

MULTIMODAL TRANSPORTATION COMMITTEE
Council of the County of Maui

M I N U T E S

Council Chamber

July 1, 2019

CONVENE: 9:01 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Riki Hokama, Vice-Chair
Councilmember Tasha Kama
Councilmember Kelly T. King (in at 9:04 a.m., out at 9:59 a.m.)
Councilmember Alice L. Lee
Councilmember Tamara Paltin
Councilmember Shane M. Sinenci

STAFF: James Krueger, Legislative Analyst
John S. Rapacz, Legislative Attorney
Stacey Vinoray, Committee Secretary

Dawn Lono, Executive Assistant to Councilmember Shane Sinenci,
Hana Council Office (via telephone conference bridge)
Zhantell Lindo-Dudoit, Council Aide, Molokai Council Office (via
telephone conference bridge)

Don Atay, Executive Assistant to Councilmember Shane Sinenci

ADMIN.: Michael J. Hopper, Deputy Corporation Counsel, Department of the
Corporation Counsel
Marc Takamori, Director, Department of Transportation
Michael Du Pont, Deputy Director, Department of Transportation

OTHERS: *Seated in gallery:*
Paula Henry, Director of Operations, Roberts Hawaii
Chris Kim, Manager of Operations (Maui), Roberts Hawaii
Della Lampkin, General Manager (Maui), Roberts Hawaii
Debbie Cabebe, Chief Executive Officer, Maui Economic Opportunity
Harry Johnson, Transportation Director, Maui Economic Opportunity

- Plus (4) others in the gallery

PRESS: *Akaku Maui Community Television, Inc.*

CHAIR SUGIMURA: . . . (*gavel*) . . . Good morning, everyone. Thank you for being here. Today is July 1st. Can you believe how fast this year is going by? It's...I know. It's 9:01 a.m. and we're starting our Multimodal Transportation Committee meeting. Welcome, everyone. Please silence your noise-making devices. And my name is

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Yuki Lei Sugimura, I'm the Chair of this Committee. With me today is Riki Hokama, my Vice-Chair.

VICE-CHAIR HOKAMA: Good morning.

CHAIR SUGIMURA: Good morning. Shane Sinenci from Hana.

COUNCILMEMBER SINENCI: Aloha and good morning.

CHAIR SUGIMURA: Aloha. Alice Lee.

COUNCILMEMBER LEE: Madam Chair, gunaydin. And that means good morning in, if you were traveling in Istanbul.

CHAIR SUGIMURA: Istanbul.

COUNCILMEMBER LEE: Yeah.

CHAIR SUGIMURA: You're amazing, good morning. Tamara Paltin, good morning.

COUNCILMEMBER PALTIN: Aloha kakahiaka, Chair.

CHAIR SUGIMURA: Aloha. Tasha Kama, welcome.

COUNCILMEMBER KAMA: Aloha kakahiaka, Chair.

CHAIR SUGIMURA: Aloha. Thank you, everybody, for being here. Kelly King, looks like she'll be on her way. Mike Molina and Keani Rawlins-Fernandez, who are not Committee members, are welcome to attend if they're around. Michael Hopper, from Corp. Counsel, thank you for being my Corp. Counsel advisor, good morning. Also today, we have from Administration, Marc Takamori, who's our Director, and Michael Du Pont, Deputy Director for Department of Transportation. As all of you know, this means our bus service. And, as well, we have James Krueger and Stacey Vinoray, who are the OCS Staff, and I welcome them to join this meeting. I also see in the audience, because of the subject matter of our item, I want to welcome Roberts Hawaii for being here, as well as MEO. So, from Roberts Hawaii, we have Paula Henry, who's our district...Director of Operations. Is it statewide? So, you actually from Honolulu and you've come here? Thank you. Chris Kim is the Manager of Operations for Maui, is that what this is? And Della Lampkin, which is from Maui also, so, thank you, thank you. From MEO, we have Debbie Cabebe, thank you. And Harry Johnson, who is in charge of the transportation for us, really appreciate that. Oh, John Rapacz, thank you very much, who's our Legal Analyst from OCS, thank you for listening in. Our Molokai District Office is Zhantell Lindo and Mavis Olivera-Medeiros, our Hana Office. Our Lanai Office is closed today. Today on the agenda, we have one item, which is Audit Review of Department of Transportation, which is MT-10(7) and I'm bringing this item up, this is the only item on my agenda, I wanted to do this because the Department has been working on this since they took

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over from January. And I wanted to, number one, commend them for taking this audit and walking it forward to try to make the Department better and for our taxpayers and for our residents of Maui County.

. . . BEGIN PUBLIC TESTIMONY . . .

CHAIR SUGIMURA: Do we have any testifiers, Mr. Krueger?

MR. KRUEGER: Chair, there is no one in the Chamber signed up to testify.

CHAIR SUGIMURA: Okay. District Offices, from, do we have any testifiers in the District Office? Hana Office, Mavis Olivera-Medeiros, do you have any testifiers?

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Council Office and there's no one waiting to testify.

CHAIR SUGIMURA: Dawn Lono? Oh, welcome, Dawn Lono, nice to hear your voice there.

MS. LONO: Thank you.

CHAIR SUGIMURA: Is Mavis there with you also?

MS. LONO: No, Mavis is not in today.

CHAIR SUGIMURA: Okay, thank you. Molokai Office, Zhantell Lindo, do you have any testifiers?

MS. LINDO: Good morning, Chair, this is the Molokai Office and we have no testifiers.

CHAIR SUGIMURA: Thank you. Lanai Office is closed. At this time, I would like to request to close public testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR SUGIMURA: No objections? Thank you, Members. Public testimony is now closed.

. . . END OF PUBLIC TESTIMONY . . .

Note: Public testimony closed at 9:08 a.m.

CHAIR SUGIMURA: Welcome, Kelly King, to the meeting, nice seeing you here, good morning.

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MT-10(7) AUDIT OF THE DEPARTMENT OF TRANSPORTATION (RULE 7B)

CHAIR SUGIMURA: So, on our agenda, as I said, we have one item, which is the Audit of Department of Transportation, MT-10(7), and pursuant to Rule 7B of the Rules of the Council, the Committee intends to receive a presentation from the Department of Transportation relating to the recommendations in the report entitled County of Maui Performance and Fiscal Audit of the Department of Transportation, March 22, 2018, by RSM US LLP and other related matters. I'm going to be deferring this item, as I think they are still working on this audit, but I look forward to hearing the Transportation presentation. And, Members, the reason why I wanted to bring this up is because I commend the Department, when they took over in January of this month, this year, they took the audit and, basically, Michael Du Pont and Marc has been working on trying to implement the findings of the audit. And this audit was done in 2018 and it provides us a background of what's happening within the transportation community and some of the challenges that we face. And, by reading the audit, just some background information that I wanted to give the Members, is that the bus transportation, it talks about growth and ridership. Right now, Maui County has 165,000, or Maui nui has 165,000 employees, or Maui does, within an additional 2,000 visitors that come to Maui and also uses our bus system, we appreciate that. And there has been a growth in ridership from 2008 with 2,000 trips per year to 2.5 million in 2018, that's huge. And it really is why we have the bus service and hopefully it will provide opportunities for there to be less cars having to utilize our roads and to utilize alternate methods of transportation. In 2002, when we began, there were five fixed DOT routes and one privately, and one private route, and it was basically a \$1 million project and it grew to \$6 million in General Fund subsidy, so that was in 2002. In 2006 is when the Maui Bus began and it had 13 buses with 4 million and grew to 11 million funding and that came from the Highway Fund. We work by contract, as you all know, and so our Department, I think we have six employees, and but what...the way that we operate our bus system is that we contract out the work to be with riders and, drivers, and the management of it, through Roberts Hawaii, with fixed routes and commuter service programs, and MEO does the paratransit program, very important partnerships and very important for the County of Maui. At a HSAC conference that myself and some of you attended in Kauai, I got to visit the Kauai bus operation and all the Kauai bus drivers and the buses were all parked, I think it was a Saturday, all the buses were, a lot of 'em were parked, it was early in the morning, in their yards. And we were told that Kauai has 100 bus employees and a lot of 'em, or I think most of 'em, are exempt employees, as they fall under the Mayor's Office or their operation structure is very different than ours. So, I can really, truly appreciate what our DOT staff has to do because administratively we operate with six employees and then through the six employees we are able to provide bus services with the cooperation of Roberts, I really appreciate you, as well as MEO. So, you're all important to the outcomes that we have. I wanted to mention the DOT mission so we all get a understanding of what they're charged to do in our behalf and then we can go through the presentation. The DOT mission is to oversee and support transportation systems that facilitate the movement of people throughout Maui County, including public transit, commuter, paratransit, human services transit and air ambulance in a safe, efficient, and cost-effective manner. This audit, again, was

