

Board of Director's Meeting Summary
Meeting Date/Time: September 23, 2021, 6:30-9:00pm

Location: Remote

Board Member Attendees: Eric Mahler (Chair), Raymond Hess, Jesse Miller, Kyra Sims, Kathleen Mozak, Mike Allemang, Ryan Hunter, Susan Pollay, Rich Chang

AAATA Staff Attendees: Bryan Smith, LaTasha Thompson, Matt Carpenter (CEO), Forest Yang, Dina Reed, Gwyn Newsome

Guests: Leigh Schultz (Attorney and Counselor at Law)

Meeting Chair: Eric Mahler

Chairman Eric Mahler called the meeting to order at 6:32pm.

| Discussion Items | |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. OPENING ITEMS | |
| 1.1 | <p>Approve Agenda Ms. Susan Pollay moved to approve the agenda, seconded by Ms. Kathleen Mozak. In support of the motion: Mr. Mike Allemang (reporting in from Ann Arbor, MI): Yes Mr. Rich Chang (reporting in from Cheboygan County, MI): Yes Mr. Raymond Hess (reporting in from Ann Arbor, MI): Yes Mr. Ryan Hunter (reporting in from Ypsilanti Township, MI): Yes Mr. Jesse Miller (reporting in from Ypsilanti, MI): Yes Ms. Mozak (reporting in from Ann Arbor, MI): Yes Ms. Pollay (reporting in from Ann Arbor, MI): Yes Ms. Kyra Sims (reporting in from Ann Arbor, MI): Yes Chairman Mahler (reporting in from Ann Arbor, MI): Yes</p> <p>The motion passed unanimously.</p> |
| 1.2 | <p>Public Comment Mr. Jim Mogensen encouraged the Board to think through why people are riding the bus when considering how to increase ridership.</p> |
| 1.3 | <p>General Announcements Chairman Mahler announced that Keith Book will be moving on to another job and this will be his last AAATA Board meeting. On behalf of the Board, he thanked Mr. Book and wished him the best of luck.</p> |
| 1.4 | <p>Board Officer Elections Mr. Chang moved to nominate Mr. Allemang for Treasurer of FY2022, seconded by Ms. Pollay. In support of the motion: Mr. Allemang: Yes Mr. Chang: Yes Mr. Hess: Yes Mr. Hunter: Yes Mr. Miller: Yes</p> |

Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously

Ms. Sims moved to nominate Mr. Miller for Secretary of FY2022, seconded by Mr. Chang.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

Mr. Allemang moved to nominate Chairman Mahler for Chairman of FY2022, seconded by Mr. Hunter.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

2. CONSENT AGENDA

2.1 Minutes, FY2022 Board Meeting Dates, & Committee Meeting Reports

Ms. Mozak moved to approve the Consent Agenda, seconded by Mr. Allemang.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

3. POLICY MONITORING & DEVELOPMENT

3.1 Committee Meeting Discussion

None.

4. FY2022 BUDGET

4.1 Recommended Budget Presentation

Ms. Reed presented the recommend FY2022 Budget (see her presentation on page 139 of the [September 23rd Board Meeting Packet](#)).

4.2 Budget Public Hearing

Mr. Jim Mogensen described how labor shortages in the non-profit organizations (that help verify qualifications for low-income fares) might affect the application process. He also described potential impacts from fare media changes and the capital budget.

Mr. Robert Pawlowski complimented staff, especially Dina Reed, on the budget.

Ms. Michelle Barney shared that the budget presentation helped her better understand the struggle to provide all the services requested by the public. She also described experiences with MV (the provider of ARide) as improving.

Ms. Kittie Morelock expressed her surprise about the regular fare of \$20 for GoldRide and her hopes that future budgets will allow for the cost of GoldRide to be revisited.

4.3 Monitoring: Planning and Budgeting (Policy 2.4)

Ms. Reed presented the Board with the [Monitoring Report for Policy 2.4](#) and the respective survey results on page 136 of the [September 23rd Board Meeting Packet](#).

Mr. Allemang suggested that amendments to policy 2.4 should be considered. He noted that sub points of the policy do not address financial planning, only budgeting. He described splitting the policy into two policies, one that is more long-range that addresses financial planning and one that is more specific to budgeting.

