

# Rate Commission

CITY AND COUNTY OF HONOLULU

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650 South King Street, 3<sup>rd</sup> Floor • Honolulu, Hawaii 96813

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May 3, 2021

The Honorable Tommy Waters, Chair  
Honolulu City Council  
Honolulu Hale  
530 South King Street  
Honolulu, HI 96813

SUBJECT: Honolulu Rate Commission Testimony on Bill 87 (2020)

Dear Chair Waters and Members of the City Council:

My name is Cheryl Soon. I am Chair of the Honolulu Rate Commission, which was created by the Honolulu City Charter for the sole purpose of annually reviewing transit fares and providing advice on such to the Administration and Council. Before starting, I wish to thank Director Designate Roger Morton for proactively making sure the Rate Commission was aware of the proposed changes in FD 1. And we thank the Budget Chair and others for their hard work on Bill 87.

**Regarding Bill 87 Fares for Paratransit services.** The Rate Commission supports the proposed rate schedule for riding the Handivan which calls for a 25-cent increase for a single ride, similar to what is proposed in all other fare categories (Bill 89). Paratransit fares have not been raised since 2001. They are disproportionate to the cost of providing the service and to fares for paratransit service in comparable cities. Attached is the Rate Commission Report to Council on this topic dated October 2020.

The draft bill changes the implementation date to start July 1, 2022 and we defer to the Council judgement on that matter.

DEPT. COM. 286

COUNCIL

The new Floor Draft extends the Extremely Low Income (ELI) provision from Bill 89 to Handi-Van users. While individual members of the Rate Commission may have their positions on this, the rate Commission has NOT yet taken a position and cannot do so until at the earliest May 11 our next scheduled meeting.

Since implementation is scheduled for a year away, we request the opportunity of time to work with DTS and the affected user community on this matter and get back to you within two months. That would mean one of two options for Council.

- First Pass Bill 87 but not the latest FD. Under this option, the ELI application would be taken up as a new bill.
- The second option is to defer this Bill and the FD version to the June or July 2021 meeting. This would be our preferred option

The Rate Commission remains strong supporters of the ELI category. However, with funds limited, the use of it must be as fair as possible. Further, The universal goal is to increase access to transit. We will be encouraging the Department of Transportation Services (DTS) and the Department of Community Services (DCS) to make ELI a successful way to help those in the community in the greatest need of financial assistance with their mobility needs. We will encourage reaching out to community partners to provide the eligibility determination in the fastest possible time. We agree to support DCS in rule-making. As the ELI program is established, we will be interested to see if two year certification (versus annual) is helpful.

In closing, we wish to stress that passage of Bill 87 either CD1 or FD1 places a responsibility upon DTS and the administration to conduct an effective outreach and education program for the public about the new rates, as well as use of the Holo Card. This cannot be over-stated.

Thank you for the opportunity to work together on this important matter.

Sincerely,



Cheryl D. Soon, Chair  
Honolulu Rate Commission

Attachment: October 2020 Rate Commission Report and Recommendations for Paratransit Rates

REPORT OF THE HONOLULU RATE COMMISSION  
with  
RECOMMENDATION FOR A  
PARATRANSIT RATE INCREASE

October 2020

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# HONOLULU RATE COMMISSION

## Recommendations Regarding Paratransit Rates

### INTRODUCTION

The Honolulu Rate Commission was created in the Honolulu City Charter. Its primary duty is an annual review of fares and making recommendations for change. The review this year has been comprehensive.

In May 2020 the Rate Commission sent its recommendations for the bus and rail system. Key principles, goals, and policies behind the recommendations were explained. The Department of Transportation Service (DTS) reports that a bill with those recommendations is pending.

Following completion of the review of bus and rail, the Rate Commission turned its attention to the Handi-Van paratransit service and rates. The issues associated with Handi-Van fares are complex and differ somewhat from the regular transit system. For example, many riders use coupons that are paid for by agencies when utilizing their services. Rides require a reservation. Service is generally curb-to-curb, but some door-to-door service is available for individuals who need it and when policies are followed.

### HOW THIS REVIEW WAS CONDUCTED

The review of Handi-Van fares occurred at Rate Commission meetings on July 14, September 29, and October 13, 2020. The Commission received briefings from DTS and Oahu Transit Services.

The Commission felt it was especially important to conduct outreach, so that input from both agencies and users of Handi-Van was available and to make sure their voices were heard and understood. Even though meetings were held during the coronavirus pandemic, with the help of city staff, parties were able to participate either in person or by WebWx.

### PARTICIPATION BY THE USER AND ADVOCACY COMMUNITY

The Rate Commission benefitted from excellent input by individual riders and by advocacy agencies. Their input helped to shape the recommendations. Agencies that participated include: Easter Seals, Adult Care Centers Hawaii, Hawaii Disability Rights Center, Lanakila Pacific, Citizens for Accessible Transportation (CAT), Citizens for a Fair American with Disabilities Act Ride (CFADAR), Statewide Independent Living Council, and the State Disability and Communications Action Board (DCAB).

