

## PUC Water Carriers Working Group Meeting

March 18, 2021, 1:00 – 3:30 p.m.

(Virtual Meeting via Zoom)

### Meeting Attendees (in alphabetical order)

P = Present; A= Absent

	<b>Name</b>	<b>Title</b>	<b>Company</b>
P	Jay Ana	President	Young Brothers, LLC
P	Vic Angoco	SVP	Matson Navigation Company, Inc.
P	Jesse Andrade	ILWU Member/Unit 4209 Chair	International Longshore and Warehouse Union, Local 142
A	Henry J.C. Aquino	Representative	House District 38 / Chair, House Committee on Transportation
P	Nelisa Asato for Vic Angoco		Matson Navigation Company, Inc.
P	Jayne Nantkes	Committee Clerk	Office of Representative Aquino
P	Leodoloff (Leo) R. Asuncion	Commissioner	Public Utilities Commission
A	Jade Butay	Director	Department of Transportation
A	Rick Blangiardi	Mayor	City and County of Honolulu
P	Michael Caswell	SVP	Pasha Stevedoring & Terminals L.P.
A	Catherine Awakuni Colón	Director	Department of Commerce and Consumer Affairs
P	Derek J. Chow	Deputy Director	Department of Transportation, Harbors Division
A	Stacy Crivello	Community Liaison	Maui County Mayor's Office
A	Michael Dahilig	Managing Director	Kauai County – Office of the Mayor
P	Christopher Edwards		Young Brothers, LLC
P	Mary Alice Evans	Director, Office of Planning	Department of Business, Economic Development & Tourism
A	James P. Griffin	Chair	Public Utilities Commission
A	Matthew Gonser	Chief Resiliency Officer/Director	City and County of Honolulu – Mayor's Office of Climate Change, Sustainability and Resiliency (CCSR)
P	Randy Grune (for Mike Caswell)	PASHA Managing Director	Hawaii Stevedores, Inc.

A	William "Baba" Haole IV	Division Director of Hawaii Longshore Division	International Longshore and Warehouse Union, Local 142
P	Steven Hunt	Deputy Finance Director	Hawaii County
A	Lorraine R. Inouye	Senator	Senate District 4 / Chair, Senate Committee on Water and Land, Majority Whip
A	Richard Kamoe	Vice Division Director of Hawaii Longshore Division	International Longshore and Warehouse Union, Local 142
A	Gilbert S.C. Keith-Agaran	Senator	Senate District 5 / Senate President designee
A	Mitch Roth	Mayor	County of Hawaii
P	Keith Kiyotoki	Manager of Sales and Marketing	Young Brothers LLC
A	Chris Lee	Senator	Senate District 25/Chair, Senate Committee on Transportation
P	Jennifer Lim		Young Brothers LLC
P	Matt Loke		HDOA
P	Chris Martin	Director of Operations	Young Brothers LLC
P	Reiko Matsuyama	Budget Director	Kauai County – Office of the Mayor
A	Mike McCartney	Director	Department of Business, Economic Development & Tourism
P	Kris Nakagawa	Vice President of External and Legal Affairs	Young Brothers LLC
A	Mark M. Nakashima	Representative	House District 1 / House Speaker designee
P	Dean Nishina	Executive Director / Consumer Advocate	Department of Commerce & Consumer Affairs – Division of Consumer Advocacy
P	Lisa Hiraoka		Department of Commerce & Consumer Affairs – Division of Consumer Advocacy
P	Dori Palcovich (for Mike McCartney)	Administrator for the Small Business Regulatory Review Board	Department of Business, Economic Development & Tourism
A	Jennifer M. Potter	Commissioner	Public Utilities Commission

