

Bill 89 (2020) Testimony



Email: communications@ulupono.com

HONOLULU CITY COUNCIL COMMITTEE ON BUDGET
Tuesday, November 24, 2020 - 10:00 a.m. – City Council Chamber

Ulupono Initiative supports Bill 89 (2020) and offers comments.

Dear Chair Manahan and Members of the Committee:

My name is Amy Hennessey, and I am the Senior Vice President of Communications & External Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono Initiative supports Bill 89 (2020), amending Chapter 2, Revised Ordinances of Honolulu 1990, to introduce the City Payment Card as a means to pay fares, fees, and charges for the transportation services, and amending Chapter 13 to amend the fare structure for the city transit system.

Bill 89 improves fare policy, structure, and technology by creating a fair, simpler, and more equitable system. Fare capping, over the use of monthly passes, allows community members who depend on transit but may not consistently have the means to pay for the pass upfront to access the same frequent ridership discounts as others. The updated fare table is welcome in streamlining program administration and implementation; it also helps standardize discounts across different fare users. It also notes the possibility of developing newer programs or pilots that would facilitate discounted rates for bulk purchasers, such as universities or large employers.

We commend the Rate Commission for its thoughtful report that helps the community to understand the legislation and its impacts. The report included explicit goals, principles, and helpful analysis of the tradeoffs between fares and ridership. It also included two rounds of outreach about important community questions on types of fares, need/appetite for free fares, transfers, etc. As a result, we want to call attention to several elements in that report that should also be considered.

First should be the reaffirmation of the fare policy, which prioritizes:

- Growing ridership on transit;
- Incentivizing frequent use by riders; and
- Encouraging people of all income classes to use transit and alternate modes rather than the private automobile.



The policy focuses on these priorities while also optimizing revenues from all sources to support the cost of operations and maintenance. It's important to note that optimizing resources needs to be balanced with the paramount goals of increasing ridership and incentivizing frequent use.

Second, it is crucial to ensure that the new low-income rate category is established as stated in Bill 91 (2020); the senior fare increase works more effectively when the low-income fare is also available for those kupuna in need.

Third, as the Commission recommends, reconsider the 25-30% farebox recovery in light of COVID-19 and the goals of growing transit ridership. As mentioned in the Commission report, our farebox recovery rates are much higher than in many other communities, meaning that we ask our transit-dependent residents to shoulder more of the transit service burden than other communities.

These comments are consistent with our PowerPoint presentation, "Rate Policies Nationwide: Scan of Best Practices," offered in testimony to the Rate Commission on September 17, 2019.

Thank you for the opportunity to testify in support of this bill.

Respectfully,

Amy Hennessey, APR
Senior Vice President, Communications & External Affairs

*Note: Ulupono Initiative values this measure before the Council today and appreciates the opportunity for continued civic engagement; however, we are unable to attend in person due to concerns around COVID-19 and to remain consistent with company policy and government directives encouraging social distancing. Thank you for your understanding.

From: CLK Council Info
Sent: Monday, November 23, 2020 9:34 AM
Subject: Budget Speaker Registration/Testimony

Speaker Registration/Testimony

Name Gary Gill
Phone 8085237675
Email garylgill@gmail.com
Meeting Date 11-24-2020

Council/PH
Committee Budget

Agenda Item Bill 87,89 and 91

Your position on
the matter Support

Representing
Organization Organization
Honolulu Rate Commission

Written
Testimony Aloha Members of the City Council,
As a member of the Honolulu Rate Commission, I am testifying in support of the recent package of bills submitted to the City Council by the Mayor's administration. Bills 87, 89 and 91 contain the Commission's recommendations, after years of work and public input. The commission's recommendations represent a comprehensive approach to integrate the bus and rail transit system, manage the new Holo Card payment system and assure that mass transportation is affordable to all. Please consider our recommendations carefully.
Mahalo,
Gary Gill

Testimony
Attachment

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IP: 192.168.200.67



The Honorable Joey Manahan
Chair, Budget Committee
Honolulu City Council
November 25, 2020
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Rate Commission

CITY AND COUNTY OF HONOLULU

<http://www.honolulu.gov/boards-and-commissions>

650 South King Street, 3rd Floor • Honolulu, Hawaii 96813

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Barbra J. Armentrout

Ann M. Bouslog, Ph.D.

