

PRESIDENT'S REPORT – JANUARY 2022

THE YEAR AHEAD

A year ago, this report noted a horrific year of pestilence and uncertainty, and hoped for better days. New and effective vaccines and widespread vaccination garnered optimism tempered by concern about dangerous new variants. But it was a rough year and now, as the COVID-19 toll passed 800,000 Americans and a wicked new variant sweeps the nation we brace again against a giant wave of infection. On January 3, 2022, there were one million new cases reported in a single day. The Omicron variant may be less severe, but it is so contagious that its devastating effect on the health care system and the testing regime built into ship operations is hard to overestimate, as everything is pushed to the maximum, and as the entire industry deals with a fresh crisis on top of an existing crisis. Against the spread and its consequences, Union agents work 24/7 on the dispatch obstacles, grievances, clarifications, and other problems, and the struggle of pandemic life goes on as before. This year the SUP came out swinging with a flawless holiday activation of the *Cape Horn* in highly adverse conditions. Resilience isn't a mindset we need to adopt – it's what we do, built into the nature of our work. This year we will complete the SUP election cycle, bargain with UFCW and APL, represent the membership in the fight to maintain wages, conditions, member services and benefits, and fair weather or foul, crew ships day and night.

MATSON

COVID Omicron Surge Policies: Related to the omicron surge and new shipboard cases, Matson created two new policies in COVID Updates #51 and #52. The first is a restoration of a temporary fleet-wide restriction-to-ship. Delegates are instructed to properly account for the restriction and submit claims under Section 18 of the General Rules. The second is a quarantining policy for new or joining crew for three days upon reporting where the following will apply

1. Remain in stateroom outside of work hours.
2. Wear facemasks always when outside of his/her stateroom.
3. Always remain six (6) feet away from all other crewmembers.
4. Take meals/breaks (coffee, smoke, etc.) separately from the rest of the crew.
5. Wash hands frequently.
6. Report any symptoms related to a COVID-19 infection to supervisor immediately.

Honolulu Dispatching Procedure: Questions from members around Honolulu crew relief procedure in China-bound ships persist, so the following will recap the history and development of the emergency COVID dispatch procedures in accordance with the SUP Shipping Rules. At the outset of the pandemic (in late March and April of 2020), Chinese port state control authorities issued a variety of extremely restrictive rules on ships calling in Chinese ports. One such rule in particular – that no crewmember could be on the ship fewer than 14 days (which China conservatively managed to be longer than 14 days, usually 15). This meant that Honolulu dispatches to China-bound ships would be eliminated in 8 ships, a situation that was unacceptable. Matson recognized the problem and worked with the Unions to create a temporary

emergency plan to both comply with the China port state rules and each Union's Shipping Rules without alienating our Honolulu Branch and its members.

For Honolulu-dispatched mariners on the China run, the company would call the relief at Honolulu and then fly the relief to Long Beach at company expense. The relieved crewmember would be discharged at Long Beach and flown back to Honolulu. This was reported at the May 2020 Headquarters and Branch meetings. Despite some initial objections from some members opposed to special Honolulu reliefs on the West Coast, the temporary change was approved by the membership and has worked well for the last 20 months.

Some complex situations where members were terminated or quit both in Honolulu and on the West Coast were sorted out. Critical to that sorting out was remembering the intent of the temporary adjustment – to not disadvantage Honolulu because of the new China COVID restrictions. A few situations arose in which mariners were terminated at Honolulu or on the way to Honolulu from the West Coast. In concert with the MFWO, I verified with Matson labor relations that the original intent of the May 2020 Shipping Rules temporary modification was to relieve Honolulu-based mariners on the West Coast who would have completed their maximum period of employment upon arrival Honolulu and to prevent any disadvantage to Honolulu jobs that would, under normal circumstances, have been called there first. The Company agreed to service that intent but had no intention of flying Honolulu-based mariners to the West Coast to relieve mariners because of terminations, quits or medical unfit-for-duty situations. The company confirmed earlier intent to address events such as terminations in Honolulu, unfit-for-duty on the way to Honolulu, etc. on a case-by-case basis but based on the concept of neither decreasing nor expanding normal Honolulu dispatching.