A	Fred Robins for Baba Haole		ILWU
P	Stevette Santiago	Director of HR	Young Brothers LLC
P	Phyllis Shimabukuro-Geiser	Chairperson	Department of Agriculture
P	David Veltry		Young Brothers LLC
P	Corey Robertson		Young Brothers LLC
A	Michael P. Victorino	Mayor	Maui County
P	Mike Victorino, Jr.		ILWU
Public Utilities Commission Staff			
P	Jeffrey Akamine	Engineer	Public Utilities Commission
A	Jodi Endo Chai	Executive Officer	Public Utilities Commission
A	Michael Chapman	Economist	Public Utilities Commission
P	Steven Iha	Consultant	Public Utilities Commission
P	Layla Kilolu	Economist	Public Utilities Commission
A	Carolyn Laborte	Chief Auditor	Public Utilities Commission
P	Naomi Landgraf	District Representative – Maui	Public Utilities Commission
P	Andrew Okabe	Utility Analyst	Public Utilities Commission
P	Anand Samtani	Supervising Economist	Public Utilities Commission
P	Gina Yi	Acting Chief Engineer	Public Utilities Commission
P	Jackie Young	Auditor	Public Utilities Commission
P	Debra Abe	Auditor	Public Utilities Commission
Independent Facilitation			
P	Donna R. Ching	Facilitator	Pacific Center for Collaboration
P	Jennifer Cornish Creed	Recorder	Hawaii Alliance for Nonprofit Organizations (Director of Professional Development)

## Welcome

Leo welcomed attendees to the sixth meeting of the Water Carriers Working Group (WCWG) and thanked them for attending. He acknowledged that everyone has been working in their small groups since mid-January. The focus of today's meeting will be sharing the small group status reports that were submitted and circulated to the WCWG.

## Housekeeping

Donna thanked everybody for their hard work in the small groups and noted that many groups met multiple times to get this work done. The result of that work is a lot of good

information to work with at this meeting. There have been updates and refinements to some of the small group meeting notes since they were initially distributed. Any updates will be sent out after this meeting.

### Group Memory

Donna asked if there were any corrections to the group memory from the January meeting. There were no corrections suggested.

### **Status Reports for Small Groups/Subcommittees**

Donna asked the small groups to provide a summary of the key work done by each group and some background/context for where their recommendations came from. After each report out there will be time for Q&A. For those who were interested in multiple groups but could only participate in one, you'll have a chance to weigh in on the information shared.

Many of you have talked to us about the fact that your recommendations are very similar to those from other groups. We anticipated this would be the case. We'll identify these similar or related recommendations and then we'll decide the best way to proceed – whether to combine groups or form new groups. If we don't get to that today, we'll push that to the April meeting.

### **Sustainability and Profitability** (Mary Alice Evans reported)

For details, see the full report. These are highlights that were shared:

- The compelling case is that YB needs to be profitable in order to be sustainable. Otherwise, they'll go out of business and there are neighbor islands that won't be served.
- If they're not profitable, YB will have difficulty meeting payroll, keeping their workforce employed, paying vendors, accessing affordable capital, meeting sailing schedules, etc.
- If they continue to bridge unprofitable low volume services with only profits from high-volume cargo, they may not have funds available to pay debts and support their operations.
- There are factors in the control of the WC and factors that are not in their control. We brainstormed these different factors.
- We prioritized a list of actions. It overlaps many of other groups' lists.
  - Create/find subsidies for the less profitable activities.
  - Make the unprofitable activities more efficient and improve cost control.
  - Create an additional cost of labor rate for LCL cargo.
- Drilling down on subsidies for less profitable activities:
  - Add a subsidy for all inter-island goods that aren't profitable but are vital for survival, such as eggs and milk.
  - Increase state or federal money or allow YB to change the rates specifically targeting these goods.

- Charge more for profitable cargo. The key deterrent is that customers may choose to take business elsewhere.
- Make the unprofitable activities more efficient (decrease the cost to the water carrier)
- Create an additional cost of labor rate for LCL Cargo

Summary of Key Recommendations:

- Return to the AFRA rate adjustment process
- Create a short-term rate increase to offset drop in intrastate volume due to COVID-19
- Find a way to make LCL more profitable

Q&A

- **Q = Question, A = Answer, C = Comment**

C: Your report currently states that YB is taking on debt. For clarification, we're not taking on any debt. I think you mean that we're subsidizing losses. We have not taken on any debt.

