

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Wednesday, February 8, 2012

2:00 p.m.

State Capitol, Conference Room 325

in consideration of
HB 2380 HD1
RELATING TO SHIPPING.

opposed

DBEDT appreciates the overall concept of HB2380 HD1. DBEDT, however, does not have the necessary resources to study, examine options and assess incentives that might improve the timely shipping of produce from Lanai and Molokai to Oahu.

DBEDT defers to the appropriate agencies regarding issues related to the shipping of agricultural products from Lanai and Molokai to Oahu.

Thank you for the opportunity to submit testimony on this bill.

HB 2380, HD 1 (HSCR61-12)

Lynn DeCoite [molokaisweetpotato@gmail.com]

Sent: Tuesday, February 07, 2012 8:56 AM**To:** CPCtestimony**Cc:** Rep. Mele Carroll; carroll2-RomieHOUSE OF REPRESENTATIVES THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF
2012 COMMITTEE ON CONSUMER PROTECTION & COMMERCERep. Robert N. Herkes, Chair
Rep. Ryan I. Yamane, Vice ChairRep. Tom Brower Rep. Angus L.K. McKelvey
Rep. Rida T.R. Cabanilla Rep. Joseph M. Souki
Rep. Mele Carroll Rep. Clift Tsuji
Rep. Denny Coffman Rep. Corinne W.L. Ching
Rep. Ken Ito Rep. Barbara C. Marumoto
Rep. Gilbert S.C. Keith-Agaran Rep. Cynthia Thielen
Rep. Sylvia Luke

NOTICE OF HEARING

DATE: Wednesday, February 8, 2012

TIME: 2:00 pm

PLACE: Conference Room 325 State
Capitol 415 South Beretania StreetTestimony in Support
of
HB 2380, HD 1 (HSCR61-12)

Aloha Chairman Rep. Robert N. Herkes and Committee on Consumer Protection & Commerce. My name is Lynn DeCoite and I am a resident as well as farmer on the island of Molokai. I support HB 2380, HD 1 (HSCR61-12) with the amendment that shipping from Maui be also included and that a representative from Molokai is part of this working group.

It is devastating that the cost to ship things to Molokai and Lanai from ports such as Oahu and Maui has just about trippled with no end in sight. It seems that everytime you turn around another rate increase has occured. When PUC approved the new carrier PASHA they had not even looked at the effects of what it would do to Molokai and Lanai. Well here are today, the state should subsidize the offset of cost to these two islands or allow PASHA to come and give us the same benefits. Trying to sell product to the neighbor islands also turns potential markets away when having to absorb the transportation cost.

This is why I support **HB 2380, HD 1 (HSCR61-12)**.

Thank you for allowing me to give testimony.

Mahalo,
Lynn DeCoite

Testimony for HB2380 on 2/8/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Monday, February 06, 2012 5:48 PM

To: CPCtestimony

Cc: ramodaanand@gmail.com

Testimony for CPC 2/8/2012 2:00:00 PM HB2380

Conference room: 325

Testifier position: Support

Testifier will be present: No

Submitted by: Ramoda P. Anand

Organization: Individual

E-mail: ramodaanand@gmail.com

Submitted on: 2/6/2012

Comments:

The cost to ship to Molokai is expensive and that's why I'm in favor of this bill.

Aloha Ramoda Anand

Testimony for HB2380 on 2/8/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Tuesday, February 07, 2012 9:51 AM

To: CPCtestimony

Cc: gottlieb@hawaii.rr.com

Testimony for CPC 2/8/2012 2:00:00 PM HB2380

Conference room: 325

Testifier position: Support

Testifier will be present: No

Submitted by: Alan Gottlieb

Organization: Hawaii Cattlemen's Council

E-mail: gottlieb@hawaii.rr.com

Submitted on: 2/7/2012

Comments:

Testimony Regarding HB 2380

Bumbar, Steve [SBumbar@castlecooke.com]

Sent: Tuesday, February 07, 2012 11:47 AM

To: CPCtestimony

To whom It may concern:

As General Manager of Lanai Resorts, I support HB 2380 that establishes a working group to study and consider ways to reduce time and costs of shipping goods to Lanai. I also respectfully request consideration of participating in the working group.