In summary, using the same rules adopted by the MFWO, the Honolulu relief situation for China-bound Matson ships is as follows:

- Dispatched Honolulu crew to CLX or CCX ships will continue to get relieved by Honolulu-dispatched registrants at Long Beach (or Oakland, if that is the case) upon completion of maximum period of employment.
- If a Honolulu mariner takes a trip off at Long Beach (or Oakland), the trip off relief will be called at Wilmington (or Oakland); the company will pay transportation to the mariner on the trip off to and from West Coast-Honolulu.
- If a Honolulu mariner quits or is terminated for cause prior to Long Beach (or Oakland), or in Long Beach (or Oakland), the job shall be called at Wilmington (or Oakland).
- If a Honolulu mariner becomes medically unfit before reaching the West Coast, the job shall be called at Wilmington (or Oakland).
- Surprise cases, such as those occurring on the way to Honolulu, or at Honolulu, that result in a shorthanded ship the entire loop through Honolulu back to the West Coast will be handled on a case-by-case basis. There are no predetermined outcomes for these cases, although the Union has requested that a mariner be sourced from Honolulu as the job would have, in normal circumstances, been shipped from Honolulu.
- All other SUP-Matson Shipping Rules remain in effect.

When the pandemic situation changes, we expect a complete return to the regular Shipping Rules. But now the rapid spread of the Omicron COVID variant makes it unlikely that the Chinese government will lighten up their port state control policies regarding vessel crews and COVID anytime soon. In fact, the opposite is true: China continues to tighten its rules.

PATRIOT

Management recently updated its employees and Unions that the Watson contract award protest is still pending. The final hearing was on August 24th but neither MSC nor Patriot has any information on the status. Because there bridge contracts are in place as we await the decision there is no immediate damage in the delay, but it is frustrating. The uncertainty of planning, budgeting, and servicing a contract whose award and expected period of application adds to our workload as we consider and plan for contingencies. Meanwhile, Patriot sailors continue to maintain excellent seamanship as they tough it out around the world.

SAN FRANCISCO BAR PILOTS

On December 16 2022, I signed a tentative Memorandum of Understanding, subject to membership ratification, that made a small annual adjustment to the seven day watch schedule of the Run Boat Operators employed by the San Francisco Bar Pilots. The schedule change would adjust the days on period once a year to ensure the rotating of holidays and week on and off duty. Beginning on January 9, 2022, and repeating annually through the end of the present Agreement on December 31, 2023 the change would take effect. The AB/Mate schedule is not subject to the MOU. The change will result in overtime pay of 12 hours ofr one operator from each crfew on January 9, 2022, and will reoccur annually. No additional overtime for working on accumulated time off (ATO) days to enact this change will be paid. Additional hours worked beyond the normal 12-hour shift on these ATO days will be paid at the standard overtime rate. There will be no additional overtime generated for hours worked in a 2-week period. The standard four (4) additional hours worked beyond 80-hours will continue to be paid. The agreement may be modified upon mutual written consent of the parties. Mr. Chairman, I recommend ratification of the Memorandum of Understanding with the San Francisco Bar Pilots on annual Run Boat Operator watch schedule adjustments.

SUP WELFARE PLAN

A member recently appealed to the Trustees of the SUP Welfare Plan (that's Ricky Childs for APL, Jack Sullivan for Matson and SUP Vice President Matt Henning and myself for the Union) for a nationwide health care option because he moved his family from Oregon to South Carolina and found the medical insurance options to be inferior his previous Kaiser coverage and the other West Coast options. Alternatively, the member requested reimbursement of costs up to the amount the SUP Welfare Plan pays for Kaiser coverage. The Trustees, and its professional administrative and legal staff, as well as its health care consultants took that matter under review and debate. They were unable to modify the Plan to accommodate the request based on cost, plan design, and the law.

