



**Office of the City Auditor**



**City and County of  
Honolulu  
State of Hawai`i**

**Report to the Mayor  
and the  
City Council of Honolulu**

**Follow-Up on  
Recommendations from  
Report No. 16-02, *Audit  
of the City's  
Paratransit Service***

**Report No. 20-02  
January 2020**



---

# **Follow-Up on Recommendations from Report No. 16-02, *Audit of the City's Paratransit Service***

---

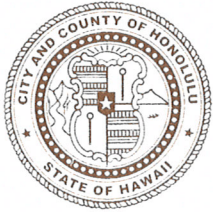
A Report to the  
Mayor  
and the  
City Council  
of Honolulu

Submitted by

**THE CITY AUDITOR**  
CITY AND COUNTY  
OF HONOLULU  
STATE OF HAWAII

Report No. 20-02  
January 2020





**OFFICE OF THE CITY AUDITOR**  
**CITY AND COUNTY OF HONOLULU**

1001 KAMOKILA BOULEVARD, SUITE 216, KAPOLEI, HAWAII 96707 / PHONE: (808) 768-3134 / FAX: (808) 768-3135

**TROY SHIMASAKI**  
ACTING CITY AUDITOR

January 6, 2020

The Honorable J. Ikaika Anderson, Chair  
and Members  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawai'i 96813

Dear Chair Anderson and Councilmembers:

A copy of our audit report, *Follow-up on Recommendations from Report No. 16-02, Audit of the City's Paratransit Service*, Report No. 20-02, is attached. This audit was conducted pursuant to Council Resolution 19-119, which requested our office to provide an update on the implementation of recommendations made in Report No. 16-02. The resolution also requested that we identify any current concerns related to the city's paratransit service.

The original audit, *Audit of the City's Paratransit Service*, Report No. 16-02, issued in March 2016, was conducted pursuant to Council Resolution 14-69, FD1. The resolution asked our office to perform a comprehensive management and performance audit of the city's paratransit service. The audit objectives were to assess and update the status of issues identified in Resolution 14-69, FD1, compare and contrast Honolulu's paratransit service with the American with Disabilities Act of 1990 (ADA) minimum requirements and with other jurisdictions that provide paratransit service, and assess the sustainability of the paratransit program. Report No. 16-02 made 17 recommendations.

In May 2018, our office issued an *Audit Recommendations Status Report Fiscal Year 2017*, Report No. 18-03. In this status update, we found that of the 17 recommendations made in Report No. 16-02, eight recommendations were *completed*, two were *resolved*, five were *in process*, and two were *not started*. For purposes of this follow-up audit, we focused on 9 of 17 recommendations from the original report. They include 7 of the 17 recommendations that were *in process* or *not started*, plus two recommendations that were previously determined to be complete, but revisited due to their high risk and impact to the agency. In addition, we assessed two areas of the city's paratransit service that currently impact service. First, we believe the city and state should review the TriMet model used by Portland, Oregon's paratransit service to possibly bring in additional revenues to support the city's paratransit service. Secondly, we found that O'ahu Transit Services, Inc. is hampered by an ineffective communications system that sometimes prevents riders from making reservations, drops calls, and does not record voicemail complaints.

In this follow-up audit, we found that three recommendations were *completed*, five were *in process*, and one was *not started*. We also found that a city and state collaboration could maximize paratransit dollars using Portland, Oregon's TriMet model. Finally, we found a poorly planned replacement phone system resulted in unreliable paratransit communications and risks ADA violations.

The Honorable J. Ikaika Anderson, Chair  
and Members  
January 6, 2020  
Page 2 of 2

In response to a draft of this follow-up audit, the Managing Director and Director of Transportation Services expressed general agreement with our audit findings and recommendations.

We would like to express our sincere appreciation for the cooperation and assistance provided us by the managers and staff of the Department of Transportation Services and O'ahu Transit Services, Inc. We are available to meet with you and your staff to discuss this report and to provide more information. If you have any questions, please call me at 768-3134.

Sincerely,



Troy Shimasaki  
Acting City Auditor

c: Kirk Caldwell, Mayor  
Roy K. Amemiya, Jr., Managing Director  
Wes Frysztacki, Director, Department of Transportation Services  
J. Roger Morton, President, O'ahu Transit Services, Inc.  
Nelson H. Koyanagi, Jr., Director, Department of Budget and Fiscal Services

---

# Follow-Up on Recommendations from Report No. 16-02, *Audit of the City's Paratransit Service*

January 2020

---

## Background

This audit was conducted pursuant to Resolution 19-119, *Requesting the City Auditor to Provide an Update on the Implementation of Recommendations Made in the 2016 Audit of the City's Paratransit Service*, which was adopted by the Honolulu City Council on August 7, 2019. The resolution requested that the Office of the City Auditor (OCA) conduct a follow-up audit to *Audit of the City's Paratransit Service*, Report No. 16-02, released on March 4, 2016. Specifically, the resolution asked OCA to:

- Report on the progress of the Department of Transportation Services (DTS) and O'ahu Transit Services (OTS), Inc., on implementation of the recommendations in Report No. 16-02; and
- Identify any current concerns related to the city's paratransit service.

In addition, Section 3-502(d), Revised Charter of Honolulu, requires that the city auditor conduct follow-up audits and monitor compliance with audit recommendations by audited entities.

The *Audit of the City's Paratransit Service, Report No. 16-02*, issued March 4, 2016, found that OTS implemented several improvements. It increased its fleet size, improved the availability of Handi-Van vehicles; increased the use of supplemental taxis; and implemented 14 of 18 recommendations listed in the Short Range Transit Operations Plan of May 2012. Despite implementing these initiatives, OTS' Handi-Van on-time performance had declined 5 percent over the past three years; customers experienced *excessive* trip times; and paratransit operations did not fully comply with Americans with Disabilities Act (ADA) requirements.

The audit also found that requests for demand services were difficult to meet and operational deficiencies existed because OTS had not made full use of scheduling and dispatching technologies; needed to fully implement real-time scheduling; and needed to solve Mobile Data Terminal (MDT) failures that adversely impacted paratransit operations. OTS needed to operationally comply with ADA requirements related to subscription trip volume (ADA limit is 50 percent of capacity); minimize trying to provide services not required by ADA; and improve internal controls over subscriptions so demand services can be filled.

Paratransit revenues were insufficient to sustain the program services. The last fare increase occurred in 2001. Program costs totaled \$40 per trip and users were charged \$2 per trip. This amounted to \$40 million per year in operating costs versus revenues of about \$1.7 million per year. We determined that paratransit revenues could be increased. Subscription and demand user fares could be increased, and agencies, in particular, could be charged the full costs or higher fares for the service.

## Nine recommended areas for follow-up

Report No. 16-02 offered 17 recommendations (see Appendix A.) For purposes of this follow-up audit, we focused on 9 of 17 recommendations from the original report. They include 7 of the 17 recommendations that were *in process* or *not started*, plus 2 recommendations that were previously determined to be complete, but revisited due to their high risk and impact to the agency.

*DTS should ensure that OTS:*

1. *Complies with ADA §37.131(f), Capacity Constrains, by improving subscription management, on-time performance, trips with excessive trips times, and volume of customers travelling to agencies.*
2. *Complies with ADA §37.131(d), Trip Purpose Restrictions, by lowering the volume of agency customers or amending the practice that prioritizes agency trips over other trips.*
3. *Improves management of subscriptions by establishing formal policies, procedures, application process, and a monitoring program to ensure that subscription levels do not exceed 50% in any operating hour (unless there is excess capacity) as required by ADA.*
4. *Track, report, establish a performance benchmark, and develop an action plan to mitigate trips with excessive trips times.*
5. *Establishes a formal Customer Satisfaction/Service Quality Program to include surveying customers or convening focus groups, as appropriate, to obtain direct customer feedback.*
6. *Enforces conditional eligibility restrictions. If enforcement is deemed extraneous, DTS should re-evaluate or streamline the eligibility determination process and reduce the contract amount.*
7. *Develops a plan to reduce the number of no solution found and unscheduled trips.*
8. *Improves the use of the Trapeze computer system by putting more of its paratransit operations on real-time and eliminating the reliance on manually amending trip runs.*

*The Honolulu City Council should:*

9. *Consider amending Section 13, Article 8, ROH, Transit Management Services Contractor, to separate fixed-route and paratransit operations from the mandate that the services be provided by a single operator.*

## Background: Audit Recommendations Status Report Fiscal Year 2017






In May 2018, OCA issued an *Audit Recommendations Status Report Fiscal Year 2017*, Report No. 18-03. This report found that, as of April 2018, the status of the 17 recommendations made in Report No. 16-02 were:

- 8 were completed
- 2 were resolved



- 5 were in process
- 2 were not started

## Current Follow-Up Audit Results

 Completed	 Resolved	 In Process	 Not Started	 Dropped
<b>3</b>	--	<b>5</b>	<b>1</b>	--
Agency has fully implemented the audit recommendation.	Although agency did not implement the audit recommendation, it implemented an alternative solution that fully addressed the applicable audit finding or risk.	Agency started or has partially implemented the audit recommendation.	Agency has not begun implementation of the recommendation.	Agency has no plan to implement the recommendation; the risk associated with the recommendation no longer exists, or is no longer applicable.

