



May 31, 2018

Councilwoman Lena Gonzalez, District 1
Chair of Tidelands and Harbor Committee
333 West Ocean Blvd, 14th Floor Long Beach, CA 90802

Subject: Hearings on misclassification of port truck drivers

Dear Councilwoman Gonzalez:

Toll Global Logistics appreciates the opportunity to provide input to the Tidelands and Harbor Committee on proposals to address the labor practices in the harbor trucking industry and their impacts on the City and Port of Long Beach.

I am President of Americas for Toll Global Logistics. Toll operates a comprehensive global logistics network across 1,200 locations in more than 50 countries. We are a leading provider of integrated supply chain solutions to the North American market and we have over 40,000 employees worldwide who provide a diverse range of transport and logistics solutions covering road, air, sea and rail to help our customers best meet their global supply chain needs. Toll is highly experienced in designing and implementing effective, flexible and streamlined supply chain solutions for an extremely diverse range of customers, including fashion, action sports, oil and gas, mining, technology, pharmaceuticals, industrial and automotive. Our parent company is Japan Post, which ranks as the world's 45th largest public corporation with a market capitalization of over \$55 billion and over 250,000 employees.

Around the globe Toll recognizes our most valuable asset is our employees and we take the same approach here in the United States. Our success in delivering excellent service to our customers not only depends on how we treat our people but how we impact the communities we work in and the planet we inhabit. Therefore, we are committed to creating sustainable value in the movement of goods through highly ethical and socially responsible standards for managing our business.

We have operated in the port trucking market at the Ports of Los Angeles and Long Beach for over 10 years. Currently we employ 80 drivers, but we strive to significantly grow our business. Consistent with our corporate values, we operate an asset-based business model with employee drivers. We have also adopted a set of corporate principles that includes working cooperatively with labor unions in the countries where we operate. In the United States we have developed a constructive relationship with the Teamsters.

A few months ago on a visit to Southern California, Toll's new Managing Director from Australia, Michael Byrne, was able to meet with Long Beach Mayor Robert Garcia. Mr. Byrne

took the opportunity to introduce Toll's business philosophy and describe our company's plans directly with Mayor Garcia.

As you are aware, the drayage market is extremely competitive, as there are an estimated 800 trucking companies operating at the LA/Long Beach ports, making it a challenging environment under normal circumstances. The competitive challenges we face are made even more difficult when Toll must compete with a vast array of trucking companies that do not abide by the same rules or business philosophy.

Unfortunately it seems that many the companies we compete against operate under an independent contractor business model that runs afoul of California labor laws, resulting in unacceptable working conditions for many port drivers who cannot earn a living wage. It is disheartening that there seems to be significant problems for the drayage industry to achieving compliance with California's labor laws. The evidence seems overwhelmingly clear, government authorities have issued hundreds of decisions, all concluding that port drivers are being misclassified by their employers as independent contractors.

Over the last several years, port drivers have engaged in many strikes and picket lines which have impacted port terminal operations. In fact, when these actions have taken place, our company's operations have been negatively affected. Long lines have formed at terminal gates far beyond the typical congestion at the port, causing our drivers' to also get delayed because it takes longer from them to get in and out of terminals. The result has harmed our company's ability to serve our customers.

We strongly urge the Tidelands and Harbor Committee to develop common sense measures that will address these long standing problems in the drayage industry.

Sincerely,



Geoff Terrill
President Toll Global Logistics Americas