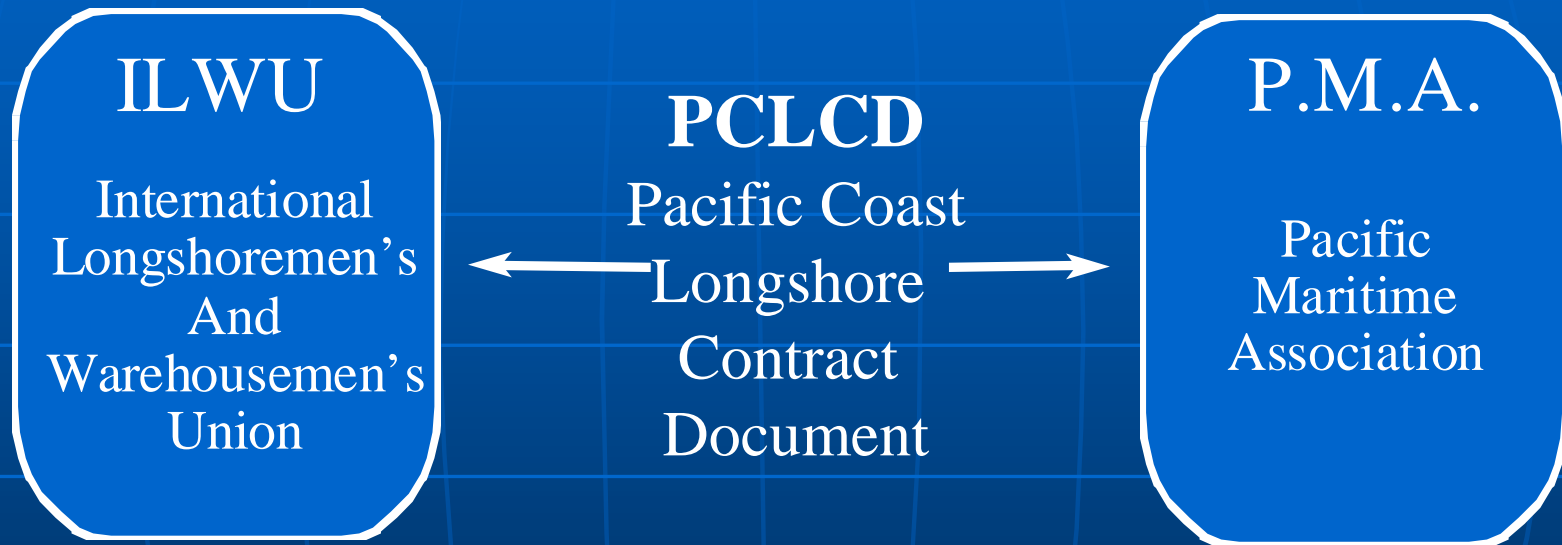


SURVIVING IN THE COMPETITIVE MARINE TERMINAL INDUSTRY

An Independent Stevedore's
Cost Components

20th Marine Terminal Management Training Program
September 21, 2009
Long Beach, CA

ILWU/PMA RELATION



INTERNATIONAL
LONGSHOREMEN'S
& WAREHOUSEMEN'S
UNION



PACIFIC
MARITIME
ASSOCIATION

ILWU DIRECT LABOR SHIFT VARIANCES

SHIFT DIFFERENTIALS

Monday thru Friday

1st Shift (0800-1700)			Straight-Time Wages
2ndShift (1800-0300)	1.333	x	Straight-Time Wages
3rd Shift (0300-0800)	1.6	x	Straight-Time Wages

Saturday/Sunday/Holiday

1st Shift (0800-1700)	1.5	x	Straight-Time Wages
2ndShift (1800-0300)	1.5	x	Straight-Time Wages
3rd Shift (0300-0800)	1.8	x	Straight-Time Wages

ILWU COST VARIANCE

(Effective July 4, 2009)

