

PUC Water Carriers Working Group Meeting

October 22, 2021, 1:00 – 2:00 p.m.

(Virtual Meeting via Zoom)

Meeting Attendees (in alphabetical order)

P = Present; A= Absent

	Name	Title	Company
A	Jay Ana	President	Young Brothers, LLC
A	Vic Angoco	SVP	Matson Navigation Company, Inc.
P	Jesse Andrade	ILWU Member/Unit 4209 Chair	International Longshore and Warehouse Union, Local 142
A	M. Andrade for Representative Aquino		House District 38 / Chair, House Committee on Transportation
A	Henry J.C. Aquino	Representative	House District 38 / Chair, House Committee on Transportation
A	Nelisa Asato for Vic Angoco		Matson Navigation Company, Inc.
A	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
A	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
P	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
P	Lauren Imada		Young Brothers LLC
P	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
P	Gilbert S.C. Keith-Agaran	Senator	Senate District 5 / Senate President designee
A	Mitch Roth	Mayor	County of Hawaii
A	Keith Kiyotoki	Manager of Sales and Marketing	Young Brothers LLC
P	Brad Knowlton	Committee Clerk for Senator Inouye	Senate District 4 / Chair, Senate Committee on Water and Land, Majority Whip
A	Chris Lee	Senator	Senate District 25/Chair, Senate Committee on Transportation
A	Jennifer Lim		Young Brothers LLC
A	Dr. Matthew 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
P	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
A	Katy Pacheco (for Sen. Chris Lee)		Senate District 25/Chair, Senate Committee on Transportation
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
A	Corey Robertson		Young Brothers LLC
A	Michael P. Victorino	Mayor	Maui County
P	Mike Victorino, Jr.		ILWU
	Public Utilities Commission Staff		
P	Jodi Endo Chai	Executive Officer	Public Utilities Commission
P	Michael Chapman	Economist	Public Utilities Commission
P	Layla Kilolu	Economist	Public Utilities Commission
P	Carolyn Laborte	Chief Auditor	Public Utilities Commission
P	Jacob Gandeza	District Representative – Kauai	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
A	Jackie Young	Auditor	Public Utilities Commission
A	Debra Abe	Auditor	Public Utilities Commission
A	Caroline Ishida	Chief Counsel	Public Utilities Commission
P	Dave Parsons	Chief, Policy and Research	Public Utilities Commission
P	Keira Kamiya	PUC Attorney	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 thirteenth meeting of the Water Carriers Working Group (WCWG) and thanked them for their time.

He noted that the group was sent the packet with the agenda and pre-final report. There are a couple of edits that have been shared so far and we'll make those corrections for the final version. In addition, the group received a copy of the Resolution that Senator Inouye will be introducing on November 5 to the NCSL towards jump-starting one of our recommendations regarding subsidies.

Housekeeping

Group Memory

Donna asked if there were any corrections to the group memory from the September 16 meeting. There were no corrections noted.

Status Reports for Small Groups/Subcommittees

The groups were invited to share any updates to their recommendations since the last meeting.

Derek (DOT):

Thanks to Senator Inouye, who created the Resolution that Leo mentioned. Essentially, we are encouraging Congress to create a program that would provide broad subsidies for trans-Pacific, trans-Atlantic, and interisland waterborne cargo to improve affordability of imported goods. So, this will apply beyond Hawaii.

We will follow up with Hawaii's Congressional delegation and other relevant members of Congress.

Leo thanked Derek for such a quick response time and his help preparing the Resolution. It was done over a weekend.

Senator Inouye shared that, prior to the final vote on last day of the NCSL conference with all the delegates, there will be a presentation to a Committee as well. There are 5,000 members in the NCSL across the 50 states. At the Committee level, other states may want to add language to our resolution. She was sure that Puerto Rico will be there. If something gets added that she doesn't like, she'll address it so we can get this passed. She noted that Speaker

Saiki is going to be the incoming President of the NCSL. The NCSL hasn't met for the last two years due to COVID so she's not sure how long his term will be.

Discussion of WCWG Pre-Final Report

Donna commended the groups for getting their summaries submitted and noted that it's often harder to be concise than to write a longer statement. She asked if there were any comments or questions on these summaries. Does everything represent what each small group discussed during their meetings?

None were noted.

Donna reminded the group that the goal all along has been that the WCWG members will be in agreement on the substantive issues and all recommendations of the Report that will be forwarded to the Legislature. Toward that end, we worked to avoid violating anyone's strong principles by encouraging everyone to make accommodations so that agreement could be achieved. After today's meeting, only small formatting or grammatical corrections will be considered.