A: [We'll make that clarification in the report.](#)

Q: You mentioned subsidies, can you elaborate?

A: We're going to defer that to the Subsidies group since they took a more comprehensive look at subsidies.

(Donna): Thanks Mary Alice. This is a great report, but it points out something that is the natural inclination of groups – which is to come up with more recommendations than they can actually achieve effectively. In most instances, groups are very unfocused rather than lasering in on what is most critical. As we go through the other reports, I want the group to consider criteria to narrow in on recommendations that will really make a difference. If we end up with too many recommendations, we won't help the State focus on actions that have the potential to make a significant difference in successfully ensuring effective, efficient, and continuous water carrier service. This lack of focus will spread resources too thin and we'll end up with mediocre results.

Clarity of Cargo (Keith Kiyotoki reported)

- We focused on creating an improved reservation system for all cargo types that would improve efficiency, to be implemented in phases.
- A byproduct of the system would be to review storage and transit/SIT policies for improved enforcement and visibility of cargo transported by WC.
- Currently YB does have a reservation system, but it is limited to certain types of cargo (container, as well as autos, roll on roll off). The system allows tracking for internal

purposes. Everyone wants to be like UPS and FedEx, where the customer can go online and track their cargo but that comes at a price.

- An improved reservation system would include handling the LCL cargo, e.g., for the customer that is dropping off pallets or one or two boxes. Right now, this is not in the reservation system. Customers just come down and deliver to WC.
- Going forward, we should articulate the benefits of the reservation system for small boxes and LCL.
- Having a reservation system can incentivize customers where you have the option. Like DMV – I can make a reservation for tomorrow to drop off my pallet. Or, I can come without a booking, but service may not be as timely.
- Restraining forces are the financial/cost constraints. On the cost constraints – there are the costs to implement the system AND the additional maintenance costs down the road. It may cost \$1,000 now but also \$1,000 a month to continually run and improve that system.
- SIT – there was a presentation at the beginning on SIT. Basically, it's a benefit to a consumer that properly uses SIT. If a container is designated as SIT and I have a facility on Oahu and Maui and I'm not able to send a full container to Maui – that SIT container drops off half of cargo in Honolulu and the remaining half continues on to Maui. SIT benefits the consumer when done properly. There is a potential that is due YB. We need improved enforcement and visibility of cargo going in the container.
- Conclusion – the goal is to get an improved reservation system that handles all types of cargo and gives consumer more visibility, but this comes with a cost. We didn't get into the actual cost calculations.
- To understand what is flowing in SIT, maybe there needs to be a committee that reviews the revenue that is due to the intrastate carrier.

### Summary of Key Recommendations

- Doing a cargo reservation service. *(Note: this was later identified as low-hanging fruit)*. We're already looking into costs.
- Look at alternatives available (e.g., going through an outside company that provides these services)
- SIT (maybe a broader group can work on this issue, with representatives from PUC, DCA, DOT and even the steamship companies)

Donna: The committee should discuss how to create the compelling case for all the groups involved why it's in their best interest to support your reservation service (e.g., customers, the company – all the various stakeholder groups).

## Q&A

- **Q = Question, A = Answer, C = Comment**

Q: SIT question. Having dealt with YB for decades now, this has been suggested before. It should be looked at. Can YB quantify the amount of revenue from SIT that is being improperly shipped? If the anticipated revenues that might be collected for this is nominal compared to the external subsidies, maybe we should focus more on the subsidies. Unless interstate shippers are providing inappropriate SIT for free, there's a reason that customers are doing what they're doing. The rates are too high.

A: It isn't possible to quantify that since it isn't being monitored or tracked. To say that the rates are too high when the alternative cost is zero is a false statement. They're just backfilling with additional cargo. The comparative cost is nominal because it's free. Not YB's cost – cost to dray the cargo. This is often more expensive. The general dray cost is \$300. Say an LCL shipper pays a trucker to move cargo, \$65 of revenue goes to YB (less 30% wharfage fee). If they have to send a vehicle to PASHA or Matson, they can consolidate the costs.