	<u>Basic Longshore</u>	<u>Skill I Category</u>	<u>Skill III (8+2) Category</u>
S. T. Wages	\$ 31.68	\$ 34.08	\$ 37.48
Ins/Taxes 50%	\$ 15.84	\$ 17.04	\$ 18.74
PMA Assessments	\$ 29.17	\$ 29.17	\$ 29.17
Total	\$ 76.69	\$ 80.29	\$ 85.39
O. T. Wages (1.333)	\$ 42.24	\$ 45.44	\$ 49.97
Ins/Taxes 50%	\$ 21.12	\$ 22.72	\$ 24.99
PMA Assessments	\$ 29.17	\$ 29.17	\$ 29.17
Total	\$ 92.53	\$ 97.33	\$104.13
O. T. Wages (1.6)	\$ 50.69	\$ 54.53	\$ 59.97
Ins/Taxes 50%	\$ 23.35	\$ 27.27	\$ 29.99
PMA Assessments	\$ 29.17	\$ 29.17	\$ 29.17
Total	\$105.21	\$110.97	\$119.13
O. T. Wages (1.5)	\$ 47.52	\$ 51.12	\$ 56.22
Ins/Taxes 50%	\$ 23.76	\$ 25.56	\$ 28.11
PMA Assessments	\$ 29.17	\$ 29.17	\$ 29.17
Total	\$100.45	\$105.85	\$113.50
O. T. Wages (1.8)	\$ 57.02	\$ 61.34	\$ 67.46
Ins/Taxes 50%	\$ 28.51	\$ 30.67	\$ 33.73
PMA Assessments	\$ 29.17	\$ 29.17	\$ 29.17
Total	\$114.70	\$121.18	\$130.36

**EXTREME
VARIANCE**

Basic Longshore-vs-
(Mon-Fri 1st shift)
\$ 76.69 -vs-

Basic Longshore
(Sat, Sun, Hol, 3rd shift)
\$ 114.70

Cost Difference
Percent Difference

\$ 38.01
50%

ILWU BASIC STRAIGHT-TIME COST COMPARISON (Effective July 4, 2009)

	<u>Straight-Time Hourly Wages</u>	<u>* Insurance/ Taxes 50%</u>	<u>PMA Man-Hour Assessments</u>	<u>Total Straight-Time Hourly Cost</u>
Basic Longshore	\$ 31.68	\$ 15.84	\$29.17	\$ 76.69
Skill Level I	\$ 34.08	\$ 17.04	\$29.17	\$ 80.29
Skill Level II	\$ 36.35	\$ 18.18	\$29.17	\$ 83.70
Skill Level III	\$ 37.48	\$ 18.74	\$29.17	\$ 85.39
Basic Clerk	N/A	N/A	N/A	N/A
Clerk Supervisor	\$ 34.08	\$ 17.04	\$29.17	\$ 80.29
Computer Clerk	\$ 36.35	\$ 18.18	\$29.17	\$ 83.70
Chief Supervisor & Supercargo	\$ 37.48	\$ 18.74	\$29.17	\$ 85.39
Walking Boss/ Foreman	\$ 44.60	\$ 22.30	\$32.98	\$ 99.88

* Approximate Industry Average

MAN-HOUR ASSESSMENTS

(Effective July 4, 2009)

	Longshore, Clerk	Walking Boss/Foreman
Pension		
Welfare		
Training		
Uniform Allowance		
Vacation		
Holiday		
<i>Sub-Total Benefits Plan</i>	\$27.01	\$27.01
PMA Cargo Dues	\$.63	.63
Time Sheet	<u>\$.39</u>	<u>.39</u>
<i>Sub-Total Assessment Rate</i>	\$28.03	\$28.03
401-K	<u>\$ 1.14</u>	<u>\$ 4.95</u>
<i>Total Assessment Rate</i>	\$29.17	\$32.98

