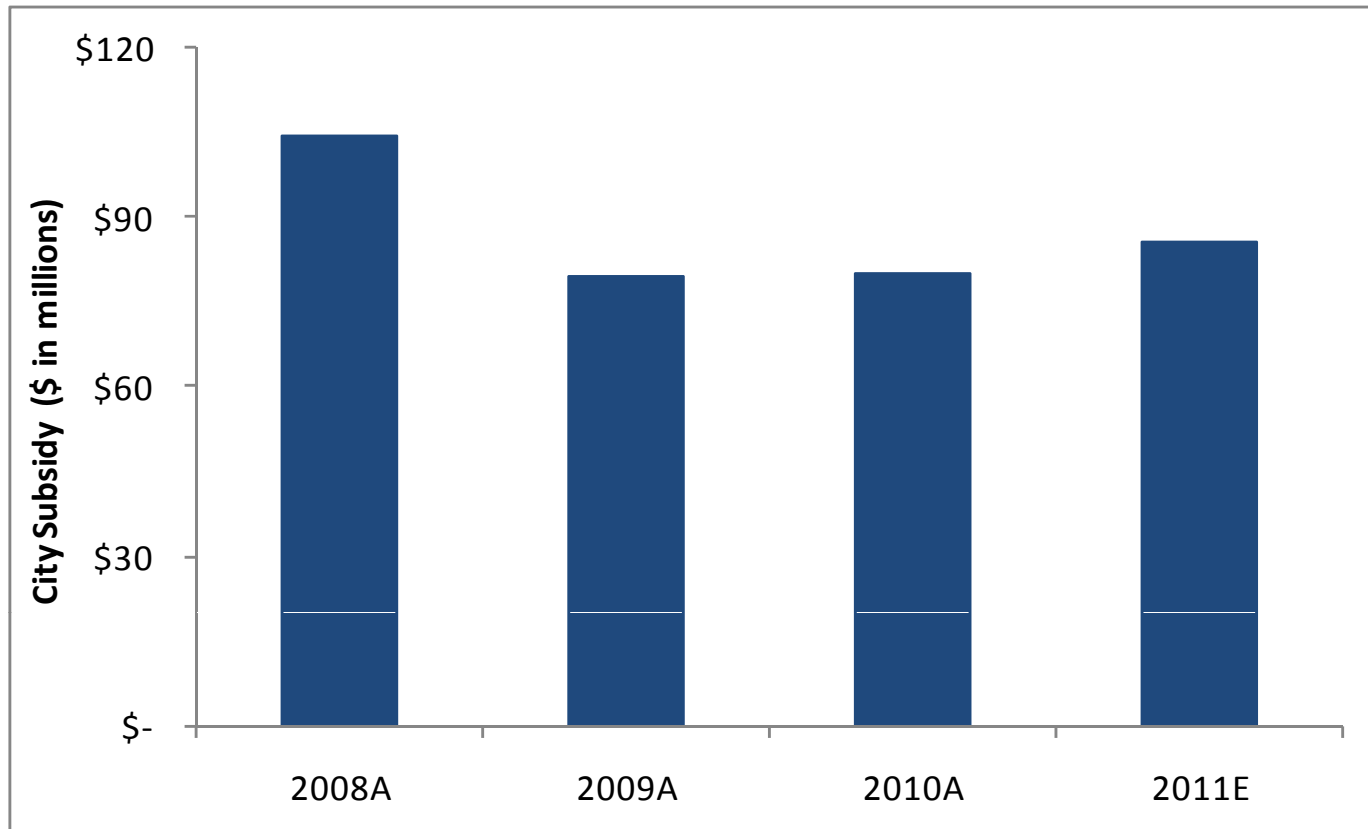

Administration's Response to Bus Service Issues

October 26, 2011



The bus system is broken as the City spends \$80-100M in subsidies and provides inadequate service



“Detroit’s bus system is woefully out of date and plagued by decades of parts shortages, labor problems, declining ridership, and mounting complaints. Passengers are stranded for hours when buses don’t run on time or often enough. The working poor are hobbled in their ability to get to their job”

