Rate Commission

City and County of Honolulu

**Meeting Minutes**

Tuesday, November 12, 2019

**Commission members present:**

Cheryl Soon, Chair

Keslie Hui, Vice Chair

Dexter Kubota

Ann Bouslog

Gary Gill

Barbra Armentrout

James Burke

**City Staff present:**

Wes Frysztacki, Director, Department of Transportation Services (DTS)

Kathleen Kelly, Deputy Corporation Counsel (COR)

Shirley Ann Templo (CCL)

Lori McCarney (DTS)

Scott Ishiyama (DTS)

Eric Stoetzer (DTS)

Eileen Mark (DTS)

Sharon Brooks (OCS)

Traci Toguchi (HART)

Howard “Puni” Chee (DTS)

**Guests present**:

Rose Pou

Robert Uyeda

Greg Swartz

Marcel Honore (Civil Beat)

Bryan Mick (Disability and Communication Access Board - DCAB)

Trevor Nagamine

1. **Call to order**

Chair Soon called the meeting to order at 2:32 p.m. and welcomed newly sworn Rate Commission member, Gary L. Gill to the meeting.

Commissioner Gill introduced himself and shared that as a former City Council Chair and Transportation Committee Chair he has participated in discussions concerning public transportation issues including mass transportation, fixed rail projects and bus fares. More recently he served in advocacy roles with nonprofit organizations doing environmental work as well as in official policy making and administrative roles as the Deputy Director of Environmental Health for the Hawaii Department of Health. Have been reading up on the past meetings and look forward to working with the commission.

1. **Roll call**

Roll was taken: Commissioners Bouslog, Gill, Kubota, Hui, Armentrout, Burke and Chair Soon present.

1. **Approval of minutes for September 17 and October 8, 2019**

Chair entertained a motion to approve the minutes of the September 17, 2019 meeting. Motion was made by Commissioner Kubota with a second by Commissioner Burke. All members in favor of approval.

Chair entertained a motion to approve the minutes of the October 8, 2019 meeting. Motion to approve the minutes was made by Commissioner Armentrout with a second by Commissioner Kubota. All members in favor of approval.

All draft minutes are posted on our website in conformance with the “Sunshine” law. Once draft minutes are approved, the approved minutes are posted in place of the draft minutes.

1. **Public input**

Chair welcomed Rose Pou to the table to provide testimony. Ms. Pou stated that for Handi-Van rates, the Commission needs to talk to the disabled community. She stated that there is going to be a meeting on the 14th of November. She was not sure if the meeting will be at the State Capitol or City Hall. Ms. Pou stated that they meet quarterly to discuss Handi-Van services with DTS and OTS which has resulted in changes. If you want to get to people that ride, have them (OTS) post notices on the Handi-Van. People that use the system only have so much money a month – they are on a fixed income that needs to cover food and transportation. If prices are raised they will be shut in.

Chair thanked Ms. Pou for informing the commission about different meetings where the commission’s message can be shared.

Commissioner Armentrout asked to clarify if Ms. Pou was referring to a $3.00 per ride charge or a $3.00 per day charge.

Chair stated that the Commission has no proposal on the table regarding Handi-Van and thanked Ms. Pou for her testimony.

Chair welcomed former DTS Deputy Corporation Counsel Greg Swartz to testify, stating that she was in receipt of his written testimony.

Mr. Swartz commented on the previous speaker’s suggestion to post notices on Handi-Van, stating that the area provided on the Handi-Van to post notices is about 8-1/2 x 11 inches, making it difficult to read. It was a good idea but people can’t get up to read it. He suggested posting notices online and, although he understands not everybody uses a computer, people would be able to read the notice. Not only meeting notices but Handi-Van notices regarding route changes also.

He said that he agrees with Ms. Pou that most of “us” are on fixed incomes. For him that consists of Social Security and a small city pension. Costs are rising for food and housing. Doesn’t know how a lot of people can afford any increase. Give us a reasonable increase of 25 cents or 50 cents a ride extra but then don’t increase it every single year because there’s no way we can keep up with that. If the commission bases the rate on a formulaic approach, the actual costs are very expensive. A driver told him that the cost of a ride on Handi-Van is $48.00. Even if you use a formula, nobody can afford that. A reasonable increase is fine.

He has requested for a number of years that Handi-Vans have passes for riders. He has to carry a bundle of dollar bills to pay for Handi-Van rides every month. If they increase fares 25 or 50 cents, he won’t be carrying a lot of quarters with him. Handi-Van does not have a fare box to put the money in. Money is kept in a bag by the driver.

There are a lot of problems with the Handi-Van that are not obvious to people. But that’s not the Rate Commission’s problem. The group that Rose mentioned is not concerned with rates but the problems that people are experiencing with Handi-Van. It’s fine to notify people but need a separate hearing or at lease notify everybody and let them come in. You will get more than two people.