We found that of the nine recommendations evaluated for this follow-up audit, three were completed, five were in-process, and one was not started. Additionally, we identified two areas that currently impact paratransit operations. First, we found that the successful TriMet program in Portland, Oregon has the potential to bring added resources into the city's paratransit operations. However, both city and state officials need to come together to review the program and determine its feasibility for the city. Second, we found that OTS is hampered by an ineffective communication system that sometimes prevents riders from making reservations, drops calls, and disallows voicemail complaints. These issues were caused by poor planning when OTS migrated from its legacy communication system to the city's Cisco phone system. As a result, the city may be violating ADA requirements.

### Recommendation 1



**DTS should ensure that OTS complies with ADA §37.131(f), Capacity Constrains, by improving subscription management, on-time performance, trips with excessive trips times, and volume of customers travelling to agencies.**

#### STATUS UPDATE

Subscription Management - COMPLETED

#### On-Time Performance – IN PROCESS

OTS measures on-time performance as early to scheduled pickup time to 30 minutes after scheduled pickup time. The performance benchmark for this on-time performance is 90 percent or higher. From FY 2017 – FY 2019, OTS did not meet or exceed 90 percent:

**Exhibit 1  
Handi-Van On-Time Performance FY 2017 - FY 2019**

	On Time: 10 minutes early to 30 minutes after scheduled pick up	Performance Benchmark	Did OTS meet performance standard of 90% or higher?
FY 2016-17	88.0%	90%	No
FY 2017-18	89.8%	90%	No
FY 2018-19	88.0%	90%	No

Source: O'ahu Transit Services

OTS has shown improvement in on-time performance. In our 2016 audit, we reported that on-time performance between FY 2013 and FY 2015 ranged from 81.3 percent - 86.3 percent. While on-time performance has improved since 2013, OTS has not met its performance benchmark of 90 percent. We find that OTS' effort to improve on-time performance is *in process* because of the improved statistics, but not yet *completed*.

**Excessive Trip Times – IN PROCESS**

At the time of our audit, an excessive trip time was defined as the *standard bus route +30 minutes*. At the time, we found that for a 9-month period in 2015, 4.2 percent of paratransit trips were deemed excessive.

Since then, OTS' definition and performance standard for *excessive trip time* has evolved. In FY 2017, the definition of excessive trip time retained the comparable fixed-route +30 minutes benchmark, but also included any Handi-Van trip that was longer than one hour. The performance benchmark was that excessive trips were to comprise 5% or less of the total Handi-Van rides. In FY 2017, OTS met that benchmark with 4% of the total Handi-Van trips experiencing excessive trip times.

In FY 2018, excessive trip time was redefined as any Handi-Van trip in excess of one hour and the applicable performance benchmark was amended to comprise no more than 1 percent of all Handi-Van trips. OTS did not meet this revised benchmark in FY 2018 (1.6%) or FY 2019 (1.4%).

**Exhibit 2  
Handi-Van Excessive Trip Time Performance FY 2017 - FY 2019**

	Excessive Trip Time (%)	Performance Benchmark	Definition	Did Excessive Trip Time meet its performance benchmark?
FY 2016-17	4.0%	<5%	Handi-van trips that were longer than one hour and exceeded fixed route bus travel times + 30 minutes	Yes
FY 2017-18	1.6%	1.0%	Handi-van trips in excess of one hour	No
FY 2018-19	1.4%	1.0%	Handi-van trips in excess of one hour	No

Source: O'ahu Transit Services

OTS met its performance benchmark for excessive trip times in FY 2017, but missed the mark in FY 2018 and FY 2019. Because OTS continues to evaluate how it defines and measures excessive trip times, we find that this recommendation is in process.

#### Volume of agency trips – IN PROCESS

See discussion under Recommendation 2

#### **NEXT STEPS**

While there has been improvement in some areas, capacity is still constrained because OTS cannot increase its fleet to meet future demand because its current facilities max out at 205 vehicles; the five-year recommendation is for OTS to have 290 vehicles in its fleet. DTS is considering three sites for expansion. The 2018 FTA Triennial Review noted that capacity constraint issues identified in 2015 were not sufficiently addressed in 2018. The 2018 review noted that DTS:

- Did not have a process for monitoring for capacity constraints;
- Did not adequately monitor OTS performance metrics and did not take immediate action to address capacity constraints; and
- Did not provide documentation to support that the data reports supplied by OTS are evaluated for compliance and what actions DTS should take when OTS is not compliant with ADA requirements.

### **Recommendation 2**



In Process

**DTS should ensure that OTS complies with ADA §37.131(d), *Trip Purpose Restrictions*, by lowering the volume of agency customers or amending the practice that prioritizes agency trips over other trips**

#### **STATUS UPDATE**

In our 2016 audit, we found that OTS placed a priority on agency-related trips. OTS schedulers ensured that customers travelling to a non-profit agency such as Easter Seals, Goodwill, and Lanakila were given a high priority for rides and pick-ups. Many of these agency trips were on subscriptions. The trip prioritizations resulted in unintended restrictions for demand riders and violated ADA requirements for equal paratransit service.

Furthermore, In FY 2015, we identified the top five non-profit service agencies that purchased 153,173 coupons, or paratransit rides. The city spent over \$6.2 million to provide these rides. At a cost of \$2 per ride, the city managed to collect only \$306,346 in revenue, for a recovery rate of 4.9 percent. We found that OTS could charge agency service providers more for paratransit trips.

In an April 2018 status update, DTS noted that the department, along with human service agency partners, has been able to remove a substantial number of agency riders from the Handi-Van by helping agencies operate their own transportation service for their clients via the Agency-Provided Trips Program (AFTP). In FY 2017, 165,608 trips were provided through AFTP. DTS also stated that it continues to explore options and negotiate higher fares for agency trips authorized under Ordinance 17-52.

According to OTS, the number of Handi-Van or authorized taxi service trips to human service agencies increased from 258,841 in 2013 to 319,545 in FY 2018, or a 23 percent increase. Comparatively, the number of trips provided directly by human service agencies has also increased. In FY 2013, agencies provided 75,239 trips. In FY 2018, that number of trips provided directly by human service agencies increased to 209,635, or a 179 percent increase.

**Exhibit 3**  
**Agency Trips FY 2013 - FY 2018**

	OTS-Provided Trips		Non-OTS Provided Trips		TOTAL AGENCY TRIPS
	Total Handi-Van and Taxi Agency Trips	Percent of Total Agency Trips	DTS Agency-Provided Trips	Percent of Total Agency Trips	
FY 2013	258,841	77.5%	75,239	22.5%	334,080
FY 2014	254,517	65.1%	136,512	34.9%	391,029
FY 2015	264,004	60.1%	175,455	39.9%	439,459
FY 2016	315,202	66.1%	161,915	33.9%	477,117
FY 2017	317,891	65.7%	165,608	34.3%	483,499
FY 2018	319,545	60.4%	209,635	39.6%	529,180

Source: O’ahu Transit Services

While the number of OTS-provided agency trips has increased over the years, the number of trips provided by human service agencies has increased significantly. In FY 2013, OTS provided 78 percent of human service agency trips; in FY 2018, OTS provided 60 percent of those trips. While DTS’ efforts to increase the number of trips provided directly from human service agencies is laudable, the continued upward trend in the actual number of OTS-provided trips is troubling. OTS’ capacity growth is limited and the continued increase in the number of trips the paratransit system provides to human service agencies will likely constrain future operations.

**HUAKAI Program will likely result in further improvements**

In July 2019, DTS implemented the HUAKAI coordinated transportation tracking application, created by the Department of Information Technology. This web-based program facilitates data collection and reporting for the city’s Human Service Transportation Coordination Program<sup>1</sup>. The application allows drivers to input trip data at the beginning of each trip and during passenger pickups and drop-offs. At the end of each trip, drivers are able to review and edit trip details to ensure that the data captured is complete and accurate. The application also allows administrative staff to input and edit data, review data for completeness and accuracy, generate reports, and export data.

