



Chapter Six:

6.0 CAPITAL AND FINANCIAL PLANS

This chapter provides an overview of the current financial setting, analyzes the fare structure, the impact of the fare structure on capital and financial programs. Sections 6-5 through 6-7 present future capital needs and operating expenditures for a ten-year period.

6.1 CURRENT FINANCIAL SETTING

Hele-On provides public transportation service for county residents and visitors through regularly scheduled fixed route and commuter service. These services are contracted with Polynesian Adventure Tours and Roberts Hawai'i. Complementary paratransit demand-response service for eligible people with disabilities under the Americans with Disabilities Act (ADA) is provided in the Hilo and Kona urban areas. ADA paratransit services began service in Fiscal Year 2017. Human service paratransit transportation is provided for special needs and disabled people outside the ADA service area. Shared Ride Taxi service is provided in the Hilo urban area. In fiscal year 2016 the combined cost of providing bus, human service paratransit, and Shared Ride taxi for the County was \$8,074,822.

Figure 6-1 Seven buses received from Honolulu 2017



6.2 CURRENT CAPITAL ASSETS

The current running fleet consists of 19 buses. Of those, seven were gifted this past summer from the City and County of Honolulu from their retiring fleet. These buses are in good repair, but their useful life is limited. MTA does not directly operate the paratransit services and therefore, does not have a paratransit fleet.

A new bus maintenance facility is in the final stages of being accepted by the County after which MTA will move in. The bus stop and passenger shelter capital improvement program is an ongoing expense of approximately \$300,000 yearly. There are fifty bus shelters in place island-wide.

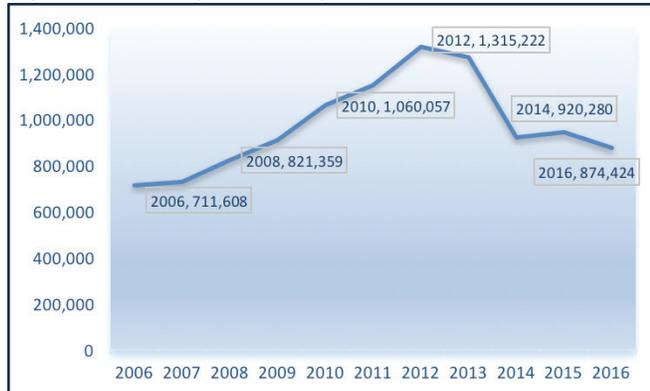
6.3 OPERATING BUDGET AND CAPITAL EXPENDITURES

Table 6-1 provides a review of the past three years of the number of passengers served, operating expenditures as reported to the National Transit Database (NTD). The number of passenger boardings has continued to decline from a high of about 1.2 million passengers recorded in Fiscal Year 2011 shown in Figure 6-2. The reasons for the decline in ridership is due mainly to service deterioration based upon vehicles being unavailable and an increase in breakdowns on the road. Service had become unreliable with buses not available for their assigned trips and others breaking down on the road. These issues are being addressed in the short-term by leasing vehicles from private providers, although not all scheduled trips are being accommodated. This Capital Program puts an emphasis on rebuilding the fleet.

Table 6-1. Hele-On Bus Historical Information by Fiscal Year

Fiscal Year	Number of Passengers Served	Operations Budget	Fare Revenue	Farebox Recovery Ratio	Cost Per Passenger
2014	920,280	\$6,847,105	\$1,253,244	18.3%	\$7.44
2015	945,000	\$6,540,528	\$1,044,885	16.0%	\$6.92
2016	874,424	\$6,782,598	\$903,472	13.3%	\$7.76

Figure 6-2. Passenger Boardings by Fiscal Year



Source: County of Hawai'i Department of Finance Comprehensive Annual Financial Report, June 30, 2011 and June 30, 2016

6.4 SOURCES OF FUNDING

The MTA budget comes primarily from County Highway Fund and County General Fund, as shown in Figure 6-3. No federal funds were reported for Fiscal Year 2016 operational funds. Federal support was minimal in both Fiscal Years 2015 and 2014 (0.3 percent and 3.0 percent, respectively). MTA receives no State funding support. Fares account for just over 13 percent of funds received.

Figure 6-3. 2016 Sources of Operating Funds for Bus (FY2016)

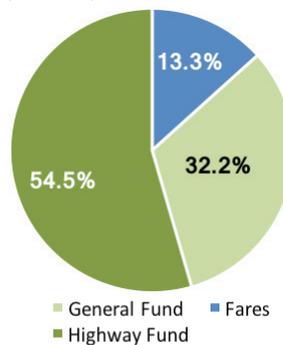


Table 6-2. Operating Fund Sources

Operating Fund Sources	Amount
County General Fund	\$2,210,998
County Highway Fund	\$3,722,343
Total	\$6,782,598

Source: Fiscal Year 2016 NTD and County Budget

6.5 FARES AND FARE STRUCTURE

6.5.1 Farebox Recovery

Farebox recovery identifies the percent passenger fares contribute to funding operation expenses. In Fiscal Year 2014 passengers paid \$1,253,244 in fare revenue which provided 18.3 percent of the funding for reported operation expense for bus. The farebox recovery ratio for the Hele-On bus service has ranged from 18.3 percent to 13.3 percent over the past three years reported to NTD, shown in Table 6-2. The average for the three years is 15.9 percent.

The human service program does not collect a fare, but the shared ride taxi program reported 61.2 percent farebox recovery in 2016 (operating expense of \$679,224 with \$415,718 in passenger fares). The ADA demand response program was not operational in Fiscal Year 2016. In Fiscal Year 2017, fares were not collected for the first several months of service. Fares were introduced mid-fiscal year in January 2017.

The cost per passenger for the bus service was \$7.76 in Fiscal Year 2016. This was higher than the \$6.92 cost per passenger from the previous fiscal year. The increase in cost per passenger is due in part to the reduction in ridership noted in Figure 6-2.

In addition to passenger fares, the system is supported mostly by County funding with minimal reported support from federal programs. County funding is from the General Fund and the Highway Fund, shown in Figure 6-3.

6.5.2 Current Fare Structure

The current fare structure is shown in Table 6-3. Fares are set by the County Council. Current fares became effective July 1, 2013 when the adult cash fare was increased to \$2.00 per trip from \$1.00 and senior and student fares were increased from free to \$1.00.

