

Meeting Date: February 12th, 2020 | **Meeting Location:** 333 Thornall St. Edison NJ

Attendees: Amanda Valdes, Anne Strauss Wieder, Cory Wyatt, Dan Pastore, Hillary McCarron, John Farrell, Jim Bove, Joseph Ragusa, John Atkins, John Nardi, Jon Donnelly, Kurt Mittenzwei, Lisa Yakomin, Mike Divirgilio, Mike McGuinness, Randy Bayles, Rich Hanson, Steve Schulein, Thorkild Hove, Tim Tierney, Tom Adamski, Jason Kirin, Ricard Workmeister, Rado Saragih

Excused: Rob Giradot, Gary Cross, Jeff Flumignan, Marty Raybon, Melisia Taylor, Rachel Chang

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- 2) Labor/Hiring Update
- 3) State of the Port – FY 2019
- 4) Implementation Team Updates
 - a. Rail Network Optimization
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Opening Remarks

We had a great year at the Port of New York & New Jersey with strong cargo growth and significant operational improvement throughout the whole port complex.

On March 12th, The Port of NY & NJ will hold a “State of the Port” event. Port Director Sam Ruda and Deputy Director Beth Rooney will speak, along with the Port Authority’s Executive Director Rick Cotton and Chief Economist Alex Heil.

Port stakeholders expect to see a lull in cargo throughput in March due to a closure of Chinese factories and blank sailings in observation of Chinese New Year. Supply chain disruptions from the Coronavirus could also limit activity throughout the month of March.

Labor/Hiring Update

For the current enrollment period, 538 longshoreman positions were approved. Of the 800 candidates that were interviewed, approximately 400 were sent to the Waterfront Commission. Thus far, 237 longshoremen were hired and 80 disqualified. A request was made for 120 checkers and 67 were hired.

There are ongoing discussions between ILA, Waterfront Commission, and NYSA with respect to the hiring process. The Waterfront Commission is withholding approximately 50 ILA candidates due to perceived “improper” hiring process—they were not interviewed by the ILA before they attended the joint interview of employer, ILA, and NYSA.

Pending sponsorships with the Waterfront Commission for mechanics are minimal. There has been more success in hiring lashers.

State of the Port

On Friday February 7th, the Anthem of the Seas cruise vessel berthed in Bayonne with reports of multiple illnesses amongst passengers. All emergency personnel went into high alert to address the medical concerns surrounding Coronavirus. The Port Authority Police provided medical and police support, along with keeping the media abreast of events. In the end, no one on board tested positive for Coronavirus. The cruise vessel was sanitized along with the terminal and gangway to ensure all health and safety measures were met. One void in communication was noted that no-one informed the stevedore of the potential of passengers arriving with Coronavirus.

Port of NY & NJ Statistics – FY 2019

Container volume through the Port of NY & NJ reached 7.47 million TEUs— 4.1% growth year-over-year.

Loaded imports reached 3.77 million TEUs in 2019— 2.6% YoY growth. Loaded exports declined slightly to 1.46 million TEUs, a -1.1% drop from 2018.

Containers totaled 4.23 million in 2019 for a 3.5% YoY growth figure. The difference in growth rates between TEUs and containers is due to a growing share of 40’ containers.

Empty containers continued to grow at a rapid pace. The Port of NY/NJ saw YoY growth of 10.6% which equated to 2.22 million TEUs in 2019.

Total vessel calls decreased by -0.4% in 2019. But calls by vessels greater than 9000 TEUs increased by 20.5% — 397 calls in 2019 versus 327 calls in 2018.

Rail volume reached 664,987 containers in 2019, a gain of 3% from 2018. January 2020 rail figure hit an all-time monthly record— 61,415 containers.

The top five countries of origin at the PONYNJ makeup approximately 50% of imported containers. China's share of the import market has dropped from 31.8% in 2018 to 28.5% in 2019. All commodity categories within our top ten saw growth in 2019.

The Port of NY & NJ has one of the most diversified portfolio of trade lanes of any port within the United States.

Bulk cargo was down by -11.9% in 2019. This was mostly due to mild weather and therefore a lack of salt shipments.

Rail Network

Fluidity at rail was much smoother in 2019. Rail infrastructure was able to handle the increased volume with significantly fewer operational issues as compared to 2018.

There has been consistent and good communication amongst all rail participants, ensuring a smoother and more efficient movement of rail cargo.

Conrail has received the necessary permit for Waverly Loop construction project.

Rail group continues to evaluate cost sharing in public/private partnership for rail infrastructure projects.

Rail car supply throughout 2019 has been good other than one minor issue. Minor hiccups are to be expected and overall the outcomes were very good.

Rail participants have been using historical information, along with communication amongst rail equipment managers/terminals, railroad companies, and ocean carriers to help predict rail car demand.

Millennium Marine Rail operations have increased productivity with the new radiation portal. More volume can now be handled in a smoother fashion.

