections 10.51(a) through (d) shall be applicable to the local parties in each area. "Areas" is defined to mean Washington, Columbia River and Oregon Coast Ports, Northern California and Southern California.

10.53 If a new method of operation is to occur at more than one port within an area, the Joint Area Labor Relations Committee shall function under the steps defined in Sections 10.51(a) through (d) as a substitute for the Joint Port Labor Relations Committees in the area for the purpose of establishing uniform manning for the area.

10.54 Any change in operation that introduces a machine, or device, or new method of operation that has as its purpose and effect the reduction of manning by eliminating unnecessary men below the manning specified in Section 10.2 and subordinate subsections, or previously approved letters, shall be presented by the Employers in a new letter, and shall be

governed by the procedures provided in Section 10.51 and subordinate subsections.

10.6 In addition to the descriptions of work that can be performed without additional men as hereinabove set forth, all other longshore work, without exception, in connection with loading or discharging will be performed as directed by the employer, subject to the provisions of the onerous workload procedure. However, when "topping off" piece by piece is required such topping off shall be considered hand handling and the manning provided in Section 10.21 will be used.

10.7 The use of dock gang units shall continue with flexibility in their usage. A dock gang need not be released as a unit.

10.8 If, during a shift, a change is made from a discharge to a loading operation, and the change requires additional men under the provisions of this Section 10, if the employer is unable to swing in men from ship or dock from his own employees, the holdmen will work without additional men for a maximum of 15 loads but not more than 1 hour.

10.9 The safeguards of Section 15.1 shall apply to gang size and manning.

10.91 The parties agree that there shall be no 4-off and 4-on or variations thereof, and that the Union as well as the Employers will take the necessary steps to implement this understanding.

10.92 Notwithstanding any past practice or conduct to the contrary, and with particular reference to Section 18 of this Agreement making it an explicit condition that the Union and Employers are committed to observe this Agreement in good faith, effective July 1, 1987, Section 10.91 shall be strictly enforced prospectively. To accomplish this, the International, the

Locals and the Employers pledge total support and cooperation to each other to achieve full compliance by all individual longshoremen and individual employers to the elimination of all violations of Section 10.91. "Hard timing" or other similar conduct which inhibits or frustrates compliance shall be considered a violation of Section 11 of this Agreement. There shall be no selective implementation of this provision by the Employers in any port.

SECTION 11

NO STRIKES, LOCKOUTS, AND WORK STOPPAGES

11.1 There shall be no strike, lockout or work stoppage for the life of this Agreement.

11.2 The Union or the Employers, as the case may be, shall be required to secure observance of this Agreement.

11.3 How work shall be carried on.

11.31 In the event grievances or disputes arise on the job, all men and gangs shall continue to work as directed by the employer in accordance with the specific provisions of the Agreement or if the matter is not covered by the Agreement, work shall be continued as directed by the employer.

11.4 Exceptions and Procedures for Health and Safety and Onerous Workload.

11.41 Health and safety exception. Longshoremen shall not be required to work when in good faith they believe that to do so is to immediately endanger health and safety. Only in cases of bona fide health and safety issues may a standby be justified. The Union pledges in good faith that health and safety will not be used as a gimmick. The employer shall have

the option of having the men who raise a question of health and safety stand by until a decision is reached or “working around” the situation until it can be resolved, and no further work shall be performed on that disputed operation until the health and safety issue is resolved.

11.42 Onerous workload exception. Longshoremen on cargo handling operations shall not be required to work when in good faith they believe that to do so will result in an onerous workload. The Union pledges in good faith that the onerous workload claim will not be used as a gimmick. The employer shall have the option of having the men claiming onerousness stand by until a decision is reached or “working around” the situation until it can be resolved.

11.421 When a man is directed to take his own relief without a man being assigned to relieve him, this does not automatically present a question of onerousness of work or individual speedup for the men remaining on the job, regardless of the basic gang structure involved. A change in operations or manning to remove unnecessary men, or the handling of larger loads does not, in and of itself, automatically present any question of onerousness of work or individual speedup.

11.422 The procedure provided in Section 11.42 shall not apply on operations where the Association and the Union have agreed to changed operations or reduced manning under Sections 10.3 and 10.5. If claims of onerousness are presented in such cases, they shall be referred to the Joint Coast Labor Relations Committee.

11.4221 The foregoing Section 11.422 is intended to mean that agreements reached on changed operations or reduced manning in accordance with the Contract procedures

shall not be challenged as being onerous operations if no further change has been made following such agreement. In other words, claims of onerousness shall not be used to challenge agreed manning if the operation is unchanged in all respects. Any such challenges shall be referred to the Joint Coast Labor Relations Committee.

11.43 General Procedures for Health and Safety and Onerous Disputes.

11.431 The men must ask their steward to bring the question of health, safety or onerousness to the attention of the foreman or walking boss in immediate charge of the operation. The steward and his immediate superior (gang boss, hatch boss, etc.) are the only individuals who shall present the situation to the foreman or walking boss.

11.432 If agreement cannot be reached in Section 11.431 the Business Agent shall be called. (The walking boss, gang boss or hatch boss and the Business Agent or steward, who are responsible and safety-minded individuals should be able to determine whether a condition is safe or unsafe.)

11.433 If agreement cannot be reached in Section 11.432, an immediate Joint Port Labor Relations Committee meeting shall be called on the job.

11.434 If agreement cannot be reached in Section 11.433, the industry Area Arbitrator, assigned on a random basis, shall be called to the job for an immediate ruling.

11.44 Health and Safety Procedure.

11.441 The industry Area Arbitrator shall make an immediate ruling as to how work shall proceed. After the work proceeds the industry Area Arbitrator shall make a further ruling that a bona fide health or safety issue did or did not exist.

11.442 Where the industry Area Arbitrator decides or where agreement is reached in any one of the steps under Section 11.43 that the employers were correct, the men shall not be paid for standby time, if involved.

11.443 Where the industry Area Arbitrator decides or where agreement is reached in any one of the steps under Section 11.43 that the men were correct, the men shall be paid for standby time, if involved.

11.444 If the industry Area Arbitrator decides or it is agreed at any step under Section 11.43 that an unsafe condition exists which can be corrected, the men shall work as directed to correct such condition.

11.445 If it is determined at any step under Section 11.43 that the condition claimed to be unsafe is in fact safe, the men shall resume work as directed and failure to resume work as directed shall be cause to remove the men from the payroll as of the time of standby.

11.446 If during a period of standby on an issue of health and safety any man leaves his place of work except upon instructions of the walking boss, he shall be removed from the payroll as of the time of standby regardless of how the issue is settled. Any man who so leaves without obtaining his own replacement shall be automatically subject to appropriate penalties under the grievance machinery.

11.45 Onerous Work Load Procedure.

11.451 The industry Area Arbitrator, assigned on a random basis, shall make an immediate ruling as to whether the original direction of the employer did or did not impose an onerous workload.

11.452 After the employer has directed the men as to how work shall proceed on the basis of the industry Area Arbitrator's ruling and the work proceeds in accordance with the direction of the employer, the industry Area Arbitrator shall make a further ruling that a bona fide question of onerousness of the workload did or did not exist.

11.453 Where the industry Area Arbitrator decides or where agreement is reached in any one of the steps under Section 11.43 that to work in accordance with the employer's original direction did not impose an onerous workload and the employer exercised his option to have the men claiming onerousness stand by until a decision is reached, the men shall not be paid for standby time and may be required to work beyond the time the shift otherwise would end to make up the time the men stood by.

11.4531 Such makeup time shall not exceed 2 hours, and the work will be performed at the rate applicable. The first 8 hours of time paid for, including "makeup" time on the standard first and second shift and the first 5 hours of time paid for, including "makeup" time on the third shift shall be paid at the appropriate shift rates. If work goes beyond the standard shifts as set forth in Section 2.4 in order to complete as much as possible of a regular or extended shift, such work shall be paid at the appropriate shift overtime rate. When "makeup" time is worked, and the work goes beyond 5 hours without a meal period, the employees involved shall have the option of going to a meal on their own time and returning to complete the "makeup" time, or of finishing the "makeup" time without going to a meal.

11.454 Where the industry Area Arbitrator decides or where agreement is reached in any one of the steps under Section 11.43 that the original direction of the employer as to how work should proceed did impose an onerous workload and the employer exercised his option to have the men stand by until a decision is reached, the men shall be paid for standby time.

11.455 If the industry Area Arbitrator decides or it is agreed at any one of the steps under Section 11.43 that the original direction of the employer does not impose an onerous workload and if the men are directed to resume work as originally directed, any failure to resume work as directed shall be the cause to remove the men from the payroll as of the time the men were directed by the employer to stand by if the employer had not directed them to “work around” the situation, or as of the time the men fail to resume work as directed.

11.456 If during a period of standby on an onerous issue any man leaves his place of work except upon instructions of the walking boss, he shall be removed from the payroll as of the time of standby regardless of how the issue is settled. Any man who so leaves without obtaining his own replacement shall be automatically subject to appropriate penalties under the grievance machinery.

11.46 Application of Contract Grievance Machinery.

11.461 The grievance machinery, pending investigation and adjudication of on the job disputes, requires that work shall be performed in accordance with specific provisions of the Agreement, or if the matter is not covered by the Agreement, work shall be continued as directed by the employer. Exceptions to this arise only where longshoremen in good faith believe that to do so is to immediately endanger health and

safety or in good faith believe that to do so imposes an onerous workload.

11.462 The preceding procedures apply specifically to issues initially presented as being a dispute under health or safety or a dispute as to onerousness. On all other issues, the authority of the walking boss or foreman to remove men from the payroll for cause is not disturbed.

11.463 Should the industry Area Arbitrator rule that the issue of health or safety or onerousness was raised as a gimmick, the Employers may process the matter through the grievance procedure for appropriate penalties.

11.464 The contract machinery is the same in all disputes. The preceding procedures covering disputes on health and safety and onerousness are not intended to modify the basic grievance machinery structure.

11.5 Picket Lines. (*See Addenda, Picket Line Language and Picket Line Letter of Understanding, July 1, 2014.*)

11.51 Refusal to cross a legitimate and bona fide picket line, as defined in this paragraph, shall not be deemed a violation of this Agreement. Such a picket line is one established and maintained by a union, acting independently of the ILWU longshore locals, about the premises of an employer with whom it is engaged in a bona fide dispute over wages, hours or working conditions of employees, a majority of whom it represents as the collective bargaining agency. Collusive picket lines, jurisdictional picket lines, hot cargo picket lines, secondary boycott picket lines and demonstration picket lines are not legitimate and bona fide picket lines within the meaning of this Agreement.

11.52 If an ILWU longshore local located within the confines of the United States whose members are not covered by this Agreement is engaged in a legitimate, bona fide, nonjurisdictional and noncollusive strike concerning wages, hours or working conditions of its members, no longshoreman under this Agreement shall be required to perform work hereunder respecting cargo that normally, without such strike, would be handled by members of such ILWU longshore local but which has been handled or is destined to be handled by other workers engaged in strikebreaking activities under established and legitimate trade union principles.

SECTION 12

MEETINGS FOR REGISTERED LONGSHOREMEN

12.1 In addition to other qualifications specifically set forth in this Contract Document, all registered longshoremen in order to remain qualified and eligible for dispatch through the dispatching hall must be familiar with all the provisions of the Agreement, including all working, dispatching and safety rules and the requirements of conformance and performance under the Agreement.

12.2 To this end it shall be the duty of the Union to inform all registered Union longshoremen of their collective and individual responsibilities under the Agreement. Similarly, it shall be the duty of the Joint Port Labor Relations Committee to inform all registered nonunion longshoremen of such responsibilities. Meetings for such purposes shall be scheduled by mutual consent of the Joint Port Labor Relations Committee.

12.3 Stop-Work Meetings.

12.31 Each local shall have the right to hold 1 regularly scheduled stop-work meeting each month during overtime hours on the second shift. (*See Addenda, Scheduling of Meetings.*)

12.311 In a port where such regularly scheduled stop-work meetings are held, the scheduled date during the month shall be the same for the longshore local and the clerks' local.

12.32 Any other stop-work meetings must be mutually agreed to by PMA and the Union and PMA shall receive at least 1 week's notice of such nonscheduled meetings. They shall not occur more often than once a month.

12.4 Any registered longshoreman refusing to attend such respective meetings or creating a disturbance which frustrates the purpose of the same shall be suspended or dropped from the registered list at the discretion of the Joint Port Labor Relations Committee.

SECTION 13

NO DISCRIMINATION

13.1 There shall be no discrimination in connection with any action subject to the terms of this Agreement (including at work sites, joint dispatch halls, training sites, and other locations, when reasonably related to employment covered by this Agreement) either in favor of or against any person because of membership or nonmembership in the Union, activity for or against the Union or absence thereof, race, creed, color, sex (including gender, pregnancy, sexual orientation), age (forty or over), national origin, religious or political beliefs, disability, protected family care or medical leave status, veteran status, political affiliation or marital status. Also prohibited by

this policy is retaliation of any kind for filing or supporting a complaint of discrimination or harassment. (*See ILWU-PMA Handbook - Special Section 13.2 Grievance Procedures and Guidelines For Remedies, CLRC Policy on ADA Compliance and Reasonable Accommodation and CLRC Agreement on USERRA*).

13.2 All grievances and complaints alleging incidents of discrimination or harassment (including hostile work environment) in connection with any action subject to the terms of this Agreement based on race, creed, color, sex (including gender, pregnancy, sexual orientation), age (forty or over), disability, national origin, or religious or political beliefs, or alleging retaliation of any kind for filing or supporting a complaint of such discrimination or harassment, shall be processed solely under the Special Grievance/Arbitration Procedures For The Resolution of Complaints Re Discrimination and Harassment Under The Pacific Coast Longshore & Clerk's Agreement (*See ILWU-PMA Handbook - Special Section 13.2 Grievance Procedures and Guidelines For Remedies, CLRC Policy on ADA Compliance and Reasonable Accommodation and CLRC Agreement on USERRA*) with the exception of those types of grievances and complaints described in Section 13.3.

13.3 Grievances and complaints alleging that a contractual provision or rule is discriminatory as written or as applied, as well as discrimination claims seeking elevation, registration or selection for casual status, and discrimination claims based on protected family care or medical leave status, veteran status, political affiliation, marital status, membership or non-membership in the Union, or activity for or against the Union or absence thereof, are not to be filed under the Special

Section 13.2 Grievance Procedures, but instead are to be filed and processed with the Joint Port Labor Relations Committee (JPLRC) under the grievance procedures in Section 17.4 of the PCLCA. Likewise, requests for “reasonable accommodation” for disabilities recognized under state or federal law will not be processed under the Special Section 13.2 Grievance Procedures but instead must be brought to the local JPLRC pursuant to separate procedures established for such requests. (See *ILWU-PMA Handbook - Special Section 13.2 Grievance Procedures and Guidelines For Remedies, CLRC Policy on ADA Compliance and Reasonable Accommodation and CLRC Agreement on USERRA*.)

SECTION 14

CRANES

14.1 This section relates to the employment of longshoremen on the Pacific Coast waterfront in the driving of certain cranes and in the operation of certain other mechanical tools.

14.2 Definitions.

14.21 The term “longshore crane” refers to the following shore-based cranes: whirley cranes (whether or not self-luffing), crawler cranes, truck cranes, such cherry-picker cranes as the Joint Coast Labor Relations Committee determines to be longshore cranes subject hereto, gantry cranes, bulk unloading cranes (including bulk sugar unloading equipment at Crockett), bulk loaders, locomotive cranes, hammerhead cranes, overhead cranes, stiff-leg cranes, A-frame cranes, sheer-leg derricks, and such yard cranes as the Joint Coast Labor Relations Committee determines to be “longshore cranes” subject hereto.

14.211 The term “longshore crane” excludes jitneys, lift trucks of all sizes (including such equipment with fixed or movable booms), pumps, generators, tractors, payloaders, skip loaders, bulldozers, straddle trucks, or any other equipment or tools not listed hereinabove as being within the definition of “longshore crane.”

14.212 The term “longshore crane” does not include any classes of tools or equipment not presently in use on the waterfront. The term “longshore crane” shall not include cranes or other hoisting equipment mounted on any ship, floating-crane barge, or other vessel. The foregoing provisions may be modified, on motion of either party, by action of the Joint Coast Labor Relations Committee determining that any tools or equipment described in Section 14.212 shall be “longshore cranes” subject hereto.

14.22 The term “crane driver” means a longshoreman who is dispatched, or who is steadily employed, to drive a longshore crane.

14.23 The term “crane work” means any work covered in this section when done by a longshoreman.

14.3 The following clarifications, exceptions and limitations apply to the coverage of this section:

14.31 Section 1 governs the assignment of work as between longshoremen and nonlongshoremen and the assignment of maintenance work.

14.32 The winch drivers’ work includes driving of all hoisting equipment mounted on vessels, including such as is normally called cranes, and operating banana gantries. Competent winch drivers with adequate experience or training, reg-

ular or specialist, shall be made available for these tools and equipment.

14.33 This section does not set the wages or conditions of employees operating heavy-lift cranes mounted on floating-crane barges.

14.34 Any longshore crane being driven by nonlongshoremen pursuant to an exception under Section 1.5 can be used for any longshore operation, new or old. Section 4 does not provide the rate of pay nor terms and conditions of employment of such nonlongshoremen.

14.4 Wages

14.41 The crane driver rate shall be as defined in Section 4.33.

14.411 It shall be paid to crane drivers for work in driving longshore cranes and for other skilled work to fill out a daily guarantee.

14.412 It shall be paid to crane drivers and other longshoremen dispatched as crane drivers when doing maintenance work on longshore cranes.

14.413 It shall be paid to winch drivers assigned by the employer to crane work for the period he drives a longshore crane and for the balance of the shift.

14.42 Penalties for conditions and nature of cargo shall be payable only as provided in the penalty list or by decision of the Joint Coast Labor Relations Committee.

14.43 The premiums for overtime work of crane drivers shall be in accordance with the schedule of overtime premiums for other longshoremen.

14.44 No differential above the regular crane driver rate shall be paid when operating any special equipment.

14.5 Shifts.

14.51 Where applicable, the guarantee provisions of Section 3, as modified herein, shall apply to crane drivers.

14.511 Jobs of short duration shall carry only the 4-hour guarantee; the definition of jobs of short duration shall apply to crane drivers.

14.52 Limitations on the length of shift shall be extended to permit the employer to order crane drivers in or to keep them on for the necessary preparation and greasing work, but such work shall be done only as ordered by the employer.

14.521 When ordered to do so by the employer, long-shore crane drivers (as defined in Section 14.2), tophandler drivers, sidepick operators, strad, portpacker, and reachstacker drivers shall report and turn to at a specified time ahead of the regular time of the starting shift or shall continue to work after the shift or during half of the noon hour. The time before or after may be in one-hour increments. Skill III equipment operators who are ordered to a job and who report to work and are turned to shall receive a guarantee of 10 hours' pay at the prevailing rate.

14.522 When ordered to do so by the employer, crane drivers shall report and turn to without preparation and greasing time.

14.53 Crane drivers may be shifted to other skilled work to fill out a guarantee in accordance with the provisions of Section 3. A steady crane driver similarly may be shifted to complete his monthly guarantee. The principles with respect

to what is “skill-rated work suitable to his qualifications” shall apply to crane drivers. Interpretations of what is “skill-rated work suitable to his qualifications” of a crane driver shall be determined by the Joint Coast Labor Relations Committee; it is agreed that the driving of any crane shall be such work; it is agreed that winch driving is such work for any longshoreman who has been jointly recognized as a qualified winch driver and such longshoreman shall shift to winch driving when ordered to do so; it is agreed that gear work is “skill-rated work suitable to his qualifications” of any crane driver.

14.6 Steady Men.

14.61 Any employer may employ 1 or more steady crane drivers.

14.62 To have a steady crane driver, the employer must provide day crane drivers with a monthly monetary guarantee equivalent to 173 hours at the first shift crane driver rate and must provide night crane drivers with a monthly monetary guarantee equivalent to 173 hours at the second shift crane driver rate.

14.621 A crane driver may be put on a steady basis at the beginning of any payroll week and may be returned to the hall at the end of any payroll week. In either case his guarantee shall be prorated.

14.6211 Men who are released by their steady employer for any reason, other than discharge for cause, shall be released on the basis of inverse job seniority unless the application of inverse seniority will not provide the employer with sufficient employees qualified to operate the employer’s cranes. Steady men who have been laid off shall be offered first opportunity to return to their previous employer in reverse

order of layoff, for a period of 45 days from the date they were originally laid off. If a man believes he is being released improperly, he may make such claim and have it resolved through the grievance machinery.

14.63 Steady crane drivers may be worked by the employer by orders given the crane drivers directly by the employer.

14.64 A steady crane driver may be assigned to gear work at the crane driver's rate. The pay shall be charged against the monthly guarantee.

14.65 A crane driver from the hall may be replaced at the end of any job by a steady crane driver.

14.7 Competent longshoremen shall be provided for crane work in accordance with Section 9.3.

14.71 Longshoremen who have appropriate skills as crane drivers will be declared eligible to check in on the certified crane drivers' board at the dispatching hall. A crane driver must be certified by the Joint Port Labor Relations Committee before he can check in on this board. The number of men allowed to check in as regular crane drivers shall be limited by the Joint Port Labor Relations Committee so that the crane drivers who have skills will maintain their skills through the regular performance of crane work.

14.72 The Joint Port Labor Relations Committee shall place longshoremen on lists of specialist crane drivers for specialized longshore cranes requiring special skills. The number of men on any list of specialist crane drivers shall be limited by the Joint Port Labor Relations Committee so that the specialist crane drivers will have skills and will maintain the skills through the regular performance of the specialist crane work.

14.73 Where a certified crane driver, other than a steady man, is on work not covered hereby, he will be replaced by the joint dispatcher whenever necessary so that certified crane drivers will be provided to do the work covered hereunder. When a specialist crane driver, other than a steady man, is on work not covered hereby or on general crane work, he will be replaced by the joint dispatcher whenever necessary so that specialist crane drivers will be provided to do specialist crane work.

14.74 Any certified crane driver shall be decertified and denied check-in privileges as a crane driver, or restricted therein, by the Joint Port Labor Relations Committee for cause. Any specialist crane driver shall be removed from the list of specialists, or restricted therein, by the Joint Port Labor Relations Committee for cause.

14.75 A certified crane driver who refuses to accept a dispatch when checked in at the hall or through replacement while on a job other than crane work shall be charged with hours worked for purposes of work equalization in dispatching as provided by the Joint Port Labor Relations Committee.

14.76 When there is not available for regular dispatch to operate any particular longshore crane a competent registered longshoreman who has been previously certified as competent to operate such crane by the Joint Port Labor Relations Committee, a steady crane driver not being used by his steady employer and who is available shall be dispatched. If the job cannot be so filled, nonlongshoremen may be employed for such job and may be used to complete 1 or more shifts until the job is finished or such a certified competent registered longshoreman is available.

14.761 If a steady crane driver is dispatched by the hall to his steady employer pursuant to Section 14.76, this employer may use him to complete the job for which he is dispatched, or for only 1 or more shifts on such job.

14.762 A steady crane driver dispatched under Section 14.76 shall be replaced by the joint dispatcher, or by his ordering his own replacement, so that he shall be available to his steady employer whenever such employer calls him back.

14.77 Nonlongshoremen who have operated “old equipment” on the waterfront to do longshore work will be offered the equivalent of registered status for dispatch as a longshoreman to operate any tools covered hereby. Men accepting such status will have an obligation to make themselves available for all crane work, including any specialized longshore cranes on which they have special skills. Appropriate arrangements will be made to protect the pension rights of these individuals, such arrangements to be worked out on an individual basis.

14.8 Manning.

14.81 The employer has the following alternatives with respect to manning.

14.811 One crane driver may be used where directed by the employer, the hatch tender not to be a crane driver, on jobs of short duration and on cranes not used in the direct movement of cargo in and out of the ship. This provision is subject to further review by the Joint Coast Labor Relations Committee.

14.812 At his option the employer may employ 2 crane drivers for 1 piece of equipment, the 2 crane drivers to tend hatch and to drive the equipment. In such cases they shall relieve each other.

14.813 At his option the employer may order 1 crane driver per crane plus 1 relief crane driver for each 5 cranes, or fraction of 5; in such cases the hatch tenders shall not be crane drivers. This provision shall be subject to further review by the Joint Coast Labor Relations Committee.

14.814 A combination crane driver-winch driver may be ordered. He may drive winch and drive crane, but shall receive the crane driver's rate for the entire job.

14.815 A winch driver on the job may be temporarily assigned to drive crane; when ordered to do so by the employer, he shall receive the crane driver rate for the period he is driving crane and for the balance of the shift.

14.82 Gangs without unnecessary men, as provided for in Section 15.2 shall be dispatched for longshore work involving the use of cranes. Such gangs may be make-up gangs. The Joint Port Labor Relations Committee may make provision for organized crane gangs.

14.821 When 2 longshore crane drivers are employed under Section 14.812, the gang shall not include a hatch tender or a winch driver.

14.822 When a longshore crane is driven by a nonlong-shoreman pursuant to Section 14.34 or Section 14.76 hereof, the gang shall not include a winch driver or a crane driver. No "witnesses" or "standbys" or other unnecessary men shall be used in connection with the crane driving, and the use thereof shall be in violation of the Agreement.

14.9 Local rules contrary to any provision of this section are hereby rescinded.

SECTION 15**EFFICIENT OPERATIONS**

15.1 There shall be no interference by the Union with the Employers' right to operate efficiently and to change methods of work and to utilize labor-saving devices and to direct the work through employer representatives while explicitly observing the provisions and conditions of this Contract Document protecting the safety and welfare of the employees and avoiding speedup: "Speedup" refers to an onerous workload on the individual worker; it shall not be construed to refer to increased production resulting from more efficient utilization and organization of the work force, introduction of labor-saving devices, or removal of work restrictions.

15.11 In order to avoid disputes, the employer shall make every effort to discuss with the Union in advance the introduction of any major change in operations.

15.2 The employer shall not be required to hire unnecessary men. The number of men necessary shall be the number required to perform an operation in accordance with the provisions of Section 15.1, giving account to the contractual provisions for relief.

15.3 The Employers shall have the right to propose changes in working and dispatching rules that they claim are in conflict with the intent of provisions incorporated in this Agreement. The Joint Coast Labor Relations Committee may refer proposed changes that are of only local significance to the local level for negotiation. Any such change agreed to at the local level must be approved at the Coast level before being put into operation. Any proposal referred to the local level and not re-

solved within 30 days thereafter shall automatically return to the Joint Coast Labor Relations Committee.

15.31 Any provisions of the agreements (Port Supplements and Working Rules) for the various port areas covered hereby which are in conflict with this Contract Document shall be changed. Any other changes in the agreements can be made only by mutual agreement with the parties at the Coast level.

15.4 The Employers agree that it is desirable from the standpoint of both parties to mechanize and/or improve methods of operation where such is economically feasible and practical. Therefore, the Employers agree that they will add machines or devices or institute improved methods regardless of the origin of such ideas provided the parties can agree to certain "ground rules" to implement the principles stated above.

15.5 Any disputes concerning the interpretation or application of provisions of this Contract Document relating to the subject matter of this Section 15 may be submitted directly to the Joint Coast Labor Relations Committee.

SECTION 16

ACCIDENT PREVENTION AND SAFETY

16.1 Recognizing that prevention of accidents is mutually beneficial, the responsibility of the parties in respect thereto shall be as follows:

16.11 The Union and the Employers will abide by the rules set forth in the existing Pacific Coast Marine Safety Code which shall be applicable in all ports covered by the Agreement.

16.12 The Employers will provide safe gear and safe working conditions and comply with all safety rules.

16.13 Each individual employer will continue to furnish

protective clothing or devices as he did on October 18, 1960, even though not specifically required by the Pacific Coast Marine Safety Code. At the local level the parties will from time to time review the question of protective clothing and devices and arrive at and maintain an orderly procedure for the issuance, safeguarding and return of the items furnished by the employers

16.14 The Employers will maintain, direct and administer an adequate accident prevention program in keeping with changing conditions in the industry.

16.15 The Union will cooperate in this program and develop and maintain procedures to influence all longshoremen to cooperate in every way that will help prevent industrial accidents and minimize injuries when accidents occur.

16.16 The employees individually must comply with all safety rules and cooperate with management in the carrying out of the accident prevention program.

16.17 An employee who is injured and claims two PMA employers are in dispute over who is responsible for his workmen's compensation claim, may request the Joint Coast Labor Relations Committee to assist the employee in securing a determination as to which employer is to make advance payments until the dispute is resolved. The JCLRC will not function to determine which employer, if any, is liable.

16.2 To make effective the above statements and promote on the job accident prevention, employer-employee committees will be established in each port. These committees will consist of equal numbers of employer and employee representatives at the job level. Each category of employees should be represented. Employers' representatives should be from the supervisory

level. The purpose of the committees will be to obtain the interest of the men in accident prevention by making them realize that they have a part in the program, to direct their attention to the real causes of accidents and provide a means for making practical use of the intimate knowledge of working conditions and practices of the men on the job. It is further intended that this program will produce mutually practical and effective recommendations regarding corrections of accident-producing circumstances and conditions.

SECTION 17

JOINT LABOR RELATIONS COMMITTEES, ADMINISTRATION OF AGREEMENT, AND GRIEVANCE PROCEDURES

17.1 Joint Labor Relations Committees.

17.11 The parties shall establish and maintain, during the life of this Agreement, a Joint Port Labor Relations Committee for each port affected by this Contract Document, 4 Joint Area Labor Relations Committees, and a Joint Coast Labor Relations Committee. Each of said Labor Relations Committees shall be comprised of 3 or more representatives designated by the Union and 3 or more representatives designated by the Employers. Each side of the committee shall have equal vote.

17.12 The duties of the Joint Port Labor Relations Committee shall be:

17.121 To maintain and operate the dispatching hall.

17.122 To exercise control of the registered lists of the port, as specified in Section 8.3.

17.123 To decide questions regarding rotation of gangs and extra men.

17.124 To investigate and adjudicate all grievances and disputes according to the procedure outlined in this Section 17.

17.125 To investigate and adjudicate any complaint against any longshoreman whose conduct on the job, or in the dispatching hall, causes disruption of normal harmony in the relationship of the parties hereto or the frustration and/or violation of the provisions of the working or dispatching rules or of this Agreement. The application of this Section 17.125 shall not negate the procedure for penalties as provided for in Section 17.7.

17.126 To carry out such other functions as are assigned to it herein or by the parties, directly or through the Joint Coast Labor Relations Committee.

17.13 There shall be a Joint Area Labor Relations Committee for each of the 4 port areas (Southern California, Northern California, Columbia River and Oregon Coast Ports, and Washington). Such Committee shall investigate and adjudicate grievances not settled at the local level. The Area Joint Labor Relations Committee step may be eliminated by agreement at the area level or may be bypassed by agreement at the port level.

17.14 The Joint Coast Labor Relations Committee shall function in the administration of this Agreement as provided herein and shall investigate and adjudicate grievances as provided herein.

17.141 All meetings of the Joint Coast Labor Relations Committee and all arbitration proceedings before the Coast Arbitrator shall be held in the City and County of San Francisco, State of California, unless the parties shall otherwise stipulate in writing.

17.15 The grievance procedure of this Agreement shall be the exclusive remedy with respect to any disputes arising between the Union or any person working under this Agreement or both, on the one hand, and the Association or any employer acting under this Agreement or both, on the other hand, and no other remedies shall be utilized by any person with respect to any dispute involving this Agreement until the grievance procedure has been exhausted.

17.151 Any dispute in which the Association or the Union asserts that any dispatching hall is dispatching employees who were not entitled to be dispatched or who were dispatched out of sequence as to other persons entitled to priority dispatch shall be subject to prompt resolution through the grievance procedure of the Agreement when a complaint is filed by either party with the Joint Port Labor Relations Committee. If such complaint is not resolved within 7 days from the date of filing, the matter shall be referred to the Area Arbitration Panel whose decision shall be final and binding. The grievance procedure shall then be deemed "exhausted."

17.16 Pending investigation and adjudication of such disputes work shall continue and be performed as provided in Section 11.

17.2 Grievances arising on the job shall be processed in accordance with the procedure hereof beginning with Section 17.21. Other grievances as to which there are no specific provisions herein shall be processed in accordance with the provisions hereof beginning with Section 17.23.

17.21 The gang steward and his immediate supervisor, where the grievance is confined to 1 gang, or any 1 steward who is a working member of an affected gang where the griev-

ance involves more than 1 gang or a dock operation, shall take the grievance to the walking boss, or ship or dock foreman in immediate charge of the operation.

17.22 If the grievance is not settled as provided in Section 17.21, it shall be referred for determination to an official designated by the Union and to a representative designated by the Employers.

17.23 If the grievance is not settled as provided in Section 17.21 or Section 17.22 or does not arise on the job, it shall be referred to the Joint Port Labor Relations Committee which shall have the power and duty to investigate and adjudicate it.

17.24 In the event that the Employer and Union members of any Joint Port Labor Relations Committee shall fail to agree upon any question before it, such question shall be immediately referred at the request of either party to the appropriate Joint Area Labor Relations Committee for decision.

17.25 In the event that the Employer and Union members of any Joint Area Labor Relations Committee fail to agree on any question before it, such question shall be immediately referred at the request of either party to the Area Arbitration Panel for hearing and decision, and the decision of the Area Arbitration Panel shall be final and conclusive except as otherwise provided in Section 17.26.

17.26 The Joint Coast Labor Relations Committee has jurisdiction to consider issues that are presented to it in accordance with this Agreement and shall exercise such jurisdiction where it is mandatory and may exercise it where such jurisdiction is discretionary as provided in Section 17.261, Section 17.262 and other provisions of this Agreement.

17.261 Any decision of a Joint Port or Joint Area Labor Relations Committee or of an Area Arbitration Panel claimed by either party to conflict with this Agreement shall immediately be referred at the request of such party to the Joint Coast Labor Relations Committee (and, if the Joint Coast Labor Relations Committee cannot agree to the Coast Arbitrator, for review). The Joint Coast Labor Relations Committee, and if it cannot agree, the Coast Arbitrator, shall have the power and duty to set aside any such decision found to conflict with the Agreement and to finally and conclusively determine the dispute. It shall be the duty of the moving party in any case brought before the Coast Arbitrator under the provisions of this Section 17.261 to make a prima facie showing that the decision in question conflicts with this Agreement, and the Coast Arbitrator shall pass upon any objection to the sufficiency of such showing before ruling on the merits.

17.2611 Any formal decision of an Area Arbitration Panel over disputes regarding violations of Subsection 11.1 with which either party is dissatisfied shall immediately be referred, at the request of such party, to the Joint Coast Labor Relations Committee. Such dispute shall be processed by the Joint Coast Labor Relations Committee upon receipt (including electronic) by the Joint Coast Labor Relations Committee and moved from step to step within forty-eight (48) hours as follows:

- (a) Joint Coast Labor Relations Committee meeting within twenty-four (24) hours; and
- (b) Coast Arbitrator within twenty-four (24) hours.

Such hearing shall include all information regarding the dispute. At the request of either party, the Coast Arbitration

shall be held at the site of the dispute. If such request is made, the timeline shall be extended by twenty-four (24) hours.

17.262 The Joint Coast Labor Relations Committee and the Coast Arbitrator shall have power to review decisions relative to the operation of dispatching halls, or the interpretation of port working and dispatching rules, or discharges, or pay (including travel pay and penalty rates), but shall exercise it in any case only if the Committee decides to review the specific case.

17.263 When either the Union or the Association claims that there has been a violation of Section 13 by anyone bound by this Agreement, the grievance shall be submitted to the Joint Coast Labor Relations Committee and shall be resolved there or referred to the Coast Arbitrator for hearing and decision in accordance with the applicable contract provisions.

17.27 In the event that the Employer and Union members of the Joint Coast Labor Relations Committee fail to agree on any question before it, including a question as to whether the issue was properly before the Coast Labor Relations Committee, such question shall be immediately referred at the request of either party to the Coast Arbitrator for hearing and decision, and the decision of the Coast Arbitrator shall be final and conclusive.

17.271 Referrals to the Coast Arbitrator must be submitted and heard by the Coast Arbitrator within 6 months following the date of disagreement at the Coast Labor Relations Committee level. Referrals not submitted within 6 months shall be considered "dropped."

17.28 Miscellaneous provisions.

17.281 Should either party fail to participate in any of the steps of the grievance machinery, the matter shall automatically move to the next higher level.

17.282 If the local grievance machinery becomes stalled or fails to work, the matter in dispute can be referred at once by either the Union or the Association to the Joint Coast Labor Relations Committee for disposition.

17.283 The hearing and investigation of grievances relating to discipline by return to the dispatching hall (Section 17.7), penalties (Section 17.8) and dispatching hall personnel (Section 8.23) shall be given precedence over all other business before the Joint Port and Joint Area Labor Relations Committees and before the Area Arbitration Panel. Either party may request that:

- (a) grievances arising under Section 17.7 or involving dispatch hall disputes (except those covered by Section 17.151) be processed initially and from step to step within 24 hours; and
- (b) failures to observe Area Arbitration Panels' awards be processed to the next step within 24 hours.

17.284 Nothing in this Section 17 shall prevent the parties from mutually agreeing upon other means of deciding matters upon which there has been disagreement.

17.3 Business Agents.

17.31 To aid in prompt settlement of grievances and to observe Agreement performance, it is agreed that Business Agents as Union representatives shall have access to ships and wharves of the employer to facilitate the work of the Business Agent, and in order that the employer may cooperate with

the Business Agent in the settlement of disputes the Business Agent shall notify the representative designated by the employer before going on the job.

17.4 When any longshoreman (whether a registered longshoreman or an applicant for registration or a casual longshoreman) claims that he has been discriminated against in violation of Section 13 of this Agreement, he may at his option and expense, or either the Union or the Association may at its option and at their joint expense, have such complaint adjudicated hereunder, which procedure shall be the exclusive remedy for any such discrimination.

17.41 Such remedy shall be begun by the filing of a grievance with the Joint Port Labor Relations Committee setting forth the grievance and the facts as to the alleged discrimination. Such a grievance shall be timely if presented within 10 days of the occurrence of the alleged discrimination. Such grievance shall be investigated by the Joint Port Labor Relations Committee at a regular or special meeting of the Committee at which the individual involved shall be permitted to appear to state his case, at which time he may present oral and written evidence and argument.

17.411 With respect to any claim of violation of Section 13, the Joint Port Labor Relations Committee shall extend the time for filing of such claim beyond the time established in Section 17.41 whenever such extension is necessary because the period of limitation otherwise applicable is determined to be unlawful or because in the judgment of the Committee in the exercise of its sound discretion, such an extension is otherwise necessary to prevent inequity but in no event shall the time for

filing of such claims be extended beyond 6 months from the date of the occurrence of the alleged discrimination.

17.42 Either the Employers, the Union or the man involved may appeal the decision of the Joint Port Labor Relations Committee. Such appeal shall be to the Joint Coast Labor Relations Committee by letter addressed to the Joint Coast Labor Relations Committee. To be timely, such appeal must be delivered or mailed within 7 days of the decision of the Joint Port Labor Relations Committee.

17.421 If such an appeal is taken within the time limits allowed, the Joint Coast Labor Relations Committee shall either confirm or reverse or modify the decision of the Joint Port Labor Relations Committee without any further hearing, or order a further hearing and thereupon issue its decision on the basis of the entire record including that at both hearings.

17.43 An appeal from the decision of the Joint Coast Labor Relations Committee can be presented to the Coast Arbitrator (or by agreement of the Joint Coast Labor Relations Committee to an Area Arbitration Panel) by the individual involved, the Employers or the Union. An appeal to the Coast Arbitrator filed by an applicant for registration or a casual longshoreman involving the subject of registration shall be permitted only for those grievances which the Joint Coast Labor Relations Committee, in its sole discretion, certifies to the Coast Arbitrator that the facts introduced in support of the grievance into the record of the prior proceedings, if unrebutted, may support a finding of a violation of the grievant's Section 13 rights under this Agreement. Appeal shall be by a written request for an arbitrator's hearing mailed or delivered to the Union and the Employer representatives of the Joint Coast Labor Relations

Committee if by an individual, or to the individual and the other party's representative on the Joint Coast Labor Relations Committee if by either the Union or the Employers. Such an appeal shall be timely only if such request for an arbitrator's hearing is so filed in writing with the Joint Coast Labor Relations Committee no later than 7 days after issuance of the decision of the Joint Coast Labor Relations Committee from which an appeal to an arbitrator is taken.

17.431 The arbitration procedure shall be carried on in accordance with the procedures generally applicable under this Agreement for arbitration before the Coast Arbitrator.

17.5 Arbitrators and Awards.

17.51 The parties shall have an Area Arbitration Panel for each of the said 4 port areas and a Coast Arbitrator.

17.511 All arbitration hearings arising under the PCL&CA in each of the four areas (Southern California, Northern California, Columbia River and Oregon Coast Ports, and Washington) shall be heard by a panel of three arbitrators. Each panel shall consist of one employer pick (chosen by the historic method), one union pick (chosen by the historic method), and one qualified non-industry arbitrator. The qualified non-industry arbitrator shall be a non-attorney/lawyer who meets certain minimum standards, including no prior affiliation with the PMA, any PMA member company, or the ILWU and on the FMCS or AAA labor arbitrator rosters.

The panel of three arbitrators in each area shall together adjudicate all formal arbitrations and the outcome shall be determined by a majority rule, with no minority report.

For disputes arising under Section 13.2, the employer pick and the union pick arbitrators on each area panel shall

serve on a rotational monthly basis. If there is any conflict of interest, the appointed arbitrator shall recuse him or herself, permitting the other arbitrator to perform the hearing.

For disputes arising under 17.6, the employer pick and the union pick arbitrators on each area panel shall serve on a random basis.

The arbitrators in each area shall adjudicate matters on the job when required by the contract (reference, for example, Section 17.829). Failure to appear as required by the contract shall be grounds for dismissal or other discipline.

Each arbitrator shall be subject to joint re-appointment at the expiration of the PCL&CA.

17.512 The Coast Arbitrator shall be selected by the Joint Coast Labor Relations Committee to serve a term coextensive with the term of the Agreement. The Coast Arbitrator may be reappointed for the term of the next Agreement by mutual agreement of the Parties. The Coast Arbitrator shall be a highly qualified neutral arbitrator with maritime experience, located on the West Coast. If the Committee fails to agree on the selection of the Coast Arbitrator, the individual shall be selected by a 6-person panel of prominent industry representatives: 3 selected by the Union and 3 selected by the Employers.

17.5121 If after thirty (30) days, the Panel is unable to select a Coast Arbitrator, the Panel shall submit to the Federal Mediation and Conciliation Service (FMCS) a request for a list of seven (7) highly qualified neutral arbitrators with maritime experience, located on the West Coast. If the Union and the Employer representatives agree that the list is unacceptable, they may jointly request that the FMCS provide a second list. In the event, the Parties cannot mutually select a

Coast Arbitrator from the FMCS Panel, the selection shall be determined by a striking process. The first strike shall be determined by a coin flip. The Party that correctly calls the coin flip shall have the choice of striking first or last.

Note: It is agreed that since PMA nominated John Kagel, in the event a FMCS Panel is required to select the successor to John Kagel, the Union shall have the choice of a first or last strike. Thereafter, the procedure of coin flip set forth in Section 17.5121 shall apply.

17.52 Powers of arbitrators shall be limited strictly to the application and interpretation of the Agreement as written. The arbitrators shall have jurisdiction to decide any and all disputes arising under the Agreement including cases dealing with the resumption or continuation of work.

17.53 Arbitrators' decisions must be based upon the showing of facts and their application under the specific provisions of the written Agreement and be expressly confined to, and extend only to, the particular issue in dispute. The arbitrators shall have power to pass upon any and all objections to their jurisdiction. If an arbitrator holds that a particular dispute does not arise under the Agreement, then such dispute shall be subject to arbitration only by mutual consent.

17.54 In the event the parties agree that an arbitrator has exceeded his authority and jurisdiction or that he is involved in the industry in any other position of interest which is in conflict with his authority and jurisdiction, he shall be disqualified for any further service.

17.55 All decisions of the arbitrators, except as provided in Sections 17.261 and 17.6, shall be final and binding upon all

parties. Decisions shall be in writing signed by the arbitrator and delivered to the respective parties.

17.56 All expenses and salaries of the arbitrators shall be borne equally by the parties, except where specifically provided herein to the contrary.

17.57 All decisions of arbitrators shall be observed and/or implemented. No decision, interim or formal, can be appealed unless it is observed and/or implemented.

17.6 Informal hearings and interim rulings.

17.61 When a grievance or dispute arises on the job and is not resolved through the steps of Sections 17.21 and 17.22, and it is claimed that work is not being continued as required by Section 11, a request by either party shall refer the matter to an industry Area Arbitrator, assigned on a random basis, (or by agreement of the Joint Coast Labor Relations Committee to the Coast Arbitrator) for his consideration in an informal hearing; such referral may be prior to formal disagreement in any Joint Labor Relations Committee or upon failure to agree on the question in the Joint Area Labor Relations Committee. Such hearing may be ex parte if either party fails or refuses to participate, provided that the industry Area Arbitrator may temporarily delay an ex parte hearing to permit immediate bona fide efforts to settle an issue without a hearing.

17.62 The industry Area Arbitrator shall act with his powers limited strictly to the application and interpretation of the Agreement as written. The parties shall have the right to present such views as they wish to the industry Area Arbitrator, but it shall not be necessary to have a shorthand or stenotype reporter present to report the proceedings nor shall employment of counsel be necessary. The arbitrator, on this basis, shall

promptly issue an oral interim ruling with respect to the grievance or dispute and thereafter confirm it in writing. An interim ruling shall be binding on the parties regarding the particular issue on the particular ship on the particular occasion but shall not be a precedent for other cases. Any interim ruling shall be binding unless reversed by a contrary decision after a formal hearing.

17.63 If either party is dissatisfied with the interim ruling, the question shall be immediately referred at the request of such party to the Area Arbitration Panel for hearing and decision in accordance with the normal procedure under Section 17.5 of this Agreement; the Area Arbitration Panel shall then proceed as if there had been a failure to agree on the question by the Joint Port Labor Relations Committee, provided that the Area Arbitration Panel may temporarily delay a hearing to permit prompt bona fide efforts to settle the question in the Port or Area Joint Labor Relations Committee.

17.631 Formal area arbitration hearings on disputes regarding violations of Subsection 11.1, conducted in accordance with Section 17.63, shall be heard by the Area Arbitration Panel within twenty-four (24) hours following the issuance of the interim ruling to both parties by an industry Area Arbitrator. The formal decision shall be rendered within twenty-four (24) hours after receipt of the transcript of the hearing.

17.64 The use of the informal procedure leading to an interim ruling can be waived by consent of both parties with respect to any particular dispute or grievance. If at the beginning of the informal procedure either party establishes a good faith claim that an issue, other than a dispute with respect to Section 11, is of general significance or that the formal procedure will

be necessary to settle such issue, the industry Area Arbitrator shall rule that the informal procedure be bypassed regarding such issue. In the absence of such waiver or decision to bypass, the industry Area Arbitrator shall hold an informal hearing and issue an interim ruling regarding the dispute in accordance with the procedure set forth above.

17.7 Discipline by return to the dispatching hall.

17.71 The employer shall have the right to return to the dispatching hall any man (or to send home any nonregistered man) for incompetence, insubordination or failure to perform the work as required in conformance with the provisions of this Agreement.

17.72 Such longshoreman shall not be dispatched to such employer until his case shall have been heard and disposed of before the Joint Port Labor Relations Committee, and no other employer shall refuse employment to such longshoreman on the basis of such return to the dispatch hall.

