

Water Carriers Working Group

Small Group: Sustainability and Profitability

Meeting Memory January 28, 2021

Contact List

- Mary Alice Evans , Office of Planning, [REDACTED]
- Christopher Edwards | Director of Finance and Treasurer Young Brothers, LLC; [REDACTED]; Pier 40; 1331 N. Nimitz Hwy; Honolulu, HI 96817; [REDACTED]
- Anand Samtani - [REDACTED]
- Jeffrey K. Akamine; Engineer III (PUC); [REDACTED]
- Mike Victorino Jr. (ILWU), [REDACTED]
- Stevette Santiago YB [REDACTED]

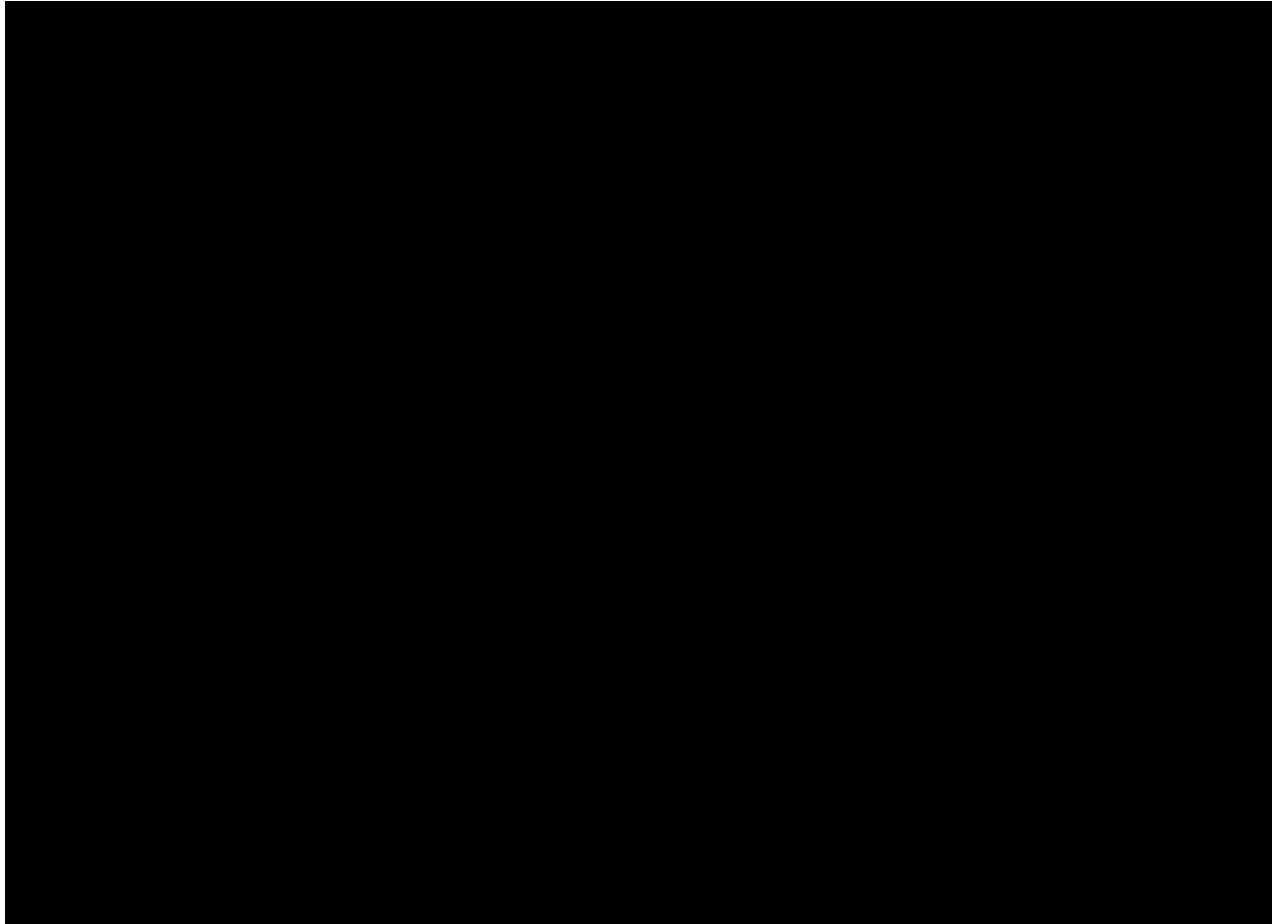
Added (1/28) new attendees

- Jesse Andrade: ILWU Member/Unit 4209 Chair: International Longshore and Warehouse Union, Local 142; [REDACTED]
- William "Baba" Haole IV: Division Director of Hawaii Longshore Division International Longshore and Warehouse Union, Local 142; [REDACTED]
- Kris Nakagawa: Vice President of External and Legal Affairs: Young Brothers LLC; [REDACTED]
- Naomi Landgraf: District Representative – Maui (PUC); [REDACTED]

Agenda:

- 1) Intro
- 2) Define a goals
- 3) Brainstorming to reach goals

Attendees



Conversation:

1) Defining Goals

- What will it take to restore YB back to a sustainable health without sacrificing employees
- Baba
 - There are things that YB can be looking in to increase profits like a rate increase
- Stevette
 - Also need to consider the customer in the process
- Chris Edwards
 - What would YB need to catch up with its bill payments?
 - Increasing rates to keep up with rising costs: from labor, supplies, overhead,
 - Looking at intra-state shipping down 20% since beginning of COvid-19
 - Specific islands being supported by other routes
 - How to make LCL profitable?
 - Container customers are subsidizing by paying more and it will drive other customers somewhere else

2) Brainstorming to reach goals

- Chris Nakagawa

- Non-profitable routes and customers
- Mary
 - Hawaii fresh discount off shift cost load to container customers
- Baba
 - LCL Cargo like 1 or 2 items is difficult to make more profitable and costs YB a lot.
- Jeff
 - Matson offers something similar to PODs moving container could YB offer something like this? Having LCL be handled offsite in this manner might have cost benefit.

Missing responses describing how YB currently offers that type of service and freight-forwarding companies and moving companies operate in concert with YB to do this.

- **Create a subsidy for the less profitable activities**
- **Make the unprofitable activities more efficient**
