

**Maryland Port Commission**  
**Open Session Minutes**  
**July 12, 2022**

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The Three Hundred and Eighty-Ninth Session of the Maryland Port Commission was called to order at 10:00 am by Deputy Secretary of Transportation Sean Powell. The Commission met in Open Session from 10:00 am until 11:10 am in the Stanton Room, 20<sup>th</sup> floor, World Trade Center, 401 E. Pratt Street, Baltimore, MD 21202.

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

**Staff:** William Doyle (Executive Director), Brian Miller (Deputy Executive Director, Operations and Logistics), Robert Munroe (Deputy Executive Director, Administration), Philip Whaling (MPA Assistant Attorney General and Acting Principal Counsel), Richard Scher (Director of Communications), Dominic Scurti (Director of Planning), Kristen Fidler (Director of Harbor Development), Steve Johnson (Director of Engineering), Wonza Spann-Nicholas (Director of Finance), Bradley Smith (Director of Maritime Commercial Management & Strategic Initiatives), Cindy Burman (Deputy Director of Marketing and Cruise), John Thornton (General Manager of Procurement), Joseph Marecki (Manager, Business Development – Ro/Ro), Jennifer Guthrie (Legislative Manager), Jayson Knott (Maryland Department of Commerce Senior Director, Office of Business Development), Nichol Conley (Executive Office), and Krystal Jones (Executive Office).

**Minutes of the Three Hundred and Eighty-Eighth Open and Closed Session Meeting**

Commissioner Dean moved to approve the Open Session Minutes of the Three Hundred and Eighty-Eighth Port Commission meeting. Commissioner Huber seconded the motion. The Commission then voted unanimously to approve the Open Session Minutes.

**Executive Director Update, William Doyle, Executive Director**

Executive Director William Doyle presented the Executive Director’s update.

The increase in criminal activity in the Inner Harbor area, including the recent killing of a driver by a squeegee person at the corner of Conway and Light Street, prompted the MPA to decide, for the safety and security of its employees, to obtain more spaces at the LAZ Inner Harbor Garage located directly across the street from the World Trade Center and give all employees the option to park in this garage. The MPA currently provides parking for its employees at the LAZ Inner Harbor Garage and the Harbor Park Garage on Market Place, several blocks away. Employees parking at LAZ have a much shorter walk to get to the WTC. The estimated cost of the additional spaces is \$70,000 per year, if all Harbor Park parkers elected to move to LAZ. As of July 11, 2022, employees who park at Harbor Park Garage have the option to park at the LAZ garage.

Commissioner Huber asked how the parking arrangements for employees originated. Mr. Doyle stated that the MPA parking places at Harbor Park Garage are a legacy from a transaction with Baltimore City. The MPA will continue to park a certain number of vehicles at Harbor Park, and has not given up the spaces not currently in use. If security conditions improve, the MPA will still have those spaces. Mr. Doyle notified Secretary Ports of this temporary move, which will be reviewed as conditions warrant.

Mr. Doyle continued with his update by noting significant macroeconomic trends affecting Ports and the maritime business. The microchip shortages, with significant negative impacts on auto production and shipment, and geopolitical threats to Taiwan, the world's leading producer of microchips, has caused microchip manufacturers to invest in microchip factories in the US and Europe. Massive microchip factories are being built in Phoenix, Arizona and outside of Columbus, Ohio. Meanwhile, STMicroelectronics and GlobalFoundries are building a facility in France with the support of the French government. The construction of these new facilities will take three to four years to complete and when operational should ease microchip shortages and supply chain problems.

The shortage of truckers is also impacting Ports and the broader economy. While trucking jobs grew by 4,300 in June, the shortage of truckers remains a serious problem. The industry is struggling to retain drivers in the face of high turnover and the rise in retirements. The shortage of truckers could reach 160,000 by 2030 according to the American Trucking Association. Large beneficial cargo owners and shippers are increasing salaries for truckers to ensure they have reliable networks of drivers. For example, Walmart will increase salaries for its private truckers to \$110,000 with incentives.