17.73 If any man feels that he has been unjustly returned to the dispatching hall or dealt with, his grievance shall be taken up as provided in Section 17.2 beginning with Section 17.23.

17.74 In case of return to the dispatching hall without sufficient cause, the Joint Port Labor Relations Committee may order payment for lost time or reinstatement with or without payment for lost time.

17.75 When an employer returns a gang to the dispatching hall for cause, its gear priority terminates and such employer may carry on work at the hatch or gear involved without delay. The hatch or gear involved shall not stand idle because of any action or nonaction of the Union or longshoremen or the dispatching hall. A replacement gang shall be dispatched promptly

upon order of the employer. Until the replacement gang turns to or if one is not ordered or cannot be dispatched, any other gang employed by the employer shall shift to the hatch or gear involved as directed by the employer. The returned gang shall not be redispached to the job involved unless it is the only available gang and the Association requests that it be dispatched. The provisions of Sections 17.73 and 17.74 shall apply with respect to any gang returned to the dispatching hall for cause.

17.8 Penalties for work stoppages, assault, gross misconduct, pilferage, drunkenness, drug abuse and peddling, safety violations and other offenses.

17.81 All longshoremen shall perform their work conscientiously and with sobriety and with due regard to their own interests shall not disregard the interests of the employer. Any employee who is guilty of deliberate bad conduct in connection with his work as a longshoreman or through illegal stoppage of work shall cause the delay of any vessel shall be fined, suspended, or for deliberate repeated offenses for which he has been found guilty under the Contract procedures, cancelled from registration. A determination that an onerous or health and safety claim made in good faith shall be disallowed is not a finding that a man is guilty of an offense within the meaning of this Section. Any employer may file with the Union a complaint against any member of the Union and the Union shall act thereon and notify the Joint Port Labor Relations Committee of its decision within 30 days from the date of receipt of the complaint. An employer shall not be required to appear nor need he participate in discipline by the Union of its members beyond the filing of complaints.

17.811 If within 30 days thereafter the Employers are dissatisfied with the disciplinary action taken under Section 17.81, then the following independent procedure of Section 17.82 may be followed, which procedure shall also be applicable in the case of longshoremen not members of the Union.

17.82 The Joint Port Labor Relations Committee has the power and duty to impose penalties on longshoremen who are found guilty of stoppages of work, assault, gross misconduct, refusal to work cargo in accordance with the provisions of this Agreement, or who leave the job before relief is provided, or who are found guilty of pilfering or broaching cargo or of drunkenness or who in any other manner violate the provisions of this Agreement or any award or decision of an arbitrator. In determining penalties neither the parties nor the arbitrators shall consider offenses that predate by 5 years or more the date of a current offense.

17.821 Assault.

17.8211 For first offense assault: Minimum penalty, 1 year suspension from work. Maximum penalty, discretionary.

17.8212 For second offense assault: mandatory cancellation from registered list upon request of either party.

17.8213 In either case such conviction shall not be dependent upon the existence of a prior court decision, nor shall the determination of guilt await a court decision.

17.822 Pilferage.

17.8221 For first offense pilferage: Minimum penalty, 60 days' suspension from work. Maximum penalty, discretionary.

17.8222 For second offense pilferage: Mandatory cancellation from registered list upon request of the employer.

17.823 Drunkenness or smoking in prohibited areas.

17.8231 First offense: Suspension for 15 days.

17.8232 Second offense: Suspension for 30 days.

17.8233 Succeeding offenses: Minimum penalty, 60 days suspension. Maximum penalty, discretionary.

17.824 Abuse of or use of controlled substances and/or drugs on the job or in or around any employment premises or the dispatch hall.

17.8241 First offense: Suspension for 15 days.

17.8242 Second offense: Suspension for 30 days.

17.8243 Succeeding offenses: Minimum penalty, 60 days suspension. Maximum penalty, discretionary.

17.825 Sale and/or peddling of controlled substances and/or drugs on the job or in or around any employment premises or the dispatch hall.

17.8251 For first offense: Minimum penalty, 1 year suspension from work. Maximum penalty, discretionary.

17.8252 For second offense: Mandatory cancellation from registered list upon request of either party.

17.8253 In either case such conviction shall not be dependent upon the existence of a prior court decision, nor shall the determination of guilt await a court decision.

17.826 An employee found to be in violation of reasonable verbal instructions, posted employer safety rules, and/or the PCMSC shall attend a 1-day safety class approved by the Coast Labor Relations Committee without pay. Failure to attend and complete the class as scheduled without a valid

excuse shall result in suspension from work until the class is completed. In addition, the employee shall be subject to the following minimum discipline, which shall be applied uniformly without favoritism or discrimination.

17.8261 First Offense: Letter of warning.

17.8262 Second Offense: Suspension from work for 15 days.

17.8263 Third Offense: Suspension from work for 60 days. Maximum penalty, discretionary.

17.8264 Fourth Offense: Subject to deregistration.

17.827 An employee who, knowingly and flagrantly disregards reasonable verbal instructions, posted employer safety rules, and/or the PCMSC, and who intentionally causes significant damage to equipment or cargo, or who intentionally injures himself or others, shall be subject to the following minimum discipline, which shall be applied uniformly without favoritism or discrimination.

17.8271 First Offense: Suspension from work for 90 days. Maximum penalty, discretionary.

17.8272 Second Offense: Subject to deregistration.

17.828 Grievances arising under Sections 17.826 and 17.827 shall be subject to the grievance procedure of Section 17, with the following exceptions.

17.8281 Grievances arising under Sections 17.826 and 17.827 shall be heard by the local parties within 30 days of the employee being cited. In the event the parties fail to resolve the grievance within the 30-day time period, the grievance shall be referred to the Area Arbitration Panel, at the request of either party, for an immediate hearing and decision.

17.8282 In determining whether a violation under Sections 17.826 and 17.827 is a first, second, third or fourth offense, Section 17.82 shall govern.

17.829 An employee released from the job for being under the influence of alcohol or drugs may request that his/her union representative report to the job. If the union representative, having observed the employee, believes the employee was unjustly released, he will discuss the case immediately with the employer. If the employer and union representative are unable to reach agreement, or if the union representative does not immediately respond to the request to come to the job, the case shall be immediately referred at the request of either party to the Joint Port Labor Relations Committee which shall have the power and duty to investigate and adjudicate it. If the Joint Port Labor Relations Committee members present are unable to reach agreement, and/or if no Union member of the Joint Port Labor Relations Committee responds to the request to come to the job within 1 hour, an industry Area Arbitrator, assigned on a random basis, shall be immediately called to the job to decide if the employee was properly released. If the released employee fails to contact his/her union representative, or if the employee leaves the job, the employee shall be guilty as charged. Where an employee is guilty of working under the influence of alcohol or drugs the employee shall be subject to the penalties found in Section 17, and shall be referred to the ILWU-PMA employee assistance program.

17.83 Suspensions under the foregoing provisions shall follow convictions by either the Union grievance machinery or by the Joint Port Labor Relations Committee, either of whom shall accept a prior court decision. The court decision will be

considered by the parties and they shall discount the penalties set forth above accordingly. Where a fine has been assessed then the days off on suspension shall be discounted at the rate of \$5.00 per day. Any man suspended under these provisions shall not be dispatched for work in any port covered by this Agreement until the suspension penalty has been served.

17.84 Any longshoremen having records of habitual drunkenness or whose conduct on the job or in the dispatching hall causes disruption of normal harmony in the relationship of the parties hereto, or who physically assault anyone in the dispatching hall or on the job, or who have records of working in a manner that is hazardous to themselves or that endangers other workers shall not be dispatched to operate or used to operate any hoisting or mechanical equipment or devices or to supervise the operation of such equipment; or they shall be subject to such other remedy as the Joint Port Labor Relations Committee shall mutually consider appropriate.

17.85 In the event of disagreement at the Joint Port Labor Relations Committee level as to the imposition of penalties under this Section 17.8, the issue shall be processed immediately through the grievance procedure, and to the Area Arbitration Panel, if necessary.

17.86 The rules and penalties provided hereinabove shall be applicable to fully registered longshoremen and, except where a more stringent rule or penalty is applicable pursuant to Section 17.861, to limited registered longshoremen and to nonregistered longshoremen.

17.861 More stringent rules and penalties than those provided hereinabove that are applicable to limited registered longshoremen or to nonregistered longshoremen or to both

such groups may be adopted or modified by unanimous action of the Joint Coast Labor Relations Committee and, subject to the control of such Committee so exercised, more stringent rules and penalties applicable to limited registered men or non-registered men or to both groups that are provided in existing and future local joint working, dispatching, and registration rules and procedures or by mutually agreed practices shall be applicable.

SECTION 18

GOOD FAITH GUARANTEE

18.1 As an explicit condition hereof, the parties are committed to observe this Agreement in good faith. The Union commits the locals and every longshoreman it represents to observe this commitment without resort to gimmicks or subterfuge. The Employers give the same guarantee of good faith observance on their part.

SECTION 19

UNION SECURITY

19.1 All present fully registered employees who are members of the Union on the date of execution of the Agreement, shall remain members of the Union in good standing as a condition of employment.

19.2 All present fully registered employees who are not members of the Union on the date of execution of the Agreement shall become and remain members in good standing of the Union as a condition of employment.

19.21 The Union hereby agrees to indemnify the Association and each member of the Association against any award,

judgment, loss or expense arising out of a legal claim made against the Association or any company that is a member of the Association by a registered longshoreman or clerk, described in Section 19.2, because of deregistration or denial of full work opportunity at the request of the Union or any Union local pursuant to the provisions of Section 19.2.

19.3 Any employee who becomes fully registered during the life of the Agreement shall, 30 days thereafter, become and remain a member of the Union in good standing as a condition of employment.

19.4 A fully registered employee who, 30 days after said registration, has failed to acquire or thereafter maintain membership in the Union as here provided shall be removed from the registration list and deregistered 30 days after notice from the Union that he is not a member in good standing.

19.5 A Union member shall be considered in good standing if he makes timely tender of the periodic dues, and initiation fees uniformly required as a condition of becoming and remaining a member in the Union.

SECTION 20

PAY GUARANTEE PLAN, RULES, AND ADMINISTRATION

This Pay Guarantee Plan continues and is an extension of the Pay Guarantee Plan provided in the Memorandum of Understanding of February 10, 1972, as amended through July 1, 2014.

Preamble

The basic intention of the Pay Guarantee Plan (hereinafter PGP) is to provide a weekly income to eligible registered men.

20.1 For each year of the Agreement the Employers will have a contingent liability for the Pay Guarantee Plan for the following amount:

Per year: \$30,000,000

20.11 In each year \$7,500,000 will be made available in each quarter.

20.12 One-thirteenth of each quarter's amount will be contingent liabilities and will be available at the end of each payroll week to meet the Plan's payout requirements for that week.

20.13 At the end of the first payroll week if the benefits that have been paid are less than the amount available for that week, the unused amount will be made available for the next payroll week(s) as provided in Section 20.3. Thereafter, the unused amount of the total available in any payroll week shall be made available for the following payroll week(s). This accumulating procedure shall continue over the full contract period.

20.14 The Employers will determine the method by which contributions for the contingent liability will be collected and made available.

20.2 Benefits. Effective with the ratification of the contract, PGP benefits for Class A employees shall be a maximum of 40 hours pay each week; PGP benefits for Class B employees who have 5 or more vacation qualifying years as of the preceding April 1 shall be a maximum of 40 hours pay each week; PGP benefits for Class B employees with less than 5 vacation qualifying years as of the preceding April 1 shall be a maximum of 32 hours pay each week. The hourly rate of PGP pay shall be the employee's appropriate straight time rate of pay as provided under Section 4.13.

20.21 An exception to the benefits provided in Section 20.2 above shall be that new registrants shall not be entitled to PGP benefits until completion of 1 year of registration.

20.22 The benefits payable each week shall be the difference between a man's earnings and PGP benefits for that week.

20.221 Earnings are defined as all earnings and/or compensation received during the payroll week or period including such payments as straight time, overtime, skill pay, penalty cargo pay, travel time pay, pay for vacations and paid holidays, jury duty pay, State unemployment benefits and PGP payments.

20.2211 Compensation shall include all payroll adjustments including monetary claims paid as a result of LRC or arbitration decisions. Payroll adjustments shall be included as part of the individual's earnings for the payroll week in which such payments are made.

20.2212 Compensation shall also include the amount of ILWU-PMA Pension Plan benefits and any other retirement benefits to which a man is entitled on the first day of the month if coincident with a man's 65th birthday, or on the first day of the month subsequent to a man's 65th birthday, whichever is applicable, and the amount of Social Security benefits regardless of age.

20.222 If an individual's earnings in any payroll week were less than the benefit amount and he was ineligible for an appropriate PGP benefit that week, the calculation for the period will be made as if his earnings for that week were equal to the appropriate PGP weekly benefit.

20.223 If an individual's earnings as a longshoreman are less than the State unemployment compensation benefit

for a given week and evidence is not submitted showing that the individual has applied for unemployment compensation together with the amount of entitlement, the earnings record for that week will be increased by the difference between actual earnings in the given week and the weekly guarantee maximum limit.

20.2231 An employee shall not be eligible for PGP in any week for which:

- (a) he has non-longshore work-related earnings from an outside source not covered by this Agreement, which requires his attendance during any part of the day shift or night shift on any day of the week from Monday through Friday; or
- (b) he has received any weekly indemnity benefits for an off-the-job disability from either the State of California or the ILWU-PMA Benefit Funds; temporary total or temporary partial State workers' compensation, or temporary total or temporary partial Longshore & Harbor Workers' Compensation; or
- (c) he has failed to establish entitlement for a State Unemployment Compensation benefit, if such failure is due to employment not covered by this Agreement.

20.22311 Employees must give full Social Security authorization and appropriate State authorization to PMA as Trustee of the PGP Fund for the purpose of verifying eligibility in accordance with the standards established by Section 20.2231. All documents necessary to obtain full Social Security and other State and Federal benefit program information to establish eligibility for PGP must be executed by the employee when requested by either party at the local level with immedi-

ate notice of such request to be given to the other party. When requested, evidence of all outside earnings shall be submitted to the Joint LRC. When a charge is made that any employee has violated Sections 20.2231 or 20.22311, such charge shall be subject to resolution under the grievance machinery.

20.22312 Any employee who receives PGP in violation of Section 20.2231 shall be disqualified from receiving PGP for the life of this contract, or 12 months, whichever is longer.

20.22313 Any claim that denial of PGP eligibility under these provisions is improper, shall be heard by the Joint LRC immediately and they shall have the authority to effect reinstatement and/or reimbursement.

20.2232 Evidence of application for unemployment compensation benefits to be considered timely must be in the hands of PMA no later than the second Tuesday following the Friday payday on which PMA issues notification of eligibility for unemployment compensation so that the unemployment compensation benefit can be applied to the correct payroll week. If the evidence of application is not in the hands of PMA by the second Tuesday then the difference between the man's actual earnings and the guarantee maximum benefit will be added to the man's earnings for the applicable payroll week.

20.3 Payment Procedures.

20.31 PGP payments will be made to eligible men weekly on the payday of the second week following the week for which a benefit is payable. Men will be eligible for benefits if they are on the PGP eligibility list, meet the weekly availability requirement, and have earnings less than the appropriate weekly benefit amount.

20.311 At the close of each payroll week the dispatch hall shall furnish PMA the joint records of all men available but not dispatched, and those who flopped, for each day of the payroll week. A combination of days of “work” and “availability” in the joint dispatch hall shall be used to calculate PGP eligibility.

20.32 Total PGP payments for any week may not exceed the weekly contingent liability for that week plus the unused amount from the prior week(s) as provided in Section 20.13.

20.321 If in any payroll week the total payments due do not exceed the current weekly contingent liability plus any unused amount from prior weeks, payment in full will be made.

20.322 If in any payroll week the total payments due are in excess of the current weekly contingent liability plus any unused amount from prior weeks, an across-the-board percentage reduction will be made to reduce the week’s payments to an amount equal to the current weekly contingent liability plus any unused amount from prior weeks.

20.323 Twenty successive 13-week periods shall be determined commencing June 28, 2014. If, at the end of each 13-week period, there is an unused amount resulting from the accumulating procedure of Section 20.13 and if weekly PGP payments were reduced during such period as provided in Section 20.322, the following PGP benefit adjustment procedure shall then apply:

20.3231 A lump sum “make whole” payment shall be made to any registered man who, during the 13-week period, had his weekly PGP benefit reduced under the provisions of Section 20.322 above. Such lump sum payments in the ag-

gregate shall not exceed the unused amount resulting from the accumulating procedure of Section 20.13.

20.32311 Except as provided in Section 20.32312 below, the lump sum “make whole” payment to a man shall be the difference between his PGP payments for the 13-week period and the amount he would have been entitled to had there been no reduction under Section 20.322 above.

20.32312 If the total “make whole” payments exceeds the total unused amount available, the “make whole” payments will be reduced by an across-the-board percentage reduction so that the total PGP payments will not exceed the unused amount available.

20.324 If, at the end of each 52-week period, there is an unused amount resulting from the accumulating procedure of Section 20.13 and if weekly PGP payments were reduced during such 52-week period and have not been previously “made whole” under the benefit adjustment procedure of Section 20.323, then the benefit adjustment procedure of Section 20.323 shall apply to such 52-week period.

20.325 If, at the end of the full contract period and after the benefit adjustment procedure of Section 20.324, there is an unused amount resulting from the accumulating procedure of 20.13 and if weekly PGP payments were reduced during any 52-week period and have not been previously “made whole” under the benefit adjustment procedure of Section 20.323, then the benefit adjustment procedure of Section 20.323 shall apply to the corresponding 52-week period.

20.33 PMA shall furnish to the local union a list of men showing their hours worked, their earnings, their availability and the amount of PGP payments for which a man is eligible

before the adjustment, if any, the amount of the adjustment, and the net payment after the adjustment.

20.331 A claim of incorrect payment of PGP is to be submitted to a designated person in each local. To be considered timely, such claim must be in the hands of PMA no later than 28 days after the payday on which the payment was made.

20.4 Eligibility. Only registered Class A and Class B men are eligible to participate in the PGP.

20.41 Men on the PGP eligibility list will be eligible for PGP benefits for any payroll week (8:00 a.m. Saturday to 8:00 a.m. Saturday) by establishing "availability" as defined in Section 20.531 for the 5 days Monday through Friday inclusive, except that in any week in which a paid holiday as defined in Section 5 is observed on Monday through Friday men shall be eligible for PGP benefits for that week by being available Monday through Friday less the day on which the paid holiday is observed.

20.411 For each full day of work by a man on a Saturday and/or Sunday the individual's weekly availability requirement as defined in Section 20.41 shall be reduced by 1 day.

20.42 The PGP eligibility list shall include only those registered men (1) who meet the requirements of the 50% test provided below in Sections 20.421 through 20.4212, or (2) who in the preceding payroll year were paid at least a basic 1 week vacation (on the basis of required, qualifying hours under the terms of the Agreement).

20.421 Eligibility shall include only those Class A or Class B registered men who work 50% or more of the average work hours available to Class A or Class B men, respective-

ly, in their home port for the most recent available 4 payroll quarters preceding the current quarter. "Work hours" shall not include travel hours, outport hours, vacation hours, holiday hours, or PGP hours. Men with less than 100 work hours for the 4-quarter period and steady men will be excluded in the calculation of the average.

20.4211 The PGP eligibility list will be prepared quarterly and will be effective for the period beginning with the second week of the current payroll quarter to the second week of the following payroll quarter.

20.4212 Men who have insufficient hours to meet the 50% test due to vacation, jury duty, illness, injury, full-time Union employment, full-time joint employment, military service, leave of absence, etc. shall be entitled to a pro rata adjustment on the basis of hours worked while not absent during the test period.

20.43 Men will be deleted from the PGP eligibility list while working on a steady basis for an employer under a weekly or monthly guarantee for which their employer is responsible. The individual employers of steady men shall notify the PMA area offices immediately when men are employed or released as steady men.

20.431 Men employed or released as steady men during a payroll week are not eligible for benefits under the PGP for such week.

20.44 Men dropped from the registration list for any reason shall be deleted from the PGP eligibility list.

20.45 Authorized visitors, granted clearance by the home port LRC and approved by the visited JPLRC to work as a

visitor shall be included on the PGP eligibility list in the port they are visiting.

20.46 Unauthorized visitors, visiting and working in other than their home port without having obtained the clearance and approval of the LRC of both ports shall not be included on the PGP eligibility list of the port visited, but shall remain on the PGP eligibility list of the home port.

20.47 Men who are transferred to another port under the provisions of the Agreement will be placed on the PGP eligibility list in the port to which they are transferred effective at the beginning of the payroll week immediately following the effective date of the transfer.

20.5 Availability. It is recognized that the industry works 7 days per week and the Union agrees that employees will be available to fill the needs of the employers on all working shifts during the week, including Saturdays, Sundays and holidays in accordance with the Agreement. It is also recognized that some employees only make themselves available to work days, that some employees only make themselves available to work nights, and that some employees make themselves available to work either days or nights.

20.51 Port rules shall determine shift availability of gangs and men. Availability shall be any combination of day or night.

20.52 A failure by a local to provide the required registered work force on Saturday and/or Sunday shall be referred for correction to the Joint Port LRC. This matter shall take precedence over any other matter before the JPLRC. If the matter is not settled within 5 days from its introduction to the JPLRC the Area Arbitration Panel shall adjudicate the dispute by media-

tion/arbitration within 10 days. Arbitrators' decisions shall be corrective and restricted to the local involved.

20.53 Failure to meet the weekly availability requirement shall disqualify the employee for PGP benefits for the week in which the failure occurs.

20.531 "Availability" is defined to mean working or being available for work without employment offered.

20.532 "Working" is defined to mean working a full shift, unless injured on the job or released earlier by the employer.

20.5321 A man replacing himself prior to the completion of a full shift will not be considered as having been available that day for PGP purposes. Each such replacement shall be reported by the employer to PMA in the payroll week in which such replacement occurs.

20.533 Men checked in for work who refuse any work opportunity offered in their category (skilled, unskilled) will not be given availability credit. *Exception:* Dock preference men shall be exempt from work on ship.

20.5331 In addition to Section 20.533 above, a Class A registered man will be deemed unavailable if he did not accept work when work was available to him and a Class B man or a casual was employed in his category (skilled or unskilled) on his assigned shift during the Monday-Friday period. A Class B registered man will be deemed unavailable if he did not accept work when work was available to him and a casual was employed on his assigned shift during the Monday-Friday period.

20.5332 The reference to "category (skilled or unskilled)" in Sections 20.533 and 20.5331 means that a skilled

man is required to accept only skilled work for which he is qualified unless Section 20.7241 is applicable. Unskilled men are required to accept any unskilled work.

20.534 Men who do not meet the weekly availability requirement because of absence due to illness, injury, full-time union employment, full-time joint employment, military service, leave of absence, disciplinary time off, incarceration or for any other reason other than jury duty whether it be authorized or unauthorized shall not be entitled to a PGP payment for the payroll week in which such absence occurs.

20.535 Men who are absent Monday through Friday because of part-time union employment or part-time joint employment shall have their hours, earnings and availability for such employment integrated with their hours, earnings and availability under the Agreement to determine eligibility for PGP benefits.

20.536 Individuals who are absent because of jury duty shall have their jury duty days Monday through Friday counted toward availability to determine PGP for the week or weeks while serving. Verification of jury duty service and pay shall be presented to PMA in order to receive this benefit.

20.537 Men working as unauthorized visitors in another port must meet the 5 days Monday through Friday availability requirement in the home port in order to qualify for PGP payments. Earnings paid to unauthorized visitors in the port visited shall be included in determining PGP payments in the home port.

20.54 Each dispatch hall shall record availability for its local in the manner and form determined by the JPLRC. The

JPLRC form for this purpose is to be transmitted to PMA for each weekly payroll period.

20.541 Any dispute as to an individual's availability shall be promptly processed through the contract grievance machinery.

20.55 Availability credit during a payroll week will be given for each day on the following basis provided that no more than a single day's credit shall accrue in a 24-hour period 8:00 a.m. to 8:00 a.m.:

20.551 For each day or night Saturday to Saturday that a man has worked.

20.552 For each day or night Monday through Friday that a man makes himself available for work in accordance with JPLRC check-in procedures.

20.6 Work Stoppages.

20.61 A work stoppage by any local(s) in violation of Section 11.1 as defined herein shall disqualify all registered men in the port(s) affected from payment under the PGP in the payroll week(s) that the violation occurs.

20.611 A work stoppage is here defined as one which occurs by reason of Union policy, local or International, or by failure to work as directed by an Arbitrator.

20.612 An unauthorized stop-work meeting in violation of Section 12.3 is considered to be a work stoppage by any local in violation of Section 11.1.

20.613 Unauthorized non-work days or non-work shifts are considered to be a work stoppage by any local in violation of Section 11.1.

20.614 Action to disqualify registered men in the port from payment of PGP under Section 20.61 can be taken by the Employers only upon written notification to the local(s) involved within 48 hours following the work stoppage. If the Union grieves such action, it has the right to have the grievance heard by the Area Arbitration Panel within 48 hours of receipt of notification. The Area Arbitration Panel's decision shall be rendered within 24 hours of the hearing.

20.62 In each week a coastwise work stoppage occurs, the Employers' obligation will be reduced by the amount of the weekly contingent liability.

20.63 In the event that unions other than those signatory to this Agreement have work stoppages or there occurs an Act of God (described herein as a "force majeure") that creates a need to provide PGP payments in a port, area or on a coastwise basis for a period extending beyond 1 payroll week, PGP payments will be suspended in the port, area or coastwise as applicable until work can be resumed. There shall be no reduction in the Employers' liability for the PGP as a result of such incident.

20.631 The 1 payroll week, for which PGP payments may be made as provided herein, shall stand alone.

20.632 Upon the occurrence of an event that creates a need to make PGP payments as provided herein, the Joint Coast Labor Relations Committee shall promptly meet to review conditions in the port(s) affected to discuss what relief the parties may agree can be provided for the longshoremen in those ports.

20.7 Abuses.

20.71 The parties agree it is to their mutual best interest to prevent abuses of the intent and purpose of the Pay Guarantee

Plan. Recognizing this as their objective, the parties agree that the Rules contained herein are subject to change, modification, deletion or addition for such purpose.

20.72 To correct abuses in a local, the registered work force may be dispatched under one or more of the following rules, or other rules agreed to by the JPLRC. Such rules must be observed after implementation to avoid unwarranted PGP payments.

20.721 Obsolete boards are to be discontinued.

20.722 The number of men in a local to be assigned to the day shift versus the night shift shall be jointly decided.

20.723 The number of identified regular gangs in a local (day/night) shall be jointly decided, not to exceed presently agreed numbers.

20.724 Available men must accept any work for which they are qualified and gang members, when their gang(s) are not working, shall be required to accept work for which they are qualified in accordance with Sections 20.533, 20.5331 and 20.5332 in order to meet the availability requirements for PGP.

20.7241 Skilled men will not be required to accept a dispatch to unskilled work except in those locals where it is an accepted dispatching practice.

20.7242 All orders placed by the Employer after dispatch has begun shall not disqualify an employee for PGP availability.

20.73 Disagreement over implementation of any rule to correct abuses or failure by a JPLRC to agree on any other alleged abuses within 10 days shall be subject to prompt and final

determination by the Area Arbitration Panel. The Area Arbitration Panel's decision shall be restricted to the local involved.

20.8 General Provisions.

20.81 Travel. Historically, travel between ports has been an accepted and essential part of the Agreement. It is the workers' obligation to travel to work where such travel is customary or feasible.

20.811 Travel between ports shall continue in accordance with customary dispatch procedures and travel practices.

20.8111 Each JPLRC shall develop a list of "travel exempt" men who are not required to accept a dispatch to travel. Such list shall include only those men who have valid or legitimate reasons for refusing to travel, such as but not limited to physical or medical limitations.

20.8112 Men not on the "travel exempt" list who refuse to accept travel orders on any day upon which they are available shall not be entitled to a guarantee payment for the payroll week of such occurrence.

20.8113 The availability record maintained by the dispatch hall shall indicate such refusal to travel.

20.812 Travel time and earnings paid for work in the port to which traveled shall be included in an individual's earnings record.

20.82 Dispatch Procedures.

20.821 Dispatch of Longshoremen as Clerks. If the registered work force of clerks in any local is exhausted on any dispatch, available registered longshoremen, Class A or Class B, shall be offered the work before casual clerks are employed.

Failure of a registered longshoreman to accept such dispatch during the Monday through Friday availability period shall make him ineligible for PGP benefits for that payroll week.

20.8211 Whenever a registered longshoreman refuses to accept a dispatch to clerks' work during dispatch periods, a report of such incident must be made by the dispatcher on the JPLRC availability form.

20.8212 Registered longshoremen dispatched to clerks' work who are determined by an employer to be unqualified shall be placed on a list of longshoremen unqualified for clerks' work by the longshore JPLRC. Such men are not required to accept dispatch as a clerk but shall, however, be entitled to use the grievance machinery under the Clerks' Contract Document to claim reinstatement of eligibility for clerks' work.

20.82121 The Employer shall have the right to have any grievance against a longshoreman working as a clerk processed by the Joint Clerks' LRC with that Committee having the authority to invoke disciplinary action consistent with the Agreement. The decision of the Joint Clerks' LRC is to be recognized and enforced by all Joint Labor Relations Committees.

20.822 Dispatch in "Low Work Opportunity Port" Situation. When a "Low Work Opportunity Port" situation occurs for Class B men they shall be dispatched by rotation on a 1-day basis. In a similar situation the same rule shall apply to hall Class A men in the port. *(See Supplement III.)*

20.83 Registered Men Employed by Nonmembers of PMA.

20.831 Hours and earnings of registered men employed on a steady or casual basis by an employer who is signatory to a Nonmember Participation Agreement shall be included in the calculation of a man's eligibility and earnings.

20.84 Payroll Processing. All payrolls for registered men including any former direct payments made by member companies and payrolls of nonmember companies participating in the PGP shall be processed through the PMA Management Information Services.

20.85 Vacations. No employee shall be eligible for PGP payments for more than 52 payroll weeks per payroll year minus the number of weeks of vacation for which he is paid in that year.

20.851 Vacation weeks to which a man is entitled for PGP purposes shall be taken in 5-day units of Monday through Friday.

20.852 The JPLRC availability record maintained in the dispatch hall shall indicate when a man is on vacation.

20.853 Men shall not be entitled to a PGP payment for any payroll week while on vacation.

20.8531 When a man is on vacation, the appropriate maximum weekly PGP benefit shall be charged to his weekly guarantee record for each week of paid vacation taken.

20.8532 If at the end of the payroll year the payroll records indicate that a man has not taken the number of weeks of vacation for which he was paid, the appropriate maximum weekly PGP benefit shall be charged to his guarantee record for the number of weeks of vacation not taken, beginning with the first payroll week following the end of the payroll year.

20.86 Fringe Benefit Eligibility.

20.861 PGP payments for which a man is eligible, prior to any reduction or offset for unemployment insurance or jury duty pay, shall be credited when required to establish eligibility for Welfare Plan coverage, a qualifying year under the Pension Plan and a qualifying year of past service for additional vacation under Section 7.12.

20.8611 The number of hours to be credited under Section 20.861 will be calculated by dividing the amount of the PGP by the appropriate longshore straight time rate.

20.862 PGP payments shall not be credited for the purpose of establishing eligibility for the basic vacation under Section 7.11.

20.87 Survey Team. A 4-man PGP Survey Team with 2 representatives each from the Employers and the Union shall be established. The Team shall visit each area and review the administration of the PGP. The Team shall make recommendations to the parties in the various ports and to the Coast Committee. The principal purpose of the Team shall be to promote efficient and uniform administration of the PGP and its rules.

20.88 Grievances. Disputes arising over interpretation or application of PGP provisions and rules shall be subject to the contract grievance procedure.

SECTION 21**LASH BARGE JURISDICTION**

21.1 Section 1.1 of the PCLCD, Section 1.2 of the PCCCD and Section 1 of the Pacific Coast Walking Bosses/Foremen's Agreement shall apply to loading cargo to and discharging cargo from LASH barges at all docks accommodating vessels

and/or barges within the existing geographical jurisdiction of any longshore, clerk or walking bosses/foremen local, and the labor involved therein is hereby assigned to longshoremen, clerks and walking bosses/foremen.

21.2 At docks where there are jurisdictional claims made by other Unions which may prevent LASH barge work from commencing or continuing with the use of longshoremen, clerks and walking bosses/foremen, then non-longshoremen, non-clerks and non-walking bosses/foremen may do such work provided the following procedures are followed:

21.21 The LASH barge owner and/or agent shall be required to expend a good faith effort to secure assigned work for longshoremen, clerks and walking bosses/foremen and shall notify the local unions 10 days before the start of the operation.

21.22 At those industrial docks or private docks where established practices for PMA vessels are in effect, such practices shall apply to LASH barges (use of front men, operation of hoisting equipment for cargo-handling from/to LASH barges, and that dock work, clerks' work and walking bosses/foremen work which longshoremen, clerks and walking bosses/foremen do at each such dock).

21.23 At docks other than those described in Section 21.22 where none of the assigned work is performed by longshoremen, clerks or walking bosses/foremen, an assessment of \$1.50 per revenue ton shall be transmitted promptly upon completion of the loading or discharging operation to the Treasurer, Pacific Maritime Association, San Francisco. Such monies shall be accompanied by a transmittal letter showing the port and area location where the operation took place, the date or dates on which the operation occurred and the revenue tons handled.

21.24 The labor involved in loading and discharging of LASH barges outside the geographical jurisdiction on the United States Pacific Coast of any longshore, clerk or walking bosses/foremen local may be performed by non-longshoremen, non-clerks and non-walking bosses/foremen and such work shall not be claimed by longshoremen, clerks or walking bosses/foremen by virtue of the existence of this Memorandum of Understanding. Similarly, nothing in this Memorandum of Understanding shall prevent longshoremen, clerks and walking bosses/foremen from exercising their legal rights to obtain representation of such workers by organizational or procedural efforts. At such docks as described in Section 21.24 above where none of the assigned work is performed by longshoremen, clerks and walking bosses/foremen, an assessment of 65¢ per revenue ton shall be paid and handled on the same basis as the \$1.50 assessment provided for in Section 21.23 above.

21.25 The monies transmitted to PMA under this Agreement as described in Sections 21.23 and 21.24 shall be held by the Pacific Maritime Association and disbursed on a quarterly basis by sending the total amount accumulated in the quarter to the ILWU Coast Pro Rata Committee. Accompanying the check shall be an itemization of the amounts collected in accord with the breakdown in the transmittal letter described in Section 21.23 above. The ILWU Coast Pro Rata Committee will make appropriate distribution of these monies to the various longshore, clerk and walking bosses/foremen locals, and such monies will be used as an offset by each local receiving such monies against the respective local's share of the joint dispatch hall expenses. When such distribution is made, the ILWU Coast Pro Rata Committee will advise each PMA Area

Manager of the breakdown and amounts of the distribution, with a carbon copy of such information to the PMA Treasurer in San Francisco.

SECTION 22

TERM OF AGREEMENT AND ITEMS OPEN TO REVIEW DURING TERM OF AGREEMENT

22.1 This Agreement shall remain in effect—unless terminated in accordance with other provisions in the Agreement or unless the termination date is extended by mutual agreement—until 5:00 p.m., July 1, 2019, and shall be deemed renewed thereafter from year to year unless either party gives written notice to the other of a desire to modify or terminate the same, said notice to be given at least 60 days prior to the expiration date. Negotiations shall commence within 10 days after the giving of such notice.

SECTION 23

WELFARE AND PENSION PLANS

23.1 The parties hereto have agreements on the subjects of Welfare and Pensions for longshoremen covered by this Agreement as set forth in the ILWU-PMA Welfare Agreement, as amended, and the ILWU-PMA Welfare Fund—Declaration of Trust as amended, the ILWU-PMA Pension Agreement, as amended, and the ILWU-PMA Pension Fund—Declaration of Trust, as amended.

SECTION 24**MODIFICATION**

24.1 No provision or term of this Agreement may be amended, modified, changed, altered or waived except by a written document executed by the parties hereto.

24.2 All joint working and dispatching rules shall remain in effect unless changed pursuant to Section 15. All other restrictions on the employer or longshoremen that are in conflict with the provisions of this Agreement are null and void. There will be no unilateral “hip pocket” working or dispatching rules.

24.3 The parties agree that all arbitration decisions and rulings of the Labor Relations Committees with respect to provisions of the Contract that are not changed or modified in this Agreement, remain in effect; the foregoing is subject to the right of either party, by motion in the Joint Coast Labor Relations Committee, to seek a review or reopening of any such decision or ruling during the term of this Agreement. If there is disagreement on any proposal to change or modify such decision or ruling, the issue of whether the decision or ruling is in accordance with this Agreement may be submitted to the Coast Arbitrator for decision.

IN WITNESS WHEREOF, the parties hereto have signed this Contract Document effective as of July 1, 2014.

*Pacific Maritime
Association*

on behalf of its members

*International Longshore
and Warehouse Union*

on behalf of itself and each
and all of its longshore locals
in California, Oregon, and
Washington and all employees

performing work under the scope, terms, and conditions of this Agreement.

/s/ James C. McKenna

/s/ Robert McEllrath

/s/ Steve Hennessey

/s/ Ray Ortiz, Jr.

/s/ Michael Wechsler

/s/ Craig Epperson

PENALTY CARGO LIST

PENALTY CARGO – OTHER THAN BULK COMMODITIES

15¢ Penalty - Automatic

For hand handling the following commodities in lots of 15 short tons or more.

The penalty shall be paid in accordance with Section 4.43.

The penalty payments are to be in accordance with Section 3.34.

Alfalfa meal or pellets in sacks.

Carborundum grits in sacks.

Cement in sacks.

Coal in sacks.

Cottonseed meal in sacks.

Creosoted wood products, unless boxed or crated.

Fertilizers in sacks, namely, tankage, animal, fish, fish meal, guano, blood meal and bone meal. (Bone meal odor freed, non-offensive and treated to prevent weeping is not included.)

Herring in boxes and barrels.

Lumber, logs and lumber products loaded out of water.

Lumber, freshly painted and paint is wet.

Lumber, chemically treated, uncrated, where treatment results in irritation and offensiveness.

Nitrate, crude, untreated, in sacks.

Ore in sacks (excludes commodities such as rutile sand, zircon sand).

Phosphates, crude, untreated in sacks (not considered treated by mere process of grinding).

Pig iron, rough piled, when hand handled.

Refrigerated Cargo: handling and stowing in refrigerator space; meats, fowl and other cargoes in lots of 15 short tons or more or if job lasts 1 hour or more, to be transported at temperatures of

freezing or below; and when men are required to work in hatch areas where the temperature is 32 degrees Fahrenheit or below.

Rubber, Baled, Covered with Loose Talc: to be paid to the gang actually handling this commodity including the deckmen, front men, jitney driver and the dockmen working as part of the gang. If another gang is working in the same hatch on a nonpenalty commodity, the ship gang members of said gang shall likewise be paid the penalty provided the holdmen of such gang are working the same deck or compartment as the gang handling the baled rubber covered with loose talc.

Sacks or Bags: loading only and to apply to the entire loading operation where table or chutes are used and the men are handling sacks weighing 120 pounds or over on the basis of 1 man per sack.

25¢ Penalty - Automatic

Green Hides: When the above commodities in unit loads or in palletized loads are machine stowed or unstowed, should an obnoxious condition develop, a conditional penalty may be paid to those individuals subjected to that obnoxious condition.

15¢ Penalty - Conditional

For the following commodities when packages are leaking or sifting due to damaged or faulty containers.

Penalty payable only to those men subjected to an offensive condition.

Alfalfa meal or pellets in bags.

Aniline dyes in bags.

Aqua gel (oilwell drilling clay) in bags.

Asbestos in bags or sacks.

Barium oxide in bags or drums.

Bichromate of soda in bags.

Borate in bags.

Borate in bags when not leaking or sifting but when temperature is 130 degrees Fahrenheit or more.

PENALTY CARGO LIST

Calcium nitrate in bags.
Carborundum grits in bags.
Caustic soda in drums.
Celite and Decalite in bags.
Cement in bags.
Coal in bags.
Copra meal in bags.
Corn starch in bags.
Cottonseed meal in bags.
Creosote in pails, kits, etc., when not crated.
Cryolite in bags.
DDT in bags or fibre drums.
Feather meal in bags.
Fertilizers in bags, namely, tankage, animal, fish, fish meal, guano, blood meal and bone meal.
Fish, brined, in tierces or barrels.
Fish oil, whale oil and Oriental oils in drums, barrels or cases.
Gilsonite in bags.
Iron oxide in bags.
Lampblack, soot and carbon in bags.
Lime in fibre drums.
Lime, dehydrated, in bags.
Nitrate, crude, untreated in bags.
Ore in bags (excludes commodities such as rutile sand, zircon sand).
Paint pigment in bags.
Phosphates, crude, untreated in bags (not considered treated by mere process of grinding).
Plaster in bags.
Soda ash in bags.
Soy sauce in drums, barrels, etc.
Talc in bags.
Tapioca flour in bags.
Tallow in drums.

Urea in bags.

Vermiculite in bags.

Whiting in bags.

Working in Cramped Space:

Holdmen only—All paper and pulp in packages weighing 300 pounds or over per package only when winging up and when stowing in fore peaks, after peaks and special compartments other than regular cargo spaces. (This does not apply to rolls.) When there is less than 6 feet of headroom (a) loading cargo in hold on top of bulk grain (b) covering logs or piling with lumber products, paid to side-runners when used.

NOTE: Because the terms “sack” and “bag” are confusing, when these words are used, they are intended to mean the following:

Sack: Refers to burlap, cotton or cloth sacks with no inner lining.

Bag: Refers to plastic, multiwall paper bags or innerlined cloth sacks.

25¢ Penalty

Creosoted products out of water —Holdmen and boom men only.

Shoveling —The physical act of shoveling any commodity.

NEW AND UNLISTED COMMODITIES

Automatic penalties are not payable for any unlisted commodity. The parties at the local level may jointly refer any commodity and the packaging method used to the parties at the Coast level who will finally determine whether or not the item is to be added to the penalty cargo list.

Where a penalty based on offensiveness is claimed due to abnormal condition, the local parties may agree or local arbitrators may rule that a conditional penalty not to exceed the 15¢

conditional penalty rate is or is not to be paid to those subjected to the condition in the instant case.

BULK COMMODITIES (EXCLUDING BULK LIQUIDS)

(Payments to be in accordance with Section 3.34)

25¢ Penalty

Bulk commodities not otherwise specified mechanically loaded or discharged (includes incidental shoveling).

50¢ Penalty

Bulk grain—Board men only, when actually using board or operating trimming machine.

50¢ Maximum Dust Penalty

Exceptions

- (1) The Understanding reached regarding the San Francisco working rule covering bulk ore or concentrate continues the 35¢ straight time and 52½¢ overtime penalties for unusually dusty, and 85¢ straight time and \$1.275 overtime penalties for extremely dusty, fine, dry concentrates, but limits the application of these rates specifically to bulk ore or concentrate handled at Selby only.
- (2) A similar understanding applies to Quirivelca ore handled at Tacoma, namely, the existing rate of 20¢ on sacks and 30¢ on bulk is limited to this specific commodity handled at Tacoma only.

The Employers shall have the right to protest the applicability of any penalty based on the characteristics of the commodity or the methods of operation, whether on a local basis

or coastwise. The Union has the right to request the maximum penalty on any bulk commodity. The Joint Coast Labor Relations Committee shall finally decide whether the commodity is to be on the no penalty list, the bulk penalty list or the maximum penalty list.

The bulk penalty rate of 25¢ is based on the basic offensive characteristics of the commodity to which the employees are subjected. The local parties or the local arbitrators shall be limited in determining whether the normal bulk penalty or the maximum dust penalty is to be applied on any particular operation.

Where the method of operation removes the offensiveness for which a penalty is paid, the Employers may process a request through the grievance machinery to eliminate the penalty for that method of operation.

All local working rules are to be amended so as to conform to the new penalty cargo list as required under Section 24 and in accordance with Section 15.3.

BULK LIQUID CARGO

No penalty is payable on bulk liquid cargoes.

A conditional penalty of 25¢ an hour may be paid to specific men for the time they are subjected to an offensive condition when employed in the following situations:

1. When longshoremen are required to work in bulk liquid tanks in order to strip the tanks of residual liquid cargo of an offensive nature.

2. Should there be a rupture of a pipe or hose used in the ship or on the dock for the loading or discharging of liquid cargo which creates an offensive condition for the men employed in the specific operation.

3. Should a spill occur on the ship or dock which creates an offensive condition for the men employed in the specific operation.

DAMAGED CARGO

85¢ Penalty

Cargo damaged by fire, collision, springing a leak or stranding, for that part of cargo only which is in a damaged condition.

Cargo damaged from causes other than those enumerated above shall, if inspection warrants, pay the damaged cargo rate or such other rate determined by the Port Labor Relations Committee for handling that part of the cargo only which is in a damaged condition. This provision shall apply to individual consignments which are damaged and shall not empower any committee to add to or detract from penalty cargo rates herein specified.

Cargo damaged from causes other than those enumerated above is understood to mean cargo damaged by reason of a casualty to the vessel or an occurrence aboard the vessel, such as a rupture in the sanitary pipes or a fuel oil leak, which produces the damaged cargo condition.

FIRE PENALTY

\$1.20 Penalty

Working hatch when fire is burning or cargo is smoldering in hatch—payable to all employees working the cargo, ship or dock.