He said that he does not know what the commission is doing because there’s nothing on line that he can see. There are minutes but they don’t say much because there is no proposal before the commission. There has to be more public notice to people to get them interested.

Chair welcomed Bryan Mick (DCAB) to the table to provide testimony.

Mr. Mick introduced himself and welcomed the new commissioner. He provided technical guidance regarding members voting on approval of minutes as a former Neighborhood Commission staff member, stating: It is proper to approve minutes at a meeting members weren’t at and you can always go back and make further additions after the initial approval.

Mr. Mick passed out DCAB’s Guiding Principles on Public Transit. Chair asked Mr. Mick to explain what DCAB does. Mr. Mick explained that the Disability Communication Access Board manages a variety of disability-related programs including the statewide parking program, provides advice and advocacy on policy issues, reviews building plans (of government funded facilities) for ADA compliance and supports parents of children with special needs. Attends Rate Commission, Council and CFADAR meetings as well as participating with DTS’ accessible transportation committee that meets quarterly.

The Chair circulated her suggestion for policy considerations that line up with several of DCAB’s guidelines including keeping the cost not higher than the bus, only do raises in small increments, incentivizing people to use the bus or paratransit if able, using fare increases as the last method to try and decrease demand and look at other improvements that can be made to the system. One that’s not included is providing subsidies for those that qualify for severely low income. That’s important as a structural change that would protect people from future raises.

Commissioner Gill asked if DCAB had considered what income threshold someone would need to be appropriately discounted for a transportation fare. Mr. Mick stated that he did not think DCAB weighed in on the exact amount. They considered using people on SSDI only and thought that was too restrictive because there were people that were low income that were not on that list. Commissioner Gill stated, so DCAB has no specific definition of low income for which a rider would be granted a discount. Mr. Mick responded that he thought Community Services did and that they would be the agency vetting applicants and thought they had some preset designations.

Commissioner Gill asked how that could most easily be administered on somebody that qualifies for that threshold that is not too intrusive to the personal income of the individual and yet can be administered quickly and easily. Mr. Mick responded that because they (DCS) already have programs where they have to review people and their income that they were able and willing to take this on and somehow designate that person in the system so that they would get the reduced rate. Chair stated that when the commission gets to that issue DCS would be invited to answer those questions.

Commissioner Bouslog asked about Policy Item #1 of DCAB’s Guiding Principles on Public Transit: that the cost of a one-way paratransit trip should never be higher than for a fixed route bus service. That policy of Hawaii’s DCAB board is in contrast to ADA policy. Mr. Mick stated that DCAB feels it is a matter of equity that it should not be higher as ADA allows for charging up to 200% of the bus fare. He added that TheBus also offers other subsidized options like the monthly and daily passes that are not available to paratransit riders.

Commissioner Bouslog stated that Policy Item #4 says that fares on the fixed bus routes should be lower than for Handi-Van - how do we resolve this? Mr. Mick stated that he guessed it should be equal. Commissioner Bouslog stated that #4 makes sense to incentivize bus use for anybody who is able take it, which does give a reason to make the bus fare lower at least for paratransit riders. Vice Chair Hui stated that Items #1 and #4 are not mutually exclusive if you had a paratransit pass and you ride the bus for half-price; that would satisfy both of those. Commissioner Bouslog stated that she wanted to know if DCAB had a position on that. Commissioner Armentrout stated that if you have a Handi-Van pass you can pay for the bus pass and it is much lower; you show your Handi-Van pass and you pay a dollar. That’s why we were offering the annual pass for $35.00.

Chair asked if there were anyone else that wanted to testify. Hearing none, Chair closed agenda item #4 for the moment.

1. **Public testimony received in advance of meeting**

Chair stated that the commission had received two pieces of testimony prior to the meeting from Greg Swartz, who testified earlier, and Brian Koss.

1. **Discussion on rate setting policy considerations for rail and bus and possible application**

Chair proposed that for the next two (perhaps three) meetings the commission limit itself to the policies and potential rates for bus and rail and not take up Handi-Van. The commission spent over a year discussing Handi-Van and Chair would like to take that up on a stand-alone basis perhaps starting in February. Chair prefers to get a clean bus/rail proposal to the administration and to the council and she does not believe that would be possible if the commission takes up Handi-Van at the same time. Chair asked to hear the commission’s thoughts on that proposal. What that would mean is that when it is considered Handi-Van will have no change until the commission puts forward a new Handi-Van proposal.

Commissioner Armentrout asked: what if someone on the Handi-Van wanted to be dropped off at the rail station. Chair stated that there will be many nuances like that but when the commission takes up bus/rail/Handi-Van together the commission spends all of its time on Handi-Van and never really does bus and rail. She is trying to get at the bus/rail issues and is hopeful that a recommendation can be made and if both the administration and council can agree to it, then HART can start telling people what they’re going to pay; which is one of their most frequently asked questions. If the project continues on course for an interim opening in November, it will still take several months to get the proposal through the city council. The sooner the commission can get the proposal out there and receive public comment on the proposal and get it moving along.