HISTORY OF WAGES AND ASSESSMENTS

Longshore Wages

1999	26.68
2000	27.18
2001	27.68
2002	27.68
2003	28.18
2004	28.68
2005	29.68
2006	30.18
2007	30.68
2008	31.18
2009	31.68

UP: \$5.00 + 19%

Manhour Assessments

1999	12.24
2000	12.24
2001	12.61
2002	14.71
2003	15.99
2004	17.38
2005	17.47
2006	17.99
2007	19.63
2008	21.19
2009	29.17

UP: \$16.93 + 138%

TYPICAL VESSEL GANG COST (straight-time)

	Pre-Tech Framework	Post-Tech Framework
Basic Longshore	7	7
Skill I	7	7
Skill III	5	5
F/M 30%	2	2
Supervisor 15%	1	0
Supervisor 25%	2	.5
Supercargo	<u>.25</u>	<u>.25</u>
	24.25	21.75
Total Gang Cost 13.8%	\$18,800	\$16,200 -
Total Gang-Hour Cost	\$2,350	\$2,025

Stevedore Operation

Productivity Impact on Cost

		<i>GROUNDING/WHEELED</i>	
A. HOURLY STEVEDORE COST		<u>OPERATION</u>	
1.	Labor Cost	\$2,950.00 (Blended)	
2.	Crane Cost	\$ <u>750.00</u>	
TOTAL HOURLY COST		\$3,700.00	
B. STEVEDORE COST PER CONTAINER		<u>Cost per Unit</u>	<u>AVG. COST DIFFERENCE</u>
1.	At 35.0 Containers Per Hour	\$ 105.00	↑ \$ 4.00-5.00 ↓ Each mph
2.	At 30.0 Containers Per Hour	\$ 123.00	
3.	At 25.0 Containers Per Hour	\$ 148.00	

TERMINAL OPERATION LABOR COST

SCENARIO: 500,000 Container-Per-Annum Facility

<u>ILWU MANNING (DAY & NIGHT)</u>	<u>Grounded/Wheeled Operation</u>	<u>Top-Handler/Transtainer Operation</u>
Chief Supervisor	1	1
Supervisor Clerks:		
In-Gate	4	4
Yard	5	5
Transtainer	-	3
Empty Yard	4	9
Basic	1	9
Transtainer Operators	-	14
Top-Side Handler Operators	7	7
Skill I Operator	7	6
Walking-Boss	1	1
TOTAL	30	59
ANNUALIZED LABOR COST	\$8,100,000	\$14,100,000
AVERAGE LABOR COST PER CONTAINER	\$16.20	\$28.20
UN-REIMBURSED PierPASS COST	<u>6.70</u>	<u>11.60</u>
	\$22.90	\$39.80

EQUIPMENT

The background of the slide is a photograph of a shipping yard. In the foreground, there are several stacks of intermodal containers. Some are white with 'COSCO' printed on them, while others are orange or blue. In the middle ground, a yellow forklift is visible, positioned near a stack of containers. The sky is clear and blue. The overall scene is an industrial port or warehouse area.

- Container Cranes
- Transtainers
- Top Handlers
- Side Handlers
- Hustlers
- Forklifts

• Ancillary Equipment

- ▶ Radios
- ▶ Jeeps
- ▶ Pickup Trucks
- ▶ Fuel Trucks
- Soft Gear
 - ▶ Slings
 - ▶ Shackles, etc.

EQUIPMENT INVESTMENT

<u>EQUIPMENT</u>	<u>APPROXIMATE PURCHASE PRICE</u>	<u>APPROXIMATE USEFUL LIFE</u>
1. CONTAINER CRANE	\$ 8,500,000.00	20 YEARS
2. TRANSTAINER	\$ 1,500,000.00	15 YEARS
3. TOP-HANDLER	\$ 525,000.00	10 YEARS
4. SIDE-HANDLER	\$ 375,000.00	10 YEARS
5. HUSTLER TRACTOR	\$ 86,000.00	10 YEARS
6. MISC. FORKLIFTS	\$ 15,000.00 - \$ 175,000.00	10 YEARS