Policy 2.4.2: Mr. Allemang described his perception that the response in the report to this policy does not refer to the Ends as it should.

Policy 2.4.5: Mr. Allemang suggested that the structural deficit needs to be addressed in future budgets.

Policy 2.4.8: Mr. Allemang described having an issue with how the unfunded future obligations are referred to as not being newly created.

Chairman Mahler and Mr. Allemang agreed that the Finance Committee will work on recommending amendments to the policy.

CEO Carpenter described GoldRide to Mr. Miller as a service that AAATA chose to provide many years ago that is above and beyond the federally required minimums; it has costs associated with it that AAATA struggles to accommodate from a long-term perspective.

Ms. Pollay moved to approve the Monitoring Report for Policy 2.4 as in compliance (A), seconded by Mr. Chang.

In support of the motion:

Mr. Allemang: No

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed.

4.4 Monitoring: Fares (Policy 2.5.12)

Ms. Reed presented the Board with the [Monitoring Report for Policy 2.5.12](#) and the respective survey results on page 130 of the [September 23rd Board Meeting Packet](#).

Mr. Hess suggested that policy 2.5.12.1 be identified as partially compliant (as opposed to fully compliant) and policy 2.5.12 be approved as in compliance except for items noted. He expressed concern with the fiscal responsibility of the fare change and his perception that the fare change represents a revenue loss at a time when AAATA is struggling as an organization to address a looming structural deficit. Mr. Hess also described not feeling like the Board has been given a compelling case that the fare adjustment will increase ridership. He shared his understanding that approximately 55% of AAATA riders have their fares paid by a third party, so an increase or decrease in fares does not directly affect the majority of the riders.

Mr. Hess described his positive support of the budget without the fare change proposal. He also mentioned finding it unclear as to why some of the fare changes recommended in the 2018 fare study were not considered while others were. He requested that the fare changes be addressed more methodically in the future.

Mr. Hess added that the AAATA fare box recovery is on the lower end of the normal trend and that there may be opportunities for AAATA to expand their fare box recovery percentage. Lastly, he expressed frustration with the fare proposal being released to the public before the Board was consulted on it as fare changes are the purview of the Board.

Chairman Mahler, CEO Carpenter, and Mr. Allemang described that the Board, Finance Committee, and staff have been actively addressing the trajectory of the structural deficit.

Mr. Allemang complimented Mr. Hess on the points he presented. He also described that what is being proposed as very small; it goes in the wrong direction, but it is pretty small, and he is hoping that within the next year, AAATA will go back to a more comprehensive fare study and look at the whole fare structure. He described his hope that the elasticity in terms of the demand versus the price will be addressed.

CEO Carpenter thanked Mr. Hess for raising some of the challenges with the recommendation. He pointed out that this is first time in well over a decade that AAATA has attempted to change its fare structure at all. He expressed his regret that the process did not unfold as he would have liked due to not fully understanding how regulated the federal government makes changing fares. He apologized that staff suddenly found themselves having to put the recommendations out for public comment before there was a chance to introduce them to the Board. CEO Carpenter described the high amount of equity analysis that is required by the federal government which put a lot of stress on staff in addition to the pandemic, service recovery, and exit of John Metzinger who understood the fare study the greatest. He noted that this has been a learning experience for this fare proposal and those imminent in the future.

CEO Carpenter shared that the fare changes that were chosen from the fare study were chosen because they are relatively safe and AAATA is the only organization involved in these decisions (no partners involved). He described the fare changes as tailored to pursue the Board's Ends. As an example, he described that the fare study suggested that the Day Pass should be eliminated because only 1,200/year had been sold. The Day Pass is used typically by visitors. Since there are a lot more than 1,200 visitors coming into Ann Arbor every year, perhaps more visitors would purchase the Day Pass if it was priced differently. Staff suggested trying this, seeing how it works for a year or two, and if it fails, then the Day Pass can be eliminated.

CEO Carpenter described the proposed discontinuation of the zone fare between Ypsilanti and Ann Arbor as an important equity step. He noted that elasticity studies were conducted for the proposed 30 Day Pass fare change; these studies were shared in the most recent budget document in Appendix 8.4 on page 72 of the [September 23rd Board Meeting Packet](#). CEO Carpenter pointed out the details and studies on page 77 of the same packet that project a ridership increase and provide description of the budgetary impacts. He asked Board members for feedback on whether or not the interpretation, evidence, and the types of information provided are adequate from an evidentiary point of view. He showed respect for Mr. Hess' observations and also proposed that a \$60,000 impact on the budget caused by these fare changes will not have a material effect on the deficit and are worth a try.