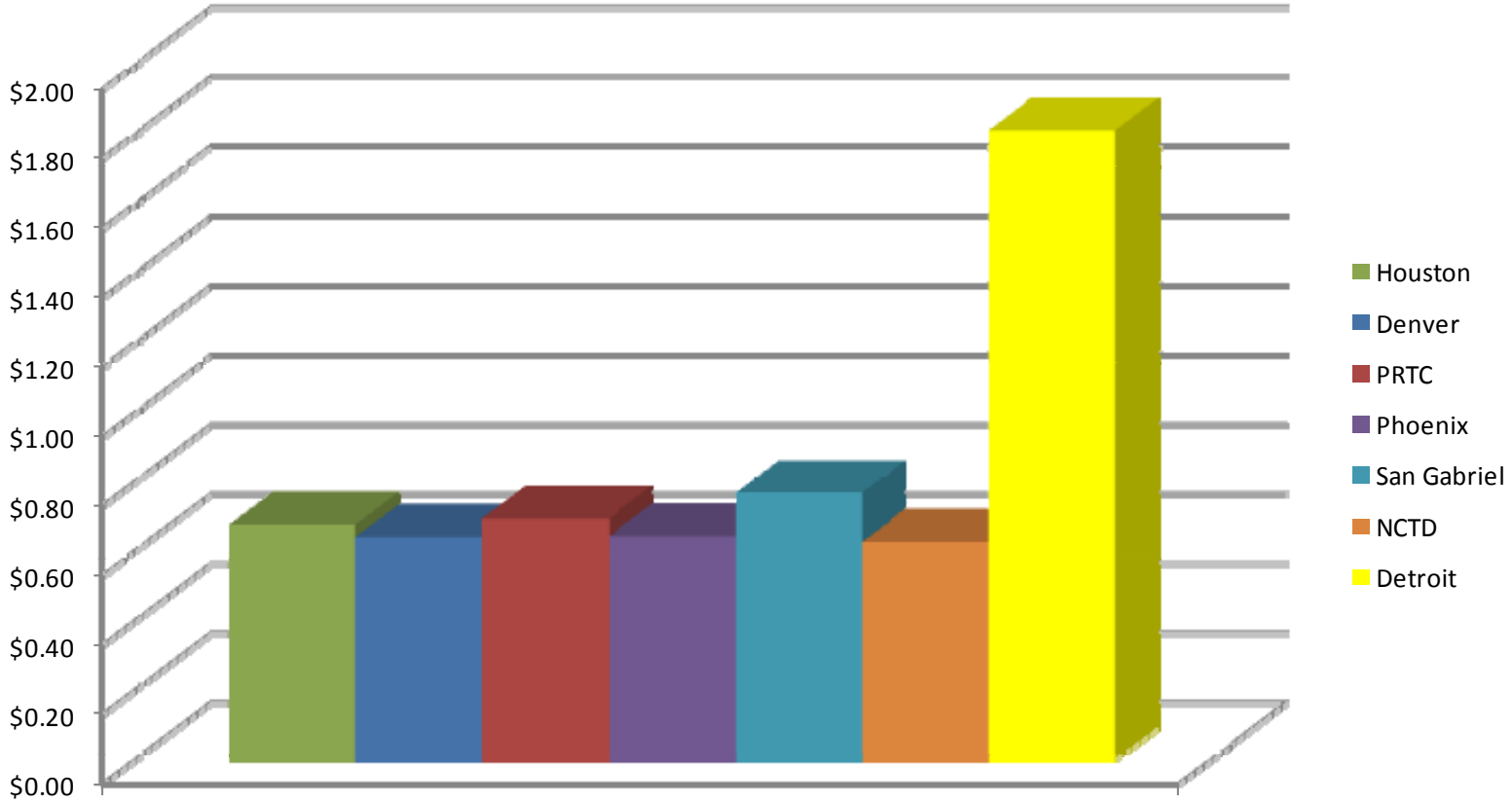
– The Detroit News

“Detroiters sometimes wait up to three hours for a ride to work, school, the grocery store, a doctor’s appointment or the pharmacy because broken-down buses are accumulating in repair shops.”

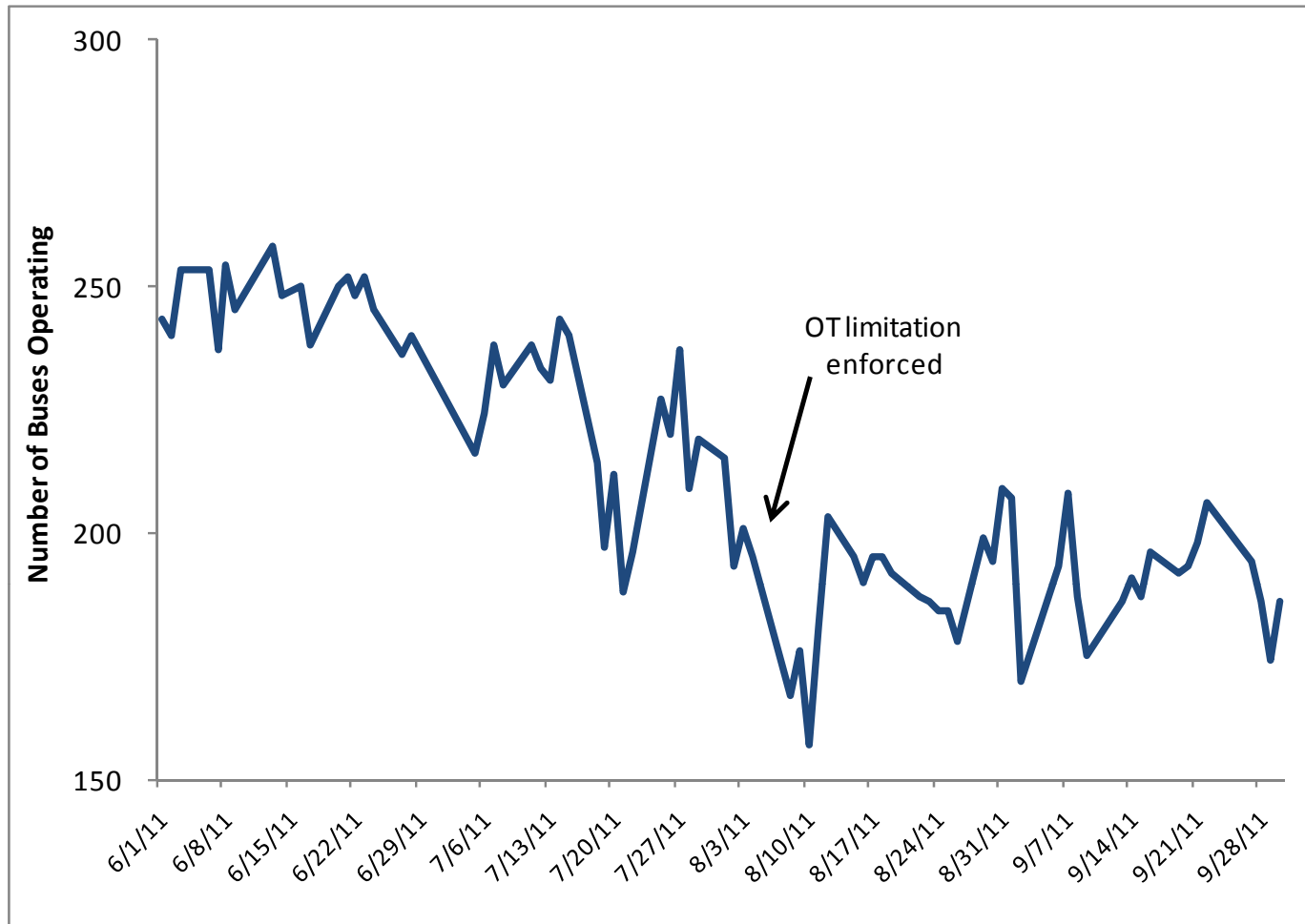
– Detroit Free Press



When the City's bus system is compared to similar bus systems, its maintenance cost per mile is uncompetitive



