

Male Speaker: We are speeding. Hard question first, please say your name and spell it.

Bill Stein: Sure. Bill Stein. S-T-E-I-N.

MS: Bill, where were you born and what year?

BS: I was born here in Los Angeles in 1946.

MS: Great. Whereabouts now?

BS: Downtown LA at the, I guess, the California Hospital down there.

MS: Great.

BS: So, I'm a native of Los Angeles.

MS: Good. Tell us when you first got involved with the Port of Los Angeles? What were the circumstances? Well, I should tell you one thing and I will remind you of this. My questions will never be hard. So, if I say to you, "What do you think of San Pedro?" You cannot just say, "It is great." You have to say, "San Pedro was great." So, we know what you are talking about.

BS: All right.

MS: I will remind you here again. First of all, so how did you get involved and when did you get involved with the Port of Los Angeles?

BS: I first joined the Port of LA in August of 1972. I came out here really on a promotion from, at that time it was called Los Angeles Department of Airports. My first assignment here was as the assistant personnel director. At that time the port officers were across the street in the old Pacific Trade Center, which I see has been demoed. There's some housing being built there.

MS: So, what was your job then when you first came here?

BS: Well, our office in those days we called it personnel, these days it's human resources. But we got involved in all of the hiring and in processing of new employees, record keeping, training, safety, and pay issues. All of the things that human resource people are typically involved in.

MS: This was a kind of – it had been going on for a while, but a transitional period for the port moving toward containerization increasingly. So, how did that affect your job and what was going on in the port at that time as far as the changes in the port?

BS: Containerization of course was developed back in the late [19]50s. The first terminal at the port of Los Angeles that handled containers was the Old Matson facility. As far as the impact of the shift to containers, I think it was primarily along the lines that our engineering design and construction staff was really beginning to beef up. We knew that as ships got bigger, and as they

required more draft, that we would have to do things like deepening the main channel. Then once we had the channel deep enough so that the ships could come in, we had to build large enough facilities that would handle those ships. It was quite a shift from a port that had a lot of wooden wharves and old transit sheds and warehouses that handled cargo that came in that was bulk. It was loaded on pallets and other things like that to shift to handling these forty-foot containers which required not only space right at the water's edge, but also at least a limited storage facility behind the wharf.

MS: Perfect question and answer. That was a perfect question and a perfect answer. In the [19]70s, the port began to think green. Tell us about that. What was that thinking and what impact did it have on the port and the work you were doing?

BS: That's correct. The port actually I think was probably the industry leader among public ports as far as making a commitment to care for the environment. Back in those days, we didn't really use the expression green, but nonetheless it was a commitment to protect the environment. About the time that I started with the port in August of [19]72, the port hired a full-time professional employee who had a technical and scientific background to be the port's first marine environmentalist. The man's name was W. Calvin Hurst. Cal unfortunately passed away a few years ago, but he was recognized during the time that he was here. Following that time as really one of the pioneers. In fact, there are awards that have been named after him that are given by the American Association of Port Authorities to recognize environmental efforts. The first focus of Cal Hurst at that time was to improve the water quality. As you would imagine with a large industrial port, people would dump things into the water, waste, as well as just kind of carelessness because we didn't know then how negative the impacts were on health and other things. So, anyway Cal led the port on a program to clean up the water. The irony is that we did such a good job of creating a water quality that was really pristine in comparison to other ports. That the marine borers, I think the names were (Torito?) and Limnoria, begin flourishing with the clean water. They begin eating away at all of these wooden pilings. So, our reward for having clean water was that our wooden pilings were being eaten away. Back in those days, the dock construction was primarily wood and wooden pile. So, anyway, we were undaunted and with the assistance of people on staff, we developed a technology to wrap the piles with a polyethylene type material. Essentially what that did was, it suffocated the bugs. There was no more air supply and so, they stopped eating the pile in. Of course, subsequently, all of the new dock construction began to be concrete. Of course, today it is concrete. There's still a few wooden piles in the port. You can still see some of the piles that have been wrapped.

