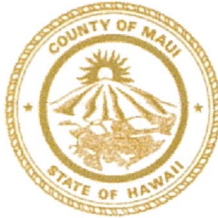


MICHAEL P. VICTORINO
Mayor

MARC I. TAKAMORI
Director

MICHAEL B. DU PONT
Deputy Director



DEPARTMENT OF TRANSPORTATION
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
TELEPHONE: (808) 270-7511
FAX: (808) 270-7505



OFFICE OF THE
COUNTY COUNCIL

2021 MAR 12 PM 12:13

RECEIVED

March 12, 2021

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 3/12/21
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura
Chair, Infrastructure and Transportation Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

**SUBJECT: OPERATIONAL AND BUDGETARY REVIEW OF THE DEPARTMENT OF
TRANSPORTATION (IT-19)**

The Department of Transportation (DOT) hereby transmit the following response to your letter dated March 1, 2021 regarding Operational and Budgetary Review of the Department of Transportation.

Question 1: A cost analysis comparison and explanation of impacts when defining public transit fares for passengers 55 years and older, 60 years and older, and 65 years and older.

Response: The Nelson\Nygaard team provided the following response:

To provide a cost comparison and explanation of benefits for the three senior age thresholds, we prepared three scenarios. All three scenarios include other fare structure recommendations presented during the Maui Bus Rates & Fees Study Infrastructure and Transportation Committee presentation. The impacts described below only reflect the fixed-route ridership and revenue impacts.

In all scenarios, riders would see the following benefits:

- No fares for children under 7
- Half fares for youth between 7-18
- Half fares for all riders earning less than the Hawaii Poverty Limit (e.g., \$25,000 for a household of 3)
- Reduced monthly pass costs for students and people with disabilities.

Scenario 1: Keep senior age limit at 55 years and older.

- No impacts to existing riders older than 55
- *Total impact would be a 2% increase in ridership and 7% loss in revenue.*
 - Ridership increase comes from broader eligibility for discounted fares (lower fares -> more ridership).
 - Revenue loss comes from more riders paying less fares (lower fares-> less revenue).

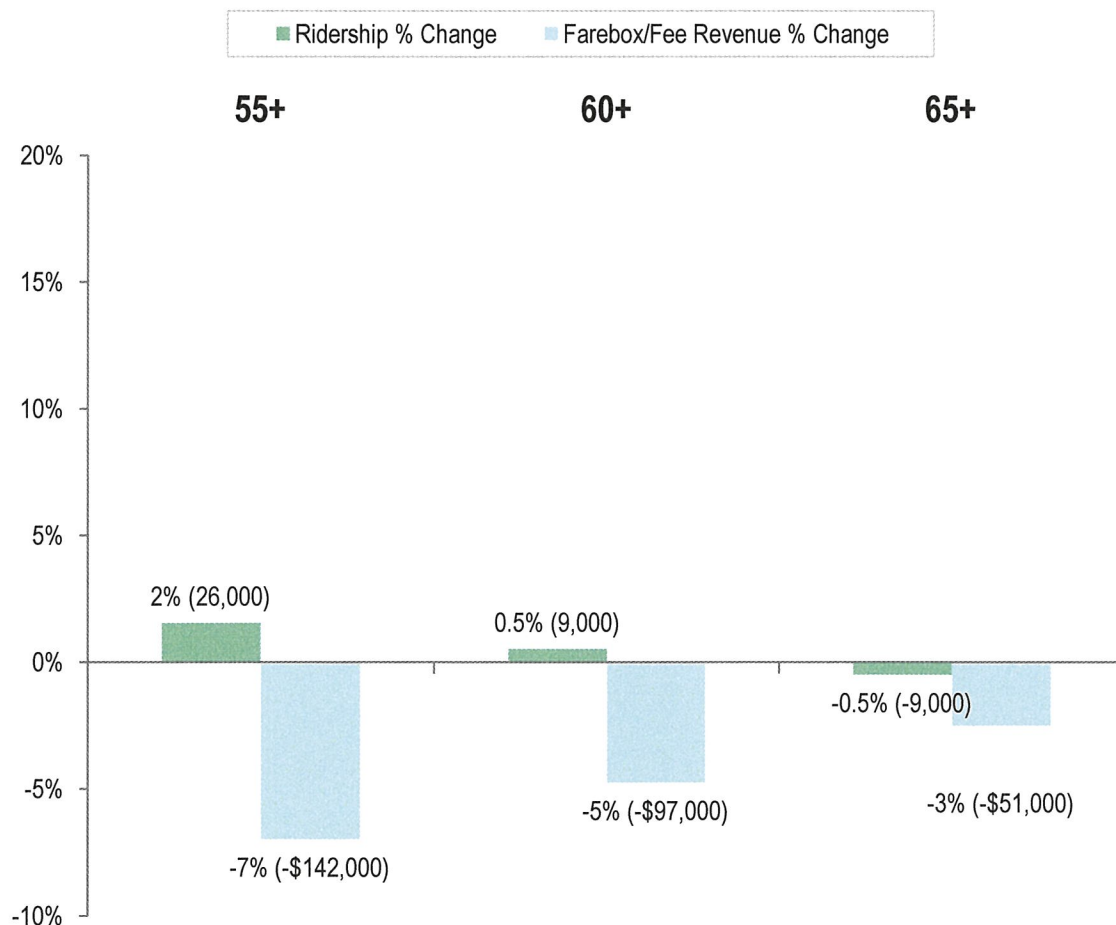
Scenario 2: Raise senior age limit to 60 years and older.