Steven Bumbar

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HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
THE HONORABLE ROBERT N. HERKES, CHAIR
THE HONORABLE RYAN I. YAMANE, VICE CHAIR

HOUSE BILL NO. 2380, HOUSE DRAFT 1, scheduled for hearing on February 8, 2012

**Testimony of Roy Catalani, Vice President of Strategic Planning and Government Affairs, and
Sandra Hoshida, Manager of Government Affairs, Young Brothers, Limited**

Comment

Chair Herkes, Vice Chair Yamane, and Members of the House Consumer Protection & Commerce Committee:

Young Brothers, Limited (*Young Brothers*) offers these observations on House Bill No. 2380, House Draft 1 (*HB2380 HD1*).

HB2380 HD1 proposes to establish, within the Department of Business, Economic Development, and Tourism, a working group "to study and consider ways to reduce the time and cost of shipping goods to Oahu from Molokai and Lanai and to recommend solutions." To help this Committee in its deliberations on this bill, Young Brothers offers the following observations and background.

On a statewide basis, Young Brothers operates 12 weekly roundtrip sailings per week in a "hub and spoke system" in which Honolulu Harbor operates as the hub. We sail twice weekly to Molokai and once weekly to Lanai. On Sunday night, a Young Brothers barge departs Honolulu and arrives in Kaunakakai on Molokai early Monday morning (and, like other Young Brothers sailings, sails through the night to arrive in the early morning hours in neighbor island ports in coordination with early morning trucking and delivery schedules). This barge is unloaded Monday morning in Molokai (with cargo being available for Molokai customers on Monday). By late Monday afternoon, the barge is backloaded with Molokai cargo, including agricultural cargo, destined for Honolulu. The vessel departs for a night sail and arrives in Honolulu on Tuesday morning.

On Tuesday morning, this Molokai cargo is unloaded in Honolulu and made available for Honolulu customers for pick-up (and, if any of the Molokai cargo is destined for another neighbor island, it will be loaded onto another barge). During the course of the Tuesday work day, this barge is again loaded with cargo destined for Molokai, along with cargo destined for Lanai. The barge departs again on Tuesday evening, arriving first in Lanai at daybreak on Wednesday morning. After the Lanai cargo is unloaded and cargo outbound from Lanai is

loaded, the barge then departs later that same day for a Molokai arrival on late Wednesday afternoon (with cargo to be available to Molokai customers on Thursday morning). After the Molokai-destined cargo is unloaded, the barge is again backloaded with Molokai cargo (on Wednesday afternoon) and sails back to Honolulu for a Thursday morning arrival in Honolulu, with cargo being available for pick-up by Honolulu customers on Thursday. Notably, all perishable cargo is stored and transported in temperature-controlled containers in every segment of transportation to retain freshness and product quality.

Prior to 2009, one of the two Young Brothers sailings to Molokai included one sailing from Oahu to Molokai via Maui. In the continuation of work on sailing schedules with the Molokai community, particularly the Molokai Chamber of Commerce, and also to achieve efficiencies in voyage costs, Young Brother reorganized its Maui County sailing schedules in 2009 (following PUC approval) to include the Molokai and Lanai sailings described above and to eliminate the sailing triangle that included Honolulu, Kahului and Kaunakakai. The savings resulting from these increased efficiencies were passed to our customers in lower "less than container load" (LCL) rates for Molokai and Lanai (and these lower LCL rates are still reflected in Young Brothers' tariff). Notably, with or without these lower LCL rates, service to Molokai and Lanai is heavily subsidized by other profitable routes and lines of service. This subsidy of costs is made possible by Molokai and Lanai costs being spread through a larger statewide system of service, with its attendant efficiencies of scale and scope. In addition, local agricultural productions (from all islands) receive a 30 to 35-percent discount on rates. We attach an addendum to this testimony setting forth examples of Young Brothers freight rates applied to various commodities.

Thank you for this opportunity to testify.