MS: Let us go back to the beginning. What was the importance for doing this? I mean, why did the Port of Los Angeles suddenly see this as an important environmental attitude as an important issue? Where did it come from and why did it start?

BS: Well, I think you really have to give some credit to the leadership of the port back at that time. Not only from the mayor's office, but also the members of the Board of Harbor Commissioners at that time who felt that the port had more responsibility than just to be a business operation. I mean, these are people that I think in retrospect were very farsighted. The change of administration, which I think was really the beginning of the emphasis of this new consciousness on protecting the environment, was probably the election of Mayor Bradley to the

first of his five terms. Mayor Bradley came into office in July of 1973. So, I had only been with the port not quite a year. Mayor Bradley appointed some activist commissioners. Previously, port commissioners tended to be businesspeople, lawyers. But Mayor Bradley throughout the city, including the Port, brought on people that had other interests, including in conservation and the environment. So, even though the port had hired its environmentalist maybe eight, nine months earlier, I think that this really kind of reinforced the port's commitment. Then that led to other things such as protection of natural habitat and endangered species. The California lease turn, and a whole bunch of things that the port had really undertaken prior to there being the recent consciousness about the greening programs and the need to do that.

MS: I mean, traditionally the argument against this kind of thing is that it hampers the business to have to be aware of this. You are shooting yourself in the foot. Most businesses have to be sort of forced to do this by federal decree. It seems that the port they may have had some pressures, but they were doing it on their own. In the process may have been hampering business. So, what was the upside for them doing this from a strictly business point of view or a port point of view?

BS: I think the upside in terms of the commitment to clean up the water and so forth was that it built the port a lot of goodwill. Now, if you look at the recent history of the port, probably for the last ten years, there's been a fair amount of contentiousness between some of the community groups and the port. We know now a lot more than we knew thirty years ago. For example, about the downsides of diesel emissions and so forth. But back in the [19]70s, early mid-late [19]70s, I think that effort-built goodwill for the port. I think that slowly, the port customers, the shipping lines, the terminal operators, also benefited. Because I think they got a glimpse of what life was going to be like in the future. I know the port heavily marketed and promoted the fact that it had a commitment to clean water and environmental preservation. Of course, the port subsequently spent, I don't know, probably somewhere in the neighborhood of \$75 to \$100 million dollars to do restoration of natural habitat down in Batiquitos Lagoon. Now, the port needed to do that enhancement or restoration in order to get the approval to do more dredging. But it was I think a mindset that existed in the management and the staff of the port that was, "Hey, let us not do this by being dragged, kicking and screaming. Let us do it because it's also the right thing to do."

MS: But this put – again, I am playing the devil's advocate here. This puts pressure on some of the ships, and some of your leases are coming in here. They have to make adaptations too.

BS: That's correct.

MS: There are other ports who care less, who are going to be cheaper and easier for them to do. We are dealing with a global competition.

BS: That's true.

MS: Give us some context about how really in some ways this is quite a brave stance on the part of the port. Although the long term probably is absolutely correct, it has some short-term problems.

BS: I think that the emphasis on the green port from time to time has caused some heartburn with port customers. Now, I have to tell you that during the entire time that I was at the port, while I was a member of the senior management team, I was never directly involved in leasing or negotiating terminal deals. But I was certainly exposed to the people that did that in senior management meetings and so forth, strategy sessions. My impression is that the customers initially were concerned about, for example, delays in getting facilities online that they needed because they knew they had contracts with shippers. They knew that they needed to have facilities online here. I think that there was some concern about the possibility that the port would not be as competitive pricewise as far as the leasing arrangements. But what the port had going for, what the port still has going for is like what the real estate people keep talking about, location, location and location. I tell my Harvard College students this in the international business classes that I teach. On the one hand the West Coast of the United States is proximate to the Pacific Rim and primarily Asia. So, we're closer. Then what distinguishes us here in LA and Long Beach from the other West Coast ports is that we're in the middle of this huge population base. So, you have a built-in market for more than fifty percent of all of the cargo that comes into the San Pedro Bay complex, LA and Long Beach. It's got to come here. It can't go to Seattle or Tacoma or Oakland and then be put on rail or truck down here. That doesn't make any economic sense. So, I guess one way of looking at it is that the world's major shipping lines and the world's major shippers knew that they had to come into the LA Long Beach complex. Although there might've been some leakage every now and then where port customers might have diverted some cargo away from Los Angeles to either Seattle or Tacoma, or to a lesser extent Oakland. I don't think that we ever felt as a management that our leadership in environmental programs and the fact that maybe we would not be the port of lease cost. I don't believe we ever thought that that was going to cost us big time for business.