Commissioner Armentrout stated that she attended the “Young At Heart” event at which HART was distributing the HOLO card and listed in there – they didn’t do what the commission suggested with raising the senior bus pass fare for the year – was a senior fare quoted at $35.00. She stated that it was in the brochure there and rail should not be giving any quote to people until the commission gives them something because they are quoting the old fares. Chair clarified that until the city council makes a change all prices are set, regardless of the Rate Commission and administration proposals.

Chair asked if there were any commissioners that did not agree with the proposed approach.

Commissioner Burke stated that he agreed with the Chair’s recommendation and thanked her for her proposal. He acknowledged that Handi-Van is a significant part of what we do, however, the commission still needed to focus on getting a proposal to council as soon as possible because their process takes some time. He added that the commission needs to be in the loop to ensure there is a fare structure that the commission thinks makes sense before the interim opening of rail.

Chair asked if any other commissioners wanted to weigh in on the issue.

Commissioner Bouslog stated she supported the Chair’s proposal.

Commissioner Gill stated that he deferred to the Chair’s leadership and the membership that has sat through the testimony for Handi-Van. He supported the Chair’s wishes to defer Handi-Van discussion and focus on bus/rail rates - that sounds appropriate. With regard to the political decision making process, he asked when the Chair was targeting a recommendation for rates to be submitted by the commission to the council and the administration.

Chair stated that she would like the commission to be clear with the proposal no later than December so that the proposal can go out for another round of public information. Chair further proposed that the she and Vice Chair Hui meet simultaneously with the administration and council to see if there are any major concerns with the approach the commission is taking. The only proposal that the commission has received was from Councilmember Manahan who said make seniors free. There has been a lot of input to simplify rates. The commission has received no new proposals from the administration or the council to say, please consider this in the commission’s discussions.

Commissioner Gill stated, that if he understands the recommendation, the commission would come up with a rate recommendation for bus/rail in December, float it by the city council and the Department of Transportation Services and take another meeting to perhaps refine it before the proposal is officially submitted. So the official submission would be in January? Chair stated unless the commission decides to have two meetings in December. Last year the Chair had targeted submission by December and if that could be done that would be even better.

Commissioner Gill stated that the commission is tasked with submitting an annual report pursuant to the Charter. Chair stated that the annual report would be submitted regardless of whether the commission’s recommendations are ready or not. Commissioner Gill reiterated that the annual report may not include the commission’s fare recommendations.

Commissioner Armentrout stated that the Mayor’s budget needed to be completed by February and presented to the council by March; so the commission should have until February.

Chair asked if Director Frysztacki had anything he wanted to weigh in on that subject. Director Frysztacki stated that the discussion sounded reasonable to him.

1. **Policy review and preliminary proposal from the Chair (attached)**

Chair distributed a three-page handout that is posted online, the proposal covers topics for the commission’s discussion. The second two pages of the recommendation are the history of what the commission has gone through (Attachment A). Section A (of attachment A) is the policy considerations the commission voted on and forwarded in the first annual report which included the policy considerations for the bus and a separate set of policy considerations for Handi-Van. The commission has always been driven by policy – what are we trying to achieve - in setting rates. The second part of the attachment (Section B) is a list of questions the commission asked the public and received feedback on (Chair read the questions and provided clarification for some of the responses). The third part (Section C) of the attachment was the presentation by Ulupono at the September meeting where they laid out a methodology, research on best practices elsewhere, setting of goals, review of how those policies impact goals, scenarios on trade-offs among goals, maximizing the technology investment (e.g. HOLO card) and acknowledging best practices on Oahu such as the integrated system, no transfer penalty and a simple product offering. The last piece of knowledge (Section D) was from the Chair’s own travel experiences with the Opus card in Australia and the Octopus card in London which are similar to the HOLO card and how they structured financing of the rides.

Chair offered goals (summarized in the handout) for the commission’s consideration and discussion. Chair asked for initial comments from commissioners.

Vice Chair Hui stated he did not have any disagreement with the three goals outlined in the proposal and is 100% on-board with growing ridership, encouraging people in the community to use public transit rather than automobiles to reduce congestion and maximize investments made in transit by the city. The one concern that he would like more discussion on is the city’s current policy on fare box recovery ratio and the sustainability of a revenue model for public transit. He strongly believes that we charge something – a lot of the testimony has been consistent with that. He personally feels that one of the goals needs to speak to some policy on overall revenues – it does not have to be tied exclusively to rates. He is a strong proponent for changing something. That’s largely part of the equation. With rail, there may be other opportunities for revenue generation whether it is an advertising model, joint development model, whether there are opportunities for rental of retail space in the stations. Sustainability can be tied to overall revues rather than just rate.

