

January 20, 2017

**State of Hawai`i Wharfage Fee Increase and Facilities Security Charge
Effective February 1, 2017**

The State of Hawai`i Department of Transportation, Harbors Division (DOT), collects wharfage fees from users of the State's commercial harbors to finance expansion of and improvements to its infrastructure. After a series of public hearings, DOT approved step increases in wharfage fees beginning in 2017 and through the coming years to help finance a system-wide Harbors Modernization Plan launched in 2008 to adapt our commercial harbors to changing needs of the cargo transport industry.

Harbor facility operators such as Young Brothers, Limited are required to collect wharfage from users on behalf of DOT, with the fee amount based on the type and volume of cargo shipped. The first of a series of increases will take effect on February 1, 2017, with the prevailing wharfage fees increasing by 17 percent. At the same time, the DOT will implement a new Facilities Security Charge (FSC) of \$3.75 for each shipping device movement by port. This item will appear as a separate line item on your invoice. For less than container load cargo stowed and transported in a Young Brothers shipping device, a portion of the FSC rate of \$3.75 will appear on your invoice.

The second wharfage increase of 15 percent will occur on October 1, 2017, followed by a third increase of 15 percent on July 1, 2018; the FSC will also be increased concurrently. Wharfage incremental rate increases of 3 percent or the consumer price index (CPI) rate, whichever is higher, will be implemented annually starting on July 1, 2019.

A complete listing of the new DOT wharfage fees can be viewed at the agency's website <http://hidot.hawaii.gov/harbors/library/admin-rules/> once it has been updated.

Should you have any questions, please contact your customer service representative.

Sincerely,

/s/ P. Roy Catalani
P. Roy Catalani
Vice President, Strategic Initiatives and External Affairs