The delays and congestion that was previously primarily seen at Ports, has now moved in land to the massive warehouses serving the Ports. For example, the Inland Empire, located east of Los Angeles, a vast sorting, storage, and shipping hub for containers that enter the U.S. via the ports of Long Beach and Los Angeles, has a shortage of warehouse workers and truckers resulting in massive delays and a huge backlog of containers to be moved. Wages will have to rise in order to hire the workers needed to process all the containers.

Amazon, the largest operator of warehousing and distribution centers, is facing an employee labor shortage based on an internal memo recently made public. Though it has recently increased its hourly pay and bonuses for warehouse employees, Amazon could run out of employees to staff its warehouses and fulfillment centers by 2024, and has ceased all new development of warehouses.

Before the pandemic, the per container shipping cost was \$3000-\$4000. After spiking to \$20,000 during the pandemic, the per container shipping cost within the past 30-40 days has decreased to \$8,000 per container. The shipping lines were very profitable in the past year, after suffering significant losses over the prior years.

Other economic indicators include orders for durable goods which are up, but they are dropping. The durable goods data is a look back at conditions. Inflation continues to impact the economy and will take some time to resolve. Wheat, grain, and oil are other sectors that we look at as indicators for the larger economy. The wheat/grain markets have been impacted since Russia & Ukraine are the largest wheat/grain exporters in the world.

The natural gas and oil markets, which impact every other sector of the economy, have been up and down. If Russia shuts down its natural gas supply, more natural gas will have to be supplied by other countries like the U.S., Indonesia and Trinidad & Tobago. The price of copper, another important economic indicator, is a major component in construction, appliances, and vehicles, and hit a record high in March 2022.

We look at all these indicators – employment, commodities, and markets – to help inform us on the current and future state of the economy.

Commissioner Huber asked about independent truck drivers and gate delays. Mr. Doyle stated that the port has experienced the largest movement of containers for June. ZIM Integrated Shipping is very active with the new ZIM “ZXB” service to the Port of Baltimore and many of its containers are being sent out via rail. The Port is now a first port of call for Evergreen. While there are not long lines of truckers outside the gate, the port is experiencing an interior, inside-the-gate management issue. The movement of containers was going well though it has been affected by schedules (vacation).

Commissioner Richardson asked about the stacked containers located outside of the port. Mr. Doyle replied that containers are being stored at Point Breeze and that the port could use more space. Commissioner Richardson asked about bottlenecks at Seagirt Marine Terminal. Mr. Doyle responded that the port is doing well. New rubber-tired gantry (RTG) cranes will increase the efficiency of operations at Seagirt. ZIM is promoting the Port of Baltimore to its customers to ship through the port, if possible. Cargo is not only being sent to the Midwest, but to Florida, as well.

Commissioner Richardson requested that the annual MPC report to the Maryland Legislature focus more on operating issues and macroeconomic factors and how all of these elements interrelate to impact the business of the port. Commissioner Richardson also noted that the state of employment has changed with absenteeism and retirements increasing, resulting in staffing shortages. Mr. Munroe, Deputy Executive Director of Administration, asked Commissioner Richardson for clarification on the messaging he was looking for in the annual report. Commissioner Richardson responded that, in addition to the focus on capital improvements (such as the Howard Street Tunnel Expansion Project), the report should address the macro operational elements that impact the competitiveness of the Port of Baltimore.

Commissioner McDonald asked about the many vessels anchored in the Chesapeake Bay near the Bay Bridge recently. Mr. Doyle replied that most of the ships are tramp ships headed to private terminals.