Commissioner Burke commended the Chair on her proposal and thanked her for her efforts – it took a lot of thought and a lot of work. In terms of goals one and two, that was exactly where we were going in the previous meetings. Goal number three, maximizing investments in transit by the city – don’t know what that means but that’s okay. Flat rates; no penalty charged for transfer between modes within an hour. Commissioner Burke stated that there are no transfers anymore and we shouldn’t be telling people that the fare is $2.75. We have a hub-and-spoke system to go from one place to another and you have to catch two vehicles, mostly, if you are on one of the spokes. So the bus fare is $5.50 because you have to pay twice, unless you buy a one-day pass.

Chair asked Commissioner Burke to comment further on taking a transfer within an hour – is that enough time? Commissioner Burke stated that if you are talking about going from bus to rail from most places, one hour should be fine. However, if you are coming from the outskirts of rail or the city, if you were coming from Makaha it will take you longer to get there than an hour, unless there is absolutely no traffic. If you are coming from the North Shore there is not a place between Sunset and Hauula that you can get to in an hour if a rider is coming into town. That one hour needs to be flexible. This depends a lot on the HOLO card. The commission has talked about Kamaaina rates not being allowed/feasible due to the fact that the transit system receives federal funding. One way that can be done is by maximizing the use of the HOLO card because – once the card is working the way that it is supposed to be working – and it is relatively easy to get as a resident.

Commissioner Burke stated that the other issue is that the fare box recovery is 25-30% and probably a little easier to achieve. That plays into rate stability and freezing the rates. He did not know if freezing the rates would be a good thing if the fare box return ratio comes out to 35% - the system could be a great success. If that were the case then we should think about lowering the rates. Chair stated that the concept of freezing the rates was that until you have another “chunk” of value (i.e. rail service goes to Middle Street) the fares would not be raised.

Commissioner Burke stated his fare preference for $2.00 rather than $3.00 but he understands the need for fiscal responsibility.

Commissioner Bouslog thanked the Chair for the proposal which is a really useful summary, allowing commissioners to react to the proposal than to create from scratch. She had three comments. She thought Vice Chair’s concerns about financial sustainability was where the Chair was headed in goal three, in fact, she thought what the Chair meant was to maximize the return on investments made in transit by the city. Chair stated that what she meant was that it is really a redundancy to increasing ridership. If we have spent billions of dollars building rail and buying buses and nobody rides them it is a waste of money so she was looking at maximizing the investment by having as many people as possible utilizing the system. Commissioner Bouslog took that to mean that the commission was looking for the city to get value back for its investment which is different than financial sustainability. Chair said that she could only add that it may be debatable – not sure we have data - what financial sustainability would mean on day one of rail. Commissioner Bouslog stated that she didn’t know if she agreed with the Vice Chair that the rates are the most important way to do that. She would be really thrilled if the fare box recovery ratio were 25% with the rates the commission sets but that would still mean that 75% is coming from somewhere else. She was hopeful that there were other ways than putting it on the real property tax payers. It is something the commission needs to keep in mind, but at the end of the day, the commission does not have control over that.

Commissioner Bouslog stated that her second comment was the one hour trip time. She thought that it meant one hour applied to when you get off the bus until you get on the rail. If the HOLO card does not have a means of tapping off, then one hour is a huge concern. Many times people had the experience of waiting one hour for the bus or something happens, an hour could easily not be enough. But certainly if you are going from start to start, one hour would not be enough.

Chair stated that after the commission has had a chance to offer comments, she could ask Director Frysztacki to share any knowledge he has.

Commissioner Bouslog stated that her third comment would be with equity concerns. She preferred keeping it simple and am interested in a three tiered system: regular fare and discounted fares – youth/ senior and a further discounted fare for paratransit riders, disabled and extremely low income riders.

Commissioner Gill thanked the Chair for her recommendations as having a proposal before the commission to refine is helpful. He began by addressing the three goals. Goal #1 is really easy and really simple: grow ridership on transit. Clear goal to consider when setting the price - don’t want price to be a disincentive. Clearly, the goals need to be set around what the commission’s authority is which is to recommend rates. Don’t think that the commission can have goals that go beyond what the commission can affect by rates.

When it comes to the second goal, it’s mostly word-smithing: he didn’t want to go on the record saying that the commission wants to get people out of automobiles. What we are trying to say is to encourage people to take mass transportation alternatives rather than a single rider in a private automobile. To say, we’re here to get you out of your car may create more trouble for the commission than we need to. Chair stated that the commission received a fair amount of testimony from people that said: figure out how much it costs to drive a car and make sure the bus fare is less. Commissioner Gill agreed and stated that is a pretty easy calculation as there is nothing more expensive – buying a car and insuring a car and paying for gas.