EXPLOSIVES

When working Class A explosives as defined by Interstate Commerce Commission regulations, all men working in connection with a ship which is loading explosives are to receive the penalty during such time as explosives are actually being worked. (*Refer to Section 4.46.*)

2014/2015 WAGE SCHEDULE

Effective 8:00 a.m., June 28, 2014 to 8:00 a.m. July 4, 2015

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-------------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| No Cargo Penalty | | | | | | |
| Basic | 4,000 or more | \$36.68 | \$48.91 | \$55.02 | \$58.69 | \$66.02 |
| | 2,001 - 4,000 | 29.43 | 39.24 | 44.15 | 47.09 | 52.97 |
| | 1,001 - 2,000 | 27.43 | 36.57 | 41.15 | 43.89 | 49.37 |
| | 0 - 1,000 | 26.43 | 35.24 | 39.65 | 42.29 | 47.57 |
| Skill I | 4,000 or more | \$39.08 | \$52.11 | \$58.62 | \$62.53 | \$70.34 |
| | 2,001 - 4,000 | 31.83 | 42.44 | 47.75 | 50.93 | 57.29 |
| | 1,001 - 2,000 | 29.83 | 39.77 | 44.75 | 47.73 | 53.69 |
| | 0 - 1,000 | 28.83 | 38.44 | 43.25 | 46.13 | 51.89 |
| Skill II | 4,000 or more | \$41.35 | \$55.13 | \$62.03 | \$66.16 | \$74.43 |
| | 2,001 - 4,000 | 34.10 | 45.47 | 51.15 | 54.56 | 61.38 |
| | 1,001 - 2,000 | 32.10 | 42.80 | 48.15 | 51.36 | 57.78 |
| | 0 - 1,000 | 31.10 | 41.47 | 46.65 | 49.76 | 55.98 |
| Skill III | 4,000 or more | \$42.48 | \$56.64 | \$63.72 | \$67.97 | \$76.46 |
| | 2,001 - 4,000 | 35.23 | 46.97 | 52.85 | 56.37 | 63.41 |
| | 1,001 - 2,000 | 33.23 | 44.31 | 49.85 | 53.17 | 59.81 |
| | 0 - 1,000 | 32.23 | 42.97 | 48.35 | 51.57 | 58.01 |

15¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$36.83 | \$49.11 | \$55.25 | \$58.91 | \$66.25 |
| | 2,001 - 4,000 | 29.58 | 39.44 | 44.37 | 47.31 | 53.20 |
| | 1,001 - 2,000 | 27.58 | 36.77 | 41.37 | 44.11 | 49.60 |
| | 0 - 1,000 | 26.58 | 35.44 | 39.87 | 42.51 | 47.80 |
| Skill I | 4,000 or more | \$39.23 | \$52.31 | \$58.85 | \$62.75 | \$70.57 |
| | 2,001 - 4,000 | 31.98 | 42.64 | 47.97 | 51.15 | 57.52 |
| | 1,001 - 2,000 | 29.98 | 39.97 | 44.97 | 47.95 | 53.92 |
| | 0 - 1,000 | 28.98 | 38.64 | 43.47 | 46.35 | 52.12 |
| Skill II | 4,000 or more | \$41.50 | \$55.33 | \$62.25 | \$66.39 | \$74.66 |
| | 2,001 - 4,000 | 34.25 | 45.67 | 51.38 | 54.79 | 61.61 |
| | 1,001 - 2,000 | 32.25 | 43.00 | 48.38 | 51.59 | 58.01 |
| | 0 - 1,000 | 31.25 | 41.67 | 46.88 | 49.99 | 56.21 |
| Skill III | 4,000 or more | \$42.63 | \$56.84 | \$63.95 | \$68.19 | \$76.69 |
| | 2,001 - 4,000 | 35.38 | 47.17 | 53.07 | 56.59 | 63.64 |
| | 1,001 - 2,000 | 33.38 | 44.51 | 50.07 | 53.39 | 60.04 |
| | 0 - 1,000 | 32.38 | 43.17 | 48.57 | 51.79 | 58.24 |

2014/2015 WAGE SCHEDULE

Effective 8:00 a.m., June 28, 2014 to 8:00 a.m. July 4, 2015

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-----------------------|-----------------------------------|------------------|------------------|-------------------------------------|------------------|---------------------------|
| 25¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$36.93 | \$49.24 | \$55.40 | \$59.06 | \$66.40 |
| | 2,001 - 4,000 | 29.68 | 39.57 | 44.52 | 47.46 | 53.35 |
| | 1,001 - 2,000 | 27.68 | 36.91 | 41.52 | 44.26 | 49.75 |
| | 0 - 1,000 | 26.68 | 35.57 | 40.02 | 42.66 | 47.95 |
| Skill I | 4,000 or more | \$39.33 | \$52.44 | \$59.00 | \$62.90 | \$70.72 |
| | 2,001 - 4,000 | 32.08 | 42.77 | 48.12 | 51.30 | 57.67 |
| | 1,001 - 2,000 | 30.08 | 40.11 | 45.12 | 48.10 | 54.07 |
| | 0 - 1,000 | 29.08 | 38.77 | 43.62 | 46.50 | 52.27 |
| Skill II | 4,000 or more | \$41.60 | \$55.47 | \$62.40 | \$66.54 | \$74.81 |
| | 2,001 - 4,000 | 34.35 | 45.80 | 51.53 | 54.94 | 61.76 |
| | 1,001 - 2,000 | 32.35 | 43.13 | 48.53 | 51.74 | 58.16 |
| | 0 - 1,000 | 31.35 | 41.80 | 47.03 | 50.14 | 56.36 |
| Skill III | 4,000 or more | \$42.73 | \$56.97 | \$64.10 | \$68.34 | \$76.84 |
| | 2,001 - 4,000 | 35.48 | 47.31 | 53.22 | 56.74 | 63.79 |
| | 1,001 - 2,000 | 33.48 | 44.64 | 50.22 | 53.54 | 60.19 |
| | 0 - 1,000 | 32.48 | 43.31 | 48.72 | 51.94 | 58.39 |

35¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$37.03 | \$49.37 | \$55.55 | \$59.21 | \$66.55 |
| | 2,001 - 4,000 | 29.78 | 39.71 | 44.67 | 47.61 | 53.50 |
| | 1,001 - 2,000 | 27.78 | 37.04 | 41.67 | 44.41 | 49.90 |
| | 0 - 1,000 | 26.78 | 35.71 | 40.17 | 42.81 | 48.10 |
| Skill I | 4,000 or more | \$39.43 | \$52.57 | \$59.15 | \$63.05 | \$70.87 |
| | 2,001 - 4,000 | 32.18 | 42.91 | 48.27 | 51.45 | 57.82 |
| | 1,001 - 2,000 | 30.18 | 40.24 | 45.27 | 48.25 | 54.22 |
| | 0 - 1,000 | 29.18 | 38.91 | 43.77 | 46.65 | 52.42 |
| Skill II | 4,000 or more | \$41.70 | \$55.60 | \$62.55 | \$66.69 | \$74.96 |
| | 2,001 - 4,000 | 34.45 | 45.93 | 51.68 | 55.09 | 61.91 |
| | 1,001 - 2,000 | 32.45 | 43.27 | 48.68 | 51.89 | 58.31 |
| | 0 - 1,000 | 31.45 | 41.93 | 47.18 | 50.29 | 56.51 |
| Skill III | 4,000 or more | \$42.83 | \$57.11 | \$64.25 | \$68.49 | \$76.99 |
| | 2,001 - 4,000 | 35.58 | 47.44 | 53.37 | 56.89 | 63.94 |
| | 1,001 - 2,000 | 33.58 | 44.77 | 50.37 | 53.69 | 60.34 |
| | 0 - 1,000 | 32.58 | 43.44 | 48.87 | 52.09 | 58.54 |

2014/2015 WAGE SCHEDULE

Effective 8:00 a.m., June 28, 2014 to 8:00 a.m. July 4, 2015

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| 50¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$37.18 | \$49.57 | \$55.77 | \$59.44 | \$66.77 |
| | 2,001 - 4,000 | 29.93 | 39.91 | 44.90 | 47.84 | 53.72 |
| | 1,001 - 2,000 | 27.93 | 37.24 | 41.90 | 44.64 | 50.12 |
| | 0 - 1,000 | 26.93 | 35.91 | 40.40 | 43.04 | 48.32 |
| Skill I | 4,000 or more | \$39.58 | \$52.77 | \$59.37 | \$63.28 | \$71.09 |
| | 2,001 - 4,000 | 32.33 | 43.11 | 48.50 | 51.68 | 58.04 |
| | 1,001 - 2,000 | 30.33 | 40.44 | 45.50 | 48.48 | 54.44 |
| | 0 - 1,000 | 29.33 | 39.11 | 44.00 | 46.88 | 52.64 |
| Skill II | 4,000 or more | \$41.85 | \$55.80 | \$62.78 | \$66.91 | \$75.18 |
| | 2,001 - 4,000 | 34.60 | 46.13 | 51.90 | 55.31 | 62.13 |
| | 1,001 - 2,000 | 32.60 | 43.47 | 48.90 | 52.11 | 58.53 |
| | 0 - 1,000 | 31.60 | 42.13 | 47.40 | 50.51 | 56.73 |
| Skill III | 4,000 or more | \$42.98 | \$57.31 | \$64.47 | \$68.72 | \$77.21 |
| | 2,001 - 4,000 | 35.73 | 47.64 | 53.60 | 57.12 | 64.16 |
| | 1,001 - 2,000 | 33.73 | 44.97 | 50.60 | 53.92 | 60.56 |
| | 0 - 1,000 | 32.73 | 43.64 | 49.10 | 52.32 | 58.76 |

85¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$37.53 | \$50.04 | \$56.30 | \$59.96 | \$67.30 |
| | 2,001 - 4,000 | 30.28 | 40.37 | 45.42 | 48.36 | 54.25 |
| | 1,001 - 2,000 | 28.28 | 37.71 | 42.42 | 45.16 | 50.65 |
| | 0 - 1,000 | 27.28 | 36.37 | 40.92 | 43.56 | 48.85 |
| Skill I | 4,000 or more | \$39.93 | \$53.24 | \$59.90 | \$63.80 | \$71.62 |
| | 2,001 - 4,000 | 32.68 | 43.57 | 49.02 | 52.20 | 58.57 |
| | 1,001 - 2,000 | 30.68 | 40.91 | 46.02 | 49.00 | 54.97 |
| | 0 - 1,000 | 29.68 | 39.57 | 44.52 | 47.40 | 53.17 |
| Skill II | 4,000 or more | \$42.20 | \$56.27 | \$63.30 | \$67.44 | \$75.71 |
| | 2,001 - 4,000 | 34.95 | 46.60 | 52.43 | 55.84 | 62.66 |
| | 1,001 - 2,000 | 32.95 | 43.93 | 49.43 | 52.64 | 59.06 |
| | 0 - 1,000 | 31.95 | 42.60 | 47.93 | 51.04 | 57.26 |
| Skill III | 4,000 or more | \$43.33 | \$57.77 | \$65.00 | \$69.24 | \$77.74 |
| | 2,001 - 4,000 | 36.08 | 48.11 | 54.12 | 57.64 | 64.69 |
| | 1,001 - 2,000 | 34.08 | 45.44 | 51.12 | 54.44 | 61.09 |
| | 0 - 1,000 | 33.08 | 44.11 | 49.62 | 52.84 | 59.29 |

2014/2015 WAGE SCHEDULE

Effective 8:00 a.m., June 28, 2014 to 8:00 a.m. July 4, 2015

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-----------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| \$1.20 Penalty | | | | | | |
| Basic | 4,000 or more | \$37.88 | \$50.51 | \$56.82 | \$60.49 | \$67.82 |
| | 2,001 - 4,000 | 30.63 | 40.84 | 45.95 | 48.89 | 54.77 |
| | 1,001 - 2,000 | 28.63 | 38.17 | 42.95 | 45.69 | 51.17 |
| | 0 - 1,000 | 27.63 | 36.84 | 41.45 | 44.09 | 49.37 |
| Skill I | 4,000 or more | \$40.28 | \$53.71 | \$60.42 | \$64.33 | \$72.14 |
| | 2,001 - 4,000 | 33.03 | 44.04 | 49.55 | 52.73 | 59.09 |
| | 1,001 - 2,000 | 31.03 | 41.37 | 46.55 | 49.53 | 55.49 |
| | 0 - 1,000 | 30.03 | 40.04 | 45.05 | 47.93 | 53.69 |
| Skill II | 4,000 or more | \$42.55 | \$56.73 | \$63.83 | \$67.96 | \$76.23 |
| | 2,001 - 4,000 | 35.30 | 47.07 | 52.95 | 56.36 | 63.18 |
| | 1,001 - 2,000 | 33.30 | 44.40 | 49.95 | 53.16 | 59.58 |
| | 0 - 1,000 | 32.30 | 43.07 | 48.45 | 51.56 | 57.78 |
| Skill III | 4,000 or more | \$43.68 | \$58.24 | \$65.52 | \$69.77 | \$78.26 |
| | 2,001 - 4,000 | 36.43 | 48.57 | 54.65 | 58.17 | 65.21 |
| | 1,001 - 2,000 | 34.43 | 45.91 | 51.65 | 54.97 | 61.61 |
| | 0 - 1,000 | 33.43 | 44.57 | 50.15 | 53.37 | 59.81 |

Explosives Penalty

| | | | | | | |
|-----------|---------------|---------|----------|----------|----------|----------|
| Basic | 4,000 or more | \$73.36 | \$97.81 | \$110.04 | \$113.71 | \$121.04 |
| | 2,001 - 4,000 | 58.86 | 78.48 | 88.29 | 91.23 | 97.12 |
| | 1,001 - 2,000 | 54.86 | 73.15 | 82.29 | 85.03 | 90.52 |
| | 0 - 1,000 | 52.86 | 70.48 | 79.29 | 81.93 | 87.22 |
| Skill I | 4,000 or more | \$75.76 | \$101.01 | \$113.64 | \$117.55 | \$125.36 |
| | 2,001 - 4,000 | 61.26 | 81.68 | 91.89 | 95.07 | 101.44 |
| | 1,001 - 2,000 | 57.26 | 76.35 | 85.89 | 88.87 | 94.84 |
| | 0 - 1,000 | 55.26 | 73.68 | 82.89 | 85.77 | 91.54 |
| Skill II | 4,000 or more | \$78.03 | \$104.04 | \$117.05 | \$121.18 | \$129.45 |
| | 2,001 - 4,000 | 63.53 | 84.71 | 95.30 | 98.71 | 105.53 |
| | 1,001 - 2,000 | 59.53 | 79.37 | 89.30 | 92.51 | 98.93 |
| | 0 - 1,000 | 57.53 | 76.71 | 86.30 | 89.41 | 95.63 |
| Skill III | 4,000 or more | \$79.16 | \$105.55 | \$118.74 | \$122.99 | \$131.48 |
| | 2,001 - 4,000 | 64.66 | 86.21 | 96.99 | 100.51 | 107.56 |
| | 1,001 - 2,000 | 60.66 | 80.88 | 90.99 | 94.31 | 100.96 |
| | 0 - 1,000 | 58.66 | 78.21 | 87.99 | 91.21 | 97.66 |

2015/2016 WAGE SCHEDULE

Effective 8:00 a.m., July 4, 2015 to 8:00 a.m. July 2, 2016

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-------------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| No Cargo Penalty | | | | | | |
| Basic | 4,000 or more | \$38.18 | \$50.91 | \$57.27 | \$61.09 | \$68.72 |
| | 2,001 - 4,000 | 30.51 | 40.68 | 45.77 | 48.82 | 54.92 |
| | 1,001 - 2,000 | 28.51 | 38.01 | 42.77 | 45.62 | 51.32 |
| | 0 - 1,000 | 27.51 | 36.68 | 41.27 | 44.02 | 49.52 |
| Skill I | 4,000 or more | \$40.58 | \$54.11 | \$60.87 | \$64.93 | \$73.04 |
| | 2,001 - 4,000 | 32.91 | 43.88 | 49.37 | 52.66 | 59.24 |
| | 1,001 - 2,000 | 30.91 | 41.21 | 46.37 | 49.46 | 55.64 |
| | 0 - 1,000 | 29.91 | 39.88 | 44.87 | 47.86 | 53.84 |
| Skill II | 4,000 or more | \$42.85 | \$57.13 | \$64.28 | \$68.56 | \$77.13 |
| | 2,001 - 4,000 | 35.18 | 46.91 | 52.77 | 56.29 | 63.32 |
| | 1,001 - 2,000 | 33.18 | 44.24 | 49.77 | 53.09 | 59.72 |
| | 0 - 1,000 | 32.18 | 42.91 | 48.27 | 51.49 | 57.92 |
| Skill III | 4,000 or more | \$43.98 | \$58.64 | \$65.97 | \$70.37 | \$79.16 |
| | 2,001 - 4,000 | 36.31 | 48.41 | 54.47 | 58.10 | 65.36 |
| | 1,001 - 2,000 | 34.31 | 45.75 | 51.47 | 54.90 | 61.76 |
| | 0 - 1,000 | 33.31 | 44.41 | 49.97 | 53.30 | 59.96 |

15¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$38.33 | \$51.11 | \$57.50 | \$61.31 | \$68.95 |
| | 2,001 - 4,000 | 30.66 | 40.88 | 45.99 | 49.04 | 55.14 |
| | 1,001 - 2,000 | 28.66 | 38.21 | 42.99 | 45.84 | 51.54 |
| | 0 - 1,000 | 27.66 | 36.88 | 41.49 | 44.24 | 49.74 |
| Skill I | 4,000 or more | \$40.73 | \$54.31 | \$61.10 | \$65.15 | \$73.27 |
| | 2,001 - 4,000 | 33.06 | 44.08 | 49.59 | 52.88 | 59.46 |
| | 1,001 - 2,000 | 31.06 | 41.41 | 46.59 | 49.68 | 55.86 |
| | 0 - 1,000 | 30.06 | 40.08 | 45.09 | 48.08 | 54.06 |
| Skill II | 4,000 or more | \$43.00 | \$57.33 | \$64.50 | \$68.79 | \$77.36 |
| | 2,001 - 4,000 | 35.33 | 47.11 | 53.00 | 56.51 | 63.55 |
| | 1,001 - 2,000 | 33.33 | 44.44 | 50.00 | 53.31 | 59.95 |
| | 0 - 1,000 | 32.33 | 43.11 | 48.50 | 51.71 | 58.15 |
| Skill III | 4,000 or more | \$44.13 | \$58.84 | \$66.20 | \$70.59 | \$79.39 |
| | 2,001 - 4,000 | 36.46 | 48.61 | 54.69 | 58.32 | 65.58 |
| | 1,001 - 2,000 | 34.46 | 45.95 | 51.69 | 55.12 | 61.98 |
| | 0 - 1,000 | 33.46 | 44.61 | 50.19 | 53.52 | 60.18 |

2015/2016 WAGE SCHEDULE

Effective 8:00 a.m., July 4, 2015 to 8:00 a.m. July 2, 2016

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| 25¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$38.43 | \$51.24 | \$57.65 | \$61.46 | \$69.10 |
| | 2,001 - 4,000 | 30.76 | 41.01 | 46.14 | 49.19 | 55.29 |
| | 1,001 - 2,000 | 28.76 | 38.35 | 43.14 | 45.99 | 51.69 |
| | 0 - 1,000 | 27.76 | 37.01 | 41.64 | 44.39 | 49.89 |
| Skill I | 4,000 or more | \$40.83 | \$54.44 | \$61.25 | \$65.30 | \$73.42 |
| | 2,001 - 4,000 | 33.16 | 44.21 | 49.74 | 53.03 | 59.61 |
| | 1,001 - 2,000 | 31.16 | 41.55 | 46.74 | 49.83 | 56.01 |
| | 0 - 1,000 | 30.16 | 40.21 | 45.24 | 48.23 | 54.21 |
| Skill II | 4,000 or more | \$43.10 | \$57.47 | \$64.65 | \$68.94 | \$77.51 |
| | 2,001 - 4,000 | 35.43 | 47.24 | 53.15 | 56.66 | 63.70 |
| | 1,001 - 2,000 | 33.43 | 44.57 | 50.15 | 53.46 | 60.10 |
| | 0 - 1,000 | 32.43 | 43.24 | 48.65 | 51.86 | 58.30 |
| Skill III | 4,000 or more | \$44.23 | \$58.97 | \$66.35 | \$70.74 | \$79.54 |
| | 2,001 - 4,000 | 36.56 | 48.75 | 54.84 | 58.47 | 65.73 |
| | 1,001 - 2,000 | 34.56 | 46.08 | 51.84 | 55.27 | 62.13 |
| | 0 - 1,000 | 33.56 | 44.75 | 50.34 | 53.67 | 60.33 |

35¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$38.53 | \$51.37 | \$57.80 | \$61.61 | \$69.25 |
| | 2,001 - 4,000 | 30.86 | 41.15 | 46.29 | 49.34 | 55.44 |
| | 1,001 - 2,000 | 28.86 | 38.48 | 43.29 | 46.14 | 51.84 |
| | 0 - 1,000 | 27.86 | 37.15 | 41.79 | 44.54 | 50.04 |
| Skill I | 4,000 or more | \$40.93 | \$54.57 | \$61.40 | \$65.45 | \$73.57 |
| | 2,001 - 4,000 | 33.26 | 44.35 | 49.89 | 53.18 | 59.76 |
| | 1,001 - 2,000 | 31.26 | 41.68 | 46.89 | 49.98 | 56.16 |
| | 0 - 1,000 | 30.26 | 40.35 | 45.39 | 48.38 | 54.36 |
| Skill II | 4,000 or more | \$43.20 | \$57.60 | \$64.80 | \$69.09 | \$77.66 |
| | 2,001 - 4,000 | 35.53 | 47.37 | 53.30 | 56.81 | 63.85 |
| | 1,001 - 2,000 | 33.53 | 44.71 | 50.30 | 53.61 | 60.25 |
| | 0 - 1,000 | 32.53 | 43.37 | 48.80 | 52.01 | 58.45 |
| Skill III | 4,000 or more | \$44.33 | \$59.11 | \$66.50 | \$70.89 | \$79.69 |
| | 2,001 - 4,000 | 36.66 | 48.88 | 54.99 | 58.62 | 65.88 |
| | 1,001 - 2,000 | 34.66 | 46.21 | 51.99 | 55.42 | 62.28 |
| | 0 - 1,000 | 33.66 | 44.88 | 50.49 | 53.82 | 60.48 |

2015/2016 WAGE SCHEDULE

Effective 8:00 a.m., July 4, 2015 to 8:00 a.m. July 2, 2016

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| 50¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$38.68 | \$51.57 | \$58.02 | \$61.84 | \$69.47 |
| | 2,001 - 4,000 | 31.01 | 41.35 | 46.52 | 49.57 | 55.67 |
| | 1,001 - 2,000 | 29.01 | 38.68 | 43.52 | 46.37 | 52.07 |
| | 0 - 1,000 | 28.01 | 37.35 | 42.02 | 44.77 | 50.27 |
| Skill I | 4,000 or more | \$41.08 | \$54.77 | \$61.62 | \$65.68 | \$73.79 |
| | 2,001 - 4,000 | 33.41 | 44.55 | 50.12 | 53.41 | 59.99 |
| | 1,001 - 2,000 | 31.41 | 41.88 | 47.12 | 50.21 | 56.39 |
| | 0 - 1,000 | 30.41 | 40.55 | 45.62 | 48.61 | 54.59 |
| Skill II | 4,000 or more | \$43.35 | \$57.80 | \$65.03 | \$69.31 | \$77.88 |
| | 2,001 - 4,000 | 35.68 | 47.57 | 53.52 | 57.04 | 64.07 |
| | 1,001 - 2,000 | 33.68 | 44.91 | 50.52 | 53.84 | 60.47 |
| | 0 - 1,000 | 32.68 | 43.57 | 49.02 | 52.24 | 58.67 |
| Skill III | 4,000 or more | \$44.48 | \$59.31 | \$66.72 | \$71.12 | \$79.91 |
| | 2,001 - 4,000 | 36.81 | 49.08 | 55.22 | 58.85 | 66.11 |
| | 1,001 - 2,000 | 34.81 | 46.41 | 52.22 | 55.65 | 62.51 |
| | 0 - 1,000 | 33.81 | 45.08 | 50.72 | 54.05 | 60.71 |

85¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$39.03 | \$52.04 | \$58.55 | \$62.36 | \$70.00 |
| | 2,001 - 4,000 | 31.36 | 41.81 | 47.04 | 50.09 | 56.19 |
| | 1,001 - 2,000 | 29.36 | 39.15 | 44.04 | 46.89 | 52.59 |
| | 0 - 1,000 | 28.36 | 37.81 | 42.54 | 45.29 | 50.79 |
| Skill I | 4,000 or more | \$41.43 | \$55.24 | \$62.15 | \$66.20 | \$74.32 |
| | 2,001 - 4,000 | 33.76 | 45.01 | 50.64 | 53.93 | 60.51 |
| | 1,001 - 2,000 | 31.76 | 42.35 | 47.64 | 50.73 | 56.91 |
| | 0 - 1,000 | 30.76 | 41.01 | 46.14 | 49.13 | 55.11 |
| Skill II | 4,000 or more | \$43.70 | \$58.27 | \$65.55 | \$69.84 | \$78.41 |
| | 2,001 - 4,000 | 36.03 | 48.04 | 54.05 | 57.56 | 64.60 |
| | 1,001 - 2,000 | 34.03 | 45.37 | 51.05 | 54.36 | 61.00 |
| | 0 - 1,000 | 33.03 | 44.04 | 49.55 | 52.76 | 59.20 |
| Skill III | 4,000 or more | \$44.83 | \$59.77 | \$67.25 | \$71.64 | \$80.44 |
| | 2,001 - 4,000 | 37.16 | 49.55 | 55.74 | 59.37 | 66.63 |
| | 1,001 - 2,000 | 35.16 | 46.88 | 52.74 | 56.17 | 63.03 |
| | 0 - 1,000 | 34.16 | 45.55 | 51.24 | 54.57 | 61.23 |

2015/2016 WAGE SCHEDULE

Effective 8:00 a.m., July 4, 2015 to 8:00 a.m. July 2, 2016

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-----------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| \$1.20 Penalty | | | | | | |
| Basic | 4,000 or more | \$39.38 | \$52.51 | \$59.07 | \$62.89 | \$70.52 |
| | 2,001 - 4,000 | 31.71 | 42.28 | 47.57 | 50.62 | 56.72 |
| | 1,001 - 2,000 | 29.71 | 39.61 | 44.57 | 47.42 | 53.12 |
| | 0 - 1,000 | 28.71 | 38.28 | 43.07 | 45.82 | 51.32 |
| Skill I | 4,000 or more | \$41.78 | \$55.71 | \$62.67 | \$66.73 | \$74.84 |
| | 2,001 - 4,000 | 34.11 | 45.48 | 51.17 | 54.46 | 61.04 |
| | 1,001 - 2,000 | 32.11 | 42.81 | 48.17 | 51.26 | 57.44 |
| | 0 - 1,000 | 31.11 | 41.48 | 46.67 | 49.66 | 55.64 |
| Skill II | 4,000 or more | \$44.05 | \$58.73 | \$66.08 | \$70.36 | \$78.93 |
| | 2,001 - 4,000 | 36.38 | 48.51 | 54.57 | 58.09 | 65.12 |
| | 1,001 - 2,000 | 34.38 | 45.84 | 51.57 | 54.89 | 61.52 |
| | 0 - 1,000 | 33.38 | 44.51 | 50.07 | 53.29 | 59.72 |
| Skill III | 4,000 or more | \$45.18 | \$60.24 | \$67.77 | \$72.17 | \$80.96 |
| | 2,001 - 4,000 | 37.51 | 50.01 | 56.27 | 59.90 | 67.16 |
| | 1,001 - 2,000 | 35.51 | 47.35 | 53.27 | 56.70 | 63.56 |
| | 0 - 1,000 | 34.51 | 46.01 | 51.77 | 55.10 | 61.76 |

Explosives Penalty

| | | | | | | |
|-----------|---------------|---------|----------|----------|----------|----------|
| Basic | 4,000 or more | \$76.36 | \$101.81 | \$114.54 | \$118.36 | \$125.99 |
| | 2,001 - 4,000 | 61.02 | 81.36 | 91.53 | 94.58 | 100.68 |
| | 1,001 - 2,000 | 57.02 | 76.03 | 85.53 | 88.38 | 94.08 |
| | 0 - 1,000 | 55.02 | 73.36 | 82.53 | 85.28 | 90.78 |
| Skill I | 4,000 or more | \$78.76 | \$105.01 | \$118.14 | \$122.20 | \$130.31 |
| | 2,001 - 4,000 | 63.42 | 84.56 | 95.13 | 98.42 | 105.00 |
| | 1,001 - 2,000 | 59.42 | 79.23 | 89.13 | 92.22 | 98.40 |
| | 0 - 1,000 | 57.42 | 76.56 | 86.13 | 89.12 | 95.10 |
| Skill II | 4,000 or more | \$81.03 | \$108.04 | \$121.55 | \$125.83 | \$134.40 |
| | 2,001 - 4,000 | 65.69 | 87.59 | 98.54 | 102.05 | 109.09 |
| | 1,001 - 2,000 | 61.69 | 82.25 | 92.54 | 95.85 | 102.49 |
| | 0 - 1,000 | 59.69 | 79.59 | 89.54 | 92.75 | 99.19 |
| Skill III | 4,000 or more | \$82.16 | \$109.55 | \$123.24 | \$127.64 | \$136.43 |
| | 2,001 - 4,000 | 66.82 | 89.09 | 100.23 | 103.86 | 111.12 |
| | 1,001 - 2,000 | 62.82 | 83.76 | 94.23 | 97.66 | 104.52 |
| | 0 - 1,000 | 60.82 | 81.09 | 91.23 | 94.56 | 101.22 |

2016/2017 WAGE SCHEDULE

Effective 8:00 a.m., July 2, 2016 to 8:00 a.m. July 1, 2017

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-------------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| No Cargo Penalty | | | | | | |
| Basic | 4,000 or more | \$39.43 | \$52.57 | \$59.15 | \$63.09 | \$70.97 |
| | 2,001 - 4,000 | 31.41 | 41.88 | 47.12 | 50.26 | 56.54 |
| | 1,001 - 2,000 | 29.41 | 39.21 | 44.12 | 47.06 | 52.94 |
| | 0 - 1,000 | 28.41 | 37.88 | 42.62 | 45.46 | 51.14 |
| Skill I | 4,000 or more | \$41.83 | \$55.77 | \$62.75 | \$66.93 | \$75.29 |
| | 2,001 - 4,000 | 33.81 | 45.08 | 50.72 | 54.10 | 60.86 |
| | 1,001 - 2,000 | 31.81 | 42.41 | 47.72 | 50.90 | 57.26 |
| | 0 - 1,000 | 30.81 | 41.08 | 46.22 | 49.30 | 55.46 |
| Skill II | 4,000 or more | \$44.10 | \$58.80 | \$66.15 | \$70.56 | \$79.38 |
| | 2,001 - 4,000 | 36.08 | 48.11 | 54.12 | 57.73 | 64.94 |
| | 1,001 - 2,000 | 34.08 | 45.44 | 51.12 | 54.53 | 61.34 |
| | 0 - 1,000 | 33.08 | 44.11 | 49.62 | 52.93 | 59.54 |
| Skill III | 4,000 or more | \$45.23 | \$60.31 | \$67.85 | \$72.37 | \$81.41 |
| | 2,001 - 4,000 | 37.21 | 49.61 | 55.82 | 59.54 | 66.98 |
| | 1,001 - 2,000 | 35.21 | 46.95 | 52.82 | 56.34 | 63.38 |
| | 0 - 1,000 | 34.21 | 45.61 | 51.32 | 54.74 | 61.58 |

15¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$39.58 | \$52.77 | \$59.37 | \$63.31 | \$71.20 |
| | 2,001 - 4,000 | 31.56 | 42.08 | 47.34 | 50.48 | 56.76 |
| | 1,001 - 2,000 | 29.56 | 39.41 | 44.34 | 47.28 | 53.16 |
| | 0 - 1,000 | 28.56 | 38.08 | 42.84 | 45.68 | 51.36 |
| Skill I | 4,000 or more | \$41.98 | \$55.97 | \$62.97 | \$67.15 | \$75.52 |
| | 2,001 - 4,000 | 33.96 | 45.28 | 50.94 | 54.32 | 61.08 |
| | 1,001 - 2,000 | 31.96 | 42.61 | 47.94 | 51.12 | 57.48 |
| | 0 - 1,000 | 30.96 | 41.28 | 46.44 | 49.52 | 55.68 |
| Skill II | 4,000 or more | \$44.25 | \$59.00 | \$66.38 | \$70.79 | \$79.61 |
| | 2,001 - 4,000 | 36.23 | 48.31 | 54.35 | 57.95 | 65.17 |
| | 1,001 - 2,000 | 34.23 | 45.64 | 51.35 | 54.75 | 61.57 |
| | 0 - 1,000 | 33.23 | 44.31 | 49.85 | 53.15 | 59.77 |
| Skill III | 4,000 or more | \$45.38 | \$60.51 | \$68.07 | \$72.59 | \$81.64 |
| | 2,001 - 4,000 | 37.36 | 49.81 | 56.04 | 59.76 | 67.20 |
| | 1,001 - 2,000 | 35.36 | 47.15 | 53.04 | 56.56 | 63.60 |
| | 0 - 1,000 | 34.36 | 45.81 | 51.54 | 54.96 | 61.80 |

2016/2017 WAGE SCHEDULE

Effective 8:00 a.m., July 2, 2016 to 8:00 a.m. July 1, 2017

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|-------------------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| 25¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$39.68 | \$52.91 | \$59.52 | \$63.46 | \$71.35 |
| | 2,001 - 4,000 | 31.66 | 42.21 | 47.49 | 50.63 | 56.91 |
| | 1,001 - 2,000 | 29.66 | 39.55 | 44.49 | 47.43 | 53.31 |
| | 0 - 1,000 | 28.66 | 38.21 | 42.99 | 45.83 | 51.51 |
| Skill I | 4,000 or more | \$42.08 | \$56.11 | \$63.12 | \$67.30 | \$75.67 |
| | 2,001 - 4,000 | 34.06 | 45.41 | 51.09 | 54.47 | 61.23 |
| | 1,001 - 2,000 | 32.06 | 42.75 | 48.09 | 51.27 | 57.63 |
| | 0 - 1,000 | 31.06 | 41.41 | 46.59 | 49.67 | 55.83 |
| Skill II | 4,000 or more | \$44.35 | \$59.13 | \$66.53 | \$70.94 | \$79.76 |
| | 2,001 - 4,000 | 36.33 | 48.44 | 54.50 | 58.10 | 65.32 |
| | 1,001 - 2,000 | 34.33 | 45.77 | 51.50 | 54.90 | 61.72 |
| | 0 - 1,000 | 33.33 | 44.44 | 50.00 | 53.30 | 59.92 |
| Skill III | 4,000 or more | \$45.48 | \$60.64 | \$68.22 | \$72.74 | \$81.79 |
| | 2,001 - 4,000 | 37.46 | 49.95 | 56.19 | 59.91 | 67.35 |
| | 1,001 - 2,000 | 35.46 | 47.28 | 53.19 | 56.71 | 63.75 |
| | 0 - 1,000 | 34.46 | 45.95 | 51.69 | 55.11 | 61.95 |

35¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$39.78 | \$53.04 | \$59.67 | \$63.61 | \$71.50 |
| | 2,001 - 4,000 | 31.76 | 42.35 | 47.64 | 50.78 | 57.06 |
| | 1,001 - 2,000 | 29.76 | 39.68 | 44.64 | 47.58 | 53.46 |
| | 0 - 1,000 | 28.76 | 38.35 | 43.14 | 45.98 | 51.66 |
| Skill I | 4,000 or more | \$42.18 | \$56.24 | \$63.27 | \$67.45 | \$75.82 |
| | 2,001 - 4,000 | 34.16 | 45.55 | 51.24 | 54.62 | 61.38 |
| | 1,001 - 2,000 | 32.16 | 42.88 | 48.24 | 51.42 | 57.78 |
| | 0 - 1,000 | 31.16 | 41.55 | 46.74 | 49.82 | 55.98 |
| Skill II | 4,000 or more | \$44.45 | \$59.27 | \$66.68 | \$71.09 | \$79.91 |
| | 2,001 - 4,000 | 36.43 | 48.57 | 54.65 | 58.25 | 65.47 |
| | 1,001 - 2,000 | 34.43 | 45.91 | 51.65 | 55.05 | 61.87 |
| | 0 - 1,000 | 33.43 | 44.57 | 50.15 | 53.45 | 60.07 |
| Skill III | 4,000 or more | \$45.58 | \$60.77 | \$68.37 | \$72.89 | \$81.94 |
| | 2,001 - 4,000 | 37.56 | 50.08 | 56.34 | 60.06 | 67.50 |
| | 1,001 - 2,000 | 35.56 | 47.41 | 53.34 | 56.86 | 63.90 |
| | 0 - 1,000 | 34.56 | 46.08 | 51.84 | 55.26 | 62.10 |

2016/2017 WAGE SCHEDULE

Effective 8:00 a.m., July 2, 2016 to 8:00 a.m. July 1, 2017

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|-------------------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| 50¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$39.93 | \$53.24 | \$59.90 | \$63.84 | \$71.72 |
| | 2,001 - 4,000 | 31.91 | 42.55 | 47.87 | 51.01 | 57.29 |
| | 1,001 - 2,000 | 29.91 | 39.88 | 44.87 | 47.81 | 53.69 |
| | 0 - 1,000 | 28.91 | 38.55 | 43.37 | 46.21 | 51.89 |
| Skill I | 4,000 or more | \$42.33 | \$56.44 | \$63.50 | \$67.68 | \$76.04 |
| | 2,001 - 4,000 | 34.31 | 45.75 | 51.47 | 54.85 | 61.61 |
| | 1,001 - 2,000 | 32.31 | 43.08 | 48.47 | 51.65 | 58.01 |
| | 0 - 1,000 | 31.31 | 41.75 | 46.97 | 50.05 | 56.21 |
| Skill II | 4,000 or more | \$44.60 | \$59.47 | \$66.90 | \$71.31 | \$80.13 |
| | 2,001 - 4,000 | 36.58 | 48.77 | 54.87 | 58.48 | 65.69 |
| | 1,001 - 2,000 | 34.58 | 46.11 | 51.87 | 55.28 | 62.09 |
| | 0 - 1,000 | 33.58 | 44.77 | 50.37 | 53.68 | 60.29 |
| Skill III | 4,000 or more | \$45.73 | \$60.97 | \$68.60 | \$73.12 | \$82.16 |
| | 2,001 - 4,000 | 37.71 | 50.28 | 56.57 | 60.29 | 67.73 |
| | 1,001 - 2,000 | 35.71 | 47.61 | 53.57 | 57.09 | 64.13 |
| | 0 - 1,000 | 34.71 | 46.28 | 52.07 | 55.49 | 62.33 |

85¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$40.28 | \$53.71 | \$60.42 | \$64.36 | \$72.25 |
| | 2,001 - 4,000 | 32.26 | 43.01 | 48.39 | 51.53 | 57.81 |
| | 1,001 - 2,000 | 30.26 | 40.35 | 45.39 | 48.33 | 54.21 |
| | 0 - 1,000 | 29.26 | 39.01 | 43.89 | 46.73 | 52.41 |
| Skill I | 4,000 or more | \$42.68 | \$56.91 | \$64.02 | \$68.20 | \$76.57 |
| | 2,001 - 4,000 | 34.66 | 46.21 | 51.99 | 55.37 | 62.13 |
| | 1,001 - 2,000 | 32.66 | 43.55 | 48.99 | 52.17 | 58.53 |
| | 0 - 1,000 | 31.66 | 42.21 | 47.49 | 50.57 | 56.73 |
| Skill II | 4,000 or more | \$44.95 | \$59.93 | \$67.43 | \$71.84 | \$80.66 |
| | 2,001 - 4,000 | 36.93 | 49.24 | 55.40 | 59.00 | 66.22 |
| | 1,001 - 2,000 | 34.93 | 46.57 | 52.40 | 55.80 | 62.62 |
| | 0 - 1,000 | 33.93 | 45.24 | 50.90 | 54.20 | 60.82 |
| Skill III | 4,000 or more | \$46.08 | \$61.44 | \$69.12 | \$73.64 | \$82.69 |
| | 2,001 - 4,000 | 38.06 | 50.75 | 57.09 | 60.81 | 68.25 |
| | 1,001 - 2,000 | 36.06 | 48.08 | 54.09 | 57.61 | 64.65 |
| | 0 - 1,000 | 35.06 | 46.75 | 52.59 | 56.01 | 62.85 |

2016/2017 WAGE SCHEDULE

Effective 8:00 a.m., July 2, 2016 to 8:00 a.m. July 1, 2017

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-----------------------|-------------------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| \$1.20 Penalty | | | | | | |
| Basic | 4,000 or more | \$40.63 | \$54.17 | \$60.95 | \$64.89 | \$72.77 |
| | 2,001 - 4,000 | 32.61 | 43.48 | 48.92 | 52.06 | 58.34 |
| | 1,001 - 2,000 | 30.61 | 40.81 | 45.92 | 48.86 | 54.74 |
| | 0 - 1,000 | 29.61 | 39.48 | 44.42 | 47.26 | 52.94 |
| Skill I | 4,000 or more | \$43.03 | \$57.37 | \$64.55 | \$68.73 | \$77.09 |
| | 2,001 - 4,000 | 35.01 | 46.68 | 52.52 | 55.90 | 62.66 |
| | 1,001 - 2,000 | 33.01 | 44.01 | 49.52 | 52.70 | 59.06 |
| | 0 - 1,000 | 32.01 | 42.68 | 48.02 | 51.10 | 57.26 |
| Skill II | 4,000 or more | \$45.30 | \$60.40 | \$67.95 | \$72.36 | \$81.18 |
| | 2,001 - 4,000 | 37.28 | 49.71 | 55.92 | 59.53 | 66.74 |
| | 1,001 - 2,000 | 35.28 | 47.04 | 52.92 | 56.33 | 63.14 |
| | 0 - 1,000 | 34.28 | 45.71 | 51.42 | 54.73 | 61.34 |
| Skill III | 4,000 or more | \$46.43 | \$61.91 | \$69.65 | \$74.17 | \$83.21 |
| | 2,001 - 4,000 | 38.41 | 51.21 | 57.62 | 61.34 | 68.78 |
| | 1,001 - 2,000 | 36.41 | 48.55 | 54.62 | 58.14 | 65.18 |
| | 0 - 1,000 | 35.41 | 47.21 | 53.12 | 56.54 | 63.38 |

Explosives Penalty

| | | | | | | |
|-----------|---------------|---------|----------|----------|----------|----------|
| Basic | 4,000 or more | \$78.86 | \$105.15 | \$118.29 | \$122.23 | \$130.12 |
| | 2,001 - 4,000 | 62.82 | 83.76 | 94.23 | 97.37 | 103.65 |
| | 1,001 - 2,000 | 58.82 | 78.43 | 88.23 | 91.17 | 97.05 |
| | 0 - 1,000 | 56.82 | 75.76 | 85.23 | 88.07 | 93.75 |
| Skill I | 4,000 or more | \$81.26 | \$108.35 | \$121.89 | \$126.07 | \$134.44 |
| | 2,001 - 4,000 | 65.22 | 86.96 | 97.83 | 101.21 | 107.97 |
| | 1,001 - 2,000 | 61.22 | 81.63 | 91.83 | 95.01 | 101.37 |
| | 0 - 1,000 | 59.22 | 78.96 | 88.83 | 91.91 | 98.07 |
| Skill II | 4,000 or more | \$83.53 | \$111.37 | \$125.30 | \$129.71 | \$138.53 |
| | 2,001 - 4,000 | 67.49 | 89.99 | 101.24 | 104.84 | 112.06 |
| | 1,001 - 2,000 | 63.49 | 84.65 | 95.24 | 98.64 | 105.46 |
| | 0 - 1,000 | 61.49 | 81.99 | 92.24 | 95.54 | 102.16 |
| Skill III | 4,000 or more | \$84.66 | \$112.88 | \$126.99 | \$131.51 | \$140.56 |
| | 2,001 - 4,000 | 68.62 | 91.49 | 102.93 | 106.65 | 114.09 |
| | 1,001 - 2,000 | 64.62 | 86.16 | 96.93 | 100.45 | 107.49 |
| | 0 - 1,000 | 62.62 | 83.49 | 93.93 | 97.35 | 104.19 |

2017/2018 WAGE SCHEDULE

Effective 8:00 a.m., July 1, 2017 to 8:00 a.m. June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-------------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| No Cargo Penalty | | | | | | |
| Basic | 4,000 or more | \$40.93 | \$54.57 | \$61.40 | \$65.49 | \$73.67 |
| | 2,001 - 4,000 | 32.49 | 43.32 | 48.74 | 51.98 | 58.48 |
| | 1,001 - 2,000 | 30.49 | 40.65 | 45.74 | 48.78 | 54.88 |
| | 0 - 1,000 | 29.49 | 39.32 | 44.24 | 47.18 | 53.08 |
| Skill I | 4,000 or more | \$43.33 | \$57.77 | \$65.00 | \$69.33 | \$77.99 |
| | 2,001 - 4,000 | 34.89 | 46.52 | 52.34 | 55.82 | 62.80 |
| | 1,001 - 2,000 | 32.89 | 43.85 | 49.34 | 52.62 | 59.20 |
| | 0 - 1,000 | 31.89 | 42.52 | 47.84 | 51.02 | 57.40 |
| Skill II | 4,000 or more | \$45.60 | \$60.80 | \$68.40 | \$72.96 | \$82.08 |
| | 2,001 - 4,000 | 37.16 | 49.55 | 55.74 | 59.46 | 66.89 |
| | 1,001 - 2,000 | 35.16 | 46.88 | 52.74 | 56.26 | 63.29 |
| | 0 - 1,000 | 34.16 | 45.55 | 51.24 | 54.66 | 61.49 |
| Skill III | 4,000 or more | \$46.73 | \$62.31 | \$70.10 | \$74.77 | \$84.11 |
| | 2,001 - 4,000 | 38.29 | 51.05 | 57.44 | 61.26 | 68.92 |
| | 1,001 - 2,000 | 36.29 | 48.39 | 54.44 | 58.06 | 65.32 |
| | 0 - 1,000 | 35.29 | 47.05 | 52.94 | 56.46 | 63.52 |

15¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$41.08 | \$54.77 | \$61.62 | \$65.71 | \$73.90 |
| | 2,001 - 4,000 | 32.64 | 43.52 | 48.96 | 52.21 | 58.71 |
| | 1,001 - 2,000 | 30.64 | 40.85 | 45.96 | 49.01 | 55.11 |
| | 0 - 1,000 | 29.64 | 39.52 | 44.46 | 47.41 | 53.31 |
| Skill I | 4,000 or more | \$43.48 | \$57.97 | \$65.22 | \$69.55 | \$78.22 |
| | 2,001 - 4,000 | 35.04 | 46.72 | 52.56 | 56.05 | 63.03 |
| | 1,001 - 2,000 | 33.04 | 44.05 | 49.56 | 52.85 | 59.43 |
| | 0 - 1,000 | 32.04 | 42.72 | 48.06 | 51.25 | 57.63 |
| Skill II | 4,000 or more | \$45.75 | \$61.00 | \$68.63 | \$73.19 | \$82.31 |
| | 2,001 - 4,000 | 37.31 | 49.75 | 55.97 | 59.68 | 67.11 |
| | 1,001 - 2,000 | 35.31 | 47.08 | 52.97 | 56.48 | 63.51 |
| | 0 - 1,000 | 34.31 | 45.75 | 51.47 | 54.88 | 61.71 |
| Skill III | 4,000 or more | \$46.88 | \$62.51 | \$70.32 | \$74.99 | \$84.34 |
| | 2,001 - 4,000 | 38.44 | 51.25 | 57.66 | 61.49 | 69.15 |
| | 1,001 - 2,000 | 36.44 | 48.59 | 54.66 | 58.29 | 65.55 |
| | 0 - 1,000 | 35.44 | 47.25 | 53.16 | 56.69 | 63.75 |

2017/2018 WAGE SCHEDULE

Effective 8:00 a.m., July 1, 2017 to 8:00 a.m. June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| 25¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$41.18 | \$54.91 | \$61.77 | \$65.86 | \$74.05 |
| | 2,001 - 4,000 | 32.74 | 43.65 | 49.11 | 52.36 | 58.86 |
| | 1,001 - 2,000 | 30.74 | 40.99 | 46.11 | 49.16 | 55.26 |
| | 0 - 1,000 | 29.74 | 39.65 | 44.61 | 47.56 | 53.46 |
| Skill I | 4,000 or more | \$43.58 | \$58.11 | \$65.37 | \$69.70 | \$78.37 |
| | 2,001 - 4,000 | 35.14 | 46.85 | 52.71 | 56.20 | 63.18 |
| | 1,001 - 2,000 | 33.14 | 44.19 | 49.71 | 53.00 | 59.58 |
| | 0 - 1,000 | 32.14 | 42.85 | 48.21 | 51.40 | 57.78 |
| Skill II | 4,000 or more | \$45.85 | \$61.13 | \$68.78 | \$73.34 | \$82.46 |
| | 2,001 - 4,000 | 37.41 | 49.88 | 56.12 | 59.83 | 67.26 |
| | 1,001 - 2,000 | 35.41 | 47.21 | 53.12 | 56.63 | 63.66 |
| | 0 - 1,000 | 34.41 | 45.88 | 51.62 | 55.03 | 61.86 |
| Skill III | 4,000 or more | \$46.98 | \$62.64 | \$70.47 | \$75.14 | \$84.49 |
| | 2,001 - 4,000 | 38.54 | 51.39 | 57.81 | 61.64 | 69.30 |
| | 1,001 - 2,000 | 36.54 | 48.72 | 54.81 | 58.44 | 65.70 |
| | 0 - 1,000 | 35.54 | 47.39 | 53.31 | 56.84 | 63.90 |

35¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$41.28 | \$55.04 | \$61.92 | \$66.01 | \$74.20 |
| | 2,001 - 4,000 | 32.84 | 43.79 | 49.26 | 52.51 | 59.01 |
| | 1,001 - 2,000 | 30.84 | 41.12 | 46.26 | 49.31 | 55.41 |
| | 0 - 1,000 | 29.84 | 39.79 | 44.76 | 47.71 | 53.61 |
| Skill I | 4,000 or more | \$43.68 | \$58.24 | \$65.52 | \$69.85 | \$78.52 |
| | 2,001 - 4,000 | 35.24 | 46.99 | 52.86 | 56.35 | 63.33 |
| | 1,001 - 2,000 | 33.24 | 44.32 | 49.86 | 53.15 | 59.73 |
| | 0 - 1,000 | 32.24 | 42.99 | 48.36 | 51.55 | 57.93 |
| Skill II | 4,000 or more | \$45.95 | \$61.27 | \$68.93 | \$73.49 | \$82.61 |
| | 2,001 - 4,000 | 37.51 | 50.01 | 56.27 | 59.98 | 67.41 |
| | 1,001 - 2,000 | 35.51 | 47.35 | 53.27 | 56.78 | 63.81 |
| | 0 - 1,000 | 34.51 | 46.01 | 51.77 | 55.18 | 62.01 |
| Skill III | 4,000 or more | \$47.08 | \$62.77 | \$70.62 | \$75.29 | \$84.64 |
| | 2,001 - 4,000 | 38.64 | 51.52 | 57.96 | 61.79 | 69.45 |
| | 1,001 - 2,000 | 36.64 | 48.85 | 54.96 | 58.59 | 65.85 |
| | 0 - 1,000 | 35.64 | 47.52 | 53.46 | 56.99 | 64.05 |

2017/2018 WAGE SCHEDULE

Effective 8:00 a.m., July 1, 2017 to 8:00 a.m. June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|-------------------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| 50¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$41.43 | \$55.24 | \$62.15 | \$66.24 | \$74.42 |
| | 2,001 - 4,000 | 32.99 | 43.99 | 49.49 | 52.73 | 59.23 |
| | 1,001 - 2,000 | 30.99 | 41.32 | 46.49 | 49.53 | 55.63 |
| | 0 - 1,000 | 29.99 | 39.99 | 44.99 | 47.93 | 53.83 |
| Skill I | 4,000 or more | \$43.83 | \$58.44 | \$65.75 | \$70.08 | \$78.74 |
| | 2,001 - 4,000 | 35.39 | 47.19 | 53.09 | 56.57 | 63.55 |
| | 1,001 - 2,000 | 33.39 | 44.52 | 50.09 | 53.37 | 59.95 |
| | 0 - 1,000 | 32.39 | 43.19 | 48.59 | 51.77 | 58.15 |
| Skill II | 4,000 or more | \$46.10 | \$61.47 | \$69.15 | \$73.71 | \$82.83 |
| | 2,001 - 4,000 | 37.66 | 50.21 | 56.49 | 60.21 | 67.64 |
| | 1,001 - 2,000 | 35.66 | 47.55 | 53.49 | 57.01 | 64.04 |
| | 0 - 1,000 | 34.66 | 46.21 | 51.99 | 55.41 | 62.24 |
| Skill III | 4,000 or more | \$47.23 | \$62.97 | \$70.85 | \$75.52 | \$84.86 |
| | 2,001 - 4,000 | 38.79 | 51.72 | 58.19 | 62.01 | 69.67 |
| | 1,001 - 2,000 | 36.79 | 49.05 | 55.19 | 58.81 | 66.07 |
| | 0 - 1,000 | 35.79 | 47.72 | 53.69 | 57.21 | 64.27 |

85¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$41.78 | \$55.71 | \$62.67 | \$66.76 | \$74.95 |
| | 2,001 - 4,000 | 33.34 | 44.45 | 50.01 | 53.26 | 59.76 |
| | 1,001 - 2,000 | 31.34 | 41.79 | 47.01 | 50.06 | 56.16 |
| | 0 - 1,000 | 30.34 | 40.45 | 45.51 | 48.46 | 54.36 |
| Skill I | 4,000 or more | \$44.18 | \$58.91 | \$66.27 | \$70.60 | \$79.27 |
| | 2,001 - 4,000 | 35.74 | 47.65 | 53.61 | 57.10 | 64.08 |
| | 1,001 - 2,000 | 33.74 | 44.99 | 50.61 | 53.90 | 60.48 |
| | 0 - 1,000 | 32.74 | 43.65 | 49.11 | 52.30 | 58.68 |
| Skill II | 4,000 or more | \$46.45 | \$61.93 | \$69.68 | \$74.24 | \$83.36 |
| | 2,001 - 4,000 | 38.01 | 50.68 | 57.02 | 60.73 | 68.16 |
| | 1,001 - 2,000 | 36.01 | 48.01 | 54.02 | 57.53 | 64.56 |
| | 0 - 1,000 | 35.01 | 46.68 | 52.52 | 55.93 | 62.76 |
| Skill III | 4,000 or more | \$47.58 | \$63.44 | \$71.37 | \$76.04 | \$85.39 |
| | 2,001 - 4,000 | 39.14 | 52.19 | 58.71 | 62.54 | 70.20 |
| | 1,001 - 2,000 | 37.14 | 49.52 | 55.71 | 59.34 | 66.60 |
| | 0 - 1,000 | 36.14 | 48.19 | 54.21 | 57.74 | 64.80 |

2017/2018 WAGE SCHEDULE

Effective 8:00 a.m., July 1, 2017 to 8:00 a.m. June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-----------------------|-------------------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| \$1.20 Penalty | | | | | | |
| Basic | 4,000 or more | \$42.13 | \$56.17 | \$63.20 | \$67.29 | \$75.47 |
| | 2,001 - 4,000 | 33.69 | 44.92 | 50.54 | 53.78 | 60.28 |
| | 1,001 - 2,000 | 31.69 | 42.25 | 47.54 | 50.58 | 56.68 |
| | 0 - 1,000 | 30.69 | 40.92 | 46.04 | 48.98 | 54.88 |
| Skill I | 4,000 or more | \$44.53 | \$59.37 | \$66.80 | \$71.13 | \$79.79 |
| | 2,001 - 4,000 | 36.09 | 48.12 | 54.14 | 57.62 | 64.60 |
| | 1,001 - 2,000 | 34.09 | 45.45 | 51.14 | 54.42 | 61.00 |
| | 0 - 1,000 | 33.09 | 44.12 | 49.64 | 52.82 | 59.20 |
| Skill II | 4,000 or more | \$46.80 | \$62.40 | \$70.20 | \$74.76 | \$83.88 |
| | 2,001 - 4,000 | 38.36 | 51.15 | 57.54 | 61.26 | 68.69 |
| | 1,001 - 2,000 | 36.36 | 48.48 | 54.54 | 58.06 | 65.09 |
| | 0 - 1,000 | 35.36 | 47.15 | 53.04 | 56.46 | 63.29 |
| Skill III | 4,000 or more | \$47.93 | \$63.91 | \$71.90 | \$76.57 | \$85.91 |
| | 2,001 - 4,000 | 39.49 | 52.65 | 59.24 | 63.06 | 70.72 |
| | 1,001 - 2,000 | 37.49 | 49.99 | 56.24 | 59.86 | 67.12 |
| | 0 - 1,000 | 36.49 | 48.65 | 54.74 | 58.26 | 65.32 |

Explosives Penalty

| | | | | | | |
|-----------|---------------|---------|----------|----------|----------|----------|
| Basic | 4,000 or more | \$81.86 | \$109.15 | \$122.79 | \$126.88 | \$135.07 |
| | 2,001 - 4,000 | 64.98 | 86.64 | 97.47 | 100.72 | 107.22 |
| | 1,001 - 2,000 | 60.98 | 81.31 | 91.47 | 94.52 | 100.62 |
| | 0 - 1,000 | 58.98 | 78.64 | 88.47 | 91.42 | 97.32 |
| Skill I | 4,000 or more | \$84.26 | \$112.35 | \$126.39 | \$130.72 | \$139.39 |
| | 2,001 - 4,000 | 67.38 | 89.84 | 101.07 | 104.56 | 111.54 |
| | 1,001 - 2,000 | 63.38 | 84.51 | 95.07 | 98.36 | 104.94 |
| | 0 - 1,000 | 61.38 | 81.84 | 92.07 | 95.26 | 101.64 |
| Skill II | 4,000 or more | \$86.53 | \$115.37 | \$129.80 | \$134.36 | \$143.48 |
| | 2,001 - 4,000 | 69.65 | 92.87 | 104.48 | 108.19 | 115.62 |
| | 1,001 - 2,000 | 65.65 | 87.53 | 98.48 | 101.99 | 109.02 |
| | 0 - 1,000 | 63.65 | 84.87 | 95.48 | 98.89 | 105.72 |
| Skill III | 4,000 or more | \$87.66 | \$116.88 | \$131.49 | \$136.16 | \$145.51 |
| | 2,001 - 4,000 | 70.78 | 94.37 | 106.17 | 110.00 | 117.66 |
| | 1,001 - 2,000 | 66.78 | 89.04 | 100.17 | 103.80 | 111.06 |
| | 0 - 1,000 | 64.78 | 86.37 | 97.17 | 100.70 | 107.76 |

2018/2019 WAGE SCHEDULE

Effective 8:00 a.m., June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-------------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| No Cargo Penalty | | | | | | |
| Basic | 4,000 or more | \$42.18 | \$56.24 | \$63.27 | \$67.49 | \$75.92 |
| | 2,001 - 4,000 | 33.39 | 44.52 | 50.09 | 53.42 | 60.10 |
| | 1,001 - 2,000 | 31.39 | 41.85 | 47.09 | 50.22 | 56.50 |
| | 0 - 1,000 | 30.39 | 40.52 | 45.59 | 48.62 | 54.70 |
| Skill I | 4,000 or more | \$44.58 | \$59.44 | \$66.87 | \$71.33 | \$80.24 |
| | 2,001 - 4,000 | 35.79 | 47.72 | 53.69 | 57.26 | 64.42 |
| | 1,001 - 2,000 | 33.79 | 45.05 | 50.69 | 54.06 | 60.82 |
| | 0 - 1,000 | 32.79 | 43.72 | 49.19 | 52.46 | 59.02 |
| Skill II | 4,000 or more | \$46.85 | \$62.47 | \$70.28 | \$74.96 | \$84.33 |
| | 2,001 - 4,000 | 38.06 | 50.75 | 57.09 | 60.90 | 68.51 |
| | 1,001 - 2,000 | 36.06 | 48.08 | 54.09 | 57.70 | 64.91 |
| | 0 - 1,000 | 35.06 | 46.75 | 52.59 | 56.10 | 63.11 |
| Skill III | 4,000 or more | \$47.98 | \$63.97 | \$71.97 | \$76.77 | \$86.36 |
| | 2,001 - 4,000 | 39.19 | 52.25 | 58.79 | 62.70 | 70.54 |
| | 1,001 - 2,000 | 37.19 | 49.59 | 55.79 | 59.50 | 66.94 |
| | 0 - 1,000 | 36.19 | 48.25 | 54.29 | 57.90 | 65.14 |

15¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$42.33 | \$56.44 | \$63.50 | \$67.71 | \$76.15 |
| | 2,001 - 4,000 | 33.54 | 44.72 | 50.31 | 53.65 | 60.33 |
| | 1,001 - 2,000 | 31.54 | 42.05 | 47.31 | 50.45 | 56.73 |
| | 0 - 1,000 | 30.54 | 40.72 | 45.81 | 48.85 | 54.93 |
| Skill I | 4,000 or more | \$44.73 | \$59.64 | \$67.10 | \$71.55 | \$80.47 |
| | 2,001 - 4,000 | 35.94 | 47.92 | 53.91 | 57.49 | 64.65 |
| | 1,001 - 2,000 | 33.94 | 45.25 | 50.91 | 54.29 | 61.05 |
| | 0 - 1,000 | 32.94 | 43.92 | 49.41 | 52.69 | 59.25 |
| Skill II | 4,000 or more | \$47.00 | \$62.67 | \$70.50 | \$75.19 | \$84.56 |
| | 2,001 - 4,000 | 38.21 | 50.95 | 57.32 | 61.12 | 68.73 |
| | 1,001 - 2,000 | 36.21 | 48.28 | 54.32 | 57.92 | 65.13 |
| | 0 - 1,000 | 35.21 | 46.95 | 52.82 | 56.32 | 63.33 |
| Skill III | 4,000 or more | \$48.13 | \$64.17 | \$72.20 | \$76.99 | \$86.59 |
| | 2,001 - 4,000 | 39.34 | 52.45 | 59.01 | 62.93 | 70.77 |
| | 1,001 - 2,000 | 37.34 | 49.79 | 56.01 | 59.73 | 67.17 |
| | 0 - 1,000 | 36.34 | 48.45 | 54.51 | 58.13 | 65.37 |

2018/2019 WAGE SCHEDULE

Effective 8:00 a.m., June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| 25¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$42.43 | \$56.57 | \$63.65 | \$67.86 | \$76.30 |
| | 2,001 - 4,000 | 33.64 | 44.85 | 50.46 | 53.80 | 60.48 |
| | 1,001 - 2,000 | 31.64 | 42.19 | 47.46 | 50.60 | 56.88 |
| | 0 - 1,000 | 30.64 | 40.85 | 45.96 | 49.00 | 55.08 |
| Skill I | 4,000 or more | \$44.83 | \$59.77 | \$67.25 | \$71.70 | \$80.62 |
| | 2,001 - 4,000 | 36.04 | 48.05 | 54.06 | 57.64 | 64.80 |
| | 1,001 - 2,000 | 34.04 | 45.39 | 51.06 | 54.44 | 61.20 |
| | 0 - 1,000 | 33.04 | 44.05 | 49.56 | 52.84 | 59.40 |
| Skill II | 4,000 or more | \$47.10 | \$62.80 | \$70.65 | \$75.34 | \$84.71 |
| | 2,001 - 4,000 | 38.31 | 51.08 | 57.47 | 61.27 | 68.88 |
| | 1,001 - 2,000 | 36.31 | 48.41 | 54.47 | 58.07 | 65.28 |
| | 0 - 1,000 | 35.31 | 47.08 | 52.97 | 56.47 | 63.48 |
| Skill III | 4,000 or more | \$48.23 | \$64.31 | \$72.35 | \$77.14 | \$86.74 |
| | 2,001 - 4,000 | 39.44 | 52.59 | 59.16 | 63.08 | 70.92 |
| | 1,001 - 2,000 | 37.44 | 49.92 | 56.16 | 59.88 | 67.32 |
| | 0 - 1,000 | 36.44 | 48.59 | 54.66 | 58.28 | 65.52 |

35¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$42.53 | \$56.71 | \$63.80 | \$68.01 | \$76.45 |
| | 2,001 - 4,000 | 33.74 | 44.99 | 50.61 | 53.95 | 60.63 |
| | 1,001 - 2,000 | 31.74 | 42.32 | 47.61 | 50.75 | 57.03 |
| | 0 - 1,000 | 30.74 | 40.99 | 46.11 | 49.15 | 55.23 |
| Skill I | 4,000 or more | \$44.93 | \$59.91 | \$67.40 | \$71.85 | \$80.77 |
| | 2,001 - 4,000 | 36.14 | 48.19 | 54.21 | 57.79 | 64.95 |
| | 1,001 - 2,000 | 34.14 | 45.52 | 51.21 | 54.59 | 61.35 |
| | 0 - 1,000 | 33.14 | 44.19 | 49.71 | 52.99 | 59.55 |
| Skill II | 4,000 or more | \$47.20 | \$62.93 | \$70.80 | \$75.49 | \$84.86 |
| | 2,001 - 4,000 | 38.41 | 51.21 | 57.62 | 61.42 | 69.03 |
| | 1,001 - 2,000 | 36.41 | 48.55 | 54.62 | 58.22 | 65.43 |
| | 0 - 1,000 | 35.41 | 47.21 | 53.12 | 56.62 | 63.63 |
| Skill III | 4,000 or more | \$48.33 | \$64.44 | \$72.50 | \$77.29 | \$86.89 |
| | 2,001 - 4,000 | 39.54 | 52.72 | 59.31 | 63.23 | 71.07 |
| | 1,001 - 2,000 | 37.54 | 50.05 | 56.31 | 60.03 | 67.47 |
| | 0 - 1,000 | 36.54 | 48.72 | 54.81 | 58.43 | 65.67 |

2018/2019 WAGE SCHEDULE

Effective 8:00 a.m., June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|--------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| 50¢ Penalty | | | | | | |
| Basic | 4,000 or more | \$42.68 | \$56.91 | \$64.02 | \$68.24 | \$76.67 |
| | 2,001 - 4,000 | 33.89 | 45.19 | 50.84 | 54.17 | 60.85 |
| | 1,001 - 2,000 | 31.89 | 42.52 | 47.84 | 50.97 | 57.25 |
| | 0 - 1,000 | 30.89 | 41.19 | 46.34 | 49.37 | 55.45 |
| Skill I | 4,000 or more | \$45.08 | \$60.11 | \$67.62 | \$72.08 | \$80.99 |
| | 2,001 - 4,000 | 36.29 | 48.39 | 54.44 | 58.01 | 65.17 |
| | 1,001 - 2,000 | 34.29 | 45.72 | 51.44 | 54.81 | 61.57 |
| | 0 - 1,000 | 33.29 | 44.39 | 49.94 | 53.21 | 59.77 |
| Skill II | 4,000 or more | \$47.35 | \$63.13 | \$71.03 | \$75.71 | \$85.08 |
| | 2,001 - 4,000 | 38.56 | 51.41 | 57.84 | 61.65 | 69.26 |
| | 1,001 - 2,000 | 36.56 | 48.75 | 54.84 | 58.45 | 65.66 |
| | 0 - 1,000 | 35.56 | 47.41 | 53.34 | 56.85 | 63.86 |
| Skill III | 4,000 or more | \$48.48 | \$64.64 | \$72.72 | \$77.52 | \$87.11 |
| | 2,001 - 4,000 | 39.69 | 52.92 | 59.54 | 63.45 | 71.29 |
| | 1,001 - 2,000 | 37.69 | 50.25 | 56.54 | 60.25 | 67.69 |
| | 0 - 1,000 | 36.69 | 48.92 | 55.04 | 58.65 | 65.89 |

85¢ Penalty

| | | | | | | |
|-----------|---------------|---------|---------|---------|---------|---------|
| Basic | 4,000 or more | \$43.03 | \$57.37 | \$64.55 | \$68.76 | \$77.20 |
| | 2,001 - 4,000 | 34.24 | 45.65 | 51.36 | 54.70 | 61.38 |
| | 1,001 - 2,000 | 32.24 | 42.99 | 48.36 | 51.50 | 57.78 |
| | 0 - 1,000 | 31.24 | 41.65 | 46.86 | 49.90 | 55.98 |
| Skill I | 4,000 or more | \$45.43 | \$60.57 | \$68.15 | \$72.60 | \$81.52 |
| | 2,001 - 4,000 | 36.64 | 48.85 | 54.96 | 58.54 | 65.70 |
| | 1,001 - 2,000 | 34.64 | 46.19 | 51.96 | 55.34 | 62.10 |
| | 0 - 1,000 | 33.64 | 44.85 | 50.46 | 53.74 | 60.30 |
| Skill II | 4,000 or more | \$47.70 | \$63.60 | \$71.55 | \$76.24 | \$85.61 |
| | 2,001 - 4,000 | 38.91 | 51.88 | 58.37 | 62.17 | 69.78 |
| | 1,001 - 2,000 | 36.91 | 49.21 | 55.37 | 58.97 | 66.18 |
| | 0 - 1,000 | 35.91 | 47.88 | 53.87 | 57.37 | 64.38 |
| Skill III | 4,000 or more | \$48.83 | \$65.11 | \$73.25 | \$78.04 | \$87.64 |
| | 2,001 - 4,000 | 40.04 | 53.39 | 60.06 | 63.98 | 71.82 |
| | 1,001 - 2,000 | 38.04 | 50.72 | 57.06 | 60.78 | 68.22 |
| | 0 - 1,000 | 37.04 | 49.39 | 55.56 | 59.18 | 66.42 |

2018/2019 WAGE SCHEDULE

Effective 8:00 a.m., June 30, 2018

| Skill Category | "Experience" Level (Hours) | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|-----------------------|----------------------------|-----------|-----------|--------------------------|-----------|--------------------|
| \$1.20 Penalty | | | | | | |
| Basic | 4,000 or more | \$43.38 | \$57.84 | \$65.07 | \$69.29 | \$77.72 |
| | 2,001 - 4,000 | 34.59 | 46.12 | 51.89 | 55.22 | 61.90 |
| | 1,001 - 2,000 | 32.59 | 43.45 | 48.89 | 52.02 | 58.30 |
| | 0 - 1,000 | 31.59 | 42.12 | 47.39 | 50.42 | 56.50 |
| Skill I | 4,000 or more | \$45.78 | \$61.04 | \$68.67 | \$73.13 | \$82.04 |
| | 2,001 - 4,000 | 36.99 | 49.32 | 55.49 | 59.06 | 66.22 |
| | 1,001 - 2,000 | 34.99 | 46.65 | 52.49 | 55.86 | 62.62 |
| | 0 - 1,000 | 33.99 | 45.32 | 50.99 | 54.26 | 60.82 |
| Skill II | 4,000 or more | \$48.05 | \$64.07 | \$72.08 | \$76.76 | \$86.13 |
| | 2,001 - 4,000 | 39.26 | 52.35 | 58.89 | 62.70 | 70.31 |
| | 1,001 - 2,000 | 37.26 | 49.68 | 55.89 | 59.50 | 66.71 |
| | 0 - 1,000 | 36.26 | 48.35 | 54.39 | 57.90 | 64.91 |
| Skill III | 4,000 or more | \$49.18 | \$65.57 | \$73.77 | \$78.57 | \$88.16 |
| | 2,001 - 4,000 | 40.39 | 53.85 | 60.59 | 64.50 | 72.34 |
| | 1,001 - 2,000 | 38.39 | 51.19 | 57.59 | 61.30 | 68.74 |
| | 0 - 1,000 | 37.39 | 49.85 | 56.09 | 59.70 | 66.94 |

Explosives Penalty

| | | | | | | |
|-----------|---------------|---------|----------|----------|----------|----------|
| Basic | 4,000 or more | \$84.36 | \$112.48 | \$126.54 | \$130.76 | \$139.19 |
| | 2,001 - 4,000 | 66.78 | 89.04 | 100.17 | 103.51 | 110.19 |
| | 1,001 - 2,000 | 62.78 | 83.71 | 94.17 | 97.31 | 103.59 |
| | 0 - 1,000 | 60.78 | 81.04 | 91.17 | 94.21 | 100.29 |
| Skill I | 4,000 or more | \$86.76 | \$115.68 | \$130.14 | \$134.60 | \$143.51 |
| | 2,001 - 4,000 | 69.18 | 92.24 | 103.77 | 107.35 | 114.51 |
| | 1,001 - 2,000 | 65.18 | 86.91 | 97.77 | 101.15 | 107.91 |
| | 0 - 1,000 | 63.18 | 84.24 | 94.77 | 98.05 | 104.61 |
| Skill II | 4,000 or more | \$89.03 | \$118.71 | \$133.55 | \$138.23 | \$147.60 |
| | 2,001 - 4,000 | 71.45 | 95.27 | 107.18 | 110.98 | 118.59 |
| | 1,001 - 2,000 | 67.45 | 89.93 | 101.18 | 104.78 | 111.99 |
| | 0 - 1,000 | 65.45 | 87.27 | 98.18 | 101.68 | 108.69 |
| Skill III | 4,000 or more | \$90.16 | \$120.21 | \$135.24 | \$140.04 | \$149.63 |
| | 2,001 - 4,000 | 72.58 | 96.77 | 108.87 | 112.79 | 120.63 |
| | 1,001 - 2,000 | 68.58 | 91.44 | 102.87 | 106.59 | 114.03 |
| | 0 - 1,000 | 66.58 | 88.77 | 99.87 | 103.49 | 110.73 |

MECHANICS

2014-2015 Wage Schedule

Effective 8:00 a.m., June 28, 2014 to 8:00 a.m. July 4, 2015

| | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|----------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| Journeyman | \$44.02 | \$58.69 | \$66.03 | \$70.43 | \$79.24 |
| Leadman | \$47.68 | \$63.57 | \$71.52 | \$76.29 | \$85.82 |
| Trainee | | | | | |
| <i>4,001 or more</i> | \$44.02 | \$58.69 | \$66.03 | \$70.43 | \$79.24 |
| <i>2,001 - 4,000</i> | \$42.18 | \$56.24 | \$63.27 | \$67.49 | \$75.92 |
| <i>1,001 - 2,000</i> | \$40.35 | \$53.80 | \$60.53 | \$64.56 | \$72.63 |
| <i>0 - 1,000</i> | \$38.51 | \$51.35 | \$57.77 | \$61.62 | \$69.32 |

2015-2016 Wage Schedule

Effective 8:00 a.m., July 4, 2015 to 8:00 a.m. July 2, 2016

| | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|----------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| Journeyman | \$45.82 | \$61.09 | \$68.73 | \$73.31 | \$82.48 |
| Leadman | \$49.63 | \$66.17 | \$74.45 | \$79.41 | \$89.33 |
| Trainee | | | | | |
| <i>4,001 or more</i> | \$45.82 | \$61.09 | \$68.73 | \$73.31 | \$82.48 |
| <i>2,001 - 4,000</i> | \$43.91 | \$58.55 | \$65.87 | \$70.26 | \$79.04 |
| <i>1,001 - 2,000</i> | \$42.00 | \$56.00 | \$63.00 | \$67.20 | \$75.60 |
| <i>0 - 1,000</i> | \$40.09 | \$53.45 | \$60.14 | \$64.14 | \$72.16 |

2016-2017 Wage Schedule

Effective 8:00 a.m., July 2, 2016 to 8:00 a.m. July 1, 2017

| | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|----------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| Journeyman | \$47.32 | \$63.09 | \$70.98 | \$75.71 | \$85.18 |
| Leadman | \$51.26 | \$68.35 | \$76.89 | \$82.02 | \$92.27 |
| Trainee | | | | | |
| <i>4,001 or more</i> | \$47.32 | \$63.09 | \$70.98 | \$75.71 | \$85.18 |
| <i>2,001 - 4,000</i> | \$45.34 | \$60.45 | \$68.01 | \$72.54 | \$81.61 |
| <i>1,001 - 2,000</i> | \$43.37 | \$57.83 | \$65.06 | \$69.39 | \$78.07 |
| <i>0 - 1,000</i> | \$41.40 | \$55.20 | \$62.10 | \$66.24 | \$74.52 |

MECHANICS

2017-2018 Wage Schedule

Effective 8:00 a.m., July 1, 2017 to 8:00 a.m. June 30, 2018

| | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|----------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| Journeyman | \$49.12 | \$65.49 | \$73.68 | \$78.59 | \$88.42 |
| Leadman | \$53.21 | \$70.95 | \$79.82 | \$85.14 | \$95.78 |
| Trainee | | | | | |
| <i>4,001 or more</i> | \$49.12 | \$65.49 | \$73.68 | \$78.59 | \$88.42 |
| <i>2,001 - 4,000</i> | \$47.07 | \$62.76 | \$70.61 | \$75.31 | \$84.73 |
| <i>1,001 - 2,000</i> | \$45.02 | \$60.03 | \$67.53 | \$72.03 | \$81.04 |
| <i>0 - 1,000</i> | \$42.98 | \$57.31 | \$64.47 | \$68.77 | \$77.36 |

2018-2019 Wage Schedule

Effective 8:00 a.m., June 30, 2018

| | 1st Shift | 2nd Shift | 1st & 2nd Shift Overtime | 3rd Shift | 3rd Shift Overtime |
|----------------------|--------------|--------------|--------------------------------|--------------|--------------------------|
| Journeyman | \$50.62 | \$67.49 | \$75.93 | \$80.99 | \$91.12 |
| Leadman | \$54.83 | \$73.11 | \$82.25 | \$87.73 | \$98.69 |
| Trainee | | | | | |
| <i>4,001 or more</i> | \$50.62 | \$67.49 | \$75.93 | \$80.99 | \$91.12 |
| <i>2,001 - 4,000</i> | \$48.51 | \$64.68 | \$72.77 | \$77.62 | \$87.32 |
| <i>1,001 - 2,000</i> | \$46.40 | \$61.87 | \$69.60 | \$74.24 | \$83.52 |
| <i>0 - 1,000</i> | \$44.29 | \$59.05 | \$66.44 | \$70.86 | \$79.72 |

SUPPLEMENT I**COASTWISE REGISTRATION AND
TRANSFER**

The Joint Port Labor Relations Committee in any port, subject to the ultimate control of the Joint Coast Labor Relations Committee, shall exercise control over registration lists in that port, including the power to make additions to or subtractions from the registered lists as may be necessary. Any longshoreman or clerk who is properly registered by a Joint Port Labor Relations Committee acting under their agreement and this Supplement I has coastwise registration under the Pacific Coast Longshore and Clerks' Agreement. The rights and obligations of coastwise registration shall be under the control of the Joint Coast Labor Relations Committee and subject to the provisions set forth herein below.

**1. TRANSFERS OF LONGSHOREMEN
BETWEEN PORTS**

1.1 A fully registered (Class A) longshore worker with a minimum of five years Class A registration seniority may apply for transfer, on a voluntary basis, from his/her home port to a receiving port as a fully registered (Class A) longshore worker at that port only as part of a simultaneous, reciprocal transfer exchange between such ports (see Section 1.10).

1.2 Reciprocal transfers shall be from their respective JPLRC Transfer Lists and be made on a quarterly basis strictly on a seniority basis of eligible fully registered (Class A) applicants.

1.3 Eligible fully registered (Class A) longshore workers with a minimum of five years Class A registration seniority requesting reciprocal transfer must submit a written request to their

home port JPLRC, with a copy to the JPLRC at the requested receiving port, which shall be kept on file by both JPLRCs for the duration of the contract period or until such reciprocal transfer process occurs.

1.4 Transfers shall not be permitted if contrary to policies established by the CLRC.

1.5 There shall be no reciprocal transfers conducted for any longshore worker with less than five years of fully registered (Class A) seniority status. No exceptions shall be granted for “compelling reasons” or other grounds.

1.6 Any request for a reciprocal transfer shall be denied to any applicant who has pending complaints or is serving a discipline penalty, which has been sustained by the JPLRC or an arbitrator, until such penalty has been served or where pending complaints have been adjudicated.

1.7 Any denial of transfer shall be subject to review in accordance with the procedures and rules that are applicable.

1.8 A fully registered (Class A) longshore worker may transfer only to fully registered status as a longshore worker in another port. The place of the transferred worker on the Class A list of the port to which he/she transfers shall be determined by his/her total Class A and Class B registered time as compared to such time of those on the Class A list of the port to which he/she transfers.

1.9 No other rules, criteria, or procedures shall be used by the JPLRCs concerning reciprocal transfers.

1.10 Nothing in this section applies to registered clerks transferring to ports recognized as being within the domain of the same clerk JPLRC (PCCCD).

1.11 Any longshore worker applicant for transfer offering or accepting any item of value to a longshore worker in exchange for a reciprocal transfer shall be immediately removed from the transfer list for the duration of the contract period or twelve months, whichever is longer. If it is found, subsequent to a transfer, that an individual offered or accepted any item of value to facilitate the transfer, the involved individuals shall be immediately returned to their previous home port.

2. VISITING REGULATIONS FOR THE HOME PORT

2.1 Fully registered men shall be freely accorded visiting privileges subject to the manpower needs of their home port and the port to be visited as more specifically set forth below.

2.2 Permission to leave a home port can be granted only by action of the appropriate Joint Port Labor Relations Committee acting under the Pacific Coast Longshore Agreement. One who leaves his home port without Joint Port Labor Relations Committee approval shall be subject to being called back when needed and to deregistration if he then fails to make himself available at his home port.

2.3 Permission to leave to visit need not be granted if there is so much work in the home port that nonregistered longshoremen must regularly be used.

2.4 Permission to leave to visit shall be conditioned on the obligation to return to the home port at any time after 30 days when it appears that nonregistered longshoremen are being regularly used in the home port.

2.5 The period of time away from the home port, and other conditions on being away on visit, shall be determined by the Joint Port Labor Relations Committee of the home port.

2.6 No longshoreman shall be granted leave to visit while there is a trade dispute affecting the work of longshoremen in the home port unless the Joint Coast Labor Relations Committee is in unanimous agreement on the leave. Representatives of either party may refuse to agree to such leaves except on such conditions as they deem are appropriate.

2.7 A registered man away from his home port shall have his eligibility for benefits determined on the basis of the number of hours actually worked under the Pacific Coast Longshore Agreement.

3. VISITING REGULATIONS FOR THE PORT BEING VISITED

3.1 A man who has fully registered longshoreman status under the Pacific Coast Longshore Agreement may, if he has been granted leave by his home port to visit, be permitted to visit at another port covered by the Pacific Coast Longshore Agreement upon receiving the approval of the Joint Port Labor Relations Committee of the port he wishes to visit; provided that the Joint Port Labor Relations Committee of the port visited shall determine (a) whether or not visiting longshoremen will be accepted from other ports under the Pacific Coast Longshore Agreement, (b) the conditions under which they shall be accepted provided that there shall be at all times a condition imposed by the basic Agreement that any visitor-longshoreman may lose his visitor rights at any time upon proper notice, (c) the length of time any visitor shall be permitted to remain in the port, (d) in what category or categories of work the visitor may

be dispatched and work, and (e) whether or not a visitor-longshoreman may work in a gang.

3.2 Any fully registered longshoreman having visitor status hereunder shall be given work opportunity equal to that of fully registered men at the port visited.

3.3 A visitor shall not be dispatched until his application for visitor status, to which there is attached a copy of his leave from his home port to go on the visit, has been submitted to the Pacific Maritime Association and the local union in the port being visited and preliminary approval of the visit has been given by a local Joint Port Labor Relations Committee subcommittee that is representative of both parties.

3.4 Preliminary approval of the visit shall be given automatically and immediately if (a) a certificate of leave to visit issued by the Joint Port Labor Relations Committee of the home port is presented, (b) the Joint Port Labor Relations Committee of the port being visited has agreed that visitors may be accepted at the time the application is submitted and (c) the applicant has sufficient time as a registered longshoreman as may be required.

3.5 Final action on a visitor application shall be taken no later than the second regular Joint Port Labor Relations Committee meeting after the application has been submitted. Thereafter the visitor shall have rights to work in the visited port only if the application is approved by both parties or by action of the Area Arbitration Panel. An application may be denied if the man has a poor work or availability record at any one or more ports under the Pacific Coast Longshore Agreement, or if he does not satisfy the requirements therefor.

3.6 No visiting privileges need be accorded limited registered men, but if there is a shortage of registered longshoremen in any port, temporary visiting privileges may be accorded to limited registered men from other ports where the Joint Port Labor Relations Committee of the port of registration agrees to permit such visiting by its limited registered longshoremen.

4. LEAVES OF ABSENCE

4.1 A leave of absence for a registered longshoreman can be granted only by action of the Joint Port Labor Relations Committee ("JPLRC"). The JPLRC may grant registered longshoremen up to one (1) year leave of absence. A leave of absence in excess of one (1) year may be granted by action of the JPLRC.

4.2 The Joint Port Labor Relations Committee shall give a leave of absence on request for the period of any employment by the Union, or a longshore local, or for the period of any joint employment.

4.3 Port rules may be established with respect to the period of leaves of absence, reasons for which they may be granted, procedures for obtaining leaves, etc.

5. M & R REGISTRATION

Supplement I is applicable to registered longshore mechanics subject to the requirements of the M&R Herman/Flynn Letters of Understanding dated January 17, 1980 and March 24, 1980 and approved by their steady employer.

SUPPLEMENT I-A**REGISTRATION/TRANSFER TO CLERK****(DATED JULY 1, 1990)**

1. The parties shall retain joint control of the number of registered workers and Identified Casuals in the industry.
2. The parties shall retain all Contract provisions on preference of employment, Coastwise registration and transfer, industry travel, and no layoffs.
3. Each Joint Port Labor Relations Committee, subject to JCLRC control, shall establish the number of Class A and Class B registered longshoremen and clerks and Identified Casuals required in each port to effectively cover the work available in each port, with due regard for the Coastwise transfer provisions and the industry travel system.
4. Each Joint Port Labor Relations Committee shall review the size of the registration list and the available work in its port on a quarterly basis. Based on the available work in the port as determined by this review and subject to JCLRC approval, the Joint Port Labor Relations Committee shall make additions to the Class A, Class B, and Identified Casual List. Such additions shall be accomplished prior to the next quarterly review. In the event the local parties reach disagreement on additions to the Class A, Class B, or Identified Casual List, such disagreement shall be referred to the JCLRC and shall be arbitrable. The objective of this provision is to add workers in small numbers to each List on a more regular basis and to avoid large additions.

4.1 In ports where the registration lists fall below ten, there shall be additions to those registration lists in order to maintain no less than ten registrants.

4.2 Newly-registered longshoremen in these ports shall be obligated to travel as individuals when ordered by the Employer for up to three days during any payroll week and shall receive their orders to travel in conformance with applicable local/area working, dispatching and travel provisions. When such individuals are ordered, they shall be entitled to travel pay and reporting guarantees. PGP shall be paid as per the PCLCD, and such travel obligation for newly registered longshoremen in these ports that fall below ten shall extend for no more than seven years. Longshoremen having registration dates in these ports prior to July 1, 1999 shall not be obligated to these travel provisions.

5. The selection of individuals for the Identified Casual List shall be made by the JPLRC or a Tripartite Joint Port Labor Relations Committee in a port where such Committee exists. All Casuals shall be required to pass the industry Strength and Agility Test, physical examination, and Drug and Alcohol Screening Test. All Identified Casuals dispatched to perform Marine Clerks' work must pass the Marine Clerks' Cognitive Test. One Identified Casual List shall cover all Casual work, longshore and clerk, to be dispatched in rotation from a longshore or clerk dispatch hall.

6. Additions to the Class B Longshore Registration List shall be made from the list of Identified Casuals in that port based upon work experience (hours) and work record in the industry. Class B registrants shall move to Class A status in no more than 5 years, except if there is a decline in work opportunity for the Class A work force in the port.

7. A simplified application procedure shall be developed by the JCLRC.

8. Under the direct control of the Joint Coast Labor Relations Committee, the selection of individuals for the initial establishing of the Identified Casual Lists shall be made by the JPLRC or a Tripartite Port Labor Relations Committee in ports where such Committee exists on the basis of a random-draw concept. Where possible, existing lists of unidentified Casuals may be “grandfathered.” Additionally, each JPLRC shall establish a procedure for dispatching unidentified Casuals when the Identified Casual System is insufficient to fill the Employers’ manpower requirement.

9. Future clerk registration positions shall be filled first by transferring Class A longshoremen. If transferring longshoremen in sufficient numbers do not meet the following requirements, remaining positions shall be filled with Class B clerk registration.

9.1 The following criteria must be met in order for longshoremen to qualify for a transfer to clerk registration:

9.11 Transfer applicants, except longshoremen who are registered in Low-Work Opportunity Ports as determined by Supplement III, must have worked the required hours to have qualified for a 2-week basic vacation in each of the previous 2 years. This requirement may be waived for up to a maximum of 1 year for individuals off work due to industrial illness or injury. Any transfer applicant who fails to meet this requirement during one or both of the two years previous to a Clerk transfer decision because of their disability may apply to the Joint Port Labor Relations Committee for a waiver of the requirement. Applications should include an explanation of how the disability prevented the longshore worker from meeting the minimum hours requirement, all attempts by the longshore

worker to meet the minimum hours requirement (such as seeking work off a dock preference board), and medical documents that substantiate the disability. The application should be submitted to the Joint Port Labor Relations Committee for the port in question, and will be processed under the CLRC Policy or ADA Compliance and Reasonable Accommodation.

9.12 Transfer applicants must pass the ARRO Cognitive Test.

9.13 Transfer applicants must successfully pass a CRT Keyboard Skill Test, which includes a typing test for speed and accuracy.

9.14 Transfer applicants successfully meeting the requirements of Sections 9.11, 9.12 and 9.13 above, shall be placed in a pool of applicants for selection. Selection shall be from applicants by seniority for 50% of the total number of transfers, and the remaining 50% shall be selected by the employers.

10. Transfer applicants who are transferred to Marine Clerks' registration shall be required to successfully complete the Basic Clerks' Training Course and Clerks' Computer Training Course. Transferred clerks will be considered probationary for a period of 1 year. During such year, the work record and capabilities of the probationary clerk shall be subject to evaluation by the Employers. The Employers shall have the right at any time within the 1 year probationary period to have removed from the registration list of clerks and returned to longshore registration any probationary clerk who, in the opinion of the Employers, is considered to be unqualified. This right to return a probationary clerk to longshore registration shall not require joint agreement. Such probationary clerk will receive a written explanation from the employer.

11. If, as the result of a quarterly review, the Joint Port Clerks' Labor Relations Committee determines that there is an excess of registered clerks and the Joint Port Longshore Labor Relations Committee determines that there is an insufficient number of registered longshoremen, the JPLRC shall transfer clerks who have come from the longshore ranks back to longshore registration. These transfer returns shall be first offered to volunteers and, second, shall be required on the basis of inverse seniority as a clerk.

SUPPLEMENT II**COAST PROVISIONS FOR TRANSFER OF
REGISTRATION BETWEEN LONGSHORE
AND CLERK REGISTERED LISTS**

1. Any request for transfer must be considered and any transfer must be approved by both the longshore Joint Port Labor Relations Committee and the Clerks' Joint Port Labor Relations Committee.

2. Each Joint Port Labor Relations Committee shall determine the requirements and qualifications of applicants for registration within its jurisdiction. In determining whether an applicant for transfer is or is not qualified, the Committee having jurisdiction over the list to which transfer is requested shall recognize the special qualifications of men who have worked in the longshore industry. A longshoreman, by reason of his knowledge and experience in the industry, is better qualified to be a clerk than an outsider; and a clerk, for the same reason, is better qualified to be a longshoreman than an outsider.

3.1 No transfer shall take place to the registered list of clerks in any port unless it is determined by the Clerks' Joint Port Labor Relations Committee in that port that men are needed in addition to the existing combined pool of men on the Class A and Class B lists.

3.2 No transfer shall take place to the longshore registered list in any port unless it is determined by the Longshore Joint Labor Relations Committee in that port that men are needed in addition to the existing combined pool of men on the Class A and Class B longshore registered lists.

4.1 When the Clerks' Joint Port Labor Relations Committee determines that additional personnel is needed on the list of registered clerks, fully registered longshoremen seeking transfer and found to be qualified shall be transferred directly to the Class A registered clerks' list. A longshoreman who has not had 5 years of full registration (Class A) shall not be accorded transfer.

4.2 When the Longshore Joint Port Labor Relations Committee determines that additional personnel is needed on the list of registered longshoremen, fully registered clerks seeking transfer and found to be qualified shall be transferred directly to Class A registered longshoremen's list. A clerk who has not had 5 years of full registration (Class A) shall not be accorded transfer.

5.1 Fully registered longshoremen may be transferred to the fully registered clerks' list not more frequently than quarterly.

5.2 Fully registered clerks may be transferred to the fully registered longshoremen's list not more frequently than quarterly.

6.1 Prior to any application being considered for registration as limited registered (Class B) clerk, fully registered longshoremen found to be qualified may be transferred to the fully registered clerks' list — up to the number fixed by the Clerks' Joint Port Labor Relations Committee.

6.2 Prior to any applications being considered for registration as limited registered (Class B) longshoremen, fully registered clerks found to be qualified may be transferred to the fully registered longshoremen's list — up to the number fixed by the Longshore Joint Port Labor Relations Committee.

7. Any additions to or reduction from any registered list of longshoremen or clerks, either Class A or Class B, will be made at the port level, but only after clearance by the Joint Coast Labor Relations Committee.

8.1 Clerks on the clerks' Class B list may be advanced to the status of fully registered clerks even if qualified longshoremen are awaiting transfer, but only after clearance by the Joint Coast Labor Relations Committee.

8.2 Longshoremen on the longshoremen's Class B list may be advanced to the status of fully registered longshoremen even if qualified clerks are awaiting transfer, but only after clearance by the Joint Coast Labor Relations Committee.

9. A clerk accepted for transfer on the longshore registered list or a longshoreman accepted for transfer on the clerks' registered list shall carry with him all his pension, welfare, Pay Guarantee Plan, and vacation rights. His place on the Class A list to which he is transferred shall be determined by his total Class A registered time.

10. A fully registered man seeking transfer shall be transferred only if he is qualified for the vacancy. Each of the labor relations committees involved in such transfer shall act in a nondiscriminatory manner and no clearance for transfer, registration, or refusal of transfer shall be based on, or in any way affected by rules, regulations, constitutional provisions, by-laws or any other aspect or obligation of union policies or requirements.

SUPPLEMENT III

REGISTRATION AND TRANSFER OF MEN FROM LOW WORK OPPORTUNITY PORTS

A. No Lay Offs

There shall be no reduction in registered longshoremen or clerks' work force during the term of the Agreement except for normal attrition due to quits, deaths and retirements, and deregistration for cause. This does not preclude the parties from agreeing upon a reduction in force should unusual circumstances develop.

B. Promotion of Class B Men

Subject to the ultimate control of the parties at the Coast level, local Joint Port Labor Relations Committees may submit requests for promotions from Class B to Class A on an orderly basis.

TRANSFER OF MEN FROM LOW WORK OPPORTUNITY PORTS

A "Low Work Opportunity Port" (LWOP) situation may include Class B men in a port, or Class A and Class B men in a port, and is described as follows:

- 1.** When the average Class B hours worked in a port are reduced to one-half or less of the 32-hour PGP guarantee for Class B men for a continuous 6-week period, such situation shall constitute a LWOP for Class B men in that port.
- 2.** When the average Class A hours worked in a port are reduced to one-half of the 40-hour PGP guarantee for Class A men for a continuous 6-week period, such situation shall constitute a LWOP for Class A men in that port. No Class A man

LWOP shall exist without a Class B man LWOP in any port where Class B men are registered.

3. LWOP status shall be determined by averaging the hours worked during any 6 consecutive payroll weeks. Once a port has obtained LWOP status it shall automatically remain in that status for 26 payroll weeks. At the end of the 26th payroll week, a review shall be made of the last 6 payroll weeks of that period (the 21st payroll week through the 26th payroll week). If the average weekly work hours for those 6 weeks is 16 hours or less per week for Class B men or 20 hours or less for Class A men in the port, the LWOP status shall continue for a succeeding 26 payroll-week period. If not, the LWOP status shall be discontinued. Whenever LWOP status is discontinued, re-entry into, subsequent continuance or discontinuance of such status shall occur as provided herein.

4. The determination of whether men in Low Work Opportunity Ports are to be offered the opportunity to transfer (including the number) to other ports requiring additional manpower shall rest with the Joint Coast Labor Relations Committee.

