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

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 13, 2025

RE: 2025-2026 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2025-2026 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Monday, March 17, 2025, at 1:00 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
Budget Summary/Appropriation and Cost Center Expenditures Positions

cc: Councilmembers
Auditor General's Office
Marcus von Kapff, Mayor's Office Group Executive
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO-Policy & Administration Director /Interim Budget Director
Donnie Johnson, Deputy Budget Director
James George, Agency CFO
Doug Ortiz, Budget Analyst
Malik Washington, Mayor's Office

Detroit Transportation Corporation (People Mover)
FY 2025-2026 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. 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.

DTC receives a General Fund contribution from the city budgeted in DDOT (Appropriation 27200- Rider Services, Cost Center- DDOT Operations Support-DTC).

During the pandemic in Fiscal Years 2020 and 2021, DTC did not receive a city contribution as it utilized federal funding to support operations from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. DTC continued to use federal COVID relief funds to support operations in FY 2024 and FY 2025; it expects to completely draw-down all funds by the end of FY 2025, meaning DTC is focusing on exploring ways to increase revenue and decrease expenses in FY 2025 heading in FY 2026.¹

The FY 2026 Proposed Budget includes an operating contribution to the DTC of \$7.45 million, an increase of \$950,000 over the current fiscal year. This is a one-time allocation.

Operational highlights from the past five years: FY 2023 was the first full year of service for the People Mover operations since the beginning of the pandemic. In FY 2024, the DTC implemented the first-ever Zero Fare Program funded by a new “Presenting Sponsor” program. Priority Waste was the sponsor for FY 2024 for one year. DTC plans to continue the program in FY 2025.² In FY 2024, DTC had 3 major capital projects in progress: 1. Station technology upgrades; 2. Escalator overhauls; and 3. Rail curve replacement. In this project, DTC removed and replaced 13 rail curve sections and adjacent tangent tracks necessitating an 11-week full closure of the People Mover during the 2nd quarter of FY 2025. Other operational changes in the current fiscal year: DTC eliminated third-party contracts for security on the People Mover and deployed 15 officers dedicated solely to the People Mover under a restructured Transit Police plan.³

Issues and Questions

1. Please provide a copy of the FY 2025 DTC budget and FY 2026 DTC budget, if available, that were submitted to the DTC’s Board of Directors.
2. Please briefly explain any new expense initiatives, new capital funding requests, operation reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2026.
 - a. Briefly discuss any future expansion plans for the People Mover and any studies under consideration. Are there any public or private funding opportunities available or under consideration for light rail transit for which the People Mover may be eligible?
3. Briefly describe the current operations of the People Mover (changes in hours of operations, fares, ridership, any scheduled downtime, etc.).

¹ June 30, 2024 Detroit Transportation Corporation annual financial statements.

² Ibid

³ Ibid

4. What is the current staffing level of the People Mover? Please indicate the number of filled and vacant positions as of February 28, 2025. Briefly explain the department's strategy to fill vacant positions or new positions. What are the challenges in retaining existing staff, hiring new staff or filling vacant positions?
5. In the proposed FY 2026 Budget, the city's General Fund contribution to DTC is \$7,450,000, an increase of \$950,000 over the current fiscal year. Please explain the purpose and uses for the \$950,000 increase.
6. In the DTC annual financial report for June 30, 2024, DTC posted operating losses of \$22M up from a \$16.1M in FY 2023. Nonoperating and capital revenues of \$26.1M offset operating losses and provided an overall increase of \$4M and improved the DTC Net Position to \$30.9M for FY2024.
 - a. Please discuss the \$6M year-over-year increase in operating losses.
 - b. Please explain the \$6.6 M year-over-year increase in operating revenues. Please describe what makes up Grant and Other Revenues.
 - c. Please explain what is included in the Unrestricted Net Position of \$1.97M. What caused the year-over-year change in this category from -\$2.1M to \$1.9M.
 - d. Is the Beam Maintenance project completed and the restricted Net Position of \$964,449 an on-going reserve?
7. Does DTC anticipate receiving an increase in State Operating Assistance or federal grants in FY 2026 and/or the forecast years?
8. Please describe DTC's capital improvement plans for the four-year period beginning in FY 2025. Please list any project requiring additional city funding.
 - a. The recently approved FY 2026- 2030 Proposed Capital Agenda included projects funded in-whole or in-part, with city "Pay-as-you-go" (PAYGO) – General Fund dollars: 1. Railcar Refurbishment- please provide an update; and 2. DPM Strategy Update & Feasibility Study -please discuss. What is the expected contribution from the city for these projects in FY 2026.
 - b. The Automated Train Controller Component Upgrade project, per the most recent Capital Agenda, is planned for FY 2025; please provide an update on this project.
 - c. Did the other capital projects proposed for fiscal year 2024-25 in the Capital Agenda receive FTA grant funding?