MS: Let us go back.

MS: You are going to change tapes?

MS: Change tapes. This is great. We have the on button, we switch it on the camera. [laughter] It is very complicated. I cannot explain all of it to you.

BS: I know. I'm not a technical guy either. [laughter]

MS: We started talking about dredging and the importance you see of that process that took place before.

BS: I don't think there's any question in my mind that the port's decision to dredge the main channel in cooperation with the Army Corps of Engineers was strategically the most important decision the Port has made in its a hundred-year history.

MS: I am going to ask you to do that again. Give me a date when they decided to do it. Say the same thing, give me a date.

BS: The port decided back in the early [19]70s that it needed to dredge the main channel. That

decision personally I think is the most important strategic decision the port has made in its a hundred-year history. Because were it not for the dredging of the channel, the port simply would not be able to handle the size and the variety of the container vessels that are coming in. It was a long process because it involved working with the federal government and the Corps of Engineers. But fortunately, the port had people not only on the commission, but also its senior management team at the time. My predecessors who had a vision about the port being one of the world's great container handling ports and stuck with it until they got the project done. That dredging has had so many ramifications. Because, not only by deepening the channel were large ships able to come into existing facilities that were able to be modified. But the dredging of the channel created landfill for the construction of the port's very first landfill terminal, which is now Pier 300, the home of American present lines. In order to bring deep water into that terminal, additional dredging was required. Because the port had by then acquired the engineering expertise about how to engineer landfill, how to get the water and moisture out of it so that you could build on it. The port was able to take the dredge material that was necessary to open Pier 300 and create Pier 400. Today, the home of Maersk, which is far and away the largest container terminal in the United States. One of the largest in the world.

MS: But this dredging operation it involved the decision-making. The execution of this involved more than just bringing in some dredges and pulling up some bottom soil. There were some other issues that were involved, weren't there? There was money of course, there was...

BS: Well, the dredging project was a very complex project from a number of points of view. Number one, there was the issue of the financing. Ultimately the financing was shared by the port and by the federal government. Number two, there were an incredible amount of approvals and permits that were required for the project. Something on that scale, something unlike the port had ever seen before. There were issues of an operational issue. How do you keep the port open? How do you allow ship traffic to continue without delay while you have this dredge equipment that's in the harbor? So, there was a tremendous amount of coordination and day-to-day management that needed to take place while we were keeping one of the largest ports in the country open for business. Then of course, the other issue was what do you do with the dredged material? You can't just dump it anywhere. I think the engineers and the commissioners at the port and other experts that they looked to, got very creative and said "Hey, instead of dumping this in the middle of the ocean, instead of having some type of upland disposal, let us see if we can re-use it." I think that you can make a good case that the dredging of the channel probably was one of the first and largest applications of the principle of recycling. That's essentially what was happening. We were recycling the ocean floor. It turned out to be, I think, a tremendous decision and is responsible for the port as we know it today.

MS: Were there some environmental concerns with this too?

BS: There were environmental concerns. Things, for example such as issues involving noise caused by the dredge equipment. The port worked with the core and with the contractors that were hired to do that to hold the noise down by using electricity wherever possible and some other technologies. I'm not privy to all of the specifics, but noise considerations also operations at night and the extent to which that was permitted and not permitted. Then of course, when you're churning up the ocean water, then you're also bringing up issues relating to water quality.