5. Men in Low-Work Opportunity Ports may transfer to other ports where greater work opportunity exists, under the following conditions:

- (a) The selection of men volunteering to transfer shall be on a seniority basis. Class A men shall have first preference and Class B men shall have second preference. Seniority within each classification shall also prevail.
- (b) Transferees cannot be denied transfer by the Joint Port Labor Relations Committee of the port requiring

ing additional manpower without just cause. Any dispute under this provision shall be arbitrable.

6. Those who transfer to another port under Section 4 shall be given the following considerations by PMA:

- (a) Round trip transportation, subsistence and lodging for one advance trip only to look for housing in the port to which transferred. This trip shall be limited to the man to be transferred, his wife, or both and transportation reimbursement shall be made on the basis of airline coach-class transportation or the lowest airline fare available at that time, or the current mileage rate agreed to in Section 4.6, PCLCD if personal car is used. Subsistence reimbursement shall be as set forth in Section 4.51, PCLCD, and lodging reimbursement shall be on the basis of actual cost, with receipts to be furnished. This advance trip shall not exceed 5 days.
- (b) Moving expenses for family and for the family's personal belongings and household goods as indicated below:
 - (1) Moving of personal belongings, i.e., household goods by a licensed moving company selected by the parties. Pacific Maritime Association payments for shipment of household goods will be limited to a maximum of 6,500 pounds of shipment for a married man and his family; single longshoremen with no dependents involved shall be limited to 2,500 pounds. Insurance shall not exceed \$2.00 per pound.

- (2) Transportation to the port to which transferred and subsistence and lodging for the longshoreman and his family. Reimbursement for transportation shall be made on the basis of cost of airline coach-class transportation or the lowest airline fare available at that time, or the current mileage rate agreed to in Section 4.6, PCLCD if a personal car is used. Subsistence reimbursement shall be as set forth in Section 4.51, PCLCD, and lodging reimbursement shall be on the basis of actual cost, with receipts to be furnished. The maximum payment for subsistence and lodging while traveling and while in the port to which transferred shall not exceed normal time, for mode of travel used, plus 3 days.
- (3) Minimum cost required to disconnect and hook up appliances.
- (4) Storage of household effects caused by unusual circumstances, when approved by the parties.
- (5) All transfers must be completed and transfer relocation expenses, as described in Supplement III, PCLCD, must be submitted no later than 2 years after acceptance for transfer; claims filed thereafter shall be disallowed.

7. Men transferring shall sign an “Agreement to Transfer” under the conditions set forth herein. Their registration shall become effective in the port to which transferred at the beginning of the payroll week (8:00 a.m. Saturday) following the move to the port to which transferred and check-in to dispatch hall after approval of the JPLRC.

- 8.** Once transferred, men shall not be eligible for transfer back to their original port or to any other port for 3 years (unless the port to which transferred should become a Low Work Opportunity Port). After 3 years, eligibility to transfer to other ports shall be as provided in the PCLCD and PCCCD.
- 9.** The conditions of transfer are limited to those contained herein and it is intended that these conditions will be applied on a “reasonable” basis. Any dispute as to an underpayment or overcharge may be submitted to the Area Arbitration Panel for final and binding resolution.
- 10.** Men who transfer from Low Work Opportunity Ports but do not move their residence may elect to retain the welfare coverage in effect at the port from which they transferred.

SUPPLEMENT IV**INDUSTRY TRAVEL SYSTEM**

1. Area Agreements with respect to traveling of men and gangs shall continue in full force and effect. Individuals who voluntarily travel or individuals and/or gangs who are ordered to travel by the employer within a defined area shall, when they work, be paid for such travel under the provisions set forth herein.

2. The defined areas are:

Southern California

Individuals who voluntarily travel from Port Hueneme to San Diego or vice versa shall, when they work, be paid full travel time and subsistence from port to port, regardless of the number of casualties dispatched in Los Angeles/Long Beach.

*Northern California**Columbia River/Oregon Coast**Puget Sound Area/Washington Coast***2.1** Individual Voluntary Travelers.

2.11 In the Southern California, Columbia River/Oregon Coast, and Puget Sound areas, the sequence of dispatch for registered Class A and Class B individuals who voluntarily travel shall be in sequence of ports on low-to-high “average hours” basis. In the Northern California area, the Joint Area Labor Relations Committee shall determine the method of equalizing dispatch opportunity between ports in Northern California.

2.111 In determining a port's average hours, home port hours, out port hours and travel hours shall be included. Steady men hours shall be excluded.

2.112 The average hours shall be calculated quarterly. The most recently available payroll quarter calculation shall be used in determining the dispatch sequence of ports within an area.

2.12 The sequence of dispatch for registered Class A and Class B individuals set forth in Sections 2.11, 2.111 and 2.112 above may be modified by mutual agreement of the Joint Longshore Area Labor Relations Committee.

2.2 Gang Travel.

2.21 Within each of the defined areas set forth in Section 2 above, the sequence of dispatch of longshore gangs (any gang or unit) ordered to travel by the employer from ports within the defined area to jobs in an employment port shall be on the basis of priority orders established by the Employers. In the Columbia River/Oregon Coast Area the sequence of dispatch of longshore gangs (any gang or unit) shall be from the closest port. The mileage figures used to calculate travel time and transportation allowances for both individual and gang travel in the Oregon Area shall conform to existing travel schedules.

3. Dispatch halls within a defined area shall communicate with ports in their area as to the number and type of job opportunities which may be available. Unless there already exist local written agreements between the parties, a practical method of dispatching men, who voluntarily travel to jobs either from the employment port dispatch hall or from their home port dispatch hall, shall be determined by the parties at the local and/or area level subject to grievance procedures. In the

Southern California area it is understood that individuals shall accept work opportunity in the nearest port when it is available to them. The method must provide timely dispatch so as to avoid late starts, must provide the Employers with available information as to dispatch, and shall be within the following guidelines:

3.1 The sequence of employment in the employment port shall be:

3.11 Home Port Class A and Class B registered men and jointly authorized visitors.

3.12 Gangs/Units or men ordered to travel by the employer.

3.13 Class A and Class B registered individuals voluntarily traveling.

3.14 Unauthorized visitors

3.15 Casuals

3.2 Where local written agreements between the parties are not in existence, voluntary travelers shall be required to be in the employment port dispatch hall at the time of dispatch.

3.3 Volunteer men dispatched to a job from their port are not entitled to wages under any circumstance in which payment would be denied had they been dispatched from the port of employment dispatch hall

3.4 No "job rights" wage claims related to the dispatch or employment of registered men from other ports shall be payable to men registered in the employment port.

3.5 No "job rights" wage claims related to the dispatch or employment of casuals shall be payable to men either from other ports or from the employment port.

3.51 Any claim related to the dispatch or employment of casualls in violation of the sequence of dispatch as outlined in this section shall be heard by the Joint Area Labor Relations Committee. The Joint Area Labor Relations Committee shall establish rules to correct such violations, if confirmed.

3.6 Each port shall be required to fill the Employers' orders as provided in Section 8.5 of the PCLCD.

4. Class A and Class B registered men shall be prohibited from voluntarily traveling to or working in other ports when (1) there is work for them in their home port, or (2) they are ordered to travel in gangs or as individuals.

5. Uniform Coastwise Travel Allowances.

5.1 Uniform "travel time" and "transportation allowances" shall be paid as set forth below.

5.11 The travel time between any 2 ports shall be determined by dividing the round-trip mileage between ports by 35 M.P.H. for the first 70 miles. Travel time beyond 70 miles shall be determined by dividing the additional mileage by 55 M.P.H. Such travel time shall be calculated to the nearest one-quarter hour. Mileage figures to be supplied by the American Automobile Association (AAA), except as provided for in Section 2.21 for the Oregon Area. Travel time shall be payable at one-half the basic straight time hourly rate of pay.

5.12 A mileage allowance for transportation shall be payable to each employed traveler. The amount shall be the maximum non-taxable mileage rate in accordance with IRS standards.

5.121 Rate changes by IRS will be implemented as soon as administratively possible, but no later than 30 days from notification.

5.13 Travelers employed on successive days shall be paid the “travel time” and “transportation allowances” set forth in Sections 5.11 and 5.12 above for the first day and last day, and the lesser of travel time and transportation or subsistence and lodging for all other days.

5.131 Gangs/units and individuals dispatched to travel, arrive on time and work a shift in a port at least 75 miles one way from their home port shall be paid for 1 night’s lodging and 3 meals in addition to entitlements due under Section 5.

5.14 Payment of “travel time” and “transportation allowances” shall be paid by the Employers with Pacific Maritime Association acting as the distributing agent on behalf of those Employers for whom PMA does the payrolling.

5.15 The payment of travel time and transportation allowances provided for herein will be made on the payday of the second week following the week during which such entitlements occurred.

5.16 The uniform coastwise travel allowances provided in this Section 5 shall supersede all existing local interport travel allowances and schedules. (Intraport travel allowances and schedules paid for travel within a port or within a local’s jurisdiction are not included herein.)

6. Voluntary travelers who are entitled to travel allowances shall forfeit payment under the following circumstances:

6.1 There are unfilled jobs in their home port.

6.2 There are other voluntary travelers employed in their home port, or

6.3 There are casuals employed in their home port.

6.4 Forfeiture of payment under Sections 6.1, 6.2 and 6.3 above shall be applied on a shift basis when the voluntary travelers are recognized by the Joint Labor Relations Committee as “day men” or “night men.” For example, voluntary travelers who are day men will not forfeit payment when the cause for denial occurred on the night shift, or vice versa.

6.5 It is the intent of this Section 6 to prevent abuses of the industry travel system by providing proper utilization of men available for work in any port. It is intended to require the dispatch system of the home port to fulfill its responsibility by filling the manpower needs of the home port in the sequence provided in Section 3.1.

6.51 Having an awareness and recognizing the priority obligation to their home port, it is intended that dispatchers are not to dispatch men to other ports and men are not to voluntarily travel to other ports when there is work available to them in their home port.

6.52 On the other hand, it is also intended that the provisions of this Section 6 are not to apply when situations occur beyond the control of the dispatchers or the men. For example, such could occur in a late order/late dispatch situation, an unavoidable situation on the part of the dispatch hall, improper orders, and emergencies. Such situations shall be called to the attention of the PMA Area Office as soon as possible.

6.53 Failure by the JPLRC to reach agreement on any grievance arising under this Section 6 within 10 days shall be

subject to prompt and final determination by the Area Arbitration Panel.

7. Visitors unauthorized by the Joint Labor Relations Committee shall not be entitled to travel pay.

8. The requirement to travel men and the rights of men to travel, as set forth herein, shall not preclude or hinder establishing or maintaining an adequate registered work force in any port related to the port's need.

ADDENDA

For the convenience of the longshoremen, the employers and the parties, there are printed herein a number of the rulings of the Joint Coast Labor Relations Committee that are currently in effect. The printing herein of any ruling of the Joint Coast Labor Relations Committee does not in any way change its effect or mean that it is entitled to greater weight than other rulings of the Joint Coast Labor Relations Committee. Nor does the printing of any ruling in any way limit the power of the Joint Coast Labor Relations Committee to modify or change it.

SKILLED HOLDMEN — HOLDMEN CAPABLE OF DRIVING LIFTS

CLRC No. 11, August 5, 1966 (Item 2(e))

The Employers stated they will not pay the skill differential to men until they are capable of driving lifts.

The Union suggested the approach that where it is recognized at the local level that a gang does not have qualified machine operators therein, then prior to the 2 men receiving the differential, holdmen capable of driving lifts will replace them in the gang.

It is the dispatchers' obligation to make up gangs properly, and this now includes providing 2 holdmen capable of driving lifts.

It was further agreed as follows:

1. In gang boss ports, it is the gang bosses' obligation to see to it the basic gang is properly constituted, and the holdmen capable of driving lifts are to be designated by him, where there are steady men in his gang. In making up gangs, it is the dispatchers' responsibility to see that the basic gang is properly constituted on dispatch;

2. In all other ports the dispatchers shall dispatch the proper holdmen;

3. Should the employer find there are no holdmen capable of driving lifts he may—

- (a) Swing in skilled men from the dock who are not on the old or disabled preferential list and swing out the holdmen who were dispatched as the men capable of driving lifts, or
- (b) Discharge the gang, or
- (c) Call for replacements, or
- (d) Suspend the skill differential, and
- (e) Process the complaint through the grievance machinery.

4. The local LRC's have the discretion of filling these skilled hold jobs with either Class A or Class B longshoremen, and such men are to be regularly attached to the gang.

CLRC No. 21, November 3, 1967 (Item 2)

The Committee again discussed the issues in this case and agreed that if there are no lift drivers available, meaning if no lift drivers are employed by the employer in the dock or terminal area, skilled holdmen may operate the lift on the dock for the purpose of bringing or removing gear or other necessary

equipment to or from the hatch when no productive work is being performed.

IN LIEU OF TIME

CLRC No. 7, May 4, 1961 (Item 3)

In Lieu of Time

The parties have discussed and have reached agreement on a general rule covering the assignment of work set forth in Section 1.6 of the Pacific Coast Longshore Agreement. It was further agreed that the adoption of this general rule for assignment of work under Section 1.6 will not be interpreted to support claims for in lieu of pay for work performed by American crews under the status quo understanding.

Subject to the foregoing understanding the parties agree:

(1) Longshoremen shall be assigned to work covered by Section 1.6 commencing when the ship is tied up on arrival and ending when lines are let go for the ship to leave the dock, except for the purpose of shifting within a port. (Shifts between ports shall not be included in longshore work assignment.)

(2) Exceptions to (1) above are as follows:

- (a) The crew may be used for the complete rigging of the jumbo gear.
- (b) The crew may secure gear, lower booms, and swing in booms alongside the dock.
- (c) Handling ship's stores. If loads are to be built on the dock and ship's gear is to be used, longshoremen shall build the loads and handle gear to land such loads on deck. During a shift when no longshoremen

are employed the crew may use ship's gear to bring stores aboard.

The agreement to assign the above described work to longshoremen shall not result in the payment of in lieu of time to longshoremen if such work is performed by crew members under the status quo for American ships.

The Committee agreed that the subject of cargo carpentry work done in connection with the cargo is still under discussion.

CLRC No. 25, October 30, 1961 (Item 4) In Lieu of Time—Interpretation of Paragraph 2(c)

(Reference is made to CLRC Meeting No. 7, May 4, 1961, Item 3.)

The agreement reached on "In Lieu of Time" in the meeting of the Joint Coast Labor Relations Committee noted above is not to be interpreted so as to support claims for in lieu of pay for work normally and properly performed by American crews under the status quo understanding or to alter such understanding. Thus, the agreement to assign work as described to longshoremen does not result in payment of in lieu of time to longshoremen if such work is performed by crew members under the status quo for American ships.

Reference is made to the following paragraph as contained in the above noted minutes:

(c) Handling Ship's Stores. If loads are to be built on the dock and ship's gear is to be used, longshoremen shall build the loads and handle gear to land such loads on deck. During a shift when no longshoremen are employed the crew may use ship's gear to bring stores aboard.

The Committee agrees that the crew under the above language would not be used during meal hours or between shifts. Ship's stores may be hand-carried aboard by the crew. If no longshore gangs are on the ship during a shift, the crew can use the gear (includes conveyor or sideport operation) and load ship's stores, including the building of loads.

It was further agreed that:

1. Ship's stores that have been pre-palletized may be hoisted aboard ship (to be thereafter de-palletized and stowed by ship's crew) by any longshore gang already employed on the ship providing such a gang has in its complement winch drivers and hatch tender, front men or swingmen to hook on the loads, and sufficient holdmen or swingmen as part of the gang on board to unhook said loads. A gang may be supplemented to reach this complement.

2. Ship's stores delivered to ship's side that are to be built into loads on the dock and then hoisted aboard ship to be thereafter de-palletized and stowed by ship's crew can be so built and hoisted aboard with a basic gang that is already employed. Two of the 4 holdmen will assist the front men in building the loads on the dock, and the other 2 holdmen will unhook the loads on the deck.

3. If longshoremen are directed by an employer to stow the stores in the various appropriate lockers or compartments, the basic 4 holdmen gang must be supplemented by not fewer than 4 swingmen; however, the contractual exception in paragraph 23 of the October 18, 1960 Memorandum of Agreement shall apply, and the gang may or may not be further supplemented on the ship or dock, based on the needs of the operation at the employer's option.

4. Where standing gear is not being used to load stores, longshoremen when employed to load stores under these circumstances shall be employed in such numbers, skilled and unskilled, as required for the particular operation.

The parties agreed that in connection with the above understanding, the matter shall be reviewed by the Joint Coast Labor Relations Committee in 90 days or during a subsequent wage review.

CLRC No. 6, February 27, 1963 (Item 3) In Lieu of Time

(Reference is made to CLRC Meeting No. 7, May 4, 1961, Item 3.)

The Employer members of the Committee raised the question of a timely notice being served on the employer when the Union feels that an "in lieu of" violation has occurred.

The Committee, after discussion, agreed that when the Union alleges that the crew is or has been performing longshore work on which an "in lieu of" claim will be filed, such notification must be given to the stevedoring company involved and/or the Association within 24 hours. On Sundays and holidays the notice must be given on the following business day.

If such notification is not given in such timely fashion the claims are to be denied.

Memorandum of Understanding July 2, 1981

With respect to "in lieu of time" payments made as a result of work performed by crew members, the present method of payment shall continue except that a 4-hour minimum payment shall be applicable, as set forth in Section 1.6 of the PCLCD.

Memorandum of Understanding
July 2, 1987

All prior clarifications on ship's stores are amended as necessary to allow foreign ships' crews to use noncargo handling gear to load stores for 1 hour or less once per shift.

Memorandum of Understanding
July 1, 1990

The Employers shall answer a properly submitted "in lieu of time" claim within 30 days of the receipt of the claim.

JOBS OF SHORT DURATION

CLRC No. 25, October 30, 1961 (Item 1)

Amended in CLRC No. 12, June 23, 1962 (Item 1)

The Coast Committee is aware that it has ruled on many disputes on this subject, but desired to define a job of short duration so that it would be clearly understood. The Committee agreed upon the following definition:

An operation of short duration is one which is comprised of the following elements and only when the order is placed for a man of short duration:

1. It must be 6 hours or less with no meal.
2. It pertains to the man and not the gang.
3. It pertains to a man in a skilled classification (i.e., winch drivers, lift truck operators, bull drivers, etc.).
4. It pertains to a specific shift.
5. It requires a 4-hour minimum guarantee.
6. It allows a skilled man to be shifted to comparable work on the original ship or dock.
7. A skilled man may be shifted to comparable work on another ship or dock but if this is done, such a man receives an 8-hour guarantee rather than the 4-hour guarantee.
8. A skilled man of short duration shall be ordered at regular dispatch to start the job at any time. This does not preclude orders for jobs of short duration during the course of the shift where the need could not be foreseen at regular ordering time.
9. A skilled man of short duration must be one supplementing a skilled man of the same skill already on the job on the shift

in which the requirement for the extra skill man occurs. Each shift stands on its own insofar as employment of short duration is concerned.

Example 1. A job of short duration beginning after the midshift meal but not completed by the end of that shift may be continued on the next immediate shift as day follows night or night follows day, with another man employed for a job of short duration.

Example 2. A job of short duration during a given shift and completed before the end of such shift and with cargo operations not requiring the man of short duration occurring after his release, may be repeated on the next comparable shift and both such jobs shall be considered as jobs of short duration.

Example 3. A job of short duration during a given shift and completed at the end of such shift and with cargo operations not requiring a man of short duration at the beginning of the next comparable shift will permit the employment of a man of short duration on that next comparable shift.

Example 4. It is not permissible under the Agreement to consider as jobs of short duration work which takes a man of short duration to the end of one shift and the start of the next comparable shift. Employment on such a basis will require payment of 8-hour guarantees on both such shifts.

PICKET LINE LANGUAGE

CLRC No. 1, January 29, 1954

Manpower Utilization and Picket Lines: There was a general discussion of language pertaining to this subject, wherein

the Union stated that they did not expect longshoremen to get paid for observing picket lines, but on the other hand, did not want longshoremen necessarily ordered day after day.

It was agreed that the following language which was initialed by the parties, will be the guide to settle any claims in the future and, likewise, wipe out the meaning of past arbitration awards on the subject.

Manpower Utilization and Picket Lines:

A local shall, through its president or its secretary, notify PMA in writing of intention to respect a specific picket line. Delivery of such written notice shall relieve the dispatching hall of obligation to furnish men or gangs to the picketed operation until a decision under the grievance machinery is issued ordering the start or continuance of work.

Men or gangs ordered prior to or within 2 hours of such written notice to PMA shall report to work without benefit of coverage of minimum report time as provided in the Agreement.

Men or gangs ordered later than 2 hours following such receipt but prior to the issuance of a determination by the parties through grievance machinery shall, if they accept the order and report, be covered by the minimum provisions of the Agreement, provided, however, that failure of the employer to place orders following such receipt shall not constitute any waiver of the employer's position nor an acceptance of the union's position, pending decision as hereinafter provided.

Following the establishment of any picket line about the premises of an employer affecting the work of employees covered by ILWU-PMA Agreements, either party may require a meeting of the Joint Labor Relations Committee of the port affected (or an Area Committee or the Coast Committee, if

such is agreed to be appropriate) and such meetings shall be held immediately.

The Committee shall promptly examine the facts and issue its written decision as to whether the picket line is legitimate and bona fide under the Agreement. Should a Committee fail to reach such a decision, then either party may refer the matter to the industry Area Arbitrator, assigned on a random basis, for prompt interim decision.

Excepting as provided in this Document, men or gangs who leave or refuse to start or continue any work because of a picket line shall be paid for their actual working time only, including travel time and transportation costs as prescribed by local working or dispatching rules.

In order to minimize any further delay to an operation which has been picketed, the local dispatching hall shall make every effort to furnish men or gangs in accordance with employer orders immediately after the picket line is lifted, or as soon thereafter as possible.

SCHEDULING OF MEETINGS

Letter of Understanding dated July 1, 1984

With regard to the revision of Sections 12.31 and 12.311 in the 1984 negotiations:

“The Union pointed out the above understanding could present a problem in ports where three 8 hour shift operations occur under the local agreements. In such situations the start of an 8 hour shift could overlap the time period of a scheduled meeting.

“The parties agreed that if the three 8-hour shifts present a problem, it would have to be accommodated so that all members of a local are given the opportunity to attend their scheduled meeting.”

GUARANTEES, SKILLED RATES FOR ALL LONGSHOREMEN AND CLERKS

Memorandum of Understanding, July 16, 1996

Employees shall be paid at the appropriate shift and skill rates of pay in accordance with Sections 2 and 4, PCL&CA, and the provisions herein. Individual side agreements, including paid hours in excess of the PCL&CA, as defined by Area Arbitration No. SC-29-94, between individual employees or local Union officials and individual member companies shall be considered a Contract violation. Employer(s) found guilty of violating this provision shall be denied manpower at that terminal where the violation occurred. First offense — 24 hours loss of manpower; second offense — 48 hours loss of manpower. Any disagreements involving guilt or assessment of a penalty shall be subject to the Contract grievance machinery.

STEADY SKILLED MEN

CLRC No. 14, October 11, 1966 (Item 1)

The Employers inquired as to what the Union had in mind in implementing the “Steady Skilled Man” provision of the new Agreement.

There was considerable discussion following which the Employers stated they would discuss this matter further and be prepared to talk about it again in the afternoon session.

The Employers stated they reviewed the matters discussed at the morning session and feel the following proposal will meet the needs of both parties:

1. A guarantee to skilled men regardless of category at a minimum of 173 hours per month at the 25¢¹ differential shall be paid to steady employees. Such guarantee shall be paid irrespective of how long an individual is retained during any month as a steady skilled man; provided, however, that should such steady skilled man be released for cause during any month, the guarantee shall be prorated over the period such employee was retained as a steady man; steady men who have been laid off shall be offered first opportunity to return to their previous Employer in reverse order of layoff, for a period of 45 days from the date they were originally laid off.

2. Should a steady man be upgraded, he will receive the applicable higher skill differential for the balance of the shift regardless of the period of time of utilization on the equipment carrying the higher differential;

3. All hours worked (including dead time hours under the 8-hour guarantee) by such steady man will count against his guarantee;

4. Travel time will not be a part of the guarantee;

5. The guarantee is not a limitation of the employers' right to work such steady men over and above such guarantee; i.e., the guarantee represents a minimum payment for the privilege of obtaining steady skilled men;

6. It is not intended to allow an employer to hire steady skilled men so that he may then order longshoremen to make up a basic gang, thus avoiding using a basic gang from the hall;

7. Where a skilled man is required for a job of short duration the employer may use his steady skilled men.

The Union members of the Committee agree in principle with the above proposal and as a result thereof, it was agreed that with the above as the basis for the employment of steady skilled men, the employers may begin discussing such employment with the men and employing steady men. It was further agreed the Crane provisions of Section 14 on steady men are retained.

SAN FRANCISCO STEADY SKILLED MEN

A. In addition to the exceptions set forth in Section 9.432, steady skilled men cannot be assigned to operate the following:

 Payloaders – On ship and on dock

 Bulldozers – On ship and on dock

 Tractors/Hustlers – On dock except Ro-Ro operations

 Forklifts (30,000 lbs. Capacity or less) – On dock operations except Ro-Ro and container operations

NOTE: It is understood that the local understanding as to the use of steady Utility Drivers remains in effect.

B. Men who are released by their steady employer for any reason, other than discharge for cause, shall be released on the basis of inverse job seniority unless the application of inverse seniority will not provide the employer with sufficient employees qualified to operate the employer's mechanical or powered equipment. Any 9.43 steady employee released on

the basis of inverse seniority is subject to recall rights for a period of 45 days following layoff. If a man believes he is being released improperly, he may make such claim and have it resolved through the grievance machinery.

C. The employer shall provide to the union a notice of a steady employment position for posting in the joint longshore dispatch hall. The notice shall be posted for ten (10) days prior to selection and employment of the steady employee.

Amended July 15, 1999, Memorandum of Understanding as follows:

For San Francisco steady skilled men, the provisions of CLRC Meeting No. 14-66, Item 1, Paragraph (1.) are modified as follows:

The day and night monthly (four week) pay guarantee shall be 180 hours (45 hours per week) at the proper (first or second) shift straight-time crane rate.

All hours worked or paid shall be paid at the proper skill rate, shift rate, and prevailing over-time or straight-time rate. On each day worked, only the standard shift hours (8 hours on the first and second shifts, 5 hours on the third shift) shall be counted against the weekly or monthly guarantee.

The payment of guarantee hours in excess of those required by the PCLCD, the payment of "bonus" hours in addition to work hours, and other similar pay practices are prohibited.

In exchange for receiving the monthly (four week) guarantee, steady skilled men may not work more than two shifts out of the hall in any payroll week.

A tenth hour shall be paid to all drivers, steady and hall, when operating 9.43-rated equipment. Early starts or late fin-

ishes shall be paid in one-hour increments as provided in Section 14.521.

SAN FRANCISCO BAY AREA CRANE BOARD

A Crane Board shall be established in the San Francisco Bay Area Longshore Dispatch Hall. (Memorandum of Understanding, dated November 23, 2002)

SAN FRANCISCO UTILITY MAN/LIFT DRIVERS

The concept of a Utility Man/Lift Driver, which was first established by the CLRC in 1962, is also included in the San Francisco Miscellaneous Dockworkers Agreement.

With respect to the San Francisco local agreement only, the following understandings are reached:

1) The utility man/lift driver concept, contained in the local agreement, does not allow for daily employment.

2) Arbitration Award NC-35-86 is vacated. Utility man/lift drivers shall not be used as signal men in Transtainer operations.

3) Weekly/monthly utility man/lift drivers will not be ordered by name or number.

4) Utility man/lift drivers may operate Skill I and Skill II equipment on non-vessel operations only. Should Local 10 fail to fill Skill III jobs (top picks, reachstackers and side picks

only) at the conclusion of regular dispatch, utility man/lift drivers may be directed to operate Skill III equipment for the terminal that was otherwise shorted only.

5) The number of utility man/lift drivers employed is restricted to one per berth, as defined by the port authority. As an example, an employer operating a terminal with three berths could employ three utility man/lift drivers.

6) Any arbitration decision or LRC agreement not in conflict with the above items shall remain in effect.

SAN FRANCISCO LOCAL 10 DAY AND NIGHT DOCK PREFERENCE

The purpose of this understanding is to develop job opportunities for old or disabled longshoremen in Local 10. The intent of the parties is that jobs suitable for Dock Preference work will be identified as such when ordered by the Employers, and that longshoremen on the Dock Preference Board will be given first preference for this work. Second preference for these jobs will be given to longshoremen in the Gang Dock Preference category and to longshoremen meeting the provisions of Section 3.133 and its subsections. Consistent with this expressed intent, the parties agree to the following:

A. The Employers will properly order all jobs by name (Pin Man, Bus Driver, etc.) and type (e.g., ship or dock).

B. The parties note the following jobs are presently assigned and will continue to be assigned to "Dock Preference":

- Hook-on jobs
- Sweeper jobs
- Stickman jobs
- Gang Relief jobs
- Excess Clerk's jobs
- Dock Driving on lift-on/liftoff jobs.

In addition to the foregoing, the following additional jobs will be assigned as "Dock Preference":

- Pin Man jobs (when ordered as such)
- Pin Man jobs on wheeled container operations (1 job per crane, which will be ordered as such)

- Bus jobs (which shall be ordered as such)
- 10% of all auto drive on/off jobs (which shall be designated as “drive only”)
- Other work as appropriate and agreed to by the parties (such jobs would include moving autos from storage to the staging area, lift truck and semi-tractor jobs for those having the skill and physical capability, etc.).

C. Concurrent with the Employers’ obligation to order jobs in the foregoing manner, the parties recognize the obligation of longshoremen in Dock Preference and Gang Dock Preference categories to make themselves available for and to accept this work. To this end, the following will apply to the Board:

1. Special Provisions for PGP Eligibility

– All longshoremen in the Dock Preference and Gang Dock Preference categories who have lost PGP eligibility due to lack of work shall be made eligible for PGP in the following manner:

– Longshoremen on the Dock Preference Board will sign in to establish availability until the end of the first full payroll quarter following ratification.

– At the end of the first quarter following ratification, eligibility will continue to be granted if the longshoreman has worked 50% of the hours in the unskilled category as defined in Section 20.5332.

At the end of the second and third consecutive quarters following ratification, the eligibility shall be also based on the 50% test which shall be applied to the cumulative full payroll quarters since ratification.

– At the end of the fourth consecutive quarter following ratification, the full provisions of Section 20 apply.

2. Physical Examination Requirement

–Longshoremen in the Dock Preference and Gang Dock Preference categories will be required to take a physical examination immediately after ratification of the Contract and at least annually thereafter from a neutral doctor selected by the parties. The neutral doctor will assess the physical condition of these longshoremen and determine their ability to perform regular longshore or dock preference work. The findings of the neutral doctor will be subject to the procedures outlined in SFJPLRC #68-84, October 1, 1984, and Award No. NC 17-85. Dock preference longshoremen under the age of 55 who are found to be physically capable of performing longshore work shall be removed from the preference category.

An exception to the physical examination requirement will be made for longshoremen who completed physicals as agreed to in SFJPLRC #68-84, October 1, 1984, and were found by the neutral doctor to have a permanent, stationary condition. In this case, the neutral doctor will review documentation from that joint physical, and may either confirm the findings or conduct another physical examination at his sole discretion.

–The annual physical examination requirement shall be waived for longshoremen whose physical condition is determined to be permanent and stationary by the initial physical examination. Where the neutral doctor establishes that the physical condition giving entitlement to the preference category is temporary, he shall establish the duration of the temporary period, not to exceed 1 year. At the end of this period, Dock Preference longshoremen shall be obliged to retake the physical examination or they shall be removed from the list.

D. Except for the special PGP eligibility provisions in Item C.1. of this understanding, the existing provisions of Section 20 will apply.

E. Conformance to this understanding will be reviewed by the CLRC quarterly.

F. The parties agree the foregoing understandings will be subject to Section 17 of the Agreement.

SEATTLE EQUALIZATION OF WORK OPPORTUNITY FOR CRANE OPERATORS

Except as modified by the following, all Agreement provisions, CLRC clarifications/interpretations, and related arbitration decisions and agreements (local and Coast) pertaining to crane operators shall remain in effect.

Equalization. In order to achieve equalization of work opportunity in a port between steady crane operators and the comparable group of hall crane operators as hereinafter defined, the following provisions shall be applicable.

1. The maximum hours per calendar month that steady crane operators can be worked while in the steady employ of their employer shall be 176 hours, subject to the following:

(a) Application of the maximum work hours limitation to individual steady crane operators shall not preclude their completion of any shift started under the limit.

(b) Application of the maximum work hours limitation to individual steady crane operators shall not include the first extended shift hours for shifting/sailing a vessel in each payroll week.

(c) Steady crane operators shall have all crane hours worked for their steady employer on a dispatch from the dispatching hall count against the monthly maximum hours lim-

itation. Before or after reaching the monthly maximum hours limitation, steady crane operators will be permitted to accept a dispatch from the dispatching hall to any employer. Steady crane operators shall be dispatched under the dispatch rules of the port on a 1-day only basis.

2. On the first of each calendar month the maximum hours per calendar month that steady crane operators can be worked by their employer shall be subject to adjustment as follows:

(a) A comparative review of the average number of hours worked by steady crane operators and the average number of hours worked by hall crane operators shall be made covering the combined, most recent, thirteen payroll weeks' record available closest to the fifteenth of the preceding calendar month.

(b) Excluded from the comparative review shall be all steady crane operators (and their hours) who were not employed during the full period as steady men. Excluded from the review shall be all hall crane operators (and their hours) who were not available 65 or more days during the full period.

(c) Day and night hours of the steady crane operators shall be combined and day and night hours of the hall crane operators shall be combined.

(d) For purposes of comparison, the review of work hours for the steady crane operators shall include all hours except hours related to travel time, paid holidays, vacations, or training. For purpose of comparison, the review of work hours for the hall crane operators shall include all hours except hours related to travel time, paid holidays, PGP payments, vacations, training or joint LRC employment.

(e) In relation to the steady crane operators currently being employed, the following hall skilled categories shall be used

for the comparative review: Hall Deck/Crane Board—excluding those men who are not crane operators, and including all crane operators in regular gangs, who meet the qualifications of Item 2(b).

3. If in any monthly comparative review, as provided in 2(a) through (e) above, the average number of work hours of the total group of steady crane operators or the total group of the hall crane operators exceeds the other by 5% or more, either party at the local level may then propose that an immediate adjustment be made in the maximum monthly work hours in the port that steady crane operators are permitted to work.

4. If the local parties cannot agree as to the maximum monthly work hour limitation for steady crane operators by the 25th of the preceding calendar month, such disagreement may be submitted to the Area Arbitration Panel for final determination. The Area Arbitration Panel must make their award by the first of the month and their award must be restricted to setting the maximum work hour limitation for steady crane operators for that month.

5. In establishing the maximum hours per calendar month that steady crane operators can be worked, the local parties and the Area Arbitration Panel are governed by the following:

(a) The maximum monthly work limitation for steady crane operators cannot be reduced below 156 hours.

(b) No adjusted maximum work limitation for steady crane operators can alter the application of 1(a), (b), and (c).

6. Nothing herein shall prevent the local parties at the LRC level from mutually agreeing upon any other method of equalization; if the local parties disagree such matter is not arbitrable.

7. In the acceptance of assignments from dispatching halls, steady crane operators shall be limited to working no more than a total of 6 work shifts in any calendar month.

NOTE: *Nothing in the foregoing shall dilute or negate the contractual right of Employers to employ 9.43 or crane operators without limit as to numbers.*

LOS ANGELES/LONG BEACH CRANE OPERATORS

A. Training

1. Additional Training:

The Employers shall, during the 6-year period commencing July 1, 2002, provide crane operator training to additional individuals from the registered work force under existing selection and training procedures, as provided by this document.

2. Ongoing Training:

Provide ongoing training so that the total number of trained and qualified crane operators in the port shall be the number of trained and qualified crane operators as of July 1, 2002, plus the training commitment referred to in the preceding paragraph. (The total number of trained and qualified crane operators on July 1, 2002 shall be the combined number of (1) steady crane operators, (2) those on the dispatch hall primary list and (3) those on the dispatch hall secondary list.) It is recognized that training cannot be provided for each vacancy as it occurs.

The number of longshoremen trained shall be equal to the number of individuals advanced from the secondary to prima-

ry hall crane list each payroll quarter. (Reference No. 5(a) Hall Crane Board)

Additional crane training can be instituted by mutual agreement, with a minimum of 100 crane operators trained during the term of the PCLCD. Disagreements concerning the number of operators to be trained in excess of the minimum may be processed through the Contract grievance machinery.

3. Mobile Crane Training:

Effective July 1, 1987 PMA shall discontinue providing "mobile crane" training to Los Angeles/Long Beach crane operators.

Effective July 1, 1987 future trainees shall not be required to have a Class 1 Driver's License.

Effective July 1, 1987 future hall dispatch of "mobile crane" jobs shall be restricted to those individuals who have completed "mobile crane" training by the PMA Training Department. If in the future it becomes necessary to provide additional "mobile crane" training, selection shall first be from those crane operators who have not received "mobile crane" training from the PMA Training Department.

4. Selection of Trainees:

Trainees shall be selected by the Joint Labor Relations Committee on the basis of industry seniority and in accordance with guidelines developed by the JPLRC as provided in Section 9.2 and as legally required. However, trainees shall be required to pass a physical examination. After training, men are to be certified and placed on the secondary list of certified crane operators. Any subsequent transfer of men from the secondary list to the primary list of certified crane operators shall be as determined by the JPLRC in order to meet the crane operator

216

needs of the port and provide sufficient work opportunity to the primary list.

5. Hall Crane Board:

(a) In determining transfers to the primary crane list, the Joint Port Labor Relations Committee shall review the average of all crane hours worked by the hall crane board (primary list) operators who are available (checked in or working off the crane board) the first 2 weeks of the 13 week averaging period. The Joint Port Labor Relations Committee shall only transfer secondary list operators to the primary list when a minimum of 200 hours of crane work opportunity per Hall Crane Operator (per month) is available to the primary Hall Crane Board. Joint dispatch hall and PMA allocations records shall be used to confirm the number of crane jobs available in the hall.

(b) Day and night hours of the hall crane operators shall be combined in determining the hall average.

(c) All hall crane board jobs shall continue to be flop jobs, except on bulk jobs at the Metro bulk facility, Long Beach.

B. Selection Of Steady Crane Operators

Future selection of steady crane operators shall be made in the following sequence:

- (1) the jointly certified primary crane operators' list;
- (2) the jointly certified secondary crane operators' list.

Selection shall be made in accordance with the posting and application procedure required by the Bates settlement.

An applicant(s) from the primary list (1 above) must be accepted before an applicant(s) can be accepted from the secondary list (2 above).

Any applicant in accordance with the above sequence who is deemed by the employer to be unsatisfactory and who

files a grievance must be given a review by the JPLRC and the grievance resolved prior to steady employment being offered. The applicant must file a grievance within 48 hours of the employer's notice to the Union of its selection or inability to fill a steady crane operator position. The JPLRC must meet within 48 hours of receipt of the grievance to review the complaint, and any disagreement must be promptly referred to the Area Arbitration Panel who shall render a decision within 10 days. Any grievance by an individual applicant concerning the selection process must be submitted in accordance with the above procedure or it will be deemed untimely.

The maximum hours limitation for an individual employer will not be waived under Section D(2) pending the Area Arbitration Panel's decision in the above procedure.

If during the term of the Agreement the employers should be unable to obtain satisfactory applicants for steady crane operators' positions from the primary, or secondary crane list, the Joint Port LRC shall immediately convene to resolve this issue. If there is failure to resolve this issue within 10 days, the issue shall be referred to the Joint Coast Labor Relations Committee which shall, within 5 days, provide for a procedure for the employer to select applicants from Class A longshoremen other than those on the primary and secondary list.

C. Hall Crane Board Equalization Review

Equalization:

The crane hours of the certified Class A crane driver checked in on the primary board the first 2 weeks of the 13-week period will be divided into the total crane hours that are dispatched through the dispatch hall. This review will be used to see what impact this new formula is having on equalization of hours.

D. Steady Crane Operators—Maximum Hours Limitation

Maximum Hours Limitation:

1. The maximum shifts per four PMA payroll weeks that steady crane operators can be worked while in the steady employ of their employer shall be 20 shifts, subject to the following:

(a) A calendar of 13 four consecutive payroll week periods for each 52-weeks will be published by PMA for calculating the maximum shift limitation.

(b) **Guarantee.** Steady crane operators shall be paid a maximum guarantee based upon 13 periods of four consecutive payroll weeks in each Contract year as follows:

Weekly \$1,665(4 weeks = \$6,660)

Daily \$ _333

The guarantee for work on the first, second, or third shifts shall be \$333 per shift. The monthly guarantee of \$6,660 shall be payable only if the sum of the four weeks worked and guaranteed is less than \$6,660.

Steady hammerhead crane operators who work 3 shifts per week shall be paid their 3 work shifts plus 2 guarantee shifts; those who work 4 shifts per week shall be paid their 4 work shifts plus 2 guarantee shifts; those who work 5 shifts per week shall be paid their 5 work shifts plus 2 guarantee shifts.

(c) **Payment for Shifts Worked.** The rate of pay for shifts worked shall be at the proper contract rate for time worked or \$333, whichever is greater. Pay for work shall be counted towards the monthly guarantee.

2. The maximum shift limitation for an employer's steady crane operators shall be waived during any payroll month in which that employer is unable to fill steady crane operator positions posted in accordance with LRC Meeting No. 116-80, Item 10, and in accordance with the selection procedure in Section B.

3. An employer who pays hours in excess of the maximum shift limitation established in Item 1 to a steady crane operator shall be required to return that crane operator to the dispatch hall for the next payroll month.

(a) For purposes of this section, the maximum hours for the steady crane operators shall include all hours except hours related to travel time, paid holidays, vacations, payroll adjustments, training, or work out of the dispatch hall.

4. Nothing in the foregoing shall dilute or negate the contractual right of Employers to employ 9.43 or crane operators without limit as to numbers.

5. Nothing herein shall prevent the local parties at the LRC level from mutually agreeing upon any other method of equalization; if the local parties disagree such matter is not arbitrable.

LOS ANGELES/LONG BEACH CONTAINER YARD (CY) EQUIPMENT BOARD

A Container Yard (CY) Equipment Board for the dispatch of all tophandlers, sidepick, portpacker and reachstacker operators shall be established in the Los Angeles/Long Beach Longshore Dispatch Hall and in any other major port where jointly agreed. Any tophandler/sidehandler job that is unfilled

by persons on the CY Equipment Board shall be filled by any other Class "A" or Class "B" longshore worker who is PIT-certified in that piece of equipment. Any CLRC crane designation of tophandlers and reachstackers in Los Angeles/Long Beach is hereby rescinded. (Memorandum of Understanding, dated November 23, 2002)

LOS ANGELES/LONG BEACH UTR DRIVERS

A. Utilization

Provide that steadily employed Utility Truck Drivers (UTR's) can be utilized on all dock operations as required by the Employer.

B. Semitractor Dispatch Board

A "Semitractor Dispatch Board" or Boards shall be established by the JPLRC upon the basis of the following proposal.

Semitractor Dispatch Board

Based upon the common acknowledgment that trained skilled operators are essential to overall efficient longshore operations, the parties agree to the establishment of a Class A Semitractor Dispatch Board.

The creation of the Class A Semitractor Dispatch Board is to assure the dispatch of longshoremen who have been trained to efficiently operate the semitractors which are essential to container operations in the port.

The Semitractor Dispatch Board shall be created with dispatch priority to be given to those on the Boards as follows:

1. First priority shall be given to Class A longshoremen with over 5 years' experience, who volunteer to be on the Board.

2. Second priority shall be given to Class A longshoremen with less than 5 years' experience, who have completed the ILWU-PMA Semitractor Training Program.

3. The next-in-line dispatch sequence for jobs not filled by the Class A Semitractor Board shall be under the principle of low-man-first to be dispatched on the Jitney Board and then the Low Board dispatch sequence.

4. The fourth priority shall be given to Class B longshoremen who have completed the ILWU-PMA Semitractor Training Program.

With respect to those Class A longshoremen in 2 above, it is understood that time on the Semitractor Dispatch Board shall count toward meeting the "5 years in the hold" requirement (subject to the necessary waiver being granted by the Joint Coast Labor Relations Committee).

The Joint LLRC shall, in accordance with Section 9.4, provide for the appropriate number of Class A longshoremen (in 2 above) on the Semitractor Dispatch Board from longshoremen elevated to Class A status after July 1, 1987. Any disagreement shall be submitted to the Area Arbitration Panel for resolution.

Jobs dispatched from the Semitractor Dispatch Boards and semitractor jobs from the Class B Board must be accepted or a flop shall be given.

The next-in-line dispatch sequence for jobs not filled by the above dispatch sequence shall then go to the next recognized procedure in the Port of Los Angeles/Long Beach. Semitractor jobs shall be dispatched at least one-half hour prior to the normal shift starting time.

C. Monthly Employment

1. UTR's shall, at the Employers' option, be employed on a monthly basis. These operators can be used against all vessels' operations as required by the Employer.

2. Monthly employees shall be guaranteed monthly a minimum/maximum of 195 hours of work or pay at the applicable shift UTR rate of pay.

3. These UTR operators shall report to the job one-half hour prior to the start of the shift for work other than actual handling or moving of cargo. The phrase "other than actual handling or moving of cargo" is intended to permit the preparation of equipment including chassis for movement to or from the vessel so long as there is no actual movement of cargo directly to or from the vessel.

4. Employers who elect to employ UTR operators on a monthly basis for both day and/or night operations may order up to 50% of the average daily number of UTR operators used against their operations during the previous payroll quarter as recorded by the Joint Dispatch Hall and PMA Allocations. New Employers or new container terminals may employ monthly UTR operators after a payroll quarter of operation, based on the foregoing formula.

5. All ship operations with monthly UTR operators shall start on time should the Dispatch Hall on any given day or days be unable to fill the remainder of UTR operators from the Hall at the start of any shift.

6. Monthly UTR operators shall work against vessels as directed, on all UTR rated equipment, providing full flexibility as required by the Employer. Such flexibility shall include all work before vessel's arrival and after vessel's departure on that

shift. (This means cargo preparation for that vessel or dock storage of discharged cargo from that vessel.)

7. Full flexibility includes the use of monthly UTR operators for utilization between the vessel/CY and container movements to or from Container Rail Transfer Yards. Other UTR dock work remains as per past practice (i.e., container movement from vessel to CY, vessel to Rail Container Transfer Yard, CY to Rail Container Transfer Yard and vice versa).

8. First preference for monthly UTR work shall be given to those individuals checked in on the Dispatch Hall C/L/UTR Board; second preference - Secondary UTR Board; third - low boards; fourth - B Board. Dispatch shall be based on "low man out" (lowest sign-in hours dispatched first). Individuals will have a timely check-in procedure for the 30-day dispatch.

9. Monthly UTR's will be responsible for arranging their own relief in accordance with Section 2.3 and subsections of the PCLCD. This allows the Dispatch Hall to dispatch relief UTR jobs on the low-man-out principle.

10. Four days prior to the end of each month, Employers will notify the Dispatch Hall of their requirement of monthly UTR operators for the subsequent month. The number of such jobs shall be posted by the joint Dispatchers in the Dispatch Hall 3 days prior to the end of the month. On the first day of each month, the dispatch of monthly UTR operators shall occur at a time so as to guarantee arrival of all monthly UTR operators to their Employer one-half hour prior to the start of the shift.