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done in January 22, 2018. RSM US LLP was, performed the Performance and Fiscal Audit and they then proceeded to execute the wishes or whatever answered the RFP that was put out at that time. Members, the audit is, has been on our website for, I don't know, I think on our Council website for several years, or DOT website for several years. It was downloaded to Granicus, so it's on your Granicus website for information for the public. It is a lengthy document but, today, I've asked DOT to come and present a overview of the audit so that we all have information and to report back what they have done in response to the audit. And, again, I want to commend them, 'cause a lot of times we do audits and nothing happens with it. So, at this time, Marc Takamori and Michael Du Pont, I would like you to do your presentation, then after they're done, we can ask questions, Members. Thank you.

. . . BEGIN PRESENTATION . . .

MR. TAKAMORI: Good morning, Chair Sugimura and Committee members. Thank you for having us today. I'm Marc Takamori, I'm the Director for the Department of Transportation and with me is my Deputy, Michael Du Pont. We are joined here today by our representatives of Roberts Hawaii, as well as Maui Economic Opportunity, our contractors who are in the gallery. So, today we are going to go over the Council's audit on our Department and give you an update on where we are at with the implementation of policies and procedures as recommended by the auditors. Michael has put together a presentation for you this morning so I'll get, I'll let Michael get us started.

MR. DU PONT: Good morning.

CHAIR SUGIMURA: Good morning.

MR. DU PONT: Okay, so in the response to the March 22, 2018 Performance and Fiscal Audits of the Department of Transportation issued by RSM, the Department has been actively placing structures in place on both of its vendors, Maui Economic Opportunity and Roberts Hawaii. In this response, you'll see the Department answered the different observation and recommendations that RSM has made, as well as all policies that were created to ensure contract oversight and compliance. So, auditor's Observation 5.1, they say, service providers have established organizational policies that are presented as exhibits within contract proposals to indicate they meet provisions required. However, through informational interviews with the Director of DOT, it was learned that resource constraints have limited the DOT's ability to implement certain best practice controls and monitoring mechanisms to effectively oversee contractor/guarantee compliance and other measures of the program performance or organizational risk. The auditor's recommendation for 5.1, recommend that the DOT evaluate one, relevant contract and other program risks and consider the potential cost benefit, implement additional controls, and monitor processes and oversee contractors/grantees to more effectively monitor contract compliance and minimize risk to the DOT. For the Department response to 5.1, we have started many audits that we've been doing over the last few months. The first one that we started was our Vehicle Cleanliness and Aesthetic Audit that took place on

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2/19. We created a Fare Box Recovery Audit, started April 2019. With that, we did a Prevailing Wage Audit in April 2019. And we just started our new Driver Qualification Records Audit, we had Roberts Hawaii on 5/29/19 and MEO's will take place tomorrow. We've actively been doing preventive maintenance audits with Roberts Hawaii and the MEO directors of maintenance and we're also working on, with enterprise for Commute Hawaii for a possible pilot for a vanpool program. So, when I go back to number one, our Vehicle Cleanliness and Aesthetics Audit, in our RFP we stated that the contractor needs to take care of our vehicles, the outside, inside, all the maintenance. So, what we've been doing, we've been working with Roberts and MEO, to go to their baseyard, we send them random vehicles that we want to audit for the day and we go and take a look at them. So, we're looking for how dirty it is, if it's clean, if there's any damage, the maintenance issues and things, so we will score them and then we'll let both contractors know what the issues were and we work together to fix them. For the Fare Box Recovery Audit, what we do, we look at all of the reports that they send us monthly, so that will be bus pass sales, reports on how many cash the drivers have received in the vehicles and we look at what paperwork the driver actually filled out, so we're looking at both of these things. Roberts Hawaii has implemented audits on their drivers. So, the managers will go out and actually check their fare box while they are putting in money or how many passengers are on the bus. The Prevailing Wage Audit, State law requires, and it's in our RFP, that our contractors, drivers, mechanics, and dispatchers get paid the prevailing wage. So, we started that audit and both contractors are in compliance of the audit as of right now. The Driver Qualifications Audit, I will go into that a little later. Again, our Preventative Maintenance Audit, all of our vehicles are required to be serviced within a five, six to 7,000-mile timeframe and so far everything and both contractors are in compliance. So, for Observation 5.2, the DOT's fare revenue reconciliation is not designed to include and reconcile all sources of fare revenues. Certain fare revenues earned by RH are not formally recorded and reported to the DOT, nor are the currently independently verified. As a result of the reconciliation for RH, Roberts Hawaii, regularly results in unexplained variances, approximately \$20,000, 3 percent of total revenues received each quarter. So this wouldn't be a deficit, this is a positive. The recommendation from 5.2, recommend that DOT fully evaluate and identify all sources of fare revenue, require all forms of cash fare sales be supported by internal controls and procedures at the contractor or grantee, further recommend that all fare revenues and distinct sources be reported to the DOT, independently verified to the extent possible. Finally, they recommend that DOT establish criteria for evaluating reconciling items in the control to ensure that variances are reasonably explained. For our response, on 4/25/19, Marc and I met with RH to discuss cash handling policies. RH finished construction on their new enclosed dispatch office that allows an extra layer of protection to the cash room that is fully enclosed and only accessible by management and cash room personnel. RH created separate cash handling policies for both fixed route and commuter services. Number two, RH has implemented random audits of fare boxes for both fixed route and commuter routes as of June 2019. On April 26, 2019, the Department met with MEO to discuss cash handling policies. MEO has set policies that follows all cash cans from vehicle to their accounting department. Both contractors have updated all cash handling policies and procedures as of April 2019 to ensure proper protocols are adhered to. So,

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Observation 5.6, commuter bus fleet ridership and revenues, as well as fare revenues not currently included in the fare revenue process, are manually reported by Roberts Hawaii. Although Roberts has established internal controls and procedures for reporting these revenues and ridership, the DOT has not established a formal process to independently validate this information to ensure accuracy of reporting on an ongoing basis. The recommendation is, implement certain controls or procedures to independently validate commuter ridership data reported by Roberts Hawaii. For the Department response, on April 2019, Roberts Hawaii management has actively, randomly spot checked all commuter routes on both a.m. and p.m. pickups and drop-offs. Roberts Hawaii management also spot checks random driver, route driver cash boxes, driver tally sheets upon arrival into the office. RH updated their commuter cash handling policy and MDOT randomly selects routes throughout the month to review ridership paperwork and fare revenues collected. So, for auditor's Observation 5.8, the DOT currently uses cash fares or cash for passes on all programs, which include manual cash handling and counting by the contractors and increases the risk of loss due to misappropriation of assets. The recommendation, further evaluate the cost-benefit of implementing electronic fares and fare boxes for the system, potential benefits and adverse impacts to the overall program. They also recommend that DOT consult transit best practices and guidance available for public resources to understand the various benefits of electronic fare systems, also including those which will provide more visibility to critical data and is not currently verifiable by DOT. For DOT's response for 5.8, we are currently in the process of reviewing electronic fare opportunities, we are currently beta testing an electronic fare app from Token Transit and other agencies. This app will allow our community to purchase passes via their cell phone and also have the pass electronic on their phone that they can just show the driver to get on the bus. So, Observation 5.9, certain employees at Roberts Hawaii and MEO were...sorry, were paid below the prevailing wage rates that were in effect at the time of the payroll period reviewed. We observed that this error could have resulted from the current Fiscal Year '18 contract language, which does not clearly establish the requirement for contractors to continue to pay current prevailing wages throughout the life of the agreement to specific employee job classifications. The recommendation, complete a full analysis of its contractors and grantees to clearly identify the specific job classes that are intended to be included in this contract provision and corresponding employees and job roles at MEO and Roberts Hawaii to identify if any further employees are paid below prevailing wage. Also recommend that DOT periodically monitor employee wages or require contractors to submit certified payroll records. We did observe that the DOT had enhanced the RFP language for the Fiscal Year '19, which specifically states that wages must increase to match current prevailing wages and not those stated at the time the contract was entered into. For our response, DOT performed its first Prevailing Wage Audit for both contractors on 4/24/19, next Prevailing Wage Audit for Roberts Hawaii and MEO will be due on 7/12/2019. The Department analyzed data given from randomly selected employees from all divisions and they do meet the RFP criteria. Again, all employees, right now, are being paid prevailing wage. Our Prevailing Wage Audit will occur every quarter, at the first week of every quarter. Observation 5.10, preventative maintenance, PM, schedules and inspections are required in each of the contracted services. Although we were unable to obtain an approved maintenance

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schedule, we did inspect evidence of PM completed through work orders provide by the DOT. In addition, we requested evidence of 20 Vehicle Inspection Reports, DVIRs from October 2017. All fixed route, five, and paratransit, ten, samples inspected were provided, but two out of the five commuter routes samples were not provided by RH by the completion of fieldwork. During our reporting phase, RH provided the two missing DVIRs, noted that the vehicle ID was incorrectly documented without the "C," indicating it was a commuter bus and was filed incorrectly. The recommendation is, in accordance with contractors, review training programs and ensure that drivers are adequately trained on DVIR processes and requirements and that documents are retained by the vendor. DOT may also consider incorporating periodic DVIR inspections to include formal monitoring procedures that are developed as a result of the Recommendation 4.1. They also recommend that DOT require its contractors to formally establish PM schedules, as is required by the contract, and approve them on an annual basis. In doing so, the DOT may readily monitor PM against plan and more easily identify potential issues. For the Department response, DOT performed its first Preventative Maintenance Audit on April 2019. Preventative Maintenance Audits will occur every quarter starting July 1st, which is today. MDOT performed its first Driver Qualification Audit on 5/29/2019 to ensure RFP training requirements are met. Observation 5.11, four of eight drivers inspected at Roberts Hawaii had criminal convictions identified on their background check. Although RH described internal processes for evaluating candidates, they do not have a policy that establishes disqualifying offenses or criteria for evaluating background checks. Upon further review, we also confirmed that the County had not established minimum standards in the contract. The recommendation, consider establishing a policy for minimum standards of contracted personnel, specifically related to disqualifying offenses for certain positions, incorporate those requirements into future agreements. At minimum, they recommend that DOT require all contractors or grantees to have formal policies in place governing candidates with criminal backgrounds. So, for Department response, MDOT met with Corporation Counsel to review current standards for contracted personnel with MEO and Roberts Hawaii. MDOT, with the help of Corp. Counsel, set policy on 5/6/2019, stating the below. In response to the Department's recent audit's findings, Page 33, Observation 5.11 and Recommendation 5.11, we hereby establish the policy set forth herein regarding disqualifying prior criminal convictions for Maui County transit system drivers and dispatchers. This policy will become effective July 1, 2019. This policy is set for all contracted personnel seeking employment as a Maui Bus fixed route, commuter, paratransit driver, dispatcher and mechanic. Please see the list below of criminal conviction records, which bear a rational relationship to the duties and responsibilities of drivers or dispatchers whose duties place them in close proximity to children, vulnerable adults, individuals with disabilities or senior citizens. The specified offenses are detailed in the designated chapters of Hawaii Revised Statutes. The disqualification applies to the specific offenses or similar offenses in any other jurisdiction. So, I'm going to read through the different types of disqualifications that the Department has put on its contractors. So, number one, any conviction or crimes under this chapter would render an applicant ineligible for firearms, ammunition and dangerous weapons. Number two, offenses against person. Number three, offenses against property rights, would be arson or anything against, or robbery. Number four,

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offenses against a family and against incompetence. And number five, in addition, any individual required to register as a sex offender would render the applicant ineligible. So, so far, to date, these are the current recommendations and observations that we are working on, together, collectively with both of our contractors. They are new to us, so we do take comment and try to work together to make our system better. Thank you.

. . . END PRESENTATION . . .

Note: Presentation ended at 9:29 a.m.

CHAIR SUGIMURA: Thank you very much. So, before I open it up to the Members for questions, all together the audit had 12 recommendations, so that's why I plan to defer this and the Department can continue on with their findings and implementation. Members...Mr. Hokama, do you have any questions?

VICE-CHAIR HOKAMA: Chair, thank you. I appreciate the Department's efforts regarding the audit that they received and their actions to date, so thank you very much. However, you know, I've been around this program decades, yeah, and I still have an issue with expenses and what is the net subsidy or how much we have to continue to add additional tax money to make an operation work. So, my first question from this audit is, because it hasn't really been addressed, yeah, even the auditors put it in their report, what is the target we should be looking at for recovery, and what is the cap we should have on subsidies 'cause I'm tired of paying more than I, 'cause I don't use the service, I'm tired of paying the tax?

CHAIR SUGIMURA: Mr. Takamori?

MR. TAKAMORI: Chair. Thank you, Member Hokama, for that question. One of the things that the Department is looking at and plan to do this fiscal year, depending on funding availability, is we're looking at reviewing the fare structure and doing a study on things like you've just kind of asked the question on in terms of looking at routes that maybe aren't performing as it should be based on industry standards. And so, that was one of the things, after going through this Budget cycle...

VICE-CHAIR HOKAMA: Director, you know, thanks for bringing up that word, that phrase, yeah, industry standards. Is that what we want? Is that what Council really wants as the standard for our program? Do we want a Maui island standard instead?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Yes.

MR. TAKAMORI: You know, that's another great question, I mean, really it comes down to this body, what you guys are, you know, comfortable with in terms of funding and that's the process that we just went through for this Budget Session but, like you said, the audit did repeatedly say that we should be looking at what industry standards are

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and that's kind of where our starting point is. When we plan to do the fare study analysis, we will be including Council in the discussions as well, that's one of the things, just going through, when I was Deputy before, it was, I've learned that keeping the Council informed and engaged, you know, allows the process to continue to move forward versus, you know, at the last minute we come out with, hey, this is what the study says and then if you guys don't agree, it kind of just ends, you know. So, I've learned that, no, we definitely need to keep you, as a Council and policymakers, engaged in what, you know, the study that we plan to do.

VICE-CHAIR HOKAMA: When is that?

MR. TAKAMORI: You know, the, in our budget, we were initially allocated 50,000 for this --

VICE-CHAIR HOKAMA: Yes.

MR. TAKAMORI: --fare structure. I know that it got audited, or not audited, but it got vetoed and it wasn't, it's not in our budget moving forward, so we're going to have to sit down with our Budget Office to see how we can move that forward.

VICE-CHAIR HOKAMA: Okay, so, I guess the Feds gave you a new doctrine regarding fares recently.

MR. TAKAMORI: Yes.

VICE-CHAIR HOKAMA: So, I'm assuming you going get less revenue, right? You guys already made the determinations of the impact to your program and what you're going to do about it?

MR. TAKAMORI: We believe that, just looking at how our riders are currently buying, most of our riders that are seniors or persons with disabilities, they do purchase monthly passes, so we believe that they'll continue to do so, at this point in time. It's hard to say, just because, unless we go and speak with--I guess we'll start seeing, starting today is when we're allowing on fixed route only, reduced fares for seniors, persons with disabilities or Medicare card holders a lower fare but that's per boarding. So, in terms of convenience, most of our riders that ride our system daily typically buy a monthly pass.

VICE-CHAIR HOKAMA: So, financially, what does this mean?

MR. TAKAMORI: I think our Department...

VICE-CHAIR HOKAMA: What's your calculations, what's your estimates?

MR. TAKAMORI: We believe it, there's probably going to be a slight decrease but nothing quite substantial. I think that was our discussion when...

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VICE-CHAIR HOKAMA: Nothing to impact the operations? So, you don't need to decrease service? That's what you telling us.

MR. TAKAMORI: Right, at this point in time, we weren't, we're not looking at increasing any services unless we have a review on our fare structure.

VICE-CHAIR HOKAMA: I need you to work on the things that the auditors also point out, high expense on paratransit, you know, you guys already figured out why? Is it the type of equipment, is it training, is it routing, what's the problem with our high expense?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Yes.

MR. TAKAMORI: So, right now, for our paratransit, we pay based on service hours. So, as long as riders are able to make reservations and use our system, if they're able to make a lot more reservations throughout the day and ride our system, we pay more for those rides. So, and that's...

VICE-CHAIR HOKAMA: Regardless of time, Director, whether it's 12 noon or midnight, doesn't matter?

MR. TAKAMORI: Yeah, we pay the same amount, it's per hour, per vehicle on the route. So, with our scheduling software, we work with our vender to make certain that we put more, it's a shared ride system, so we make certain that it allows for more riders to be on the same bus. What makes it hard, too, is if people are traveling longer routes, there are some rules where it says, the rider can't be on the bus longer than 90 minutes or what they deem reasonable. So, what's also hard is when we deal with the Feds is their definitions of, it can't be unreasonable or it has to be reasonable, and it's hard to define what that means. So, it really comes down to, if we have riders that complain that they've been waiting too long or, you know, the buses don't come, we look at each of, each incident individually to see what's going on in the system at that time, did we not have enough drivers on the road or was there a lot of traffic. We've been noticing that, I guess, because it's summertime, we've been seeing a increase in traffic going to Lahaina or coming out of Lahaina, so.

VICE-CHAIR HOKAMA: For service?

MR. TAKAMORI: Yeah, so, like our buses will start falling behind schedule because they're sitting in traffic, yeah.

VICE-CHAIR HOKAMA: Got it.

MR. TAKAMORI: Yeah. So things like that, so that will affect fixed route. It will still affect paratransit because everything is based on, the computer system for paratransit is based on, the system is expecting, you know, buses to arrive at certain times based on

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how much miles they're going to be travelling, so things like that will start making the system fall behind. And if buses are stuck on one side, then, you know, then the Central Maui side will, drivers will have to start picking up the slack on this side. So, if there's not enough capacity on this side, then that's when the system starts, we'll start seeing...

VICE-CHAIR HOKAMA: That's only for paratransit, Director?

MR. TAKAMORI: Well, for paratransit, yes, for that scenario, but for our fixed route system, when our buses start falling behind, we send out notifications to our Maui Bus app, as well as, you know, the drivers are there letting, you know, the passengers know. I mean, I guess they're sitting on the bus so they know they're going to start running behind because they're sitting in traffic, but we try to notify our riders that the buses, on certain routes, are running behind because of traffic and so...

VICE-CHAIR HOKAMA: And that's on your app, right?

MR. TAKAMORI: That is on our app, yes. So, we send out notices so that people waiting at the different hubs will know that the buses are running behind because of traffic. It's hard for us to send replacement buses out to get it back on time because then they'll then sit in traffic. So, usually what happens for Kahului to Lahaina back to Kahului, they'll start falling behind and then at a certain point then we'll restart the routes back on time, if we have extra vehicles, and then we'll pull the other buses out of service. So, there's certain things that we try to do to try to keep our system on schedule but, yeah, some of our challenges are when our buses are sitting in traffic, and I guess it's the same with other people that are driving, when they sit in traffic, then they have to, you know, plan into their day.

VICE-CHAIR HOKAMA: Maintenance operation requirements not an issue, right, taking those offline to maintain --

MR. TAKAMORI: No.

VICE-CHAIR HOKAMA: --your schedule?

MR. TAKAMORI: No, they, our vendors, like Roberts Hawaii, they keep track of when buses are on route for revenue service and then when they pull it out, then they'll make certain that the next bus that goes in, they calculate the same data so that we report all of that data back to the Feds --

VICE-CHAIR HOKAMA: Okay.

MR. TAKAMORI: --annually, yeah.

VICE-CHAIR HOKAMA: You can, do you have a report you can give this Committee regarding the update of the route statuses, which routes are like, you get one driver and one passenger?

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MR. TAKAMORI: Ridership, you mean?

VICE-CHAIR HOKAMA: Ridership, yeah --

MR. TAKAMORI: Ridership data? We have...

VICE-CHAIR HOKAMA: --and the type of equipment being utilized, because if, you know, you get one bus but you only getting average of two passengers per run, well, why don't you go get one smaller piece of equipment, cheaper to operate, right or an Uber? I am open to using all modes, including independent drivers, like an Uber, okay. DC does it, Pittsburgh does it, you know, we got lot of counties, sister counties that doing it already. So, I need you guys to be open to independence --

MR. TAKAMORI: And, Chair?

VICE-CHAIR HOKAMA: --options.

CHAIR SUGIMURA: Mister...

MR. TAKAMORI: That's a good comment, as well. Our Department is open to looking at that types of services. One of the things that people talk about is micro transit and so, we're kind of looking into seeing what that means, and how that would actually work, would it work here, how other agencies that are doing it, you know, how they're faring, is it, do they, when they do use micro transit for, maybe, rural routes, are they seeing an increase in service? And so, we're open, 'cause we definitely want to grow our ridership, I mean, that's our goal. Growing ridership maybe would, you know, we're hoping we take cars off the road, so, less cars on the road, less traffic.

VICE-CHAIR HOKAMA: Less money for you, too, to pay for your operations.

CHAIR SUGIMURA: Thank you, Mr. Hokama. Thank you, Department, on that. And Ms. Lee has a question but before...what is micro transit? You mentioned micro transit, you looking at other services, micro transit.

MR. DU PONT: So micro...thank you, Chair. So, micro transit, it's using, of course, smaller vehicles. So, say, for instance, our Kula and Waihee routes, we would use a smaller vehicle but we would change that route, not into a full route, how it is now, we would change it into a zoning route. So, we would set a zone and tell these customers that use these routes, hey, this is where you can go on the bus and that's it. But, of course, the expense on that route would be a little bit more, but they would be able to pay, let's say, \$5 to use the micro transit but then still also be able to use the fixed route once they get connected with them. But, it's pretty much, it's zoning.

CHAIR SUGIMURA: Okay.

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MR. DU PONT: It's making the routes smaller and giving them an area that they can travel to.

CHAIR SUGIMURA: Thank you. Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madame Chair. Yeah, I, too, am concerned about perhaps using, utilizing a variety of different sizes of vehicles because I also see, you know, empty buses, and the big ones, so, perhaps, you know, we could use the smaller vehicles or the Uber program. My question has to do, also, with subsidies. And so, have you whittled it down to, exactly how much are we subsidizing the ridership? Like, for instance, what is the cost of the program, what are the revenues? So, you know, cost minus revenues is what the subsidy is.

CHAIR SUGIMURA: Department?

MR. TAKAMORI: Chair, thank you. We do keep an eye on that. We do do the calculations on a quarterly basis. I don't actually have the exact numbers, so I can kind of give you what I believe they are. So, I think, overall, if you combine fixed route, commuter and paratransit together, our fare box recovery is, I believe, 22 percent. I think commuter has a higher fare box recovery, so less subsidy on commuter, and as Councilmember Hokama brought up, you know, paratransit is a more costly service, so that fare box recovery, I believe is like 3 percent, so it's being subsidized a lot more than, you know, the fixed route or the commuter. So, like I said, I don't have the exact numbers with me right now.

COUNCILMEMBER LEE: That's okay, you know, general numbers are fine. So, for one program we are subsidizing it 78 percent, roughly, and the other one 97 percent?

MR. TAKAMORI: Yeah, that would be correct.

COUNCILMEMBER LEE: So, and the average ticket or pass or, you know, what is that? How much, on average, what does it cost per ride?

MR. TAKAMORI: Yes.

CHAIR SUGIMURA: Department?

MR. TAKAMORI: So, yes, so if you board the bus, every time you board the bus, it's \$2. If you want to buy a daily pass, it's \$4, or you have different monthly passes available, 45 if you are a general rider, 25 if you're a senior on paratransit, 30 if you're a student on paratransit or...

COUNCILMEMBER LEE: Okay, so what is the industry average on subsidies? Is it like this?

MR. TAKAMORI: You know, I believe, when we looked at that a few years ago, I believe the industry standard for fare box recovery is around 15 percent, so it's actually much lower than what we receive.

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COUNCILMEMBER LEE: Like on Oahu, they subsidize 85 percent of the riders, 85 percent, they pay for?

MR. TAKAMORI: You know, I can get that information. I don't actually know what the subsidies are. You know what, I can look, I can go and reach out to our, you know, other agencies within Hawaii and find out their exact fare box recovery and what their subsidies are for their systems.

COUNCILMEMBER LEE: And then, I know you talked about, during the Budget time, looking for ways to increase revenues, besides raising the fares, and you talked about advertising, do you have any other proposals with regard to increasing revenues?

MR. TAKAMORI: Chair? The...and that's a great question. I can tell you, for right now, we are actually out to bid, so if you know anybody that wants to advertise in our buses or manage that contract, let them know. It's, our, I think the concession is going to end at the ending of this month, so then we can quickly get into contract with that. With regards to other sources of revenue, I think that was the major one that we've been looking at. I think the other ones, like you said, is looking at our fare structure.

COUNCILMEMBER LEE: Well, like, you know, as Mr. Hokama mentioned, you know, like, analyzing if, and I'm sure you doing this already, you know, if you have like two people who needs service after ten o'clock, you may as well put 'em on an Uber, you know. And if it's like ten people after nine o'clock, I mean, it's the hours, the size of the buses, the routes themselves, because if we have such few options with regard to increasing our revenues then, the only other place to look at would be costs, yeah. Thank you, Madame Chair. And, by the way, I do thank you for all the work you guys do 'cause I appreciate you responding quickly to the audit results. Thank you.

CHAIR SUGIMURA: Thank you. Members, I think we're hearing that what is probably top of mind with you is about the fare structure and what is this costing and all the different types of services that we provide and what is the cost to you and the taxpayers. So, I will probably schedule, I'm going to schedule another meeting and if, Department, you could go into depth with it, and, Marc, I know you're pretty data driven and you have collected information on--he has data on riders that ride in paratransit and how many rides per, you know, how many trips they've taken and what is the cost to us versus what we have collected in terms of fees and it's pretty staggering, the cost and how much it does cost you and the taxpayers to provide this needed service. So, I'm not too sure what the balance is but I would, I will be scheduling another meeting so Department can come prepared and can answer your question 'cause I think those are important questions. Ms. King?

COUNCILMEMBER KING: Thank you. So, getting back to the presentation, 'cause I do have, I think we all have those concerns, but it'll be interesting to see how they compare with the other counties and how much is being subsidized on the other counties. But, so the missing recommendations, which is 5.3, 5.4, 5.5, 5.7, 5.12, are those the ones we're still working on and that's why this audit isn't complete?

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MR. DU PONT: Yes, thank you, Chair. We are currently, actively working on the other recommendations.

COUNCILMEMBER KING: Okay. So, I wanted to go through my questions, which started on Page 3 of your, well, this, the handout, which is your, I guess, I don't know if you call it micro audits, but your in-house audits, Vehicle Cleanliness, Fare Box Recovery, Prevailing Wage, Driver Qualification, Preventative Maintenance. So, you gave us dates for all those. Are those all open audits, because you didn't really give us an end date to them or results of where we're at? So, like starting with the Vehicle Cleanliness and Aesthetic Audit, this was done in February, was it, how long does that audit take? Is it ongoing and what kind of results did we see?

CHAIR SUGIMURA: Yes.

MR. DU PONT: Thank you, Chair. Thank you, Ms. King, for that question. So, all of the audits that I've mentioned, these are all open-ended, so we're going to be performing all of these audits every quarter, on the first week of every quarter, so MEO's audit starts tomorrow on all of the, we do it in one day, all of, everything that you see here we'll be auditing them tomorrow. So, if we do see negative results or anything that we need to work with, we do work with our contractors to get them rectified immediately.

COUNCILMEMBER KING: Okay, so were all these audits that you mentioned in here, one through five, those were all satisfactory?

MR. DU PONT: They were. Some of them, like the Fare Box Audit, the Prevailing Wage Audit and the Driver Qualifications Audit, these are all new, so we work collectively with both of our contractors to come up with a policy and come up with how are we going to do this 'cause it was, it's brand new to all of us.

COUNCILMEMBER KING: Okay. So, it would be interesting to, at some point, maybe see what the actions are under those audits and then what the results are that you're coming up with, just because I know it takes time and energy but it's more helpful than just saying you did an audit and then leaving it open like that. But I would like to see, on these specific audits, what the results are, I mean, you know, not maybe on an ongoing basis, but at least at some point. And then the next issue I have is with the, there's a statement on Page 10, I'm not sure, your slides aren't numbered, but it's the auditors Recommendation 5.10, and it's the second, the third bullet point that says, require its contractors to formally establish preventative maintenance schedules as required by the contract. So, this is already required. So, basically, are there a lot of things that are required by the contract that aren't being done? I mean, this sounds like something that's not being done but it's supposed to be done so, basically, they're telling you basically oversee the contract and make sure that the requirements are being met. So, do we have a lot of other requirements that haven't been met?

MR. DU PONT: Thank you. So, it does say, as required by contract, so past DOT did not formulate a official criteria for our contractors to follow. So, part of the, in the RFP

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and what we've been going through with both contractors, is actually going through page to page and going through everything that's required by contract and they've been more than willing to help and also to fix or come up with the plans. With the Preventative Maintenance, they, both contractors, have been complying with that. It's just, we didn't set the standard from the DOT level to them. So, once we set the standard, it was complying with what they were already doing.

COUNCILMEMBER KING: Okay, so you are setting standard --

MR. DU PONT: Yeah.

COUNCILMEMBER KING: --in writing --

MR. DU PONT: Yes, we are.

COUNCILMEMBER KING: --that they have. Okay, so there's something you can match it up to?

MR. DU PONT: Yes.

COUNCILMEMBER KING: And then the last question I have was on the last page on your, I guess it's, be considered administrative rules or you called them policies, hiring policies, are you able to set those, because it sounded like it's a done deal, are you able to set those without negotiating with the, you know, without contract negotiations? Can you just decide that these are going to be, I mean, I think they're good policies, but I'm just wondering what the process is for these requirements?

MR. DU PONT: Thank you. So, again, we met with Corp. Counsel first, 'cause this was a heavy topic that we talked about with both MEO and Roberts Hawaii, and we are trying to come up, collectively on what requirements we could put on them 'cause when you look at the employment history now and trying to hire, there's nobody to hire. So, the more constraints that we put on the employees, or the contractors, they're not able to hire anybody. So, we met with Corp. Counsel and we added this on to additional hiring policy and going further into any additional RFPs or anything that come out, this will be in it.

COUNCILMEMBER KING: Yeah, that, my question was, did you, do you need to negotiate this with the contracts for, you know, the civil servant contracts or are you able to just implement this?

CHAIR SUGIMURA: I wonder if Corp. Counsel might have a comment on that.

MR. HOPPER: I'm sorry, I don't have anything to add with the details of this. Actually, I was not the deputy assigned in this case, so I think I can, we can get you that information on what exactly happened and I think these two were actually in that so I'd like to have them answer --

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COUNCILMEMBER KING: Okay.

MR. HOPPER: --for now. I am generally familiar with, you know, some of the issues of hiring practices and what, and criminal history, you can consider in that, but if there is an actual specific discussion that went on, I'd want to find out what that was and get back to you --

COUNCILMEMBER KING: Okay.

MR. HOPPER: --if there is more additional...

COUNCILMEMBER KING: Yeah, I just want to make sure we're not going to get any pushback at some point from, you know, the negotiating team on the other side because...I think they're good, I mean, obviously, we're having a hard time hiring, but if we have people with these backgrounds, we don't want them anyway because that's a danger to our ridership. So, just checking on the process that was used. And then, the last comment I wanted to make was on the fare, or the ridership study that you were discussing that was actually not money taken out of the Budget, it was a proviso that was put on the Budget for Transportation. So, the proviso was taken out so that you're not required to do it with your current budget but if you do find extra money, there's nothing stopping you from actually doing that ridership study if you find that you have the funds to do it. So, if you, I mean, I thought it was something that we did anyway because, I think, periodically, we want to know who's riding on our routes and if they're valid routes to keep doing. But I just wanted to make sure that you knew that we're not saying not to do it, we just took that requirement out of your current budget.

CHAIR SUGIMURA: So, I'll make a comment about that. So, during the Budget process, I think the problem was that the funds to pay for the \$50,000 was not coming out of Highway Funds, which is where their funds come from, and so because of that and to keep things in line with our funding structure, that 50,000 was taken out. But, I appreciate the comment on that and it was vetoed, it was taken out --

COUNCILMEMBER KING: Right, but it wasn't money.

CHAIR SUGIMURA: --as recommended by the Mayor so --

COUNCILMEMBER KING: Right, but it wasn't --

CHAIR SUGIMURA: --it was what --

COUNCILMEMBER KING: --fund that we --

CHAIR SUGIMURA: --we decided.

COUNCILMEMBER KING: --we took out, it was actually a proviso that we took out.

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CHAIR SUGIMURA: And the funds were not available based upon where it's supposed to have come from so, okay. Anyway, next...Tamara Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. And thank you, Director and Deputy, I realize that the audit was done kind of when you guys weren't in charge and I can see that you've done a lot of work in your response. My question is, why did you start on your response in Section 5? Each, I mean, there's Section 1, 2, 3, 4, 5 and Observation 1.1, or Recommendation 1.1a recommends the DOT, in collaboration with the Maui County Council, seek to establish formal program objectives to govern overall program performance management and enhance its existing fixed route and commuter route modification/expansion/changes policy to align with best practices and formalize its methods and/or policies for service standards by program, service performance monitoring and establishing a methodology to evaluate existing service performance against standards and decision criteria for proposed service changes. So, I mean, you only replied to 5, which, I mean, is understandable, given the amount of time that you folks have been on the job, but why did you start at 5 and not 1?

CHAIR SUGIMURA: Director?

MR. TAKAMORI: Thank you. That's a good question. Part of the study that we're looking to do would be to kind of answer some of those, you know, in terms of service provided, you know, what is industry standards, and so I think that's kind of where we were looking, kind of, when we were going through the audit, we were thinking that, okay, well Recommendation 1.1, we'll be able to have some of that answered when we go through that process of looking at fares, looking at, you know, what does the Department, what should the Department determine as certain criterias on when we should make changes, when you shouldn't make changes, things like that, so that's kind of the reason why we didn't come with anything for 1.1. A lot of the ones that we've kind of moved forward with are ones that is part of our contract and so we just want to make certain that with our new contract period starting July 1st of 2018 for our five-year contract. So, all of our contracts are five-year contracts and so because we already started our first year of our five-year contract, which today we start the second year of our five-year contract, we wanted to make certain that our, we're working with our contractors to make certain that they're meeting the criteria set forth in our RFP. So, that's kind of the reason why we were able to give you updates in terms of Chapter 5.

COUNCILMEMBER PALTIN: And then, number, Chapter 2 looks like cost analysis, which a lot of people seem to be concerned with. Are you making progress on that chapter as well and just don't have it, responses ready to present today? Was the goal only to cover Chapter 5 today?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Yeah.

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MR. TAKAMORI: So, when we spoke with Committee Chair Sugimura, we basically told her that we would be able to do a presentation today on the audit of Department and kind of just give the Committee what we've done so far, knowing that we're going to be called up at future dates to kind of go over more observation and recommendations on what we're working on. So, yeah, this isn't the only day we're talking about the audit and we understand that and I think she understands as well. And, so, moving forward, we'll have more discussions on the other sections that, you know, we're working on but we don't have anything to update --

COUNCILMEMBER PALTIN: On the other sections?

MR. TAKAMORI: --yeah, as of right now.

COUNCILMEMBER PALTIN: I had one other, couple other questions but one in the, I guess, the intro part of the audit, it wasn't a specific chapter, but it said that, you know, with the implementation of the Ecolane software system, that there had been some complaints about longer wait times, longer call times to make a reservation, missed or delayed pick-ups and drop-offs, length of times riders remain on the bus before reaching their stop. And so I just was wondering, since the implementation of that Ecolane software resulted in all these complaints, was there a cost savings from before the Ecolane software to after the Ecolane software?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Department?

MR. TAKAMORI: So, based on my recollection, a lot was happening during that time. Roberts Hawaii was our previous paratransit contractor and, at that time, we just shifted from Roberts Hawaii to MEO, so there was a learning curve in terms of moving, you know, MEO, or Roberts had paratransit from day one and then, when we did the shift from Roberts to MEO, they had to hire drivers for that service, the drivers had to re-learn or learn all of the clients names and, you know, who they look, or what they look like, so when they go and pick up somebody, then they'll be like, oh, okay, that's so-and-so, I'm picking them up to take them, you know. So, I think there was a lot of, there was a huge learning curve for management because that's a new program to them, drivers, because the drivers are new, they're learning the clients. And then to add it in, they were now using a scheduling software. So, under Roberts, it was a manual scheduler putting people into vehicles, and it was, and at that time, it was more of almost like a taxi service. But when it transitioned to MEO, them using this scheduling software, it was more of a shared ride. So, riders now had to share the vehicle with other riders, and so we actually got complaints about that, too, certain riders didn't want to ride with other riders and just, it was, you know, there were other challenges so I think --

COUNCILMEMBER PALTIN: A combination of factors.

MR. TAKAMORI: --yeah, so I think it was...

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COUNCILMEMBER PALTIN: Was there a cost savings?

MR. TAKAMORI: Yes, so there was. When MEO took over the contract, there was actually a savings, at that time, of almost a million dollars in terms of the service hour charges, and then how many service hours were being provided. MEO actually, by combining rides on the buses and with the scheduling software, there was a savings. I can say that moving through all of those challenges, our on-time performance is above 90 percent and that's what we require in our RFP.

COUNCILMEMBER PALTIN: So, that was just kind of a point-in-time look during the changeover, plus the software, plus all other things, and if they were to do it today, it probably would be a different picture presented?

MR. TAKAMORI: Yes. And so, if there were ever changes, like with any, I think with any organization, that if they have to change from one vendor to another, I mean, there's a lot of challenges. I mean, I'm sure within the County, we have certain vendors we've had for many years and you change it, then a lot of people will have challenges. And so, yeah, so, it was growing pains but we've come a long way.

COUNCILMEMBER PALTIN: And then, I guess, my last question for today, and I know it's not under the scope of your responses, but it seems like in comparison to other peer agencies, that we have a fairly high percentage of spare vehicles for fixed route bus service and I just was wondering if you had any comment on that.

MR. TAKAMORI: Yes.

CHAIR SUGIMURA: Department?

MR. TAKAMORI: Chair? That's a great question. So, being that we are on an island, it's very tough for us to get parts and a lot of parts do get shipped on the barge, like large, like engines and transmissions and stuff like that, so we do have a fair amount of buses that could be down because of, waiting on parts. So, we do have a little bit more spare vehicles, but we do track that because the Feds did ask us that question, so we have the documentation showing that, you know, you may think that we have spares that are up and available to be used, but a lot of times we do have buses that are waiting for parts and so we can't really consider that spares at that time when they're out of service, yeah.

COUNCILMEMBER PALTIN: Thank you. That makes sense.

CHAIR SUGIMURA: Thank you. Before...Mr. Sinenci, and then Ms. Kama. Before I turn it over to you, I just want to make a comment that I was out in the community when this transition was going from Roberts to MEO for the paratransit, and I think I went to a senior, or the senior club meeting and heard feedback from the presidents about some of the frustrations from their members, but I want to commend both organizations because it was, as the Department described, a huge transition for a delicate part of

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our community that needs that TLC. And it took a little while and I remember hearing Bob Johnson asking the presidents to please bear with us as MEO goes through this transition 'cause they were learning the software and, but they dealt with the concerns that were coming up from, you know, their members. So, I just want to commend both organizations 'cause it's a lot of responsibility to take care of them, besides our residents of Maui County. So, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Director, for being here. I just had a question on your response to 5.8, about the Token Transit, I understand you're currently in beta testing, and can you explain a little bit about the Token Transit and maybe your projected date, if it is accepted?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Yes.

MR. TAKAMORI: Thank you. That's a great question. Like us, I think, we like technology, and so using technology to make things easier on a rider, we like that. And so, I just wanted to point it out that one of the companies that we were in talks with is Token Transit, that's not necessarily the company that we would potentially move forward with, we would have to go out to bid and it is a competitive process in terms of electronic fares. And so, Token Transit is one of the companies that creates an app on your smart phone and then will work with us and determine all the different fares that are set by the Council and, in terms of monthly passes, daily passes, per boarding fares, and what it allows the rider to do is, instead of having to, you know, utilize cash, and then board the bus and pay cash, and then buy a physical pass from the driver, and then hold that pass for the entire month, they can set all of that up on their phone, it can, it'll debit their checking account and then they'll have a pass. And then every time they board the bus, they can open up their app and then it'll show, okay, well, it's July's monthly pass and you just show the monthly pass every time you board, and hopefully you don't lose it because it's on your phone, you know. So, those are some of the things that we're considering. I know that one of the things that we've been talking with the City and County of Honolulu is that they have created a--because Honolulu has the bus system and now they're going to have the rail system coming online, hopefully eventually, there's a, they're calling it the Hele Card System where, it's a physical, like a credit card looking card that you can recharge, or you can add monies to it, and then every time you board the bus, you can swipe in and then it'll deduct funds from it. So, if you travel to Japan or to London, or, you know, just different places, they have a smart card system where you add money and then you can just tap when you board or, and then depending on how many times you tap, it could then say, okay, well, you've ridden to where you've paid for a monthly pass and so now you just, it won't deduct anymore because you've, you know, you paid already for a monthly pass, and then you just keep tapping for the rest of the month and you've already paid your amount. As well as what's neat about what they're doing is, I think they're working with 7-Eleven. So if you have money on your card, you can go to 7-Eleven and you can buy a drink or a snack and then you can just use the same card to tap and it'll deduct funds from it. So, I mean, it's a smart card that they're

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using for rail and bus, as well as for other services. So, we've been kind of talking with Jon Nouchi from City and County of Honolulu on their program, so that's another thing that we could consider as well. There was talks about maybe having one where you add money onto the card and you can use that Statewide. Of course, they would know that when you come to Maui, we have different fares, so it could just be where you tap on and then it's the same card that, you know, if you travel within the State, same card, but then it'll still deduct funds from that card based on the county's fare structure. So, I mean, there's collaboration that we're kind of, you know, working with City and County on, just finding out what works for them, what's not working, as well as talking with the other agencies about, you know, companies like Token Transit, if, where they are in terms of moving forward with that or if they want to do it, you know, manually. So, as of right now, everything is cash for us and so that's why we have fare box audits and things like that we need to be on top of because, you know, for us, the easiest is working with cash. But, I mean, from the back side, somebody has to count the cash, right, and then deposit it and more hands touching it so more audits.

COUNCILMEMBER SINENCI: Chair --

CHAIR SUGIMURA: Yes.

COUNCILMEMBER SINENCI: --a follow up. Would a system like this be costly to implement or to transition from cash?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Director?

MR. TAKAMORI: So, I think, for us, I don't think we will ever go away from collecting cash, just because there might be people that don't have a smart phone, you know, so there still has to be a way for them to be able to pay a fare, but it could bring down the amount of cash that we do collect and it'll be done electronically. How these companies make their money is they will, they want to charge a certain fee based on every transaction or whatnot, so that's kind of where we're a little, you know, hesitant, we want to really understand what that means, you know, 'cause right now, Council says monthly pass is \$45. I'm assuming Council expects \$45, right? So, the question is, when we talk with them is, we're basically saying, okay, well, we know that we need to collect \$45 so that means that anybody who uses this would then have to pay a convenience fee. And now, is that convenience fee going to hinder people from using it because maybe it's better for them to just pay in cash and so, that's kind of what our dialogue is right now. And so, we haven't really moved forward on it, like Michael mentioned, but we're in communication with these different vendors.

CHAIR SUGIMURA: Thank you. Ms. Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So, couple of questions that, one thing was, when you come back with the rest of your audits, I think that's Section 1, 2, 3 and 4 and the missing sections from 5, would you also review the ones that we went through

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today, just so that it, to me, in my head, it just falls more in sync if, when we talk about the whole thing in its totality? Okay, thank you. Also, when you change vendors, when we went from having MEO doing paratransit, I mean, from Roberts doing paratransit to MEO, so did the buses go over, too? Okay, so all the buses went over?

MR. TAKAMORI: Chair?

CHAIR SUGIMURA: Yes.

MR. TAKAMORI: Yes, so we, the County, own our buses --

COUNCILMEMBER KAMA: Right.

MR. TAKAMORI: --so, yeah, it's provided with the contract. So, yeah, so the challenge was Roberts had the vehicles up until the ending of the fiscal year and then July 1st, the new contractor takes over. And so, yeah, there was a very trying period of--both contractors worked well together in terms of trying to get it over but, yeah, we had to somehow work out the whole registration 'cause on the titles, they're registered, you know, and so, yeah, it's, it was a little challenge, but we got the transition to get over. And then, of course, MEO then had to go through each bus and do inspections just to make certain that it, it'll work for them, and then they could then it assign it out for their drivers to drive it, yes.

COUNCILMEMBER KAMA: So, the contract is for five years?

MR. TAKAMORI: It's actually a one-year with four one-year options, so it's a total of five years.

COUNCILMEMBER KAMA: Okay.

MR. TAKAMORI: Yeah.

COUNCILMEMBER KAMA: So, would you anticipate doing that again with another vendor, five years from today or something?

MR. TAKAMORI: Yeah, so we're in, we just, today we start the second year. So, once we're, once we get into year four, that's when we prepare our RFP and we go out to bid again.

COUNCILMEMBER KAMA: Okay.

MR. TAKAMORI: Yeah.

COUNCILMEMBER KAMA: So, would you consider putting a concession at the new hub?

CHAIR SUGIMURA: Department?

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MR. TAKAMORI: Thank you. That is something that we are thinking about, just because there's no shops or stores nearby that, you know, will sell snacks or drinks or anything like that, so I think we're open to seeing what we can do. I know that we've, with our designers, we've talked about maybe having even vending machines just to make certain that we have outlets in certain areas to do vending machines, and that could be just at the beginning, having vending machines, and then maybe seeing if somebody will come in with a kiosk and we can park it inside and then they can sell things like that.

COUNCILMEMBER KAMA: Cool. So, getting back to Member Sinenci's question about the Token ticket or whatever that is. So, it would be an app on your phone but not necessarily scan-able but it would be readable?

MR. TAKAMORI: Chair? So, yes, so the thing about these different apps is if you have a, I guess you're wondering, like, can't somebody just screen shot it and send it to somebody else. So, no, what it is when you open up the app, it will actually say what today's date is, what time it is, and then you'll see the seconds, you know, increasing, so you know that it's a live image, so that, as well as you could have different things moving on the screen. So, if you take a screen shot, then it's basically just a flat image, nothing moves --

COUNCILMEMBER KAMA: Right.

MR. TAKAMORI: --so, yeah, so there's different things that they build into what the pass will look like and then you'll know from just a visual scan of it, it'll be like, oh, okay, yeah, it shows today's date, the time is the correct time, and then things are moving on the image.

COUNCILMEMBER KAMA: So, would that also include the time that you get on the bus or whatever, would that be part of that, your, on the app? You know, 'cause if you're going to, I mean, this is supposed to say, let me on and time and date stamped or just date stamp?

MR. TAKAMORI: I think for Token Transit, it's more of just showing the driver and then once you get on then I think that's pretty much it. There's certain ones that we can, you can purchase additional, like a scanning system where they'll come in and then it's like you'll scan your ticket and then you can sit down and then it doesn't allow you to--so, I guess it's more of if you decide to pass your phone back to somebody else to use it again. So, if you do a scanning system, then it'll lock your ticket for maybe 15 minutes so you know that after 15 minutes it'll unlock it and then you can use it again. So, there's different scenarios based on, in terms of security.

COUNCILMEMBER KAMA: And you're going to come back and talk to us about that at that time?

MR. TAKAMORI: Yeah, I think --

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COUNCILMEMBER KAMA: Okay.

MR. TAKAMORI: --yeah, as of right now, we're not quite --

COUNCILMEMBER KAMA: Right.

MR. TAKAMORI: --ready to --

COUNCILMEMBER KAMA: You're not there.

MR. TAKAMORI: --move forward on it, yeah.

COUNCILMEMBER KAMA: Okay. Well, thank you. Thank you, Chair.

CHAIR SUGIMURA: Thank you. Members, anyone else have any more questions?
Mr. Hokama?

VICE-CHAIR HOKAMA: Chair, yeah, thank you. I appreciate Members Kama and Sinenci 'cause I thought their questions in the area of the software, fare box concerns was very valid and I would say, I'm very interested in that. In fact, next week, when we go to National, we will be talking to vendors that provide those type of software support that you looking at, 'cause very competitive, and unlike the State, we don't have millions to waste on programs, yeah, you know, they already screwing up their public safety software, over a million dollars, and still have zero to show for the efforts. We don't have that kind of money to waste in this County. But I would say, the reason why I support that for you, Director, is that the software will give you the data you want, who is the rider, age, income, what fare was being utilized, you going to get all of that information data to assist your Department making adjustments, yeah, as well as for us on whether or not we want to continue funding the way we funding. So, I support that 'cause I also agree with Ms. Lee, we gotta work on fare box and set our percentage of what we believe is the right recovery amount, okay. 'Cause to this day, I don't know why 50 percent is an unreasonable amount, half of the cost, 'cause every person that boards, when they board, is costing us money, we losing money once they board, right? They paying us \$2 one way, but might cost us, what, \$8 for put them on the bus. Eventually, you going run out of that \$6, Director, to make up the difference. And with concessions, you need to have Mr. Hopper work with you, because I believe Parks already has, by Code, authorization to create the concessions in County facilities and that's what they looking at, we're looking at vending and whatnot, under pouring rights. So, through the Code, we have established it, there's a vehicle, you may pursue it. I believe we gave the authority to Parks Department, though, so you might want to check with them regarding County facilities and concessions. But I support you in that area. And then, finally, part of that data we talked about just a few seconds ago, it is my position that it's the proprietary rights of this County, not the vendor, not anybody else, this County, it's for us to utilize to our public benefit and it's our future revenues sources. So, whatever data you going to get, that's ours, it ain't the vendors, it ain't Roberts', it ain't MEO's, it's the County of Maui and we will utilize that to our financial benefit. Thank you, Chair.

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CHAIR SUGIMURA: Okay. Any other questions? If not, Members, I'm going to defer this item 'cause we're going to take it up again, and as you hear from the Members, we're concerned about the fares, on the items, on the audit, recommendations under Item 1, 2, 3 and 4, besides the remainder of 5, those are the biggies, and I appreciate you looking at the, or presenting today the operations aspect. And probably in August, we can, maybe, we'll talk before we present this, but we'll talk about some of the items. And I know that because DOT is very data driven, that you have answers for some of the questions that came up today, so we'll get that from you also. Members, at this time then, any other questions? I'm going to defer this item. And it is now 10...I'm sorry, what?

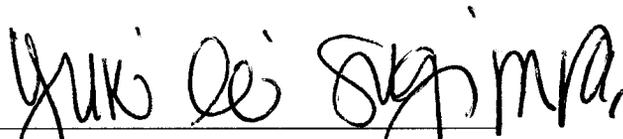
COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

CHAIR SUGIMURA: Oh, no objections, thank you. It is now 10:26 and I'm going to defer this item and adjourn this meeting. Thank you. . . . *(gavel)* . . .

ADJOURN: 10:26 a.m.

APPROVED BY:



YUKI LEI K. SUGIMURA, Chair
Multimodal Transportation Committee

mt:min:190701:alp

Transcribed by: Annette L. Perkett

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CERTIFICATE

I, Annette L. Perkett, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 19th day of July, 2019, in Haiku, Hawaii.



Annette L. Perkett