The third goal was confusing due to the wording. He thought that the commission should set rates pursuant to the established policy of 25-30% fare box revenue. That is the city policy and the commission does not set that policy, the city council does. Chair stated that, as a technicality, the policy applies to bus and not Handi-Van and it could be debated if it applies to rail. Commissioner Gill stated that could be a useful goal if the commission defines what that means, because he doesn’t know what it means to maximize the investment. The commission needs to clearly state what it means. With regard to the policies, it is a really good start but he didn’t feel he was informed enough to have a good opinion on that, regarding if an hour is enough or if half-fare prices are enough.

He is very interested in making sure the second policy of equity is where the commission focuses its energies. He doesn’t believe in “age-ism” that when someone reaches a certain age that they deserve a discount. If someone needs a discount and it is in the public purpose that they receive a discount, then the commission should advocate that they get a discount. Just being a retiree doesn’t mean you are poor. For those that are retired and on a fixed income and very challenged to get by, a discount is appropriate. If a person is old and a billionaire, he didn’t see why it would be in the public interest to legislate that discount. He is looking for a manageable way to administer a policy of fairness that is not dependent on age or any other category but based on need. He doesn’t have a clear idea on how to do that but there is a lot of experience in the transit world on how to do that in such a way that is practicable in terms of administration. As discussed with one of the testifiers, there may be a simple way to do that whereas if a public transit rider already qualifies for some public policy – free or supported lunch at a public school, social security – where they have gone through some governmental process of certification of need, that would be an easy way to tag on to a reduced transit fare because they would have already demonstrated that financial need.

Lastly, he could not support rate freezes for any given period of time because the commission’s mandate is to look at fares annually and see what needs to be recommended. That’s part of why we are here.

Commission Kubota thanked the Chair for putting the proposal together. The first goal is obvious. The second goal – agree with Commissioner Gill – about getting people out of automobiles and using alternative modes of transportation. It is a by-product of using transit: if people are riding transit more than they are probably getting out of their automobiles. We also want to optimize revenue stream as well. Third goal: maximizing investments versus optimizing revenue. Continuing to optimize the revenue stream is more of a management strategy with fares, with demands, with different models. He wanted to offer that up as a possible goal: to optimize revenue in alternative transportation modes. He is not in favor of free rides as anything that is free de-values the system and there are expectations built upon that and there is a sense of entitlement. We would also like to get a good database when we start ridership. Under rate stability, freezing rates in not something he is in favor of right now. The commission is not sure when next interim opening will be. To look at that every year seems more appropriate. Also to consider is if the commission freezes rates, it hurts the bus system because the bus system is still operating and their costs are still rising and the commission will not be able to raise their rates if they are the same as the bus. He believes the commission needs to look at the bus system because that’s where the revenue comes from.

Chair stated that based on the comments of the last two speakers, the commission not change fares more than once a year when they do their annual review.

Commissioner Armentrout stated that she agrees with everything that has been said, but believes in offering a discounted fare instead of free. Once rides are offered free it can get out of hand. Seniors also testified that they did not expect to ride for free, despite what Councilmember Manahan said, seniors would buy a yearly pass because it is low enough. There is also Bill 56 up tomorrow before the budget committee relating to bus passes authorizing DTS to establish a pilot program offering free bus passes to high school students to attend off campus or after school programs. Some are taking college courses at LCC or UHWO. If they are going to do a pilot program for that, there are a lot of seniors taking free classes at UH because they honor it. With the new budget coming up, the commissioner is requesting DTS put a pilot project together for taxi vouchers for the Handi-Van. It needs to be in their budget to be passed by June. Last year it was going to cost $1-point-something million. Once rail starts in 2020, what bus routes are going to be changed and what will be eliminated for people to get to the rail?

Chair asked if the members wanted to do a second round of comments or if they preferred inviting Director Frysztacki to provide additional clarifications.

Director Frysztacki introduced himself as the Director of Department of Transportation Services.

Chair stated that the first clarification would be about the HOLO card; is it capable of knowing when you tapped-off so when a rider is doing a transfer it will indicate a time. Director Frysztacki stated that it will know when you tapped the first time, and if it’s a bus to rail transfer like the commissioner was explaining from Makaha, it would know when you tapped-in and when you tapped the second time it would know what that time is. If it is 50 minutes, you are within the hour, and if it’s an hour and ten minutes then you have to pay again, but the HOLO capability has that built in. Vice Chair Hui asked if there was a tap-off reader on buses. Director Frysztacki stated that on the rail system there is a tap-off but that would not give you the transfer. If you were riding rail you would be able to tap-off of the rail and that would allow you to tap-on to the bus. Rail to bus transfer in all cases would not take that long the way the whole bus system was designed to interface with rail. Vice Chair Hui stated that his question was specifically, on the bus when you are exiting the bus you do not tap-off. Would that capability be implemented? Director Frysztacki stated that they gave it some consideration but when they implemented the Vancouver, B.C. system they had the tap-off capability on the bus and nobody used it. So we decided not to do that. Commissioner Bouslog stated that if it made a difference people would learn how to tap-off. Director Frysztacki stated that the other value, and this commission is always interested in data, if riders were able to tap-in and tap-off for every trip, we would have a gold mine of data. Commissioner Gill asked, if riders need to tap-on and tap-off wouldn’t that slow the embarkation and disembarkation of customers? Director Frysztacki stated not as much; the thing that slows the bus system down in places like Waikiki is the fact that we only have front door boarding and a lot of people have questions of the operator. So what we’re trying to do with the HOLO card is to allow people to have the HOLO card in advance and to board in the second/rear door. They do this in the San Francisco system and it speeds up service.