Table 6-3. Hele-On Fares

Fare Type	Cost
Cash Fare:	
Non-discounted	\$2.00, fixed route, commuter
Discounted – Seniors (60 and over), Persons with Disabilities with ID card, Students with ID	\$1.00, fixed route, commuter
Monthly Passes:	
Non-discounted	\$60.00, fixed route, commuter
Discounted (see above for requirements)	\$45.00, fixed route, commuter
Bus Tickets:	
Regular	\$15.00 for sheet of 10 tickets
Senior, Disabled, Students all with ID	\$7.50 for sheet of 10 tickets

Source: County of Hawai'i Mass Transit Agency (MTA)

Hele-On Bus provides free transfers to complete a one-way trip which may be used only once. Each route has a specific color and the driver must fill out the transfer by hand which can cause route delay.

Fare choices include cash, monthly pass or bus tickets. The bus tickets are one ticket per ride with one free transfer. Baggage is allowed at a cost of \$1.00 for each piece. Bicycles placed on the front rack are free.

The new paratransit service was initiated in the summer of 2016. This is a door-to-door, advance reservation service for individuals unable to use the fixed route service. Intending users are interviewed for eligibility. When approved, passengers are issued a Paratransit Eligibility card shown below. Hele-On Kaka'oo fare is \$4.00 per ride (fares are no more than twice the fixed route fare).

The taxi shared ride program is available to everyone in the Hilo urbanized area. It is currently not offered in Kailua-Kona or other areas of the County. Seven taxi companies are participating in the program with two of them offering ADA accessible vehicles and two companies serving the Hilo International Airport.

Passengers may use the service to travel up to nine miles within the Hilo urbanized area. People intending to use the service must purchase coupons in increments of one, five, ten, or 15. A maximum of 15 coupons may be purchased each week. A trip of 0.1 to 4.0 miles requires one coupon (for a fare of \$2.00 if purchasing a 15-coupon book) and a trip of 4.1 to 9.0 miles requires two coupons. Coupon book fares are shown in Table 6-4.

Table 6-4. Hele-On Shared Ride Taxi Program

Description	Fare
15 Coupon Book	\$30.00
10 Coupon Book	\$25.00
5 Coupon Book	\$15.00
1 Coupon	\$6.00

The coupons do not have an expiration date and are non-transferable and non-refundable. The taxi program carried 137,890 rides in 2016 as reported to the Federal Transit Administration (FTA) National Transit Database (NTD).



6.5.3 Recommendation for Fares and Fare Policies

The Transit Master Plan does not recommend a fare increase on the fixed rate and commuter service. Rather, the emphasis is on achieving system reliability. This plan recommends a future review of fares and fare policies. The following actions are recommended following the fare structure review:

- **Eliminate the use of transfers in Fiscal Year 2019 including transfers for the discounted bus tickets**
- **Introduce a \$5.00 daily pass in Fiscal Year 2019. The discounted fare would be \$2.50**
- **Increase the passenger fare rate for the Shared Ride Taxi Program to \$3.00 in Fiscal Year 2019 and \$4.00 in Fiscal Year 2020 as shown in Table 6-5**
- **Upgrade fare collection system. Investigate options and start procurement process in Fiscal Year 2025**

Table 6-5. Recommended Hele-On Shared Ride Taxi Program Fare Increase

Description	2019	2020
15 Coupon Book	\$45.00	\$60.00
10 Coupon Book	\$35.00	\$45.00
5 Coupon Book	\$20.00	\$25.00
1 Coupon	\$6.00	\$6.00

In 2014 the nation wide average single trip base fare of the 153 bus systems surveyed was \$1.56. This was reported in the Public Transportation Fare Database, a report prepared by the American Public Transportation Association through a voluntary survey of members. The survey included all public transportation modes; 153 systems reported data for the bus mode. Forty-six systems or about 30% of those participating had an express trip surcharge of up to \$10.75 over their base fare. This express surcharge was primarily associated with peak-period, peak-direction, and limited-stop services comparable to the Hele-On com-

Table 6-6. Comparison to National Fares

Fare Type	Cost	Number of Systems	Percent of Systems Reporting	Hele-On Comparison
Average Single Trip Base Fare	\$1.56	153	100%	\$2.00
Express Single Trip Surcharge	Up to \$10.75	46	30%	None
Single Trip Zone Surcharge (Distance Based)	Up to \$13.50	23	15%	None
Average One Day Pass Cost	\$4.45	95	62%	None
Monthly Pass Average Cost	\$55.07	135	88%	\$60.00

Source: 2014 American Public Transportation Association Survey of 153 Bus Systems

muter routes. Twenty-three bus systems reported a trip distance or zone surcharge of up to \$13.50. This is also mostly associated with peak-period, peak-direction, limited stop services over longer distances. These single trip fare surcharges are included in Table 6-6.



Sixty-two percent of all bus systems offer a one-day pass at an average cost of \$4.46. The majority of systems offering a one-day pass have discontinued use of transfers. Issuing and policing use of transfers frequently causes route delay and eliminating their use also reduces driver and passenger conflict. TheBus in Honolulu instituted use of the one-day pass and discontinued issuing transfers in summer 2017. The fare for the one-day pass costs \$5.50 starting January 1, 2018, raising .50 cents from the introduction fare of \$5.00. An example of the one-day pass is shown to the right.

Eighty-eight percent of all bus systems offered a monthly bus pass indicating that this method of fare payment is commonly used. Most systems now have the ability to use the same fare media for various types of passes and trip based fare payment programs.

6.5.4 ADA Complementary Paratransit Service

ADA paratransit service provides complementary curb-to-curb service (door-to-door is available for those requiring assistance) for those individuals who are unable to use fixed route bus service due to disability. It is provided in those areas that have fixed route service such as the intra-Hilo and intra-Kona routes. Since ADA paratransit service is demand-responsive, vehicles do not travel a fixed route or schedule. Trips are scheduled every day for those qualified individuals who have pre-called to schedule their ride.

