

**Department of Transportation Services (DTS)  
Public Transit Division Title VI Program  
Fare Change Equity Analysis  
Replace Paper Transfer with 1-Day Pass.**

**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 for replacing paper transfers with 1-day passes.

**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 September 2015, Council introduced Bill 69 (2015) to discontinue paper transfers and replace it with a 1-day bus pass valid for an unlimited number of bus rides throughout the day. While it passed 1<sup>st</sup> and 2<sup>nd</sup> readings in October and November 2015, no further action was taken by Council. In January 2017, pending Bill 69 (2015) was re-referred for Council action and passed 3<sup>rd</sup> reading. In June 2017, DTS, through a contractor, conducted a rider survey of adult transfer use to determine the minority and low-income proportions.

Currently, paper transfers are provided only to passengers who pay the single cash fare (Section 13-2.1(e), ROH). Cash paying passengers are given transfers upon request at the time of boarding. Transfers are valid for up to two unidirectional connections within a 2-hour period of boarding the 1<sup>st</sup> bus and are not valid for return or round trips.

The following is the basis for DTS support of Bill 69 (2015).

- A recent survey of 26 major transit systems found that 20 (77%) of those 26 systems have implemented 1-day passes.
- A small percentage of passengers would be negatively affected by the elimination of the paper transfer. For FY17, approximately 7% of the annual system-wide unlinked passenger trips were made using transfers.

- Less misuse of paper transfers: Currently, since unidirectional transfer connections are allowed not regarding direction of travel, it is impossible to prevent riders from using free paper transfers after paying single cash fare to complete the second “ride-back” return portion of a round-trip. Passengers with a valid paper transfer can easily evade payment of the single cash fare for their return trip, resulting in ongoing system revenue losses.
- More efficient, expedited operations: Passengers using the 1-day pass will contribute to faster boarding at bus stops and reduce the time buses dwell at each stop.
- Simpler for bus operators to issue and verify; more emphasis on safety while driving: With the 1-day pass, bus operators do not need to constantly adjust the paper transfer ticket booklet to issue the proper expiration time, indicated by the tear-off ticket.
- Less driver and passenger conflicts over expired paper transfers: The 1-day pass eliminates frequent driver-passenger fare disputes over paper transfers, which can escalate and trigger verbal and physical altercations that may result in delaying service for response by road supervisors and/or law enforcement. Delaying service is very disruptive and inconvenient for the other passengers.
- Increased transit use and passenger convenience: The 1-day pass allows unlimited boardings during the course of a service day (12:00 a.m. to 2:59 a.m. the following day), allowing passengers the ability to increase their utilization of transit to make many extra trips for a similar roundtrip cost.
- Can be fully integrated into upcoming next-generation fare collection and smart card system: The 1-day pass can be vended and assigned to the upcoming transit smart card system at rail and bus ticket vending machines, participating fare vendors, and online.

### **Public Engagement Process**

September 2015: Public notification that 1<sup>st</sup> reading of Bill 69 (2015) is scheduled for Council’s regular meeting on 10/7/15.

October 2015: 3 individuals provide comments (no specifics provided in minutes) at the 1<sup>st</sup> reading of Bill 69 (2015) and it was passed by Council. Public notification that Bill 69 (2015) is on the agenda for Council’s Committee on Budget meeting on 10/21/17. Per Budget Committee report no. 409: 1 individual opposed, 1 individual provided comments (no specifics provided in minutes), no written testimonies received, DTS Director and President of Oahu Transit Services Inc. (City’s bus service contractor) testified in support but also expressed concerns that a small percentage of riders would be negatively affected, and Bill 69 was voted out of committee and scheduled for 2<sup>nd</sup> reading and public hearing at Council’s regular meeting on 11/4/17.

November 2015: Per 2<sup>nd</sup> reading/public hearing minutes, 4 individuals provided comments (no specifics provided in minutes), Councilmember who introduced Bill 69 indicated that further discussion was needed for refinement, Committee Report no. 409 was adopted, and Bill 69 (2015) passed second reading.

December 2015 –

December 2016: No further action on Bill 69 (2015).

January 2017: Bill 69 (2015) is re-referred to Committee on Budget for further action and public notification that it is on the agenda for the Committee's meeting on 01/11/17. Per the minutes of this meeting, Committee Report no. 23 indicated the amended version of Bill 69 (2015) was circulated, DTS Director testified and submitted written testimony in support of the amended version, 4 individuals testified with comments (no specifics provided in minutes), and Bill 69 (2015) amended was voted out of Committee for 3<sup>rd</sup> and final reading at Council's regular meeting on 01/25/17 - public notification of meeting agenda issued. Per 3<sup>rd</sup> reading minutes, Committee Report no. 23 was adopted, 2 individuals opposed, DTS Director testified in support, and Council passed Bill 69 (2015) amended.

February 2017: Mayor approves Bill 69 (2015) amended. Implementation is scheduled for October 2017.

February –

July 2017: Mayor's press release on Bill 69 (2015) and various media reports that 1-day pass is replacing the paper transfer.

August 2017: DTS initiates 1-day pass/paper transfer public notification effort. All Neighborhood Boards are informed and requested to disseminate the information to their communities.

September 2017: Notification goes out through DTS website, TheBus website; Rider Alerts, signage, fare decals, onboard announcements, car cards, and City press release. Flyers are sent to One-Way Ticket purchasers, Department of Education and Hawaii Association of Independent Schools Middle and High Schools.