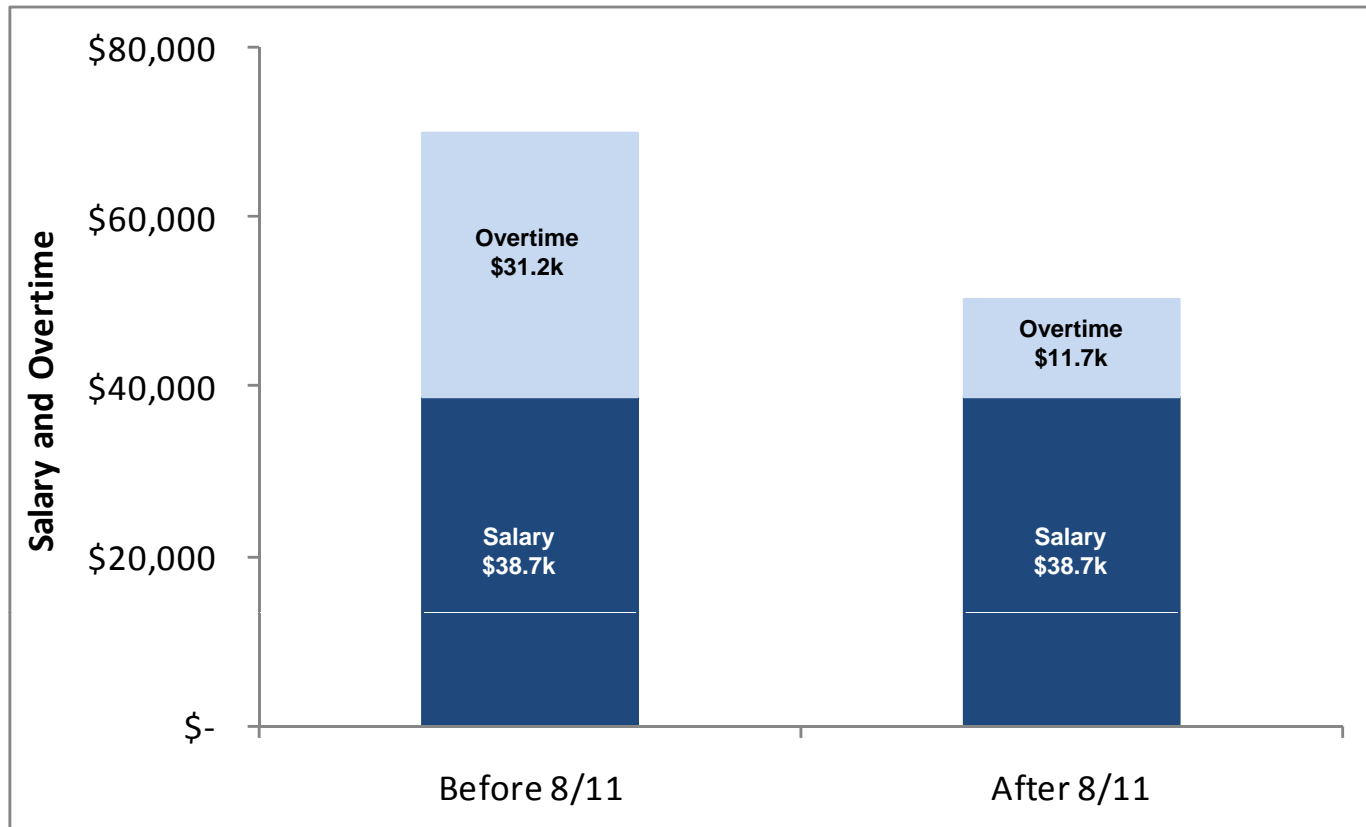
Bus delays were caused when the City limited maintenance overtime



The average number of buses operating in September was 200, which is 100 buses short of the 300 required



