

Maryland Port Commission
Open Session Minutes
February 2, 2021

The Three Hundred and Seventy Third Session of the Maryland Port Commission was called to order at 9:05 am by Deputy Secretary Sean Powell via teleconferencing. The Commission met in Open Session from 9:05 am until 9:58 am.

Present: Deputy Secretary Sean Powell and Commissioners Dandy, Dean, Huber, Lunn, McDonald, and Richardson

Staff: William Doyle (Executive Director), Brian Miller (Deputy Executive Director), Bob Munroe (MPA Principal Counsel), Christina Nichols (Chief of Staff), Richard Scher (Director of Communications), Rick Powers (Director of Marketing), Wonza Spann-Nicholas (Director of Finance), Kristen Fidler (Director of Harbor Development), David Espie (Director of Security), Ryan Barry (Director of Operations), Dominic Scurti (Director of Planning), Steve Johnson (Director of Engineering), Brad Smith (General Manager of Strategic Initiatives), Jennifer Guthrie (Legislative Manager), John Thornton (Manager of Procurement), and Kristen Keene (Harbor Development).

Minutes of the Three Hundred and Seventy Second Open Session Meeting

Commissioner McDonald moved to approve the Open Session Minutes of the Three Hundred and Seventy Second Port Commission meeting with a correction to the meeting closing time from 2:38 am to 10:03 am. Commissioner Dandy seconded the motion to include the change. The minutes were approved unanimously without discussion.

Business Update, William P. Doyle, Executive Director

Mr. Doyle thanked the Maryland Port Administration's (MPA) Operations Division for the outstanding job they have performed during the recent storms in keeping our terminals safe and open for business.

Mr. Doyle reported the MPA and the U.S. Army Corps of Engineers (USACE) completed construction of Poplar Island Expansion. Poplar Island will now continue to receive dredge material until 2032.

MPA and the USACE are now working on pre-construction engineering and design for the Mid-Chesapeake Bay Island Ecosystem Restoration. For fiscal year 2021, the USACE's Baltimore District has been allocated \$382,000 in its Corps of Engineers Work Plan to work with MDOT MPA on this pre-construction engineering and design.

In addition to the \$382,000 for the Mid-Chesapeake Bay Island Ecosystem Restoration Project, highlights of the Corps of Engineers Work Plan for the Port of Baltimore include:

- \$22.85 million for general dredging, and

- \$4.95 million in energy transfer port funds, allowing for maintenance dredging in and around berths and navigation channels serving the Port of Baltimore.

Mr. Doyle thanked the Port Commissioners for approval of the innovative reuse contracts and noted that dredged material used to be called spoiled and now we are finding creative ways to reuse it.

Mr. Doyle provided the following business updates:

- December saw continued significant increases for autos/light trucks, general cargo, containers and roll on/roll off machinery compared to the COVID-19 low points in May and June. Autos/Light Trucks (59,793 units) +288.8% over low point in May 2020; Roll on/Roll off (67,063 tons)+35.8% over low point in June 2020; General Cargo (946,355 tons) +29.0% over low point in June 2020; Containers (53,057 boxes) +11.9% over low point in June 2020.
- The December 2020 figure for general cargo represents an eight percent increase compared to December 2019 and is the third consecutive month for a year-over-year gain since the pandemic began.
 - From mid-July until the first week in December, the Port of Baltimore serviced 13 ad hoc ship calls totaling nearly 18,000 Twenty-foot Equivalent Unit (TEU) containers. Ad hoc ships are vessels that were diverted to Baltimore that were not on a regularly scheduled service.
 - One of the major reasons for our container gains continues to be e-commerce.
 - The POB has several large distribution, fulfillment, and sorting centers close by.
 - During COVID, consumers have been making more purchases online.
 - Despite these very tough times, MPA has added new business and has had increased business from existing customers.

Mr. Doyle thanked Secretary Slater for MDOT's efforts in getting the Board of Public Works to approve at its meeting on December 16, 2020 \$34 million of funding for the reconstruction of Dundalk Marine Terminal Berth #3. The berths at DMT are predominantly used for RoRos transporting automobiles, farm equipment and other wheeled cargo.

Howard Street Tunnel:

- MPA and CSX are currently working to secure the Federal Railroad Administration's approval of the Environmental Assessment, which we expect in February.
 - ✓ Once approved, the document will be available for public review and comment for 30 days.
- Final NEPA approval will follow in the spring;
- CSX anticipates beginning construction in phases later this year;
- If all goes as planned, construction will be complete by the end of 2024.