- Ridership impacts ONLY to existing riders between age 55 and 59 that earn over the Hawaii Poverty Limit (e.g., \$25,000 for a household of 3).
- 6% (100,000) of fixed-route riders who currently pay a half fare would be charged a full fare.
- *Total impact would be a 0.5% increase in ridership and a 5% loss in revenue.*
 - Ridership increase comes from increase in ridership because of broader eligibility for discounted fares (lower fares -> more ridership) minus a loss in ridership from raising the senior age threshold.

Scenario 3: Raise senior age limit to 65 years and older.

- Impacts **ONLY** to existing riders between age 55 and 64 that earn over the Hawaii Poverty Limit (e.g., \$25,000 for a household of 3).
- 12% (200,000) of fixed-route riders who currently pay half fare would be charged a full fare.
- *Total impact would be a **0.5% loss in ridership and 3% loss in revenue.***
 - Ridership increase comes from increase in ridership as a result of broader eligibility for discounted fares (lower fares -> more ridership) minus a greater loss in ridership than Scenario 2 from raising the senior age threshold.

Figure 1 Fixed-route ridership and revenue impacts for three age scenarios (including eligibility changes)



Note: Ridership and revenue values based on 2019 data.

Question 2: A cost analysis comparison and explanation of impacts when defining the paratransit rate for unlimited rides, 11 rides, and 12 rides.

Response: The Nelson\Nygaard team provided the following response:

To provide a cost comparison and explanation of benefits for the three paratransit pass options, we prepared three scenarios. The impacts described for each scenario only reflect the paratransit ridership and revenue impacts.

Scenario 1: Keep existing unlimited ride passes.

- No impacts to existing paratransit riders.
- This recommendation would be inconsistent with 2018 Department Audit and 2016 Maui Short Range Transit Plan (MSRTP).