**ADDENDUM TO TESTIMONY OF YOUNG BROTHERS, LIMITED ON
HB2380 HD1**

**Examples of YB Freight Rates Applied to Various Commodities
(without State general excise tax, wharfage and insurance charges)**

Containerized Cargo (General Freight)

<i>Dry 20-foot Container (about 20,000 lbs or 10 tons)</i>	Rate
Cost of entire 20-foot Container:	\$516.86
Price per ton:	51.69

<i>Refrigerated 20-foot Container about 20,000 lbs or 10 tons):</i>	Rate
Cost of 20-foot Container	\$631.45
Price per ton:	63.14

Note: Rates for *Island Agricultural Products* include a 35 percent discount from the above rates. Containers also come in 40 and 45-foot lengths.



Examples for Less-than-Container Load Cargo (Dry)

40 cubic feet of canned goods (soup cans) – Honolulu to Molokai via dry pallet at general cargo rate	Rate
For entire pallet (1,920 cans):	\$43.05
Price per can:	2.2¢

60 cubic foot dry pallet of beverages – Honolulu to Molokai at beverage rate	Rate
For entire pallet (494 six-packs):	\$58.76
Price per six-pack:	12¢

Examples for Less-than-Container Load Cargo (Refrigerated)

General cargo: 2,000 pounds of frozen chicken - Honolulu to Molokai via refrigerated pallet at general cargo rate	Rate
Cost of 2,000 pound pallet:	\$125.87
Price per pound:	6¢

2,000 pounds of local produce – Molokai to Honolulu via refrigerated pallet with Island Agricultural Product Discount	Rate
Cost of 2,000 pound pallet:	\$88.11
Price per pound:	4.4¢



Example of Automobile Rate

Medium-sized Car	Rate
One-way rate	\$201.03
Return within 30 days	60.19
Roundtrip within 30 days	261.22

A complete list of rates is available from Young Brothers at www.htbyb.com.

CPC Feb 8 @2pm

David.J.Rodriguez@hawaii.gov [David.J.Rodriguez@hawaii.gov]

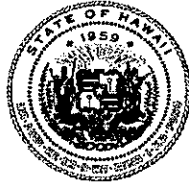
Sent: Tuesday, February 07, 2012 3:54 PM
To: CPCtestimony
Cc: Ouida.K.Vincent-Harvest@hawaii.gov; Geraldine.R.Nagatoshi@hawaii.gov
Attachments: HB2380 HD1 Shipping Barge.docx (59 KB)

The DOT submits testimony for HB2380 HD1.

http://www.capitol.hawaii.gov/session2012/hearingnotices/HEARING_CPC_02-08-12_.HTM

Mahalo,
David J. Rodriguez
Department of Transportation
869 Punchbowl Street, Suite 504
Honolulu, Hawaii 96813
(808) 587-2165

NEIL ABERCROMBIE
GOVERNOR



GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
JADE T. BUTAY
FORD N. FUCHIGAMI
RANDY GRUNE
JADINE URASAKI

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

February 8, 2012

HB 2380, HD1
RELATING TO SHIPPING

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

The Department of Transportation (DOT) supports this bill to establish a working group to examine economically feasible options and recommend solutions to reduce the time and cost of shipping goods to Oahu from Molokai and Lanai.

Thank you for the opportunity to provide testimony.



Testimony for HB2380 on 2/8/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Tuesday, February 07, 2012 5:15 PM
To: CPCtestimony
Cc: publicpolicy@oha.org
Attachments: Testimony HB2380 Shipping ~1.pdf (188 KB)

Testimony for CPC 2/8/2012 2:00:00 PM HB2380

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Sterling Wong
Organization: Office of Hawaiian Affairs
E-mail: publicpolicy@oha.org
Submitted on: 2/7/2012

Comments:



**HB2380
RELATING TO SHIPPING**

House Committee on Consumer Protection & Commerce

February 8, 2012

2:00 p.m.

Room 325

The Office of Hawaiian Affairs (OHA) **SUPPORTS WITH AMENDMENTS** HB2380, which establishes a working group to explore making shipping from Moloka`i and Lāna`i to O`ahu more efficient.