Most systems providing ADA paratransit service grapple with the best way to offer services with increasing demand. Strategies include:

- Grouping rides as much as possible
- Scheduling trips to allow for traffic delays or delays in boarding passengers to avoid late arrivals and missed appointments
- Asking passengers to vary their trip time (no more than an hour earlier or later) to provide efficient schedules when necessary
- Waiting only five minutes for the passenger to be ready to board
- Temporarily suspending passengers from being able to use the service for repeated no-shows. The no-show designation can include late shows. Strick policies need to be in place
- GPS automatic vehicle locators and communication terminals placed on all vehicles providing ADA paratransit service. This allows for easier communications with drivers to report last minute cancellations or rerouting due to no-shows
- Scheduling software to prepare efficient vehicle schedules (this will become necessary as demand grows)
- All persons desiring to use ADA paratransit service must be reviewed for their capabilities

ADA complementary paratransit service is expected to average three (3) percent increase each year. Currently ADA paratransit service is provided in Hilo from 7:00 AM to 5:00 PM and Kona from 7:00 AM to 7:30 PM. These hours will change as the Intra-Hilo and Intra-Kona routes service hours are extended. Routes 101 Keaukaha and 103 Waiakea-Uka in Hilo are recommended to operate until 6:00 PM. The Intra-Kona Routes 201 through 203 will provide service until 9:00 PM. When those changes are implemented ADA paratransit service will extend hours in those service areas.

Additional curb-to-curb paratransit-type service is recommended for areas in Waimea, along the Hamakua Coast and Puna with the introduction of new Flex services. Route 301 will replace the current Waimea shuttle to provide service to anyone within $\frac{3}{4}$ mile on either side of the route alignment by pre-arrangement. The hours and conditions of service are similar to the ADA paratransit program except that it is available to the general public. Route 60 will provide four Flex trips connecting Honoka'a with downtown Hilo deviating $\frac{3}{4}$

mile off the route to provide service. Route 401 in Puna will provide Flex service along the Highway 130 corridor, Hawaiian Beaches and Nanawale service areas.

Since a vast majority of MTA's service is commuter, the Transit Master Plan has recommended the introduction of Zone service to provide weekly opportunities for residents in areas not provided with Flex or other paratransit service to schedule trips. These areas in Kau and Puna are recommended for new services in FY 2021. Both the Flex and Zone services are described in more detail in Chapter 4.

As the Flex and Paratransit Zone services are implemented, MTA will monitor demand to ensure that service is able to accommodate demand. If it becomes warranted due to excessive demand, fixed routes may replace the Flex routes in which case, ADA complementary paratransit services would need to be implemented. Similarly, Zone service may become Flex routes as demand warrants.

The TMP recommends new paratransit-type services in Hamakua, North Kohala, South Kohala, Kau and Puna Districts joining services already provided in Kona and Hilo.

6.6 OPERATIONS FINANCIAL PLAN

6.6.1 Operating Costs by Year

The recommended ten-year operating budget is shown in Table 6-8 which can be found at the end of this chapter on pages 92-93. No new services are planned for implementation in Fiscal Year 2018 (current year) as shown in Table 6-8. Therefore, operation costs reflect the current budget. Subsequent years have a two percent (2%) inflation factor built into the operating costs through Fiscal Year 2022, after which the inflation factor increases to three percent (3%).

The operational costs shown in years 2019 through 2025 are drawn from a detailed description of each service improvement provided in the Service Plan. The Service Plan gives the operational details of the services which serves as input to the annual hours and miles of service and ultimately the operational costs for each year. The following provide a brief description of service changes by Fiscal Year.

- **FY2019:** Route 40 Pahoa will be converted into a hub and spoke operation starting in 2019. This allows one (1) additional trip to start and ultimately four (4) additional roundtrips to be provided between Hilo and Pahoa. Two new Routes 401 and 402 will be introduced; Route 401 as Flex service later in the year. These routes will connect to Route 40 in Pahoa

Discussions with MTA's current paratransit provider should occur during the first few months of 2018 to determine if they are capable of providing Flex service. MTA could provide the service using current drivers with the scheduling of Flex trips being done by MTA's ADA Paratransit provider

The negative number shown for current routes is the cost of current service hours that are redeployed into new Routes 401 and 402. The New Blue Line Express will start one roundtrip during the weekdays in FY2019

- **FY2020:** Routes 101, 102 and 103 are changed per the service plan. This includes added trips on all three routes. Saturday service to Waimea on Route 75-North Kohala/Waimea/Kailua-Kona is implemented this fiscal year

The Honokaa Route 60 is converted to Flex service providing two (2) additional trips a day. The Waimea Circulator Route 301 offering Flex service is also implemented during this fiscal year

- **FY2021:** Route 10 adds two weekday trips between Ocean View and Volcano Village in this fiscal year shown as additions to current routes. The Blue, Green, and Red Line Expresses are introduced in Fiscal Year 2021

Fiscal Year 2021 sees the introduction of Zone service in the Kau and Puna Districts

- **2022:** Three new routes are introduced in 2022. These Routes 201, 202, and 203 provide the hub and spoke system for Kona. Since these are new routes, the operating cost for current Route 201 is shown as a negative number under "Additions to Current Routes"

Extended service and additional trips are added to Routes 402 and 403. This includes service to Hawaiian Acres via Ainaloa, service in Orchidland and Eden Roc

FY2022 also sees the expansion of Sunday service. Limited Sunday service is provided on the Blue, Green, Red Lines Express Routes and Routes 40, 101, and Route 10 from Ocean View to Volcano (to connect to the Red Line)

- **2023:** One new trip between Pahala and Kailua-Kona is added to Route 90 during this fiscal year. New Route 104 Mohouli is added. Zone paratransit service is extended in Zone 2 to five days a week as demand warrants.
- **2024:** No new services are scheduled for FY2024
- **2025:** Route 204 adds to the hub and spoke system in Kona providing service between the Hub and Keauhou Shopping Center via Kuakini Highway providing new service to residential areas and medical services

Table 6-8 also provides the operating costs for other services in addition to bus. These are described in the following paragraphs.