As additional background, the SUP Welfare Plan's medical coverage was once known as the PHS-replacement plan. PHS stood for the Public Health Service which provided excellent

government-provided health care specifically for merchant mariners through the early federal Marine Hospital system set up in port cities. That system operated from 1798 until it was abolished by President Reagan in 1981. It fell to the maritime unions to replicate the system by their own efforts. In the SUP there were negotiations that allocated from wages and benefits to pay for it, and subsequent allocations continue to pay for it, especially at the dawn of the HMO (Health Maintenance Organization) era. At least since the award of the Bob Hope class of LMSR's, the Union advocated for access to a national health coverage, based on the homeporting of those ships on the East and Gulf Coasts. Back then, in the early 2000's, the Trustees were successful in contracting with PPO or Preferred Provider Network called the Union Labor Life Insurance Co (ULLICO), which provided a trimmed down coverage at a cost that was not unreasonable. ULLICO however eventually wanted out of that business. When insurers want to discontinue an offering, they typically raise rates to astronomic levels. But the Plan was nevertheless able to replace the ULLICO plan with a Health Net PPO until that insurer too raised rates beyond sustainability. Still, rather than leave out of area participants without a coverage option the Trustees implemented a co-insurance payment where the participant, unlike any other provider, paid 25% of the premium. Members eventually found better options, especially in the port city Kaisers, and enrollment decreased until there were no enrollees, and the plan was suspended and then terminated.

At the same time, the Employer trustees began to chafe at the pooled eligibility system in general, and as parties they refused to "subsidize" other employee groups within the Plan, and withheld contributions and threatened to withdraw entirely. The Union took its own action, demanding and eventually collecting a large payment as part of a tough negotiation and plan redesign. Although much more was involved, out-of-area costs were a factor that weighed heavily on the numbers that prompted a dramatic fight.

Next, we looked to the Affordable Care Act (ACA), or Obamacare, for assistance as Unions nationwide argued for participation in the national coverage of the state Exchanges – first with the idea of a public option but when that failed in the idea that Union Taft-Hartley plans might participate in Exchange health care plans at the Exchange rates. President Obama however pressed by Union leaders at a famous White House meeting, declined to allow it into the proposal. After legal review, that remains the case today: Taft-Hartley health and welfare plans are prohibited from participation in the Obamacare exchanges as a function of being classified as a Union group plan. Since the outset, the SUP Welfare Plan Trustees have empowered its consultants to comb the provider networks for viable out-of-area options. Among the very few willing to quote such a small group in recent years, none would guarantee or lock in their rates. The trustees were forced to conclude that sustainability would likely remain a problem as rates went up. The Trustees did secure continued coverage for out of area members based on the PHS port city precedent and authorization of the use of the hiring hall address as the in-area address of a participant enabling regular Kaiser or HealthNet coverage.

There are two themes here that are important to note. First, geographic area are an important component of the pool demographics that set the rates that health insurers demand. This geographic input is not unfamiliar to us: health care under the SUP Welfare Plan has always been more or less centered on port cities *even when we had a national coverage option*. Second, costs for nationwide plans for relatively small groups has been and remains very high and

uncapped. Extended unreimbursed cost exposure destabilizes health care plans as insurers and employers look to pass on the rising costs of regular health care to the users, or discourage their use in the first place. That is why many plans have large coinsurance fees – such as when they split the cost of a premium 80/20 (eighty percent employer, twenty percent employee), or have high deductibles that must be paid before most insurance kicks in, or very high caps on out-of-pocket maximums where the insured are forced to pay for a certain procedure until a cap on that spending is reached. The SUP Welfare Plan coverage is traditional and beneficial: it employs effectively none of these new and tricky although common methods of “cost-sharing.”