<sup>1</sup> DTS’ Human Service Transportation Coordination Program provides funding to five human service agencies to transport their clients to and from program and community activities.

In addition to upgraded reporting capabilities, tracking, and data management, HUAKAI is also saving the city approximately \$15,000 month. Prior to HUAKAI, DTS paid a separate vendor \$3,000 per month, per agency, for use of a proprietary data collection system. DTS hopes to be able to reprogram these funds for related uses.

### NEXT STEPS

While the HUAKAI initiative is a positive improvement to managing agency trips, it does not affect the number of agency trips provided. OTS should continue to pursue efforts that reduce the volume of agency trips further. This recommendation is in process.

### Recommendation 3



Completed

**DTS should ensure that OTS improves management of subscriptions by establishing formal policies, procedures, application process, and a monitoring program to ensure that subscription levels do not exceed 50 percent in any operating hour (unless there is excess capacity) as required by ADA**

In the original March 2016 audit, we recommended that DTS should ensure that OTS improves management of subscriptions by establishing formal policies, procedures, application process, and monitoring program to ensure that subscription levels do not exceed 50 percent in any operating hour (unless there is excess capacity) as required by ADA. In an April 2018 status update, DTS stated that it was working with OTS to develop a formal statement regarding subscription management policies and procedures.

We found that in August 2019, DTS Policy No. 6.03 was amended to establish more robust guidelines for OTS staff when creating and maintaining subscription trips. The policy requires schedulers to ensure that new subscriptions do not exceed more than 50 percent capacity within an hour and if space is not available, the requestor will be placed on a waiting list. More importantly, there are stricter guidelines for when a subscription can be cancelled. We spoke with an OTS scheduler who confirmed that the new policy was implemented and that it has improved subscription management and reduced the number of subscription riders.

According to OTS data, Handi-Van operations continued to experience capacity constraints in FY 2017 and FY 2018. However, OTS reported no significant capacity constraints in FY 2019.

DTS and OTS established appropriate policies and procedures for creating, maintaining, and cancelling Handi-Van subscriptions. We confirmed that scheduling staff were aware of, and applying, the policy, and that subscription rates were improving. We consider this recommendation completed.

### Recommendation 4



Completed

**Determine whether OTS tracks, reports, established performance benchmarks, and developed an action plan to mitigate trips with excessive trips times.**

## **STATUS UPDATE**

### OTS established performance benchmarks

As of June 2019, OTS reported performance 23 key performance indicators and established 19 performance benchmarks. Comparatively, in June 2016, OTS reported 16 key performance indicators and benchmarks. In its 2016 monthly reports, OTS did not formally track or report, and had no established performance benchmarks for on-time performance or excessive trip length. As of June 2019, OTS reports performance for 8 benchmarks related to on-time performance or length of trip. The following exhibit shows the comparison.

## Exhibit 4

### Key Performance Indicators 2016 v. 2019

Oahu Transit Services - The Handi-Van  
Monthly Performance Report  
For the Month Ending June 2016  
Based on Preliminary Financials

Key Performance Indicators (KPI)	June 2016	June 2015	Percent Change	12 Month FY2016	12 Month FY2015	Percent Change
Total Monthly Ridership	93,670	86,451	8.35%	1,080,821	999,177	8.17%
Average Weekday Ridership	3,628	3,441	5.44%	3,544	3,335	6.27%
Unique Riders During the Period	5,398	5,167	4.47%	5,370	5,180	3.66%
Cost per Revenue Hour	\$83.06	\$81.77	1.57%	\$80.08	\$82.32	-2.72%
Cost per Trip	\$36.36	\$36.98	-1.68%	\$36.48	\$35.21	3.60%
Cost per Revenue Mile	\$5.35	\$5.33	0.34%	\$5.24	\$5.48	-4.22%
Trips per Revenue Hour	2.28	2.23	2.62%	2.20	2.34	-6.28%
Average Trip Length (In-House Lift Van)	9.81	9.71	1.07%	9.85	9.10	8.23%
Average Trip Length (Supp. Providers)	5.45	6.26	-13.00%	5.85	5.54	5.48%
Percent of Trips On Time	84.30%	77.16%	7.14%	84.29%	78.84%	5.45%
No Show / Late Cancellation Rate	6.27%	7.22%	-0.95%	6.64%	7.41%	-0.76%
Advance Cancellation Rate	21.86%	19.36%	2.50%	20.37%	20.61%	-0.24%
Missed Trip Rate	0.40%	0.45%	-0.05%	0.45%	0.69%	-0.24%
Complaint Rate (Complaints per 1,000 Trips)	1.61	2.15	-25.21%	2.05	2.11	-3.02%
Calls Answered Within 5 Minutes	69.69%	48.31%	21.38%	53.60%	76.08%	-22.48%
Vehicle Availability	84.26%	85.89%	-1.63%	84.97%	85.27%	-0.29%

Oahu Transit Services - The Handi-Van  
Monthly Performance Report  
For the Month Ending June 2019

Key Performance Indicators (KPI)	Jun 2019	Jun 2018	Percent Change	12 Month FY2019	12 Month FY2018	Percent Change	Goals
Total Monthly Ridership	97,923	95,220	2.84%	1,197,533	1,165,731	2.73%	
Average Weekday Ridership	3,759	3,927	-4.27%	3,782	3,848	-1.72%	
Unique Riders During the Period	5,779	5,723	0.98%	5,810	5,706	1.83%	
Cost per Revenue Hour	\$91.37	\$90.19	1.31%	\$87.92	\$87.55	0.42%	<=\$90
Cost per Trip	\$40.44	\$41.45	-2.44%	\$39.69	\$39.39	0.76%	<=\$39
Cost per Revenue Mile	\$6.06	\$5.87	3.20%	\$5.88	\$5.87	0.17%	<=\$6.20
Trips per Revenue Hour	2.26	2.23	1.37%	2.22	2.24	-0.88%	>=2.2
Farebox Recovery	4.18%	4.57%	-0.38%	4.30%	4.46%	-0.16%	8%
Very Early Trips (>30 Minutes)	0.14%	0.13%	0.01%	0.12%	0.11%	0.02%	<1%
Very Early Trips & Early Trips (>10 Minutes)	2.13%	2.37%	-0.24%	2.14%	1.97%	0.17%	<2%
On-Time and Early Trips	90.16%	89.55%	0.61%	90.13%	89.84%	0.29%	>=90%
Early Departure or On-Time Percentage	88.03%	87.19%	0.84%	88.00%	87.87%	0.12%	>=90%
On-Time Trips (Within 0-30 Min Window)	76.41%	75.15%	1.26%	75.94%	76.19%	-0.25%	
Very Late Trips (>30 Minutes)	0.64%	0.89%	-0.25%	0.78%	0.74%	0.03%	<1%
Desired Arrival Time Trip OTP (Within 45 Mins)*	63.44%	58.85%	4.59%	61.24%	58.42%	2.82%	>90%
Comparative Trip Length Analysis	69.89%	72.48%	-2.59%	68.75%	66.18%	2.57%	50%
Excessive Trip Length	1.32%	1.05%	0.27%	1.40%	1.62%	-0.22%	1%
No Show / Late Cancellation Rate	6.94%	6.44%	0.50%	6.93%	6.90%	0.03%	<5%
Advance Cancellation Rate	22.60%	22.03%	0.57%	23.13%	22.21%	0.93%	<15%
Missed Trip Rate	0.26%	0.24%	0.02%	0.27%	0.27%	0.01%	<5%
Complaint Rate (Complaints per 1,000 Trips)	1.58	1.76	-10.22%	1.57	1.40	12.12%	<=1.5
Calls Answered Within 5 Minutes	43.43%	55.88%	-12.45%	48.07%	75.75%	-36.54%	95%
Vehicle Availability	83.86%	88.20%	-4.34%	86.16%	87.76%	-1.60%	>=80%

\*Note: As of 3/1/2019, trips that were called 'appointments' will now be known as trips with a 'desired arrival time'.

Trips with a desired arrival time have also been removed from the monthly on-time performance sample and will be measured separately.

Source: O'ahu Transit Services

By collecting and reporting key on-time and trip length data, OTS and DTS can better monitor operational performance, identify performance lapses, and take appropriate corrective action in a timely manner.

#### Action Plan for Excessive Trip Times

OTS established a performance benchmark and reports data related to excessive trip length. Although there is no formal plan to address excessive trip times, a consultant report noted that establishing standards, monitoring performance, and making operational adjustments based on performance data is an effective approach to addressing excessive trip times.