- **Shared Ride Taxi:** Shared Ride Taxi is currently operating in urban Hilo. While, the program may extend to Kona it is capped in the Financial Plan at \$1,000,000 as reflected in the 2018 budget
- **Bike Share:** This Master Plan recommends that MTA take an active role in the expansion and administration of the current Bike Share program currently operating in Kona. Fifteen bike share stations are recommended for installation in Fiscal Year 2019 and 2020. Four stations would be placed in Kona, eight in Hilo, and three in Waimea. The procurement and installation of the 15 stations is \$780,000 divided between the two years. In addition, \$120,000 is added to each year for program operations, balancing (moving bikes around to rebalance the stations), customer service, and publicity
- **Paratransit:** MTA provides paratransit service to the elderly and disabled in areas throughout the County. This human service is provided by contract with various programs. The paratransit costs shown provide an escalation of 3 percent per year (\$650,000- 700,000 per year)
- **ADA Paratransit:** MTA instituted ADA Paratransit service in Fiscal Year 2017 for the urban Hilo and Kona areas. ADA paratransit costs are escalated 3 percent per year. ADA service will expand hours of service as the Hilo and Kona hub and spoke routes are expanded
- **Vanpool:** This plan recommends MTA work to establish a vanpool program. This is recommended to start with a two-year demonstration project. The costs shown in Table 5-11 are based upon four vanpools of 15 members each being established each year for a total of 25 vanpools. Each 15-member vanpool traveling from Hilo to the South Kohala Resorts is expected to cost approximately \$28,800 annually. The table shows the costs over several years. The costs are additive and do not consider that if successful, one or two South Kohala Resorts bus trips per day may be able to be discontinued

6.6.2 Operating Revenues by Year

The annual revenue for each year is determined by multiplying annual passenger trips by expected revenue rate per unlinked trip. That rate is expected to increase as new services are implemented and system consistency and reliability are improved. Since this plan does not include a fare increase (other than the elimination of transfers in favor of a day pass), the revenue per unlinked trip is expected to remain fairly constant at \$1.20 per trip after reaching that number in FY2022. Total annual passenger boardings are projected to increase to past high levels by 2022 and continue to increase as new services are introduced.

The ADA paratransit operating revenues per year are impacted by the growth in the service. ADA paratransit ridership is expected to grow by 10 percent per year through 2021. This high rate of growth is expected as potential eligible people become aware of the service. The rate of growth will slow to approximately three percent per year starting in 2022.

Two fare increases have been recommended for the shared taxi service: one in 2019 and another in 2020 to \$4.00 per coupon based on a 15-coupon book. The increase in average fare per trip is reflected in Table 5-12. This will also impact the total number of passengers using the service although the fare revenue will continue to increase.

Bike share user fees are expected to increase a minimum of 20 percent per year from an initial \$20,000 in 2020. The ultimate goal is for bike share user fees to cover the administrative cost of the system. This could happen much sooner if bikes are stationed around the university and college campuses as well as major transit hubs and employment areas. Biki Bike in Honolulu has seen a huge increase in usage by workers during the lunch hour and on Fridays after work.

Vanpool revenues are based upon a total cost of \$28,800 per year per 15-member vanpool with an annual County subsidy of \$12,000 per vanpool. Vanpool members pay the remaining \$16,800 per vanpool per year. This equates to about \$93 per month per vanpool member. The benefit of a vanpool which would include more reliability and a quicker trip to work should outweigh the higher monthly cost as compared to the monthly cost to ride the bus. A vanpool administrator could work with the major resorts to help defray the additional monthly cost.

Operating revenues by year include a line item for other revenue associated with the capital investment in electronic information systems. The full capital cost has been included in Table 6-8 for these investments. Other systems have recognized these can be revenue neutral or revenue generating activities and this line item identifies that possibility starting in 2020.

Table 6-9 on page 96-97 provides the details of the calculations used to estimate the operating revenues by year for each of the modes.

6.7 CAPITAL IMPROVEMENT PROGRAM AND CAPITAL FINANCIAL PLAN

The cost estimates for the Capital Improvement Program (CIP) are provided in Table 6-8 (see pages 94-95). The MTA CIP covers the period from Fiscal Year 2019 to 2027. The CIP includes three major elements: transit facilities, passenger systems and fleet purchases.

The CIP Transit Facilities section includes the existing bus stop and shelter program and the additional stops required to formalize current flag stops and due to service expansion included in the service plan. The Master Plan recommends all new routes such as the Intra-Kona routes have formalized bus stops. The Transit Facilities section also includes transit centers, a maintenance facility and signs.

6.8 FINANCIAL PLAN BY YEAR

This section discusses the combined expenses for operations and capital for the period 2018 to 2027 are shown in Table 6-10 on pages 98-99. The administration and marketing line item is based upon current budgeting for those items not associated with individual modes plus an escalation of three percent per year. The administration and marketing line item does not include the additional staff MTA will need to oversee the Capital Improvement Program. These costs are included within the planning, design and specifications line items for each project budget included in Table 6-8 for each year.

The operations line items are the total numbers from the last row in Table 6-7, Financial Plan Operating Costs by Year. The capital investments line item is the last row in Table 6-8, Capital Improvement Program.

The fare revenue is from the annual revenue in Table

6-9 on pages 96-97, Financial Plan Operating Revenues by Fiscal Year. The deficit has been identified as being supported from the County General Fund Operating Budget and the County Highway Fund.

Capital funding is consistent with historic Federal grants MTA has received and is included in current budgets under Federal Grants Bus & Facilities. The second line item under capital funding is Federal Grants Capital Investments discretionary grants. These are not predictable have been included for minimal levels for transit centers and a second operating base and are dependent on pass through funds as determined by the State. are often very competitive. Other Federal Grant opportunities are available under discretionary grants. This category has not been included in the financial plan since these grants are very competitive and not predictable. The County should apply for any discretionary grants that become available and should be directed toward fleet replacements. However, if discretionary grants are not available, then the County CIP would absorb the total vehicle costs.

The difficulty in using Federal discretionary funds for fixed capital assets such as the proposed maintenance and operations facility or transit centers is that often these are not scalable investments in that a minimum lump sum amount is necessary to make the project viable whereas the fleet replacement program is alterable in that the number of vehicles being replaced can be reduced or deferred to a subsequent year. Therefore, the discretionary grant funds are identified for fleet and fare equipment. County practice in purchasing has been to only fund the local share to match federal funds for vehicles. However, this is unlikely to be sufficient for replacing the bus fleet in the near term. Therefore, it is recommended than an accelerated schedule be used for the vehicles needed for implementing hub-and-spoke. Through this approach, the County can move expeditiously and consider newer used vehicles that may be available in the local market.

