

RATE COMMISSION
CITY AND COUNTY OF HONOLULU

RATE COMMISSION MEETING MINUTES
Tuesday November 07, 2017

Commission members present:

Cheryl D. Soon, Chair
Ann M. Bouslog
Bonny T. Amemiya
Barbra J. Armentrout
Keslie Hui

Excused:

Dexter Kubota

City Staff present:

Randall Ishikawa, Deputy Corporation Counsel (COR)
Wes Frysztacki, Director of Transportation Services (DTS)
Jon Nouchi, Deputy Director of Transportation Services (DTS)
Chris Ovitt, Administrative Services Officer (DTS)
Eileen Mark, Mass Transit Administrator (DTS)
Scott Ishiyama, Planner (DTS)
Eric Stoetzer, Planner (DTS)

Guests present:

Ron Menor, City Council Chair
Rose Pou

1. Call to Order by Chair

Cheryl D. Soon, Chair indicated the meeting would be videotaped thanking Mr. Ovitt for putting it together with less than 24 hour's notice, that one final commission vacancy still exists, then called the meeting to order at 2:37 p.m. in the Mission Memorial Building Hearings Room.

2. Roll Call.

Taking of the roll of committee members present at meeting was conducted.

3. Introduction and Welcome to Commissioners.

An introduction and welcome of new Commissioners Bouslog and Hui occurred.

4. Minutes from the October 10, 2017 meeting.

A motion was made by Commissioner Amemiya to approve the minutes. The motion was seconded by Commissioner Armentrout. Chair Soon called for the question and the motion was unanimously approved.

5. Greeting and remarks by Council Chair Ron Menor and Ikaika Anderson.

Council member Anderson was not in attendance at the meeting. Council Chair Menor thanked and congratulated new commission members. Council Chair Menor said that the Commission represents the will of the people with a majority of votes, including himself. It was

time to create an advisory board dedicated to review fares and rates that our residents and visitors pay for transportation services on this island. This is a critical juncture where the Council and City committed to the completion of the 20 miles and 21 stations to build Rail as the anchor of our multi-modal system to connect the island thru bus, rail, and handi-van. With a partial opening in 2020, council is looking to the Commission for a fair rate structure to coincide with this opening. The City faces significant budget constraints to provide essential services while locals struggle with the high cost of living. The City Council requests the Commission take these realities into account during the course of their work to balance the cost of management of transportation services with what residents and visitors can afford. The City needs to provide quality, safe and efficient service but in a manner that does not burden our hard working families.

Council Chair Menor addressed a question from Chair Soon regarding anything urgent the Council would like the Commission to look at in the next six months or any budget matter by saying the generation of adequate revenue for TheBus and HandiVan fares would be welcomed and helpful as City Council reviews the City's Fiscal Year (FY) 2019 budget. If the Honolulu Authority for Rapid Transportation (HART) decides on the interim opening in 2020, the City Council would need the Commission's input on what fares council needs to make that happen.

Council Chair Menor addressed another question from Chair Soon regarding the Commission's annual report by indicating for the Commissioners to feel free to contact his office, and would like to be supportive of the Commissions efforts.

Council Chair Menor addressed a question from Commissioner Bouslog regarding Biki bikes and the City's oversight by saying please discuss with Director of Transportation Services Wes Frysztacki but Council is supportive of it, we are monitoring the effectiveness and if proven in coming months then we can look at a possible expansion of the program. This is one aspect of our multi-modal system we need to support.

6. Overview of Current Rate Issues, by Wes Frysztacki, Director, Department of Transportation Services

Director Frysztacki introduced himself and his staff. Director Frysztacki expanded on Commissioner Bouslog's previous question by saying the City set the policy and contractual relationship with Bikeshare Hawaii who formed a board of directors using equal grants from the City and State of one million dollars each as seed money to procure Biki from 4 prospective vendors. The vendor (Biki) needs to be self-sustaining so there is currently room in fare flexibility not under the City Council at this time. Council does set the rates for facilities or parking off-street. DTS has eight surface lots and eight garages operated by revocable permit so essentially a concession operation.