A: To clarify, a SIT container doesn't necessarily mean just (for example) a 40-footer with half of the cargo destined for Honolulu and half for Hilo. It may be combined with other Hilo cargo coming from other states.

C: In this case, every little piece matters. Is SIT a \$50 million problem? No. It's probably a \$5 or \$10 million problem. If it continues it can become more of a problem. But your point is well taken that other things might improve the viability of WC other than SIT issues.

C: Adding to Keith's presentation, one of the other things the reservation system does is gives the company assurance that cargo will show up on the docks. Sometimes cargo doesn't show up. If customers are provided with a time to drop cargo off, the WC could be strategic about creating full, RORO, LCL. The order may affect the efficiency, which could create cost savings.

Additional comments that were shared later in the discussion but relate to a reservation system:

C: You should identify and articulate what are the most important components of a reservation system.

C: We have a cargo reservation system already. Currently reservation isn't utilized to apply reservations to LCL and mixed.

C: If this group is going to focus on creating a reservation system to address LCL and mixed, can we clarify if we are looking for alternatives or looking for a system that works? It's like we're spinning our wheels if we look at both.

- C: The first step is to articulate the needs you have that you want in a system, then look at the different options.
- C: One of my struggles with this is wondering if the focus is supposed to be items we're supposed to provide to the Legislature? If so, this doesn't fall into that category. It's for the company to decide. The focus is for the group to determine Legislative recommendations, right?
- C: I understood that we are currently talking about low hanging fruit that we would try to implement sooner (in the 3-5 year timeframe).
- C: I think why this group saw this as so important was because the content you were focused on was more internal than bigger picture. Trying to make YB more efficient and more effective. Are you suggesting that this is something they shouldn't be looking at?
- A: No, I wasn't suggesting that, but alternatives are on the implementation side. I understand the value of a reservation system. I'm just trying to consider how we are utilizing our time in this group.
- A: I was just trying to point out we have to identify the needs that we have in order to know what we're looking for in a system. We've heard a lot about these needs. Maybe just consolidating them in terms of stakeholder groups would be useful?
- C: Alternatives – are we talking about those that have a similar system that YB can contract with?
- A: Initially that was what we talked about, but then it became actually looking outside YB for an alternative to do the work itself.
- C: To be clear, this group is not a board of directors overlooking YB and making recommendations from that perspective. But, from the customer service perspective, this still needs to be a topic of discussion. If we find out it is hugely expensive, then maybe it dies. But, if we find out it is a small seven figure but generates small seven figures back in efficiency, it might be worth it.
- C: Ultimately, it will be up to YB to make the call/the decision.
- C: The issue that's being brought up is another issue the group discussed. Is it worth pursuing this?
- A: An alternate option is a big negative for us. And for rate payers...it would force them into unregulated costs. The focus should be on what we can do to improve the operations we already have, not on moving the work to an outside entity. That would have a major negative impact.
- A: We should stay focused on the initial recommendation (reservation system).



And SIT:

- Addressing the fundamental actions being taken by shippers (interstate and intrastate)...I will defer to PUC on this...enforcement taken by DOT or third party that would enforce...leads should be WC, including interstate carriers.
- Having Matson and PASHA in the discussion, we would have to be careful. There's a process currently in place that's a random inspection process.
- The management of containers does not belong to Harbors. There's a lot more that needs to be thought through.