With fixed investments there is the issue of the Federal government being involved in the ownership of the land where the fixed investment is constructed. This has proven to be an awkward situation with other transit operations when there is a desire to change the function of the land to either a different public operation or joint partnership with private interests. Local government has much greater flexibility than what is allowed by Federal law. The balance of the capital funding is expected to be supported by County Capital Improvement Program budget requests.

The capital investments identified in this plan are ones that are essential for the cost effective and productive continued operation of Hele-On and other modal operations. However, if the County is not prepared to undertake the level of proposed CIP funding obligations identified in this plan, consideration should be given to an alternative funding opportunity(s).

6.9 ALTERNATIVE FUNDING OPPORTUNITIES

Alternative funding opportunities can include various types of business endeavors, advertising revenues and impact fees. Business endeavors might include partnerships with technology vendors interested in using electronic displays to provide real time bus arrivals and other transit information, public announcements and news reports in combination with customer advertising. Other opportunities for advertising exist in combination with interior bus displays.

6.9.1 Impact Fees

Some of the future Hele-On needs will be the result of new development. This is especially true for the Kailua-Kona area. Impact fees are defined by HRS §46-141 as the charges imposed upon a developer by a county or board to fund all or a portion of the public facility capital improvement costs required by the development from which it is collected, or to recoup the cost of existing public facility capital improvements made in anticipation of the needs of a development. Investments suitable for impact fees can be included within the permitting process including:

- **Bus stops**
- **Acquisition of transit and paratransit vehicles intended to operate on roadways, land and easements for physical facilities,**
- **Purchase and installation of equipment supporting transit service including, but not limited to, dispatching and vehicle location equipment, capital maintenance equipment, passenger amenities such as bus shelters, information kiosks and bus pass vending machines, route signing, and**
- **Construction of facilities necessary to support the provision of transit services including, but not limited to, maintenance and storage facilities, passenger shelters and terminals**

6.9.2 County Fuel Tax

The County raised the gas tax by 6.2 cents in 2017. Revenues from this source go into the County Highway Fund. These funds are allocated to roads and mass transit. Two additional 4 cent increase in the gas tax are scheduled to occur in 2018 and 2019. These two increases are dependent upon the Public Works Department submitting a plan to the Council on how those funds will be used. If the higher revenue levels are approved, then the County would be able to use additional Highway Funds to fund MTA, thereby reassigning General Funds to other programs.

6.9.3 Excise Tax Surcharge

Once again, the counties have an opportunity to enact an excise tax surcharge for transportation purposes, due to the extension granted to Honolulu County for their rail system. However, action would need to be taken immediately if Hawaii County were to enact the surcharge. The Council would need to approve the ordinance by March 31, 2018. As with prior opportunities, the excise tax surcharge may be used for road, bicycle, pedestrian, and transit purposes whereas, Honolulu may only use the surcharge for rail construction.

Kauai County Council has passed legislation to enact the surcharge. The Kauai Mayor is expected to sign the legislation. Maui County is considering whether to act on this opportunity. Since Hawaii County has many transportation infrastructure needs, Table 6-11 on pages 100-101 includes an alternative financial plan by fiscal year that demonstrates what might be possible with approval of a General Excise Tax surcharge by the County Council.

The table identifies the estimated total revenue from 2019 to 2027 for a General Excise Tax although the tax collection would continue through December 31, 2030. The collection would be initiated on January 1, 2019 as specified but the funds generated would encounter a distribution lag time of several months. Fiscal Year 2018 would have no change since collection of the excise tax would not commence until Fiscal Year 2019. The table sets the operating revenue for MTA from County funds at \$0 for each of the full years that the general excise tax is collected starting in Fiscal Year 2019. It sets the County CIP required at \$0 as well starting in Fiscal Year 2019.

In fiscal year 2015, The Honolulu Authority for Rapid Transportation (HART) received a total of \$220,793,293 from the GET surcharge. This equates to a per capita amount of \$222.62 for Oahu's 2014 population of 991,788. Hawaii County's population in 2016 was estimated at 198,449. Halving the Honolulu per capita amount to \$111.31 would equate to \$22,089,358 annual GET surcharge revenue to the County. This number does not include visitor contribution to the County. It has been reported that the excise tax surcharge at the half-cent would raise between \$25,000,000 and \$40,000,000 annually. Table 6-11 uses the lower estimate of \$25 million per year since it is sufficient to show how that would impact the county's transportation funding. These estimates are based on the full half-cent; however, the County could opt for a lower percent surcharge and/or a shorter time duration for collecting the GET surcharge and still have enough revenue to pay for transit and other needed transportation improvements.

The amount of revenue in Fiscal Year 2019 shows a lower estimate at one-third the estimated annual total due to the fact that this is half of a fiscal year and there could be mobilization and fluctuation issues associated with the initiation of a new program. The full estimate is used for Fiscal Year 2020 and each year thereafter without any escalation to provide a conservative estimate of the potential total revenue. The amount of revenue produced is sufficient to fully fund all MTA operating and capital obligations. The last row identifies a carry-over balance of \$65 million available in 2027 for other County transportation related needs. An additional \$8.5 million per year through 2030 would be available for County transportation projects.

Table 6-7. Operating Costs by Fiscal Year 2018-2022

SERVICE	OPERATING COST BY FISCAL YEAR				
	2018	2019	2020	2021	2022
EXISTING SERVICE					
Current Routes	\$7,710,940	\$7,865,159	\$7,695,705	\$7,564,729	\$7,899,598
Additions to Current Routes		-\$320,350	-\$279,304	\$179,975	-\$405,520
NEW ROUTES					
Blue Line Express		\$200,000	\$204,000	\$237,880	\$242,638
Green Line Express				\$237,880	\$242,638
Red Line Express				\$475,760	\$485,275
Route 60 Hilo/Honokaa Flex Service			\$333,920	\$340,598	\$347,410
Route 104 Mohouli					
Route 201 South Kona via Alii Drive					\$365,400
Route 202 North Kona via Highway 19					\$438,200
Route 203 North Kona via Highway 190					\$438,200
Route 204 South Kona via Kuakini Hwy					
Route 301 Waimea Circulator Flex			\$325,520	\$332,030	\$338,671
Route 401 Hawaiian Beaches/Nanawale Flex		\$475,870	\$485,387	\$495,095	\$504,997
Route 402 Paradise Park/Ainaloa		\$200,320	\$204,326	\$208,413	\$212,581
Route 403 Fern Acres/Fern Forest/Eden Roc		\$200,320	\$204,326	\$208,413	\$212,581
Zones 1 - 3 Kau and Puna Districts				\$250,560	\$255,571
Sunday Service expansion					\$250,700
Subtotal	\$7,710,940	\$8,621,319	\$9,173,881	\$10,531,334	\$11,828,940
SHARED TAXI	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
BIKE SHARE (Expansion Kona, Hilo, Waimea)		\$510,000	\$510,000	\$120,000	\$120,000
PARATRANSIT	\$650,400	\$669,912	\$690,009	\$710,710	\$732,031
ADA PARATRANSIT	\$500,000	\$515,000	\$530,450	\$546,364	\$562,754
VANPOOL		\$115,200	\$230,400	\$345,600	\$460,800
Totals	\$9,861,340	\$11,431,431	\$12,134,741	\$13,254,007	\$14,704,526