Director Frysztacki then went on to provide an overview of current rate issues with limited detail: Bill 28 related to transit fares for TheBus and HandiVan; Bills 63 and 64 related to parking and curbside activities such as how to charge for construction companies that use city parking spaces; Bill 12 related also to parking that passed a rate change of \$1.50 to \$3.00 an hour and expanded the time and day conditions in Waikiki. The concern being the City's enforcement workforce is small and the Citations issued go to the State instead of the City.

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Bill 85 related to Car Sharing sets the fee for operators in the City of 175 unreserved spaces at \$1,500 per space per year but changing from on-street to off-street locations. Policy should not be vendor specific. Also the current environment is not good now but the Commission could look at creating one since other cities have competing entities. Even bike sharing has competing entities as another example.

Ewa Impact Fees is geographic specific legislation which has a controversial history where new development pays for infrastructure and other transportation forms thru charges on housing units or square foot of retail/commercial space. A proposed bill by the City Administration will be sent to the City Council Chair in the next month or two.

Director Frysztacki went back to the transit fare issue to provide greater detail. Our Public Transit is outstanding and awarded for the amount of ridership on a per capita basis. Our HandiVan has the highest participation rate in the United States. With the success and usage comes issues. The annual cost is 256 million dollars. A Council resolution set a fare box recovery ratio structure where fares are set to return to the city 27% to 33% of that cost or a total City subsidy of 176 million dollars. Fares for bus are \$2.50 going to \$2.75 while HandiVan is \$2.00 which is small but the operation is very expensive. The Commission may consider a similar policy for HandiVan. In the HART Transit Recovery plan of 9/15/2017, appendix J, the outlook of 176 million dollars grows to 632 million dollars in FY 2036. If you total all years comes out to 7.9 billion dollars where rail will be 20% of total costs. The benefit is the system will move a lot of people for a lot less cost because it is driverless so in the end, will prove to be a wise investment. City Council wants to know whether or not the current method for determining transit fare assumptions. Past environmental impact statements and financial work assessments was that fare structure would be for all modes so base fare for bus. The Commission could recommend bus fares be the same for rail unless the Commission decides otherwise. So fares would apply to all modes uniformly. Bill 28 proposed raising fares from \$2.50 to \$2.75 was approved. However, Council knocked out the \$3.00, \$3.25, and \$3.50 subsequent increases by 2020 so the Rate Commission could review and concur with the DTS proposal.

Director Frysztacki responded to a question by Chair Soon about frequency by saying the raise would have been every nine months or too frequently which was an issue.

Director Frysztacki responded to another question by Chair Soon about rate increases by saying this was assumed pre-rail but only for per ride fares not including daily, monthly passes. So the base would be \$3.50 in FY 2020. Right now would be \$2.50 then \$2.75 on 1/1/2018.

Director Frysztacki went on about Bill 28 proposed to raise HandiVan fare from \$2.00 to \$4.00 by FY 2020. HandiVan is an ADA requirement from Civil Rights legislation. We have good service that could be better. \$45 is the per trip cost. Bus is \$2.73. HandiVan has a fleet of 180 vans at an annual operating cost of 54 million dollars. In prior years it was 45 million and prior to that 38 million dollars. Cost to meet demand that has requirements in terms of responsiveness and on-time performance means we must put out more vehicles which means more cost.

Director Frysztacki talked about parking rates as being not just a revenue source but a way to control demand. People like on-street parking versus surface lots. The time limit of one to four

hours are frequently not obeyed. However citations go to the State. Therefore, the City has low turnover or utilization of spaces used three to four times a day versus freed up seven to eight times for more people to use. This causes also localized traffic congestion when people are searching for stalls. 30% of people go around looking for the perfect place causing turning conflicts and conflicts with pedestrians. Addressing this not solving just parking but other issues at the same time. The Honolulu Police Department issued 40,000 parking ticket violations at an estimated \$35 each or 1.4 million dollars. Would like to address this thru pricing. The industry rule of thumb is to have 85% of spaces full. Using dynamic pricing thru technology involving RFID chips that collects data we can be confident in, if an area is over 85% then increase the rate, if under 50% lower the rate. Another method is not charging a flat rate but incrementally increase each hour from \$3 to \$4 to \$5 to discourage using a space for too long. A consultant has already reviewed and commented on our smart meter project that began in 2013 and takes too long because of the procurement involved. For example the second round of 1000 meters procured were installed in the field a few weeks ago.