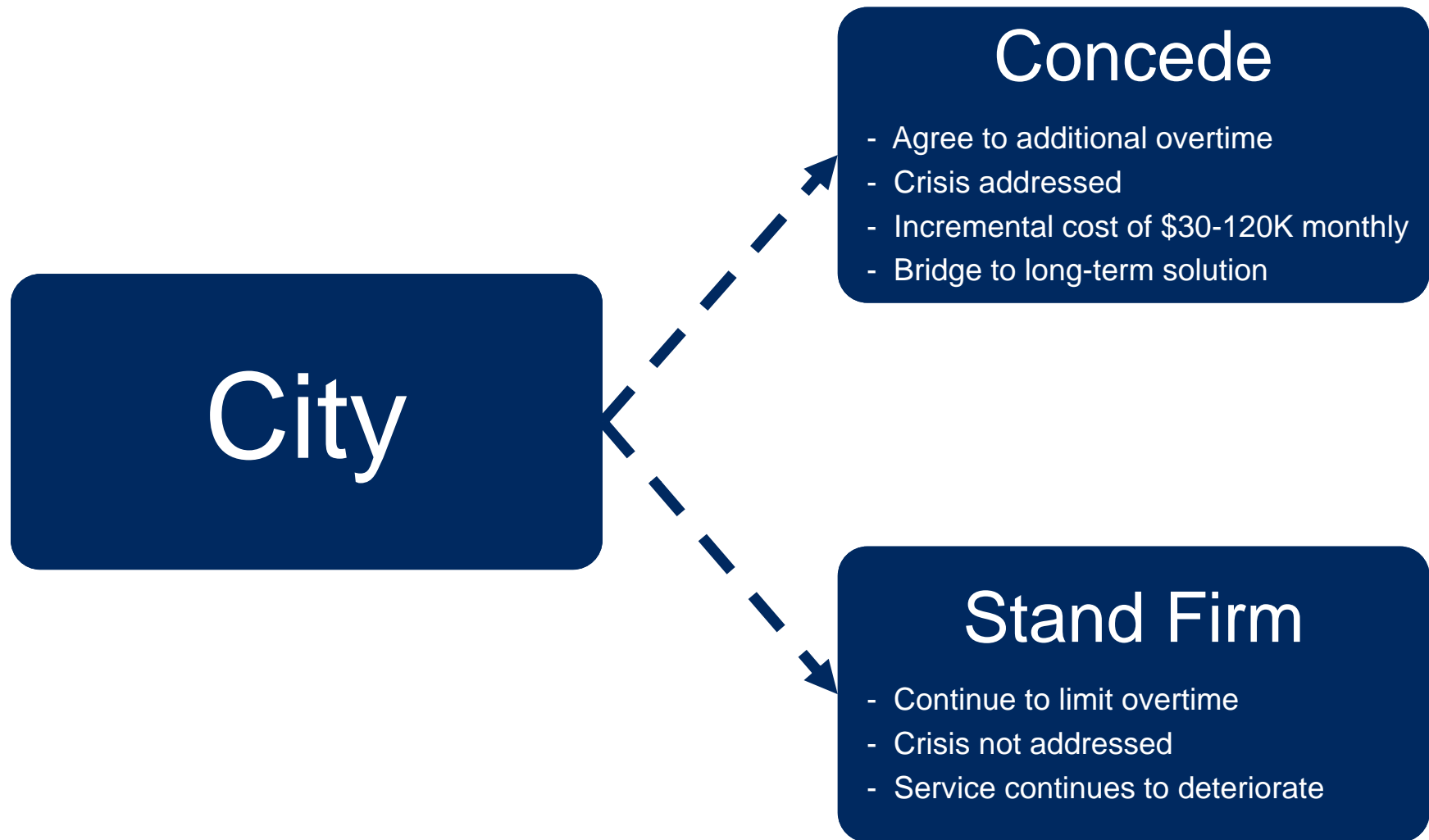
Mechanics pay was reduced from \$70K to 50K when the City implemented furlough days and limited overtime