Vice Chair Hui asked if there are readers on the buses. Director Frysztacki stated that they are installed in the front of the bus. Vice Chair asked if there are readers at the rear door. Director Frysztacki stated that there are no readers at the rear door.

Chair requested a more extensive update on the HOLO card at the next meeting and asked if the program was still in the demonstration phase? Director Frysztacki stated that there are various things that they are still being tested – back room, different components of the system - and that the few challenges are getting resolved.

Chair asked about interim opening. Director Frysztacki stated there are two interim openings. The first is from East Kapolei to Aloha Stadium; opening December 2020. The next opening from Aloha Stadium to Middle Street will be December 2022. The third extension from Middle Street to Ala Moana will open December 2025.

Commissioner Armentrout asked how many HOLO cards are out there now. Director Frysztacki stated that he will have that information next month. Commissioner Armentrout stated she gets a lot of comments about the HOLO cards not working. Director Frysztacki stated that she will find out next month, but it is usually a communication problem as it uses cellular technology.

Chair stated that the third question is what information will be available on adjusted bus routes for the first interim opening. Director Frysztacki stated that the ultimate bus system was designed for the year 2030 and is contained in the Environmental Impact Statement in Appendix D. Those routes, the level of service and the span of service is still going to be the same by obligation – we are committed to doing that whole level of bus investment by 2030. How we get there between now and then is a separate issue. Will assure you that for the first couple of years the department is not changing the current bus system. We are adding to it. This is a matter of our budget cycle and our budget request because it is difficult to increase bus service while preparing to pay for operations and maintenance of rail itself. The proposal that we are putting in is that we will replicate the entire rail line that would take you via bus from Aloha Stadium to Ala Moana Center with limited stop service. It will go away when we complete the rail system. Likewise we will also have a connector service into Kapolei and will likely be retained until the rail system is extended. We will be modifying bus service over time, nothing substantial, nothing all at once. The level of bus service you see today will not go away. In places like Windward, we are having a new level of service being implemented this fiscal year – it occurred a couple of month ago. For going to the North Shore, over time we will be increasing the bus connectivity to the North Shore. So, island-wide, the intent is this is a system that we’re implementing. We are going to upgrade public transportation throughout the island.

Chair asked if the department has prepared a budget and if it includes an assumption of a fare increase. Director Frysztacki stated that he was envious that the commission didn’t have to worry about where the other 70% of the money comes from - but he does. It is a very difficult year because FY21 will include the initial operation of the rail system. We’ve already made some assumptions about bus revenue because there has been no proposal from this commission yet. Keep in mind that when you are discussing fare box recovery ratio and your role as a commission, the Charter that gave DTS rail operations gave the department a list of new responsibilities including identifying other revenue enhancement opportunities, identifying public private partnerships, identifying how they will have a balanced system in terms of good investment throughout the system into the future and a system that we can afford. When you discuss fare box recovery, understanding what the council gave you, when you talk about fare categories we are concerned with how that pencils out. Director Frysztacki stated that the department submitted two budgets: the normal DTS budget and a supplemental budget request with DTS being the lead agency for the entire city including DFM, DDC, COR and all the potential costs including any P3 development partnership for the first six to nine months of operations of rail. There has been some discussion about early openings and he wanted to dispel any rumors. We are budgeting for December 2020.

Chair asked when the selection of the P3 partner is anticipated to be completed. Director Frysztacki stated that the dates have been extended and he can get back to the commission with more detail. Costs derived from the recovery plan and reported in the media is $128 million by 2025 which includes what would be paid to the developer and the expenses of the city to oversee the developer and the city’s responsibilities, like paying for power. We are still in the procurement process and much of that is still confidential.

Chair stated that they have requested DTS make a presentation on parking charges at the rail stations.

Commissioner Armentrout asked how the Waikiki Circulator was coming along, will it be the same rate. Director Frysztacki stated that going back to the environmental impact statement, there were a number of mitigations that were put into the document to provide a balanced system throughout the island. It is in the pipeline to be developed. It would operate on a more straight-line service with limited stops and upgraded to have rear door loading – premium type service to connect Waikiki with Ala Moana Center. Part of that is to develop a significant multi-modal transit center. DTS is also under a directive from the Mayor and the City Council to convert the bus fleet to electric.