Participants were invited to share any comments or questions on the Pre-Final Report.

Q&A

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

Q: (Dean) On page A-12, in the Subsidies Small Group section, where it says:

To reduce the cost of goods, a broad subsidy for trans-Pacific and interisland cargo is recommended. Sources of the subsidies may be from existing or newly created federal, State, and county government programs.

Given that this group's focus was on inter-island water carriers, should the trans-Pacific statement remain?

A: (Derek) I don't disagree with you, but if we're going to have the best chance of getting these subsidies (on the Federal level) we need to keep it broad. We're going to potentially miss out on opportunities if we don't include trans-Pacific travel as well.

C: (Donna) Dean, can you support Derek's comment?

A: (Dean) Yes.

C: (Randy) Regarding the cover, I like the aerial photos. Thanks to Derek for providing those. I'm not a graphic artist, but if someone could work on it, I think it would be great to do a bit more graphic work on the cover. One idea I had was to put the Honolulu photo in the center, with other harbors around it and edit so that the photos are circles or hexagons clustered around Honolulu (like constellations). I think we should label all the harbors so

people know what each photo is. Also, there is an error where it identifies the photos left to right. It should say right to left.

C: (Derek) I agree with Randy. I'll work with Leo and Andrew in formatting this better.

C: (Senator Inouye) I agree as well.

C: (Randy) My staff also suggested that you can use Photoshop to crop and eliminate the big black areas better so that it's not as distracting to the eye (e.g., Kaunapali Harbor).

Q: (Senator Agaran via Chat box) Why should Honolulu harbor be in the center?

A: (Randy) I was basing it on volume. 80% of the volume comes through Honolulu.

Donna asked if there were any other comments.

Q: (Dean) In Appendix C3, the Rates Small Group Final Report, under the second paragraph, there are four bullet points. I have a question about the fourth bullet point. Is everyone on the same page about what it means? It might suggest that the WCWG would be making final recommendations about rate increases.

C: (Donna) Which actually isn't correct since the WCWG's mandate will be over once we finish this report.

C: I think it should be reworded. If you look at the date (May 20), it represents an ongoing discussion by the particular group. We should now add language that clarifies things.

C: If this is taken out of context, this would be a problem.

The following clarifying language was offered:

The report from this group will be shared with the full WCWG and they will make the final determination relative to this recommendation prior to the final report.

Donna asked if the Rates group was okay with that revision.

A: (Steven) Yes, I think that accurately describes the process. We punted it back to the larger group because we couldn't get consensus.

A: (Phyllis) I'm good with it. I do want to share that I was on Maui with the WAM Committee, the Mayor and Maui delegation and there was a lot of conversation about the impact of transportation issues on ag. So, I'm ok with it, but not enthusiastic because there are still concerns about affordability.

C: (Senator Inouye) In answer to Phyllis' concerns, we didn't forgo any discussions, as shown in Appendices C-4, C-9, C-11, C-12. We are all concerned and will continue on the work relative to subsidies.

C: (Phyllis) On Maui, we met at Mahi Pono. They said it was cheaper to send goods to the mainland than to Hawaii Island. I hope that they are able to succeed. There's a lot of potential there with the former sugar lands.

A: (Senator Inouye) Yes, we've heard that same issue cited before. It isn't new. We're aware of it.

C: (Mary Alice) The summary in the appendix for the Sustainability and Profitability group is the earlier one, not the one I submitted last week. I would ask that the shorter, more succinct one be swapped in (page C-12, March 18 report).

C: (Leo) We will send the group a copy of the latest Sustainability and Profitability final report so the Committee members can take a look at it. If you have any questions or concerns about what will be dropped in, let Donna and me know.

C: You should do a timetable on it. Give us 2-3 days.

C: (Donna) Yes, let's make it no later than next week Wednesday, October 27 for ANY changes.

C: Can you send us send Mary Alice's version right now so we can look at it now?

Mary Alice went over the revised version:

- I rearranged the order so that the proposed solutions follow – they were a bit mixed in between before.
- In the middle of page 2 the goal is listed.
- We included a number of scenarios describing what might happen in if WC's are not profitable for Hawaii.
- The goal is the same as the main body of the report.
- As you know we got merged with the Rates group (re: AFRA issues). We've also included actions and strategies that are more granular, more detailed. We do call out the subsidy idea.
- We support the premise that the WC needs to be profitable and sustainable for some very specific items – for example eggs and milk for neighbor islands. This is not high concept but rather requirements for daily living on neighbor islands.
- The section about “making unprofitable activities more efficient” was before we merged with Rates.
- We looked at subsidies for things that can't be made more efficient and addressed those that can be made more efficient.