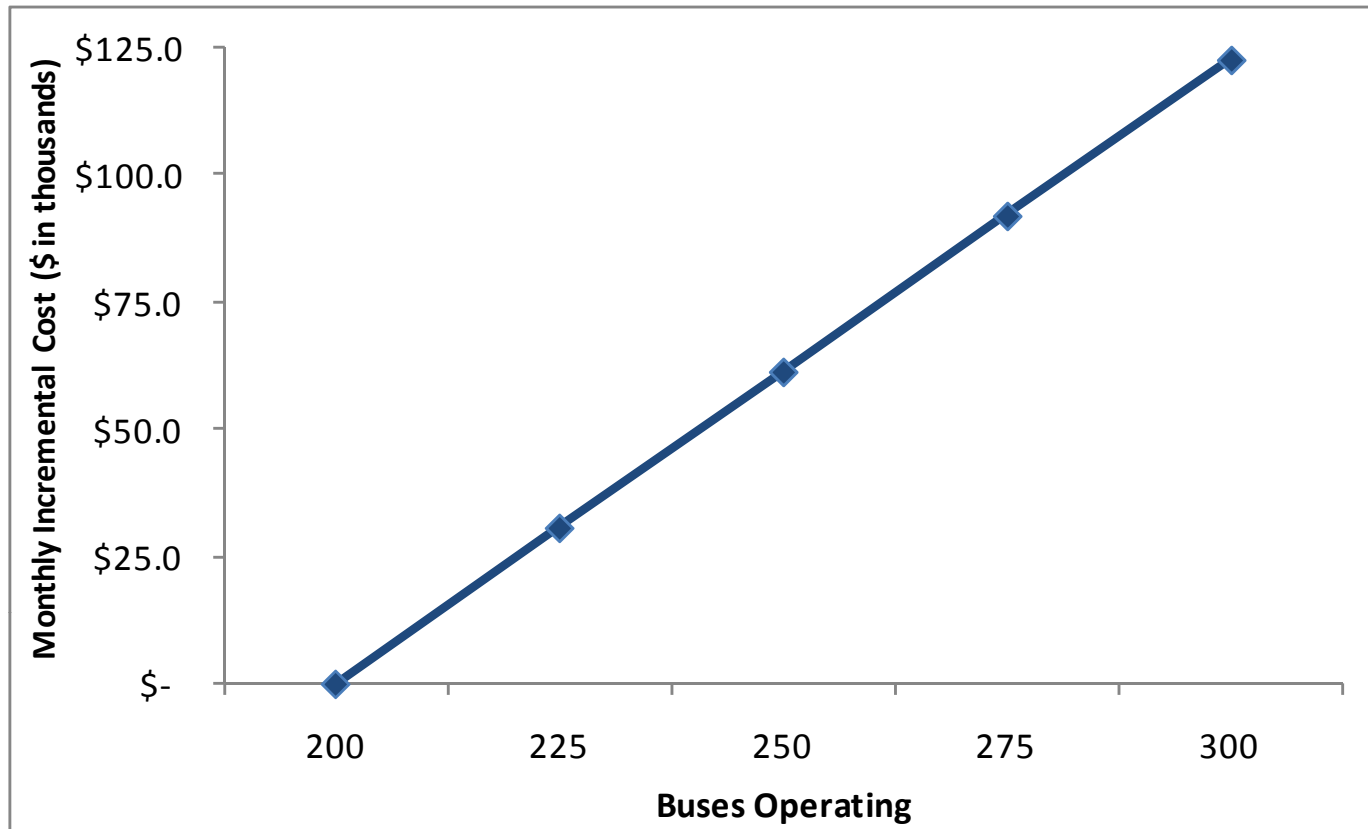
City has 1:3 mechanic to bus ratio, which is below peer cities that have better management and more relaxed work rules. Comparable cities have a mechanic to bus ratio of 1:6



The City's decision today is whether to concede or stand firm



We believe that by giving back managed overtime, we solve the short-term crisis without significantly affecting our long-term plans



Notes

1. 200 operating bus level reflects August 2011 cost and efficiency structure; August overtime cost for mechanics was \$246K
2. Incremental costs related to additional buses operating are assumed at the August 2011 cost and efficiency structure



We are requesting the following from City Council

- **Agree to return managed overtime for 30 days and approve a Budget amendment of \$1.0-1.5 million**
- **Council passes immediate emergency procurement for a transit consultant to initiate RFP to outsource maintenance management**
- **Council passes resolution to approve 3rd party outsource management vendor by December 1, 2011**



Appendix



DDOT has consistently missed its revenue and expense targets, resulting in significant subsidies from the City

\$ in millions

favorable (unfavorable) variance

Revenues

	FY 2008			FY 2009			FY 2010		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Farebox revenue	\$ 27.2	\$ 28.0	\$ 0.8	\$ 30.0	\$ 27.3	\$ (2.7)	\$ 30.1	\$ 25.0	\$ (5.1)
State operating assistance	53.3	55.1	1.8	52.3	51.6	(0.8)	51.9	53.0	1.0
Other revenue	5.7	13.0	7.3	5.4	4.9	(0.4)	6.2	4.9	(1.3)
Total Revenues	86.3	96.1	9.8	87.7	83.8	(3.9)	88.3	82.9	(5.4)

Expenses

Salaries and wages	(55.3)	(44.9)	10.4	(57.8)	(45.0)	12.8	(55.7)	(39.7)	16.0
Overtime	(7.4)	(16.4)	(9.0)	(6.8)	(20.7)	(13.9)	(6.8)	(17.0)	(10.2)
Employee benefits	(46.4)	(50.3)	(3.8)	(48.2)	(57.6)	(9.4)	(45.1)	(52.9)	(7.8)
Professional/Contractual services	(8.5)	(11.2)	(2.7)	(6.7)	(5.7)	1.0	(3.9)	(9.8)	(5.9)
Fuel and lubricants	(10.8)	(20.8)	(10.0)	(14.8)	(12.6)	2.2	(13.6)	(7.0)	6.6
Other supplies	(1.2)	(1.2)	(0.0)	(1.1)	(0.9)	0.2	(1.1)	(0.6)	0.5
Insurance	(11.2)	(11.1)	0.0	(11.3)	(10.9)	0.4	(12.7)	(18.7)	(5.9)
Other operating expenses	(16.7)	(19.5)	(2.8)	(17.0)	(18.1)	(1.0)	(15.9)	(21.3)	(5.4)
Debt service	(1.7)	(7.6)	(6.0)	(2.2)	(8.7)	(6.5)	(6.6)	(6.3)	0.4
Other expenses	(6.7)	(5.8)	0.9	(6.8)	(6.6)	0.2	(6.8)	(6.6)	0.3
Total Expenses	(166.0)	(188.9)	(22.9)	(172.8)	(186.8)	(14.0)	(168.3)	(179.7)	(11.5)

Total surplus (deficit) not including General Fund subsidy	\$ (79.7)	\$ (92.8)	\$ (13.1)	\$ (85.1)	\$ (103.0)	\$ (17.9)	\$ (80.0)	\$ (96.8)	\$ (16.8)
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General Fund subsidy	79.7	104.1	24.4	85.1	79.3	(5.8)	80.0	80.0	-
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Total surplus (deficit)	\$ -	\$ 11.3	\$ 11.3	\$ -	\$ (23.7)	\$ (23.7)	\$ -	\$ (16.8)	\$ (16.8)
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Notes

1. Does not include grants activity (fund 5303)



Incremental monthly costs based on number of operating buses

Average Buses Operating	Monthly Overtime Hours/Mechanic	Monthly Overtime Hours	Monthly Overtime Cost	Monthly Impact of Furlough Days Removed	Monthly Cost	Annual Cost	Comments
200	54	7,850	\$ 245,518	\$ 52,403	\$ 297,921	\$ 3,575,052	1, 2
225	61	8,832	276,208	52,403	328,611	3,943,328	3
250	68	9,813	306,897	52,403	359,300	4,311,605	3
275	74	10,794	337,587	52,403	389,990	4,679,882	3
300	81	11,775	368,277	52,403	420,680	5,048,159	3

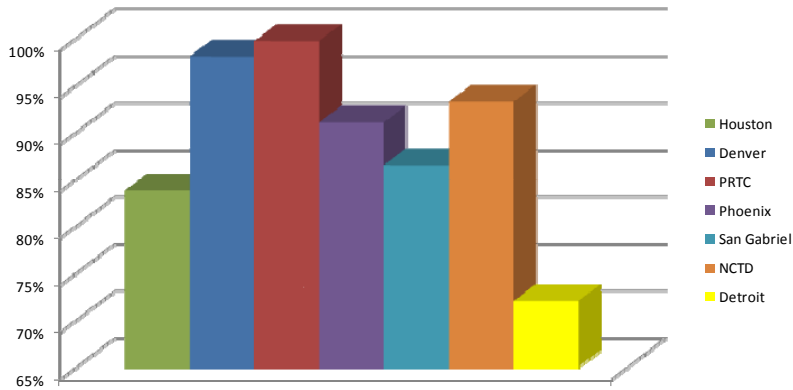
Notes

1. Overtime hours calculated assuming average mechanic wage of \$43,368 and 145 FTE's
2. Reflects August 2011 actual overtime cost and average buses operating
3. Monthly overtime hours = (August average monthly overtime hours per bus operating) x (average buses operating)

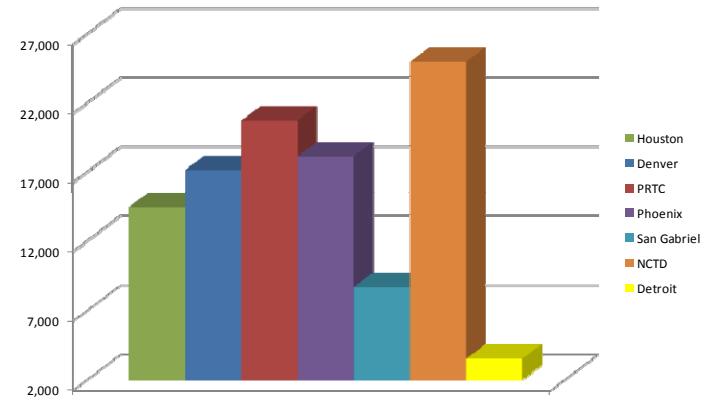


Performance metrics of the City's bus system versus 3rd party operated fleets

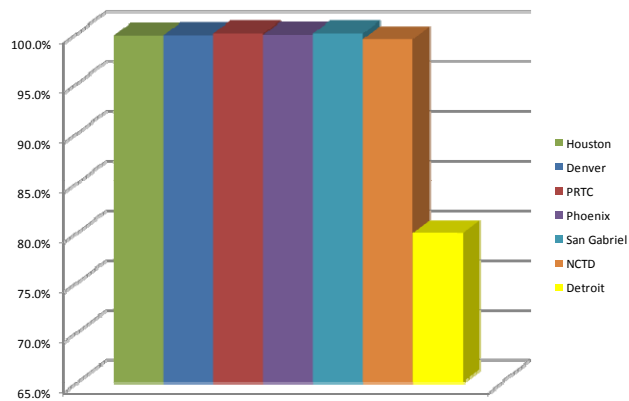
On Time Performance



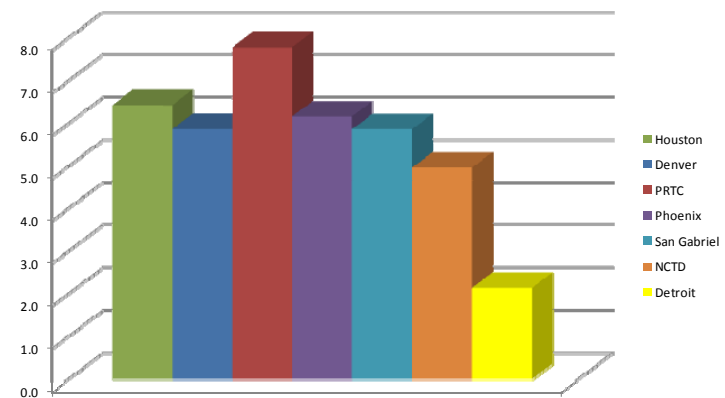
Miles Between Roadcalls



Scheduled Maintenance Performance



Buses Per Technician



Detroit 1 of only 2 major cities that manages its own bus system