Chair asked if any commissioners needed clarifications from the director.

Commissioner Gill asked if the department had a “magic” spreadsheet that could assist the commission in calculating the relative impact of a fare proposal when trying to achieve a fare box recovery ratio. Is there a way to develop a sensitivity analysis on how to do that – if it’s a $5.00 fare, ridership will go down – do you have a “magic wand” in how that might be done. Director Frysztacki stated that the department has a model that can illustrate the relationships between elasticity and the fare for a particular category of people and how it impacts that category of people is different for each category, so it is not a simplistic process – usually, for every 10% increase in fares, there is a 3% decline in ridership. It’s less so for people that are going from home to work – they’re more able to absorb an increase so the loss of ridership is less. For the discretionary rider – people making shopping or social trips – usually has more of an impact. We take that into consideration.

Commissioner Gill clarified, if the commission were to come up with a draft proposed rate, the department could provide the impacts relatively quickly based on the recommendations. Director Frysztacki stated that it would take a couple of weeks, possibly 30-days.

Chair asked the director who would be the most appropriate person to access that information from? Director Frysztacki stated either himself or Puni. Chair stated that the timeline is very short and depending on how many scenarios the commission would like to test, the commission will run out of time without some attention.

Commissioner Bouslog addressed agency deals and special arrangements for university students, asking if there are any changes being proposed. Director Frysztacki stated there are no changes. There are programs for bulk purchases with different institutions – at one point 20 something advanced institutions – some had low participation rates which necessitated the department to establish participation thresholds to participate. Some of the programs have been successful. Director further stated that the department distinguishes between a rate and a program. Director suggested commissioners look at Bill 56, which Commissioner Armentrout mentioned previously, offering free passes to high schools students. It is meritorious, however, the department is asking for the word “free” to be replaced with “pre-paid” and have the council identify the appropriation to support the activity just as they would have an appropriation for any other program or activity with TheBus or Handi-Van or rail service. It would have to be a program that is separately funded and the department would use the approved rate structure to identify the cost. In the case of Bill 56 it is the Department of Education that should be supporting that program.

Commissioner Armentrout stated that her testimony was that if the students had an all-day pass, they would not need to have the free pass. Director Frysztacki stated that if Bill 56 were to be passed in its current form - the city usually generates $4 million in youth revenue alone and of course high school ages are different from youth ages – the city would lose probably over $2 million in revenue.

Commissioner Kubota stated that last month, the commission had asked what the fare box recovery ratio was for FY19 completed in June. Director Frysztacki stated that the department monitors that - last time he looked it was 24.something percent - and that’s one of the reasons the council passed that resolution. The department’s intent is to work with the commission and seeing what the fare structure will be – still trying to capture as much from the users of the system as possible. With independent rail operations like the BART system, their fare box recovery ratio is 67%. Assuming the current 24% rate structure and apply it to rail, the director thought revenue might go up over time, but that is conjecture.

Chair asked if the director could provide updated information regarding fare box recovery next month. Director Frysztacki stated the department could provide that information.

Commissioner Kubota stated, in terms of clarity, for revenue for rail or the bus, when a rider taps onto the bus and does not tap out and then taps into the rail – is that bus revenue or rail revenue? Director Frysztacki stated that they can account for where the tapping occur but there is no policy that is set. When the HOLO program kicks into gear we’ll be able to bring a lot of good information to the commission.

Commissioner Kubota stated for the department’s FY21 budget, did you separate the revenue or was it one lump. Director Frysztacki stated that the assumption for the FY21 budget was that no additional revenue would be collected from rail. There has been a fair amount of discussion about making introductory fares free for the first six months, and that’s a policy decision. The department is trying to be realistic, however if the department decides that it will be charging then they will re-look at how much revenue that might be.

Director Frysztacki added that in regards to parking, there will be control devices installed for both the temporary and permanent parking facilities. Those control devices will be able to read the HOLO card. There could be that there is no fare charge and used only for entry to the parking facility. The policy could be similar to the 60-minute transfer, where you tap-in to go parking then tap in to ride the rail system and there is no charge for the parking. If you tap into the parking and don’t ride the rail then there is a charge for parking. Those are some of the things that the department is looking at. It is a capability not a determination or a decision that has been made.

Chair Soon asked if the parking charge and availability under DTS or P3 or is it shared? Director Frysztacki stated that all of the revenue technology/capability/infrastructure dollars will be retained by the city.

Commissioner Armentrout asked if UHWO is a parking lot and not Pearl Highlands which will be a transit center, will it be that same at the transit centers where they could get on a bus also if they parked? Director Frysztacki stated what he mentioned was for all the stations that have identified some form of temporary or permanent parking. So UHWO is one of them, Hoopili will also have a temporary lot, eventually Pearl Highlands - 1,600 spaces – that’s part of the P3 developer to put in the infrastructure but the city would still retain the revenue, Aloha Stadium still has to be …

Chair asked, but that does not go into the fare recovery ratio? Director Frysztacki confirmed that it does not.