Since FY 2018, OTS defined an excessive trip as any Handi-Van trip in excess of one hour and the related performance benchmark is that excessive trip times should comprise no more than one percent of all Handi-Van trips.

In May 2017, DTS released its consultant report titled, *Paratransit Growth Management Study 2017*, which addressed the issue of excessive trip times. According to the consultant report, to help minimize the number of excessively long trips, transit agencies typically establish a trip-length performance standard, defined in relation to the length of comparable fixed-route trips. The FTA encourages standards that are variable and consider trip distances and associated travel times on fixed-route. FTA suggests analyzing a sample of complementary paratransit trip lengths periodically (weekly or monthly), focusing on trips longer than a certain duration (e.g., more than 45 or 60 minutes).

By monitoring and analyzing trip lengths, agencies can be aware of service issues and, if necessary, make operational adjustments to improve performance

Based on the established performance indicators and benchmarks related to timeliness, and reported data, we consider this recommendation complete.

### Recommendation 5



#### **Determine whether OTS established a formal Customer Satisfaction/Service Quality Program to include surveying customers or convening focus groups, as appropriate, to obtain direct customer feedback**

In an April 2018 status report on this recommendation, DTS noted that DTS and OTS senior staff meet once every month with the executive leadership of the Citizens for a Fair ADA Ride<sup>2</sup> (CFADAR) to discuss customer service issues and the status of ongoing efforts by the city to improve both TheBus and TheHandi-Van service. DTS and OTS senior staff also participate in quarterly meetings with the CFADAR general membership, to which the public at-large is also invited and at which participants are encouraged to provide comments and share their public transit service experiences directly with DTS and OTS representatives.

---

<sup>2</sup> Citizens for a Fair ADA Ride (CFADAR) is a volunteer organization that advocates and lobbies for seniors and disabled customers of paratransit transportation on the City of Honolulu's TheBus or TheHandi-Van



A *Management and Performance Review of Oahu Transit Services, Inc., FY 2018 Final Report* made a similar recommendation to OTS, suggesting that the agency choose recently completed trips at random and call riders to evaluate service quality and verify reported data. Riders could also be supplied with postage-paid postcards for reporting on their experiences using the program.

In this current review, OTS confirmed that it has not initiated a broad customer service survey or focus group.

**NEXT STEPS**

While CFADAR is an appropriate forum for the public to interact with OTS and DTS officials, it does not represent the broad base of riders that take Handi-Van trips. To ensure that OTS and DTS obtain broader feedback from its riders, we affirm that customer surveys or focus groups will help identify service shortcomings and provide the agencies with an opportunity to make necessary improvements.

**Recommendation 6**



**DTS should ensure that OTS enforces conditional eligibility restrictions. If enforcement is deemed extraneous, DTS should re-evaluate or streamline the eligibility determination process and reduce the contract amount**

In an April 2018 status update, DTS commented that implementation of conditional eligibility was not being pursued due to resource limitations.

According to the May 2017 *Paratransit Growth Management Study*, conditional eligibility is a well-documented best practice for public transit agencies. The cost savings associated by trips that are taken on fixed-route instead of paratransit vehicles can be significant. The report noted that DTS and OTS, working together, could develop elements for conditional eligibility and that OTS would be responsible for implementing such a program.

As of this follow-up, DTS indicated that it had not yet required that OTS enforce conditional eligibility, but was reviewing implementation. According to DTS, the agency has started discussions to transition to an eligibility determination process with *Eligible* and *Not Eligible* as the two main outcomes, notwithstanding emergency medical and other temporary determinations. If their analysis shows that this will result in a cost savings, then DTS will amend its in-person eligibility determination contract to reflect these distinctions.

**NEXT STEPS**

DTS is considering conditional eligibility enforcement and we consider this recommendation in-process.

**Recommendation 7**



**Determine whether OTS developed a plan to reduce the number of *No Solution Found* and *Unscheduled Trips***

*No Solution Found* is the status given to customers whose paratransit trip request cannot be accommodated by real-time scheduling. The customer is offered a pick-up time from a pre-established matrix of time slots (most are on the- hour.) Schedulers will attempt to find appropriate rides up to the day prior to the scheduled trip via trip cancellations, assigning taxis, or rearranging trip runs.

An *Unscheduled Trip* is the status given to no solution found customers who could not be accommodated by OTS scheduling prior to the trip date. Dispatchers will attempt to accommodate unscheduled customers on the day of their assigned trip.

In an April 2018 status update, DTS reported that it had completed a Handi-Van growth management study that included recommendations for meeting anticipated demand. However, OTS did not establish a formal plan.

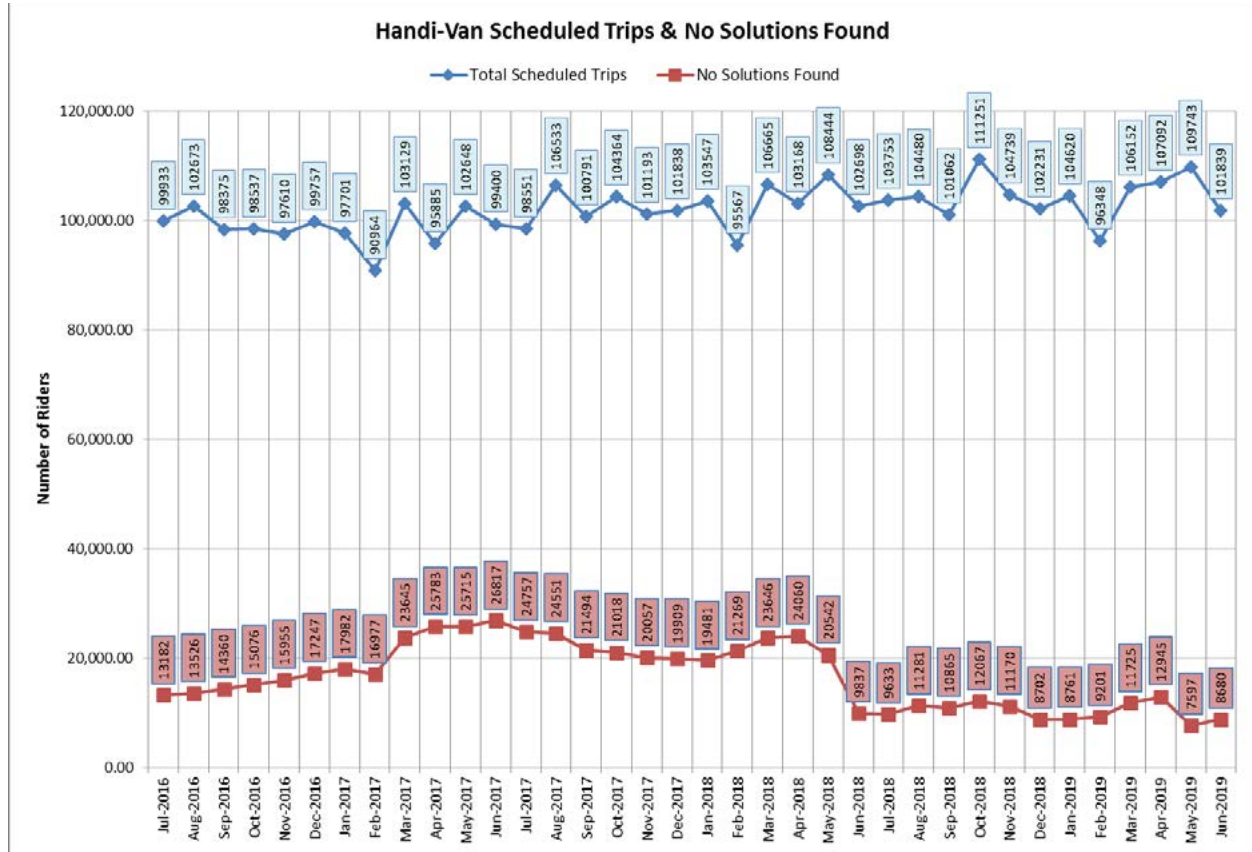
The *Paratransit Growth Management Study* issued in May 2017 identified two primary causes for *no solution found* or *unscheduled trips*:

1. Need for parameter setting refinement. The Trapeze scheduling system offers many parameters that allow accurate modelling of local transit conditions. In the absence of a high level of sophistication in-house, Handi-Van has tended to rely on periodic technical support from Trapeze staff to manage such refinements. Regular refinements to these parameters by sufficiently skilled OTS staff would allow Trapeze to automatically schedule trips as it is intended to do without subsequent manual intervention.
2. Inadequate service availability: In the absence of sufficient capacity, the scheduling system is very likely to find no solutions to a number of trip requests.