11. This procedure for the employment and use of monthly UTR operators shall be effective September 1, 1990.

12. The JPLRC shall, after September 1, 1991, review the foregoing conditions and consider expanding the utilization of monthly UTR operators by mutual agreement. Any such JPLRC agreement shall be subject to CLRC approval.

13. Practices as of July 1, 1990 with respect to the employment and the utilization of operators from the UTR category shall remain unchanged.

14. For efficiency of dispatch, monthly employees may be dispatched individually or as units. The dispatching method shall in no way affect the Employers flexibility in utilizing UTR's as provided for in this document.

DISPATCH HALL COSTS

Effective January 1, 1997, the PMA agrees to be obligated to pay 65% of all 1996 base year Dispatch Hall expenses and the Union agrees that each local will be obligated to pay 35% of all 1996 base year Dispatch Hall expenses. For the purpose of these obligations, the 1996 base year expenses of the Dispatch Halls shall be the January 1, 1996, to December 31, 1996, equally shared expenses which appear on the audited financial statements. Whenever, due to reduction in dispatch hall costs or increase in the PCL&CA holiday cost, the average cost of a holiday exceeds 15% of the 1996 base year expenses, the Union's 35% share shall be reduced by a proportionate amount allocated to the local dispatch halls administratively by the JCLRC. All additional jointly agreed to expenses above the base year expenses shall be shared equally between PMA and the Local Union. The formula for sharing extraordinary capital improvements shall be subject to mutual agreement of the parties.

(Notwithstanding the fact that PMA's contribution towards Dispatch Hall costs is by virtue of this Agreement greater than the contribution of the ILWU, nothing herein contained or otherwise shall in any way change or modify the basic principle and understanding of the parties as expressed in this Agreement that the Dispatch Halls shall continue in the future, as they have in the past, to be maintained and operated jointly and equally by the ILWU and the PMA.)

Amended by July 15, 1999, Memorandum of Understanding to incorporate the following:

A. The Washington Area, Oregon/Columbia River Area, Southern California Area, and Northern California Area shall have seven-day allocations, orders, and dispatch. In ports where there is presently no Sunday allocations, the dispatcher shall be compensated accordingly.

B. Upon completion of Item A, Dispatch Hall Costs Addenda, PCLCD and PCCCD, shall be amended to provide that PMA shall be obligated to pay 85% instead of 65%, and the Union shall be obligated to pay 15% instead of 35% of the 1998 base year dispatch hall expenses, and the minimum Dispatch Skill Rate shall be 10% of the Basic Longshore Rate of pay.

EMPLOYER CONTRIBUTION TO LONGSHORE AND CLERKS' 401(k) FUND

The Employers agree to contribute to a fund each year of this Agreement an amount sufficient to provide to the 401(k) account of each registered longshoreman and marine clerk a contribution of \$1.00 per hour. The payment shall be for hours paid by PMA Member Companies for work at PCL&CA longshore

and marine clerk and PCWB&FA walking boss occupation codes in the previous contract year up to a maximum of 2000 hours to those who have established a pension qualifying year.

The contribution will be made to each account as soon as practicable following the end of each Contract year.

This is subject to the limitations imposed by Sections 401(a), (k) and (m) of the Internal Revenue Code and any other applicable IRS and ERISA regulations.

PMA LETTER TO MEMBERS

July 1, 1981

To: Members

SUPERINTENDENTS

During the course of the ILWU/PMA 1981 negotiations, the Union complained that Superintendents employed by stevedoring companies and steamship companies have been violating the ILWU/PMA Pacific Coast Longshore and Clerks Agreement by performing work which is contractually defined as jurisdiction belonging to longshoremen and clerks.

We have an obligation under our contracts to refrain from such violations by our Superintendents or other management personnel.

Very truly yours,

Edmund J. Flynn
President

LETTER OF UNDERSTANDING Contractual Obligations

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the contractual obligations of PMA member companies and steamship carrier lines, stevedores, marine terminal operators and maintenance companies that do business in West Coast ports. The Parties agree that PMA member companies shall not engage in subterfuge through their affiliated companies to avoid their contractual obligations under the PCL&CA or the ILWU-PMA Benefit Plans. The term “affiliated companies” means carriers, stevedores, marine terminal operators or maintenance companies that are part of a group of trades or businesses under common control with a PMA member company.

It was further agreed that the Union shall be promptly notified of all PMA membership changes within five (5) days of the date PMA is notified of such change(s), and that the Trustees of the ILWU-PMA Pension Plan shall develop and implement policies and procedures to monitor compliance with the Plan’s withdrawal liability rules.

Sincerely,
Robert McEllrath
International President

Understanding confirmed:

/s/ James C. McKenna

James C. McKenna

President & CEO

Pacific Maritime Association

Dated: 07/28/08

LETTER OF UNDERSTANDING Strike, Lockout, and Work Stoppage Accelerated Grievance Procedure

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the intent of the new Sections 17.2611 and 17.631 and agreed that the provisions do not apply to picket lines, health and safety, and onerous work disputes.

Sincerely,

/s/ Robert McEllrath

International President

Understanding confirmed:

/s/ *James C. McKenna*

President & CEO

Pacific Maritime Association

Dated: 07/28/08

LETTER OF UNDERSTANDING Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed the assignment of maintenance and repair work to the ILWU coastwise bargaining unit to offset the introduction of new technologies and robotics that will necessarily displace/erode traditional longshore work and workers. The scope of ILWU work shall include the pre-commission installation per

each Employer's past practice (e.g., OCR, GPS, MODAT, and related equipment, etc., excluding operating system, servers, and terminal infrastructure, etc.), post-commission installation, reinstallation, removal, maintenance and repair, and associated cleaning of all present and forthcoming technological equipment related to the operation of stevedore cargo handling equipment and its electronics in all West Coast ports except for those, and only those, specific marine terminal facilities listed as "red-circled" below:

| OAKLAND | |
|-----------------------------------|---|
| SSAT Berths 60-63 | Red Circle |
| Horizon Berths 20-22 | Red Circle Horizon off dock trucking operations and associated equipment |
| OICT Berths 57-59 | Red Circle |
| Ben Nutter/Evergreen Berths 35-38 | Red Circle |
| SSA OICT Berths 55-56 | Red Circle with the exception of cranes, transtainers, dry containers, reefers, and chassis |
| SSAT/Richmond | Red Circle |

| LONG BEACH | |
|------------------------------------|---|
| LB 243-247 / LB 266-270 SSA Pier J | Red Circle |
| LB 88-94 SSAT Pier A | Red Circle |
| LB 60-62 SSAT Pier C | Red Circle |
| LB 227-236 ITS Pier J/G | Red Circle |
| LB 132-140 Pier T Hanjin/TTI | Red Circle with the exception of cranes, transtainers, reefers, dry containers, and chassis |
| LB 205-207 SSA Pier F | Red Circle |

LOS ANGELES

| | |
|----------------------------------|---|
| LA APL/EMS Berths 302-305 | Red Circle reefer, minor chassis service repair, and roadability in CY |
| LA Berths 226-236 Evergreen | Red Circle with the exception of cranes, transtainers, reefers, dry containers, and chassis |
| LA Berths 121-131 Yang Ming | Red Circle with the exception of cranes |
| LA SSA Outer Harbor 54-55 | Red Circle |
| LA Berth 100 WBCT/China Shipping | Red Circle with the exception of cranes |

TACOMA

| | |
|----------------------------------|--|
| Husky Terminal/ITS | Red Circle |
| TOTE | Red Circle with the exception of minor trailer repair, federal trailer licensing, and rolox box repair |
| APM Terminal | Red Circle hammerhead cranes only |
| OCT/Yang Ming/Terminal 7 Berth D | Red Circle with the exception of chassis, reefers, and dry containers |
| Horizon Facility | Red Circle |

SEATTLE

| | |
|-------------------------|---|
| SSA Terminal 18 | Red Circle |
| SSAT Terminal 25 and 30 | Red Circle |
| Terminal 46 Hanjin/TTI | Red Circle with the exception of cranes, transtainers, chassis, dry containers, and reefers |
| Pier 66/CTA | Red Circle |

The “red-circled” list shall replace the 1978 past practice exception with respect to Sections 1.7, 1.71, 1.72, and 1.73 of the PCLCD.

The Parties further agree that all carriers and vessel operators may use any of the “red-circled” facilities, as they see fit, without affecting the status of these facilities as an exception to ILWU maintenance and repair jurisdiction. It shall be a subterfuge for a carrier to utilize a “red circled” terminal to perform maintenance and repair work on its equipment unless the work is associated with a vessel calling that facility. Modifications and reconstruction of any “red-circled” facility, including changes in the boundary lines that do not change the fundamental identity of the “red-circled” facility, shall not change its exception status.

The Parties agree that a terminal operator that is the owner or lessee of a “red-circled” facility and that has a direct collective bargaining relationship with another union as of July 1, 2008, may vacate a “red-circled” facility and then relocate its operations to another facility within the same port (other than newly constructed terminals subject to ILWU jurisdiction under Section 1.731) and retain its incumbent non-ILWU mechanic workforce, provided the relocation maintains a continuity of operations, personnel, and equipment.

The Parties also agree that, notwithstanding the above paragraph, the anticipated relocation, due to eminent domain, of the Tacoma TOTE facility to another location within the Port of Tacoma area shall not displace or disturb the recognized workforce at the prior facility, unless otherwise determined by the Employer.

With respect to Section 1.75, the Parties agreed that the exception would only apply to “full red-circled” facilities.

The Parties left for future resolution under Section 17 the ques-

tion concerning how Section 1 provisions, as amended, apply in situations when stevedore cargo handling equipment (See Section 1.7 and sub-sections), at a marine terminal is moved off the marine terminal by the terminal operator or by a signatory carrier.

Sincerely,

/s/ Robert McEllrath

International President

Understanding confirmed:

/s/ James C. McKenna, President & CEO

Pacific Maritime Association

Dated: 07/28/08 (*As modified, by the Letter of Understanding, Updated Red Circle Facilities, July 1, 2014*)

LETTER OF UNDERSTANDING Maintenance and Repair – Warranty Definition

Dear Mr. McEllrath:

During the course of the 2008 ILWU-PMA Contract negotiations, the Parties discussed the M&R warranty provisions in the applicable port supplements and agreed to the following warranty language (See Section 1.81 and Letter of Understanding – Clarification and Exceptions to ILWU Maintenance and Repair Jurisdiction):

Work may be performed on dock by vendors under bona fide original written manufacturers' warranty on new purchased or leased equipment. Length of such warranties shall not exceed industry standards of the manufacturer or three (3) years, whichever is less. Past practice exceptions (e.g., manufacturer design problems, major structural repairs, major painting, and items recalled by the manufacturer) may con-

tinue. Additional service contracts not covered by the original warranty shall not be construed as being bona fide original manufacturers' warranties. Copies of said warranties shall be furnished to the Union upon request.

While under vendor warranty, no agency other than vendor and/or manufacturer or their designated agency shall be used to repair said piece of equipment.

There shall be no gimmicking by the parties related to manufacturers' warranties.

Employers shall familiarize member(s) of the ILWU mechanic work force on new equipment under warranty and system updates. Familiarization shall include the operation and repair of new equipment under warranty and system updates.

When an original equipment manufacturer is offering a program for an authorized service centers' certification, the Employers shall participate in these certification programs using ILWU represented mechanics. In the event an original equipment manufacturer does not provide authorized manufacturer certifications, when requested, the Employer shall provide the ILWU a letter stating the specific reasons why they were not accepted.

Sincerely,

/s/ James C. McKenna

President and CEO

Understanding confirmed:

/s/ Robert McEllrath, President

International Longshore and Warehouse Union

LETTER OF UNDERSTANDING New Terminal Facilities

Dear Mr. McEllrath:

During the course of the 2008 PCL&CA negotiations, the Parties had extensive discussion about future industry growth. The Employers sought assurance that the Parties will be able, in advance, to resolve disputes connected to the opening of new terminal facilities. The Union restated its support of the investment and construction of new terminal facilities and development of technologies.

This Letter of Understanding commits both parties to proactively discuss intended new terminal facilities, pursuant to the provisions of Section 15 of the PCLCD to avoid and/or resolve disputes.

The Parties further agree that steady and hall registered ILWU mechanics shall be entitled, at such mechanics' request, for interport transfer to new mechanic positions for the opening of new marine terminals. Notice of steady mechanic positions shall be posted in all longshore dispatch halls coastwise at least sixty (60) days in advance. Upon acceptance of the hiring employer, interport transfer shall be subject to approval of the involved JPLRC's in accordance with the established transfer provisions of Supplement I of the PCL&CA.

Sincerely,

/s/ James C. McKenna

President and CEO

Understanding confirmed:

/s/ Robert McEllrath, President

International Longshore and Warehouse Union

LETTER OF UNDERSTANDING M&R Work "Contract Stevedores" and Bulk Facilities

Mr. McKenna:

During the course of the 2008 PCL&CA negotiations, the Parties discussed and agreed that Section 1.7, 1.7.1, 1.7.2, 1.7.3, and 1.7.31 shall cover work performed by PMA member companies functioning as "contract stevedores" and PMA member companies operating bulk facilities. "Contract stevedore" is a company performing stevedore work with its own or leased equipment at non-CY terminals where it is not the owner or the lessee.

It was agreed that such companies are entitled to waiver of Section 1.7 and associated subsections in keeping with an Employer's past practice in a port where such work was performed by non-longshore employees of said employer or by said employer's subcontractor pursuant to a past practice that was followed as of July 1, 1978.

With respect to bulk facilities, the exception shall apply only to existing facilities.

Sincerely,
/s/ Robert McEllrath
International President

Understanding confirmed:
/s/ James C. McKenna
President & CEO
Pacific Maritime Association
Dated: 07/28/08

LETTER OF UNDERSTANDING California Crane Operations

Dear Mr. McEllrath:

During the course of 2008 Contract negotiations, the Parties discussed the utilization of an additional swingman under each crane against container operations in the Ports of Los Angeles and Long Beach, as well as the utilization of a dock signal person in the Ports of Oakland/San Francisco against each crane on container operations. Furthermore, during the discussions, the Parties recognized the potential of new technologies and robotics that may necessarily displace the swingmen in LA/LB and the dock signal person in Oakland/San Francisco.

The Employers agreed to order an additional swingman (totaling four) against each crane on container vessel operations in LA/LB and a dock signal person against each crane on container vessel operations in Oakland/San Francisco.

Sincerely,

/s/ James C. McKenna

President and CEO

Understanding confirmed:

/s/ Robert McEllrath, President

International Longshore and Warehouse Union

Dated: 07/28/08

LETTER OF UNDERSTANDING San Francisco Bay Area (Local 10) Container Crane Manning

July 1, 2014

Mr. Robert McEllrath, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Mr. McEllrath:

The Parties agree that in addition to a signal man, three dock men per crane shall be ordered on all container vessel operations in the San Francisco Bay Area. One of the three dockmen shall be ordered from the Dock Preference Board. No additional relief is required. The dockmen may perform any and all work in accordance with the Agreement. The Parties recognized the potential of new technologies that may displace the basic complement of men under the hook.

Sincerely,

/s/ James C. McKenna
James C. McKenna
President and CEO

Understanding confirmed:

/s/ Robert McEllrath
Robert McEllrath
International Longshore and Warehouse Union
Dated: 03/03/15

LETTER OF UNDERSTANDING

Chassis

July 1, 2014

Mr. Robert McEllrath, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Mr. McEllrath,

During the course of 2014 ILWU-PMA Contract negotiations, the Parties discussed the maintenance and repair of chassis (PCLCD Section 1.7 [chassis], Section 1.81, and the Letter of Understanding – Clarifications and Exceptions to ILWU Maintenance and Repair Jurisdiction).

The Employers agree that at all PCL&CA facilities in the Ports of LA/LB, Oakland, Seattle, Tacoma, and Portland inspections of chassis shall be performed (Section 1.81 “red-circled” as to chassis excluded). All chassis, except for those chassis owned by an independent truck driver (owner/operator) or owned by an independent (i.e., non PMA affiliated, see Section 1.74 of the PCLCD) trucking company and identified and proven as such, shall go through a roadability inspection as identified in this letter. The inspection of a chassis shall include the following items:

1. Lights – Operational; not missing or broken
2. Reflectors and conspicuity – Intact
3. FHWA sticker – Valid; not expired
4. Mud Flap – Not missing or loose

5. Brake system – Visual check for proper brake operation; no missing; broken; cracked; contaminated; worn or loose components; no audible air leaks
6. Landing Legs – Intact; no missing or loose components
7. Connecting Devices – Intact
8. Tires and wheels – Tires: visual check for good order; no flats; worn; flat spotted or cuts to cord; Wheels: visual check for no sign of cracks; bent; loose or missing components

*Drivers are not to exit their trucks and mechanics are not to go under a chassis during the inspection.

Chassis that pass roadability may exit the facility. If any of the eight inspection items fail, the chassis must be repaired or replaced by longshore mechanics as required and necessary for continued use, subject to the following exception: chassis leased long term and requiring maintenance by an independent truck driver or an independent (i.e., non PMA affiliated, see Section 1.74 of the PCLCD) trucking company and identified and proven as such, may have repairs performed by mechanics represented by the ILWU or the container shall be removed and the chassis will be permitted to exit the facility. This exception does not apply to any shared/pooled chassis.

The Employer shall determine the location where the chassis inspection occurs and, when necessary, repairs are to be performed. The Employer can maintain records on inspected chassis by any means (electronic or otherwise) in accordance with the PCL&CA.

It is agreed that neither Party shall engage in gimmicks relative to this LOU and shall observe the terms contained herein as required by PCLCD Section 18.

Sincerely,
/s/ James C. McKenna
James C. McKenna
President and CEO

Understanding confirmed:
/s/ Robert McEllrath
Robert McEllrath
International Longshore and Warehouse Union
Dated: 03/03/15

LETTER OF UNDERSTANDING M&R Training

July 1, 2014

Mr. James C. McKenna, President and CEO
Pacific Maritime Association
555 Market Street, 3rd Floor
San Francisco, CA 94105

Mr. McKenna:

During the course of the 2014 Contract negotiations, the Parties recognized the need for M&R Training. It was acknowledged that the M&R training provisions contained within the 2008 Memorandum of Understanding (MOU) dated July 28, 2008, were not fully implemented.

The Parties, therefore, agreed that the terms and conditions of the M&R 2008 MOU are reconfirmed and the training programs shall be implemented during the term of the 2014 PCL&CA.

Sincerely,
/s/ Robert McEllrath
Robert McEllrath
International President

Understanding confirmed:
/s/ James C. McKenna
James C. McKenna
President & CEO
Pacific Maritime Association
Dated: 03/03/15

LETTER OF UNDERSTANDING Container Freight Station (CFS) Supplement

July 1, 2014

Mr. Robert McEllrath, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Mr. McEllrath:

During the course of the 2014 PCL&CA negotiations, the Parties discussed the Container Freight Station (CFS) Supplement. The Parties agreed that pursuant to Section 1.5 of the CFS Supplement when work associated with stuffing and unstuffing of containers is performed on the dock, as defined by Section 1.92, PCLCD, and Section 1.72, PCCCD, all such work shall be assigned to longshore workers and marine clerks under the PCL&CA or the CFS Supplement. The exceptions contained in Section 1.541 of the CFS Supplement do not provide for non-bargaining unit workers to perform such work on the dock.

The above does not preclude the use of emergency/hazardous material response teams in accordance with past practice.

Sincerely,

/s/ James C. McKenna

James C. McKenna

President and CEO

Understanding confirmed:

/s/ Robert McEllrath

Robert McEllrath

International Longshore and Warehouse Union

Dated: 03/03/15

LETTER OF UNDERSTANDING

Picket Lines

July 1, 2014

Mr. Robert McEllrath, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Mr. McEllrath,

During the course of 2014 ILWU-PMA Contract negotiations, the Parties discussed CLRC No. 1, January 29, 1954, and agreed that prior to the establishment of any picket line by an ILWU affiliate about the premises of an employer affecting the work of employees covered by the PCL&CA, either party may require a meeting of the Joint Port Labor Relations Committee of the port affected (or an Area Committee or the Coast Committee, if such is agreed to be appropriate) and such meeting shall be held immediately (within 24 hours). Without

such meeting, a picket line by an ILWU affiliate shall not be considered a legitimate and bona fide picket line.

Sincerely,
/s/ James C. McKenna
James C. McKenna
President and CEO

Understanding confirmed:
/s/ Robert McEllrath
Robert McEllrath
International Longshore and Warehouse Union
Dated: 03/03/15

LETTER OF UNDERSTANDING Tool Voucher Program

July 1, 2014

Mr. Robert McEllrath, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109
Mr. McEllrath:

During the course of ILWU-PMA Contract negotiations, the Parties agreed to the following regarding the disbursement of Tool Vouchers to ILWU represented mechanics.

- PMA will pay up to \$1,000 per year for the purchase of tools over and above the required tools for employees dispatched out of the Joint Longshore Dispatch Hall and for each steadily employed mechanic. Eligible employees

may utilize voucher certificates for the purchase of tools from the approved catalogs.

- PMA will act as the sole administrator of the tool voucher program.
- PMA will contract with jointly-approved vendors to act as the tool distributors for the program. The local parties shall meet as needed to review the vendors and catalogs.

Employees who have worked a minimum of 1,300 hours during the “contract year” (per the PCL&CA) in occupation codes 0245 (Journeyman Mechanic) and/or 0247 (Leadsmen Mechanic) (or any future changes in occupational job code numbers for Journeyman Mechanic and Lead Mechanic for occupational job codes 0245 and 0247 respectively) shall be eligible to receive tool voucher certificates. Employees who worked a minimum of 1,300 hours in occupation codes 0245 and/or 0247 shall receive \$650 in voucher certificates as well as a \$0.50 (fifty-cent) voucher credit for every hour worked in occupation codes 0245 and/or 0247 in excess of 1,300 hours in occupation codes 0245 and/or 0247 up to a maximum of 2,000 hours for a maximum of \$1,000. For the purpose of determining eligibility for this program, five hours worked on the regular third shift shall be equal to eight hours worked. For example, 813 to 1,250 hours of actual third shift time worked equates to 1,300 to 2,000 of first or second shift actual hours worked.

Continuous absence due to work-related injury for which a steady longshore mechanic received Worker’s Compensation is considered qualifying time. Temporary absence due to a compensable temporary partial disability because of industrial

illness or injury shall also be considered qualifying time for steady employees.

Administration

- The JPLRC will approve all vendors and catalogs from which eligible mechanics may choose to purchase tools.
- Pacific Maritime Association will run a report to determine employees that are eligible for the certificate upon conclusion of the fiscal year.
- PMA will distribute voucher certificates to eligible employees in \$100 increments or any fraction thereof to a maximum of ten total certificates. The vouchers will be recognized by all of the designated tool vendors.
- Eligible employees may present the certificate to a participating vendor toward the total amount of the tool purchase (tool price plus taxes). If the purchase exceeds the value of the certificate, the employee buyer is responsible for the additional costs. There is no payroll deduction associated with this program. If the purchase price (tool price plus taxes) is less than the value of the certificate, the employee will receive a vendor credit for the unused amount. The credit for the unused amount may only be redeemed with the vendor who accepted the original certificate. If the employee fails to use the certificate by June 30th of the fiscal year in which it was issued, the certificate (and/or any unused credit with a participating vendor) will expire.
- Tool voucher certificates are non-transferrable. Any longshore worker participating in selling, trading, or transferring tool voucher certificates is subject to the fol-

lowing penalties: Minimum penalty, 30 days off all work.
Maximum penalty, discretionary.

- The tool voucher shall be distributed to eligible registrants in July.
- With the exception of Local 8 and Local 29, any provision of a local maintenance port supplement which conflicts and/or provides for a different method of reimbursement for tools shall be replaced with the above tool voucher program.

Sincerely,

/s/ James C. McKenna

James C. McKenna

President and CEO

Understanding confirmed:

/s/ Robert McEllrath

Robert McEllrath

International Longshore and Warehouse Union

Dated: 03/03/15

LETTER OF UNDERSTANDING

Northern California Supplement IV Travel

July 1, 2014

Mr. Robert McEllrath, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Mr. McEllrath:

Northern California longshoremen who voluntarily travel within their defined area and accept dispatch to marine clerk work will be paid in accordance with Supplement IV of the PCLCD.

Sincerely,
/s/ James C. McKenna
James C. McKenna
President and CEO

Understanding confirmed:

/s/ Robert McEllrath
Robert McEllrath
International Longshore and Warehouse Union
Dated: 03/03/15

Pacific Coast Longshore Contract Document

SUBJECT INDEX

| SUBJECT | Section | Page |
|---------|---------|------|
|---------|---------|------|

A

| | | |
|--|----------------|-----|
| Accident Prevention | 16.2 | 89 |
| Responsibilities of the parties | 16.1 | 88 |
| Accident Prevention and Safety | 16 | 88 |
| Appropriate Shift and Skill Rates | <i>Addenda</i> | 203 |
| Arbitrators/Arbitration Awards | 17.5 | 99 |
| | 24.3 | 134 |
| Assault | 17.8 | 105 |
| Assignment of Work to Longshoremen | 1.1 | 2 |
| PMA Letter to Members | <i>Addenda</i> | 227 |
| Auto Allowance - Mileage | 4.6 | 38 |
| Availability, PGP | 20.5 | 121 |
| Availability of Men and Gangs | 2.7 | 19 |

B

| | | |
|---------------------------|------|----|
| Basic Gang | 10.2 | 60 |
| Business Agents | 17.3 | 96 |

C

| | | |
|---|----------------|-----|
| Changes in Operations | 10.5 | 64 |
| | 15.1 | 87 |
| Clarifications and Exceptions | <i>Addenda</i> | 229 |
| Competent Men | 14.7 | 83 |
| | 9.3 | 57 |

| | | |
|---|----------------|-----|
| Conformance and Performance | 10.9 | 67 |
| ..... | 12.1 | 75 |
| Contract Relationship and Property Rights | <i>Preface</i> | 1 |
| Contractual Obligations | <i>Addenda</i> | 228 |
| Cranes | 14 | 78 |
| Bare boat. | 1.5 | 6 |
| California Crane Operators | <i>Addenda</i> | 215 |
| Clarifications, exceptions, limitations. | 14.3 | 79 |
| Competent men. | 14.7 | 83 |
| ..... | 9.3 | 57 |
| Definition “longshore crane” | 14.2 | 78 |
| Employment of longshoremen to drive cranes | 14.1 | 78 |
| Equalization of work opportunity/crane operators | <i>Addenda</i> | 212 |
| ..... | <i>Addenda</i> | 215 |
| Local Rules | 14.9 | 86 |
| Manning | 14.8 | 75 |
| Shifts. | 14.5 | 81 |
| Steady crane operators | 14.6 | 82 |
| ..... | <i>Addenda</i> | 212 |
| Training | 9.4 | 57 |
| ..... | <i>Addenda</i> | 215 |
| Wages | 14.4 | 80 |
| ..... | 4.3 | 33 |

D

| | | |
|--------------------|-----|----|
| Days Off | 6.1 | 44 |
| Definitions | | |
| Dock | 1.9 | 13 |

INDEX

| | | |
|--|----------------|------------|
| Longshore crane | 14.2 | 78 |
| Longshoreman | 1.9 | 13 |
| Disciplinary Penalties | 17.8 | 105 |
| Discipline by Return to Dispatching Hall | 17.7 | 104 |
| Discrimination, No | 13 | 76 |
| Appeal procedures | 17.4 | 97 |
| Dispatching, Registration and Preference | 8 | 51 |
| Dispatch hall costs | <i>Addenda</i> | 225 |
| Dispatching hall personnel | 8.2 | 53 |
| Dispatching halls | 8.1 | 51 |
| Furnishing of gangs and supporting men. | 8.5 | 55 |
| Method of dispatching to be determined by | | |
| JPLRC | 10.1 | 59 |
| Preference of employment | 8.4 | 54 |
| Registration. | 8.3 | 53 |
| <i>See also Registration and Transfer</i> | | |
| Dock Definition. | 1.9 | 13 |
| Dock Preference | <i>Addenda</i> | 209 |
| Dock Units | 10.7 | 67 |
| Dock Work Provisions. | 1.2 | 3 |
| Drug Abuse and Peddling | 17.8 | 105 |
| Drunkenness | 17.8 | 105 |

E

| | | |
|--|----------------|------------|
| Efficient Operations | 15 | 87 |
| Disputes to CLRC. | 15.5 | 88 |
| Economic feasibility | 15.4 | 88 |
| Eight-hour Guarantee | 3.1 | 19 |
| Employer Contribution to Longshore and | | |
| Clerks' 401(k) Fund | <i>Addenda</i> | 226 |
| Employer's/employees' rights. | 15.1 | 87 |

| | | |
|---|----------------|------------|
| Rule changes | 15.3 | 87 |
| Unnecessary men | 15.2 | 87 |
| Equalization of Work Opportunity | 10.1 | 59 |
| Crane operators | <i>Addenda</i> | 212 |
| | <i>Addenda</i> | 215 |
| Exceptions for Health, Safety and Onerous Workload | 11.4 | 68 |
| | 15.1 | 87 |
| Existing Operations | 10.3 | 62 |
| Existing Practices | 1.4 | 6 |

F

| | | |
|--|-----|-----------|
| Four-hour Minimum | 3.2 | 25 |
| Furnishing of Gangs and Supporting Men | 8.5 | 55 |

G

| | | |
|--|----------------|------------|
| Gang Boss | 10.2 | 60 |
| Gangs | 10.1 | 59 |
| | 10.2 | 60 |
| Good Faith Guarantee | 18 | 111 |
| Grievance Procedures | 17 | 90 |
| Accelerated Grievance Procedures | <i>Addenda</i> | 229 |
| Arbitrators and arbitration awards | 17.5 | 99 |
| | 24.3 | 134 |
| Business agents | 17.3 | 96 |
| Discipline by return to dispatching hall | 17.7 | 104 |
| Discrimination complaints | 17.4 | 97 |
| Informal hearings and interim rulings | 17.6 | 102 |
| Joint Labor Relations Committee | 17.1 | 90 |
| On-the-job grievances | 17.2 | 92 |
| Penalties for work stoppages, assault, gross | | |

| | | |
|---|----------------|-----|
| misconduct, pilferage, drunkenness, drug abuse and peddling, safety violations and other offenses | 17.8 | 105 |
| Guarantees. | 3 | 19 |
| Eight-hour guarantee | 3.1 | 19 |
| Four-hour minimum | 3.2 | 25 |
| General provisions | 3.3 | 29 |
| Hours in excess | <i>Addenda</i> | 203 |

H

Health, Safety and Onerous

| | | |
|--|----------------|-----|
| Dispute Procedures | 11.4 | 68 |
| Hold Cleaning | 1.6 | 9 |
| Holidays | 5 | 39 |
| Observance and work schedule | 5.2 | 40 |
| Paid holidays | 5.3 | 42 |
| Recognized holidays | 5.1 | 39 |
| Hours and Shifts | 2 | 13 |
| Emergencies | 2.6 | 19 |
| Flexibility for ship operations | 2.5 | 18 |
| Meal time | 2.2 | 13 |
| Relief periods | 2.3 | 14 |
| Shift and Skill Rates of Pay | <i>Addenda</i> | 203 |
| Standard work shifts and work week | 2.1 | 13 |
| Three shift availability | 2.7 | 19 |
| Work shifts, exceptions and extensions | 2.4 | 15 |

I

| | | |
|----------------------------------|----------------------|-----|
| Industry Travel System | <i>Supplement IV</i> | 185 |
| Informal Hearings | 17.6 | 102 |
| In Lieu of Time | <i>Addenda</i> | 194 |

| | | |
|---------------------------|------|------------|
| Interim Rulings | 17.6 | 102 |
|---------------------------|------|------------|

J

| | | |
|---|------------------------------|------------|
| Jobs of Short Duration. | <i>Addenda</i> | 199 |
| Joint Labor Relations Committee | 17.1 | 90 |
| Joint Port Working and Dispatching Rules | 15.3 | 87 |
| | 24.2 | 134 |
| | <i>Preamble of Section 1</i> | 1 |
| Joint Promotions Committees | 9.2 | 56 |
| Jurisdiction. <i>See Scope of Contract and Assignment of Work to Longshoremen</i> | | |

L

| | | |
|--------------------------------------|-----------------------|-----|
| LASH Barge Jurisdiction | 21 | 130 |
| Assignment of work | 21.1 | 130 |
| Jurisdictional difficulties. | 21.2 | 131 |
| Leaves of Absence. | <i>Supplement I</i> | 166 |
| Lines Handling | 1.6 | 9 |
| Lockouts | 11.1 | 68 |
| Lodging Allowance | 4.5 | 38 |
| Longshoreman - Defined. | 1.9 | 13 |
| Low Work Opportunity Ports | <i>Supplement III</i> | 180 |

M

| | | |
|--|----------------|------------|
| Machinery, Equipment and Other Tools | 1.5 | 6 |
| Maintenance and Repair | 1.7 | 9 |
| Warranty Definition | <i>Addenda</i> | 233 |
| Manning | 10 | 59 |
| Basic ship gang, general cargo | 10.2 | 60 |
| Change from discharge to loading | 10.8 | 67 |
| Cranes | 14.8 | 85 |

INDEX

| | | |
|--|-----------------------|------------|
| Dock units | 10.7 | 67 |
| Existing operations | 10.3 | 62 |
| New methods of operations | 10.5 | 64 |
| Safeguards | 10.9 | 67 |
| Shifting men when operations change | 10.4 | 64 |
| Working as directed | 10.6 | 67 |
| Meal Allowance | 4.5 | 38 |
| Meal Time | 2.2 | 13 |
| Meetings for Registered Longshoremen | 12 | 75 |
| Duties of Union and JPLRC's | 12.2 | 75 |
| Refusal to attend meetings/penalty | 12.4 | 76 |
| Registered longshoremen must know | | |
| Agreement provisions | 12.1 | 75 |
| Scheduling of stop-work meetings | <i>Addenda</i> | 202 |
| Stop-work meetings | 12.3 | 75 |
| Methods of Dispatching | 10.1 | 59 |
| Mileage Allowance | 4.6 | 38 |
| Modification of Agreement | 24.1 | 134 |
| Movement of Cargo | 1.1 | 2 |
| Moving Expenses - Transfer from | | |
| Low Work Opportunity Ports | <i>Supplement III</i> | 180 |

N

| | | |
|------------------------------------|-----------------------|------------|
| New Equipment | 1.5 | 6 |
| New Methods of Operation | 10.5 | 64 |
| | 15.1 | 87 |
| No Lay-Offs | <i>Supplement III</i> | 180 |

O

| | | |
|-----------------------------------|------|-----------|
| Observance of Agreement | 11.2 | 68 |
|-----------------------------------|------|-----------|

| | | |
|--|------|-----------|
| Onerous Dispute Procedures | 11.4 | 68 |
| Onerous Workload. | 15.1 | 87 |
| On-the-Job Grievances | 17.2 | 92 |
| Organization of Gangs, Gang Sizes and Methods of Dispatching. | 10.1 | 59 |
| Overtime Hours | 2.1 | 13 |
| Overtime Wage Rates | 4.1 | 30 |

P

| | | |
|---|-------------------------------|------------|
| Paid Holidays | 5.3 | 42 |
| Past Practice | 1.8 | 11 |
| Pay Guarantee Plan, Rules and Administration | 20 | 112 |
| Abuses | 20.7 | 125 |
| Availability | 20.5 | 121 |
| Benefits. | 20.2 | 113 |
| Eligibility | 20.4 | 119 |
| Financing | 20.1 | 113 |
| General provisions | 20.8 | 127 |
| Payment procedures | 20.3 | 116 |
| Purpose | <i>Preamble of Section 20</i> | 104 |
| Work stoppages. | 20.6 | 112 |
| Penalties for Work Stoppages, Assault, Gross Misconduct, Pilferage, Drunkenness, Drug Abuse and Peddling, Safety Violations and Other Offenses | 17.8 | 105 |
| Penalty Cargo List | | 136 |
| Penalty Cargo Rates | 4.4 | 37 |
| Pension Plan | 23.1 | 133 |
| Personal Effects. | 4.7 | 39 |
| Picket Lines. | 11.5 | 74 |
| | <i>Addenda</i> | 200 |

| | | |
|---|------|------------|
| Pilferage | 17.8 | 105 |
| Preference of Employment | 8.4 | 54 |
| Promotions, Training and Steady Skilled Men | 9 | 56 |
| Competent men to be made available | 9.3 | 57 |
| Joint Promotion Committee | 9.2 | 56 |
| Promotions from the ranks | 9.1 | 56 |
| Training and employment of skilled men | 9.4 | 57 |

R

| | | |
|--|-----------------------|------------|
| Registration and Transfer | 8.3 | 53 |
| Coast provisions for transfer of registration between Longshore and Clerk Registered Lists | <i>Supplement II</i> | 177 |
| Coastwise registration and transfer | <i>Supplement I</i> | 166 |
| Registration and Transfer of men from Low Work Opportunity Ports | <i>Supplement III</i> | 180 |
| Registration/Transfer to Clerk | <i>Supplement IA</i> | 172 |
| Relief Periods | 2.3 | 14 |

S

| | | |
|---|----------------|------------|
| Safety | 16 | 88 |
| Dispute procedures | 11.4 | 68 |
| Violations | 17.8 | 105 |
| Scheduled Day Off | 6 | 44 |
| Scheduling of Meetings | <i>Addenda</i> | 202 |
| Scope of Contract and Assignment of Work to Longshoremen | 1 | 2 |
| Coverage, movement of cargo | 1.1 | 2 |
| Definitions | 1.9 | 13 |
| Dock work provisions | 1.2 | 3 |
| Employer coverage | 1.8 | 11 |

| | | |
|--|------------------------------|------------|
| Exception - Seamen | 1.3 | 5 |
| Existing practices - Other workers | 1.8 | 11 |
| Hold cleaning, stores, lines, etc. | 1.6 | 9 |
| In lieu of time | <i>Addenda</i> | 194 |
| Machinery, equipment and other tools | 1.5 | 6 |
| Maintenance and repair. | 1.7 | 9 |
| PMA Letter to Members | <i>Addenda</i> | 227 |
| Waivers. | 1.4 | 5 |
| Work preservation. | <i>Preamble of Section 1</i> | 2 |
| Seamen | 1.3 | 5 |
| Shift Rates | 4.1 | 30 |
| Shifting Men when Operations Change. | 10.4 | 64 |
| Side Agreements | <i>Addenda</i> | 203 |
| Skill Rates | 4.3 | 33 |
| Skilled Holdmen | 10.2 | 60 |
| | <i>Addenda</i> | 192 |
| Standard Work Shifts and Work Week. | 2.1 | 13 |
| Steady Skilled Men and Equalization of Work Opportunity. | 14.6 | 82 |
| | 9.4 | 57 |
| | <i>Addenda</i> | 203 |
| Stop-Work Meetings | 12.3 | 75 |
| Scheduling of | <i>Addenda</i> | 202 |
| Stores Handling. | 1.6 | 9 |
| Straight Time Hours | 2.1 | 13 |
| Strikes, Lockouts and Work Stoppages | 11 | 68 |
| Exceptions and procedures for health, safety and onerousness. | 11.4 | 68 |
| How work shall be carried on | 11.3 | 68 |
| No strikes, lockouts or work stoppages. | 11.1 | 68 |
| Observance of Agreement. | 11.2 | 68 |

| | | |
|---------------------------|----------------|------------|
| PGP - Work stoppages..... | 20.6 | 124 |
| Picket lines | 11.5 | 74 |
| ..... | <i>Addenda</i> | 200 |
| Subsistence | 4.5 | 38 |

T

| | | |
|--|----------------|------------|
| Term of Agreement and Review | 22.1 | 133 |
| Training | 9.4 | 57 |
| Addenda | | 215 |
| Training Rates of Pay | 4.2 | 33 |
| Transfer Between Longshore and Clerk Lists. | Supplement II | 177 |
| Registration Transfer to Clerk . . . | Supplement IA | 172 |
| Transfer Between Ports | Supplement I | 166 |
| Transfer from Low Work Opportunity Ports | Supplement III | 180 |
| Travel | Supplement IV | 185 |

U

| | | |
|-----------------------------------|----------------|------------|
| Union Security | 19 | 111 |
| Unnecessary Men | 15.2 | 87 |
| Utility Man/Lift Driver | <i>Addenda</i> | 207 |

V

| | | |
|-------------------------------------|---------------------|------------|
| Vacations | 7 | 44 |
| Administration | 7.4 | 50 |
| Computation | 7.1 | 44 |
| Procedure for scheduling | 7.3 | 49 |
| Qualifying hours and years. | 7.2 | 47 |
| Visiting Regulations | <i>Supplement I</i> | 168 |

W

| | | |
|--|------------------------------|------------|
| Wages | 4 | 30 |
| Appropriate Shift and Skill Rates | <i>Addenda</i> | 203 |
| Mileage allowance | 4.6 | 38 |
| Penalty cargo list | | 136 |
| Penalty cargo rates | 4.4 | 37 |
| Personal effects | 4.7 | 39 |
| Shift rates | 4.1 | 30 |
| Skill rates | 4.3 | 33 |
| Straight and overtime | 4.1 | 30 |
| Subsistence | 4.5 | 38 |
| Training rates | 4.2 | 33 |
| Wage rates | 4.1 | 30 |
| Wage Schedules | | |
| 2014-2015 Wage Schedule (<i>Effective 8:00 a.m., June 28, 2014 to 8:00 a.m., July 4, 2015</i>) ... | | 144 |
| 2015-2016 Wage Schedule (<i>Effective 8:00 a.m., July 4, 2015 to 8:00 a.m., July 2, 2016</i>) .. | | 148 |
| 2016-2017 Wage Schedule (<i>Effective 8:00 a.m., July 2, 2016 to 8:00 a.m., July 1, 2017</i>) .. | | 152 |
| 2017-2018 Wage Schedule (<i>Effective 8:00 a.m., July 1, 2017 to 8:00 a.m., June 30, 2018</i>) . | | 156 |
| 2018-2019 Wage Schedule (<i>Effective 8:00 a.m., June 30, 2018</i>) | | 160 |
| Mechanics Wage Schedule | | 164 |
| Waivers | 1.4 | 5 |
| Welfare Plan | 23.1 | 133 |
| Work Preservation | <i>Preamble of Section 1</i> | 2 |
| Work Shifts | 2.4 | 15 |
| Work Stoppages | 11.1 | 68 |

INDEX

| | | |
|-------------------------------------|------|------------|
| ..... | 17.8 | 105 |
| ..... | 20.6 | 124 |
| Working and Dispatching Rules | 15.3 | 87 |
| ..... | 24.2 | 134 |
| <i>Preamble of Section 1</i> | | 2 |
| Working as Directed | 10.6 | 67 |
| ..... | 11.3 | 68 |

NOTES

NOTES

NOTES

Addendum 2 – Related Media

Contents

| | |
|--|----|
| 2002 Contract Period | 3 |
| Wall Street Journal: “Treading Water: U.S. Ports Are Losing The Battle to Keep Up With Overseas Trade” | 3 |
| July 9, 2001 | 3 |
| Los Angeles Times: “A Huge Ripple Effect, Dockworkers' strike would hurt the economy.” | 8 |
| September 13, 2002..... | 8 |
| New York Times: “Reopening the Ports” | 10 |
| October 9, 2002 | 10 |
| Los Angeles Times: “Contract Is Ratified by Port Workers” | 11 |
| January 23, 2003 | 11 |
| Contra Costa Times: “Dockworkers ratify new contract” | 13 |
| January 23, 2003 | 13 |
| San Francisco Chronicle: “Smooth sailing: Dock workers, carriers ratify port contract by wide margin” | 15 |
| January 23, 2003 | 15 |
| San Francisco Chronicle: “Terminal technology gets TraPac test” | 18 |
| July 6, 2003 | 18 |
| Journal of Commerce: “More technology, more ILWU jobs; Shift of jobs from clerks to equipment operators begins under new contract” | 21 |
| April 12, 2004 | 21 |
| Los Angeles Times: “Ports Load Up on High-Tech Gear; The latest in equipment is helping to expedite the movement of cargo through the busy Long Beach-L.A. complex.” | 23 |
| September 7, 2004..... | 23 |
| Journal of Commerce: “Unclogging the ports; West Coast terminals are finally introducing technology to speed cargo flow” | 26 |
| January 16, 2005 | 26 |
| 2008 Contract Period | 30 |
| Journal of Commerce: “Six more years; Management won flexibility on technology, but how much will terminals use it?” | 30 |
| October 13, 2008 | 30 |
| Journal of Commerce: “ILWU Work Force Expands With Introduction of Technology;” | 34 |
| June 11, 2012 | 34 |

| | |
|---|-----------|
| 2014 Contract Period | 38 |
| New York Times: “Obama to Intervene in Dispute at West Coast Ports” | 38 |
| February 14, 2015 | 38 |
| Journal of Commerce: “ILWU ratifies five-year agreement, stabilizing US West Coast ports” | 40 |
| May 22, 2015 | 40 |
| Journal of Commerce: “PMA: ILWU contract to pave road to automation” | 42 |
| August 16, 2015 | 42 |
| Journal of Commerce: “Shippers to gain reliability from US terminal automation” | 44 |
| March 9, 2016 | 44 |
| Wall Street Journal: “Massive Robots Keep Docks Shipshape” | 47 |
| March 27, 2016 | 47 |
| Vancouver Sun: “Robot revolution reshapes shipping;” | 49 |
| April 30, 2016 | 49 |
| Journal of Commerce: “New ILWU contract aids US West Coast effort to regain share” | 52 |
| August 5, 2017 | 52 |
| Journal of Commerce: “US ports embrace 'smart equipment' to cut cost, boost efficiency” | 54 |
| September 18, 2018 | 54 |

2002 Contract Period

THE WALL STREET JOURNAL.

Wall Street Journal: “Treading Water: U.S. Ports Are Losing The Battle to Keep Up With Overseas Trade”

July 9, 2001

Work Rules in Los Angeles Make It Hard to Alleviate Costly Cargo Bottlenecks

Singapore's High-Tech Cranes

By Daniel Machalaba

SINGAPORE -- Benson Koh, a crane driver at this busy seaport, is moving more cargo than ever these days, without breaking a sweat.

Using a joystick and video monitors, Mr. Koh, who works at the Pasir Panjang ship terminal, can shuffle the huge cargo containers stacked in the terminal's yard as easily as if they were building blocks. Computers help him make sure that each container gets onto the right truck at the right time. Mr. Koh rarely has to leave his air-conditioned control room.

Half a world away, at the sprawling Global Gateway South terminal in the port of Los Angeles, each of the terminal's cranes has a crew of four: two drivers, who take turns at the controls, plus a clerk to coordinate their tasks and a signalman, who acts as the driver's eyes and ears. Some work still is done manually. To tell his crew which container to load onto a waiting truck, for example, clerk Gary Butterbaugh writes the container number on the truck's bed in bright yellow chalk.

The contrast between the two operations shows why U.S. ports, which handled more than \$400 billion of containerized cargo last year, up from \$250 billion a decade ago, are losing the battle to keep up with the brisk growth in world trade. During the past decade, many ship terminals in Europe and Asia have invested in new technologies to speed trucks through their gates and move cargo to and from ships faster and more cheaply. But most major U.S. ports, hobbled partly by rigid union-labor rules, have continued to operate much as they did in the '70s and '80s. The resulting dockside traffic jam, industry experts say, costs the U.S. economy more than \$1 billion annually.

The International Longshore and Warehouse Union, which represents the U.S.'s West Coast dockworkers, bristles at the idea that its work rules are an impediment to progress. "We're not a hindrance," says James Spinosa, international president of the San Francisco-based union. "We're moving more containers this year than last year, and we're proud workers." The real culprit, the union

says, is the heavy truck traffic at U.S. ports, which makes logistics more complicated than at foreign terminals, where barges and other vessels ferry much of the cargo to and from dockside.