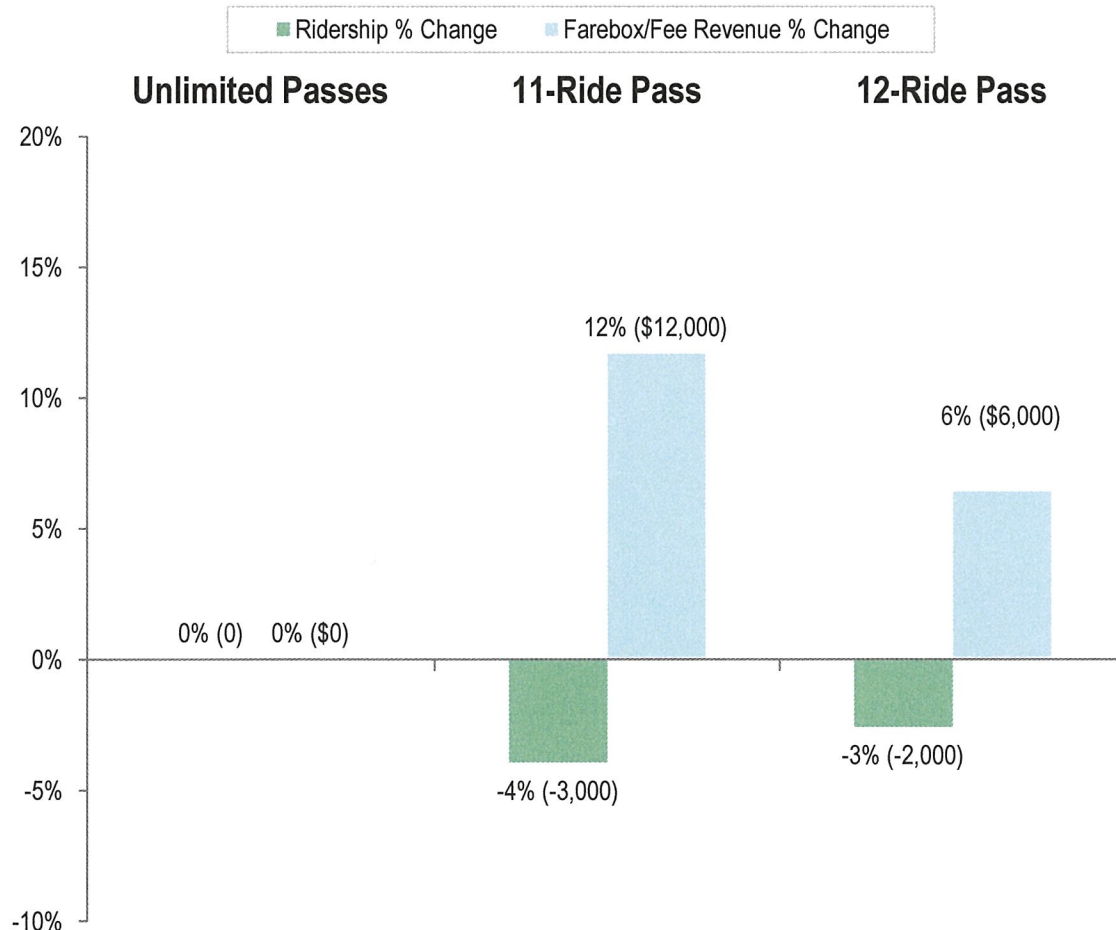
Scenario 2: Replace unlimited passes with 11-Ride Pass.

- 11-Ride pass would replace unlimited passes. Paratransit riders get 11 rides for the price of 10.
 - Impacts to existing riders who use day passes, and student and senior unlimited passes.
 - 80% (70,000) of paratransit riders would experience a fare increase. Average increase would be 25% per ride.
- ***Total paratransit impact would be a 4% decrease in ridership and 12% increase in revenue.***
 - Ridership loss is from the increase in paratransit fares (higher fares -> less ridership).
 - Increase in revenue comes from the increase in per-trip fares (higher fares -> more revenue).

Scenario 3: Replace unlimited passes with 12-Ride Pass.

- 12-Ride Pass would replace current unlimited passes. Paratransit riders get 12 rides for the price of 10.
 - Impacts to existing riders who use day passes, and student and senior unlimited passes.
 - 80% (70,000) of paratransit riders would experience a fare increase. Average increase would be 16% per ride.
- *Total paratransit impact would be a 3% loss in ridership and 6% increase in revenue.*
 - Less ridership and revenue impact than Scenario 2 due to slightly lower per-trip fares.

Figure 2 Paratransit ridership and revenue impacts for the three paratransit pass scenarios



Note: Ridership and revenue values based on 2019 data.

Question 3: The Department's recommendations to increase revenue for the Maui Bus or similar transit services, and ways to provide ridership education to the public.

Response: The following strategies are being recommended by Nelson\Nygaard to assist the Department in increasing revenue and ridership strategies:

Strategy 1: To raise revenue for Maui Bus or similar transit services, MDOT should ensure that rates and fees discounts are going to those who need it most. This strategy may require raising fares for select groups of riders who are currently eligible for discounted fares.