Director Frysztacki expanded on Bills 63 and 64. Bill 63 is related to island wide special improvement district legislation like Fort Street Mall and the Waikiki Beach Improvement District paid for out of permit fees or other sources, not property taxes. Also called Transit Management Associations.

Director Frysztacki responded to a question by Chair Soon about the Commission's involvement in special districts by saying maybe the Commission would not want to set a rate in the case of a special district but a policy. For example like off-street parking where the City charges \$140 per unit but next door the private company charges \$260. The Commission can say the Director should maintain parking rates that are 80% to 110% of the market in the immediate area. Another option in the case of a vendor, concessionaire, or revocable permit operator may charge what-ever they want. In the Director's mind, that is a rate issue.

Director Frysztacki went on to discuss Bill 64 creating the Waikiki Transit Management Association saying this is the only one so far but there is interest to do this in other locations. Both Bills (63 and 64) passed unanimously but separately. Director Frysztacki went on to describe Residential Parking Zones being very successful, people are happy with it but was not set up to recoup operational costs or a monthly fee.

Director Frysztacki returned to the subject about parking saying the City has about 10,000 spaces. 3,000 on-street meter spaces of which 2,000 have smart meters. Oddly there are 1,000 off-street meters, 2,000 off-street concession spaces and 4,000 other spaces like you would find at the Blaisdell Concert Hall. We have a strong parking supply and demand with 90% to 100% occupancy which results in people double parking or parking illegally. Per City Ordinance, the Director is to adjust rates every six months according to occupancy. However according to Act 168 (2012) Electric Vehicles (EV) are exempt when operated by the County. This can be circumvented by using a concession. Also, according to Ordinance 14-25 (2014) no charge for vehicles displaying a disability permit in metered spaces. 40% of vehicles parked in Waikiki are occupied by these types of vehicles. Revenue potential is being lost by having the City directly operating on and off-street parking. Therefore, the City really doesn't make money. City makes two million dollars but does not include the cost of maintaining facilities which would exceed that amount if the City really were keeping up with the maintenance. The City makes four

million dollars from on-street parking. In contrast, Seattle on-street meter program makes 38 million dollars in addition to the 17 million dollars they keep from citations. Other cities net, not gross, tens of millions of dollars because they have gotten away from having human interaction in the management, control and enforcement of their programs. When cars enter an area there is an auto-charge like our transit system which knows who owns the vehicle so during the annual registration, a lien is placed on the account to make sure everything is paid before the registration is processed. This will take legislation and policy development. That is where other cities are in regards to their parking programs.

Director Frysztacki responded to a question from Commissioner Armentrout about Transportation Management Associations by saying using the Biki example provided earlier, a chain of decision making could be established for the Waikiki Transit Management Association or other districts. City Council sets Oahu Transit Services fares and off-street parking rates. The Rate Commission can say it be market driven or advise it conform to these modes, policy, process and program. Director Frysztacki responded to another question from Commissioner Armentrout about other communities wanting Residential Parking Zones by saying the Commission can use the Kalihi example in the case there are large homes with large parking needs on City streets. We have examples of exceptions and working in cooperation with the Neighborhood Board so following that process. Director Frysztacki responded to another question from Commissioner Armentrout regarding the Kaimuki Meter lot being pot hole ridden by saying the City is in charge of the rehabilitation of the Kaimuki metered lot and working with the vendor but there needs to be a policy agreement regarding light versus heavy duty maintenance. We want more of the heavy duty maintenance on the vendor. In Chinatown as well, we want the vendor to provide control devices. However the legislation says it must have an attendant but a technology improvement there would mean more revenue. Director Frysztacki responded to another question from Commissioner Armentrout by saying yes we can talk more about a monthly discount for low-income paratransit riders similar to the bus.

Director Frysztacki responded to comments made by Commissioner's Hui, Amemiya and Bouslog about the breadth and depth of the many areas the Director covered by apologizing and saying today was just a superficial overview of topics and will cover the issues in greater detail and provide documentation as the Commission decides the direction it wants to take and commission priorities.