TERMINAL EQUIPMENT COST COMPARISON

YARD EQUIPMENT COST

	<u>1994</u>	<u>2009</u>
A. CONTAINER GANTRY CRANE	\$ 2,800,000	\$ 8,500,000
B. RUBBER-TIRED TRANSTAINER	\$ 500,000	\$ 1,500,000
C. TOP-HANDLER	\$ 250,000	\$ 525,000
D. SIDE-HANDLER	\$ 88,000	\$ 375,000
E. HUSTLER-TRACTOR	\$ 32,000	\$ 86,000
F. 15-TON FORKLIFT	\$ 50,000	\$ 175,000

STAFF AND OVERHEAD

Operating Personnel

**General Manager
Terminal Manager
Vessel Manager
Superintendents
Stowage Coordinators
Documentation Clerks**

Maintenance

**Mechanics
Gearmen**

Security Service

**24-Hour/7-Day Watch
Leasehold Repair
Utilities
Sweepers**

INDIRECT ADMINISTRATIVE COST

- **Contracts and Marketing**
- **Billing**
- **Accounting**
- **Data Processing/IT**
- **Safety**
- **Cargo Claims**
- **Executive Management**

A detailed map of the Ports of Los Angeles and Long Beach, California. The map shows various terminals and piers, many of which are highlighted in different colors: yellow (terminals 1, 10, and a large area labeled 'T'), pink (terminals 2, 4-2, and 13), green (terminals 6, 7, 8, and 9), and blue (terminal 5). A large blue banner at the top left reads "PORTS OF LA/LONG BEACH". A compass rose in the lower center features the logo of the "AAA MOTORIST CLUB OF SOUTHERN CALIFORNIA". The initials "JWD" are visible in the bottom right corner. Overlaid on the map is the title "PORT AUTHORITY LEASE AGREEMENTS" in large, bold, blue letters.

PORT AUTHORITY LEASE AGREEMENTS

- **Fixed Lease Cost**
- **Revenue Sharing with Terminal Operator**

Typical LB Lease

- 50% of Wharfage to BP, then 25%
- BP's = 30,000 -35,000 tons/ac.
- Average = \$200,000/ac. to BP
 - 1100+lifts or 1800+teus/ac.
- GAM = \$150,000/ac.
- Net to Port = \$175,000-\$225,000/ac.
 - Per Box cost = \$66/box
 - 50% of Dockage = \$5/box.

TYPICAL CALIFORNIA TERMINAL COST STRUCTURE

Vessel Labor	\$ 98.00
Terminal Labor	40.00
Lease Expense	71.00
Premise Expense	18.00
Crane Expense	23.00
Gear Expense	22.00
Operations O/H	<u>25.00</u>
	\$ 290.00

WCMTOA

(West Coast Marine Terminal Operators' Agreement)

- Pier Pass (TMF)
- RFID Tag Program
- Clean Truck Program (CTF)
- Infrastructure Needs & Fees

NEXT?

- Continued Technology Improvements
 - Full Traffic/Inventory Control
 - Pre-Arrival Notification
- Centralized Gate
- New Yard Tractors
- All-Electric Emission Free

Centralized Gate



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New "Hustler"