Donna: [Everyone interested in this issue should come back to next meeting with a recommendation on how it should be resolved. Keith is the point person on these suggestions.](#)

### **Subsidized Shipping** (Derek Chow reported)

- We're looking at both federal and state subsidies. Phyllis is in our group and shared with us that currently there are ag-specific subsidies being fully utilized. What we're talking about is looking at subsidies beyond those, for all of cargo transport within the Hawaiian Islands, not just for the non-compensatory routes – all types/all routes. The rationale is that everything that comes to Hawaii is more expensive than for the lower 48's, which are closer to manufacturing hubs.
- Senator Chris Lee and Senator Inouye talked about state providing subsidies. Even though the American Rescue package passed, until we more clearly know our state's financial situation has improved, we don't want to count on this. That left us with federal.
- There is a U.S. DOT maritime-related office called MARED. I reached out to them but didn't get a response. I took advantage of time with the Deputy Secretary of Transportation to mention this. He welcomed me sending info and set up a meeting with the U.S. Office of Secretary of Transportation and acting administrator of MARED to discuss. We'd be asking about broad subsidies for all cargo and all goods as well as specific subsidies for Lanai and Molokai (e.g., like essential air service/airlines). The meeting is on March 24 and I'll discuss these possibilities with them.
- In our discussion, we agreed that there doesn't seem to be any objections from customers, carriers, etc. to seeking subsidies. How they will be applied will be dictated by agency that supplies them. They will set the parameters around funding and financing.

### **Summary of Key Recommendations**

- Continue with following up on federal subsidies **(Note: This was later identified as low-hanging fruit)** (Derek is already working on this)
- Set aside state and county subsidies for now (due to the state's current financial situation)

Donna: Thank you for showing such initiative and moving forward to see what's available at

federal level. In terms of low-hanging fruit, could this committee give you some direction about where you might want to prioritize the highest level of need relative to neighbor islands?

Q&A

- **Q = Question, A = Answer, C = Comment**

A: That would be helpful for discussion with the U.S. DOT. My first approach is to get subsidies for ALL, since we know it is more expensive to transport to and through Hawaii vs. the lower 48.

Q: For the current ag subsidies already being used, are the ag folks using federal subsidies in addition to those reduced rates?

A: Yes, the state DOA informed us that there are additional federal subsidies to reduce the rates for raw materials. To what extent they're being used, we don't know.

Q: That was my question, is the company able to take advantage of subsidy since we're moving ag – or is it just for producers?

Q: Matt is here from HDOA – can you shed some light on this?

A: I believe that the federal subsidies are for interstate shipping – no intrastate shipping subsidies coming from feds. This is a national program for states like Hawaii and places like Guam, American Samoa and Puerto Rico that are also geographically disadvantaged.

Q: Can you clarify where ag folks are actually getting subsidies?

A: There is reimbursement for transportation cost payment (from the USDA) for producers. Also, emergency conservation program, not insured crop disaster program, as well as programs related to livestock, honeybees, etc. There is a tree assistance program, a conservation reserve program, a grassland reserve program, and a food assistance program associated with Coronavirus pandemic.

C: Even with all that, we understand that these are nominal amounts.

Q: When we talk about transportation subsidy, it doesn't mean only WC's right? It can be for however farmer wants to transport (via air, etc.)? They get reimbursed for a portion of expenses.

A: I'd have to defer to state DOA.

A: Yes – the ceiling amount available to any rancher/producer is \$16,000/year. If you used air transport, you'd burn through that quickly.

Q: For clarity, interstate means any vendor shipping to mainland – or shipping from mainland. This could be a focus in the discussion – supporting our local farmers. This is a restraining force to our local ag community. Almost detrimental to our local farmers and movement.

A: Bear in mind interstate commerce law says it has to be fair for every state. There are only a few states that are noncontiguous: American Samoa, Guam, Puerto Rico, Alaska.

C: Given all this, the state or county levels may be the best place to look for subsidies vs the federal level.

C: Regarding the island ag product discount that exists, is the committee only talking about external subsidies or also about YB's tariffs? That's another source of funding – based on the rates of other customers.

C: We didn't want to burden another part of the YB customer base to help a disadvantaged base of YB customers so we looked for outside subsidies. Ideally if we can get sufficient subsidies, we can reduce the rates so one portion of customer base isn't subsidizing another.

C: I'll ask my group to help me shape the conversation with the feds.

Donna: The WCWG has lots more context in order to help the feds get up to speed. In the interim, after your meeting, we'd appreciate it if you'd be willing to share with the group how the conversation went.

C: I will.