The report went on to state that while a large budget increase in FY2016 went some distance to address the capacity problem of TheHandi-Van, technical issues with the use of Trapeze have not been fully resolved.

In this current review, we found that the number of no solution found and unscheduled trips has improved. From July 2016 to June 2019, the number of no solution found trips has fluctuated, with a downward trend in the last year. In June 2017, there was a high of 26,817 no solution found trips; in May of 2019, the number dipped to a low of 7,597. Exhibit 5 shows the number of monthly no solution found trips from July 2016 to June 2019, relative to the number of total Handi-Van trips taken:

### Exhibit 5 Handi-Van Scheduled Trips and No Solutions Found



Source: O'ahu Transit Services

We interviewed two OTS schedulers who confirmed that the number of unscheduled and no solution found has improved. One scheduler commented that both categories have come down over the years to a more manageable number. Both categories still exist, but, generally, OTS is able to find trips by using taxis, filling spots through cancellations, or adding trips to existing runs during the day. Another scheduler confirmed that the number of have declined over the years, but still faces challenges when vans go down for repair or maintenance or staff call in sick. This affects OTS' ability to accommodate requests and increases no solution found or unscheduled trips.

#### NEXT STEPS

While the number of no solution found and unscheduled trips have declined over the last three years, OTS has not established a performance benchmark to determine an acceptable number of no solution found or unscheduled trips. Absent a performance benchmark, OTS is unable to manage these categories into acceptable levels. Additionally, there is no formal plan to formally manage no solution found and unscheduled trips, and continued manual manipulation of Trapeze-generated trips runs will continue to pose a risk for scheduling operations. We consider this recommendation in- process.

**Recommendation 8****In Process****DTS should ensure that OTS improves use of the Trapeze computer system by putting more of its paratransit operations on real-time and eliminating the reliance on manually amending trip runs**

In an April 2018 status update, DTS reported that while OTS improved its use of the Trapeze computer system, it has not been able to eliminate its reliance on manually amending trip runs due to continued ridership growth that has resulted in continued capacity constraints.

The *Paratransit Growth Management Study* released in May 2017 reported that Handi-Van staff are lacking in the necessary level of expertise to make full use of the features of the Trapeze. Given this, OTS relied heavily on outside experts including Trapeze software staff members to make adjustments to the system to reflect the realities of the Honolulu environment. Most major U.S. transit systems using the Trapeze have some high level in-house expertise to accomplish this. Because Trapeze employees are not available on a constant, on-going basis, major transit systems that use Trapeze are expected to have their own dedicated staff that is proficient in the use of Trapeze to fully apply the features of the system. In the absence of a high level of sophistication in-house, TheHandi-Van has tended to rely on periodic technical support from Trapeze staff to manage such refinements. Regular refinements to these parameters by sufficiently skilled OTS staff would allow Trapeze to automatically schedule trips as it is intended to do without subsequent manual intervention.

In this review, we confirmed that OTS schedulers are still manually reconstructing trip runs generated by Trapeze. They reported that Trapeze still constructs runs that backtrack trips and at least every other trip has a run that does not belong. Schedulers must still manually adjust the runs to be more logical. Additionally, Trapeze has provided additional training and on-site support at OTS.

**NEXT STEPS**

Despite continued collaboration with Trapeze staff and efforts to improve generating trip runs, OTS still relies on the inefficient practice of manually rearranging trips runs generated by Trapeze. OTS continues to pay for a system that cannot meet its needs and puts a strain on staff and resources. OTS and DTS should consider an alternative vendor that can meet the needs of Honolulu's paratransit system. We consider this recommendation in process.

**Recommendation 9****Completed****Determine whether the city council amended Section 13, Article 8, ROH, to separate fixed-route and paratransit operations from the mandate that the services be provided by a single operator**

On September 6, 2017, the Honolulu City Council adopted Bill 68, CD2, which was codified into law as Ordinance 17-52. The ordinance allows the Department of Transportation Services to contract with a separate, private, nonprofit corporation to manage, operate, and maintain the city's paratransit service. Under current law, both the fixed-route service (TheBus) and paratransit service (Handi-Van) are provided by a single non-profit operator (O'ahu Transit Service).

In our 2016 audit of the city's paratransit system, we found that in other jurisdictions, fixed route operations are operated separately from paratransit operations. While there are benefits of consolidating fixed-route and paratransit services, there are also benefits if both services are separated. Since 2007, studies conducted by consultants on TheBus and Handi-Van have identified fixed route and paratransit operations issues such as the lack of incentives for OTS to improve paratransit operations.

### **NEXT STEPS**

Although the city council adopted legislation to fully address this recommendation, we note that the Department of Transportation Services is responsible for initiating the separation of service. To date, the department has not conducted any feasibility or cost-benefit analysis for an alternate entity to operate the city's paratransit service. The 2017 Paratransit Growth Management Study did not address this issue. We believe that DTSs should conduct a formal evaluation of separating fixed route and paratransit services as authorized under Ordinance 17-52. Honolulu's public transportation infrastructure is about to face significant changes with the impending integration of rail service. This presents the department with an opportunity to determine whether a separate paratransit service provider will result in improved service, cost savings, or both.

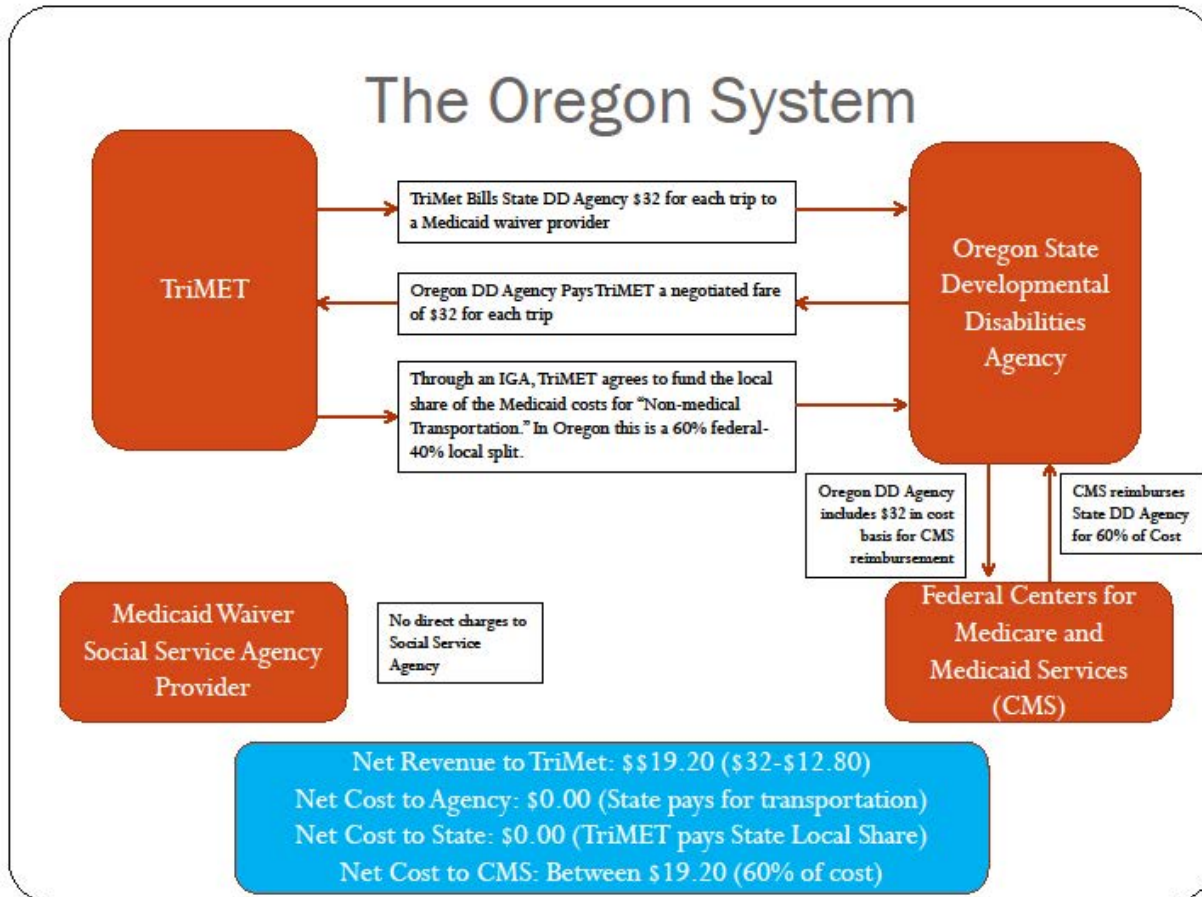
## **A City and State Collaboration Could Maximize Paratransit Dollars Using Portland, Oregon's TriMet Model**

Resolution 19-119 requested that our office identify and review current concerns related to the city's paratransit services. One of the issues we identified that has an impact on paratransit services is the lack of coordination between the city and state to maximize federal funding for qualified paratransit trips. We found that the Department of Transportation Services and O'ahu Transit Services, Inc. have not fully maximized state or federal funds to support paratransit operations. Collaborative efforts between the city and state have not materialized. The TriMet Coordinate Transportation model used by Portland, Oregon has leveraged state and federal funds to provide additional resources for transportation services aimed at seniors and individuals with disabilities. As a result, the number of paratransit trips, including social service agency transportation, continue to increase and puts added pressure on the city's paratransit program.