Seagirt Berth 3:

- Dredging started on Sunday, January 17, 2021;

- January Winter 2020/2021- The dredging contract was awarded on December 19, 2020 for dredging of Berth 3. The contractor has 120 days to complete the job, and MPA is responsible for state's portion of the costs (~\$10M).
- Winter 2020/Spring 2021- The reconstruction of wharf/berth and pocket dredging by Ports America Chesapeake (PAC) will be ongoing and should be completed by Spring 2021 (\$50M). PAC has selected their contractors, and they have begun work.
- April/May 2021- Super Post-Panamax Cranes scheduled to arrive at Seagirt paid for by PAC (\$55M)
- Summer 2021- Anticipate Seagirt Berth 3 will be operational.

The Cruise Lines International Association is continuing its No-Sail Order. MPA staff are in constant contact with our cruise partners to prepare for their return.

Mr. Doyle ended his business report by thanking the MPA employees for continuing to work hard during the pandemic.

Nearly all of President Biden's Cabinet nominees are seasoned government officials, his trade nominees included. Several of Biden's incoming Cabinet picks and new senior White House officials are expected to have input on trade matters.

State of Trade Report, William P. Doyle, Executive Director

Commissioner Richardson requested an update on the new administration's plans regarding trade at the January Port Commission meeting. Mr. Doyle noted the Senate doesn't have Chairs of certain committees at this time, but some appointees have been named and are in the process of being confirmed. Mr. Doyle presented the following information in response to Commissioner Richardson's request:

United States Trade Representative (USTR)

President Biden's nominee for USTR will be Katherine Tai. A notable recent development has been the widespread praise for Tai's nomination has elicited not only from Hill progressives, but from Hill centrists and pro-trade Republicans as well. The outgoing Trade Ambassador, Bob Lighthizer, has also praised her nomination. This unusual breadth of support for a new USTR nominee underscores Tai's ability to work across the political spectrum and the prominent role she is likely to play on trade matters, even assuming other agency heads weigh in on trade issues. Tai has not yet been confirmed by the Senate, but a confirmation hearing is in the works through the Senate Finance Committee (Ron Wyden, OR – incoming chair).

Tai comes to the job from the U.S. House of Representatives Ways and Means Committee, where she has been chief trade counsel since 2017. Before joining the committee in 2014, she spent several years at the Office of the U.S. Trade Representative, including three years as the chief counsel for China Trade Enforcement, where it was her job to manage U.S. disputes with China before the World Trade Organization. She speaks fluent Mandarin and spent several years teaching English at Zhongshan University in Guangzhou.

In remarks before the National Foreign Trade Council earlier this month, Tai made it clear that she sees the U.S.-China trade relationship as one of the most important factors in a world that

“feels like a more complicated and a more fragile place today than it has at any point in my lifetime,” she said. “In the international arena, we face stiffening competition from a growing and ambitious China — a China whose economy is directed by central planners who are not subject to the pressures of political pluralism, democratic elections, or popular opinion.”

Trade experts believe her approach to China will be both thoughtful and assertive.

US Department of Commerce

President Biden nominated Governor Gina Raimondo (RI) to be Secretary of Commerce. Governor Raimondo, who has a more limited footprint on trade matters than Katherine Tai, is considered to be a centrist on policy issues, including economic issues. Before becoming Governor, she was in venture capital (economics Harvard, Rhodes Scholar Oxford, Yale Law); but she has blue-collar roots (grandfather Providence butcher, father metals salesman to jewelers, she waitressed to get through college). Like Tai, she is seen as someone who can work comfortably across different audiences.

Governor Raimondo testified before the Senate Commerce Committee on January 26, 2021 (Maria Cantwell, WA—incoming chair). At the hearing, Ms. Raimondo called China’s actions anti-competitive, hurtful to American workers and businesses and said the country was “culpable for atrocious human rights abuses. That said, Governor Raimondo declined to commit to keeping Huawei or other Chinese firms on the entity list when pressed to do so. She vowed to use the powers of the Commerce Department “to protect Americans and our network from Chinese interference.”

She also declined to say whether the Biden administration would remove or change the metal tariffs, instead committing it to carrying out a broad review of trade policies in consultation with its allies and pursuing uncompetitive trade behavior from China. Raimondo pledged to ensure that the process that allows certain companies to avoid the steel and aluminum tariffs will be swift, fair, and objective.

Biden Trade Agenda

The **Phase 1 Trade Deal** that Trump struck with China is “under review” by the Biden Administration, said the WH on Friday, January 29, 2021.