**CITY OF DETROIT
BUDGET DEVELOPMENT
FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES
DEPARTMENT 20 - DETROIT DEPARTMENT OF TRANSPORTATION**

Department # - Department Name					
Fund # - Fund Name					
Appropriation # - Appropriation Name	FY2025 Adopted	FY2026 Mayor Proposed	FY2027 Forecast	FY2028 Forecast	FY2029 Forecast
Cost Center # - Cost Center Name					
20 - Detroit Department of Transportation	189,222,155	209,155,060	207,228,689	209,335,678	211,478,283
5301 - Transportation Operation	171,907,851	191,653,730	189,727,359	191,834,348	193,976,953
27200 - Rider Services	104,345,010	122,966,072	121,514,097	123,264,742	125,046,271
200080 - DDOT Grant Matching	-	650,000	656,500	663,065	669,696
200170 - DDOT Building Maintenance	11,487,744	11,371,827	10,006,612	10,106,679	10,207,744
200280 - DDOT Vehicle Maintenance	15,551,449	16,820,008	17,037,339	17,258,139	17,482,467
200290 - DDOT Materials Management	4,719,227	5,479,182	5,544,595	5,610,894	5,678,087
200300 - DDOT Vehicle Operation	50,538,695	62,528,093	62,815,893	63,958,925	65,124,636
200310 - DDOT ADA Transportation Services	15,547,895	18,666,962	18,953,158	19,167,040	19,383,641
200370 - DDOT Operations Support - DTC	6,500,000	7,450,000	6,500,000	6,500,000	6,500,000
29200 - DDOT Administration	21,361,250	22,438,713	21,983,269	22,251,299	22,523,050
200010 - DDOT Administration	4,463,449	4,953,303	4,293,827	4,355,150	4,417,484
200020 - DDOT Compliance	727,680	901,449	915,965	930,746	945,799
200090 - DDOT Finance	8,791,339	8,931,386	9,020,700	9,110,908	9,202,016
200230 - DDOT Safety Department	7,378,782	7,652,575	7,752,777	7,854,495	7,957,751
29201 - DDOT Planning	5,038,181	6,402,469	6,398,640	6,503,212	6,609,717
200011 - DDOT Strategic Planning Division	1,815,029	1,719,140	1,750,743	1,782,978	1,815,858
200030 - DDOT Marketing	910,998	1,294,888	1,314,570	1,334,597	1,354,975
200040 - DDOT Mobility Innovation	1,078,039	1,354,175	1,378,771	1,403,855	1,429,438
200070 - DDOT Management Information Services	521,228	1,127,023	1,030,728	1,041,036	1,051,446
200110 - DDOT Customer Programs & Communications	712,887	907,243	923,828	940,746	958,000
29202 - DDOT - Claims Fund (Insurance Premium)	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
200160 - DDOT Claims Fund	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
29203 - DDOT Legacy Liabilities	29,163,410	27,846,476	27,831,353	27,815,095	27,797,915
200010 - DDOT Administration	29,163,410	27,846,476	27,831,353	27,815,095	27,797,915
5303 - Transportation Grants Fund	17,314,304	17,501,330	17,501,330	17,501,330	17,501,330