

**David Whitaker, Esq.**  
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*Executive Policy Manager*  
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*Director, City Planning Commission*  
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*Director, Historic Designation*  
*Advisory Board*

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**LaKisha Barclift, Esq.**  
**Nur Barre**  
**Paige Blessman**  
**M. Rory Bolger, Ph.D., FAICP**  
**Christopher Gulock, AICP**


# City of Detroit

## CITY COUNCIL

**LEGISLATIVE POLICY DIVISION**  
208 Coleman A. Young Municipal Center  
Detroit, Michigan 48226  
Phone: (313) 224-4946 Fax: (313) 224-4336

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**Marcel Hurt, Esq.**  
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TO: Garry Bulluck, Interim General Manager  
Detroit Transportation Corporation- People Mover

FROM: David Whitaker, Director   
Legislative Policy Division

DATE: March 16, 2022

RE: 2022-2023 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2022-2023 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, March 23, 2022 at 3:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your responses to the Council members, the City Clerk's Office, and the Legislative Policy Division.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

Attachments:  
Issues and Questions

cc: Councilmembers  
Auditor General's Office  
Jay Rising, CFO  
Tanya Stoudemire, Chief Deputy CFO  
C. Mikel Oglesby, Group Executive  
Steven Watson, Deputy CFO/Budget Director  
John Wallace, Agency CFO for Transportation and Public Works Division  
Gail Fulton, Mayor's Office

## **Detroit Transportation Corporation (People Mover)**

### **FY 2022-2023 Budget Analysis by the Legislative Policy Division**

#### **Summary**

The Detroit Transportation Corporation (DTC) was created by the City of Detroit pursuant to P.A. 7 of 1967 as a component unit of the city for the basic purpose of acquiring, completing, and operating the Downtown People Mover.

The DTC is governed by a Board of Directors consisting of six (6) members, appointed by the Mayor without compensation or set terms. The City Council President also sits on the board.

The DTC organization structure includes twelve (12) divisions: Administration, Executive, Accounting, Field Operations, Homeland, Human Resources, Maintenance, Marketing, Operations Administration, Quality Control, Safety and System Operations.

For 2022 – 2023, the recommended budget proposes an operating subsidy of \$6.5 million, which was the amount budgeted in FY 2020 and the previous three years. For fiscal years 2020 and 2021, no General Fund operating support was provided to the People Mover due to receipt of Coronavirus Aid, Relief, and Economic Security (CARES) Act federal funding.

#### **Issues and Questions**

1. Please provide an update on the impact of the pandemic on DTC operations.
2. Please provide a copy of the 2022 -2023 DTC budget presented to the board.
3. What is the current state of operations for the People Mover?
4. In the DTC financial statement for June 30, 2021, it shows operating losses decreased by \$6.2 million from \$18.8 million in FY 2020 to \$12.5 million in FY 2021, please explain how DTC was able to reduce its operating losses in this restricted operating environment. Please explain the increase in the restricted and unrestricted net position.
5. Please explain the decrease in Pension liabilities from \$10.6 million in FY 2020 to \$4.8 million in FY 2021. What caused the deferred inflows related to pension to increase from \$1.2 million in FY 2020 to \$4.6 million in FY 2021? Please explain the delay in making the pension required minimum payment in FY 2021.
6. In the FY 2021 financial statement, operating revenues were \$660 due to the suspension of services due to COVID while administration expenses decreased by \$6.8 million; how was this reduction in expenses achieved? Does it appear DTC will reach pre-pandemic revenue levels of around \$600,000 in FY 2022?

7. What caused the decrease in Grant and Other Revenues? Please list the grants received by the DTC and any required match funds. What grants and/or other revenues do the DTC expect to receive in the upcoming fiscal year?
8. Please explain the increase in SEMCOG and miscellaneous grant revenues.
9. Has the DTC utilized all of its CARES funding? How will the remainder, if any be used?
10. Please explain the negative (-394,418) in State Operating Assistance for FY 2021. When do you expect this balance to be cleared?
11. Where were the Transit Police deployed while the People Mover Operations were suspended? Why did the city pay \$3.7 million for Transit Police in FY 2021?
12. What is the current physical condition of the People Mover? Please describe your capital improvement plans for the four-year period beginning in FY 2023.
13. Please indicate the number of vacant positions as of January 2022. Please briefly describe the difficulty in filling vacancies. Also, please briefly explain the department's strategy to fill any vacant positions or request new positions.
14. Please provide the budgeted level of positions for the People Mover for FY 2022 and FY 2023. Please explain the reason for any changes in the level of positions for FY 2023.
15. Please provide an update on the reopening of the Joe Louis Parking Garage and its impact on DTC revenues.
16. Please briefly explain the department's new expense initiatives, new capital funding requests, operation reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2023.