Under the terms of the deal, China agreed to buy \$200bn more of US goods and services than it did in 2017, before the start of the trade dispute, over a two-year period to the end of 2021. However, Chinese and US trade data show that Chinese purchases of US goods are far behind unofficial prorated targets a full year after the agreement has been in effect.

According to analysis from the Peterson Institute for International Economics, Beijing has purchased just 58 per cent of the US exports expected under its projections, based on data to the end of last month. China’s imports of US products covered by the trade deal purchase commitments amounted to \$100bn by the end of December, compared with a prorated target of \$173.1bn, the institute said.

Buy America Trade Policy

On January 25, 2021, President Biden signed an Executive Order on “Ensuring the Future is Made in All of America by All of America’s Workers,” laying his administration’s foundation for further strengthening Buy American laws and encouraging domestic procurement. The Order calls upon the Federal Acquisition Regulatory Council (FAR Council) to replace the domestic content requirement with a new “value added” test – measuring domestic content “by the value that is added to the product through U.S.-based production or U.S. job-supporting economic activity.”

The EO also calls for an increase in the domestic content requirements under the BAA (recently raised to 55% for most non-COTS [commercial off-the-shelf] manufactured goods and 95% for most products made wholly or predominantly from iron or steel) and an increase to the price differential for when the U.S. government may purchase a foreign-made product because the U.S. option is just too expensive (recently raised to between 20-50%).

One of the few provisions with immediate impact, the EO calls for the creation of a “**Made in America Office**” within the Office of Management and Budget (“OMB”) and with a “Director of Made in America” appointed by the Director of OMB. The role of this office will increase scrutiny over all Buy American waiver requests. Once the Director is appointed, he or she will maintain responsibility for vetting every waiver request, creating a central clearing house, and even creating a public website to allow for greater public scrutiny on waiver requests.

President Biden’s EO also requires agencies to report, **within 180 days**, on (1) the agency’s implementation of, and compliance with “Made in America Laws,” (2) use of waivers, and (3) “recommendations for how to further effectuate the policy set forth in section 1 of this order.” Agencies will be required to continue such reporting on a bi-annual basis moving forward.

In the read-out by the White House accompanying the signature of EO, the WH released a statement reiterating the President’s strong support for the **Jones Act**. Stating, “the President will continue to be a strong advocate for the Jones Act and its mandate that only U.S.-flag vessels carry cargo between U.S. ports, which supports American production and America’s workers. With the signing of the 2021 National Defense Authorization Act, the Jones Act has also been affirmed as an opportunity to invest in America’s workers as we build offshore renewable energy, in line with the President’s goals to build our clean energy future here in America.”

FY2022 Operating Budget Allowance, Wonza Spann-Nicholas, Director of Finance

Ms. Spann-Nicholas provided an overview of the FY 2022 Operating Budget. The Legislative Analyst is reviewing the request and will make recommendations. This year there will be a virtual joint budget hearing with the House and Senate scheduled for February 26, 2021 at 1:30 pm. The Operating Budget allowance for FY 2022 includes \$22.9m in discretionary funds, 46% of the total budget. Ms. Spann-Nicholas stated she does not anticipate significant changes to the Operating budget. As a result of the pandemic the MPA budget has been reduced in an effort to support the Transportation Trust Fund.

FY2022 Capital Budget Request, Dominic Scurti, Deputy Director of Planning

Mr. Scurti presented the FY2022 MPA Capital Budget Request for informational purposes. The total MPA budget for FY2022 from the Transportation Trust Fund is 102.7 Million dollars, the MPA receives an additional \$99.9 million dollars in Federals funds.

	FY21	FY22	FY23	FY24	FY25	FY26	6 Year Total
Transportation Trust Fund	\$128.0	\$102.7	\$92.3	\$103.1	\$112.6	\$101.5	\$640.1
Federal Funds	\$13.7	\$44.3	\$33.0	\$31.5	\$30.0	\$0.0	\$152.5
other	\$39.2	\$55.6	\$79.0	\$70.1	\$22.0	\$0.0	\$266.7
TOTALS	\$180.9	\$202.6	\$204.3	\$205.4	\$164.6	\$101.5	\$1,059.3

Contracts for Approval, John Thornton, Manager of Procurement

Mr. Thornton requested approval for the following contracts:

Contract 218001-S – Security Guard Services, Modification No. 3; Allied Universal Security Services; Term: 03/11/2021 – 08/03/2024; \$92,325.

Motion to approve made by Commissioner Huber, seconded by Commissioner Dean and approved unanimously by the Commission.

Adjournment

There being no further business, a motion to adjourn was made by Commissioner Dandy and seconded by Commissioner Richardson. The motion carried unanimously. The meeting adjourned at 9:58 am.