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Wilmington struggling with slowdown at ports

Local unemployment has soared as trade levels plummeted.

By Ronald D. White

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Just two years ago, Jack McLaren and Eddie Ortiz were part-time dockworkers riding a tsunami of international trade that allowed them to work as many as five days a week at the ports of Los Angeles and Long Beach.

On Tuesday, the two friends were rearranging marine supplies at a Wilmington equipment store for considerably less money, noting that they each had gotten barely more than a week's worth of dock work so far this year.

"It's just so slow that you can't depend on it anymore," said McLaren, who lives in San Pedro and has worked in Wilmington for most of his life.



Few areas feel the sting of a global recession quicker than Wilmington, a community of 61,000 on the north border of the Port of Los Angeles. The biggest share of its local jobs -- more than 33% -- involves transportation, warehousing and retail and wholesale trade, according to city statistics.

"It's difficult when so much employment is based on the number of cargo containers. It makes us vulnerable," said Los Angeles City Councilwoman Janice Hahn, who represents the area. She said it was a primary reason for her efforts to broaden the kinds of jobs available in Wilmington.

In October, well before the bottom fell out of the economy and trade levels plummeted, Wilmington already had an unemployment rate of 13.4%. Now, with both ports reporting double-digit cargo declines, it has gotten much worse.

"The unemployment rate there could be pushing 20% by now," said Jack Kyser, an economist at the nonprofit Los Angeles County Economic Development Corp. "People don't understand what it means when you have such a big drop in cargo container volumes. It affects everything, longshoremen, truckers, freight forwarders, warehouses."

In a clear sign that the local economy has a long way to go whether the U.S. recession has ended or not, Wilmington businesses are struggling, work is hard to find and financial institutions are tallying up the pain.

Wilmington is unlike any other Los Angeles community. It boasts a densely packed 1,600 businesses, including three of Southern California's most important oil refineries, according to the Wilmington Chamber of Commerce. But city Planning Department statistics also reveal it as a place of modest homes, where 1 in 4 people live in poverty.

Up to 40% of the 3,200 members of the Family Federal Credit Union are having financial difficulty, twice the normal 20%, said Lucia Moreno-Linares, the Wilmington credit union's chief executive.

"You look at their credit and see that they were fine until the recession hit hardest," she said. "For our bottom line, it has a big effect."

So Moreno-Linares isn't just running a credit union anymore. It has become a place where her clientele of dockworkers, gardeners, house cleaners and others can use computers to compose letters to creditors. Her credit union is helping members work out problem finances with other institutions.

Moreno-Linares says she expects more pain as the holidays approach and parents wrestle with buying things for their children.

"The people who use gardeners have cut back, every other week instead of once a week. Members who cleaned homes every day are going once a week or once every two weeks. It will turn around eventually for us, but not in this last half of the year," she said.

Part of the problem is that it once seemed like the good times would never end. The ports had record cargo traffic from 2004 through 2007. McLaren, Ortiz and other part-time dockworkers no longer needed other sources of income.

"People quit their other jobs. They didn't need them anymore," McLaren said.

And when dock jobs dried up, it was too late to go back to those old employers.

McLaren's skills include custom framing for the home construction industry, another hard-hit job category. Ortiz even looks back fondly at the time he sold used cars before the economic boom convinced him that all he needed was the nearly full-time port work.

"It was \$800 a week," Ortiz recalled.

But McLaren and Ortiz consider themselves lucky. Their employer, Louis Equipment Co., boosted rentals of an extensive collection of maritime gear to the entertainment industry when longtime waterfront customers stopped calling. The entertainment industry has become its biggest customer, using it to supply props for television shows including "Cougar Town," "Sons of Anarchy," "NCIS" and "NCIS: Los Angeles."

"My father's philosophy about business is that you always have to diversify, diversify, diversify. Never rely on just one kind of customer," said Anina Louis, who has helped the company owned by her father, Manuel Louis, win more entertainment business, which allowed it to hire McLaren and Ortiz.

Patrick Wilson, president of the Wilmington Chamber of Commerce and chief executive of Fast Lane Transportation Inc., has seen another kind of shift in business that is a reminder of hard times. Although the transportation arm of his business has been hit hard, the equipment storage part has been doing considerably better.

"There is more idle equipment out there because there is less need for it. We are storing about 20% more containers and chassis now than we ever have," Wilson said.

There are efforts afoot to help Wilmington recover.

A Wilmington waterfront project funded by the Port of Los Angeles is expected to bring in 2,847 construction jobs and 336 ongoing jobs. A waterfront project for neighboring San Pedro that is nearing approval is expected to provide a much larger jobs boost. And Hahn has said that an overreliance on cargo is part of the reason that she has pressed the L.A. port to consider a proposal for a full-service shipyard to build and repair vessels.

Wilson said the area's problems could be much worse.

"We could have been relying on the automotive industry, or aerospace or construction. The ports have less cargo, but ships are still coming in. Work is still being done," he said.

"No one is ever going to hang a sign at the port that says, 'Sorry, we're shutting down.' "

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