James Burke

Gary Gill

Maeda Timson

November 25, 2020

The Honorable Joey Manahan
Chair, Budget Committee
Honolulu City Council
Honolulu Hale
530 South King Street
Honolulu, HI 96813

SUBJECT: Honolulu Rate Commission Testimony on Bills 87, 89, and 91

Dear Chair Manahan and Members of the Budget Committee:

The Honolulu Rate Commission is in SUPPORT of all three Bills. They were generated as a result of our hard work over the past twelve months. Longer explanations of the features, how we gathered information, how we involved the public are all explained in two reports from the Rate Commission, dated May 2020) for bus and rail) and October 2020 (for paratransit). Those reports are part of your meeting packet.

The City Charter calls upon the Rate Commission to conduct an annual review of rates. Your Rate Commission worked faithfully with this Council, offering recommendations and testimonies on a previous Bill 77 (2018) during 2018 and 2019. In June 2019, the Budget Chair informed the Rate Commission that he would shelve that bill and asked the Commission to offer a new simplified rate structure for consideration. We took up that challenge and worked diligently to address: Policy Guidance, a simplified rate structure, the introduction of daily and monthly rates and financial caps, inter-modal transfers, and the impacts of all recommendations (see the *Rate Commission 2019 Annual Report*). Our efforts involved working with Neighborhood Boards, setting evening community meetings, and actively soliciting testimony that influenced our decision-making.

Listed below are the highlights of the bills. Note, that most of these highlights are contained in **Bill 89** unless otherwise noted.

- Honolulu is rapidly moving in the direction of a Multi-Modal Transportation system with rail, bus, and other modes. This changes the language of Chapter 2, Article 12, Section ROH 1990 from “bus” to “transit.” This change is important to the city can charge for rail trips.
- Establishes that the fare for a bus ride and for a rail ride is the same.

- Further establishes that there is no charge for a transfer between modes when taken within a two and on-half hour period.
- Proposes a modest 25 cent increase for a single ride in all four categories of fare (Adult, Youth, Senior/Medicare/Disability, and Extremely Low Income). The 25-cent increase also applies to a Handi-Van ride.
- Continues the practice of multi-ride discounts, and ties these to use of the City Payment Card (aka Holo Card). In short, there is a daily, monthly and annual cap established for each of the four fare categories. Note, this is a cap on the amount of funds that can be deducted from the owner's card, after which rides become unlimited. There is no cap on the number of rides that can be taken.
- Continues the practice of allowing paratransit riders with an eligibility card, when riding the bus or rail, to pay in cash or by coupon an individual fare of \$2.25. This fare can also be used by an accompanying attendant. (**Bill 87**)

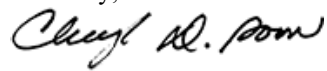
The one change we would recommend to **Bill 89** is that its implementation date be set at July 1, 2021 (not March 1). The latest information is that interim rail opening will not occur in March as previously expected. Thus, implementation should be done at the beginning of the new fiscal year, not mid-year.

Finally, it is important to understand that **Bill 91** was meant as an integral part of the full set of Rate Commission recommendations. Equity and ability to pay were important considerations in deliberations. While it was understood that many adults, youth, and seniors ARE able to pay the increases proposed, there are still many for whom it is a hardship. This is addressed by creation of a new fare category: Extremely Low Income and Disabled. The measure of ELI is 30% Adjusted Median Income (AMI), and eligibility would be determined by the Department of Community Services (DCS). DCS actively participated in Commission meetings and assured everyone that they had the capability and capacity to undertake eligibility determination. When deliberating a fair rate for Handi-Van, the Rate Commission sought out input from the advocacy community including Easter Seals, Adult Care Centers Hawaii, Hawaii Disability Rights Center, Lanakila Pacific, Citizens for Accessible Transportation (CAT), Citizens for Fair American with Disabilities act Ride (CFADAR), Statewide Independent Living Council, and the State Disability and Communications Action Board (DCAB). We are especially appreciative of Donald Sakamoto and Bryan Mick for helping make those connections.

