

DEPARTMENT OF TRANSPORTATION SERVICES
KA 'OIHANA LAWELAWE 'ŌHUA
CITY AND COUNTY OF HONOLULU

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October 13, 2025

The Honorable Val A. Okimoto
Chair of the Committee on Budget
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Okimoto and Committee Members:

SUBJECT: Bill 54 (2025), Relating to Public Transit
Proposed CD2 – VO3 (OCS2025-0811/10/9/2025 12:54 PM)

The Department of Transportation Services (DTS) appreciates the opportunity to comment on the above referenced Bill 54 (2025), CD2, which proposes amendments to the City's transit fare ordinance. While we appreciate the Council's intent to refine the bill, DTS respectfully **opposes several of the proposed amendments** for economic, administrative, and equity reasons.

1. Non-Resident Fare Categories

The CD2 adds a new passenger category — “adult (non-resident)” and proposes a cash fare of \$4.25 for non-residents and \$3.25 for residents.

DTS opposes this change. From an economic perspective, visitors help improve system efficiency by generally riding in the opposite direction of resident commute patterns — outbound in the morning and inbound in the afternoon. Their ridership helps balance passenger loads and supports all-day service efficiency. Increasing fares for non-residents would likely reduce visitor transit use, pushing more travelers toward rideshare or rental cars, which conflicts with the City's multimodal and climate objectives.

From an administrative standpoint, the distinction between residents and non-residents cannot be reliably enforced. Bus operators cannot determine residency for cash-paying passengers, and creating a “resident-only” HOLO card would require an extensive and costly verification process. In-person vetting for adults—our largest fare group—would introduce significant administrative burdens.

DTS therefore opposes establishing a special non-resident adult category and recommends retaining a single unified adult fare structure.

2. Senior and Other Deeply Discounted Fare Categories

The CD2 restores the \$45.00 annual fare for Hawaii resident senior citizens only, while other deeply discounted groups (individuals with disabilities, Medicare cardholders, Handi-Van eligible individuals, and low-income households) would pay \$50.00 annually.

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DTS recommends maintaining parity across all deeply discounted fare categories. Seniors represent roughly 70% of all deeply discounted fare holders, while the remaining groups combined account for 30%. The proposed \$5 increase would generate only about \$65,000 per year—a negligible impact on revenue but a significant step toward maintaining fairness and simplicity in our fare system.

Creating a more favorable class for seniors would be inequitable and divisive among groups who all share similar economic and mobility challenges. Therefore, DTS recommends either maintaining all deeply discounted fares at \$45.00 or raising all to \$50.00 on an equal basis.

3. Definition of Low-Income Eligibility

The CD2 changes the eligibility threshold from “individuals with extremely low income” (30% of Area Median Income) to “individuals with very low income” (50% of AMI).

DTS opposes this change. Expanding eligibility from 30% to 50% AMI would increase the eligible population by an estimated 70% — from 110,000 to approximately 185,000 adults. Because the deeply discounted annual pass represents a 95% subsidy (\$50 versus \$1,080 annually), the revenue loss would likely range between \$5 million and \$8 million per year, reducing the system’s farebox recovery ratio from 13.6% to about 11%.

This change would significantly undermine fare recovery and long-term fiscal sustainability without corresponding operational benefits.

Conclusion

In summary, DTS:

- Opposes establishing adult non-resident fare categories.
- Recommends parity among all deeply discounted fare categories.
- Opposes raising the low-income threshold from 30% to 50% AMI.

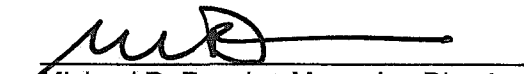
We thank the Council for its continued partnership in supporting a sustainable, equitable, and efficient transit system for all riders.

Very truly yours,



J. Roger Morton
Director

APPROVED:


Michael D. Formby, Managing Director
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