



Detroit Department of Transportation

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MEMO

FROM: C. Mikel Oglesby, Executive Director of Transit
City of Detroit, Detroit Department of Transportation

TO: Council President, Brenda Jones

DATE: February 10, 2021

RE: Feasibility Report of In-House Paratransit Services

Dear, Council President Jones,

To address your concerns about the *Feasibility Report of In-House Paratransit Services*, I provide the following questions and answers:

1. The Office of Council President Brenda Jones has received complaints relative to the management of scheduling and processing complaints by Transdev.

a. Please provide the feasibility of hiring Detroit residents to perform the services including:

i). Detailed breakdown of the budget needed to support the change in operations.

Ans: It is important to note that the current Transdev staff consists of 23 employees of which 18 are Detroit residents which is 78% of its workforce. To properly assess and provide a breakdown to change operations of paratransit services a full analysis of Metro-lift will take at least six to twelve months. During the analysis, various options including in-house management will be evaluated.

Currently the plan is to provide additional oversight of the existing operation while assessing the type of Request for Proposal (RFP) to allow for maximum competition of the contract. The current operational cost ranges from \$8.5 to \$10.2 million depending on the ridership. It is possible to reduce expenses depending on the structural decisions.

b. Are there local vendors that the Department could use as transportation subcontractors while the City maintains the responsibility of scheduling and processing complaints?

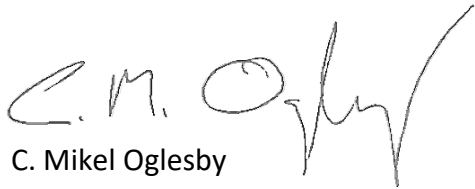
Ans: The Request for Proposal (RFP) process will provide a fair competitive option for local vendors. The option to bring scheduling and 24hr dispatch in-house will be included in the analysis.

2. Given the financial conditions, please evaluate the feasibility of continuing fare moratorium for all Detroit Department of Transportation services following March.

Ans: Based upon the fiscal year 2020-2021 adopted budget, DDOT is potentially incurring up to approximately \$1.7M per month in lost farebox revenue by providing free fares. Without monthly farebox revenue, DDOT continues to do everything to extend the Cares Act funding and reduce operating expenses, while continuing to provide full service.

- DDOT is planning to resume fare collections on March 15, 2021. DDOT is conservatively projecting less than 50% of its pre-pandemic ridership and farebox revenue through the end of the current fiscal year. DDOT will continue to use available Cares Act Funding while continuing to manage operating costs to fill the funding gaps related to the farebox revenue and ridership losses.
- DDOT's current adopted budget anticipated that DDOT would start fare collections in January of 2021. By starting fare collection on March 15, 2021, and with lower ridership for the remaining year, DDOT is projecting a budget deficit in farebox revenue of approximately \$5 to \$6 million. This will require DDOT to continue to manage operating costs and make use of Cares Act funding and any additional federal funding in the pipeline.

Thank you,

A handwritten signature in black ink, appearing to read "C. M. Oglesby", with a stylized flourish at the end.

C. Mikel Oglesby
Executive Director of Transit, City of Detroit

Cc: Hakim Berry, COO