Rate Commission deliberations and supporting data regarding the ELI category can be found in the October 2020 Rate Commission Report. Some Council members have asked what would be the fiscal impact of implementing it at this time. Therefore, attached to this testimony is a likely-case analysis conducted by the Chair of the Rate Commission based on data from DTS and OTS. It shows that reasonable estimate of the fiscal impact is from \$4-6 Million.

In summary, the fare changes implemented in these bills help 1) simplify the rate structure would; 2) transition Honolulu to a multi-modal transit system; and 3) utilize the City Payment Card to continue the practice of multi-ride discounts. It is our sincere hope that the bills can be passed by the current council, in time for incorporation in next year's budget, and in order to give time for all riders and their affiliated advocacy support agencies to prepare for implementation.

Sincerely,



Cheryl D. Soon
Chair, Honolulu Rate Commission

Attachment



Rate Commission

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ESTIMATING THE FISCAL IMPACT OF THE NEW ELI CATEGORY (BILL 91)

Variables

The difference between a single Adult ride (\$3.00) and an ELI ride (\$1.25) is \$1.75

The difference between a monthly capped Adult ride (\$80.00) and Eli monthly cap (\$20.00) is \$60.00

DTS model assumes 15% of riders would use the ELI Category. Removing Seniors from this number, there are about 14-15,000 persons eligible to use ELI.

Calculation

Assume an average use of ten months, the additional subsidy of \$60.00, this comes to \$600 per user

X 1,000 users = \$600,000

X 10,000 users = \$6 Million

X 15,000 users = \$9 Million

In FY 21 ridership is off by 2/3, so the impact at that level is \$3 Million.

In conclusion, \$5-6 million is probably a good working number if one assumes ridership returns to previous levels; \$4-5 million is probably a reasonable number for FY 22.

COMPARISON TO SUBSIDIES THE CITY ALREADY PROVIDES TO RIDERS

A. All riders

- In FY 19 ridership was 60 Million; revenues were estimated at \$52 million and budget was \$207.4 Million. Farebox recovery is around 25%. **Thus, the system subsidy is \$155.4 Million.**

B. Seniors

- There are approximately 28,600 senior riders. The annual pass option is used by 82% of the riders and is mostly locals. The option \$10 pass and \$6 monthly sticker is used by 18% of riders, 2/3 from out of state riders (this would be eliminated). Each senior rider is getting a \$735 per year subsidy over adult riders. Multiplied by 28,600 riders, **the senior subsidy from the city amounts to \$21 Million.**

C. Handivan

- In FY 19 the budget for Handivan was \$53.7 Million. Farebox recovery is 0.43%, which comes to \$2.3 Million in revenues. **Thus, the Handivan subsidy from the city is \$51.4 Million.**

From: CLK Council Info
Sent: Monday, November 23, 2020 11:22 PM
Subject: Budget Speaker Registration/Testimony

Speaker Registration/Testimony

Name Sharlene Chun-Lum
Phone 8083542434
Email sharstocks@yahoo.com
Meeting Date 11-24-2020
Council/PH Committee Budget
Agenda Item Bill 89
Your position on the matter Comment
Representing Self
Organization

Aloha Kākou,

First, I would like to recognize the work of the Rate Committee. It was not an easy task and the factors that effect the rates continued to change. There are some good recommendations, however, there are some areas that need to be rethought.

Written
Testimony

I have testified against the rate increases in the past based on limited incomes for riders but now, there is an even more difficult situation facing the City. Some argue that raising rates will result in less people riding the bus. Now, it's not just a matter of economics. Another factor is one's health and safe. I have not taken the bus since March, when COVID-19 restrictions were imposed. It's hard to social distance on the bus and until recently, proper mask wearing was not enforced. Several bus drivers have tested positive and have had to quarantine, shaking public confidence in riding the bus.

One point in particular is of concern--making the fare for the bus and the rail the same. Rail- if it ever is completed-- will be so costly. Recovery at the rate of the bus is too low, and the City will be running deeper in debt.

Please rethink this bill.

Mahalo.

Testimony
Attachment

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