Of course, as we said earlier the port had made a commitment to clean up the water long before the dredging process began. So, I think the port had to keep their eye on multiple targets and had multiple balls in the air. But were able to pull it off and we did it really without there being a cookbook in place where we could look and see how do you do this? Or where we could talk to other ports. Because nobody was doing the dredging and the filling, at least in this country that the port was doing. You look at the ports down in the Gulf Coast and in the East Coast. Particularly ports that are at the mouth of a river. They have to do what is called maintenance dredging from time to time because silt builds up in the channel. But here you're talking about quantities of dredging that were just unprecedented. Then also the disposal of all of the material. The volume of that being unprecedented as well.

MS: Now, we have touched on this in other ways, but how would you characterize the dynamics of the relationship between the Port of Los Angeles and the town of San Pedro? What are the dynamics there? What are the special issues that involve this port and this town?

BS: When I came to work here at the port in August of [19]72. I lived in the South Bay; it wasn't like I lived way away. I felt like I was coming into a small town. I knew a little bit about San Pedro, had been down to Portugal. But I was amazed when I got down here about how small a town San Pedro was. What I mean by that is everyone knows everybody. Heavy concentration of Italian and Slav ethnic groups. The port had second, third generation members of families as employees. I used to kid some of the people here that anybody who had a name ending in -ich that the chances were 50-50 they were related to anyone else ending in -ich. So, the port has always been kind of a big fish in a small pond in terms of San Pedro. I would say that probably in the [19]70s and the [19]80s. As the container age began to grow and we began to see very significant increases in cargo, the port was viewed very positively by the community. If for no other reason than the jobs were generated. A lot of longshore members and a lot of longshore families have been able to make a very comfortable living as a result of the work that's been done. So, I think the relationship was positive. Keep in mind that at this time we were not quite yet aware of some of the health issues again relating from diesel emissions and so forth. There was research beginning to be done. I think there was a growing awareness, but it had not reached the crescendo that it has recently. I think that the one area which I think probably did get short shrift during that time was Wilmington. Wilmington, I don't think had the leadership within the community that had emerged that could really articulate some of the concerns of the people in Wilmington. Who like San Pedro had their community bordering right up against port activities. I think from time to time there have been issues with both the communities in San Pedro and Wilmington about their concern that the port was being controlled by City Hall interests. That is an absolute fact because I can recall a number of those instances when Tom Bradley was elected mayor and brought in an activist commission. I know that there were concerns about people that decisions would be made that wouldn't necessarily be in the best long-term interest of the Port and San Pedro, and to a lesser extent, Wilmington. But might result, for example, in port revenues being peeled away from port purposes and sent to City Hall. The fact of the matter is, is that through several mayoral administrations, Mayor Bradley, Mayor Riordan, and to a lesser extent Mayor Hanh there were attempts that were made and the people surrounding the port felt it was unfair. Personally, I was as sympathetic as anyone to that.

MS: This has been repeated, secessionist movements, not just arguments. So, there has been a long-term tension between the town and the port. What is the nature of that tension do you

think?

BS: I think that the nature of the tension between the town and the port isn't so much that the people in San Pedro are opposed to the port or don't want the port here. I think the nature of it boils down to this. I think the people and the community surrounding the port want to make sure that the benefits of the commerce and the money that is generated from port operations ultimately in some fashion can come back to benefit the community as opposed to benefiting a councilmanic district in the San Fernando Valley or in West LA. I think that notwithstanding the fact that there is a Tidelands Trust arrangement that really governs the operation of this and all other public ports. The ports ultimately are owned by the State of California. As you are well aware have to be used for the promotion of commerce, navigation and fishing. Still, there was a concern that on the part of the residence that revenues developed here would be peeled away so that they could not be used by the port to enhance and build more infrastructure. To the extent that they were permitted by the trust arrangement to spend some money for community betterment. So, that's I guess kind of a long way around saying that sometimes I don't think it was the case that it was the animosity between the community and the port. But it was the animosity between the community and the city, which ultimately has the port as part of the city family.