CEO Carpenter informed the Board that he intends to restructure the process for future fare change proposals.

Ms. Pollay asked that staff monitor the number of past sales so there is some metrix of understanding price elasticity. When the Board is at budget or fare approval points in the future, she asked for some actual metrix to use to understand when a decision was made what was interpreted to have been some of the impact.

Mr. Allemang commented that the visitor Day Pass sales are not just driven by the price; visitors would need to know about it and how to use it. He shared his perception that this information has not be put out to visitors very much. He also suggested that it might be best not to try approving fare changes at the same time that the policy is being evaluated.

Mr. Allemang expressed that this particular change is really small regarding the entire budget and a whole lot of attention is being given to \$60,000; he expects next time that it will be a much bigger consideration that \$60,000.

Chairman Mahler agreed with Mr. Allemang's point that evaluating a fare change and fare policy at the same time makes the process muddy but described addressing a \$60,000 situation before it becomes a \$2M situation as the best process. He suggested that price or demand elasticity and regression analysis would be helpful in the future.

Mr. Miller described that fare change decisions might best be done separate from budget decisions. He requested in the future that there be more detailed information accompanying the fare change proposals and a longer period of time for consideration. He also shared his point of view that the Day Pass usage could be based on ease of availability.

Mr. Hess further described the fare proposal as a self-inflicted wound due to the known structural deficit ahead. He suggested that the fare restructuring may not be

happening at the right time with the right initiative but should be pursued at some point in the future once there is a better strategy.

Ms. Mozak expressed that \$60,000 is a risk she is willing to take considering the potential benefits for the community.

Mr. Hess moved to approve the Monitoring Report for Policy 2.5.12 as (B) in compliance except for items noted in the discussion at the meeting. He described Policy 2.5.12.1 as partially compliant as opposed to fully compliant as described in the report. This motion was seconded by Mr. Miller.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

Mr. Allemang recommended that Policy 2.4 be reviewed by the Finance Committee prior to the review by the Board in the future. Chairman Mahler agreed. This will be updated in the monitoring report schedule.

4.5 Budget Decision

Ms. Reed confirmed for Mr. Hess and the Board that if the budget were approved without the proposed fare adjustments, some changes would have to be made to the budget book before posting it to the website, but it would not change any of the numbers per say.

CEO Carpenter responded to Mr. Allemang that there are no regulatory impacts about not changing fares.

Ms. Mozak expressed finding merit in the fare change proposals and asked to continue the conversation should the proposals be removed from the budget. Chairman Mahler described that the fare proposals would go back to the Finance Committee for more evaluation, to then be brought back to the Board for further discussion.

Mr. Allemang shared that even though he has criticism about the process, he is willing to take the recommendation of staff to make the proposed fare changes.

Mr. Miller asked that the Board consider at least keeping the removal of the surcharges for the NightRide and HolidayRide services as those seem to be more of an equity issue.

CEO Carpenter described that federal regulations require that fare changes like those proposed be reassessed by an equity analysis every time they are tweaked. Because of this, the Board would need to accept all the fare recommendations or none of them.

Mr. Hess moved to approve the FY2022 Operating and Capital Budget absent the proposed fare adjustment, seconded by Ms. Pollay.

Mr. Miller described that he likes the proposed fare changes; they do not affect the budget all that much and there are two aspects that are urgent equity issues.

Mr. Allemang provided his support for making the proposed fare changes.

Ms. Mozak shared her agreeance with Mr. Miller and Mr. Allemang.

Chairman Mahler mentioned that he would rather do the fare changes mid-fiscal year and get it right than rush it in a process that the Board is not happy with because they do not want to go through the process again.

In support of the motion:

Mr. Allemang: No

Mr. Chang: No

Mr. Hess: Yes

Mr. Hunter: No

Mr. Miller: No

Ms. Mozak: No

Ms. Pollay: Yes

Ms. Sims: No

Chairman Mahler: Yes

The motion failed.

Mr. Allemang moved to pass the budget as proposed by the staff, seconded by Mr. Hunter.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

Attachment 2

Resolution 11/2021

ADOPTION OF FY 2022 OPERATING AND CAPITAL BUDGET

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ANN ARBOR AREA TRANSPORTATION AUTHORITY**

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY 2022 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) in order to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY 2022 to the Federal Transit Administration (FTA) as part of the annual application for FY 2022 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY 2022 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY 2022 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY 2022 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- \$55,765,850 for operations, and
- \$10,840,000 for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY 2020-2023 TIP, of which FY 2023 and beyond are subject to amendment in future years.



Eric A. Mahler, Chair

September 23, 2021



Jesse Miller, Secretary

September 23, 2021

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 Service Restoration Update

Mr. Smith and Mr. Yang described that in August the ridership went back to approximately 40-50% of the pre-pandemic level. After the new service plan was implemented, for the last three weeks, the ridership is at about 60% of the pre-pandemic level, which is a little bit better than was projected. Mr. Yang explained that in early summer, the ridership was only 20-25% of the pre-pandemic level, so it has more than doubled.

5.2 Long-Range Plan Update

Mr. Yang walked the Board through the project schedule found on the final page of the [September 23rd Board Meeting Packet](#) (page 155). He highlighted that at the October 6th Board LRP Scenarios meeting, the Board will have the opportunity to review the

plan scenarios and provide their initial feedback. Shortly after that, round two of the public and stakeholder engagements will take place in late October / early November.

The current schedule suggests that the draft plan may be available for Board review in March 2022 and for Board approval in April 2022.

5.3 CEO Report

CEO Carpenter announced that D2A2 will restart on October 18th. He shared that the state budget looks like it is coming in on time with nothing in the transit budget harmed. He described that major bills on infrastructure and then a larger omnibus bill appear to have been tie barred by the Democrats.

Mr. Smith confirmed for Mr. Miller that progress has been made on the installation of the fresh air kits on the buses and he will get an updated number of completed installations for the Service Committee (to also include the number of buses that cannot accommodate the fresh air kits). He described that a measure can be taken on buses that do not yet or cannot have the fresh air kits so that the back window cannot be closed to help with ventilation.

6. EMERGENT ITEMS

None.

7. CLOSING ITEMS

7.1 Topics for Next Meetings

Monitoring: Compensation and Benefits (Policy 2.3)

Monitoring: Construction (Policy 2.11)

2022 Millage

7.2 Public Comment

Mr. Jim Mogensen thanked Mr. Book for his service. He described fare cost differences for those associated with a third party and those that must apply for low-income fares. He also described that when the cost of regular fares goes up, so do the costs of low-income and ARide fares. He suggested that AAATA look to other partners in the county to help fund GoldRide.

Mr. Robert Pawlowski thanked Mr. Book for his service. He also thanked Mr. Yang and Mr. Smith for their work on the Service Recovery Plan and the Long-Range Plan. Additionally he shared his appreciation for the return of D2A2 and approval of the budget.

Ms. Michelle Barney described her disappointment that it took 2.5 weeks before she was given the approval to go see a doctor after being a passenger in an ARide van that got rear ended on September 8th. She requested MV Transport be spoken with about how they handle accidents. She also thanked Mr. Book for his service.

Mr. Book thanked the public, the Board, and the staff for the pleasure and honor to serve.

7.3 Closed Session (pursuant to Section 8(c) of the OMA)

Chairman Mahler requested a motion to go into closed session pursuant to section 8(c) of the Open Meetings Act. This was motioned by Ms. Mozak and seconded by Mr. Allemang.

Chairman Mahler conducted a roll call vote for this.

In support of the closed session:

Mr. Allemang: Yes

Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The Board went into the closed session at 9:24pm.

Ms. Mozak motioned to go out of closed session, seconded by Ms. Pollay. Chairman Mahler took a roll call vote.

In support of going out of closed session:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

At 10:12pm, the Board voted unanimously to come out of the closed session.

7.4 Adjournment

Mr. Miller moved to adjourn the meeting, seconded by Ms. Mozak.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Mr. Hess: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Pollay: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

Chairman Mahler adjourned the meeting at 10:15pm.

Respectfully submitted by: Keith Everett Book