Indeed, at Global Gateway South in Los Angeles, which is run by the APL Ltd. unit of Singapore-based Neptune Orient Lines, truck backups are the most visible evidence of waterfront congestion. Truck drivers say they frequently spend hours in the four long lines of traffic waiting to get inside the terminal's gates. The crush is particularly severe from July to late November, when companies are shipping large volumes of goods to the U.S. ahead of the Christmas season.

"The sailing schedules and the ships are pretty reliable," says Charlie Woo, chief executive of Megatoys Inc., a Los Angeles toy importer. "The wild card is getting merchandise out of the harbor."

Global Gateway South is the largest terminal at the ports of Los Angeles and Long Beach, Calif., which together handle about a third of the U.S.'s containerized cargo, mostly consumer goods, such as electronics, apparel and toys, arriving from Asia. By packing many such items into a single container that can be placed aboard ships and unloaded at their destinations, shipping lines and their clients save much of the money they once spent to have those items loaded and unloaded individually. But in recent years, worsening bottlenecks in the ports' container yards have eroded some of those savings.

With the volume of U.S. trade with Asia expected to double in the next 10 years, U.S. exporters and importers say they could face more delays, higher costs and poorer service unless American ports can improve their productivity. "The warning signs are there," says Rich Gabrielson, a senior manager of import transportation at Target Corp., the Minneapolis-based retailer. "If we don't begin to address them now, we'll have gridlock."

Some port operators fear that their customers might eventually find it more cost-effective to shift U.S.-bound cargo to docks in Mexico, Canada or the Caribbean and transport it the rest of the way by truck, rail or feeder ships. "I can't move my wharf," says Richard Steinke, the Long Beach port administrator. "But ships can go anywhere."

For years, U.S. terminals had so much surplus land that few worried about running out of space. They could afford to store row upon row of containers, each mounted on a chassis, or wheeled frame, to make it more convenient for trucks to retrieve them. But as the volume of container traffic has soared and the supply of undeveloped harborside property has dwindled, many U.S. dockyards look increasingly like vast container parking lots.

Nowadays, locating a specific container among the thousands on Global Gateway South's 300 acres can be like finding a needle in a haystack. To locate cargo, the terminal uses a small fleet of pickup trucks equipped with transponder readers and satellite positioning devices. If that doesn't work, employees sometimes have to hunt for it on foot.

To battle sprawl, some ports are buying new cranes that allow them to stack containers three or four high. But the International Longshore and Warehouse Union has resisted stacking them any higher, citing safety concerns. And many older docks lack the structural strength to support the weight of taller stacks of containers. That's inspired many U.S. terminal operators to look abroad for new ideas.

In doing so, they have been particularly dazzled by Asian ports' ability to handle enormous volumes of cargo, often from very compact facilities. In Asia, ports typically stack containers without their wheels to

make better use of their limited space. That's partly why the port of Hong Kong, where land is scarce, can handle three or four times as many containers per acre as the U.S.'s West Coast ports.

Hong Kong's bustling Kwai Chung terminal area, for example, makes the most of its 540 acres by stacking cargo containers six or seven high. To store freight more compactly, Richmond, Va.-based CSX Corp. has built a 14-story container depot over its Kwai Chung terminal. The 43-acre CSX terminal has just one ship berth, but it moves 1.2 million container units a year -- more than the entire port of Baltimore.

Unlike the U.S., where shipping companies typically run terminals limited to their own ships, many Asian and European terminals serve multiple shipping lines. That allows them to make maximum use of their capacity. The U.S. system is "like running an airport, and each airline has its own runway," says John Meredith, group president for Hong Kong's Hutchinson Port Holdings.

In Singapore, where dock unions and management have a more conciliatory relationship than in the U.S., the port's crown jewel is the Pasir Panjang terminal. There, rows of massive concrete columns rise nine stories in the air, supporting a network of 44 overhead cranes.

At Pasir Panjang, computerized machinery does most of the work of lifting, moving and lowering containers. Operators such as Mr. Koh, who makes the equivalent of about \$18,400 a year -- or less than a fifth the typical income of a port of Los Angeles crane driver -- are involved only for several seconds at the beginning and end of each move. "All they have to do are the takeoffs and the landings," says Vincent Lim, the port's deputy president of container terminals. "The rest is autopilot."

In Europe, the Dutch port of Rotterdam uses robotic cranes to pluck cargo containers from unmanned vehicles guided by sensors in the pavement. The technology has cut container-terminal employment in half, to about 30 workers per shift. And like many foreign ports, Rotterdam, which is built on a network of canals, escapes much of the truck traffic that clogs U.S. ports by loading container ships from smaller vessels.

The new high-tech systems don't come cheap. Singapore, for example, spent \$1 billion to build Pasir Panjang, including more than \$200 million for its overhead crane system, which allows each operator to control as many as five or six cranes.

Of course, even efficient ports have their problems. Because there still isn't enough room at its docks, Hong Kong unloads and loads some ships in the middle of its busy harbor, using cranes anchored aboard barges; not only is that dangerous work, but containers sometimes slip into the harbor's deep waters and are lost. Nor does high technology always adapt smoothly to dockside conditions. In the early 1990s, when Rotterdam first tested its automated cargo-moving vehicles, their guidance systems often stopped working when seagulls sat in front of the vehicles.

Even so, efficient Asian ports can unload and reload a large container ship in about 40 hours, compared with 76 hours in southern California, say officials at Maersk Sealand, part of Danish shipping line A.P. Moller. In Asia, within two or three minutes after a ship is secured to its berth, "they're taking cargo on and discharging cargo," says Tom Murphy, third engineer of the container vessel Glasgow Maersk, during a stop in Hong Kong. "In the States, I've seen it take 10 minutes to an hour."

Shipping executives blame that disparity on work rules perpetuated by the powerful ILWU. One example: The union insists that its clerks enter cargo information into a computer manually, even though optical scanners and other technology could do the task more efficiently.

"It's always been our job to start and finish a transaction, and we were just trying to preserve jobs," says John Kunich, a clerk at Global Gateway South.

The ILWU's Mr. Spinosa says the union went along with efficiencies and job losses when containerization was introduced on the West Coast in the 1960s. Now, technology threatens to take away still more ILWU jobs at the port as well as allow terminal operators to shift some jobs away from the docks to nonunion locations. And, he says, the union can't predict how many jobs might be affected because U.S. terminal operators haven't agreed on a common standard for automated cargo-handling systems.

Terminal operators dismiss that argument as a union stalling tactic. But there's a lot at stake for the ILWU, whose members are among the country's most highly compensated union workers. The ILWU keeps a tight hold on the labor supply at its ports, at times punctuating its demands with work slowdowns and stoppages.

ILWU members can earn \$100,000 a year for jobs that don't require a high-school diploma. Clerks and foremen earn considerably more. Many of those workers are dispatched to their jobs each day by joint management-union hiring halls. Terminal managers say that practice sometimes results in workers arriving late or unfamiliar with their assigned terminals. The union says the dispatch system ensures its members equal access to jobs and that their punctuality is improving.

Some skilled dockworkers enjoy almost free-agent status, with shipping lines competing for their services by offering pay guarantees, abbreviated work schedules and other side deals. For example, Global Gateway South guarantees pay to ILWU member Joe Radisich for 20 days a month, even though it usually needs him only three days a week. On his days off, Mr. Radisich, who operates one of the terminal's giant ship-to-shore cranes, can go to the local hiring hall to pick up extra work. The 38-year-old says he made a total of \$130,000 last year.

The Pacific Maritime Association, which represents West Coast terminal operators, is hoping to make sweeping changes in dockside labor practices. PMA President Joseph Miniace has promised to guarantee "work opportunities" to the union's 10,000 currently registered dockworkers if the ILWU gives him a free hand to employ new technology. So far, the union hasn't taken him up on his offer.

Labor problems are far from the only ones facing U.S. ports. Some East Coast ports are too shallow for the largest modern container ships. And one highway bridge over a Long Beach ship channel is 20 feet too low for those vessels to reach some docks.

Politics can be a factor, too. At the port of New York and New Jersey plans to reconfigure terminals and deepen ship channels were put on hold for more than a year, starting in 1999, after New York Gov. George Pataki and then-New Jersey Gov. Christine Todd Whitman feuded over how to spend local bridge and tunnel tolls. The work is now under way and most of it is expected to be complete by 2005.

Lately, U.S. port operators have been trying to reduce delays by keeping their truck gates open longer hours; they also plan to set up appointment systems for truck drivers, who now show up at random

intervals. And to relieve overcrowding, the port of New York and New Jersey is proposing to barge cargo containers to nearby satellite ports -- such as Albany, N.Y., and New Haven, Conn.

In Charleston, S.C., where residents have blocked plans to build a new 800-acre terminal, the port, whose facilities are operated by the South Carolina State Ports Authority, rather than by private companies, is considering using automated container-handling systems to make better use of its existing space. It still has to persuade the International Longshoremen's Association, which represents dockworkers there and elsewhere on the East Coast, to go along.

Los Angeles Times

Los Angeles Times: “A Huge Ripple Effect, Dockworkers' strike would hurt the economy.”

September 13, 2002

Los Angeles Times – Op-Ed

By Jack Kyser, chief economist of the Los Angeles County Economic Development Corp.

Dockworkers and their shipping employers are locked in high-stakes contract negotiations over the future of West Coast ports. Hanging in the balance are an increasingly fragile U.S. economy and the 4 million American workers whose livelihoods depend on cargo moving through these ports.

Threatened work slowdowns by the International Longshore and Warehouse Union or an employer lockout could be the proverbial straw that breaks the economy's back. Seven percent of the nation's gross domestic product is directly connected to the West Coast ports. The economy is projected to lose \$1 billion a day if the ports are shut down.

At the center of the contract dispute is the issue of technology. Longshore workers fear that technology will cost jobs. In reality, technology could drive job growth by creating efficiencies that would enable the ports to move cargo more quickly and increase capacity to handle the projected doubling of imports from Asia over the next 10 years. More capacity and more cargo would mean more jobs--on the waterfront and nationwide.

Technology on the waterfront is also a mandate in the post-Sept. 11 world. It is the most effective weapon in the battle to enhance port security. By computerizing the movement of confidential cargo information, the federal government is seeking to extend the perimeter of security to ports of origin around the world. Currently, this information is re-keyed by longshore clerks. Efficiencies created by technology also will offset the cost of security measures and create a port complex poised for expansion.

Trade growth is critical to our region's economic future. It is the reason Congress agreed to invest \$2 billion in the Alameda Corridor. It was also the rationale for investing billions of dollars in new mega-terminals at the ports of Los Angeles and Long Beach. Modernizing the terminals is the only way to ensure that these investments can deliver their promised return on investment.

How outdated are the terminals on the West Coast? In Long Beach, a trucker can wait up to two hours to enter the terminal, while it takes only 30 seconds in Singapore. Efficient Asian ports can unload and reload a large container ship in about 40 hours, compared with 76 hours in Southern California. The port in Hong Kong, which relies on modern technology, moves four times the number of cargo containers per acre per year than all West Coast ports combined.

Dockworkers are rightfully concerned that technology will eliminate jobs. The Pacific Maritime Assn., representing employers, projects that a maximum of 400 of the union's 10,500 members will be affected by new technology. To soften the blow, the PMA has guaranteed them lifetime job protection. Overall employment is expected to grow once technology is fully implemented by 2006.

It also appears that the employers are willing to pay a steep price for technology on the docks. The offer on the table provides 100% employer-paid health coverage, pension increases, job guarantees and a wage rate that would continue the West Coast longshore workers' status as the royalty of union workers. Average salaries for full-time dockworkers are more than \$100,000 a year and are expected to grow handsomely under the new contract.

The employers and dockworkers should keep three things in mind: The first priority is to make sure the ports remain fully operational during negotiations. Work slowdowns, strikes or lockouts are not viable alternatives for a shaky economy. Second, technology is a mandate. Without modernizing the ports, the West Coast will compromise its competitive standing and not realize its potential as an engine for growth. Finally, the two sides should bring these talks to a conclusion. The contract expired two months ago.

Reaching a new labor pact would send an important message to the nation that the shipping companies and the dockworkers are doing their part to support the U.S. economy.

The New York Times

New York Times: “Reopening the Ports”

October 9, 2002

The New York Times – Editorial

President Bush rightly intervened yesterday in the labor dispute between shipping companies and dockworkers that has shut down operations at 29 West Coast ports. The disruption of a substantial amount of the nation's trade posed a serious threat to an already ailing economy.

Government intervention in collective bargaining is never desirable, but the ports' closure since Sept. 29 is precisely the kind of threat to the national "health or safety" that Congress envisioned when it passed the Taft-Hartley Act in 1947. The law allows a president to seek a court-ordered injunction for an 80-day cooling-off period in the event of a strike or lockout. After determining that there was no chance of an imminent resolution to the 10-day-old lockout, President Bush ordered Attorney General John Ashcroft yesterday to seek the injunction. A federal court in San Francisco issued it later in the afternoon, clearing the way for the longshoremen to return to work.

Presidents have invoked the Taft-Hartley Act 31 times, though not in the last quarter-century. More recently the federal government has intervened under a different law in various railroad and airline labor disputes. Mr. Bush was fully justified. The present shutdown threatens to be more disruptive to the economy than the grounding of a single airline or industry. Auto plants are already closing for lack of spare parts, perishables have spoiled aboard ships stuck at sea and retailers are worried about deliveries of Christmas goods.

These ports are vital choke points for much of the country's trade. That is one reason the 10,500 longshoremen who operate them are among the nation's highest paid unionized workers. The main issue in their contract talks with the shipping industry is whether new jobs created by new technologies in dock operations should be unionized.

National labor leaders were angry at Mr. Bush's intervention. Their anger is misplaced. While they are perfectly within their rights to defend their members' bargaining power, they must recognize that thousands of union jobs in other industries are also in the balance, and that most other presidents would have taken similar action under the circumstances.

The shipping companies, for their part, may have counted on a presidential intervention when they ordered the lockout in reaction to an alleged slowdown after the collective agreement lapsed. They must now engage the union in good-faith negotiations during this 80-day cooling-off period.

Los Angeles Times

Los Angeles Times: "Contract Is Ratified by Port Workers"

January 23, 2003

By Nancy Cleeland, Times Staff Writer

Three months after a labor showdown closed West Coast ports and sent shivers through the U.S. economy, union dockworkers have overwhelmingly ratified a contract that ensures stability on the waterfront for the next six years, officials said Wednesday.

The deal, brokered last fall with the help of federal mediators, was approved by nearly 90% of the voting members of the International Longshore and Warehouse Union -- the highest approval rate in the union's history, said ILWU spokesman Steve Stallone. It offers generous health and pension benefits in exchange for allowing terminal operators to introduce labor-saving technology.

"This is a significant victory not just for the ILWU but the labor movement as a whole," Stallone said. "The ILWU sets the benchmark for other labor contracts, and I think we set a good standard."

The deal, which takes effect Feb. 1, allows shipping companies to begin using satellite tracking, electronic data transfer and other technologies that have become commonplace around the world. These changes are expected to eliminate several hundred high-paying union clerical jobs.

The Pacific Maritime Assn., which negotiated the deal on behalf of shipping lines and terminal operators, says implementation will vary among the individual companies it represents.

"In some cases, I think we'll see improvements this year," PMA spokesman Steve Sugerman said.

The contract agreement follows months of labor strife that culminated with a 10-day management lockout at ports from San Diego to Seattle. More than 125 cargo ships were stranded along the coast, and retailers grew panicked that holiday season merchandise would not reach their shelves.

President Bush ended the lockout Oct. 8 by invoking the rarely used Taft-Hartley Act to obtain a federal court injunction to reopen the ports. The injunction also banned the union from staging work slowdowns. Afterward, three federal mediators and a top AFL-CIO official spent weeks in San Francisco helping to keep negotiators at the table until a deal was struck.

On Wednesday, Labor Secretary Elaine Chao issued a statement saying the ratification vote "shows that the collective bargaining process can work when parties commit to addressing issues through good-faith negotiations."

About \$300 billion worth of goods -- as diverse as lawn chairs and automobiles -- flow through the West Coast ports every year, and the volume is projected to double over the next decade. Terminal operators said they needed the new technology to handle the growth, while the union said the PMA merely wanted to outsource jobs and dilute the union's strength.

Despite the contract, union jurisdiction over jobs related to the new technology may continue to be a sore point. The accord creates a new arbitration system that employers say will be speedier and fairer than the old system. Stallone predicted that it would be tested soon.

"We fully expect there to be difficulties," he said. "I'm sure the arbitration process is going to get a workout."

In return for concessions on technology, the agreement raises pensions by more than 50% to a maximum benefit of \$63,000 a year. Employers also agreed to absorb all increases in health-care costs so that members would continue to receive fully paid family health insurance.

Wages, which according to the PMA range from \$80,000 to \$150,000 annually, will increase 11% over the next six years.

The lockout and work disruptions created a huge cargo backlog, which is still in the clearing stages, according to Stephanie Williams of the California Trucking Assn.

"Our drivers are waiting four hours to pick up a container," Williams said.

Sugerman of the PMA said congestion was not related to the lockout, but instead caused by retailers that are leaving containers on the docks longer than usual because of soft sales.

Williams disputed that and said retailers were anxious to get their goods off the docks. "It's the backlog," she said. "It's been like this since October, and we don't expect it to clear up until at least February."

GRAPHIC: PHOTO: CARGO MOVERS: Trucks form a line at the Port of Long Beach as their drivers wait to load or unload at the docks. PHOTOGRAPHER: Luis Sinco Los Angeles Times

LOAD-DATE: January 23, 2003

CONTRA COSTA TIMES

Contra Costa Times: “Dockworkers ratify new contract”

January 23, 2003

The ports will begin to implement new technology such as GPS and electronic scanners

West Coast dockworkers will begin moving cargo next month under a new, six-year contract after both sides on Wednesday formally gave it their overwhelming approval.

It officially concludes a labor dispute that will be remembered for shutting down 29 ports, including the Port of Oakland, the nation's fourth busiest, for more than a week last year. The closure forced Bay Area manufacturers to halt assembly lines and send employees home, left retailers scrambling to stock their shelves for the holiday shopping season, and finally drew President Bush's intervention.

Nearly 90 percent of the International Longshore and Warehouse Union voted in favor of the contract. About 7,400 were in favor, and 888, including about 250 in the Bay Area, were against the contract, which secured them full health care benefits and increased wages and pensions but also meant that hundreds of jobs may eventually be phased out as new technology is implemented. Voter turnout was 85 percent.

The 72 members of the Pacific Maritime Association, a group of terminal operators and shipping lines, will finish voting today or Friday but said Wednesday it already has enough votes to ratify the contract.

"Today we begin a new era at West Coast ports," Joseph Miniace, president of the PMA, said in a statement. "This ought to be an era of modernization, and also one of cooperation."

The contract goes into effect Feb. 1. It means that the ports will soon begin to implement new technology such as electronic scanners like those used in grocery stores and global positioning systems in a massive effort to make the ports more efficient.

That was one of the major sticking points in the negotiations, and it promises to remain an issue as both sides start working under the new contract. The new contract includes language that guarantees that jobs created by the new technology will fall under the union's jurisdiction, a point that the union demanded.

"We will not be surprised if certain PMA member companies challenge that language," said Steve Stallone, an ILWU spokesman.

But overall both sides were optimistic about putting the new contract in place.

"(Dockworkers) understood the terms of the contract, the times it was negotiated in, and the victory it represents," ILWU President James Spinoso said.

Miniace said: "It is time to roll up our sleeves and make this contract document a reality."

San Francisco Chronicle

San Francisco Chronicle: “Smooth sailing: Dock workers, carriers ratify port contract by wide margin”

January 23, 2003

A union representing West Coast dockworkers and an association of cargo carriers put a bitter labor dispute behind them Wednesday when both overwhelmingly ratified a six-year contract that aims to bring efficiencies to 29 ports.

Nearly 90 percent of the rank and file of the International Longshore and Warehouse Union voted to ratify the contract, and while the voting by the 72 members of the Pacific Maritime Association was not complete by late Wednesday, a sufficient and overwhelming majority had approved the deal.

The agreement, which goes into effect Feb. 1, ends a prolonged, seemingly intractable contract dispute that in September led the employers to lock out 10,500 longshore workers and shut down the ports for 11 days. The shipping line operators and other employers believed the workers were engaged in a slowdown to use as leverage in contract negotiations.

The workers said they were merely being more safety conscious. In any event, the shutdown had an immediate, devastating impact on perishable exports and wreaked havoc on retailers and businesses that rely on the flow of the \$300 billion in cargo that moves through the ports annually.

An economist hired by the employers estimated the damage to the national economy at \$1 billion per day during the 11 days of the lockout.

On Oct. 8, President Bush obtained an injunction under the Taft-Hartley Act to end the lockout, and a federal mediator helped disparate negotiators reach a tentative contract agreement on Nov. 23. Since then, union members have been studying and voting on the proposal. The final tally, announced Wednesday, was 7,405 in favor and 888 against, with 85 percent of the members voting.

The agreement was endorsed by heavy majorities in all 26 locals of the ILWU. The 89.3 percent vote in favor is the largest approval for any longshore contract since the union's beginning in 1934 as the Pacific Coast District of the International Longshoremen's Association.

The union's leadership, after tentatively approving the proposal, told members there was good reason to approve it. The ILWU says the nearly 60 percent increase in pension benefits is the largest in the history of the American labor movement. Retired dockworkers are now paid \$95 per month per year of service, and that figure grows to \$150 at the end of the six-year contract. A 30-year veteran would earn a pension of \$54,000.

GENEROUS HEALTH BENEFITS

The union also secured for six years generous health benefits paid for completely by employers, as well as jurisdiction over any job openings involving new computer technologies employers want to make ports more efficient.

Longshore workers are already among the most highly -- if not the highest -- paid blue-collar workers in America, with many earning more than \$100,000 annually. Labor leaders said their new contract is a standard for every other union.

Richard Trumka, secretary-treasurer of the AFL-CIO, who joined the negotiations during their last six weeks, said Wednesday, "In a time when more working families than ever are struggling with rising health care costs and insecure retirements, the ILWU has won a historic contract which sets a much-needed benchmark in health care, pensions and living standards."

He said the ILWU "has won a victory not only for dockworkers, but for all of America's working families."

NEW PORT TECHNOLOGIES

The employers, including shipping-line operators, terminal operators and stevedoring companies, got what they wanted -- the right to bring cargo-tracking technology to the ports. The union long had a grip on cargo monitoring duties, which the employers argued were handled far more efficiently in Asian and European ports that converted early on to the technology.

For example, while West Coast ports handle about 4,000 containers per acre per year, the ports in Taiwan and Singapore process nearly 20,000, according to the Pacific Maritime Association.

The union expects some 400 marine clerks to be stripped of their duties under the new contract, but they won't be unemployed. The contract promises them five days of work a week for the rest of their careers, doing other chores on the docks.

The technology being introduced and making the workers' contribution redundant includes scanners and other devices commonplace in business.

Joseph Miniace, the association's president, said Wednesday, "A modern waterfront will create new jobs, strengthen our economy and enable us to better maintain port security. It is time to roll up our sleeves and make this new contract document a reality."

Miniace spoke of a "new era at West Coast ports" and "an era of modernization and also one of cooperation," but Steve Stallone, an ILWU spokesman, said there will surely be disputes over jurisdiction and contract interpretation as employers phase in computer technology to the ports.

"I am sure the arbitration process is going to get a workout," said Stallone.

Key dates in West Coast ports labor dispute

July 21, 2002: The Pacific Maritime Association offers the ILWU a 17 percent increase in its compensation package over five years. The offer is rejected.

Sept. 27, 2002: The maritime group locks out the 10,500 members of the ILWU at 29 West Coast ports, alleging a worker slowdown.

Oct. 8, 2002: President Bush obtains an injunction under the Taft-Hartley Act to end the lockout and reopen the ports.

Nov. 13, 2002: A federal judge in San Francisco rules that the ILWU and shippers share responsibility for a productivity slump on the docks.

Jan. 22, 2003: Both sides ratify a six-year contract that contains a nearly 60 percent increase in pension benefits, the greatest in U.S. labor history.

Source: Chronicle research

E-mail George Raine at graine@sfnchronicle.com.

GRAPHIC: PHOTO, Ratification of a new contract means the sight of ships being unloaded at the Port of Oakland should be uninterrupted for six years. / The Chronicle 2001

LOAD-DATE: January 23, 2003

San Francisco Chronicle

San Francisco Chronicle: "Terminal technology gets TraPac test"

July 6, 2003

Changes on the waterfront occur a year after labor dispute

LOS ANGELES -- For years, crane operators at Trans Pacific Container Service Corp., a bustling cargo terminal on San Pedro Bay, were guided by chalk marks made by longshore workers as they deposited containers lifted from ships.

"If it rains, God bless you," said Frank Pisano, the regional vice president and general manager of TraPac, as it is better known on the waterfront.

Now the chalk has been retired. And, with a modest \$5 million investment in optical character recognition equipment, a global positioning system and automated inventory updating, TraPac has become the first terminal on the West Coast to install new technologies to expedite the movement of an ever-increasing volume of cargo.

It comes nearly a year after a labor dispute at the West Coast ports caused havoc with the nation's commerce, as management and labor argued about how technology would affect jobs. All industry eyes -- the longshore workers' union among them -- are on TraPac. Labor endorses increased productivity, its leaders say, as long as any new jobs the technology produces are union jobs.

It was never in doubt that technology for cargo identification, tracking and handling would eventually come to the ports, but the implementation had to be negotiated with labor.

That was the centerpiece of contentious contract talks over seven months last year between the International Longshore & Warehouse Union, representing 10,500 longshore workers at 29 West Coast ports, and the Pacific Maritime Association, representing shipping companies and stevedore and terminal operators.

At its low point, management locked out dockworkers and shut the ports for 10 days, alleging an illegal slowdown by workers. President Bush intervened via the Taft-Hartley Act and obtained a court order ending the lockout at the ports, through which about \$300 billion in trade passes annually -- more than half of the nation's seaborne commerce.

The six-year contract that finally emerged, signed in January, permits the introduction of technology that managers require, but in turn gives the longshore workers' union jurisdiction over certain jobs that may be created by the modernization.

The expectation is that the work of about 400 marine clerks will be automated on the coast (the displaced workers are guaranteed full-time longshore jobs until retirement), but terminal operators and other managers insist that increased productivity will beget many more jobs.

First, however, there must be clarity about the new contract. TraPac's installation will be followed by another first: The union, when it is prepared, will file the first complaint alleging that the newly authorized technologies are masking jobs that are contractually union jobs. The matter will be settled in arbitration.

"We have to see what the new rules are," said Scott Axelson, TraPac's director of planning and development. "We're feeling our way right now and no matter what it was, the Bible or the Constitution, the people who wrote it still disagree on what it says."

The ILWU last week signaled that the struggle with TraPac has been joined.

"They and a few other companies are, in our estimation, way out of line in terms of how the (contract language covering clerks' jurisdiction) reads, in terms of what marine clerk work is," said Peter Peyton, secretary of ILWU Local 63 in San Pedro, representing marine clerks in Southern California.

"Because they are going first, we will be looking at TraPac and going through (the implementation) with a fine-tooth comb."

It was clear last week, viewing truck movement from TraPac offices, that the optical character recognition alone made for a largely steady flow of traffic in and out of terminal gates. The equipment reads trucks' license plates and serial numbers, and identifies the trucking company and its mission.

Before TraPac installed new equipment, there was an exchange between a truck driver and a marine clerk and a paperwork requirement, but that's been eliminated and time saved, Pisano said.

It was 8:55 a.m. TraPac had handled 300 transactions at the terminal, and an additional 100 to 150 were still taking place on the grounds. "It used to be you would have a hard time doing 200 by this time," Pisano said.

He said that without the improvements TraPac would be limited to handling 10,000 containers a week and having to say no to customers. Now, the firm says, it can handle 15,000 or more.

Planning for installing technologies is in various stages at other ports on the coast, but TraPac went first. Port and terminal managers, including those at the Port of Oakland, are closely watching the operations under way at the terminal on Harry Bridges Boulevard in Hawthorne, a stone's throw from the San Pedro border, adjacent to Long Beach.

"There will be implementation of terminal technology in the last quarter of this year and the first quarter of next year, while others are waiting to see what other people do," said Joseph Miniace, president and chief executive of the Pacific Maritime Association, in San Francisco. "There is always some saving in letting others go first and piggyback on that technology rather than running up the flagpole yourself first."

TraPac had an imperative. It operates on 175 acres on the west basin of the Port of Los Angeles -- a midsize terminal for the Ports of Los Angeles and Long Beach -- and while the company has a plan to expand to an additional 75 acres, there's no guarantee that will happen, given the opposition by environmental groups.

That means TraPac must make more-efficient use of the property it has. "We have to get better. The land is not here. We have 175 acres. If we don't automate we're dead," said Pisano.

In fact, after expanding two major Los Angeles-Long Beach port facilities operated by Hanjin Shipping Co. and Maersk Sealand, there will be no more room for cargo terminal growth in Southern California, Pisano said.

The Pacific Maritime Association complained during contract negotiations that West Coast ports are far less efficient than many in Asia and Europe. The ports -- without the new cargo tracking technologies -- handled about 4,000 containers per acre per year, compared with ports in Taiwan and Singapore that process nearly 20,000.

At the same time, estimates vary for the expected increase in cargo volume for 2003, but the consensus is that it will be significant.

The so-called new technologies, like the optical character recognition, are hardly new, but earlier contracts clearly described clerks' responsibility for inventory monitoring. Among the technologies the industry is examining is one developed in the Bay Area by a company called ContainerTrac. Its Port Automated Tracking System follows containers using global positioning satellites, internal navigation systems and digital maps.

At TraPac, early indications are that its expenditure is paying off.

The company, which handles about 700,000 "vessel lifts" (loading or unloading containers) per year, says productivity has increased about 50 percent since the technology was installed. It says there has been a 25 percent net increase weekly, compared with a year ago, in the number of longshore workers required from the union hiring hall.

Said Pisano, "For one clerical job you are probably going to gain five more tractor drivers, mechanics -- you're going to push volume and you will need more people."

The ILWU believes increased productivity is a good thing, said Peyton of Local 63. "There is not a problem with us one bit," he said. "They can knock themselves out in terms of how they want to do it, as long as they realize that the second phase of this is compliance with the MOU (meaning it has job jurisdiction), and that's where we're going next." E-mail George Raine at graine@sfnchronicle.com.



Journal of Commerce: “More technology, more ILWU jobs; Shift of jobs from clerks to equipment operators begins under new contract”

April 12, 2004

BY BILL MONGELLUZZO

Technology is replacing jobs at West Coast ports, but thanks to the relentless growth in cargo volume, the net number of International Longshore and Warehouse Union jobs actually increased by 6.4 percent last year. As far as Pacific Maritime Association President Jim McKenna is concerned, that means the six-year waterfront contract that took effect in early 2003 is working. "The clerk and supervisory jobs are being impacted by technology, but the hands-on cargo jobs will increase as cargo volumes increase," said McKenna, who replaced Joseph Miniace in March as president of the employers' group.

The early negotiations in 2002 that produced the new contract were the most contentious since the ground-breaking Mechanization and Modernization Agreement of 1960, which cleared the way for widespread containerization on the West Coast. The current contract was settled after a 10-day employer lockout of longshoremen, a back-to-work order under the Taft-Hartley Act and oversight by a federal mediator.

Employers anticipated the ILWU's resistance to a contract that promised to restructure 40-year-old practices on the waterfront. The effects of this restructuring are already evident at those terminals that have installed optical character recognition systems at the gates. The pace of change will accelerate as terminals install container-tracking devices in their yards and OCRs on the cranes.

Hundreds of marine clerk positions that involved the manual checking of containers at the terminal gates, in the yards and under the cranes will be eliminated. "The impact of this technology was seen when we were at the negotiating table," McKenna said.

Technology has already taken a toll on marine clerk positions, which last year produced average earnings of \$136,340 for clerks who worked at least 2,000 hours. "There was a real decrease in the number of clerk jobs in 2003 of 3.2 percent," said Michael Wechsler, the PMA's senior vice president and chief financial officer.

However, 1,227 new longshore workers were registered last year. More than 500 of the new registrants replaced longshoremen who participated in a lucrative retirement program or left the waterfront for other reasons. The net increase in longshore positions in 2003 totaled 657, which represented a 6.4 percent increase in the overall ILWU work force, Wechsler said.

The net increase in ILWU positions is logical because container volume on the West Coast increased 10.2 percent. Employers welcome the increase in manpower because many of the new jobs were for hands-on work such as crane drivers and operators of transtainers and other equipment.

Employers say it stands to reason that a terminal which had been handling 1,200 gate moves per day and is now able to do 1,800 moves will need more equipment operators to lift the containers on and off the vessels and move the boxes around in the marshaling yard.

Furthermore, the new contract raised the skill classification level of equipment operators, and those positions will command salaries approaching clerks' wages. General longshoremen who worked at least 2,000 hours last year averaged \$115,591 in pay.

The next big round of clerk positions to be eliminated will occur this year as terminal operators install container-positioning systems in the yards. Until now, marine clerks manually recorded where truck drivers and equipment operators placed containers. Because the system was rife with errors, additional clerks were needed to drive around the yard and record where the containers were truly located.

Now, electronic tracking systems will pinpoint the containers' locations and will automatically update the computerized yard management systems. As the GPS systems take effect, terminals will install OCRs to record the container numbers as boxes are loaded on or taken off vessels. The OCRs will replace a manual vessel stowage and yard management system that was likewise riddled with errors.

The ILWU is likely to resist automation of the yard and crane operating systems because the clerk positions that are being eliminated often guaranteed 10 hours of pay each day for four hours of work. Under the new contract, some equipment operators will be guaranteed 10 hours of pay, but the positions will require that the longshoremen be on the job for eight hours.

"That's where we're headed," McKenna said. "You have to be on the job to get paid."

Los Angeles Times

Los Angeles Times: “Ports Load Up on High-Tech Gear; The latest in equipment is helping to expedite the movement of cargo through the busy Long Beach-L.A. complex.”

September 7, 2004

By Ronald D. White, Times Staff Writer

A year ago, workers at [NYK Logistics](#)' yard near the ports of Los Angeles and Long Beach spent hours every day riding golf carts and bicycles to keep track of the hundreds of shipping containers scattered around the 70-acre facility.

Mix-ups were common, with containers moved to the wrong stack or dropped at the wrong location and workers hustling to set things straight. Exhaustive searches for wayward shipments -- some conducted by flashlight in the dead of night -- were the norm.

These days, a container can be found within seconds and readied for transport within minutes, thanks to a new system of wireless local networks, smart storage tags and big antennas resembling basketball baskets.

The technological advances at NYK are a window on the future. A decade after their Asian and European counterparts were forced to automate because their ports lacked the space to expand -- and almost two years after the California ports reached an agreement with unionized dockworkers to allow labor-saving technologies -- shipping lines on the Pacific seaboard are getting with it.

"These technologies are not new to the world, but certainly brand-new to West Coast terminal operations," said Jim McKenna, chief executive of the Pacific Maritime Assn., which represents shipping lines.

So new, in fact, that some of the technologies exist only in scattered pilot programs operated by NYK and a handful of other local shipping companies.

But the West Coast ports' traditional method of dealing with more cargo -- expanding the size of their freight terminals and marshaling yards -- is no longer an option. Last year, the ports of Los Angeles and Long Beach alone handled more international container cargo than the next five busiest U.S. ports.

With little room left to grow and congestion clogging the two ports, technologies that allow the loading and unloading of ships in half the time are becoming more attractive.

"Now, we are more like a typical Asian port," said Jon Hemingway, chief executive of Seattle-based SSA Marine, which operates three container terminals in the Los Angeles-Long Beach port complex. "Land is

scarce, and the requirements to manage these facilities through technology become much more predominant."

At NYK's freight yard a few miles from the Port of Long Beach, where the company handles about 50,000 containers a year, 35 wireless antennas and thousands of electronic tags emit signals that tell yard workers the precise location of each shipping container, which can be 20 to 40 feet long and weigh as much as 67,000 pounds.

Computer terminals relay information directly to truck cabs, enabling drivers to drop off containers at the correct location and pick up new containers without having to get out of their vehicles.

NYK, a subsidiary of [Nippon Yusen Kaisha](#) Line and one of the world's biggest shipping companies, spent almost \$1 million installing the high-tech tracking system to help it cope with the steady rise in freight traffic from clients such as Target Corp. NYK executives said they had no other option but to embrace the new technology.

Hours have been trimmed from the process of moving cargo from the ports to customers, and workers who used to spend time looking for containers can now focus on other tasks. NYK has been able to reduce overtime expenses while speeding up deliveries.

A potential bonus: The wireless signals indicate whether a tag has been tampered with, providing a tool for improving port security, said Dan Doles, chief executive of WhereNet Corp., the privately held Silicon Valley firm that makes the system and hopes to sell it to other shipping companies at the L.A.-Long Beach ports.

Other high-tech improvements have gained a foothold. A software program called Scheduler that helps terminal operators manage truck arrivals and departures debuted locally 18 months ago and now is used by more than half of the roughly 1,000 trucking companies that haul freight to and from the two ports.

With Scheduler, drivers can determine online when their cargo will be ready and set up an appointment to pick it up, greatly reducing time spent idling at the terminals. The system even allows drivers to pay fees online for such things as storage and customs examinations.

Developed by EModal, a small, privately held Irvine company, the program costs users about \$5,000 a month.

"It helps us find the containers quickly," said Brett Arnds, general manager of California Multimodal Inc., a trucking company in Compton with about 100 employees.

More changes are on the horizon. Success in a pilot "agile port technology" program in Tacoma, Wash., last year gained the attention of the federal Maritime Administration.

Under this program, cargo that must be shipped out of ports first is loaded last on container ships. Using a range of tools such as mobile data terminals, the program aims to bypass the ports' storage yards as much as possible and to load cargo directly from ships to rail lines.

Mike Lingerfelt, president of Washington United Terminals in Tacoma and of California United Terminals of Long Beach, said that this technique can unload cargoes in half the normal time.

Much of the new dockside technology stems from the uneasy January 2003 labor contract between shipping lines and the International Longshore and Warehouse Union. The six-year contract, reached after a bitter lockout by the shipping lines that shut down 13 West Coast ports, permitted labor-saving technologies to be introduced as long as any new jobs created by the changes are filled by union members.

For now, the booming business at the ports has made the issue of job losses irrelevant. In addition to the recent, highly publicized hiring of 3,000 nonunion dockworkers, the ports have added nearly 1,000 union jobs since June 2002.

The modernization trend isn't without its critics. Local transportation experts fear that the region's railroad and freeway systems, already strained by the surge in port-related traffic, will be overwhelmed.

"The technology is going to exacerbate the congestion problem" around the ports, said Steven P. Erie, a political science professor and director of the Urban Studies and Planning Program at UC San Diego. "It's ironic. This couldn't happen at a worse time."

And union officials continue to voice doubts, particularly when the eyes, ears and instincts of veteran longshoremen and marine clerks are replaced with remote technologies.

Dave Arian, president of ILWU Longshore Local 13, worries that technology cannot replace the good instincts of veteran marine clerks who know what to look for in terms of suspicious activity. He added that there was no substitute for checking container seals by hand and making sure they are carrying the cargo described on shipping manifests.

McKenna of the Pacific Maritime Assn. sees those same workers spending less time on routine tasks.

"You're looking at the ability to track and trace cargo remotely," he said, "rather than 20 guys driving around the yard trying to figure out where everything is at any given moment."



Journal of Commerce: “Unclogging the ports; West Coast terminals are finally introducing technology to speed cargo flow”

January 16, 2005

BY BILL MONGELLUZZO

Three years ago, Trans Pacific Container Service Corp. was moving 7,000 containers a week through its 175-acre Los Angeles terminal, and was running out of space. Today the volume is 12,000 boxes a week, using the same acreage.

"We couldn't have done it without technology," says Frank Pisano, regional vice president and general manager at TraPac, owned by Japanese container carrier MOL.

TraPac's leap in productivity is likely to be replicated by other West Coast terminal operators during the next year or two. After years of discussing labor-saving technology to speed the flow of containers, 2005 will be the year when terminals begin replacing talk with action.

It's a development that will affect shippers, carriers and almost everyone involved in the supply chain. Unless terminal gates, container yards and vessel operations can be automated, customers are almost certain to face a repeat of the peak-season delays that plagued the ports of Los Angeles and Long Beach from last July through November. This year's congestion could even be worse if, as many analysts predict, U.S. containerized imports from Asia match last year's 12 percent growth rate.

The six-year waterfront contract between the Pacific Maritime Association and the International Longshore and Warehouse Union, now entering its third year, gives West Coast waterfront employers the flexibility to introduce information technology. After studying technology and taking baby steps to introduce computerized tracking of containers and equipment, terminal operators finally are starting to act.

The shape of things to come is visible at TraPac. The terminal has fully automated its gates with optical character readers and cameras. Last year, it installed a global positioning satellite system and radio-frequency identification tags on container-yard equipment. This month, it is completing the testing of OCRs on its container cranes.

Operators at the other 12 container terminals in the Los Angeles-Long Beach port complex say that although they may use different technology, their goal is to follow TraPac's lead by linking operations at the gate, the yard and the vessel through an up-to-the-minute flow of data with less re-keying by ILWU marine clerks.

Terminal operators have long complained that much of the clerks' data-input work is redundant. They've longed for a system that links gate, yard and vessel operations through the terminal's computerized operating system, and automatically traces a container's movement through the terminal.

Such systems, which are common in Asian and European terminals, automatically update container inventories and sequence equipment movements. The automation reduces wasted motion and enables operators to squeeze more productivity out of limited acreage.

Most of the actions TraPac has taken during the last two years have been to smooth the flow of trucks, Pisano said. That's no small consideration at a time when many drivers are quitting because of long terminal waits that cut into their income. Most port container haulers are paid by the trip and earn nothing while sitting in line at terminals.

In response to state legislation fining terminals \$250 for every truck that idles more than 30 minutes outside terminal gates, most Southern California terminals last year installed OCRs and cameras at their gates. That shortened truck queues on the street, but in many cases it merely pushed the truck lines inside terminal gates.

After automating its gate operations, TraPac addressed the movement of containers to and from container stacks in the yard. TraPac's gate transaction now triggers a flow of data to the operator of a transtainer or rubber-tired gantry. If a trucker has arrived to pick up an import load, the gate transaction alerts the transtainer operator to retrieve the designated container, which can be placed on a chassis that the driver can pick up immediately.

Electronically linking the terminal gate with the container yard has enabled TraPac's container-yard gangs to almost double their productivity. They now average 100 to 120 container movements per piece of container-handling equipment during an eight-hour shift, company officials say.

The result: Truckers now get in and out within an hour - about 30 minutes to drop off an export load or empty container, and 30 minutes to pick up an inbound box, Pisano said. Truckers last year reported that wait times inside other terminals often exceeded two hours.

After TraPac automated the handling of its stacks of loaded containers, inefficient operations at the stacks of empty boxes begged for a remedy. TraPac linked that section of the yard to the terminal's computerized management system, and trucker turnaround times at the empty stacks improved noticeably, Pisano said. Having improved operations for truckers at the gate and within the yard, TraPac turned finally to implementing technology at the container cranes, where the primary beneficiary will be the vessel operator.

Other terminal operators are beginning to take similar steps. Edward DeNike, chief operating officer at SSA Marine, said his company spent \$40 million last year to install WhereNet technology in the container yards at four West Coast terminals and plans to implement the technology this year.

Some terminals have moved slowly on terminal automation to avoid friction with the ILWU, which is wary of the employers' efforts and wants to preserve as many union jobs as possible.

During the last round of contract negotiations, employers made no secret of their intention to eliminate marine clerks by automating the flow of data from the gate to equipment operators in container yards.

The PMA insisted, though, that the increased flow of cargo through the terminals would more than offset the loss in clerks' jobs.

That's what has happened at TraPac. The terminal eliminated all 18 clerks' jobs in its truck lanes and eliminated one of the seven clerks in the control tower. But with its cargo volume up about 75 percent, TraPac's ILWU employment has risen. To handle the increased cargo, TraPac now hires dozens of additional equipment operators, lashers and other workers in the yard and on ships.

Employers say the same thing will happen at other terminals, and that the notion that technology means fewer jobs is wrong. "As volume goes up, work opportunities for the ILWU will increase," said Doug Tilden, president of Marine Terminal Corp. "It's just a shift from one craft to another."

Under the 2002 ILWU-PMA contract, a terminal operator must notify the union each time it plans to implement technology, even if it duplicates what the union already has approved at a nearby terminal. The process allows the union to question or challenge the technology, with a binding decision due from the coast arbitrator within 35 working days. The ILWU this year is bracing for a flood of letters from terminals seeking to implement technology.

Each terminal operator is moving at its own speed to test and implement technology until it decides upon the system that works best for its operations. For example, TraPac's container yard technology is based upon the use of RFID tags, while Marine Terminals Corp. is using a digital global positioning satellite system.

Because most of the 13 terminals in Los Angeles-Long Beach already have been equipped with OCRs and cameras at the gates, the big push this year will be in the container yards. Long Beach Container Terminal, which installed a GPS operation in its yard last year, will start testing the system soon, said Art Merrick, the company's president. The terminal operator for Orient Overseas Container Line will install OCRs on the gantry cranes, possibly by the end of this year.

Crane-mounted OCRs will help terminal operators know precisely where inbound containers are placed in the yard, and will greatly improve the accuracy of data for stowage of outbound containers on ships. "The containers have to be where they're supposed to be," Merrick said. While that sounds basic, it is common for terminals to lose track of containers in the yard for hours at a time, or to load the wrong container on to a vessel because a worker hit the wrong key while inputting data.

Terminal operators say automating the flow of data will yield sharp gains in productivity. Pisano said a 33 percent increase in productivity is possible once the gate, yard and vessel have been automated. Other terminal operators are more cautious, but say gains of about 20 percent are likely.

Operators acknowledge that the technology they're implementing already is widely used in other industries. They've been mixing and matching various systems and sometimes augmenting off-the-shelf equipment with common-sense solutions. When TraPac discovered that it could not transmit signals to small container-handling units when the equipment was driven between tall stacks of containers, it rigged the equipment with antennas that extend above the stacks.

And terminal operators warn that even the introduction of productivity-enhancing technology won't be a panacea. Long Beach Container Terminal, for example, is now handling 8,000-TEU vessels, which are straining the physical capacity of the terminal with their surges of container movements. "We need

more space," said LBCT's Merrick. "Without enough space, you spend more time shifting containers than moving them."

Storage of inbound containers at marine terminals beyond the customary five days of free time contributes greatly to congestion. Operators also cite the need to keep terminal gates open longer - something terminals already have started to do - and to improve the management of chassis and empty containers, which occupy valuable space.

Tilden said technology will help, but "technology alone won't solve the problem."

2008 Contract Period



Journal of Commerce: “Six more years; Management won flexibility on technology, but how much will terminals use it?”

October 13, 2008

When the Pacific Maritime Association and the International Longshore and Warehouse Union agreed on a new six-year contract, some employers were disappointed. They were upset by the union’s slowdowns during last summer’s contract negotiations and felt that management gave too much and got too little in the new contract.

With ILWU man-hours down 7 percent at West Coast ports and the economy sliding into recession, they felt this was the time to drive a hard bargain, for example, by eliminating inefficient work practices such as giving some longshoremen eight hours of pay for four hours of work.