Notes:

2% escalation per year has been added to the fixed route, flex, zone, and commuter routes to 2022, then increased to 3%.

Fixed route and commuter services are based on \$95 per hour. Flex and Zone routes are \$80 per hour.

Shared Taxi is capped at \$1,000,000 per year, expenses will decrease with an increase in fare.

Bike Share is funded for 15 stations over 2 years, with an annual operation fee added to maintain bikes.

ADA Paratransit current service cost is based upon an estimate of \$500,000 for FY18 (approximately double the inaugural year cost) with a 3% escalation per year.

Vanpool is estimated to have 4 vanpools form each year starting in 2019 until 2025 which has one additional vanpool for a total of 25.

Table 6-7. Financial Plan Operating Costs by Fiscal Year 2023-2027

SERVICE	OPERATING COST BY FISCAL YEAR				
	2023	2024	2025	2026	2027
EXISTING SERVICE					
Current Routes	\$7,718,900	\$8,165,531	\$8,410,497	\$8,662,812	\$8,922,697
Additions to Current Routes	\$208,800	\$0	\$0	\$0	\$0
NEW ROUTES					
Blue Line Express	\$249,917	\$257,414	\$265,137	\$273,091	\$281,283
Green Line Express	\$249,917	\$257,414	\$265,137	\$273,091	\$281,283
Red Line Express	\$499,833	\$514,828	\$530,273	\$546,182	\$562,567
Route 60 Hilo/Honokaa Flex Service	\$357,833	\$368,568	\$379,625	\$391,013	\$402,744
Route 104 Mohouli	\$89,205	\$91,881	\$94,638	\$97,477	\$100,401
Route 201 South Kona via Alii Drive	\$376,362	\$387,653	\$399,282	\$411,261	\$423,599
Route 202 North Kona via Highway 19	\$451,346	\$464,886	\$478,833	\$493,198	\$507,994
Route 203 North Kona via Highway 190	\$451,346	\$464,886	\$478,833	\$493,198	\$507,994
Route 204 South Kona via Kuakini Hwy			\$281,700	\$290,151	\$298,856
Route 301 Waimea Circulator Flex	\$348,831	\$359,296	\$370,075	\$381,177	\$392,613
Route 401 Hawaiian Beaches/Nanawale Flex	\$520,147	\$535,751	\$551,824	\$568,379	\$585,430
Route 402 Paradise Park/Ainaloa	\$218,959	\$225,527	\$232,293	\$239,262	\$246,440
Route 403 Fern Acres/Fern Forest/Eden Roc	\$218,959	\$225,527	\$232,293	\$239,262	\$246,440
Zones 1 - 3 Kau and Puna Districts	\$722,598	\$744,276	\$766,604	\$789,602	\$813,290
Sunday Service expansion	\$258,221	\$265,968	\$273,947	\$282,165	\$290,630
Subtotal	\$12,941,173	\$13,329,409	\$14,010,991	\$14,431,321	\$14,864,260
SHARED TAXI	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
BIKE SHARE (Expansion Kona, Hilo, Waimea)	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
PARATRANSIT	\$753,992	\$776,612	\$799,910	\$823,907	\$848,624
ADA PARATRANSIT	\$579,637	\$597,026	\$614,937	\$633,385	\$652,387
VANPOOL	\$576,000	\$691,200	\$720,000	\$720,000	\$720,000
	\$15,970,802	\$16,514,246	\$17,265,838	\$17,728,613	\$18,205,271

Notes:

2% escalation per year has been added to the fixed route, flex, zone, and commuter routes to 2022, then increased to 3%.

Fixed route and commuter services are based on \$95 per hour. Flex and Zone routes are \$80 per hour.

Shared Taxi is capped at \$1,000,000 per year, expenses will decrease with an increase in fare.

Bike Share is funded for 15 stations over 2 years, with an annual operation fee added to maintain bikes.

ADA Paratransit current service cost is based upon an estimate of \$500,000 for FY18 (approximately double the inaugural year cost) with a 3% escalation per year.

Vanpool is estimated to have 4 vanpools form each year starting in 2019 until 2025 which has one additional vanpool for a total of 25.

Table 6-8. Capital Improvement Program Years 2018-2022

Item	Cost By Budget Year				
	2018	2019	2020	2021	2022
FACILITIES					
Bus Stops					
planning & design		\$20,000	\$20,000	\$20,000	\$20,000
procurement and					
land acquisition		\$130,000	\$130,000	\$130,000	\$130,000
installation		\$150,000	\$150,000	\$150,000	\$150,000
Signs & Wayfinding					
planning & design		\$50,000			
procurement			\$200,000		
installation			\$150,000		\$75,000
Transit Centers					
planning			\$350,000	\$100,000	
design			\$200,000	\$300,000	
land acquisition				\$1,000,000	
construction				\$1,500,000	\$1,000,000
Maintenance Facility					
planning				\$200,000	\$200,000
design					\$400,000
land acquisition					
construction	\$4,000,000				
equipment	\$200,000				
installation					
PASSENGER SYSTEMS					
Fare Collection System					
planning					
specifications					
procurement					
Electronic Information					
planning		\$250,000	\$250,000		
specifications		\$100,000			
procurement & installation	\$165,000		\$300,000	\$100,000	
WI-FI on buses					\$300,000
FLEET					
specifications		\$20,000			
procurement		\$3,055,200	\$2,013,880	\$2,630,900	\$2,755,800
Totals	\$4,365,000	\$3,775,200	\$3,763,880	\$6,130,900	\$5,030,800

