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TO: Robert Cramer, Interim General Manager
Detroit Transportation Corporation- People Mover

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 14, 2023

RE: 2023-2024 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2023-2024 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, March 16, 2023, at 2:00 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
Agency Plan: Mission, Goals and Activity Summary

cc: Councilmembers
Auditor General's Office
C. Mikel Oglesby, Group Executive-DDOT Director
Brad Dick, Group Executive, Chief Operating Officer
Jay Rising, CFO
Tanya Stoudemire, Chief Deputy CFO
Steven Watson, Deputy CFO/Budget Director
John Wallace, Agency CFO
Malik Washington, Mayor's Office

**Detroit Transportation Corporation (People Mover)
FY 2023-2024 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.

For fiscal year 2023 – 2024, per page B20-9, the proposed budget includes an operating subsidy of \$6.5 million, no change from the current year. No General Fund operating subsidy was provided to the People Mover in Fiscal years 2020 and 2021 as DTC received federal funding to support operations from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Issues and Questions

1. Please provide a copy of the 2023 - 2024 DTC budget submitted to the DTC's Board of Directors.
2. 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 2024. Please provide which appropriation/cost center the new initiative/request/proposal is impacting in FY 2024.
3. The People Mover suspended service during the pandemic; service resumed on May 20, 2022. What is the current state of operations for the People Mover (hours of operations, ridership, etc.)?
4. What is the current staffing level at the People Mover? Please indicate the number of filled and vacant positions as of February 28, 2023. Briefly explain the department's strategy to fill vacant positions or new positions. What are the challenges in hiring new positions or filling vacant positions?
 - a. The Auditor General's January 2023 audit of DTC recommend hiring additional financial staff, what is the strategy to address this issue?
5. Please provide an update on the status of the Transit Police deployment on the People Mover. Briefly describe the relationship between DPD, People Mover, DDOT and the Q Line with regards to the Transit Police assignments. How many officers are assigned to the People Mover?
6. The DTC financial statement for June 30, 2022, note operating losses increased by \$1.3 million from \$12.5 million in FY 2021 to \$13.9 million in FY 2022. Please explain how DTC plan to address continuing operating losses. DTC ended the fiscal year with a net position slightly lower than the previous year due to increased grants and other revenues offsetting the lack of revenues from ticket sales.
 - a. On Page 8, operating revenues were zero for fiscal year-end 2022. What is the collections year to date for ticket sales?
 - b. Is there any outstanding CARES funding available for use in FY 2024?
 - c. On Page 9, please explain the increase in State Operating Assistance for FY 2022. Do you anticipate additional funding in FY 2023 and FY 2024?

- d. On Page 11, please explain the increase in pension liabilities from \$4.8 million in FY 2021 to \$7.7 million in FY 2022. What caused the deferred inflows related to pension to decrease from \$4.6 million in FY 2021 to \$4.0 million in FY 2022?
7. What is the current physical condition of the People Mover facilities? Please describe your capital improvement plans for the four-year period beginning with FY 2024.
 - a. The Train Car Replacement project consist of replacing 12 train cars with new cars or a combination of new and refurbished used cars per the FY 2024 – 2028 Capital Agenda. The project cost is estimated as \$50 million with funding from FTA Discretionary and Formula grants. The city recently appropriated in the current fiscal year \$19.9 million from the FY 2022 General Fund Surplus for a cash match for the purchase of replacement train car(s). Briefly describe this project, how the city’s cash match will be utilized, and why the immediate need to proceed with this project?
 - b. Please provide an update on the preventative maintenance program for the People Mover rails/ guideway tracks. Have the other capital projects proposed for fiscal year 2024 in the Capital Agenda received FTA grant funding and are ready to proceed with implementation?