- Baba(ILWU)
 - Shipping under the radar other container ships are shipping inter-island without any regulation from PUC
- Jeff (PUC) If the unprofitable routes are Lanai and Molokai can YB use Maui as a hub for Lanai and Molokai instead of having to travel all the way to Oahu? It seems like more cargo is currently going from Oahu to Lanai and Molokai than there is cargo coming from them to Oahu.
- Lanai Molokai
 - What percentage is perishable and non perishable
- Jesse
 - If YB missed a shipment route then grocery shelves would be empty
- Jeff(PUC)
 - Why are the inter-islands shipping their agricultural products to Oahu if they can't fill their food shelves?
- Jesse
 - It is for products like eggs and milk how are you going to get that?
- Chris Edwards
 - Lanai Molokai What percentage is perishable and non perishable
 - Sometimes the inefficiencies arise because of poor tetris-ing and not from a lack of shipping load.
- Mike
 - They were doing multiple stops loading at Honolulu can load one barge with multiple port destinations
- Naomi(maui PUC)
 - Does YB have any thing internally to increase efficiency like reducing touch points.

Meeting Summary

Path 1

Create a subsidy for less profitable activities. And tenably a subsidy for all inter-island goods that aren't profitable but vital for survival such as eggs and milk.

- Pump more money in from State or federal or allow YB to change the rates specifically targeting these goods
- Offset internally the cost of these services with charging more for container forwarding which is what is profitable
 - Key deterrent is container only shippers get snipped by companies because it is too expensive to work with YB so they choose a different ship.

Path 2

Make the unprofitable activities more efficient

- Use alternate hub to serve least profitable routes Oahu direct Molokai and Oahu direct Lanai
 - What is more expensive (cost of labor) or (cost of fuel + ship wear and tear)?
 - This would add more touches and complicates logistics because destination Cargo would have to be split between perishable and non-perishable. Refrigerated and non-refrigerated containers, LCL, live stock etc all benefit from spending less time at sea and in Young Brothers hands.
- Ships in the past would make multiple stops around Maui County, also at two ports on the Big Island
- Reduce the amount of offloading and movements required to get a container from point of origin to destination