Strategy 2: To raise revenues, MDOT can charge more for more expensive services (such as paratransit trips). This increase will increase the agency's cost recovery ratio for those services. With the increases in revenue, MDOT can direct investments to more cost-effective services to increase mobility and accessibility across the island.

Strategy 3: MDOT is in the process of developing a new Public Participation Plan (PPP) that provides guidance for public comment and education about service changes. MDOT's PPP will be based on similar plans from Maui MPO, as well as peer agency best practices. The PPP should be used to ensure that the community is fully aware of the services that MDOT provides, both to education the community and to promote Maui Bus services.

Strategy 4: MDOT should build on existing relationships with local schools and University of Hawaii Maui College to foster a culture of transit ridership in the Island's youth and student population. This includes providing discounted fares to all youth and implementing a discounted University Pass program in partnership with University of Hawaii. By providing students with access to discounted, unlimited monthly passes, MDOT can reduce the cost barrier to riding transit and increase ridership on the system.

Strategy 5: MDOT should build on existing relationships with large employers on the Island to create a formal employer pass program, as well as to educate on the benefits of transit. Benefits include reduced parking demand for employers, reduced congestion for Island residents, and lower transportation costs for employees. By providing employees with access to discounted, unlimited monthly passes, MDOT can reduce the cost barrier to riding transit and increase ridership on the system. An employer pass program could be included as an employment perk among competitive employers, such as the Island's hotels.

Strategy 6: MDOT should look for opportunities to offer more ways to purchase fare products than on-board the bus, such as allowing people to buy fare media at stores across the island and offering mobile ticketing. These increased options would make it easier for more people to pay for the bus, regardless of whether they are a regular rider. This strategy also has the ability to increase ridership among tourists.

Strategy 7: MDOT can look for opportunities to partner with tourism agencies to advertise the availability of Maui Bus services, expand the pass distribution network to hotels, and provide more frequent service to and from the airport for airport employees and tourists. Enhanced marketing has the potential to grow Maui Bus as a standard form of transportation for visitors to the Island and reduce the congestion and parking demand caused by rental car culture.

Question 4: Regarding CARES Act funding:

a) What is the amount and percentage of funding used towards administrative fees?

Response: Administrative Leave: \$1,929,400; 25%

b) How much has been spent to date and where has it been allocated?

Response: \$4,944,439

Daily supplemental cleaning and sanitation services fixed route buses, driver protection system for fixed route buses, administrative leave for transit workers, daily sterilization of MEO buses, personal protective equipment, WI-FI bus, supplemental buses for social distancing, and to supplement lost fare box revenues.

c) How much of the funds remain unencumbered?

Response: None

Question 5: Percentage of the Highway Fund revenue allocated to the Department.

Response: Based on the FY2021 Council adopted budget, 24.6% of the highway fund revenue was allocated to the Transportation department.

Question 6: Department's plans to expand existing services or increase mass transit options in Maui County.

Response: The Maui Short Range Transit Plan (MSRTP) proposed the addition of new routes to the Maui Bus network back in 2016. Without additional operating funding for expansion services, MDOT has not been able to implement many of the MSRTP's service recommendations.

The Maui Bus Rates & Fees Study will propose a new performance management structure for MDOT services to set actionable strategies for when to consider expanding service. This phase of the study is an outcome of the 2018 Department Audit recommendations, which recommended that MDOT develop a formal performance management program. The proposed measures in the new formal program include route productivity (boardings per service hour), cost efficiency (operating cost per service hour), and equitable service availability. These recommendations are based on an analysis of best practices in transit agency performance management among agencies of a similar size and operating conditions to Maui Bus. The Study's recommendations also suggest that MDOT set proper agency targets as more information comes available in the aftermath of the COVID-19 pandemic.

MDOT is currently considering an update to the MSRTP, which would include a comprehensive look at the existing conditions on the Island, an analysis of the current transit system, and future service scenarios. The MSRTP would conclude with recommendations for Maui Bus service that may include changes to existing routes and service levels, as well as opportunities for service and capital facility expansion. The update would also include an electrification transition plan that would look at the state of the practice and recommendations for MDOT that fit within the local context. This plan would help MDOT achieve their commitment to transitioning to a more sustainable fleet.

