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BUSINESS | LOGISTICS REPORT

# Port Truckers Revive Drive for Employee Status

Drivers serving the ports of Los Angeles and Long Beach say companies wrongly classify them as independent contractors



Independent port truck drivers block trucks from leaving a trucking company site as they picket near the ports of Los Angeles and Long Beach in April. *PHOTO: ASSOCIATED PRESS*

By **ERICA E. PHILLIPS**

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LOS ANGELES—As contract negotiations between West Coast dockworkers and their employers slowed to a crawl late last year, another group of cargo-moving workers was growing increasingly restless.

Short-haul truck drivers, who carry containers from port terminals to nearby warehouses and distribution centers, have organized protests at several small trucking companies serving the Los Angeles and Long Beach ports in recent months. And while

their picket lines didn't shut down port operations, they heightened importer and exporter concerns when labor strife was already snarling their supply chains.

"It's probably the most invisible, mysterious link in the whole system," says Kevin O'Marah of supply chain consultancy SCM World. "You get nowhere unless someone's able to take your cargo from the port to the distribution center and get the ball rolling."

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*'This has been an industry that was completely screwed up for a really long time.'*

—Barb Maynard, Justice for Port Truck Drivers

Unlike the dockworkers, who belong to the powerful International Longshore & Warehouse Union, port truckers are largely independent contractors. That's what some of them hope to change.

Small groups of drivers have targeted select employers, demanding full-time employee status and the higher wages and benefits that come with it.

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But of nearly 16,000 short-haul drivers providing what is called drayage service for more than 600 trucking companies in Los Angeles and Long Beach, only a few hundred drivers have picketed or filed formal complaints against their employers.

"I describe them as onesies and twosies, it isn't a national trend," says Curtis Whalen, an executive with the American Trucking Associations, an industry group that represents trucking companies, some of whom have faced drayage driver complaints.

Mr. Whalen, executive director of the ATA's Intermodal Motor Carriers Conference, said a "vast majority" of port truckers prefer to be independent owner-operators, with the ability to drive for any trucking company and make their own hours. Rather than earning hourly wages or working a specific shift, these drivers are paid based on the number of containers they move on and off the docks.

But as congestion at the ports reached near gridlock early this year, and the lines to pick up and drop off containers grew longer, it became "pretty hard to make a living," Mr. Whalen said.

Organizers behind the port driver actions say the frustrations were around long before the recent congestion issues. Backed by the International Brotherhood of Teamsters, port truckers have been filing formal complaints against their employers for years, arguing that they've been classified illegally as independent contractors.

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Alex Paz, a drayage driver in the Los Angeles-Long Beach area who participated in protests earlier this year, said vehicle payments and maintenance often are deducted from drivers' paychecks, which he believes is unfair. Some drivers say they've received paychecks in negative amounts after those charges are subtracted from their wages.

"They call them owner-operators when in reality they're not," Mr. Paz said.

As a result, the workers argue, they're deprived of fair wages, overtime pay and safety protections such as workers' compensation.

In the last couple of years, some port truckers have won million-dollar judgments in some of claims against companies. That has raised awareness among other drivers, leading to successful efforts at a small number of trucking companies to reclassify driver workforces as full-time employees.



A truck passes by containers stacked up amid lengthy backlogs at the Southern California ports in February. *PHOTO: EUROPEAN PRESSPHOTO AGENCY*

The Teamsters union now is trying to organize those full-time employee groups and bargain collectively for contracts with their employers.

"This has been an industry that was completely screwed up for a really long time," says

Barb Maynard, spokeswoman for Justice for Port Truck Drivers, an organizing effort backed by the Teamsters.

Ms. Maynard said the recent shake-ups provide an “opportunity” for the entire port trucking industry to re-evaluate its business, which has long relied almost exclusively on independent owner-operators. “The days are over when companies can close their eyes to what their contractors are doing,” she said.

But importers and exporters who rely on efficient cargo movement through the nation’s busiest port complex—not to mention one of its most congested in recent months—worry that unionized drayage drivers could add delays.

The truckers’ picket lines have delayed retail cargo, said Jonathan Gold, spokesman for the National Retail Federation, an advocacy group representing the retail industry. “Coming out of the nightmarish nine months that we’ve had...to have these kind of incidents flare up and impact operations is really tough on folks,” Mr. Gold said.

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Companies that diverted their cargo to other ports during the slowdowns may never send it back through Southern California, Mr. Gold said. “This is another black mark” for the

ports, he said,

Peter Friedmann, director of the Agriculture Transportation Coalition, an industry group that represents agriculture exporters, says higher costs to get goods and delays from the recent port congestion cost some U.S. producers some business in overseas markets. The issue to Mr. Friedmann is not whether drayage drivers organize but how any change in the drivers’ status would affect costs and the movement of shipments.

“If it makes us more effective and more efficient, we love it. But if it makes us less effective and less efficient, we hate it,” Mr. Friedmann said.

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