Most of these agencies attended all three meetings and provided testimony. Many had also participated during the bus fare deliberations, so a trust has developed between them and the Rate Commission. The Rate Commission wishes to thank Donald Sakamoto (CFADR) and Brian Mick (DCAB) for helping us to connect with these agencies and to ensure their participation was meaningful.

## RECOMMENDATIONS

The following recommendations were approved at the Rate Commission meeting of October 13, 2020.

- A. **The fare for a single ride on Handi-Van should be raised to \$2.25 starting July 1, 2020.** The Rate Commission recommends legislation implementing this fare increase be considered as soon as possible to give everyone time to prepare.
- B. **The policy goal is for Handi-Van and TheBus single ride fare to eventually be the same.** This policy should be achieved through reasonable increments and over time, not all at once. Recommendation A above for the first 25 cents is a step in that direction. The Rate Commission intends to continue to work with the affected ridership groups towards the intention of same fare for a single ride on bus or rail and Handi-van.
- C. **DTS is encouraged to expeditiously pursue the implementation of Holocard as a payment method for Handi-Van.** At least until July 2022, DTS should still allow existing methods such as cash for riders and coupons for agency rides.
- D. **The Rate Commission supports and recommends that Federal, state, and county agencies create an intergovernmental agreement (IGA).** The purpose of the IGA is to increase the federal financial support for Handi-Van including from the Medicare program. In general, Non-Medical Transportation includes supported activities such as day support or education for Medicaid recipients.

## DISCUSSION

The Handi-Van fare has not been raised since 2001, almost twenty years. The Honolulu City Council is the ultimate decision-making body for fares. Council has considered a raise in the past, including a \$4.00 proposal from the administration three years ago. Proposals have typically been met with great opposition. This time, the Rate Commission feels we have reached a reasonable degree of consensus, including with the city administration and the users, for a modest increase of 25 cents. This amount is identical to the amount the Rate Commission recommended to raise the single ride TheBus fare.

The Commission was especially interested in the input from riders, disabled advocates, and agencies serving them. The Oahu Transit Services Vice-President in charge of Handi-Van



operations, Charlotte Townsend, testified that many riders are capable of paying more for a ride and she supports the proposed increase. No less than seven agencies whose clients depend on Handi-Van expressed that they felt the proposed twenty-five cent increase was fair and could be managed by them. Several individual testifiers, who are also Handi-Van users, said this amount is fair and they are willing to do their share.

According to a presentation by DTS, Handi-Van provided 1,202,500 trips in fiscal year 2019. In addition, there were 207,500 rides under the supplemental taxi program and 225,000 agency operated rides supported by the city. The paratransit budget (Handi-Van, taxi and agency) request for Fiscal Year '19 was \$53.7 million and is expected to continue to grow to be \$61.4 million in Fiscal Year '21. Providing paratransit service is a very costly but essential city function.

The average cost per trip on Handi-Van is \$49.18 compared to \$3.44 on TheBus. Farebox recovery for Handi-Van is estimated at 4.3% compared to around 25% on TheBus.

Drawing upon data from the National Transit Database, Honolulu has the highest per-capita demand for paratransit rides in the United States. While numbers this year during the coronavirus have cut trips in half, trip taking rates are expected to return to previous levels once the economy re-opens.

The city continuously seeks ways to improve service. The reservation system was replaced and upgraded. The fleet of vehicles has been increased, as has the number of operators (drivers) and support staff.

The current fare, in effect since 2001, is \$2.00 per single ride. Compared to 28 other US cities, Honolulu has the third lowest fare. Half have a fare over \$4.00. Another quarter have a fare over \$3.00. In addition, Honolulu's paratransit services differ from that of most other cities in that it serves a broad area that extends into the island's rural areas.

## **TIMING FOR IMPLEMENTATION OF PARATRANSIT FARE INCREASE**

An implementation date of July 1, 2021 was agreed upon because it gives time to plan ahead.

The Rate Commission wishes to state that it is cognizant of the current economic hardships experienced by many residents of the City & County of Honolulu due to the Stay at Home directives dealing with the coronavirus global pandemic, and commissioners are very sympathetic to their plight. Our hope is that in the future a special rate for low income persons will be established.

Several testifiers asked that the fare not be increased now, which is taken to mean in the fall of 2020. When asked, the majority of testifiers agreed that the proposed timing of next July is reasonable and fair.

**Therefore, the Rate Commission recommends that implementation of the paratransit fare increase of twenty-five cents for a single ride start on July 1, 2021. This allows the city to plan for revenues in the next annual budget. It allows time for riders and agencies to save and be prepared for the increase.**