MS: Who was Bob Weir? What was his vision? What role did he play in the history of the port?

BS: Bob Weir served the port initially as assistant director of Planning and Research. Then later on as director of Planning and Research. Bob came to work for the port back in the early [19]70s shortly after I came to work here. I always admired Bob because I was a pretty young guy at the time. Bob was an experienced maritime and port executive. He'd had a full career and professional life before he ever got here. Bob's vision was, he knew that containerization would continue to expand. The vision that he had was that a lot of trade would be coming from Asia to the United States. Now, back in those days, of course, China was still a closed country. I don't think it's fair to say that any of us really understood the impact that China would have. It took a long time after President Nixon visited China in the early [19]70s, and the country kind of opened up. But we knew that Japan, Korea, South Korea, and Taiwan would have a lot of trade possibilities. What Bob's vision was, was that merchandise – and he envisioned merchandise products, consumer goods that would be made in those areas, primarily because of relatively abundant, cheap sources of labor. He envisioned that that merchandise would be coming by container to the United States. Instead of that merchandise moving on ships that would have to go through the Panama Canal for example, to ultimately land in the Gulf Coast or the West Coast. His concept was that all of the containers, not just the ones which were ultimately destined for Southern California, but the ones that were going East to the Midwest, to Chicago, to Atlanta, to the East Coast, would come into the port of LA and then be sent across the country on rail. The term at the time I think was land bridge. So, that in effect, rail transportation across the United States would serve as the bridge between the West Coast cargo coming in on containers on ships. Then the ultimate destination of that cargo in the Midwest and the East Coast. At the time that was some thinking that was not terribly prevalent throughout the port industry. I think Bob really should get a lot of credit for spending some time thinking about it and conceptualizing it. In fact, we have seen that he was dead on because that's the way the

system works. When I started here at the port, the number one port authority in the country far and away was New York, New Jersey. Los Angeles and Long Beach, while they were significant operations, they did not rank among the top ports in the country. Today it's a no contest, and it's driven by all of the containers that come in here from Asia. That shippers and carriers have determined it is cheaper and faster to put those containers on rail and send them across the United States.

MS: Talk about the development of the strategic plan, by which I think you mean it is the 2020 plan.

BS: Well, the Port of LA another first innovation of the port was that the port developed the first strategic plan in the industry. That plan at least was initiated by a former Executive Director by the name of Roy Perry. Roy served as Executive Director here from about 1978 to 1983 thereabouts. Roy was an engineer. He was a former officer in the Corps of Engineers. He was brought in during the Tom Bradley administration. Because the port commission, as well as the mayor wanted somebody who could kind of shepherd this capital development program that we knew we were going to get into. Toward the end of Roy's tenure, when the decision was made that he would be leaving the port and handing the reins over to it, it turned out to be Ezunial Burts. Roy wanted to leave a framework of a strategic plan for his successor. So, we began having a couple of meetings offsite. The meetings were facilitated by a guy who worked for me at that time, (Seyid Robinson?) was our Director of Planning and Research. We had begun the process, but it took a few months into the administration of Eze Burts. That we were able to come up with a finished plan, which was then given to the board, which was officially adopted. It was the first time that the board had ever set down a vision, a mission statement, and then most importantly specific operational goals to achieve that mission.

MS: Can you give me a collapsed version of what that was?

BS: Well, the collapsed version of the first strategic plan recognized that we were in a period where there would be a tremendous amount of capital construction at the port. So, it recognized the need to build new walls. It recognized the need to build highways and supporting infrastructure so that trucks could get in and out of the new terminals. It recognized that we were also in a highly competitive environment with the Port of Long Beach. That we would need to become more sophisticated and more relentless in our marketing so that we could keep the customers that we had as well as sign up additional customers. I think it was really the first time publicly that the port said "We're in a competitive business. Our customers have other choices. They don't just have to come to LA." In that strategic plan I think also there was a mention of the need to look at some environmental and some community issues. We were beginning at that time I think, to understand some of the impacts that the business operations would have on the local community. Then there were also some issues that were identified that had to do with really internal issues dealing with need to improve accounting systems and need to go to the next level for information processing so that we could leverage technology. Also, some issues that we needed to work on in terms of human resource development, requirement for additional training. Requirement to improve our union relationships and things like that.