#### **Pier Space** (Gina Yu reported)

- I'm not the subject matter expert so apologies in advance.
- We discussed how the KCL terminal would be made available to WC. DOTD said that KCT is currently available (since 2020) and anticipated to be available until 2023.
- We talked about Pier 41, which is undergoing renovation. It is anticipated to be complete in 2024. Construction on Piers 39 and 40 has been delayed due to COVID-19.
- All scheduling at pier 41 will occur via portcall.com.
- Outcome of the meetings was that there were no outstanding issues. We agreed that there would be adequate space for the WC to use.

#### Q&A

- **Q = Question, A = Answer, C = Comment**

Donna: Your report read more like fact-finding and the status of the piers.

C: Yes!

Additional information shared later in the discussion that related to Pier Space:

C: Currently KCT is in Phase 2. It won't be available for operations until 2024 although the operator, PASHA, will be doing some construction and that includes putting in cranes.

#### **Rates** (Steven Hunt reported)

- We met 4 times, found it difficult to make decisions in a silo. Recurring topics:
  - Continue to regulate pricing on LCL cargo or have priced at market prices? Further discussion needed. It impacts each island and port differently, depending on amount of storage, whether there is consolidation, transportation between ports, etc.
  - How to address certain routes/cargo that are negative earners.
  - Should sailing rates set demand?
  - Is the WC being asked to be as efficient and cost-effective as possible?
  - What are the state's goals, for food, etc.?
  - How does the WC avoid large catch-up rate increases?
  - Balancing – keeping customer needs and price affordable.
- There needs to be a mechanism for improved, incremental rate adjustments (AFRA, zone of reasonableness). This should mitigate the need for large catch-up rate increases.
- There needs to be transparency for rate adjustments.
- Federal, state and or county should help to defray price increases to ensure that WC is fairly compensated.

### Summary of Key Recommendations

- AFRA but with guardrails *(Note: This was later identified as low-hanging fruit). (A group will come back with refined recommendations.)*
- Getting away from cross-subsidy within the organization so that routes and cargo types are at cost basis.

### **Discussion of Overlapping, Similar, or Related (O/S/R) Recommendations**

- (Mary Alice) When I reviewed the Rates report in comparison with ours, we had similar recommendations.
- Incremental rate adjustments, possibly restoring AFRA. Note – we didn't discuss the impact of that on customers. There is an outstanding question.
- Yes, AFRA is an overlap AND a low-hanging fruit. Routes and cargo at true costs. Subsidies won't be available immediately.

Donna: What are some strategies?

- When we looked at YB's presentation, the only times they were in the black was when AFRA or the Zone of Reasonableness was in place. Bring back AFRA but with standards or benchmarks for those rates so there is transparency for customers.
- To clarify, at least based on financial reports filed with PUC on regularly basis, YB was profitable until about 2017 and AFRA stopped before that so it may not be tied to that. The issues were in the 2017/2018 timeframe. I'd hate to peg profitability to AFRA if that wasn't the case.

Donna: Does a small group that includes Dean want to explore this? Maybe we're making some incorrect assumptions about cause and effect?

- Here is a slide that was presented to the small group showing the rates of return/when YB was profitable.
- Did AFRA end in 2016?
- 2015 was the last year of AFRA. 2016 was last year of profitability.
- This is only on regulated basis, not on consolidation. Profitability in 2017 was based on regulated.
- The numbers report regulated returns. Both methods were still profitable.
- Should we look at reports filed with the PUC for any financial info?
- I don't think we should peg profitability with AFRA.
- To clarify, this slide is only regulated cargo volumes? That would be the only rates affected by AFRA. This is a true statement about how it affected profitability.
- Dean's' statement is still accurate. AFRA has an impact. In our YB ecosystem, it's very fragile. All factors have an effect. AFRA mitigates some of the risks, like rising costs. It may not be *causing* profitability but it mitigates the risks that we would be exposed to absent AFRA.

Donna: It seems like the impact of AFRA is significant. Is this worth exploring? If AFRA won't make any difference, then it isn't critical to pursue.