Question 7: A cost analysis comparison and explanation on why the City and County of Honolulu's TheBus is able to offer significantly lower passenger rates than the Maui Bus.

Response: The Nelson\Nygaard team provided the following response:

We looked into the City and County of Honolulu's TheHandi-Van (TheBus' paratransit service) Monthly, Annual, and Biennial Passes and found that the agency offers them as an upgrade for paratransit eligible riders to use regular TheBus and Express! Services at a low cost. The Passes *do not* provide unlimited trips on paratransit services for the low up-front cost (\$6 for monthly pass, \$35 for annual pass, \$70 for biennial pass). Per TheHandi-Van Riders' Guide, "Every TheHandi-Van Cardholder and Companion riding TheHandi-Van shall pay a fare of \$2.00 per one-way passenger trip."¹ **TheHandi-Van does not provide any pass or discounted fare options on their service.**

As we presented in Maui Bus Rates & Fees Study Transportation Committee presentation, paratransit service is more than five times more expensive to provide than fixed-route and commuter service.

This higher cost is due to the provision of door-to-door service and lower vehicle

occupancy. Because paratransit service provides a form of transportation for people with disabilities—a disadvantaged and often marginalized population—transit agencies tend to highly subsidize paratransit trips over fixed-route trips. However, to maintain financial wellness within the agency, transit agencies should limit fare options that encourage unnecessary paratransit usage, such as unlimited passes. Across the transit industry, it is best practice to not provide unlimited passes on paratransit service to discourage unnecessary and costly trips on paratransit.

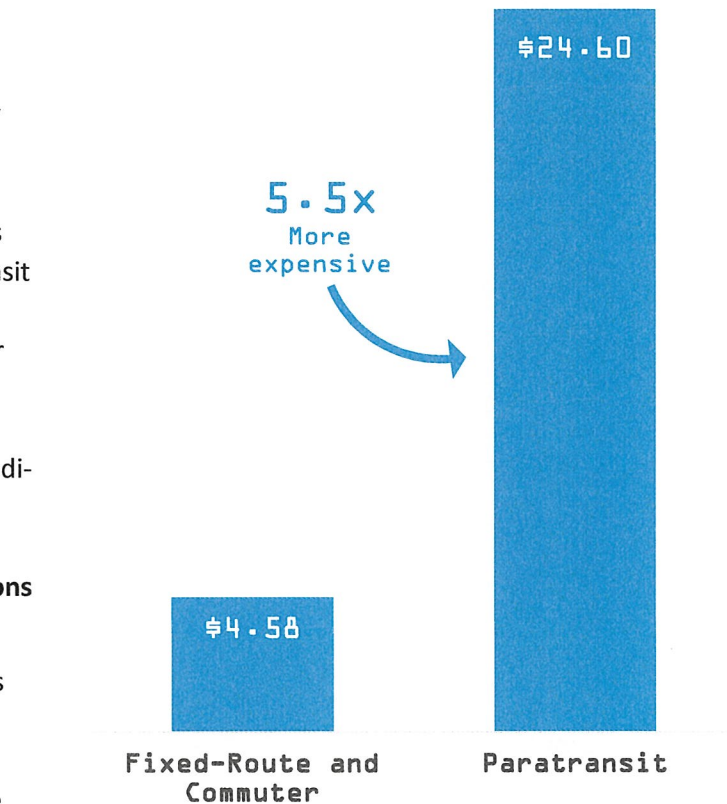


Figure 3 Operating Cost per Trip: Fixed-Route and Commuter vs. Paratransit

¹ The Handi-Van Riders' Guide: <http://www.honolulu.gov/cms-dts-menu/site-dts-sitearticles/908-dite-dts-ptd-cat/32412-thehandi-van-riders-guide.html>

Question 8: Clarification from the Federal Transit Administration on whether Maui County qualifies for Tribal Transportation Funding.

Response: Per the Federal Transit Administration (FTA) Tribal Transit Formula Funds, the program provides funds to federally recognized tribes. Currently, Hawaii does not have any federally recognized tribes.

Sincerely,

A handwritten signature in black ink, appearing to be 'MT', written in a cursive style.

Marc I. Takamori
Director, Department of Transportation