C: (Donna) This is very thorough. This is good. Since we hope there will be another group that picks up where we leave off, it is good to have the summary reports at the beginning and also include the more detailed discussions, so people who use the report will have both. This way, they will already have some detailed suggestions that the small group generated.

Donna asked the group if they had any comments or questions on the updated version from Mary Alice.

C: (Dean) It seems like there are a lot of similarities between the two versions. In the last version in the Pre-Final WCWG Report (Appendix C-5) "Prioritized List of Actions or Strategies to Address Goal or Objective" ...that isn't in the revised summary just circulated a few minutes ago. We went from 4 pages to 3 pages. (Note: the section was retitled "Actions or Strategies to Address Goal" with the section contents/text remaining the same.)

C: (Mary Alice) Is the heading helpful? I can add it back in.

A: Yes, it gives an indication that you did take a first cut. Maybe that should be added back in.

C: Towards the end, the last 4 bullets include language.

C: (Donna) We can mention that this is a step the group took as a first run at it.

C: (Mary Alice) Where are the notes from the farmers and ranchers meeting?

A: (Leo) I wasn't sure where to put it. Somewhere in the beginning?

C: We had the non-ag conversation in December and the ag conversation in January. Both were information gathering.

C: (Donna) Initially we did the Force Field Analysis and then we did information gathering. It should go in the information gathering section.

C: (Senator Inouye) How about on page 2, under Desired Needs, Meeting Client Needs?

C: (Donna) Yes, that's where I was thinking. Page 2 in the Identify Gaps section. This is part of the FFA discussion. We can put in a paragraph that we did this additional discussion outside of the small group because it was important to listen to farmers and ranchers and hear their concerns.

C: (Leo) I'll create a new App C-1 with this information so everything will shift by 1.

Donna asked if Leo could highlight in yellow this next round of changes in the report and send it out once more. Leo agreed that he would make the changes in the second pre-final report, highlight revisions, and send back to the group to review.

Next Steps

Leo shared the next steps:

- If there are any other edits, please submit them by next week Wednesday, Oct. 27th and we'll add them in and turn around the next revision of the report back to the WCWG (we'll try to get it back to you by Thursday afternoon, Oct. 28th and ask you to get any final corrections back to us by Monday, Nov. 1st).

- Derek and his staff will work on the cover.
- We'll make the other changes noted today (citation correction, making the edits to Appendix C-3 Rates group (4th bullet on page C-6), and dropping into Appendix C-5 the later version of Mary Alice's group's recommendation.
- As well as any additional changes submitted.
- We'll finalize the report. The goal is to get it done by mid-November (prior to Thanksgiving). We need to figure out how to transmit it. In terms of digital submission, everything is not set up for the next Legislative session yet, but we'll work with the Legislative guys to figure out how to submit it electronically. We'll work with our PUC team and the Legislative team to get this done.
- The WCWG will receive a copy of the final report as well.
- There will be an insert that will go into the final report – the website where this document and all handouts will reside for some period of time.
- Then that will be it for this working group. We will continue to work with Derek and we may continue this group under DOT with a focus on the subsidies, etc. We'll be in conversation about what the next incarnation of this group and the focus of it should be.

Donna shared that the group that continues this work will be considering how folks at the federal, state AND county levels can contribute to subsidies.

Closing Thoughts

Donna thanked the group members for all their hard work and their time.

Phyllis noted that it has been a real challenge but in a good way, a lot of exchanging ideas. She thanked Senator Inouye for the Resolutions. They provide hope to ag folks.

Leo thanked the entire group and noted that the work has occurred over 14 months and 13 meetings. He affirmed that the group is meeting the deadline as requested by Senator Lee a couple months ago and will have the report in to the Governor by November. He asked WCWG members to thank their staff – while some folks have been here on these calls, others have been working hard behind the scenes! He asked the group to stay tuned. The Working Group may continue on with a different focus. He noted that for the PUC folks, the report has some recommendations that they want to implement (in due time) so that WC can continue to operate and are sustainable and profitable.

Senator Inouye recognized and appreciated the PUC staff and Dean. She also thanked Donna and Jennifer and noted that Donna was the perfect fit as a facilitator for this group since she has a history with the University of Hawaii and ag work. She also thanked the folks in the Counties and government agencies.

GROUP AGREEMENTS:

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

- There were no specific actions identified at this meeting.

ACTIONS:

- There were no specific actions identified at this meeting.