Director Frysztacki responded to a question from Commissioner Bouslog by referencing a handout distributed to commissioners to illustrate the use of pricing to bring down ridership of paratransit service to meet the highest per capita level of demand in the United States. Complaints about the HandiVan service being late and no shows must be improved by law. Honolulu is the highest in the country due to our demographics. With improvements will come an increase in passenger trips up to two million trips with improved on-time performance which means more vans, operators and cost being un-sustainable.

Director Frysztacki responded to a question from Commissioner Hui about the linear relationship of cost per trip and operating cost by saying the relationship of \$2 per trip with an actual operation cost of \$45 is not linear. Cost per hour remains the same.

Director Frysztacki responded to questions from Chair Soon by saying the 2016 numbers

forecasted would improve performance with a fare increase but not over 1.6 million passenger trips. The pricing was going from \$2 to \$4 in 2020 until Council struck it out and modified the Bill. Subject matter that can be considered by the Commission in the next six months involves paratransit fares which haven't been raised since 2002. Federal law allows charging twice the amount as the bus. You could say thru policy it automatically be twice of bus fares or \$5.00. In case your time is limited, we will provide you with a list of priorities and keep you updated. Since Director Frysztacki's arrival, there have been no bills or resolutions that he is aware of addressing rates.

7. Public Comment Period

Rose Poe testified regarding the HandiVan saying the Commission needs to think about those under the poverty line. If on a \$600 a month budget, people can't afford \$4.00 for HandiVan. People will end up sitting at home and vegetating. Please keep in mind. Chair Soon and commissioners thanked Rose Poe for her testimony.

8. Policies for Internal Management

Mr. Ishikawa advised the Commission at the request of the Chair the Commission under the Power and Duties provision to make rules under of the Revised Charter 6-1705, he made a draft for commission consideration. Mr. Ishikawa informed the Commission of the distinction of rules requiring HRS 91 formal process of rulemaking and internal management policies that are exempted from rules that don't affect the public. Also having a Vice Chair is common to many commissions. Mr. Ishikawa clarified the draft contains bracketed information since there are alternatives. Mr. Ishikawa shared that according to Sunshine Law and City Charter, this commission's majority to achieve quorum is four of the seven members.

Mr. Ovitt responded to a comment received by Commissioner Armentrout from a member of Citizens For A Fair ADA Ride (CFADAR) about the Commission agenda not being published like a normal meeting being posted by referencing the copy of the current agenda and pointing out the date stamp mark embossed by the City Clerk's Office which indicates the date and time he personally walked the agenda to the City Clerk's office who posts on bulletin boards and on the web. Further, that Mr. Ovitt made sure to post the agenda on the Rate Commission website that can be accessed by going to www.honolulu.gov/dts/aboutus and selecting Rate Commission. Mr. Ishikawa elaborated the requirement for posting at the City Clerk's Office is six (6) days in advance and are posted on Honolulu Hale 1st and 2nd floor bulletin boards. Also, there is July 1, 2018 deadline to have electronic agendas posted on the Commission's website. Mr. Ishikawa responded to Commissioner Armentrout's question about submission of testimony by saying the Commission can receive written and oral testimony.

Mr. Ishikawa indicated the second location of bracketed information involves conflict saying this is open for above and beyond what Sunshine requires, not less.

Mr. Ovitt and Mr. Ishikawa responded to Commissioner Hui's question about the protocol for emailing comments. Mr. Ovitt said to send to him is fine and he can forward to Mr. Ishikawa rather than circulating among commissioners. Mr. Ishikawa concurred.

A round table discussion by commissioners occurred and in summary, a consensus was reached after each commissioner had an opportunity to speak. The Director was asked to please provide

a list of top key opportunities so it could be reviewed and prioritized in an achievable manner by the Commission. Mr. Ishikawa gently reminded the Commission the item be appropriately placed on an agenda for discussion and decision making.

9. Announcements.

Mr. Ovitt provided an update from the Ethics Commission about required ethics training being self-administered on-line involving a Mindflash program and he would be sharing commissioner private email addresses with the Ethics Commission staff to facilitate this required training. Chair Soon echoed the responsibility and accountability of each individual commissioner to complete the training.

10. Adjournment.

Meeting adjourned at 4:12 p.m.

APPROVED:

Cheryl D. Soon, Ph.D. FAICP, Chair Date