These employers were livid when negotiators did just the opposite by restoring a fourth dockworker under each crane at Los Angeles, Long Beach and Oakland, and facilitating a four-on, four-off arrangement under which four workers split a shift but each receives a full shift’s pay.

PMA President Jim McKenna has heard the criticism, but said employers who focus on that issue miss the point of the contract. Negotiators agreed to give the ILWU in California its fourth man under the crane (a perk that ILWU locals in the Pacific Northwest never lost) in order to make gains in other areas.

Less noticed, but more important, is that the 2008 contract gives every terminal operator on the West Coast the ability to use modern cargo-handling equipment, such as rail-mounted gantry cranes, that can significantly increase productivity.

The 2008 West Coast waterfront contract will not go down in history as a watershed agreement like the 2002 contract, which represented a major change in port operations and was achieved after a 10-day lockout. But the new contract offers terminal operators the opportunity to introduce modern cargo-handling equipment. And if terminal operators choose to invest in this costly equipment, they could achieve productivity levels unlike any that the West Coast has ever seen, McKenna said.

The language is clear-cut. Automation means equipment, and it means displacement of men, McKenna said.

The new six-year contract, which extends to July 1, 2014, was agreed upon July 28 in San Francisco, but management and labor officials kept contract details secret while the union went through a lengthy

approval process by the ILWU rank and file. This month, the ILWU announced that members had approved the new agreement by a 3-to-1 margin.

The 2008 contract will extend the automation gains that management won in the 2002 contract to a different form of technology. The 2002 agreement calls for a free flow of information from cargo interests, truckers and railroads directly to the marine terminal, with no need for ILWU marine clerks to relay this information to the terminal's computer operating system.

Computerized systems, however, are effective only if they are used in conjunction with modern cargo-handling equipment. The new contract gives the green light to that arrangement, and permits elimination of positions that are no longer necessary, McKenna said. Whereas marine clerk positions felt the impact of the 2002 contract, general longshore positions will be most affected by the 2008 contract.

The benefits that management will derive from the new contract will depend upon two factors. Terminal operators must invest in new cargo-handling equipment, which is costly, and they must eliminate positions rendered unnecessary by the modern equipment.

The terminal operators record in implementing contract provisions to expand computerization and establish a free flow of information is not good. Many terminals since 2002 have dragged their feet in implementing computerized gate, yard and vessel systems, and when they finally did implement the systems, they did not eliminate many ILWU positions because they did not want to take on the union and possibly face "hard-timing" with work slowdowns.

As a result, terminal operators improved productivity in terms of throughput per acre, but their costs remained bloated. It remains to be seen whether terminals will not only invest in new cargo-handling equipment, but also eliminate jobs tied to the old equipment and work practices.

Although the PMA cites gains in the new contract, in many respects, the agreement was a victory for the ILWU. The union maintained all of its benefits, including medical insurance premiums that are paid 100 percent by employers and have \$1 co-payments for prescriptions. These benefits, funded by man-hour assessments, could prove to be especially costly for employers if cargo volumes and man-hours continue to slump.

Maintenance of benefits is also considered a major victory for the union in this era when the vast majority of businesses have cut back on worker benefits. McKenna said negotiators were able to eliminate certain wasteful practices where the benefits provisions were being abused.

Wage increases fell into what has become a standard pattern for the ILWU, with increases of 50 cents per hour for the first two years of the contract and \$1 per hour during each of the remaining four years of the contract, which translates to an increase of about 2.5 percent. However, with various skill differential payments in the contract, longshoremen who work a 40-hour week, 50 weeks a year, easily exceed \$100,000 in annual earnings.

Pension increases, back-loaded toward the end of the contract, were likewise modest at about 3 percent. However, as with wages, the base is so high that only modest increases were needed to preserve the status of the ILWU as among the top blue-collar wage earners in America. Workers who retire beginning this year will be guaranteed a pension of nearly \$80,000 a year by the last year of the contract.

Looking at such benefits, and the difficult negotiating environment that existed this year, David Olson, a professor of labor studies at the University of Washington who specializes in waterfront labor, said, "This is a good contract for the union."

The 2008 contract also clarifies what has been a murky environment for maintenance and repair work, and this section of the contract can be considered a victory for both sides. The ILWU for years has been pressing to take over all M&R work, even at terminals that have contracts with other unions, such as the International Association of Machinists.

The 2008 contract allows employers at existing facilities that have contracts with other unions to maintain those arrangements. However, when a new terminal is built, or when a facility is vacated and a new operator moves in, M&R work under the 2008 contract will automatically fall under the jurisdiction of the ILWU.

The handling of arbitration cases, such as when there is a work stoppage, is modified under the new contract, and McKenna said that's an improvement. Under the PMA-ILWU arbitration system, each region of the coast has a local arbitrator. Decisions reached locally can be appealed to an arbitrator at the coast level.

Over the years, employers have preferred to have cases adjudicated by the coast arbitrator, who comes from outside the industry. The area arbitrators in Southern California and Seattle-Tacoma are nominated by the ILWU. Employers complain that those arbitrators rarely rule in favor of the terminal operator. The area arbitrators in Northern California and the Columbia River ports are nominated by the PMA.

In the past, the arbitration process was open-ended, and it could take weeks to push the appeal of the area arbitrator up to the coast level. Once a dispute landed there, the coast arbitrator could rule only on whether the area arbitrator followed the procedures properly. He could not rule on the merits of the case.

Under the new contract, the schedule for the appeals process is compressed to about seven days. Also, when called in, the coast arbitrator can gather facts himself and rule on the merits of the case.

Regardless of whether the new contract is liked or disliked, most agree that it was negotiated in a political and economic environment that is much different from what was present in 2002.

Six years ago, then-PMA President Joseph Miniace had curried favor with President Bush, Congress and cargo interests represented by the Waterfront Coalition. This atmosphere was ideal for fostering an employer lockout, invocation of the Taft-Hartley Act and appointment of a federal mediator, Olson said. Also in 2002, West Coast cargo volumes were increasing at 10 percent per year, with no end in sight to the good times.

In 2008, Olson said, politics and economics did a 180-degree reversal. Containerized imports through the West Coast will be down about 7 to 8 percent this year. Labor-friendly Democrats control Congress, and President Bush's approval ratings are the second lowest of any president in the history of such polls.

Relations between labor and management are also much different this year. Former ILWU President Jim Spinosa and Miniace, the chief negotiators in 2002, "were always at each other's jugular," Olson

said. McKenna and current ILWU President Bob McEllrath established a close working relationship from the beginning of their administrations.

McEllrath, who is traveling in Japan, was unavailable for comment for this story. McKenna said both sides approached negotiations in a professional manner, and the presidents of the ILWU and PMA did almost all of the talking during the negotiations.

This seemingly cordial professional relationship set the PMA up for a shock when the union resorted to its old tactics of work slowdowns, in the form of extended coffee breaks, during the last three weeks of negotiations. McKenna said employers were surprised by the slowdowns, which he said were “uncalled for and unnecessary.”

He maintains that the tactics had no impact at all on the final outcome of the negotiations, but that they did undermine the image that the PMA had been fostering of West Coast ports as the preferred gateway for trade with Asia.

Olson has a different view. He said the new contract provides the stable work environment that the PMA and ILWU were seeking, and that the fact that it was negotiated without a strike or lockout indicates that both sides see the threat of cargo diversion to other port ranges as real and dangerous. “Both sides understand the downturn in the economy and the threat from ports in Mexico and Canada,” he said.

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Journal of Commerce: “ILWU Work Force Expands With Introduction of Technology;”

Technology may have changed the types of jobs, but it's also increased the West Coast labor force, PMA says

June 11, 2012

By BILL MONGELLUZZO

The words "technology" and "automation" are troubling to longshoremen because they signal a loss of job opportunities. But the landmark West Coast waterfront contracts of 2002 and 2008 indicate the subject is complex, and the outcome of such watershed contracts isn't as bad for labor as many workers think.

The International Longshore and Warehouse Union in its 2002 contract negotiations forcefully resisted employers' attempts to introduce technology. The dispute led to bitter contract negotiations, crippling work slowdowns and a 10-day employer lockout of longshoremen that industry analysts estimated cost the U.S. economy \$1 billion a day.

Ten years later, however, the ILWU's registered work force has actually increased 34 percent, according to the Pacific Maritime Association's annual report. Some of the increase was due to the PierPass extended gates program in Southern California. At the same time, marine clerk hours as a percentage of total ILWU man-hours on the coast has declined steadily, from 21.4 percent in 2006 to 17.7 percent in 2011.

The employers' message – an argument many longshoremen still reject – is that efficiency-enhancing technology and automation eliminate some types of work on the waterfront, but they ultimately result in new and more jobs. New jobs result from skilled positions evolving from technology. More jobs result from marine terminals' ability to handle twice as much cargo on the same footprint.

Terminal operating engineers distinguish between technology and automation. The 2002 ILWU contract called for a free flow of information to and within marine terminals. This documentation flow, driven by advances in information technology, indeed eliminated a number of marine clerk functions.

In reality, those functions had become outdated, so it was just a matter of time before they ceased to exist. Optical character readers, global positioning satellites and electronic data interchange had reduced many of the functions of marine clerks to rekeying information that was already being fed electronically into the terminals' computerized systems.

Employers' introduction of technology came about quickly and relatively painlessly. By 2005, most container terminals on the West Coast were using OCRs, GPS tracking devices and computerized yard

management systems, said Mark Sisson, leader of the marine analysis group at the Oakland, Calif.-based engineering firm AECOM.

These technologies, some developed by marine terminal engineering companies in the U.S., had been in use for years in Europe and Asia where dockworkers didn't resist technology. Technology also is relatively inexpensive to introduce and quickly results in a return on investment.

Automation, however, is a different story. Automation is defined as the use of advanced cargo-handling equipment such as dual-hoist cranes, automated guided vehicles and automated stacking cranes. These machines are expensive and require a huge increase in volume to pay for the investment. Only a handful of U.S. ports are expected to generate the container volume needed to justify a full-blown investment in automation.

"Ten years from now, there will still be a lot of manual operations," Sisson said. Right now, Los Angeles-Long Beach and New York-New Jersey may be the only ports capable of accommodating a complete program of automation, and some terminals at those ports may be decades away from having enough container volume to justify such an investment.

The investment is huge. Orient Overseas Container Line recently signed an agreement with the Port of Long Beach to automate its Middle Harbor facility. OOCL's terminal operator, Long Beach Container Terminal, will invest \$500 million in equipment. The port will construct \$1 billion in infrastructure, which OOCL will pay back through its lease agreement with the port.

Middle Harbor will have an annual throughput capacity of 3 million 20-foot container units, about one-fifth of all the volume now handled each year at Los Angeles-Long Beach's 13 container terminals.

Some terminals, however, may choose a lesser degree of automation. APM Terminals in Portsmouth, Va., installed an advanced information technology system and automated stacking cranes in the yard.

The minimum volume needed to support an investment of that size is about 500,000 TEUs a year, Sisson said.

A terminal operator that commits to a full level of automation must realize a significant increase in container volume and terminal productivity. "In the long run, you want to do more with the same number of man-hours," Sisson said.

Being able to push more containers through the same terminal on costly waterfront land is also a key goal, PMA President Jim McKenna said. "The footprint is the footprint," he said. In a manual environment, Middle Harbor wouldn't be able to handle 3 million TEUs a year on its existing acreage.

Automation will eliminate some types of longshore work. Moving containers from the wharf to container stacks in the terminal yard is labor-intensive. Longshoremen move the containers with yard tractors, with one driver per "bomb cart," as the tractors are known on the West Coast.

Some European terminals replaced yard tractors more than 10 years ago with automated guided vehicles. These driverless carts move the containers from the wharf to the landside of the container stacks, which are positioned perpendicular to the wharf. Automated stacking cranes, which are also driverless, move the containers to their place of rest in the stacks.

The use of AGVs and ASCs eliminates dozens of jobs at marine terminals. The machines, however, are also extremely costly, and they require the use of the latest computerized systems to manage the flow of cargo, Sisson said.

To achieve a return on investment, employers must have flexible manning requirements. The West Coast waterfront contract provides that flexibility because it specifies "men as needed," McKenna said.

Manning requirements could be a problem in the East and Gulf Coast contract negotiations because the ILA contract calls for specific gang sizes. In a letter to the ILA membership in late May, President Harold Daggett indicated his displeasure that employers were unwilling to accept the union's demands for job guarantees in exchange for the introduction of technology and automation.

The end game for management and labor, of course, is money. Terminal operators want to reduce the total cost of their operations. The results of the 2002 contract on the West Coast demonstrate that the use of computers and information technology will achieve this goal.

According to the PMA annual report, ILWU payrolls peaked at \$1.56 billion in 2006. The annual payroll plunged to \$1.24 billion at the trough of the economic recession in 2009, and had climbed back to \$1.45 billion in 2011.

Terminals no longer have a marine clerk at each gate. Positions also have been eliminated in the central control area at each terminal. Because of technology and automation, annual payrolls could stay below the 2006 amount for some years after cargo volumes return to the 2006 level, employers say.

ILWU man-hours, as measured in the PMA report, tell a more dramatic story. Man-hours peaked at 33.9 million in 2006, bottomed out at 24.3 million in 2009 and rose to 27.9 million in 2011. Man-hours are back to only 83 percent of the 2006 level, while payrolls are back to 93 percent of the 2006 level.

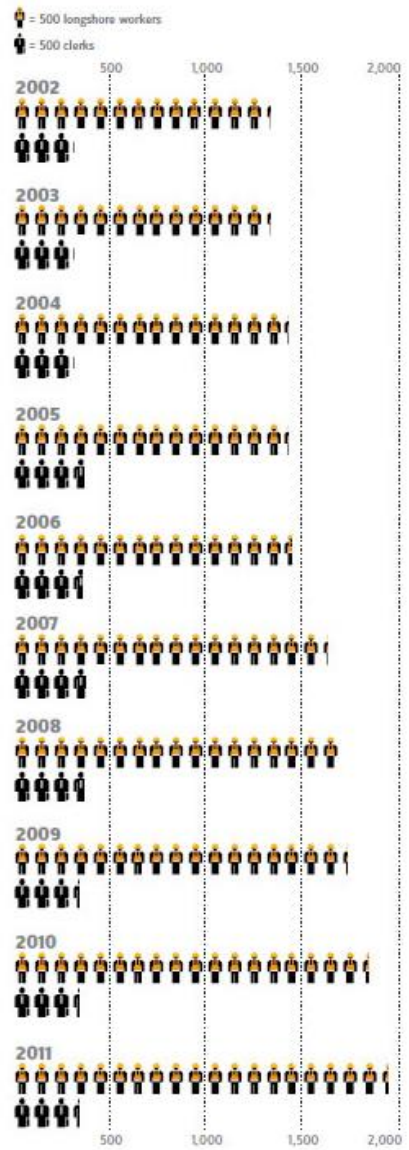
Furthermore, the hourly wage of West Coast longshoremen continues to increase each year, and average annual earnings are rising, especially because of skill bonuses tied to certain jobs.

According to the PMA report, the average Class "A" longshoreman's pay for working 2,000 or more hours in 2011 was \$129,392, up from \$127,304 in 2006. The average annual marine clerk earnings for working 2,000 or more hours in 2011 was \$146,162, up from \$145,219 in 2006.

Contact Bill Mongelluzzo at bmongelluzzo@joc.com . Follow him on Twitter @billmongelluzzo .

ILWU LABOR

■ Registered Class "A" longshore workers and clerks in the International Longshore and Warehouse Union.



Source: Pacific Maritime Association annual report, www.pmanet.org

2014 Contract Period

The New York Times

New York Times: “Obama to Intervene in Dispute at West Coast Ports”

February 14, 2015

By Erik Eckholm

LOS ANGELES — Seeking an end to a protracted labor dispute that has led to costly delays in West Coast shipping, President Obama has decided to intervene, the White House announced on Saturday.

At the president’s request, Thomas E. Perez, the secretary of labor, will travel to California to “meet with the parties to urge them to resolve their dispute quickly at the bargaining table,” according to a statement issued by Eric Schultz, a White House spokesman. Mr. Perez will try to mediate a settlement between an association of the major shipowners of the West Coast and the union of longshoremen who unload those ships, which collectively bring in half the nation’s imported cargo.

The White House statement said the president was acting “out of concern for the economic consequences of further delay” and added, “Secretary Perez is already in contact with the parties and will keep the president fully updated.”

The unusual decision to intervene in contract negotiations came as American retailers, the U.S. Chamber of Commerce and agricultural exporters said they had already lost hundreds of millions of dollars because of mounting port congestion, with spare parts and consumer products from Asia not arriving on time and exports like oranges and apples left to rot.

For about nine months, the International Longshore and Warehouse Union, whose workers unload cargo with giant cranes, then move it onto trucks and trains, has been in negotiations with shipowners, represented by the Pacific Maritime Association. The negotiations cover operations at 29 ports, including large ones in Long Beach and Los Angeles, in Southern California; Oakland in Northern California; and the Puget Sound.

The owners and the workers each accuse the other of causing the growing congestion and delays. Hopes of a settlement had risen last month as the two sides invited in a federal mediator, but over the last two weeks, [fears of a lockout or a near-total shutdown](#) have increased.

The owners accuse the longshoremen of engaging in severe work slowdowns and, in the Los Angeles-Long Beach complex, of refusing to allow experienced but uncertified crane operators — the linchpins of dock operations — to work. But the union says plenty of qualified workers are ready to meet any demand and accuses the owners of manufacturing a crisis to punish workers financially and to force them to settle.

For several weeks, the owners — blaming unannounced labor slowdowns for congestion in the dockyards — had canceled night shifts for the loading and unloading of vessels. Then they said they were halting unloading altogether last weekend, Thursday, and Saturday, Sunday and Monday over this holiday weekend. The owners, dominated by large foreign-owned fleets, said they did not want to pay time-and-a-half weekend and holiday wages for sluggish work — what the maritime association called a “strike with pay.”

On Saturday, the number of container ships waiting at anchor in the Los Angeles and Long Beach harbors, which together handle one-third of the nation’s container imports, had grown to 22, from 14 on Thursday, according to the Maritime Exchange, which monitors ship traffic. That was the largest backlog yet since the previous labor contract ended on July 1, and it appeared likely to grow in the days ahead.

The total number of ships waiting to dock at these two conjoined ports on Saturday, including bulk and general cargo carriers, was 32.

In recent weeks, ships that normally operate on a rigid schedule, coordinated with trucks and trains on shore, have often waited from one to two weeks at anchorage before they could start unloading. This in turn has delayed the loading of containers — either empty or with products — for the return trip to Asia.

The owners say that full-time workers already make more than \$50 an hour, including premiums and overtime, and that they have offered a significant raise, as well as a health plan with no co-payments.

The union has not commented on the negotiations, but it appears that work rules and procedures, not wages, are the sticking points.

One of the main remaining issues, according to the owners, is a condition by the union for the right to demand a change in arbitrators when labor contracts expire. Currently, both sides must agree to fire arbitrators, who are hired for the long term and adjudicate labor disputes.



Journal of Commerce: “ILWU ratifies five-year agreement, stabilizing US West Coast ports”

May 22, 2015

By Bill Mongelluzzo

The membership of the International Longshore and Warehouse Union Friday voted overwhelmingly to approve a new contract that should ensure labor peace at West Coast ports for at least the next four years.

The five-year contract, which is retroactive to July 1, 2014, will expire on July 1, 2019. The ILWU headquarters in San Francisco said 82 percent of the rank-and-file votes were cast in favor of the contract. That compares with a 75 percent vote in favor of the previous contract that was signed in 2008.

The contract ratification closes a year of tumultuous relations between the ILWU and the Pacific Maritime Association, which saw West Coast ports overwhelmed by congestion because of dockworker slowdowns and a response by employers that included cutbacks on costly night and weekend work.

“The negotiations for this contract were some of the longest and most difficult in our recent history,” ILWU International President Robert McEllrath said. “Membership unity and hard work by the negotiating committee made this fair outcome possible,” he said.

Although the contract includes increases in pay, improved employer-funded medical benefits and a generous retirement package with a pension of \$88,800 for workers with 37 years of service, the monetary issues did not cause significant problems during the negotiations.

Talks bogged down because of jurisdiction over maintenance and repair of chassis, the choice of local arbitrators to handle day-to-day disputes at marine terminals, and demands for extra manning and guaranteed extra hours for certain positions.

The negotiations began on May 12, 2014. The ILWU refused to extend the previous contract, which expired on July 1, opening the door for work slowdowns. The ILWU on Oct. 31 began an orchestrated program of work slowdowns and shorting employers key skilled workers. This led to employer retaliation that included elimination of night and weekend work.

The PMA in late 2014 requested federal mediation, and the ILWU followed in early January by agreeing to mediation. President Obama sent Labor Secretary Thomas Perez to San Francisco to

attempt to foster a resolution. When the negotiations dragged on into mid-February, Commerce Secretary Penny Pritzger joined in briefly. Finally, President Obama warned both sides that if a settlement was not reached by Feb. 20, they would be asked to move the negotiations to Washington. The tentative agreement was announced that night.



Journal of Commerce: “PMA: ILWU contract to pave road to automation”

August 16, 2015

By Bill Mongelluzzo

A completely revamped arbitration system in the [new longshore contract](#) will significantly reduce the productivity-busting work slowdowns that have plagued West Coast ports since the previous contract in 2008, and will pave the way for terminal automation in the years ahead, according to Pacific Maritime Association President James McKenna.

In an introductory letter to the 72-page PMA 2014 Annual Report, McKenna described how the 2002 International Longshore and Warehouse Union contract enabled employers to introduce computer technology at marine terminals, and the 2008 contract ensured unfettered access to automated cargo-handling machines.

“The latest contract will enable us to solidify those gains by providing a clear path forward for automation projects, as the result of a new waterfront arbitration system,” McKenna said. Knowing that the arbitration system will allow them to quickly resolve the endless ILWU work slowdowns and work stoppages that kill productivity, terminal operators are ready to invest billions of dollars in automation, “dollars that will pave the way toward more productive and efficient ports,” he said.

Dockworkers engaged in more than 200 slowdowns or work stoppages during the 2008-14 contract, the PMA report stated. Employers had no choice but to rely on the “patchwork nature” of the previous arbitration system that allowed these job actions to interrupt cargo-handling operations while the local arbitrator in the individual port regions adjudicated the disputes. Oftentimes the process resulted in a marine terminal being shut down for the remainder of the work shift.

Under the West Coast arbitration system, both the ILWU local as well as the employer are able to call in the local arbitrator to resolve disagreements. Those disputes could involve a difference of opinion over manning, whether a picket line set up by a third-party group such as harbor truckers was “bona fide” under the contract, or jurisdiction. Under the former system, the local arbitrators in Los Angeles-Long Beach and Seattle-Tacoma were nominated by the ILWU and agreed to by the PMA. The PMA nominated the local arbitrators in Northern California and Portland, with the agreement of the ILWU.

Manning and jurisdiction disputes are expected to be common in the coming years as terminal operators invest in costly automation that will improve productivity, slash labor costs -- and eliminate hundreds of longshore jobs. The previous arbitration system, which critics on both sides said favored

either the ILWU or the PMA, depending upon which group nominated the employer, caused some terminal operators to shy away from investing hundreds of millions of dollars to bring in automated guided vehicles, automated stacking cranes and other equipment that is not manned by dockworkers.

The arbitration system in the new contract that was ratified in late May establishes in each port range a three-person panel, one nominated by the ILWU, one by the PMA and the third will be a professional arbitrator with no previous ties to the waterfront.

“The new system will replace the patchwork nature of the old system with more uniformity and, presumably, more certainty,” the PMA report stated.

An automated terminal is quite costly. The automation project at OOCL’s Middle Harbor terminal in Long Beach will end up costing more than \$1 billion, with at least half of that investment going toward the purchase of automated machines and the terminal infrastructure to support it. In order to make such investments, terminal operators must be confident that the contract’s arbitration system will prevent dockworkers from engaging in work stoppages and slowdowns that prevent the terminal from achieving its return on investment.

Beneficial cargo owners who diverted cargo to other ports during the year-long 2014-15 contracting process also need a culture of reliability if they are going to return to the West Coast. “After all, shippers crave certainty, and they crave reliability,” the PMA report stated. Under the new arbitration system, West Coast ports will resume their investments in technology and automation to reshape the waterfront, the report said.



Journal of Commerce: “Shippers to gain reliability from US terminal automation”

March 9, 2016

Wednesday 1:51 PM GMT

Bill Mongelluzzo

LONG BEACH, California - Importers and exporters will benefit as container terminals in North America are automated because automation will result in "reliable productivity" for beneficial cargo owners, according to a marine engineer.

"Why do BCOs care about automation? Because it results in less exposure to interruption," Mark Sisson, senior port planner and analyst at AECOM, told JOC's 16th annual [TPM Conference](#) here last week. Automated terminals deliver consistent performance hour after hour each day, and reduce the chances of interruption due to job actions.

However, terminal operators warned the almost 600 BCOs in attendance at TPM not to get too excited too soon about automation because it is hugely expensive. Also, terminal operators are waiting for the approximately 25 automated container terminals worldwide to achieve the level of productivity they were designed to reach.

Ed DeNike, chief operating officer at SSA Marine, said his company has scrutinized the vessel, yard and gate productivity at automated facilities, and given the container volumes SSA handles at its three conventional terminals in Long Beach, "we couldn't have done it with the current automation we have seen," he said.

Five terminals in the U.S. and Mexico are automated or will be soon. The semi-automated APM terminal in Norfolk was the first to open, in 2007. The semi-automated Global Terminals in New York-New Jersey and the semi-automated APM terminal in Lazaro Cardenas will open this year. Semi-automated terminals feature automated stacking cranes, but they use conventional yard tractors to move containers from the ship-to-shore cranes to the stacks.

The TraPac terminal in Los Angeles last year opened the first phase of what will be a fully-automated terminal. TraPac deploys unmanned auto-strad machines to move containers from the ship-to-shore cranes to the stacks. Next month, the Middle Harbor terminal in Long Beach will open the first phase of its fully-automated terminal. Middle Harbor will use unmanned automated guided vehicles for its ground transportation.

Full automation is costly - [about \\$500 million](#) or higher - which is why many operators in North America, Europe and Asia are not rushing to do it. BCOs, however, can realize immediate benefits from those

terminals that automate. The main drivers of automation are [mega-ships](#) with capacities of 10,000 to as much as [18,000](#) twenty-foot-equivalent units that are now calling at North American ports. These ships place tremendous stress on the yard and gate operations that directly affect BCOs' ability to receive delivery of their containers.

Big ships require longer marine terminal operating hours and higher terminal capacity to handle cargo surges of 10,000 or more container moves per vessel call, Sisson said. Containers can be stacked more densely in an automated terminal, and the operators can afford to conduct yard operations virtually round the clock because their automated stacking cranes significantly reduce labor costs.

Automated terminals are cleaner, safer and quieter than conventional terminals, and they deliver containers much faster to truckers than do conventional terminals. Harmful diesel emissions are also slashed because the cargo-handling equipment is powered by electricity and batteries.

Yard productivity improves because the container stacks are positioned perpendicular to the vessel and the gates. Trucks travel a short distance from the gate to the landside end of the stacks to deliver and receive containers. This process allows for efficient dual transactions in the same location. [Trucks](#) move quickly into and out of the terminals. Even more importantly, street truck traffic is separated from the machines that move the containers from the cranes to the stacks. This should significantly enhance yard efficiency and safety.

BCOs in Southern California who suffered through four months of work slowdowns during the longshore contract negotiations this past year heard that automation improves terminal reliability because it neutralizes a key form of [leverage](#) the International Longshore and Warehouse has over the terminal. The ILWU during the contract negotiations slashed its daily dispatch of yard crane operators from about 110 per day to 35. Those jobs are mostly eliminated by the automated stacking cranes. The only manual involvement in ASCs is the lowering of the container the final three feet to the truck chassis.

Sisson noted that the downside of automation is its huge upfront capital cost, the inflexible layout of steel rails that are sunk in concrete and the complex electronic systems that need ongoing support from the information technology staff.

There is no doubt that the elimination of dozens of costly ILWU yard tractor and yard crane jobs, that pay well over \$100,000 per longshoreman in wages and benefits, will significantly reduce labor costs at each terminal that automates. A Port of Los Angeles [study](#) said 40 to 50 percent of the jobs at the TraPac terminal will be eliminated when the facility is fully automated in the next two years.

DeNike, however, noted that most of the terminals that have automated, even those in [Europe](#) that continue to refine the technology, have not achieved the productivity that conventional terminals receive from longshoremen. "Productivity trumps manning," he said.

Longshoremen employed at conventional terminals now have an added incentive to be productive because, if automated terminals like TraPac and Middle Harbor succeed commercially, other terminals will have to automate in order to compete. "We rely on the ILWU for efficiency," said Alan McCorkle, vice president of West Coast operations at Yusen Terminals. "If they don't get it, they will lose out to TraPac and Middle Harbor," he said.

Dockworker productivity is especially important in operating the ship-to-shore cranes. DeNike said that each improvement of one container move per hour translates to a savings of \$5 for the terminal. Therefore, if a terminal that handles 1 million lifts per year improves its productivity from 30 moves per crane per hour to 31 moves, it saves \$5 million a year.

If operators of conventional terminals must automate to stay competitive, the biggest challenge they will face will be to maintain existing operations while removing portions of the facilities from production to install the automation, said Steve Trombley, managing director of APM Terminals in Los Angeles. Building an automated terminal on a greenfield site is much easier, he said.

Nevertheless, the need for consistent, almost non-stop operations to handle as many as 15,000 container moves generated by today's mega-ships in a single call creates a compelling case for automation at the busiest ports, said Rolf Nielsen, senior vice president and head of North American operations at Maersk Line.

Sisson described this phenomenon as "smooth, predictable performance" hour after hour without a need for down time to change operators or to take lunch breaks. When that consistency is combined with 24/7 operations, lower operating costs, safer, greener operations and improved gate times for truckers, BCOs may find that shipping their cargo through automated terminals in this era of big ships is something they should certainly care about, Sisson said.

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THE WALL STREET JOURNAL.

Wall Street Journal: “Massive Robots Keep Docks Shipshape”

March 27, 2016

Ports introduce automated cargo handling, as free-trade pacts drive flood of goods

At one of the busiest shipping terminals in the U.S., more than two dozen giant red robots wheeled cargo containers along the docks on a recent morning, handing the boxes off to another set of androids gliding along long rows of stacked containers before smoothly setting the boxes down in precise spots.

The tightly designed dance at TraPac LLC’s Los Angeles terminal offers a window on how global trade will move in the near future: using highly automated systems and machinery, with minimal human intervention, to handle the flood of goods that new free-trade agreements will push to the docks.

Many in the industry believe automation, which boosts terminal productivity and reliability while cutting labor costs, is critical to the ability of ports to cope with the surging trade volumes and the huge megaships that are beginning to arrive in the U.S. Analysts estimate the technology can reduce the amount of time ships spend in port and improve productivity by as much as 30%.

“We have to do it for productivity purposes, to stay relevant and to be able to service these large ships,” said Peter Stone, a member of TraPac’s board.

Yet the TraPac site is one of only four cargo terminals in the U.S. using the technology. That is fewer automated terminals than there are at the Port of Rotterdam in the Netherlands alone.

Supporters of robotic cargo handling are getting a new showcase this month with the phased-in opening of an automated terminal at the Port of Long Beach, next door to the Los Angeles port. At a cost of over \$1 billion to complete and the capacity to handle 3.3 million 20-foot container units—nearly half of the entire port’s volume last year—the Orient Overseas (International) Ltd. site is a big bet on the future.

A successful operation in Long Beach could persuade other U.S. ports to follow, said Mark Sisson, a senior port planner with infrastructure-development group Aecom. “The industry at a global level is rushing hard into this technology,” he said. “That trend is only going to go in one direction. It’s just a question of timing.”

Experts in port-terminal infrastructure and operations say the U.S. has been slow to adopt the technology because of years of resistance by longshore labor unions. Some studies have shown robotic cargo handling can reduce the need for longshore labor by as much as 50%.

In 2002, the issue came to a head as West Coast port employers locked out workers during bitter contract talks, shutting down the Pacific ports for 11 days.

The West Coast's International Longshore and Warehouse Union has since agreed to allow for automation technology in its contract, which the East Coast's International Longshoremen's Association contract also includes. But both labor unions still fight fiercely over the steps along the way to put the technology into use.

The president of the International Longshore and Warehouse Union's Local 13 in Los Angeles, Bobby Olvera Jr., said the union has been working to obtain "minimum manning standards" and training on automated terminals, to "ensure there's a future for workers."

The unions' efforts, to keep as many longshore jobs as possible on automated operations, can lead to lengthy negotiations over which jobs require humans at the helm. Adding jobs raises the final operating costs, making it tougher to get a return on the hundreds of millions of dollars typically required for automated machinery and technology.

In the U.S., "You may not be able to achieve the cost savings as immediately as you do in other countries," said John Martin of maritime consulting firm Martin Associates in Lancaster, Pa. "Hence, the decision to automate is much more stressful from the investors' standpoint."

Ports elsewhere have seen the investment pay off. APM Terminals, part of the [A.P. Moeller-Maersk](#) A/S group, said its automated terminal in Rotterdam uses about half the labor needed at its conventional terminal at the same port.

In the U.S., the history of automation is choppy. APM Terminals developed the first semi-automated terminal in North America at a cost of \$450 million in Portsmouth, Va., and opened it in 2007. After poor returns following the 2008-2009 recession, APM leased the facility back to the port authority and eventually sold it in 2014 to a private infrastructure-investment group.

The TraPac terminal in Los Angeles faced long delays in environmental permitting, as well as a ballooning budget. TraPac ran into labor-related setbacks in 2014 when ILWU members walked off the job for more than a month after several machinery collisions occurred in the automated area of the terminal.

Overall, TraPac's automation will cost roughly \$1 billion in public and private funds once the entire terminal is automated, and executives say they aren't sure when the investment will pay off. "It's very much a moving goal post," said board member Mr. Stone. "It takes a long time to realize the return."

Still, some workers find benefits as the technology takes hold. On a recent afternoon, 57-year-old crane operator Jesse Martinez lowered shipping containers the last few feet of their journey on to truck trailers, using a computer from an air-conditioned office building at TraPac.

It was far different from his old work sitting in the crane for hours at a time, navigating the machinery with heavy gears. "The bouncing around and leaning over is the part I don't miss," he said.

THE VANCOUVER SUN

Vancouver Sun: “Robot revolution reshapes shipping;” Automating waterfront ports on the west coast will cost billions, but electric freight-moving equipment doesn't pollute the air and technology increases efficiency, writes John Lippert

April 30, 2016

Saturday, Final Edition

On one end of a dock at America's busiest port, tractor-trailers haul containers through dense, stop-and-go traffic. Sometimes they collide. Sometimes the drivers must wait, diesel engines idling, as piles are unstacked, to find the specific container they need.

A few hundred yards away, advanced algorithms select the most efficient pathway for autonomous carriers to move containers across the wharf. The four-story-high orange machines cradle their cargo, passing quietly within inches of each other, at speeds as fast as 30 kilometres an hour, but never touching. Self-driving cranes on tracks stack the containers and then deliver them to waiting trucks and trains with minimal human intervention.

TraPac LLC's Los Angeles marine-cargo facility demonstrates how autonomous technology could revolutionize freight transport as much as or more than personal travel. TraPac's equipment doubles the speed of loading and unloading ships, saving money and boosting profits.

Their impact is rivalling that of containerization, which eliminated most manual sorting and warehousing on docks after the Second World War.

"Self-driving won't just rebuild the current freight system, it will create a whole new way of thinking about it," said Larry Burns, a former research and development chief at General Motors Co. and now a consultant at Alphabet Inc.'s Google unit.

"It will happen sooner with goods movements than with personal transportation, because the economics are crystal clear."

More automation also could help [Gov. Jerry Brown](#) achieve his goal of zero-emission freight movement in California.

Commercial shipments currently produce half the state's toxic diesel-soot emissions and 45 per cent of the nitrogen oxide that plague Los Angeles with the nation's worst smog.

In Long Beach, where most residents are Hispanic, black or Asian, an estimated 15 per cent of the children have asthma, six percentage points higher than the national average, according to a community coalition report.

The state's Air Resources Board released a draft Sustainable Freight action plan on Friday. It encompasses new regulations on vehicles and fuels, as well as subsidies for new infrastructure, communications and operating procedures, according to ARB chairman Mary Nichols.

Brown wants 100,000 zero emission freight-hauling machines in California by 2030, according to recent ARB workshop presentations.

These could include self-driving cranes and carriers like those at TraPac.

Brown also could subsidize fuel-saving alternatives, such as semi-autonomous trucks, which were recently tested in Europe. He may promote Uber-like services to find loads for empty or half-empty trucks.

He's also considering a per-container cap on pollutants and greenhouse gases at each terminal.

"This may be the most difficult and complex challenge we've ever undertaken," said Dan Sperling, a member of the ARB and professor of civil engineering and environmental science at the University of California, Davis.

"We're trying to change the entire freight system." The ports of Long Beach, Los Angeles and Oakland handle 40 per cent of U.S. container traffic and converting them to all-electric equipment that's often self-driving will cost \$35 billion in the next 30 years, compared with US\$7 billion to replace existing technologies, according to a December study for the Pacific Merchant Shipping Association. Many terminal operators - plagued by plunging freight rates - won't be able to afford the transition without government help, said Mike Jacob, a PMSA vice-president.

"We potentially are talking about tens of billions to hundreds of billions of dollars," he said.

"I'm cautiously optimistic that, so far, the administration has shown a willingness to address the question of how to creatively fund and finance these future technologies."

Nichols said she knows where to look for money. For the first time ever, she says, Brown is insisting that the state government bring all its purchasing power to bear on the single goal of Sustainable

Freight. The California Department of Transportation won't approve state and federally funded highway projects, for example, without checking with the ARB on the air-quality impact.

The state has already contributed grants for battery-powered tractor-trailers at a new automated facility in the Long Beach Container Terminal, which began receiving cargo earlier this month. The port is sharing the US\$2 billion redevelopment cost with the shipper, Orient Overseas Container Line, a subsidiary of Hong Kong-based Orient Overseas International Ltd. It will recover its investment as the shipper makes payments on its 40-year terminal lease, according to Art Wong, spokesman for the Port of Long Beach.

The new facility will use electric, self-driving cranes and carriers that follow the path of transponders buried in the cement on the dock. The new equipment will double the volume of containers the terminal handles while cutting labour and emissions in half, Wong said.

The Port of Los Angeles and Tra-Pac, a unit of Mitsui O.S.K. Lines Ltd., are investing US\$693 million in four dozen self-driving cranes and automated carriers, plus related infrastructure. Of this amount, US\$63 million comes from the state of California.

As the carriers scamper back and forth across the dock, each device changes direction independently from the rest - without apparent need for human help. A few dozen people watch and monitor in faraway control rooms.

On the wharf itself, TraPac uses people only to run the cranes that unload ships and to drop containers the last few feet onto waiting trucks and trains.

To take full advantage of the new equipment, TraPac president Frank Pisano needs to help speed containers away from the docks, so he's implementing an appointment system for truckers. They often arrive unannounced and then wait as port employees scout around for their container. This waiting is becoming intolerable for drivers as congestion grows.

By 2040, regional container traffic could almost triple to 41.1 million 20-foot equivalent units from 15.3 million last year, according to a recent forecast commissioned by the ports.

As they grapple with this onslaught, the California facilities lag far behind some counterparts in adopting autonomous technology. Since 1993, Rotterdam has used precursors to the self-driving equipment Pisano is installing. Europe's largest facility, it now has five fully automated deep-sea terminals.

At Los Angeles and Long Beach, the International Longshore and Warehouse Union refused to formally accept self-driving and automated technologies until 2008. Since then, none of the ILWU's 14,000 full-time West Coast dock members have lost jobs, but 10,000 contingent workers are called less often, said Jim McKenna, president of the Pacific Maritime Association, an employer group. He declined to say how much less.

But it's enough that ILWU leaders are no more enthusiastic about having Jerry Brown promote autonomous driving in the name of clean air today, as they were about having corporations promote containerization in the name of efficiency half a century ago.

Mondo Porras, vice-president of ILWU Local 13 in San Pedro, says that if Brown wants to clean the air by making ports more efficient, he should stop Wal-Mart Stores Inc. and other retailers from using them as rent-free storage lots.

Such finger-pointing is inevitable, said Jon Slangerup, chief executive of the Port of Long Beach, because no single entity has door-to-door responsibility for freight that's passing through - like an airport with no air-traffic control system.

With his Sustainable Freight plan, Brown is offering himself as the controller the ports need. And he's trying to harness the increased efficiency of self-driving to encourage everyone - shippers, terminal operators, union workers and truckers - to go along.

"Efficiency and the environment go hand in hand," Slangerup said. "They're two sides of the same coin."



Journal of Commerce: “New ILWU contract aids US West Coast effort to regain share”

August 5, 2017

By Bill Mongelluzzo

West Coast ports are poised to regain market share lost to East and Gulf Coast ports following Friday’s official announcement by the International Longshore and Warehouse Union that the membership voted 67 percent in favor of extending the coastwide contract by three years to July 1, 2022.

“The certainty that comes with this contract extension is great news for all of Southern California,” said Gene Seroka, executive director of the Port of Los Angeles, the largest US containerport. Seroka said five years of labor peace will give beneficial cargo owners, ports and carriers the ability to concentrate on “building our supply chain as we continue to focus on delivering innovation, value and efficiency for the US importers and exporters.”

West Coast ports since 2005 lost [12 percent](#) market share, from 79 to 67 percent, of US imports from Asia, according to PIERS, a JOC.com sister product within IHS Markit. The coastal market share shift was due to expansion by retailers of distribution centers near East and Gulf Coast ports since 2002, labor disruptions that accompanied the 2002 and 2014 coastwide ILWU contract negotiations and expansion of the Panama Canal, which opens to East Coast ports access by the mega-ships with capacities up to 14,000 20-foot container units that have been calling at West Coast ports for several years now.

The ILWU rank and file on July 28 voted to approve an [extension](#) of the current contract, which was set to expire on July 1, 2019, for three years. However, by union rules, the vote had to be certified by the ILWU Coast Balloting Committee, which occurred on Friday. The baton has now been handed to the International Longshoremen’s Association and the East Coast management organization, United States Maritime Alliance, to seek an extension of their contract, which is scheduled to expire on Sept. 30, 2018.

ILA locals and management this year have been holding talks at the local port level, but when the ILWU and Pacific Maritime Association announced the West Coast contract extension in late July, ILA President Harold Daggett instructed wage scale delegates from Maine to Texas to prepare for [coastwide](#) master contract negotiations.

Labor peace is crucial to national retailers and other beneficial cargo owners ([BCOs](#)) that have the option of shipping discretionary merchandise through the “five corners” of the United States -- the Pacific Northwest, Southern California, the Gulf Coast, South Atlantic, and North Atlantic. Supply-chain logistics planning is costly to carry out once routing decisions have been made, and logistics executives want the

certainty of labor peace so they can lock in transportation and vendor services for a period of three to five years. Events such as the 2014-15 ILWU [work slowdowns](#) and PMA retaliation spawned extreme congestion on the West Coast and cost BCOs billions of dollars in tardy delivers and rerouting of cargo.

The extension of the ILWU contract was achieved by winning buy-in from ILWU and PMA negotiators to focus the talks on [basic issues](#) involving wages and benefits and avoiding hot-button issues such as jurisdiction and automation that are quite complex. The ILWU extension raises the base wage, maintains health benefits and increases pensions through July 1, 2022.

Journal of Commerce: “US ports embrace 'smart equipment' to cut cost, boost efficiency”

September 18, 2018

By Bill Mongelluzzo

The use of smart equipment, including autonomous vehicles, electric yard tractors, and other cargo handling units, is spreading rapidly in the confined environments of ports and rail ramps, as operators seek to lower costs and increase efficiency.

"The technologies are here. They're being used, so get on it now," Mike Saxton, chief commercial officer at Orange EV, told the Intermodal Association of North America Expo Monday in Long Beach.

Although [autonomous](#), or self-driving vehicles, may someday be ready for the open road, regulations and public concerns about safety are a major hindrance at this time and do not pose a threat to drivers who fear losing their jobs. "I still see heavy-duty diesel trucks for the next 50 years," said Wade Long, regional vice president of Volvo Trucks. Since there are several levels of autonomous trucks, the vehicles used initially will most likely have drivers, although many of the functions will be automated, making it easier and safer for drivers.

Marine terminals, rail ramps, and distribution facilities provide ideal opportunities for the use of autonomous vehicles, which in this context includes tractors or utility tractor rigs that shuttle containers to stacks in the yard, as well as rail-mounted [automated stacking cranes](#) and other lift equipment. Jussi Suhonen, sales director, port solutions, at Konecranes, said virtually all horizontal equipment the Finnish company sells runs on electric power.

Automated stacking cranes that lift containers into and out of stacks are an important feature in automated and semi-automated marine terminals. They improve overall terminal productivity and reduce congestion because the stacks are usually positioned perpendicular to the vessel and gate, thus separating street truck traffic from tractors serving the vessels. This significantly improves [trucker turn times](#). Stacking cranes also allow for denser operations, which means the terminal operator can increase throughput on the same footprint.

Electric-powered vehicles and cargo-handling equipment are less costly to operate than their diesel counterparts and last longer because there are fewer moving parts to break down. "Why invest in diesel now when you can go to electric yard trucks, which are ready today?" Saxton said.

There are a variety of autonomous and electric vehicles and cargo-handling units available for marine terminal, rail yard, and warehouse operators. The equipment can be tailored to duty cycles, different operating environments, and load sizes, said Steve Boyd, co-founder and vice president of external affairs at Peloton Technologies. Even when the technology for certain units is not yet available,

developers are well along in improving the equipment. For example, Suhonen said Konecranes is continuing to improve the electric technology for straddle carriers, which require larger batteries because of the need to lift heavy containers.

Terminals, rail ramps, warehouses - ideal for autonomous vehicles

[Marine terminals](#), rail ramps, and warehouses are ideal for autonomous vehicles because they are confined, controlled environments without vehicular traffic. Moving this technology to harbor drayage and the open road will most likely not happen for some years, even though the technology is available. "The technology is way ahead of the regulations," Long said.

When self-driving vehicles are used on longer-haul trips on interstate highways, the initial use could be in platoons, with [two or more trucks](#), each with a driver, in a platoon, Boyd said. An immediate reduction in [fuel consumption](#) will be realized. Furthermore, the operation will allow drivers to engage in productivity-enhancing work or allowing one driver to rest while the other takes the lead, thereby helping to relieve fatigue and assisting helping drivers in meeting federal hours-of-service requirements. "We see these solutions coming along to improve productivity, not abolish jobs," Boyd said.

Similarly at marine terminals, [longshore unions](#) have begrudgingly accepted automation and semi-automation, but there is an overriding anxiety about replacing jobs. While it is true that automation eliminates some jobs, it also creates jobs for workers with tech skills needed to maintain and repair equipment and integrate it into terminal operations. "Don't forget the technology support work for vehicles and yard operations," Boyd said. "It's an opportunity to get new people into this business," he said.

Impediments to the use of autonomous and electric-powered vehicles and equipment include the need to integrate these with the terminal and rail operating systems, public acceptance of autonomous vehicles, and expansion of the power infrastructure, including the main grids and charging stations, in the port and intermodal environment, although none of these issues are viewed as long-term roadblocks to the expanded use of technology.

While [financial support](#) from governments and port authorities is not necessarily needed, public entities can expedite adoption of technology through grants and other incentives, such as is being done now at the ports of [Los Angeles](#), [Long Beach](#), and [Oakland](#), which have formal programs, backed by funding. Boyd said collaboration among ports, government agencies, and the investment community will move the process along faster.