Deputy Secretary Powell asked about environmental impacts, including on aquatic life, as a result of the grounding and refloating of the Evergreen Ever Forward in the Chesapeake Bay. Mr. Doyle stated that a photograph shared with him recently showed that the site of the formerly grounded ship has now become a gathering place for fish and other aquatic life. The dredged material from the grounding site sent to Poplar Island was checked for oysters and clay sediment to ensure that no such material was delivered to Poplar Island, a wetland. Mr. Doyle commented that federal, state, local, and private assets all worked together on every level to ensure the safe removal of the Ever Forward.

## **Maryland Department of Commerce Update**

Jayson Knott, Maryland Department of Commerce Senior Director, Office of Business Development, followed up on Mr. Doyle's comments on Amazon. Mr. Knott confirmed that Amazon is facing labor shortages and that Amazon has frozen its capital assets program and is giving back leased space which is impacting the leased space market. Amazon's model is to lease warehouses built and owned by others. Other companies are following Amazon's lead and developers are slowing down their building efforts.

## **Ro/Ro Cargo and Forest Products and Coal Update**

Joseph Marecki, Manager, Marketing – Ro/Ro, presented an update on Ro/Ro cargo, imported forest products and imported coal. The war between Russia and Ukraine has resulted in Ro/Ro cargo, including John Deere units, initially destined for Russia, sitting on MPA terminals for an extended period before being rerouted to Europe, Asia and Australia. Currently, there are 15-20 units left destined for Russia. Overall, the war has not had a big impact on the port as the cargo tonnage is up 11.5% year over year.

As for imported forest products, the first Metsä ship arrived at DMT in February 2021, under the new contract. Metsä is now leasing Sheds 4, 400, 500 & 6 at DMT. Metsä is shipping wood pulp (in bales) and kraft linerboard (in rolls) from Kemi, Finland to DMT. Metsä ships folding boxboard (in rolls) to South Locust Point Marine Terminal from Husum, Sweden and Rauma, Finland.

UPM, another Finnish paper producer, diverted cargo from ports in the UK and Germany to offset some of its losses during the strike at its Finnish mills from January through April 2022. UPM ships specialty print paper (in rolls) through South Locust Point Marine Terminal.

Coal exports are on track to hit a record for loaded volume in 2022 according to CONSOL Energy, one of two major coal exporters at the Port of Baltimore. The other major coal exporter, CSX, has had its production reduced by 30% during the construction rebuild following the December 2021 explosion at the Curtis Bay Pier terminal. The explosion, still under investigation by CSX, caused a 2-week shutdown. CSX advises that final repairs are scheduled to be complete by October 2022.

## **Financial Report**

Commissioner Dean questioned the large difference between the projected and actual non-operating revenue for one item on the monthly financial report. Ms. Spann-Nicholas, Director of Finance, and Ms. Fidler, Director of Harbor Development, commented that the difference was likely caused by the date dredging fees were anticipated versus when they were actually received. Delays in Ports America Chesapeake's Berth 3 dredging project and Tradepoint Atlantic's tipping fee could have impacted the numbers. Ms. Spann-Nicholas and Ms. Fidler advised that they would review the report and get back to Commissioner Dean with answers.

### **Move into Closed Session**

At 11:10 am, in accordance with State General Provision Article, Section 3-305(b)(4), Annotated Code of Maryland, Commissioner McDonald moved that the Commission meet in Closed Session, and Commissioner Lunn seconded the motion. The motion was approved unanimously. See attached Closing Statement. The Commission met in Closed Session from 11:10 am until 11:35 am. Deputy Secretary Powell, and Commissioners Dandy, Dean, Huber, Lunn, McDonald, and Richardson, Robert Munroe (Deputy Executive Director), Philip Whaling (Assistant Attorney General and Acting Principal Counsel), Bradley Smith (Director, Maritime Commercial Management and Strategic Initiatives), and Krystal Jones (Executive Office) were present. No actions were taken in the closed session.

### **Adjournment**

There being no further business, a motion to adjourn was made by Commissioner McDonald and seconded by Commissioner Lunn. The motion carried unanimously. The meeting adjourned at 11:35 am.