According to a DTS administrator in 2016 there was discussion between OTS and a group of state legislators to assist in a city-state collaboration, but nothing materialized. There have not been any substantive discussions since then.

TriMet, the City of Portland, Oregon's public transportation provider, established the DD53 Program, which is an intergovernmental agreement between TriMet and State of Oregon's Department of Human Services. The agreement provides for Title XIX Non-Medical reimbursement for paratransit trips serving designated work sites, which serve developmentally disabled clients. The Federal funds are disbursed on a per-trip rate, and TriMet pays the local match. The trip rate is calculated in accordance with the Federal Medicaid formula: (indirect costs + direct costs)/ estimated trips. The amount of revenue may vary depending on billing cycles, or if additional funding is allocated—which would increase the Federal rate. The following exhibit depicts how state and federal funds are leveraged in the Oregon system:

**Exhibit 6  
TriMet Model (Portland, OR)**



Source: O'ahu Transit Services

An OTS administrator explained that for 2019, the Federal-State matching share for Oregon is 62.56 percent federal and 37.44 percent state or local. For Hawai'i, the ratio is 53.92 percent federal and 46.08 state or local match. Under the DD53 program, neither the state nor the local operating agency pay anything for transportation. In Oregon, all of the paratransit transportation is provided by local carriers contracted by TriMet.

If properly planned, OTS estimates that the city could receive up to 54 percent of the cost of an agency trip instead of the current situation where the \$2 fare accounts for about 5 percent of the trip cost. OTS attempted to discuss the TriMet model with state officials, but was unsuccessful. Implementing a similar program at OTS would require an intergovernmental agreement between the city and state.

The successful TriMet program in Portland, Oregon has the potential to bring added resources into the city's paratransit operations. However, both city and state officials need to come together to review the program and determine its feasibility for the city.

## NEXT STEPS

The Honolulu City Council should adopt a resolution requesting the State Department of Human Services and the City's Department of Transportation to form a working group tasked with evaluating the TriMet model and other opportunities to leverage state and federal funds for paratransit transportation.

## A Poorly Planned Replacement Phone System Resulted in an Unreliable Paratransit Communications and Risks ADA Violation

Another issue that is currently impacting the city's paratransit operation is the inconsistent phone system used to take reservations, record complaints, and communicate with riders. In December 2018, the Department of Information Technology (DIT) migrated the Handi-Van from its legacy telephone system to the city's Cisco phone system. However, the new system is unreliable, causes long phone wait times, drops calls, and interferes with internal OTS communications. Planning was insufficient for the implementation of the Cisco phone system. As a result, paratransit customers are unable to make timely trip reservations, which is a violation of Title 49, Section 37-131 (b) (1), Americans with Disabilities Act.

According to an OTS administrator, problems with the phone system began immediately in December 2018, when DIT migrated the Handi-Van from its legacy phone system (Avaya) to the city's Cisco phone system. The system was minimally functional as a phone system, but, more importantly, it did not have the full capability to meet the enhanced communication needs of a paratransit system. Problems include:

- Wait times of 20-45 minutes to reach an operator;
- Reservation lines crash, preventing riders from booking rides altogether;
- OTS cannot receive cancellation notices and advise drivers who may be waiting for a cancelled ride; and
- Riders are unable to leave complaint voice messages and OTS cannot follow-up on complaints they cannot receive

Both OTS and DTS administrators confirm that the ineffective phone system was a result of poor planning by DIT. Instead of utilizing in-house planners, DIT recommended using a subcontractor to assess, configure, and build a communication system to meet OTS' paratransit needs. Even technology support was provided by the contractor, not DIT or Cisco. DIT subsequently asked Cisco to begin troubleshooting, but Cisco has not yet figured out how to fix the system.

OTS' phone problems violate ADA regulations. Title 49, Section 27-131 (b) (1), Transportation Services for Individuals with Disabilities (ADA), Service criteria for complementary paratransit: The entity shall make reservation service available during at least all normal business hours of the entity's administrative offices, as well as during times, comparable to normal business hours, on a day when the entity's offices are not open before a service day. A paratransit customer has filed a formal complaint with the U.S. Department of Transportation's Federal Transit Administration.

A DTS administrator explained that about three years ago, OTS approached the department with a funding request of \$30,000-\$40,000 to upgrade its Avaya telephone system. The Director of the Department of Information Technology intervened and questioned why OTS was paying for a stand-alone communication system. The director decided that OTS could utilize the city's existing Cisco phone system, which would provide better service at a lower cost. As a result, OTS switched from Avaya to Cisco.

To date, DIT and Cisco have been unable to fully correct the problem. According to DTS, OTS could restart the Avaya communication system in a relatively short period of time for approximately \$250,000. DIT and Cisco now recommend that OTS revert back to its own, stand-alone phone system. The former Avaya system remains installed and operating at OTS to provide services that DIT was unable to duplicate in the Cisco system. After discussion with the city administration, DTS is now working with city purchasing to upgrade the Avaya system and transition all OTS phones back to Avaya.

#### **NEXT STEPS**

After nearly a year, OTS still does not have an effective, reliable telephone system to meet paratransit operational needs. DTS should expedite the Avaya transition and restore reliable communication for Handi-Van operations.



---

# Appendix A

## Audit Objectives, Scope, and Methodology

---

The objectives of the follow-up audit were to:

- Provide a status update on the Department of Transportation Services and O`ahu Transit Services, Inc., in implementing recommendations from the Audit of the City's Paratransit Services, Report No. 16-02;
- Assess the intergovernmental collaboration to address paratransit issues; and
- Provide a status on Handi-Van telephone system upgrade

Report No. 16-02 offered 17 recommendations:

DTS should ensure that OTS:

1. Complies with ADA §37.131(f), Capacity Constraints, by improving subscription management, on-time performance, trips with excessive trip times, and volume of customers travelling to agencies;
2. Complies with ADA §37.131(d), Trip Purpose Restrictions, by lowering the volume of agency customers or amending the practice that prioritizes agency trips over other trips;
3. Develops a plan to reduce the number of no solution found and unscheduled trips;
4. Improves management of subscriptions by establishing formal policies, procedures, application process, and a monitoring program to ensure that subscription levels do not exceed 50 percent in any operating hour (unless there is excess capacity) as required by ADA;
5. Improves use of the Trapeze computer system by putting more of its paratransit operations on real-time and eliminating the reliance on manually amending trip runs;
6. Enforces the ADA minimum ¾-mile service area for Handi- Van operations;
7. Enforces conditional eligibility restrictions. If enforcement is deemed extraneous, DTS should re-evaluate or streamline the eligibility determination process and reduce the contract amount;
8. Track, report, establish a performance benchmark, and develop an action plan to mitigate trips with excessive trip times;
9. Establish a formal Customer Satisfaction/Service Quality Program to include surveying customers or convening focus groups, as appropriate, to obtain direct customer feedback;
10. Continues to expand its taxi-based resources, as appropriate, so that it has a reliable resource to supplement its Handi-Van operation;

11. Monitors and reports to DTS Mobile Data Terminals (MDT) performance until reliability issues are satisfactorily resolved, and seek reimbursements for correcting the manufacturer defects;

DTS should:

12. Establish a comprehensive paratransit plan, inclusive of a fleet management plan, with a five-year time horizon;
13. Reassess the need, scope, or frequency for annual audits of the fixed-route and paratransit system as required by §13-8.7, Revised Ordinances of Honolulu; and, as necessary, request appropriate amendments to the ordinance;
14. Consider establishing a tiered fare structure, through the rulemaking process, that charges more for agency trips, out-of-service area trips, and other premium services not required by the ADA;
15. Improve monitoring and oversight of paratransit operations by ensuring that OTS notifies the department prior to the implementation of any significant program or operational change;

The Honolulu City Council should:

16. Consider amending Revised Ordinances of Honolulu, Section 13-4.5 to increase complementary paratransit system fares and improve the cost recovery ratio; and
17. Consider amending Revised Ordinances of Honolulu, Section 13, Article 8, Transit Management Services Contractor, to separate fixed-route and paratransit operations from the mandate that the services be provided by a single operator.