Chair thanked Director Frysztacki and stated that she needed the remaining time to discuss how to get to a revised proposal, how to get that proposal out for public testimony, what are the commissioners thoughts - and if the commission would be willing to have multiple meetings in December – and how the commission gets to a recommendation.

Vice Chair Hui’s suggested approach would be for the commission tackle the easy stuff, structurally, and then to come up with decisions around the tougher question which is equity. The first thing to tackle on the structure side would be transfers, capping and monthly passes. Currently have a monthly pass system and an annual pass system. Very few annual passes are sold – vast majority prefers to pay monthly. For simplification, eliminate annual passes - senior impact aside - is something to consider versus the major difference, capping. Tap five times in a day, you’re done. Tap 15 times in a week, you’re done. Tap X-times in a month and you’re topped off. That seems to be a logical structural change to answer. The next step as Commissioner Bouslog offered: two or three tiers. We’ve talked about need based versus age. There are so many categories right now that it would be difficult to get to two tiers. He liked the idea of a three tier system: regular, discounted (folks currently getting discounts) and the (low income) need based. Part three is categories – downsizing the 20+ categories. And then to equity. His experience with leading some of the discussions is that the commission will start talking about five different topics and never resolve differences.

Chair asked about the issues of introductory fares. Vice Chair stated that that is an easier subject as the consensus is that something should be charged. How much of a discount should that be? Our larger responsibility is to come up with the right structure. What he heard from the director was that no revenue was anticipated from rail in the DTS budget. That simplifies the commission’s job.

Chair stated there must be some projection as to how many people will ride. Vice Chair stated his perspective is that with business openings are projections are generally hit and miss. You always know it is not going to be zero, but you also not never hit your number. Especially during interim opening and during the short term.

Chair stated that the way the agenda should be built would be to specifically look toward decision-making with categories that are generic enough that we can make decisions about. Vice Chair stated that it would be difficult to meet the timeline the Chair is suggesting unless the commission can agree on the process.

Commissioner Armentrout asked what about people that need to ride the bus and people that need to ride the bus and rail. She said that Director Frysztacki doesn’t have to worry as he doesn’t have any rail income coming in for half the year, so we don’t know what it is going to be like from December to June. To get the word out to the bus people: HART can bring it up at their meetings. Chair agreed that HART was extremely helpful. Commissioner Armentrout suggested someone call into Rick Hamada because people listen to him.

Commissioner Burke stated that he is not averse to having two meetings in December. If it takes 30-days to evaluate the proposal, there are some activities that occur in December, and is suggesting the January meeting will probably will not be on the second Tuesday. He agrees with a lot of Vice Chair’s suggestions. One clarification for Commissioner Gill, under some of the provisions – unless they changed the law but he didn’t think they did – in certain categories of cardholders (i.e. Medicare cardholders) have to be reduced fare in the peak period. Everything said previously he agrees with. He still holds out under Commissioner Kubota’s suggestion of what would happen if you come from Nanakuli: You pay to get on the bus. You pay to get on the rail. There is no free transfer right now.

Commissioner Bouslog stated she is not averse to two meetings in December. She liked Vice Chair’s approach: simplifying the rate structure, flat rates and rate stability issue and, if we can get to it, capping. It would be helpful to focus on issues that we want to take positions on and hold out the second meeting for equity issues and programs. Her concern is if there is a 35-40 minute presentation by DTS it may cut into the discussion time. Chair stated the commission could increase the length of the meeting. Commissioner Bouslog stated if the commission could get through the framework issues and we could save time for the equity and program issues and the interim opening policies are kind of gravy, someone will make the political or PR decision on it anyway.

Commissioner Gill stated that he thought there was a lot of success because of the work the Chair did in providing a template to work from. He thought circulating those suggestions before the meeting was helpful. As no good deed goes unpunished, he suggested the Chair come up with another recommendation based off of the day’s discussions.

Commissioner Kubota suggested the Chair develop a proposal for the next meeting and send it out to commissioners based on discussions. Agree looking at the equity issue: three tiers, flat rates – still confusing. Vice Chair stated transfers and flat rates are the same issue. Commissioner Kubota stated he agrees with flat rates but need to sort it out. He is still not in favor of free fares and the fare freeze.

Chair asked what other meeting dates are available for the commission to meet? Commissioners voiced their availability in November and December. December 10th is already reserved. Puni to check availability of the hearings room on December 10th and 12th and other available alternate dates.

1. **Other options**
2. **Timeline with Administration and Council**
3. **Adjournment**

Chair entertained a motion to adjourn. So moved. All in favor.

APPROVED:

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Cheryl D. Soon, Chair Date