



Transportation Riders United

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"Moving Us Forward"

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May 18, 2011 Testimony regarding Proposed June Service Reductions

Solutions to DDOT's Budgetary Problems

The proposed service reductions are completely unnecessary. DDOT should cut its budget by: (1) reducing its high costs; (2) collecting the fares lost to "fare leakage"; and (3) include all possible transportation expenses when seeking funding from the State of Michigan.

DDOT should Reduce its High Costs before Cutting Service

TRU has been monitoring DDOT's performance for the past ten years, and DDOT's high costs remain. We have repeatedly heard promises each year that DDOT was working to get its costs in line with national norms. DDOT has stated over and over that it is working to get its costs under control and yet, here we are in 2011, with the same problem and DDOT is once again cutting service because its costs are too high. DDOT's maintenance costs continue to burden this department and consequently its riders and the City. DDOT's history of not solving this problem begs the questions of when DDOT will get serious about reducing costs. If DDOT's costs meet national norms, the proposed service reductions will not be necessary.

DDOT is losing \$9 million per Year by Not Collecting all Fares

The Mayor's office has concluded that DDOT is not collecting 25% of its fares due to farebox and driver issues. Informally, DDOT has contested this amount, but these are numbers submitted to the State by Norman White. We ask that DDOT obtain these funds before seeking to raise fares or implement additional service cuts. \$9 million would reduce the need for the proposed cuts.

The City is Losing Funds from the State by Failing to Label all Possible Expenses as Transportation

The State of Michigan allocates transit dollars based on the operating expenses of the transit agency. By not including all expenses that in some way support transit, the City is losing State dollars. We are asking you to include the cost of policing transit, DPW's work on signage, General Services' maintenance of the Rosa Parks Transit Center, the work of Planning and Development and the Planning Commission related to transit, and all other conceivable expenses.

Fundamental Problems that Prohibit Reductions to Service Hours

We support the continued monitoring of routes to provide service according to demand. However, the proposed service reductions coupled with the April 2011 service reductions appear to be a severe drop in service hours that have repercussions greater than the riders that are affected. These decisions are being based on data that is innately flawed because of the lack of reliability that does not comport with DDOT Service Standards (See pages 69 thru 72 of DDOT's Service Standards).

Continued Service Reductions Are a Detriment to the City's Vitality and Coeffers

In April 2005, DDOT cut its overall service by about 30%. In September 2009, DDOT cut its overall service by about 30%. Beginning in April, DDOT implemented additional service reductions, and now the proposed June cuts. (We do not know how large the June service cuts are likely to be.) Limiting the frequency of bus routes, limits the overall utility of the bus service. On most routes, riders now have to schedule their lives around the bus system rather than the bus system supporting their personal schedules. In this economy and with the fluctuating gas prices, more Detroiters need DDOT more than ever. DDOT is part of the infrastructure that the City provides to sustain revenues. It becomes far more difficult for Detroiters to obtain and continue employment. This reduces income and other taxes. Every time, the City cuts funding for DDOT, we also lose State and federal funding, because the formula for allocating funding is based on how much a locality contributes to transit.

DDOT's Reliability is Still Not Improving

DDOT has been unable to hire drivers fast enough to meet its schedule. This means that sometimes the schedule is on paper only. Now with fewer budgeted drivers, it will be even harder for DDOT to hire enough drivers to staff its schedule. DDOT also has problems with absenteeism that it has been unable to control. This problem is particularly difficult during the summer because many employees receive their vacation for the year on July 1st. DDOT's service reductions exacerbate the situation because when buses are less frequent, riders have to wait longer yet if a bus does not come at all. When buses come every ten minutes, a missed bus is problematic, but when buses only come every hour, a missed bus ends the ability to get anywhere.

Even when a bus is in service, they are frequently late or early. Bus bunching and leaving the beginning of the line late are all too common. DDOT does not appear to be addressing this issue. In fact, timeliness statistics are not being reported despite requests for this information. A bus that is untimely or missing on a route with a 60-minute headway makes travel all but impossible. It also makes transfers to other routes with similarly long headways impractical. Low frequency when combined with "bus roulette" renders bus service useless.

To base service cuts on a system with poor reliability further compounds the problem. How can a decision be made about ridership if the reliability has not been considered? Sometimes bus riders give up on a route because of reliability. DDOT often cites its Service Standards as the basis for cutting service, but continually refuses to comply with its own Reliability Service Standards. Without a solid year of reliable service to review, DDOT is cutting service based on its own poor performance rather than the lack of actual demand for good service.

We Will Need More Bus Service to Support Light Rail

Service reductions also create problems with the City's attempts to receive money from the Federal Transit Administration. Proposed light rail will require the Region to provide more bus service, not less. We need to show the FTA that our ridership is growing and that we are more than ready to support light rail.