## **Background: Audit Recommendations Status Report Fiscal Year 2017**

In May 2018, OCA issued an Audit Recommendations Status Report Fiscal Year 2017, Report No. 18-03. This report found that, as of April 2018, the status of the 17 recommendations made in Report No. 16-02 were:

- 8 were completed
- 2 were resolved
- 5 were in process
- 2 were not started

### ***9 Recommended areas for follow-up***

For purposes of this follow-up audit, we focused on 9 of 17 recommendations from Report No. 16-02. They include 7 of the 17 recommendations that were in process or not started, plus 2

recommendations that were previously determined to be complete, but revisited due to their high risk and impact to the agency.

DTS should ensure that OTS:

1. Complies with ADA §37.131(f), Capacity Constrains, by improving subscription management, on-time performance, trips with excessive trips times, and volume of customers travelling to agencies.
2. Complies with ADA §37.131(d), Trip Purpose Restrictions, by lowering the volume of agency customers or amending the practice that prioritizes agency trips over other trips.
3. Improves management of subscriptions by establishing formal policies, procedures, application process, and a monitoring program to ensure that subscription levels do not exceed 50 percent in any operating hour (unless there is excess capacity) as required by ADA.
4. Track, report, establish a performance benchmark, and develop an action plan to mitigate trips with excessive trips times.
5. Establishes a formal Customer Satisfaction/Service Quality Program to include surveying customers or convening focus groups, as appropriate, to obtain direct customer feedback.
6. Enforces conditional eligibility restrictions. If enforcement is deemed extraneous, DTS should re-evaluate or streamline the eligibility determination process and reduce the contract amount.
7. Develops a plan to reduce the number of no solution found and unscheduled trips.
8. Improves the use of the Trapeze computer system by putting more of its paratransit operations on real-time and eliminating the reliance on manually amending trip runs.

The Honolulu City Council should

9. Consider amending Section 13, Article 8, ROH, Transit Management Services Contractor, to separate fixed-route and paratransit operations from the mandate that the services be provided by a single operator.

For the nine recommendations included in this follow-up audit, we reviewed the original audit and available supporting documentation, interviewed DTS and OTS staff, and reviewed performance data from FY 2016 – FY 2019. We also reviewed applicable consultant and agency reports related to paratransit operations. We conducted site observations at OTS' scheduling and reservations center.

For other audit topics, we reviewed applicable documents and reports, and interviewed OTS and DTS staff. We also examined relevant communications between city agencies to assess coordination. Finally, we reviewed applicable consultant and management reports.

We assessed OTS and DTS internal controls to the extent that they related to the audit objectives. During the audit we were not aware of any other investigations, audits, or other work by other

agencies that may have impacted our work. In addition, we did not become aware of any possible fraud, waste, or abuse during the course of the audit or relative to the audit objectives.

We provided OTS and DTS with a report draft and discussed preliminary findings in order to identify any concerns or clarifications that may be appropriate to the report.

The audit was conducted from August 2019 to November 2019 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

---

# Appendix B

## Resolution 19-119

---



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 19-119

---

### RESOLUTION

---

REQUESTING THE CITY AUDITOR TO PROVIDE AN UPDATE ON THE IMPLEMENTATION OF RECOMMENDATIONS MADE IN THE 2016 AUDIT OF THE CITY'S PARATRANSIT SERVICE.

WHEREAS, Section 3-501 of the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter"), establishes the Office of the City Auditor ("OCA"), within the legislative branch, to be headed by a City Auditor; and

WHEREAS, Charter Section 3-114 authorizes the Council of the City and County of Honolulu ("Council"), by adoption of a resolution, to "provide for and direct the city auditor to conduct or cause to be conducted a performance audit of any agency or operation of the city"; and

WHEREAS, the City's Department of Transportation Services ("DTS") oversees the management and operation of TheHandi-Van, the City's paratransit service, through a contract with Oahu Transit Services, Inc. ("OTS"), a private management company that also operates TheBus; and

WHEREAS, the *August 2010 Short Range Transit Plan Existing Conditions Report* ("2010 Report") identified issues and concerns affecting the City's paratransit operations and performance, including, among other things: paratransit operations and the establishment and monitoring of performance standards; the size, age and composition of TheHandiVan fleet; the number of vehicles unavailable for service due to maintenance needs; the use and effectiveness of scheduling and dispatch technologies; the supplemental use of taxicabs to meet the zero denial requirement of the federal Americans with Disability Act and its implementing regulations ("ADA"); late pick-up and drop-off of clients; the volume of pre-arranged subscription rides; client eligibility assessment center operations and policies; client information request and complaint follow-up procedures; and the DTS's oversight of OTS operations; and

WHEREAS, by Council Resolution 14-69, FD1, adopted on May 7, 2014, the Council requested that the City Auditor perform a comprehensive management and performance audit of the City's paratransit services and assess the City's ability to meet future paratransit challenges and demands in compliance with the ADA; and

WHEREAS, on March 4, 2016, in response to Resolution 14-69, FD1, the City Auditor submitted to the Council a report entitled *Audit of the City's Paratransit Service, Report 16-02* (the "2016 Report"), which found, among other things:



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. **19-119**

---

## RESOLUTION

---

- Despite improvements implemented by OTS, such as increasing TheHandi-Van fleet size and implementing the use of supplemental taxis, TheHandi-Van on-time performance had declined five percent over the prior three years, customers experienced excessive trip times, and paratransit operations did not fully comply with ADA requirements;
- Requests for demand services were difficult to meet and operational deficiencies existed because OTS had not made full use of scheduling and dispatching technologies;
- OTS needed to operationally comply with ADA requirements related to subscription trip volume and to minimize its provision of services not required by ADA; and
- Paratransit revenues were not sufficient to sustain program services.

WHEREAS, to address these concerns, the 2016 Report made specific recommendations for improvement in the City's paratransit services by DTS and OTS; and

WHEREAS, the OCA reported to the Mayor and the Council on the status of the implementation of the recommendations made by the 2016 Report in the *Audit Recommendations Status Report – Fiscal Year 2017, Report No. 18-03* (the "2018 Status Report"), dated May 2018; and

WHEREAS, the 2018 Status Report, based on the OCA's review conducted between October 2017 and March 2018, found that, while OTS had made improvements throughout its operations, both DTS and OTS continued to experience capacity constraints in providing paratransit service; and

WHEREAS, according to the 2018 Status Report, the 2016 Report made 17 recommendations to DTS and OTS; however, as of April 2018, implementation of two of the 17 outstanding recommendations had not been started, implementation of five were in process, two recommendations had been resolved, and implementation of eight had been completed; and

WHEREAS, in light of continuing concerns about the City's paratransit service and the issues detailed in the 2018 Status Report, the Council deems it appropriate and timely that the City Auditor provide a further update on the status of the implementation of the recommendations of the 2016 Report; now, therefore,



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 19-119

**RESOLUTION**

BE IT RESOLVED by the Council of the City and County of Honolulu that the City Auditor is requested to provide to the Council a status update report on the progress of the Department of Transportation Services and Oahu Transit Services, Inc., on implementation of the recommendations of the *Audit of the City's Paratransit Service, Report 16-02* issued on March 4, 2016, as well as detailing any current concerns related to City's paratransit services; and

BE IT FURTHER RESOLVED that the Council requests the City Auditor to provide its status update to the Council no later than 30 days after the adoption of this resolution; and

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, the Managing Director, the Director of Transportation Services, the President and General Manager of Oahu Transit Services, Inc., and the City Auditor of the City and County of Honolulu.

INTRODUCED BY:

*Sam Johnson*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE OF INTRODUCTION:

**MAY 17 2019**

\_\_\_\_\_  
Honolulu, Hawaii

\_\_\_\_\_  
Councilmembers

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
CERTIFICATE

RESOLUTION 19-119

Introduced: 05/17/19 By: CAROL FUKUNAGA Committee: TRANSPORTATION

Title: RESOLUTION REQUESTING THE CITY AUDITOR TO PROVIDE AN UPDATE ON THE IMPLEMENTATION OF RECOMMENDATIONS MADE IN THE 2016 AUDIT OF THE CITY'S PARATRANSIT SERVICE.

