

September 13, 2017

**State of Hawai`i Wharfage Fee Increase of 15%
Effective October 1, 2017**

As mentioned in prior customer notices, the Hawai`i Department of Transportation (“HDOT”), Harbors Division, is proceeding with critical work under the State’s Harbor Modernization Plan. This work includes commencing construction on the Kāpalama Container Terminal (“KCT”) project, which is the centerpiece of this Plan, as well as completing, by year’s end, the interisland cargo facility in Hilo. The Harbor Modernization Plan initiative has been championed by the Hawai`i Harbors Users Group (“HHUG”) and supported by the Legislature since 2008. This Plan identifies key improvements designed to expand harbor system capacity, address advancements in containerized cargo handling, alleviate congestion issues and the lack of available operational space, and develop more adaptable and resilient port facilities.

As a self-funded agency, the Harbors Division of HDOT must manage its finances to generate sufficient capital to fund the Harbor Modernization Plan. The department recently completed seven public hearings on six islands to present its proposed harbor rate increases, which includes increases to wharfage fees. As you know, HDOT rules impose wharfage fees upon shippers of cargo and requires such fees to be collected by harbor facility operators, such as Young Brothers, on behalf of HDOT.

Following the public hearings mentioned above, HDOT approved a series of step increases in wharfage fees beginning on February 1, 2017. **The next wharfage fee increase, effective as of October 1, 2017, will be 15 percent.** In addition, the HDOT Facilities Security Charge (“FSC”) will increase from \$3.75 to \$4.31 for each shipping device movement by port. These HDOT charges (wharfage fees and the FSC) will continue to appear as separate line items on your Young Brothers invoice. For less than container load cargo stowed and transported in a Young Brothers shipping device, a portion of the FSC rate of \$4.31 will appear on your invoice.

A complete listing of the new HDOT 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