Attached are the pages reflecting DDOT's Operating Cost Assumptions. You will note that the City has told FTA that its revenue hours will remain the same until 2015, when it will increase (See Table 7, page 21). Currently, DDOT is in the process of having hearings in order to cut \$10 million dollars of revenue hours. (We have not been informed of the precise revenue hour goal.) In short, the City is curtailing bus service at the same time that it is telling FTA that service will remain constant. Perhaps, the City will amend its application, but we have not heard of any such move.

Specific Concerns

It is difficult to offer constructive advice regarding what to cut given DDOT's options to cutting service, the lack of ridership information that has been provided and the unknown goal that Mayor Bing has set. However, the following paragraphs address some of the specific cuts that have been proposed:

Reducing the Length of the Tireman Route

This is bothersome because it requires more riders to have to transfer to go downtown. Given the reductions in service, requiring riders to catch a bus for the first or last portions of the route requires riders to unnecessarily transfer. Because the Tireman Route runs infrequently, we do not understand how much can be saved by reducing the size of the route.

Limiting the Woodward Routes to Travel through Downtown after 6:00 PM

DDOT has proposed to reduce the Dexter – 16, Fenkell -18, Hamilton – 23, and Woodward – 53 routes after 6:00 PM by ending and beginning at the Rosa Parks Transit Center. While we have not seen the ridership numbers for this portion of the route, we are concerned that this reduces the buses for downtown activities including festivals and late-night workers such as janitors and waitstaff.

It also reduces the visibility of the system and makes it more confusing for riders. Routes should be the same 24 hours per day.

Combining the Plymouth and Caniff Routes

It appears to do neither. We realize that ridership on each route has not been substantial, but major portions of each route, particularly the Caniff, that are not served by the new proposal. The lower East side and the State Fair Transit Center are no longer served by the Caniff. If there is data that supports a new route as has been proposed, it should be stated as such. We do not understand the relationship between the new proposed route and the routes as currently in existence.

Weekend Service Reductions

Currently, weekend service is anemic and suffers from reliability problems. With these additional reductions in service, it will become unusable, particularly if a rider has to transfer. With long transfer waits, more and more trips are becoming slower than walking. Each longer headway makes the bus service more difficult to use. Headways that are longer than a half-hour change the service to something that is useful as a last resort or when luck collides with the rider's schedule. Service must move riders at a rate that allows us to live our daily lives. This is no longer the case.

Elimination of Overnight Service and Reduction of Service After 9:00 PM

While ridership is low for late night service, many of these trips are part of round-trips. By ending or reducing this service, ridership at other times of the day will also go down, and more importantly, the riders will lose their mobility – that is their access to jobs as well as other destinations. There was a great deal of testimony at the hearings about the need for buses to run at all hours in order to allow riders to get to their jobs. If DDOT provided service within “car” timelines, all night service might not be necessary. However, riding the bus is often a lengthy process that results in long commutes at all hours. Has DDOT contacted the City's medical institutions as well as the hospitality leaders to determine how much these service reductions will affect their customers and workers? Many occupations require multiple shifts. Commerce and roads do not shutdown overnight, and neither should bus service.

Elimination of the Hays and Imperial Limited

Without better information about these routes, we cannot provide constructive comment about this issue. We do question whether the service standards have been followed regarding these routes particularly the particular marketing plan that is supposed to be followed before eliminating the route. We are unaware of any targeted marketing plan for these routes and other routes with low

ridership. The service standards also address timeliness issues that DDOT has not complied with.

Thank you for this opportunity to testify, and a special thank you to those of you who ride the bus. Please contact me at (313)590-2493 if you have any questions regarding this manner.

Sincerely,

Patty Fedewa
Board Member



A combination of federal and state sources is proposed to fund the annual debt service payments. Specifically, the financial plan assumes the \$10.0 million annual payment will reflect \$8.0 million from the City's annual FTA Section 5307 allocation and \$2.0 million annually from the State in the form of the required 20 percent match of FTA Section 5307 expenses. Based on this repayment structure, for the Woodward LRT Project, the financial plan assumes 80 percent of the bond proceeds (\$59.2 million) are categorized as federal funds and 20 percent of the proceeds (\$14.8 million) are categorized as non-federal (State) funds. The federal share of the bond proceeds will provide 11.2 percent of the funding needed for the Project, while the State share of bond proceeds will provide 2.8 percent.

- Under the current implementation schedule, the majority of the Woodward LRT Project will be under construction prior to the City's receipt of New Starts funds under a Full Funding Grant Agreement. In order to accelerate Project implementation while awaiting the New Starts funds, the financial plan assumes the City will issue short term debt in FY 2014 and FY 2015 to cover annual capital requirements. The short term debt instrument will be similar to the City of Detroit's March 2009 \$124.5 million Revenue Anticipation Note which received an SP-1+ rating from Standard & Poor's. Approximately \$158.3 million in short term financing is assumed to cover project costs over FY 2014 and FY 2015 while the City awaits receipt of FTA New Starts funds. Assumptions for the short term financing instrument include an interest rate of 4.25 percent and a 4-year term, which results in \$16.7 million in finance costs added to the Project's capital costs. The short term financing would be paid in full upon receipt of the FTA New Starts funds. The financial plan reflects repayment of principal and interest expenses over FY 2016 and FY 2017, the second and third year the City would receive New Starts funds.

3.4 Operating Cost Assumptions

As summarized in Table 7, assumptions related to projected annual O&M costs over the FY 2011 to FY 2030 period reflect the following:

- Annual bus, LRT, and people mover O&M costs are based on a cost per hour factor. The financial plan assumes the cost per hour factor will grow 2.0 percent annually over the prior year's value through FY 2019 and 2.5 percent annually over the FY 2020 to FY 2030 period.
- Annual hours for bus service in FY 2015 reflect the operations plan developed to support implementation of the Woodward LRT Project's first phase and represent an increase of 22,300 revenue hours over the FY 2014 service levels. After the second phase of the LRT project is implemented in December 2015, the financial plan assumes the bus service along the Woodward corridor will be restructured and overall service levels will return to the FY 2014 level. Between FY 2021 and 2030, bus revenue hours will be increased incrementally in order to achieve the FY 2030 bus operating plan that was developed for the Woodward LRT Project.



- Following completion of Phase 2 of the Woodward LRT Project, annual revenue hours for LRT service are projected to remain at the FY 2017 level through FY 2030.
- Future paratransit O&M costs reflect DDOT's implementation of a new service delivery approach last year. In November 2009, DDOT transitioned its paratransit service from a single service provider, demand response service, to a multi-provider brokerage service model. Paratransit trip requests are now brokered out to four transportation providers: Enjoi Transportation, Checker Cab, Lakeside Division, and Delray United Action Council. The brokered service includes both taxi services (demand taxi (DT)) and small bus (demand response (DR)) services. The type of service operated by each provider is determined by the manner in which trips are assigned and tracked for each, which is defined as follows:
 - Demand Taxi: Revenue service is defined as the time spent carrying passengers only. For each DT trip assigned, this includes the travel time from each client's origin address to his/her destination address. Based on data collected over the last year, 99 percent of the paratransit service is operated as DT (origin-to-destination).
 - Demand Response: Revenue service includes all travel time from the point of the first passenger pick-up to the last passenger drop-off. Over the last year, 1 percent of the paratransit service is operated as DR (first pick-up to last drop-off).

A pre-trip rate is paid for each trip completed successfully. DDOT's current per-trip rate is \$16.50 for all trip types. Effective on January 1, 2011, ambulatory trips (where a lift equipped vehicle is not required) will be paid at \$17.69 per trip; and non-ambulatory trips (where a lift equipped vehicle is required) at \$21.06 per trip. The financial plan reflects an average cost per trip based on these two categories and assumes the cost per hour factor will grow 2.0 percent annually over the prior year's value through FY 2019 and 2.5 percent annually over the FY 2020 to FY 2030 period. Additionally, as this is a new approach to providing paratransit service, there are no historic trends to project future usage. For the financial plan it was assumed that the number of trips would grow 3 percent per year.

- Annual hours for people mover service are held constant at the FY 2010 service levels through FY 2030 period.



Table 7: Level of Service and Cost per Hour Assumptions

Fiscal Year	Bus Hours	Cost per Hour	LRT Hours	Cost per Hour	People Mover Hours	Cost per Hour	Paratransit Trips	Cost per Trip
2011	961,912	\$146.34			91,128	\$142.87	286,230	\$20.25
2012	961,912	\$149.27			91,128	\$145.73	294,817	\$20.66
2013	961,912	\$152.26			91,128	\$148.65	303,661	\$21.07
2014	961,912	\$154.60			91,128	\$151.62	312,771	\$21.49
2015	984,221	\$157.25	7,233	\$304.73	91,128	\$154.65	322,154	\$21.92
2016	961,912	\$160.39	30,392	\$325.27	91,128	\$157.74	331,819	\$22.36
2017	961,912	\$163.60	37,000	\$342.31	91,128	\$160.90	341,773	\$22.81
2018	961,912	\$166.87	37,000	\$349.15	91,128	\$164.12	352,027	\$23.27
2019	961,912	\$170.21	37,000	\$356.14	91,128	\$167.40	362,587	\$23.73
2020	961,912	\$174.47	37,000	\$365.04	91,128	\$171.58	373,465	\$24.32
2021	977,115	\$178.83	37,000	\$374.17	91,128	\$175.87	384,669	\$24.93
2022	992,317	\$183.30	37,000	\$383.52	91,128	\$180.27	396,209	\$25.56
2023	1,007,520	\$187.88	37,000	\$393.11	91,128	\$184.78	408,095	\$26.19
2024	1,022,722	\$192.58	37,000	\$402.94	91,128	\$189.40	420,338	\$26.85
2025	1,037,925	\$197.39	37,000	\$413.01	91,128	\$194.13	432,948	\$27.52
2026	1,053,128	\$202.33	37,000	\$423.34	91,128	\$198.99	445,937	\$28.21
2027	1,068,330	\$207.39	37,000	\$433.92	91,128	\$203.96	459,315	\$28.91
2028	1,083,533	\$212.57	37,000	\$444.77	91,128	\$209.06	473,094	\$29.64
2029	1,098,735	\$217.89	37,000	\$455.89	91,128	\$214.29	487,287	\$30.38
2030	1,113,938	\$223.33	37,000	\$467.28	91,128	\$219.64	501,906	\$31.14

3.5 Operating Revenue Assumptions

The financial plan reflects the following assumptions for the key operating revenue sources. Detailed descriptions of all operating revenue sources are provided in Section 5.

- **FTA Section 5307 Urbanized Area Formula funds:** DDOT has initiated an internal program to reduce the level of Section 5307 funds that are used for preventive maintenance activities and increase the share of such funds available for capital. Over the FY 2011 to FY 2015 period, the financial plan assumes Section 5307 funds for preventive maintenance will range between \$10.5 million to \$15.5 million. Between FY 2016 and FY 2030, the financial plan assumes \$8.0 million will be available for preventive maintenance activities. Associated with the FTA Section 5307 funds, the financial plan assumes the State will provide the 20 percent match for preventive maintenance activities.
- **Congestion Mitigation Air Quality Improvement (CMAQ) funds:** CMAQ funds are available to support operations of a new transit service for the first three years of operation. The financial plan assumes the City will receive \$5.0 million per year over the FY 2015 to FY 2017 period for costs associated with the implementation of the Woodward LRT Project and the new buses services that will support the LRT.
- **State Operating Assistance for LRT:** As described earlier, Senate Bill 1590 enables M-1 RAIL to receive an annual State operating subsidy for LRT operations. M-1 RAIL is eligible



to receive \$8.0 million per year based on providing \$100.0 million to support construction of the project. The financial plan assumes that the State will provide \$7.5 million annually in annual operating assistance.

4.0 Capital Costs, Revenues, and Financing

Capital cost estimates were developed separately for the background transit system and the Woodward LRT Project. The background transit system capital cost estimates are based on DDOT's current 20 year capital plan. As stated earlier, capital costs for the Woodward LRT Project reflect conceptual engineering completed to date and reflect the FTA's Standard Cost Code categories. All capital costs have been inflated to year-of-expenditure dollars. The capital plan also includes debt service payments related to the planned issuance of Section 5307 Grant Anticipation Revenue bonds and short term financing for the Woodward Avenue LRT project. Through the FY 2017 end of the Full Funding Grant Agreement, debt service costs for the short term financing and the share of the Section 5307 Grant Anticipation Revenue Bonds used for the Woodward Avenue LRT Project have been allocated to the Project; beyond the FFGA period, debt service costs for the latter are considered part of the cost of the background system.

Table 8 and Figure 4 summarize capital costs estimated over the FY 2011 to 2030 period for the background transit system and the Woodward LRT Project. As shown in the table, the \$1,378.8 million in capital costs associated with these components over the FY 2011 to 2030 period consist of the following:

- Background transit system costs account for approximately 61.7 percent of total costs (\$850.4 million YOY dollars); and
- Woodward LRT Project costs account for approximately 38.3 percent of total costs (\$528.4 million YOY dollars).

Table 8: FY 2011 to FY 2030 Estimated System-wide Capital Costs and Debt Service Payments
(YOY \$, in millions)

Capital Costs	2011-2030 Total
Background System	\$850.40
Facilities Upgrades & Improvements	\$68.66
Bus Replacement/Expansion	\$431.88
Existing Vehicle Lease Expense (121 Vehicles)	\$31.95
Midlife Component Replacement (40-FT Bus)	\$28.80
Service / Support Vehicles	\$4.65
Machinery, Equipment and Other Capital Assets	\$33.92
Communications Equipment	\$28.09
Fare Collection	\$25.26
Bus Stop Improvements	\$7.36
General Planning Services	\$20.00
Demand Response Vehicles	\$14.49
AVL System Replacement	\$16.00
Systemwide Debt Service Payments	\$139.33