Table 6-8. Capital Improvement Program – Years 2023-2027

Item	Cost By Budget Year					SUBTOTALS
	2023	2024	2025	2026	2027	
FACILITIES						
Bus Stops						
planning & design	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$180,000
procurement and						
land acquisition	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$1,170,000
installation	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,350,000
Signs & Wayfinding						
planning & design		\$50,000				\$100,000
procurement	\$100,000		\$250,000			\$550,000
installation	\$75,000	\$75,000	\$75,000			\$450,000
Transit Centers						
planning	\$300,000					\$750,000
design	\$500,000					\$1,000,000
land acquisition	\$500,000					\$1,500,000
construction	\$700,000	\$2,000,000	\$2,000,000			\$7,200,000
Maintenance Facility						
planning						\$400,000
design						\$400,000
land acquisition	TBD					TBD
construction		\$2,000,000	\$3,000,000			\$9,000,000
equipment			\$1,500,000			\$1,700,000
installation			\$500,000			\$500,000
PASSENGER SYSTEMS						
Fare Collection System						
planning		\$50,000				\$50,000
specifications		\$60,000				\$60,000
procurement			\$2,000,000	\$2,000,000		\$4,000,000
Electronic Information						
planning						\$500,000
specifications						\$100,000
procurement & installation						\$565,000
installation						\$300,000
FLEET						
specifications	\$20,000					\$40,000
procurement	\$3,061,500	\$2,727,100	\$2,759,600	\$2,455,600	\$2,536,000	\$23,995,580
Totals	\$5,556,500	\$7,262,100	\$12,384,600	\$4,755,600	\$2,836,000	\$55,860,580

Table 6-9. Financial Plan Operating Revenues by Fiscal Year 2018-2022

SERVICE	CURRENT SERVICES	OPERATING REVENUE BY FISCAL YEAR			
	2018	2019	2020	2021	2022
BUS SERVICES					
Annual Passenger Trips	785,700	864,270	950,697	1,093,302	1,257,297
Revenue per Unlinked Trip	\$1.03	\$1.10	\$1.15	\$1.18	\$1.20
Annual Revenue	\$809,271	\$950,697	\$1,093,302	\$1,290,096	\$1,508,756
ADA PARATRANSIT					
Annual Passenger Trips	7,880	8,668	9,535	10,488	10,803
Revenue per Unlinked Trip	\$3.20	\$3.20	\$3.20	\$3.20	\$3.20
Annual Revenue	\$25,216	\$27,738	\$30,511	\$33,562	\$34,569
SHARED TAXI					
Annual Passenger Trips	169,000	160,000	155,000	155,775	156,554
Revenue per Unlinked Trip	\$2.95	\$3.25	\$4.15	\$4.15	\$4.15
Annual Revenue	\$498,550	\$520,000	\$643,250	\$646,466	\$649,699
BIKE SHARE					
User Fees			\$20,000	\$24,000	\$28,800
VANPOOL					
Member Contribution		\$67,200	\$134,400	\$201,600	\$268,800
OTHER (advertising)			\$50,000	\$100,000	\$150,000
TOTALS	\$1,333,037	\$1,565,635	\$1,971,463	\$2,295,725	\$2,640,624

Table 6-9. Financial Plan Operating Revenues by Fiscal Year – 2023-2027

SERVICE	OPERATING REVENUE BY FISCAL YEAR				
	2023	2024	2025	2026	2027
BUS SERVICES					
Annual Passenger Trips	1,383,026	1,521,329	1,673,462	1,840,808	2,024,889
Revenue per Unlinked Trip	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
Annual Revenue	\$1,659,632	\$1,825,595	\$2,008,154	\$2,208,970	\$2,429,867
ADA PARATRANSIT					
Annual Passenger Trips	11,127	11,461	11,805	12,159	12,524
Revenue per Unlinked Trip	\$3.20	\$3.20	\$3.20	\$3.20	\$3.20
Annual Revenue	\$35,606	\$36,675	\$37,775	\$38,908	\$40,075
SHARED TAXI					
Annual Passenger Trips	157,337	158,123	158,914	159,709	160,507
Revenue per Unlinked Trip	\$4.15	\$4.15	\$4.15	\$4.15	\$4.15
Annual Revenue	\$652,947	\$656,212	\$659,493	\$662,790	\$666,104
BIKE SHARE					
User Fees	\$29,376	\$35,251	\$42,301	\$50,762	\$60,914
VANPOOL					
Member Contribution	\$336,000	\$403,200	\$420,000	\$420,000	\$420,000
OTHER (advertising)	\$150,000	\$150,000	\$200,000	\$200,000	\$200,000
TOTALS	\$2,863,561	\$3,106,933	\$3,367,724	\$3,581,430	\$3,816,961

Table 6-10. Financial Plan Fiscal Years 2018-2022

SERVICE	FINANCIAL PLAN BY FISCAL YEAR				
	2018	2019	2020	2021	2022
Expenses					
Administration & Marketing	\$115,000	\$138,000	\$142,140	\$146,404	\$150,796
Bus Operations	\$7,710,940	\$8,621,319	\$9,173,881	\$10,531,334	\$11,828,940
Other Modal Operations	\$2,150,400	\$2,810,112	\$2,960,859	\$2,722,673	\$2,875,585
Capital Investments	\$4,365,000	\$3,775,200	\$3,763,880	\$6,130,900	\$5,030,800
Total Expenses	\$14,341,340	\$15,344,631	\$16,040,761	\$19,531,311	\$19,886,122
Operating Revenue					
Fare Revenue	\$809,271	\$950,697	\$1,093,302	\$1,290,096	\$1,508,756
Other Modal Revenue	\$523,766	\$614,938	\$878,161	\$1,005,629	\$1,131,868
County General & Highway	\$8,643,303	\$10,003,796	\$10,305,418	\$11,104,687	\$12,214,698
Federal Operating Grant		\$417,000	\$450,000	\$472,500	\$496,125
Capital Funding					
Federal Grants Bus & Facilities		\$500,000	\$500,000	\$700,000	\$700,000
Federal Grants Capital Invest.		\$0	\$0	\$500,000	\$750,000
County CIP	\$4,365,000	\$3,275,200	\$3,263,880	\$4,930,900	\$3,580,800
County Funding:					
General & Highway Fund	\$8,643,303	\$10,003,796	\$10,305,418	\$11,104,687	\$12,214,698
CIP	\$4,365,000	\$3,275,200	\$3,263,880	\$4,930,900	\$3,580,800
Total County Funding	\$13,008,303	\$13,278,996	\$13,569,298	\$16,035,587	\$15,795,498