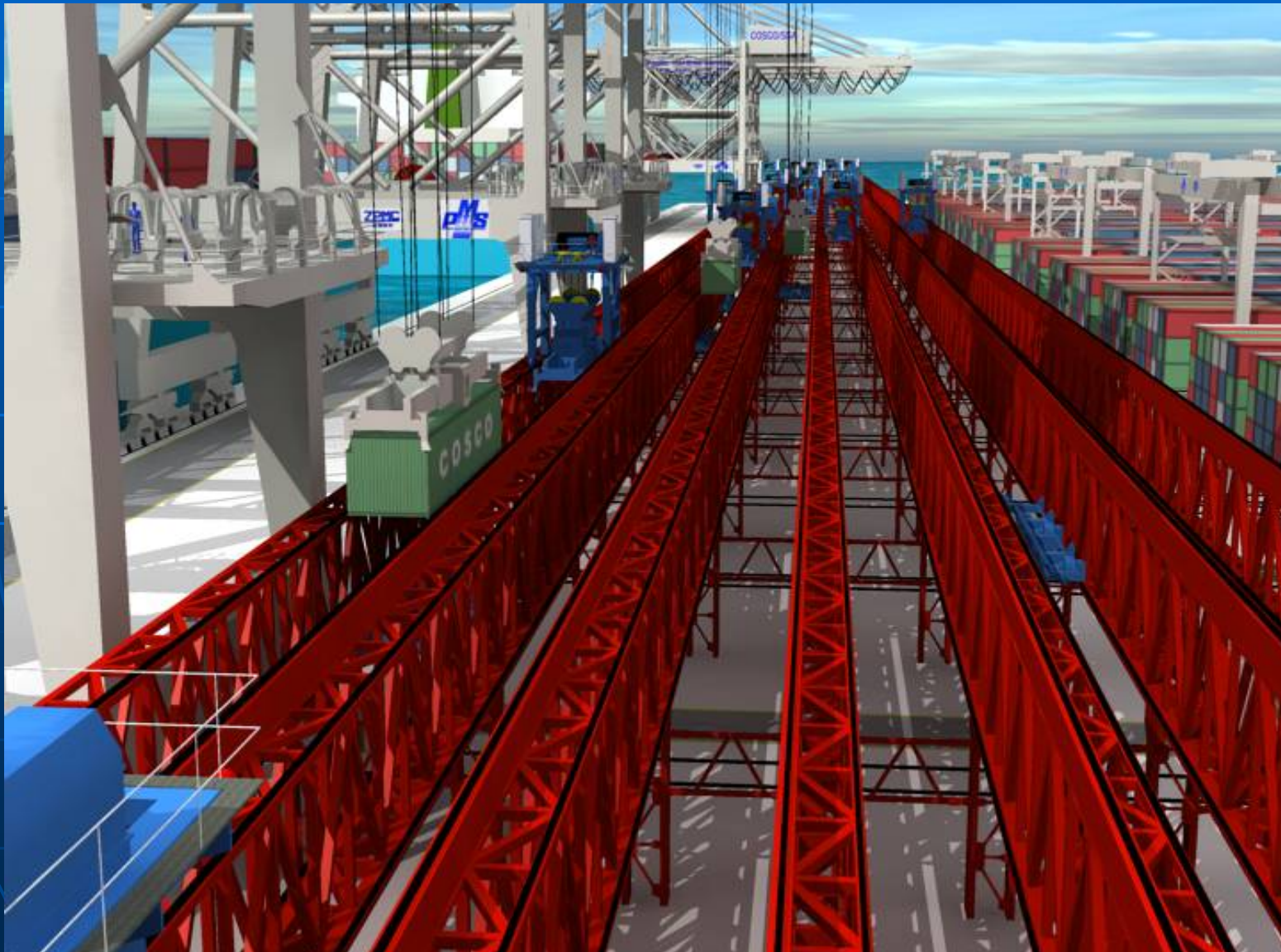


Zero Emission Terminal



- 2-3 Years
- 110 Acre site
- Long Beach, CA

The Low Frame Bridge



Ship to Yard Transition





A 3D digital rendering of a port's container offloading process. In the foreground, a large stack of colorful intermodal containers (red, green, blue, and grey) is visible. A white gantry crane structure is positioned over the containers, with a black rubber tire dolly (RTD) underneath. The crane's cables and pulleys are visible, and a container is being lowered. The background shows a blue sky with light clouds and a body of water. Text labels include 'COSCO' on a container, 'Pacific maritime service' on the crane, and 'ZEPHC' and 'pms' on the gantry structure. A semi-transparent blue banner with white text is overlaid in the center.

Container Offloading Procedure



Thank You