

MEMORANDUM



TO: VICTOR CARDENAS, CITY MANAGER
JEFF MUCK, PRCS DIRECTOR
FROM: KIT KIESER, OAS MANAGER
SUBJECT: OAS TRANSPORTATION RIDER SUBSIDIES
DATE: APRIL 11, 2024

Mayor and Council –

To properly plan for a transition in a few months, we'll seek a decision on this matter at your next meeting (April 22nd). Please let us know if you need additional information.

- Victor

Novi Senior Transportation has begun preparations to transition operations from The City of Novi to People's Express (PEX).

The current fare structure for Novi Senior Transportation includes free rides for individuals 55+ or those under 55 with a limiting disability within the City limits and \$5 per one-way rides between the City limits and a 10-mile radius boundary. Fees within the City limits were waived by City Council in 2018. Novi currently averages 3 no call-no shows and 11 same-day cancellations per week.

Oakland County sets the pricing on fares for PEX. Individuals 55+, people with disabilities, low-income individuals, and veterans receive a discounted fare of \$2 per one-way ride. Out-of-boundary rides are an additional \$1.25 per mile. The fare for general public riders is \$4 per one-way ride with out-of-boundary rides costing an additional \$2.50 per mile.

The changes to transportation service will include additional hours per week and days per year.

	Days per year	Hours per week
Novi	290	46
PEX	356	94

Medical rides comprise a majority of our current rides at nearly 44%. Most medical rides occur on weekdays during regular business hours, with the exception of riders going to dialysis treatment on Saturdays. The next highest group is residents utilizing transportation to go to work. All other rides—shopping, exercise, City programs, etc.—are combined into "other" in the table below.

		Medical	Work	Other	Days Operated	Total Trips
FY 22-23	Q4	1,460	723	1,180	74	3,363
FY 23-24	Q1	1,609	633	1,447	77	3,689
FY 23-24	Q2	1,502	592	1,419	69	3,513

FY 23-24	Q3	1,509	465	1,318	70	3,292
Total		6,080	2,413	5,364	290	13,857
% of rides		43.88%	17.41%	38.71%		

Following are options for City Council's consideration on subsidizing resident fares with PEX. One-year cost projections are based on Novi operating hours and rider data from the previous calendar year, not including allowances for an increase in hours or days of operation with PEX or out-of-boundary rides:

1. **Eliminate all rider subsidies-** Riders are subject to pricing set by Oakland County. No use of City funds.
2. **Subsidize medical rides only:**

Medical rides	Fare	Est subsidy cost
6,080	\$2	\$12,160

3. **Subsidize individuals 55+ and people with disabilities:**

Total rides	Fare	Est subsidy cost
13,857	\$2	\$27,714

4. **Subsidize all rides –** would include all rides Novi currently provides (#3), plus fares for new riders incurred as a result of PEX's expanded services. Staff is unable to project an estimate due to the unknown number of new riders who will opt to use the service. PEX has indicated that an average of 90% of their current ridership is 55+ and/or have a disability in the other communities they service.

If City Council directs staff to pursue options #2, #3 or #4 as listed above, an agreement would be developed with PEX in which PEX would invoice Novi for the rides given. Staff is currently in discussion with PEX and the County on the possibility of our annual SMART funds being used to offset the cost of resident rides.

This matter will be brought forward for City Council discussion and action at the April 22 meeting.