Shipping to our neighbor islands is a concern for beneficiaries who struggle with the high cost of transport. This working group will bring together necessary parties to work on this issue.

OHA has the following suggestion: as it currently stands, the committee has 12 members, and this can lead to voting deadlock. Adding a representative from Lāna`i would give the committee 13 members and provide an island representative from each island named in the bill.

Mahalo for the opportunity to testify on this important measure.

Support of HB 2380 (HSCR61-12)

Faith Tuipulotu [auli@hawaii.edu]

Sent: Tuesday, February 07, 2012 8:53 PM

To: CPCtestimony

HOUSE OF REPRESENTATIVES THE TWENTY-SIXTH LEGISLATURE REGULAR SESSION OF 2012 COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Robert N. Herkes, Chair

Rep. Ryan I. Yamane, Vice Chair

Rep. Tom Brower Rep. Angus L.K. McKelvey
Rep. Rida T.R. Cabanilla Rep. Joseph M. Souki
Rep. Mele Carroll Rep. Clift Tsuji
Rep. Denny Coffman Rep. Corinne W.L. Ching
Rep. Ken Ito Rep. Barbara C. Marumoto
Rep. Gilbert S.C. Keith-Agaran Rep. Cynthia Thielen
Rep. Sylvia Luke

NOTICE OF HEARING

DATE: Wednesday, February 8, 2012

TIME: 2:00 pm

PLACE: Conference Room 325 State

Capitol 415 South Beretania Street

Testimony in Support

of

HB 2380, HD 1 (HSCR61-12)

Aloha Chairman Rep. Robert N. Herkes and Committee on Consumer Protection & Commerce. My name is Faith Tuipulotu and I am a resident and a farmer on the island of Molokai. I support

HB 2380, HD 1 (HSCR61-12) with the amendment that shipping from Maui be also included and that a representative from Molokai is part of this working group.

It is devastating that the cost to ship things to Molokai and Lanai from ports such as Oahu and Maui has

just about trippled. When the PUC approved the new carrier PASHA, no one considered the effects that it would have concerning the islands of Molokai and Lanai. The state should subsidize the offset of cost to these two islands or allow PASHA to come and give us the same benefits. Selling our products to the neighbor islands also turns potential markets away when having to absorb the transportation cost.

This is why I support HB 2380, HD 1 (HSCR61-12).

Thank you for allowing me to give testimony.

Mahalo, Faith Tuipulotu



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street • Honolulu, Hawaii 96819
Phone: (808) 848-2074 • Neighbor-Islands: (800) 482-1272
Fax: (808) 848-1921 • Email: info@hfbf.org
www.hfbf.org

February 8, 2012

HEARING BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TESTIMONY ON HB 2380, HD1
RELATING TO SHIPPING

Room 325
2:00 PM

Chair Herkes, Vice Chair Yamane, and Members of the Committee:

I am Brian Miyamoto, Chief Operating Officer and Government Affairs Liaison for the Hawaii Farm Bureau Federation (HFBF). Organized since 1948, the HFBF is comprised of 1,800 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFBF supports HB 2380, HD1, which establishes a working group to explore options for reducing the shipping time and costs for transporting goods from Molokai and Lanai to Oahu.

HFBF continues to pursue methods that will improve shipping and we encourage any dialogue that could result in reduced rates to all farmers and ranchers. Furthermore, we are supportive of the creation of a working group that would specifically explore options to seek ways to further reduce shipping costs for the transportation of goods from Molokai and Lanai to Oahu (and vice versa), as shipping input costs for farmers and ranchers are an important and large part of our cost of goods, which contributes to our challenge of competing in the local Hawaii markets.

I can be reached at (808) 848-2074 if you have any questions. Thank you for the opportunity to testify.