The Port Authority is strengthening national coverage with a marketing manager positioned in the Midwest to concentrate on discretionary rail cargo. The Port Authority executive team is very focused on growing our intermodal market.

Chassis Provisioning

There are ongoing discussions among labor, terminal operators, chassis providers about how chassis are processed through the port. The share of pool chassis in the port are decreasing in comparison to trucker controlled chassis.

Of note was a discussion on establishing "Express Lanes" at marine terminals in support of the pool chassis. Pool chassis are chassis that are maintained at off-dock depots. The ILA has maintenance and repair jurisdiction at these depots. Since these chassis are already being inspected at the off-terminal depots by the ILA, there is limited need to make a second inspection at the terminals.

The “Express Lane” concept is viewed as a Port process improvement and should be announced via Breaking Waves. Each terminal will implement Express Lanes in accordance with their individual operating parameters.

Workforce Development

Working with New Jersey MEP who has contract for doing apprenticeship in the TLD space— there is newly registered apprenticeship by the U.S. Dept of Labor called “logistics technician”. The apprenticeship will consist of 2000 hours of on the job training to learn the fundamentals of supply chain along with a manufacturing skill standard credential at the end of the program.

Workforce Development group is searching for partners to take in the apprentices at their companies and provide work for the apprentices to complete the 2000 hours and program requirements.

Apprenticeship and internship fair in Jersey City week of February 2nd— 75 job seekers attended and 25 registered businesses with 21 of these participating. Multiple universities attended including New Jersey City University, Rutgers University, and Union County College.

A community engagement office will be opened in Newark and a manager has already been brought on to oversee the office. Working on building workforce development opportunities and diversity & inclusion along with stronger participation from local businesses. A soft opening is scheduled for March.

The spring time High School Career Awareness Event will be reformatted. Last year’s event was too big to allow for effective interaction with students. The new format will focus on creating a more interactive environment, which will include a smaller group of students touring the port, and a panel discussion amongst supply chain educators to learn about career options.

Multiple job fair events in March, the biggest of which is the Career Con Event in Staten Island. There will be a panel at the Career Con Event in which alternative careers in shipping will be discussed.

Supply Chain Analysis – Empty Returns

The Empty Container Return Working Group has developed preliminary recommendations. These recommendations need to be fully vetted by stakeholders prior to release within the Council on Port Performance.

Existing communications regarding empty container return locations from terminal operators has been helpful. Some terminal operators are posting information for the next day’s operations, as early as 1pm on the day prior which has proven to be more beneficial to the trucking community

Marketing / Public Relations

Regular meetings with marine terminal operators to collaborate on marketing efforts. Port Authority and MTOs will be working together on two upcoming events, TPM and RILA, to create a strong presence.

The new East Mediterranean America service will begin calling the Port of NY & NJ in April– ocean carriers are COSCO, Yang Ming, and ONE.

Commercial manager Bob LaMura and Port Director Sam Ruda visited Europe last year to make calls on European ocean carriers. There are plans to visit Asia in 2020 to meet with ocean carriers headquartered in the Asia Pacific region.

Coronavirus

CMA-CGM, the Marseille, France based container carrier noted that while most Ports in China remain open, many factories remain closed and there are system wide trucker shortages in China as people remain quarantined or are simply staying home.

Cargo is beginning to back-up at some of the Chinese ports especially for imported cargo to China that has yet to be delivered.

CMA noted that because of the virus impacts on cargo volume and holiday observation of the Lunar New Year, the carrier and their alliance partners will eliminate 19 scheduled vessel sailings to the West Coast and 5 to the East Coast.

As the picture becomes clearer, there is an expectation that there will be a drop in cargo volume beginning in late February and March that will be below forecast. There is, however, the expectation that this will be followed by a pronounced cargo surge. This will trigger some advance planning as it relates to cargo and rail operations with the terminals and with the railroads.

Open Forum

While several bills were passed in Trenton in January that codified penalties associated with misclassification of employees, the primary Senate bill was not passed during the lame duck session. The so-called “Sweeney Bill” has, however, been reintroduced.

The general view is that something will get passed. The Bi-State Trucking Association has been very active in Trenton as far as educating legislators as to the negative impact that the primary misclassification bill would have on the Port.

Bi-State is reporting that given the uncertainty and legal risk associated with potentially being misclassified, approximately 300 truckers have dropped out of the system. There is also anecdotal evidence that some truckers are registering out-of-state and establishing their base of operations/registration in Pennsylvania.

Bi-State is also advocating that the “ABC” test be dropped from the legislation and be replaced with the IRS rules governing independent contractor status. Bi-State continues to take the position that most independent contractors—not just truckers, but hundreds of other businesses and trades—would not be able to pass the altered version of the “ABC” test that is being put forth in this legislation.

Economic Impact Study

NYSAs Economic Impact Study will be released around April 2020.

Expectation is that industrial development, trucking and rail traffic, amongst other categories have increased.

Capital investment figures will be included in report.