Voting Legend: \* = Aye w/Reservations

		CC-230 MANAHAN – RE-REFERRAL OF RESOLUTION 19-119 FROM COMMITTEE ON BUDGET TO COMMITTEE ON TRANSPORTATION.
07/25/19	TRANSPORTATION	CR-235 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION. 4 AYES: ELEFANTE, MANAHAN, MENOR, PINE.
08/07/19	COUNCIL	CR-235 AND RESOLUTION 19-119 WERE ADOPTED. 9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MENOR, PINE, TSUNEYOSHI, WATERS.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.

GLEN I. TAKAHASHI, CITY CLERK

IKAIKA ANDERSON, CHAIR AND PRESIDING OFFICER



---

# Appendix C

## Management Response

---

OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: [www.honolulu.gov](http://www.honolulu.gov)

KIRK CALDWELL  
MAYOR



ROY K. AMEMIYA, JR.  
MANAGING DIRECTOR  
GEORGETTE T. DEEMER  
DEPUTY MANAGING DIRECTOR

January 6, 2020

TM 797899

Mr. Troy Shimasaki, Acting City Auditor  
Office of the City Auditor  
1001 Kamokila Boulevard, Suite 215  
Kapolei, Hawaii 96707

Dear Mr. Shimasaki:

SUBJECT: Response to Draft Audit Report – *Follow-Up on Recommendations from Report No. 16-02, Audit of the City's Paratransit Services*

Thank you for the opportunity to provide the following comments on the draft audit report that was e-mailed on December 30, 2019. The audit has been reviewed by both the Oahu Transit Services, Inc. (OTS) and the Department of Transportation Services (DTS), and we provide the following response.

**Recommendations:**

1. *DTS should ensure that OTS complies with ADA §37.131(f), Capacity Constraints, by improving subscription management, on-time performance, trips with excessive trip times, and volume of customers travelling to agencies.*

**Response:**

- Subscription Management – Completed
- On-Time Performance – In Process
- Excessive Trip Times – In Process
- Volume of Agency Trips – In Process

Regarding the next steps identified in the draft audit report, DTS has addressed the specific capacity constraint issues identified in the 2018 Federal Transit Administration (FTA) Triennial Review. DTS has implemented updated procedures for monitoring capacity constraints, and staff from the Department's

Troy Shimasaki, Acting City Auditor  
January 6, 2020  
Page 2

Paratransit Operations Branch (POB) and OTS now meet on a monthly basis to discuss and actively address service-related issues, including any issues related to capacity constraints. Discussion and action items are recorded in meeting notes. The FTA's Triennial Review consultant deemed these corrective actions as sufficient. However, the FTA Office of Civil Rights has kept the finding open pending resolution of a separate recent Americans with Disabilities Act (ADA) complaint that the Office received regarding the City's paratransit phone system.

- 2. DTS should ensure that OTS complies with ADA §37.131(d), Trip Purpose Restrictions, by lowering the volume of agency customers or amending the practice that prioritizes agency trips over other trips.*

**Response:**

DTS concurs with the above recommendation and will continue to pursue opportunities to reduce the volume of agency trips.

- 3. DTS should ensure that OTS improves management of subscriptions by establishing formal policies, procedures, application process, and a monitoring program to ensure that subscription levels do not exceed 50 percent in any operating hour (unless there is excess capacity) as required by ADA.*

**Response:**

Completed. DTS and OTS have established appropriate policies and procedures for creating, maintaining, and cancelling TheHandi-Van subscriptions. Scheduling staff are aware of, and applying, the policy. Subscription rates are improving.

- 4. Determine whether OTS tracks, reports, established performance benchmarks, and developed an action plan to mitigate trips with excessive trip times.*

**Response:**

Completed. OTS has established performance benchmarks. As of June 2019 OTS now reports performance for 8 benchmarks related to on-time performance or length of trip.

- 5. Determine whether OTS established a formal Customer Satisfaction/Service Quality Program to include surveying customers or convening focus groups, as appropriate, to obtain direct customer feedback.*

Troy Shimasaki, Acting City Auditor  
 January 6, 2020  
 Page 3

**Response:**

In-process. We concur with the above recommendation and have plans to develop a customer satisfaction program and conduct a customer satisfaction survey. There is \$50,000 in the current FY2020 budget to conduct a customer survey.

6. *DTS should ensure that OTS enforces conditional eligibility restrictions. If enforcement is deemed extraneous, DTS should re-evaluate or streamline the eligibility determination process and reduce the contract amount.*

**Response:**

We concur with the above recommendation. DTS does not anticipate that there would be any cost savings to be gained through transitioning to an eligibility determination process with “Eligible” and “Not Eligible” as the two main outcomes.

We anticipated that there would be no impact to removing “Conditionally Eligible” as a paratransit eligibility outcome. We are now aware of other transit agencies that have implemented free bus rides for all conditionally eligible paratransit riders. The benefits of this approach include:

- Potential reduction in operating cost, as trips on fixed route buses are far less expensive than on paratransit.
- Reduction in paratransit trip demand with commensurate increases in capacity to serve other trips in a timely manner.
- Increased rider convenience, as fixed route bus trips do not require advanced trip reservations or cancellations.

Agencies with smart cards similar to Honolulu's planned “HOLO” card have tracked the operational and cost benefits resulting from conditionally eligible paratransit riders who have shifted some or all of their trips to the fixed route bus system instead. These agencies offer free bus rides to conditionally eligible paratransit riders as they are able to use a bus for some of their trips, while unconditionally eligible paratransit riders have disabilities that are so severe that they are unable to ride TheBus.

We plan to explore this option once the HOLO card is successfully deployed to all TheBus and TheHandi-Van riders.

Troy Shimasaki, Acting City Auditor  
January 6, 2020  
Page 4

7. *Determine whether OTS developed a plan to reduce the number of No Solution Found and Unscheduled Trips.*

**Response:**

Ongoing. We are in the process of exploring the following approaches to reduce the number of No Solution Found and Unscheduled Trips by trip increasing TheHandi-Van's trip capacity and its scheduling efficiency:

- Collaborate with the Rate Commission and City Council to implement a TheHandi-Van fare increase to manage demand growth, as recommended by the City Auditor's report and the Administration's Paratransit Growth Management Study.
- Update the fleet management plans for TheBus and TheHandi-Van to match projected demand growth
- Expand the Middle Street transit facility to accommodate projected fleet expansion needs
- Explore alternatives to the existing paratransit scheduling system to increase operational efficiencies (see next item).

8. *Improve use of the Trapeze computer system by putting more of its paratransit operations on real-time and eliminating the reliance on manually amending trip runs.*

**Response:**

Ongoing. On June 5, 2019, DTS issued a Request for Information (RFI) to determine options for paratransit scheduling and dispatch software that may better meet the needs of Honolulu's paratransit system. DTS is also exploring software replacement.

9. *Determine whether the city council amended Section 13, Article 8, ROH, to separate fixed-route and paratransit operations from the mandate that the services be provided by a single operator.*

**Response:**

Completed. On September 6, 2017, the Honolulu City Council adopted Bill 68, CD2, which was codified into law as Ordinance 17-52. The ordinance allows the Department of Transportation Services to contract with a separate, private, nonprofit corporation to manage, operate, and maintain the city's paratransit service. The city currently contracts with OTS as the transit management services contractor for both TheBus and TheHandi-Van.

Troy Shimasaki, Acting City Auditor  
January 6, 2020  
Page 5

**Other Auditor Comments:**

- A. A City and State Collaboration Could Maximize Paratransit Dollars Using Portland, Oregon's TriMet Model*

**Response:**

In-Process. We concur that the Portland, Oregon TriMet model of obtaining additional federal funding through Medicaid has the potential to bring added resources to TheHandi-Van operations. We support the recommendation that the Honolulu City Council introduce a resolution requesting that the State Department of Human Services and the City's Department of Transportation form a working group tasked with evaluating the TriMet model and other opportunities to leverage state and federal funds for paratransit transportation. DTS has had an initial meeting with Councilmember Tsuneyoshi to explore this approach.

- B. A Poorly Planned Replacement Phone System Resulted in an Unreliable Paratransit Communications and Risks ADA Violation*

**Response:**

In-Process. We concur that the inconsistencies in the phone system used to take reservations, record complaints, and communicate with riders have adversely affected the city's paratransit operations. The Department of Information Technology and its telephone system vendor, Cisco, have determined that OTS should revert to a stand-alone phone system. As a result, the Department of Transportation Services is working to purchase an upgrade to the OTS Avaya phone system and transition all OTS phones to address these issues.

We appreciate the assistance of the City Auditor's office and the opportunity to respond to the draft. Should you have any questions, please contact Wes Frysztacki at 768-8303.

Warm regards,

  
Roy K. Amemiya, Jr.  
Managing Director

cc: Wes Frysztacki, Director  
Department of Transportation Services

*This page intentionally left blank.*