Q&A

- **Q = Question, A = Answer, C = Comment**

A: Yes...I do think it is worth exploring.

Donna: Steve – Mary Alice had to leave. You're here so I can volunteer you for this.

C: I think AFRA shouldn't become an across the board rate increase. There has to be something that's transparent that justifies the increases. Some sort of guardrails to say when this can be used.

Donna: [I'd like a small group to explore this recommendation more deeply in the next month and come back to the larger group with the issues more teased out and with a recommendation that might be more short-term.](#) Steve – would you be willing to head that group?

Steve: Yes.

Donna: Who else?

Note: Mary Alice agreed to be part of this group, as well as Jay or someone from his team. Dean also agreed to be part of the group and Andrew from the PUC will participate.

Donna: If anyone else wants to join the group but doesn't want to say so publicly on this call, please contact me offline. Are there any other obvious overlaps that you saw where recommendations were really related or very similar?

C: I'm not suggesting that the Rates and Subsidies groups be combined...there is too much uncertainty. If the Rates group comes up with a solutions on how the rates should be set, and the Subsidies group works on securing federal subsidies... that would bring down some of the costs that would otherwise have to paid by the customer.

C: The groups could work independently. Once the rates are set, then the subsidies focus on reducing the costs to consumer.

Donna: So you see them on parallel tracks then?

A: Yes. I see a sub-group working on improving the cost to the consumer after the rates have been set.

Donna: [Between now and the next meeting, really look at what all the groups have suggested and at next meeting come up with suggestions about where the work might be dovetailing. I'd like the small groups to continue to meet and really hone down recommendations to one or two.](#) Some of you still have too many. If you can focus in, that would help. We're aiming for 3 and no more than 5 total for the WCWG. We don't want to divide people's attention too much.

Q: Can we go through what has been identified by all the groups and determine which are short-term, medium-term and long-term? If we're thinking about long-term viability of WC service in Hawaii, some might have a significant impact on longer-term solutions. We could have 2 or 3 short-term solutions that can be implemented sooner. Medium-term can be the bridge between the two.

Q: Can we categorize first then prioritize?

A: Let's go back and see what stands out from reports. Pull out recommendations. Some that are short-term and longer-term.

Donna: Cargo group came up with the reservation system, right? There are costs involved. In terms of the cargo situation, I know that if you give people a chance to be disorganized, they will be (e.g, farmers). The fact that they can come whenever and drop off makes it hard for WC to plan for efficiency. What if you incentivized them to come online and make reservation - the sooner the better? Putting more responsibility on the user to be more planful so that you can also be more planful. That recommendation really stood out in terms of having the customer be as responsible as you are to create efficiencies.

### **Next Steps**

- The next meeting was scheduled for April 15<sup>th</sup> but the date is challenging for a number of participants. We will send an email to gauge people's availability on April 22<sup>nd</sup>. Please keep both dates on hold for now until we confirm the change.
- If we move the meeting, the small group report backs would be due on April 12<sup>th</sup>. We need those in advance because we take your input, then our team meets to review and determine how to move forward. Then we share materials back with you before

the meeting. Keep in mind, just submit whatever you have by the deadline, it doesn't have to be the final version.

### **GROUP AGREEMENTS:**

- There were no specific group agreements made at this meeting.

### **ACTIONS:**

(Listed in **blue** in the document)

1. The Sustainability and Profitability group will make the stated clarification about YB not taking on debt in their report.
2. The team will send out any changes made to small group reports after they were initially distributed.
3. Everyone interested in the clarity of cargo issue (reservation system and SIT) should come back to next meeting with a recommendation on how it should be resolved. Keith is the point person on these suggestions.
4. A small group, headed by Steve, will explore the AFRA issues more deeply and come back to the larger group with the issues teased out and a refined recommendation that might be more short-term.
5. Between now and the next meeting, really look at what all the groups have suggested and come up with suggestions about where the work might be dovetailing. Small groups should continue to meet and really hone down recommendations to one or two.