MS: Now, would you say the physical results of that that we see are Alameda Corridor Pier

400? Talk about what were the physical results of that plan?

BS: The physical results from that plan are evident all over the place. The Alameda Corridor was at that point in time a concept that was being discussed. Again, I think that Roy Perry was one of the first people here at the port that saw that you needed to have a way to move containers from the port complex twenty miles north to the railhead because you could build beautiful facilities. This single railroad track that existed at that time would be a choke point. So, the Alameda corridor was being discussed. At that stage of the game, you did not have a project that was approved. You didn't have design. You didn't have funding. But you had planners with Southern California area of government SCAG with the port, with the city who recognized that there needed to be a corridor built. Many of the terminals that we have, including Pier 300, including Pier 400 were a direct result of that strategic plan. The strategic plan led to the creation of a capital development plan, and that was called the 2020 plan. So, if you look at it from a high level, the strategic plan really came first. The 2020 plan was really one of the ways to operationalize the capital development and the development of infrastructure that was called out in the strategic plan.

MS: Bill, we are running out of time. I know you will get somewhere. But one question about port security and how that has changed now. What are the things that have been a part of that?

BS: I've had the opportunity and privilege because I really enjoyed it. During the time that I was at the Port I had two different periods of time where the Port Police reported to me. When I started here at the port, the Port Police was basically a group of security officers who had very little powers and very little training. Bottom line was, if anything happened in terms of criminal activity, they would call LAPD. Beginning shortly after I came here, the management decided to upgrade that force which used to be called the Port Warden and Deputy Port Wardens to more of a police force. Gradually their powers were increased so that today they have the same powers and duties as LAPD CHP. Now up until September 11th, the primary focus of law enforcement at the port had to do with more traditional crime prevention activities, water safety. Issues having to do with drug interdiction, where the Port Police would work with the Coast Guard occasionally smuggling. But all of that changed dramatically of course on 9/11. The port had not ignored the possibility of terrorist threats and had done joint planning with other law enforcement groups. Was certainly aware of terrorist activity that was occurring in other parts of the world. I mean, probably for twenty years prior to September the 11th with the original World Trade Center bombing and other situations. But of course, the world was turned upside down for the port on September the 11th. I think to its credit the port was able to respond very quickly on its feet and put together some procedures right off the bat, decided or designed to prevent or minimize these terrorist threats. Things like working with the Coast Guard to board vessels with a combination of Coast Guard personnel and Port Police personnel. Particularly passenger vessels or any other vessels that would be particularly high risk. Or vessels for which there was some intelligence that there might be something on that vessel. The port upgraded its training. The port actively sought out federal grants. In fact, I read recently that the port received another federal grant and began looking at infrastructure camera systems, bomb sniffing dogs. A variety of different types of equipment, including very fast, very small maneuverable boats. So, just a variety of things that had to take place quickly. Not the least of which was also the creation of a Homeland Security component of the department which is headed by former

Coast Guard individual. Of course, the Director of Operations is the former captain of the port. He was the captain of the port immediately following 911 John Holmes. So, we had a lot of work that we did with the Coast Guard. That continues today. The port is upgrading its police force. I think, doubling its size. A lot of technology involved not only with shippers and carriers, but also the port trying to scan containers, to push the borders back as they talk about it. To make sure that when the container is loaded at the factory in China, or Korea or wherever with tennis shoes, with furniture. That once that container is loaded, once it is sealed that it is not tampered with.

MS: Well, we have run out of time. Do not leave though. Slide your chair over two feet. I am going to take a still photo of you. Two feet and look right.

[end of transcript]