October 2017: Scheduled implementation of 1-day pass and discontinuing paper transfer.

**Public Response:** 2-3 individuals attended Council meetings and 4 attended the public hearing (usually attended by the same individuals). Less than 100 comments were received from the public, with about 60 opposing the fare change.

## **Title VI Program Policies**

DTS' 2016 Title VI Program contains the policies and procedures to determine if the implementation of the 1-day pass and discontinuing paper transfers will have a disparate impact to minority populations and disproportionate burden to low income populations. A survey of adult riders using transfers determined the minority and low-income proportions of riders affected by discontinuing the paper transfer and implementing the 1-day pass. Although youth riders also use transfers, this group was inadvertently not included in the survey.

**Fare Change Policy:** As a fare change, replacing paper transfers with 1-day bus passes requires DTS to perform a fare equity analysis during the planning process and 6 months prior to approval/adoption by the Honolulu City Council and subsequent implementation.

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

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

## **Analysis Framework**

Replacing paper transfers with the 1-day pass adversely affects single cash fare passengers who only need to take 1 bus trip in a day that requires a transfer to another route to complete the trip. While there is no change to the cost of the single cash fare, the 1-day bus pass will be priced at no less than twice the cost of a single cash fare, currently at \$2.50. According to current statute (Section 13-2.1(e), ROH), paper transfers are provided only to passengers who pay the single cash fare. Per current policy, cash paying passengers are given transfers upon request at the time of boarding, transfers are valid for up to two unidirectional connections within a 2-hour period of boarding the 1st bus (for outlying area travel) and are not valid for return or round trips.

According to Oahu Transit Services, Inc. report, Bus Operations Passenger Composition and Revenue for the 12 months ending 6/30/17 (FY17), transfers were used for 7.2% of system-wide unlinked passenger trips, while single cash fare was used for 14.3% of system-wide unlinked passenger trips. Since transfers are only given to single cash fare passengers, the 7.2% transfer use represents a 50% maximum proportion of single cash fare unlinked passenger trips that may be adversely affected by discontinuing the free paper transfers since there is no adverse impact to single cash fare passengers who take 2 or more trips in a day.

Table 1: Percent of FY17 Total Unlinked Passenger Trips for Single Cash Fare & Transfer

Fare Media	Single Cash Fare	Paper Transfer	1-day Pass
Cost	2.50 (no change)	Free	\$5 (2x single cash fare)
% of total annual unlinked passenger trips	14.3%	7.2%	N/A

**Methodology:**

2017 rider survey data was used to determine minority and low-income proportions for fare payment categories adult cash and adult paper transfer. Although, single cash fare youth riders also use transfers, this group was inadvertently not included in the survey. A rider demographic survey is scheduled for FY19 and will include all fare media usage.

According to the survey of adult cash riders, 62% requested/used a transfer, 64% self-identified as minority, and 23% self-identified as low income. Of the 62% who requested or used a transfer, 70% self-identified as minority and 26% as low income.

Table 2: Transfer, Minority, Low Income Percentage of Adult Cash Fare Riders

Survey of Adult Cash Riders	Use/Request Transfer	Minority	Low Income
% of total adult cash riders	62%	64%	23%
% of total adult cash riders-transfers		70%	26%

**Assessing Impacts**

**Disparate Impact:** Single cash fare passengers who take only 1 trip in a day who requires a paper transfer to complete the one-way trip are most likely to be adversely impacted by the 1-day pass fare change. Based on the survey, 70% of transfer users self-identified as minority, therefore minority riders are disproportionately impacted by this fare change more than non-minority riders.

According to DTS' TVI Policies, if minority passengers will continue to be disproportionately impacted, the fare change may be implemented only if there is substantial legitimate justification for the proposed change, and it can be demonstrated that there are no other alternatives that would have a less disparate impact on minority passengers but would still accomplish legitimate program goals.

**Disproportionate Burden:** Single cash fare passengers who take only 1 trip in a day who require a paper transfer to complete the one way trip are most likely to be adversely impacted by the 1-day pass fare change. Based on the survey, 26% of transfer users self-identified as low-income, therefore, low income riders are not disproportionately impacted by this fare change more than non-low-income riders.

**Fare Equity Analysis:** While there is no disproportionate burden to low income riders from this fare change, disparate impact to minority riders exists. Based on the misuse and operational issues associated with paper transfers, the small percentage of total system-wide unlinked passenger trips affected by this fare change, the lack of widespread public opposition, and the benefits of the 1-day pass providing unlimited

rides until 2:59 a.m. the next day, as well as facilitating bus operations, DTS supported and Council passed Bill 69 (2015) amended to replace paper transfers with the 1-day bus pass.

Due to the majority minority of Honolulu's population, aside from not discontinuing paper transfers, there are no other alternatives that would have a less disparate impact on minority passengers. While the survey did not include data on how many transfer trips single cash fare passengers take in a day (no adverse impact for 2 or more single cash fare trips in a day), it is likely that the adversely affected percentage would be much less than the 7.2% shown in Table 1.

Current single cash fare passengers will benefit by the increased travel opportunities provided by the 1-day bus pass, valid for unlimited rides until 2:59 a.m. the next day, especially those who live in outlying areas with longer commutes and more transfers to reach destinations. Since bus fares are not time or distance-based, the cost benefit is greater for these riders. According to DTS' 2016 Title VI Program report, a majority of the minority and low-income Census block groups are located outside of urban Honolulu in outlying communities, as such the 1-day pass increases transit mobility for these communities.