The Trustees will continue to look for cost-effective options to expand Plan coverage without making the existing coverage more expensive for members who live in the areas presently covered. In the meantime, out-of-area members may continue to use the Union halls as their addresses of record to qualify for port city HMO eligibility or may choose to individually participate in their home state ACA Exchanges. Will keep the membership informed on that work as it moves ahead.

CHEVRON SHIPPING CO.

Chevron management informed the Union in January that positive tests of recent joiners in the M/T Mississippi Voyager forced the Company to reexamine its COVID policies and protocols. U.S. Fleet Manager Chad Culbertson said that until now the protections were sufficient but that the Omicron variant had resulted in a spike of cases and changed the outlook. Culbertson said that Chevron’s medical experts predicted a subsiding of the Omicron wave in the next few weeks. As a result, the Company resumed masking, restricting visitors, and pausing shore leave, but maintaining reliefs as planned. Management identified a particularly increased risk to personnel during the pre-boarding period or during transit to the vessel and was working on improvements. Will keep the membership informed.

UFCW LOCAL 5

Over the last three months, bargaining with Local 5 of the United Food and Commercial Workers has continued in various forms. Much work in term research and review, outreach to members, drafting and vetting proposals, bargaining with the employer and various other communications have been steady and deliberate. Because there is a solid evergreen clause that automatically renews the Agreement, and because the employer has agreed to full retroactivity of any increases, there is little immediate harm in bargaining past the technical expiration of December 31, 2022. Work continues on a new Agreement and will keep the membership informed on progress.

SUP ELECTION

Balloting for the triennial election of Union officers and Constitution changes began on December 1, and concludes on January 31, 2022. The ballots will be counted at Headquarters on February 1, 2022. In accordance with the SUP Constitution, the entire secret mail-ballot and election shall be conducted by the Impartial Balloting Agent selected by the membership. The Committee on Election recommended that Unilect Election Services be selected as the Impartial

Balloting Agent and the membership concurred in the November meetings. As per Article VIII, Section 1 of the SUP Constitution: “members with A and B seniority who are in good standing may vote in all Union elections. Members with C seniority who have ninety (90) days seetime within the preceding year and have been in good standing for that year shall be eligible to vote in all Union elections.” SUP members on pension may cast ballots for Union officers.

If for any reason a member in good standing does not receive his/her ballot, he she may make a written application to Unilect Election Services, Inc. using the designated form to request a ballot. That form from Unilect is available in all SUP halls and was also mailed with the ballot. The form will also be published in the December issue of the *West Coast Sailors* and is also available on the Union’s website at www.sailors.org. Union democracy depends on participation. Urge all hands to vote.

The previously elected SUP Committee on Election/Balloting Committee shall turn to on February 1, 2022, at SUP Headquarters to retrieve the ballots and supervise the count conducted by the Impartial Balloting Agent. If there are any vacancies in the Committee, recommend that they be shipped off the deck as per past practice.

QUARTERLY FINANCE COMMITTEE

As per Article XVII, Section 2 of the SUP Constitution, a Quarterly Finance Committee must be elected at today's meeting to review the finances of the Union for the fourth quarter of 2021. The Committee may use prior elected members or in the case of any vacancies ship members off the hiring hall deck as per past practice.

HOLIDAYS

Martin Luther King, Jr. Day – Monday, January 18, 2022. All SUP halls will be closed on Monday, January 17, 2021, for Martin Luther King, Jr. Day, an SUP holiday in all Agreements.

Lincoln’s Birthday – February 12, 2022. SUP halls will be closed on Monday, February 14 in observance of Lincoln’s Birthday, an SUP and ILWU contract holiday that falls on a Saturday this year.

President’s Day – February 21, 2022. SUP hiring halls will be closed on Monday, February 21 on President’ Day.

Washington’s Birthday – February 22, 2022. This holiday is observed under the SUP’s Chevron Agreement and for all Marine Employees and Dispatchers employed by the San Francisco Bar Pilots.

ACTION TAKEN

No official meeting action was taken. All formal membership action was comprehensively deferred until the next meeting.