Table 6-10. Financial Plan Fiscal Years – 2023-2027

SERVICE	FINANCIAL PLAN BY FISCAL YEAR				
	2023	2024	2025	2026	2027
Expenses					
Administration & Marketing	\$155,320	\$159,980	\$164,779	\$169,723	\$174,814
Bus Operations	\$12,941,173	\$13,329,409	\$14,010,991	\$14,431,321	\$14,864,260
Other Modal Operations	\$3,029,629	\$3,184,838	\$3,254,847	\$3,297,292	\$3,341,011
Capital Investments	\$5,556,500	\$7,262,100	\$12,384,600	\$4,755,600	\$2,836,000
Total Expenses	\$21,682,622	\$23,936,326	\$29,815,217	\$22,653,935	\$21,216,085
Operating Revenue					
Fare Revenue	\$1,659,632	\$1,825,595	\$2,008,154	\$2,208,970	\$2,429,867
Other Modal Revenue	\$1,203,930	\$1,281,338	\$1,359,569	\$1,372,460	\$1,387,094
County General & Highway	\$13,262,561	\$13,567,294	\$14,062,893	\$14,316,905	\$14,563,125
Federal Operating Grant	\$520,931	\$546,978	\$574,327	\$603,043	\$633,195
Capital Funding					
Federal Grants Bus & Facilities	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Federal Grants Capital Invest.	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
County CIP	\$4,356,500	\$5,562,100	\$10,684,600	\$3,055,600	\$2,136,000
County Funding:					
General & Highway Fund	\$13,262,561	\$13,567,294	\$14,062,893	\$14,316,905	\$14,563,125
CIP	\$4,356,500	\$5,562,100	\$10,684,600	\$3,055,600	\$2,136,000
Total County Funding	\$17,619,061	\$19,129,394	\$24,747,493	\$17,372,505	\$16,699,125
Notes: The higher CIP costs in Fiscal Years 2024 and 2025 include the development of a second operations and maintenance facility located in Kona.					

Table 6-11. Financial Plan by Fiscal Year with Excise Tax Surcharge

SERVICE	FINANCIAL PLAN BY FISCAL YEAR				
	2018	2019	2020	2021	2022
Expenses					
Administration & Marketing	\$115,000	\$138,000	\$142,140	\$146,404	\$150,796
Bus Operations	\$7,710,940	\$8,621,319	\$9,173,881	\$10,531,334	\$11,828,940
Other Modal Operations	\$2,150,400	\$2,810,112	\$2,960,859	\$2,722,673	\$2,875,585
Capital Investments	\$4,365,000	\$3,775,200	\$3,763,880	\$6,130,900	\$5,030,800
Total Expenses	\$14,341,340	\$15,344,631	\$16,040,761	\$19,531,311	\$19,886,122
Operating Revenue					
Fare Revenue	\$809,271	\$950,697	\$1,093,302	\$1,290,096	\$1,508,756
Other Modal Revenue	\$523,766	\$614,938	\$878,161	\$1,005,629	\$1,131,868
County General & Highway	\$8,643,303	\$6,899,691	\$0	\$0	\$0
Federal Operating Grant		\$417,000	\$450,000	\$472,500	\$496,125
Capital Funding					
Federal Grants Bus & Facilities		\$500,000	\$500,000	\$700,000	\$700,000
Federal Grants Capital Invest.		\$0	\$0	\$500,000	\$750,000
County CIP	\$4,365,000	\$0	\$0	\$0	\$0
General Excise Tax Funding					
Estimated Excise Tax Revenue	\$0	\$8,300,000	\$25,000,000	\$25,000,000	\$25,000,000
Operating Subsidy	\$0	\$3,000,000	\$9,855,418	\$10,632,187	\$11,718,573
Capital Funding	\$0	\$3,275,200	\$3,263,880	\$4,930,900	\$3,580,800
<i>Carryover Balance</i>	\$0	\$2,024,800	\$13,905,502	\$23,342,416	\$33,043,043

Table 6-11. Financial Plan by Fiscal Year with Excise Tax Surcharge - Continued

SERVICE	FINANCIAL PLAN BY FISCAL YEAR				
	2018	2019	2020	2021	2022
Expenses					
Administration & Marketing	\$155,320	\$159,980	\$164,779	\$169,723	\$174,814
Bus Operations	\$12,941,173	\$13,329,409	\$14,010,991	\$14,431,321	\$14,864,260
Other Modal Operations	\$3,029,629	\$3,184,838	\$3,254,847	\$3,297,292	\$3,341,011
Capital Investments	\$5,556,500	\$7,262,100	\$12,384,600	\$4,755,600	\$2,836,000
Total Expenses	\$21,682,622	\$23,936,326	\$29,815,217	\$22,653,935	\$21,216,085
Operating Revenue					
Fare Revenue	\$1,659,632	\$1,825,595	\$2,008,154	\$2,208,970	\$2,429,867
Other Modal Revenue	\$1,203,930	\$1,281,338	\$1,359,569	\$1,372,460	\$1,387,094
County General & Highway	\$0	\$0	\$0	\$0	\$0
Federal Operating Grant	\$520,931	\$546,978	\$574,327	\$603,043	\$633,195
Capital Funding					
Federal Grants Bus & Facilities	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Federal Grants Capital Invest.	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
County CIP	\$0	\$0	\$0	\$0	\$0
General Excise Tax Funding					
Estimated Excise Tax Revenue	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000
Operating Subsidy	\$12,741,630	\$13,020,316	\$13,488,567	\$13,713,862	\$13,929,930
Capital Funding	\$4,356,500	\$5,562,100	\$10,684,600	\$3,055,600	\$2,136,000
<i>Carryover Balance</i>	\$40,944,913	\$47,362,497	\$48,189,330	\$56,419,868	\$65,353,938