Testimony for HB2380 on 2/8/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Tuesday, February 07, 2012 11:36 PM
To: CPCtestimony
Cc: brian@hfbf.org
Attachments: MKK FB Testimony_HB 2380,~1.docx (24 KB)

Testimony for CPC 2/8/2012 2:00:00 PM HB2380

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Dawn Bicoy
Organization: Molokai Farm Bureau
E-mail: brian@hfbf.org
Submitted on: 2/7/2012

Comments:



Molokai Farm Bureau



An Affiliate of the Hawaii Farm Bureau Federation and the American Farm Bureau Federation

FEBRUARY 8, 2012

HEARING BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TESTIMONY ON HB 2380, HD1
RELATING TO SHIPPING

Room 325
2:00 PM

Chair Herkes, Vice Chair Yamane, and Members of the Committee:

The Molokai Farm Bureau supports HB 2380, HD1, which establishes a working group to explore options for reducing the shipping time and costs for transporting goods from Molokai and Lanai to Oahu.

As the Molokai Farm Bureau, we are continually interested in improved methods of transporting our products to market, and encourage any dialogue that could result in valuable, improved and practical methods to accomplish this, for all of our farmers and ranchers.

Furthermore, we are supportive of the creation of a working group that would specifically explore options to seek ways to further reduce shipping costs for the transportation of goods from Molokai and Lanai to Oahu, as well as from Oahu to Molokai and Lanai. As much as the cost of shipping our final products to market is a challenge, the shipping costs for needed inputs brought in to develop our goods to be ready for market are also an important and very large part of our cost of goods, which contributes to our challenge of competing in not only the local Hawaii market, but broader markets within our specified targets.

We thank you for the consideration and amendment to include a Molokai representative in the working group. Allowing Molokai to participate in identifying and conveying critical information regarding realistic needs and challenges that would eventually directly affect Molokai, is a fair requirement. We also support the inclusion of other affected islands, agencies and industry representatives, as this assessment needs to take into account an overall balanced vision, and responsibly vet any redundant consequences that could impact certain crucial sectors, and the State as a whole.

Thank you for your consideration, and the opportunity to submit testimony. **We support HB2380.**

HOUSE OF REPRESENTATIVES THE TWENTY-SIXTH LEGISLATURE REGULAR
SESSION OF 2012 COMMITTEE ON CONSUMER PROTECTION & COMMERCE

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Rep. Sylvia Luke

NOTICE OF HEARING

DATE: Wednesday, February 8, 2012

TIME: 2:00 pm

PLACE: Conference Room 325 State
Capitol 415 South Beretania Street

Testimony in Support
of
HB 2380, HD 1 (HSCR61-12)

Aloha Chairman Rep. Robert N. Herkes and Committee on Consumer Protection & Commerce. My husband Gene Ross K Davis & Rosie F. Davis, reside on Kalamaula Homestead, Molokai, my husband is self employed, and I am a Executive Director for a non-profit, and farmers as well. I support HB 2380, HD 1 (HSCR61-12) with the amendment that shipping from Maui be also included and that a representative from Molokai is part of this working group.

It is crucial to our livelihood on Molokai, we secure a representative for Molokai. Molokai can no longer afford, not be represented by a voice. As our representatives for the people of the State Hawaii, my husband and I urge you to please support HB 2380, HD 1 (HSCR61-12)

It is devastating that the cost to ship things to Molokai and Lanai from ports such as Oahu and Maui has just about trippled with no end in sight. It seems that everytime you turn around another rate increase has occurred. When PUC approved the new carrier PASHA they had not even looked at the effects of what it would do to Molokai and Lanai. Well here are today, the state should subsidize the offset of cost to these two islands or allow PASHA to come and give us the same benefits. Trying to sell product to the neighbor islands also turns potential markets away when having to absorb the transportation cost.

We support HB 2380, HD 1 (HSCR61-12). Please take our testimony into consideration

Mahalo,
Gene Ross K. Davis
Rosie F. Davis
Kalamaula Homesteaders, Molokai

Testimony for HB2380 on 2/8/2012 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Wednesday, February 08, 2012 8:20 AM

To: CPCtestimony

Cc: jacintho@hawaii.edu

Testimony for CPC 2/8/2012 2:00:00 PM HB2380

Conference room: 325

Testifier position: Support

Testifier will be present: No

Submitted by: William Jacintho

Organization: Individual

E-mail: jacintho@hawaii.edu

Submitted on: 2/8/2012

Comments: