

**Department of Transportation Services (DTS)
Public Transit Division Title VI Program
Fare Change Equity Analysis
January 1, 2018: Fare Increase**

Introduction

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving Federal financial assistance. This analysis was conducted in compliance with Federal Transit Administration (FTA) Circular 4702.1B, which requires any FTA recipient providing 50 or more fixed route vehicles in peak service located in an urbanized area and serving a population of 200,000 or greater to evaluate any fare changes at the planning and programming stages to determine whether those changes have a disparate impact on minority populations and disproportionate burden on low income populations.

This report is the fare equity analysis of the proposed fare increases to adult, one-day, youth, senior, and disability passes; and adult cash single fare. Implementation is scheduled for January 1, 2018.

Background

The Honolulu City Council (Council) sets public transit fare rates by amending the Revised Ordinances of Honolulu (ROH), Chapter 13. Public Transit, Article 2. Island Wide Fare Structure, Section 13-2.1(b) Fare Structure Table. In January 2001, Council Resolution No. 00-29 CD-1 was passed and established a policy on funding the operating cost of the City and County of Honolulu (City) bus system. According to Resolution No. 00-29 CD-1, bus fares shall be adjusted so the fare box recovery ratio does not fall below 27% nor exceed 33%.

During the preparation of the FY18 operating budget, DTS in coordination with the City's Department of Budget and Fiscal Services (BFS) reviewed the fare box recovery ratio and based on the current trend of declining ridership, estimated that the FY17 fare box recovery ratio would just meet the minimum 27% level. For the period of July 1 to December 31, 2016, unlinked passenger trips and bus fare revenue declined 3% and 4% respectively from the same period in 2015, while bus operating costs increased 4%.

Ridership (unlinked passenger trips) has progressively declined since 2014 contributing to decreased fare revenue, whereas the cost to operate and maintain the bus system has been increasing, attributable in part to raises in collective bargaining salaries and fringe benefits. Between FY14 and FY16, unlinked passenger trips and fare revenue declined by 6% and 3% respectively; and bus operating costs increased by 4%. (Oahu Transit Services (OTS) FY14 - FY16 Bus Operations Passenger Composition & Revenue reports and Statement of Revenue & Expense reports)

To address the budgetary issues with the fare box recovery ratio, discussions ensued between DTS and BFS on whether to raise bus fares to increase fare revenue or cut bus service to decrease bus operating expenses.

Bus fares have not changed in the last 8 years and were last increased in 2010, costs to operate and maintain bus service continue to rise while fare revenue and ridership have been declining. In 2012, instead of implementing another fare increase, major service cuts were made to mitigate revenue shortfalls in the bus service operating budget; it elicited widespread public outcry resulting in the restoration of most of the service cuts; overwhelming public sentiment was to increase fares instead of cutting service, especially the deeply discounted senior pass, in fact many seniors commented that they were willing to pay more in lieu of cutting service.

Based on the above, DTS and BFS proposed fare increases and in early March 2017 the Mayor's City FY18 operating budget submission to Council included a draft revenue bill to amend the Island Wide Fare Structure with the proposed fare increases to mitigate anticipated fare revenue shortfalls in DTS' FY18 operating budget. Increases affected adult, one-day, youth, senior, and disability passes; and adult cash single fare.

Although, increases to para-transit fares were also proposed, a fare equity analysis is not required for fare changes to demand/response service and is not included in this report.

Public Engagement Process

March 2017: Public notification that the 1st reading of Bill 28 (2017) proposing fare increases is scheduled for Council's regular meeting on 3/22/17. Per meeting minutes, 4 para-transit riders commented on the fare increases for demand/response service and there was no indication of comments related to the bus fare increases. While Bill 28 (2017) passed 1st reading with 5 ayes/4 noes, opposing Councilmembers had reservations regarding the para-transit fare increases, not the bus fare increases.

April 2017: Public notification that Bill 28 (2017) is on the agenda for Council's Committee on Budget meeting on 4/5/17. Per meeting minutes and Committee Report No. 122, DTS Director responded to para-transit fare questions, 5 individuals testified (1 support/1 oppose/3 comments), 4 written testimonies (1 oppose bus/2 oppose para-transit/1 oppose both), and Bill 28 (2017) was voted out of committee and scheduled for 2nd reading and public hearing at Council's regular meeting on 4/26/17. Discussion and testimonies focused on the para-transit fare increases.

Public notification that 2nd reading and public hearing for Bill 28 (2017) proposing fare increases are scheduled for Council's regular meeting on 4/26/17. Per meeting minutes, 11 individuals testified (6 oppose, 5 comments), 8 written testimonies (1 support/6 oppose para-transit/1 oppose bus & para-transit); DTS Director responded to questions from Council and in regards to the bus fare increases stated that current fare box ratio is 27%, should the City fall below that threshold an adverse consequence would be the elimination of routes unless another revenue source is found, and should

the measure not pass there would be a reduction of existing services. Due to concerns related to the para-transit fare increases, Council proposed to amend Bill 28 (2017). Committee Report No. 122 was adopted and Bill 28 (2017) passed 2nd reading.

May 2017: Public notification that proposed Council Draft 1 (CD1) to Bill 28 (2017) is on the agenda for Council's Committee on Budget meeting on 5/16/17 – continuance of meeting was held on 5/17/17. Per 5/16/17 meeting minutes, Council discussed CD1 amendments, DTS Director responded to para-transit fare questions, 10 individuals testified on 5/16/17 (4 oppose, 6 comments), 7 written testimonies (5 oppose para-transit/2 oppose bus), and Bill 28 (2017) was amended to CD1, reported out of Committee for 3rd reading at Council's regular meeting on 6/7/17. Per minutes of special reconvened meeting on 5/17/17 and Committee Report No. 204, Council proposed another amendment to Bill 28 (2017) CD1 to delete the para-transit fare increases, DTS Director commented on this deletion, 2 para-transit riders testified in support of the proposed amendment, and the amended Bill 28 (2017) CD1 was voted out of committee and scheduled for 3rd reading at Council's regular meeting on 6/7/17.

Public notification that 3rd reading of amended Bill 28 (2017) CD1 to increase only bus fares is on the agenda for Council's regular meeting on 6/7/17

June 2017: Per minutes of Council's 6/7/17 meeting, DTS Director submitted written testimony to retain the para-transit fare increases as originally proposed and add a para-transit fare subsidy for low income riders (no Council action taken) and 4 individuals testified on the bus fare increases (1 support, 2 oppose, 1 comment). Council adopts Committee Report No. 204 and passes amended Bill 28 (2017) CD1 to increase bus fares on 3rd reading. Mayor approves Bill 28 (2017) CD1 on 6/28/17 to increase bus fares effective 01/01/18.

July 2017: DTS initiates public notification effort for the bus fare increases. All Neighborhood Boards are informed and requested to disseminate the information to their communities.

August to

December 2017: Notification goes out through the DTS website, TheBus website, Rider Alerts, car cards, flyers/brochures/timetables/system map, signage, news media (television and articles), onboard announcements, press conference and press release, and fare decals.

January 2018: Fare increase is scheduled to take effect.

Public Response: Approximately 20 individuals attended the various Council meetings (usually attended by the same individuals) and 11 individuals attended the public hearing; very few comments/opposition were made on the bus fare increases, most were focused on the para-transit fare increases. During the public outreach period, less than 30 comments/opposition were received from the public.

Title VI Policies

DTS' Title VI Program contains the policies and procedures to determine if the proposed fare changes will have a disparate impact to minority populations and disproportionate burden to low income populations. At this time, ridership data is not available to determine the minority, low income, and overall proportions of ridership for the affected fare types. A rider demographic survey is scheduled for FY19 and will include usage of all fare types.

Fare Change Policy: All fare changes (increase or decrease) requires DTS to perform a fare equity analysis during the planning process prior to approval/adoption by Council and subsequent implementation.

Disparate Impact Policy: DTS determines disparate impact when adverse effects of a fare change disproportionately affects minority populations more than non-minority populations.

Disproportionate Burden Policy: DTS determines disproportionate burden when adverse effects of a fare change disproportionately affects low income populations more than non-low income populations.

Analysis Framework

The proposed increases to the affected bus fare payment categories are required to meet DTS' FY18 budget revenue projections, including the fare box recovery ratio of at least 27%. Due to the continued decline in ridership (unlinked passenger trips) and bus fare revenue, and steady increase in bus operating costs, DTS chose to increase bus fares instead of cutting bus service, since bus fares have not increased since 2010 and the public's strong opposition to the bus service cuts made in 2012.

Methodology:

In the absence of ridership data to determine minority, low income, and overall proportions of the affected fare payment types, Census block group data was used instead. A rider demographic survey is scheduled for FY19 and will include all fare media usage for future fare equity analyses.

Therefore, the following methodology was used to determine the minority, low income, and overall proportions for unlinked passenger trips of each fare type affected by the fare change to determine disparate impact and disproportionate burden. For consistent application of this methodology to all affected fare types, ridership data for adult single cash fare type was not used for this analysis.

1. Census block group demographic data from DTS' TVI Program (TVI) and system-wide bus stop unlinked passenger (on/off) data from OTS were used to determine the proportion of minority, low income, and overall ridership.

- Census block groups are identified as minority and low income in the TVI.
- Minority ridership: unlinked passenger on/off data from bus stops in minority Census block groups.
- Low income ridership: unlinked passenger on/off data from bus stops in low income Census block groups.
- Overall ridership: unlinked passenger on/off data from bus stops in non-minority and non-low income Census block groups.

Table 1: Percentage of system-wide bus stop unlinked passenger (on/off) data.

	Minority	Low Income	Overall
Minority		8%	
Low Income	8%		
Overall	19%	20%	53%
*Total	27%	28%	53%

*Total = 108% because 8% are from minority & low income Census block groups. (OTS March 2017 data)

2. Apply the minority, low income, and overall percentages from Table 1 uniformly to the total unlinked passenger trip data for the affected fare types. Unlinked passenger trip data is from OTS Bus Operations Passenger Composition and Revenue for the 12 months ending 6/30/17 (FY17). Table 2 shows the total unlinked passenger trips for the affected fare types and the fare type percentage of the total.

Table 2: FY 17 Total Unlinked Passenger Trips for Affected Fare Types

Fare Type	Unlinked Passenger Trips	% of Total
Adult Cash	7,588,346	11.8%
Adult 1-day Pass	4,665,357	7.2%
Adult Monthly Pass	24,027,392	37.2%
Youth Monthly Pass	3,801,020	5.9%
Senior/Disabled Monthly/Annual Pass	20,038,355	31.1%
Other	4,385,196	7%
Total	64,505,666	100%

Adult 1-day Pass used Transfer data.

Other includes fares not affected by proposed increase.

Table 3 shows across the board application of the minority, low-income, and overall percentages from Table 1 to determine unlinked passenger trips for each affected fare types.

Table 3: Unlinked Passenger Trips - Minority, Low Income, Overall

Fare Type	Minority (27%)	Low Income (28%)	Overall (53%)
Adult Cash	2,048,853	2,124,737	4,021,823
Adult 1-day Pass	1,259,646	1,306,300	2,472,639
Adult Monthly Pass	6,487,396	6,727,670	12,734,518
Youth Monthly Pass	1,026,275	1,064,286	2,014,541
Senior/Disabled Monthly/Annual Pass	5,410,356	5,610,739	10,620,328
Other	1,184,003	1,227,855	2,324,154
Total	17,416,530	18,061,586	34,188,003

Adult 1-day Pass used Transfer data.

Other includes fares not affected by proposed increase.

Total of all groups represents 108%-see Table 1.

The change between existing and proposed fares for the affected fare types are shown in Table 4 and includes the associated minority, low-income, and overall unlinked passenger trips from Table 3.

Table 4: Affected Fare Type Change Chart and Unlinked Passenger Trips by Group

Count	Cost		Change		Unlinked Passenger Trips by Group		
	Existing	Proposed	Absolute	Percent	(28%) Minority	(27%) Low-Income	(53%) Overall
Adult Cash	\$2.50	\$2.75	\$0.25	10.0%	2,048,853	2,124,737	4,021,823
Adult 1-Day Pass	\$5.00	\$5.50	\$0.50	10.0%	1,259,646	1,306,300	2,472,639
Adult Monthly Pass	\$60.00	\$70.00	\$10.00	16.7%	6,487,396	6,727,670	12,734,518
Youth Monthly Pass	\$30.00	\$35.00	\$5.00	16.7%	1,026,275	1,064,286	2,014,541
Senior/Disable Monthly & Annual Pass	\$5.00 \$30.00	\$6.00 \$35.00	\$1.00 \$5.00	20.0% 16.7%	5,410,356	5,610,739	10,620,328
Total					16,232,527	16,833,732	31,863,849

Adult 1-day Pass used Transfer data.

Total of all groups represents 108%-see Table 1.

Assessing Impacts

Disparate Impact and Disproportionate Burden: Based on the methodology used to determine the 28% minority and 27% low income percentages of the total system-wide unlinked passenger trips that was applied uniformly to the affected fare types, adverse impacts of the proposed fare changes do not disproportionately affect the minority or the low income ridership (unlinked passenger trips) more than the non-minority or non-low income ridership.

Fare Equity Analysis: The proposed increases to the affected bus fare payment categories are required to meet DTS' FY18 budget revenue projections, including the fare box recovery ratio of at least 27%. Due to the continued decline in ridership (unlinked passenger trips) and bus fare revenue, and steady increase in bus operating costs, DTS in coordination with BFS chose to increase bus fares instead of cutting bus

service since bus fares have not increased since 2010 and the public's strong opposition to the bus service cuts made in 2012.

As shown in Tables 2 and 4, the 10% to 20% fare increases affect 93.2% of the total unlinked passenger trips and are distributed in the most practical manner through the following fare types.

- adult cash fare increases by 10% affecting 11.8% of total unlinked passenger trips.
- adult 1-day pass increases by 10% affecting 7.2% of total unlinked passenger trips.
- adult monthly pass increases by 16.7% affecting 37.2% of total unlinked passenger trips.
- youth monthly increases by 16.7% affecting 5.9% of total unlinked passenger trips.
- senior/disable monthly pass increases by 20% and the annual pass increases by 16.7% affecting 31.1% of total unlinked passenger trips.

During the public engagement process, there was very little public comment/opposition to the bus fare increases. It appears that the 2012 service cuts are still fresh in the minds of the ridership, who at the time, preferred a fare increase over service cuts.