



Board of Director's Meeting Agenda

Meeting Date/Time: October 20, 2022, 6:30-9:00pm

Members: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Simi Barr, Rich Chang, Ryan Hunter, Eric Mahler, Susan Pollay, Kyra Sims

Location: Ann Arbor District Library
 Virtual attendance available [via Zoom](#)
 Passcode: 983308

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5. EMERGENT ITEMS			
6. CLOSING ITEMS			
6.1 Reminder: Board Retreat Ann Arbor District Library 12:30-4:30pm		Tuesday, October 25, 2022	
6.2 Topics for Next Meetings 2.6 Cash & Investments Q4 Service Report Q4 Financial Report Board Education – Federal Advocacy w/ Ward McCarragher		Thursday, November 17, 2022	
6.3 Public Comment	O		
6.4 Adjournment			

Monitoring, D = Decision Preparation, O = Other

Board of Director's Meeting Minutes

Meeting Date/Time: September 28, 2022, 6:30-9:00pm

Members: Eric Mahler (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Simi Barr, Rich Chang, Kathleen Mozak, Susan Pollay, Kyra Sims

Staff: Matt Carpenter, Dina Reed, Forest Yang, Gretchen Johnson, Deborah Holt

Location: Ann Arbor District Library

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

Agenda Item

1. OPENING ITEMS

1.1 Approve Agenda

Mr. Chang move to approve the agenda, seconded by Mr. Miller.

All in favor of the accepted agenda:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

The vote passed unanimously.

Ms. Pollay arrived at 6:34 pm

1.2 Public Comment

Robert Pawlowski expressed his support for electric buses as other organizations such as SMART and DDOT have begun to change out their bus fleet to electric. He is encouraged by these changes and hopes TheRide will look into making them as well.

1.3 General Announcements

1.3.1 Welcome New Board Member Simi Barr

Mr. Mahler and the rest of the Board welcomed new Board member Simi Barr. Mr. Barr comes from the Office of Sustainability with the City of Ann Arbor.

1.4 Board Officer Elections

Mr. Mahler opened the floor for the nomination for Board Chair for the 2023 year.

Mr. Miller nominated Ms. Mozak, seconded by Ms. Sims.

All in favor of nominating Ms. Mozak as Board Chair:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

All in favor, none opposed.

Mr. Mahler opened the floor for the nomination for Board Secretary for the 2023 year.

Ms. Mozak nominated Mr. Miller, seconded by Ms. Pollay.

All in favor of nominating Mr. Miller as Board Secretary:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

All in favor, none opposed.

Mr. Mahler opened the floor for the nomination for Board Treasurer for the 2023 year.

Mr. Chang nominated Mr. Allemang, seconded by Mr. Miller.

All in favor of nominating Mr. Allemang as Board Treasurer:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

All in favor, none opposed.

2. CONSENT AGENDA

2.1 Board Meeting Minutes August 18, 2022

2.2 Committee Meeting Summaries

Mr. Miller motioned to approve Consent Agenda, seconded by Ms. Sims.

All in favor of accepting the consent agenda items:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

The Consent Agenda was accepted as presented.

3. POLICY MONITORING & DEVELOPMENT

3.1 Budget Approval (Verbal)

Mr. Carpenter provided an overview of the fiscal 2023 budget approval package process which includes the 2.4 Financial Planning / Budgeting and 3.1.2 Fare Policy monitoring reports, followed by a passing of the presented budget.

3.1.1 (2.4) Financial Planning and Budgeting

Ms. Reed shared several highlights from the monitoring report and how they had been discussed at the Finance Committee level. They had recommended to the board that the monitoring report be accepted as A - compliant.

Ms. Mozak put forth a motion to accept the report as A – in compliance. Mr. Chang seconded the motion.

All in favor of accepting the report as A – in compliance:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

The motion passed unanimously to accept the report as A – in compliance.

3.1.2 (2.5.12) Fare Policy

Ms. Reed shared the findings of the Fare Policy monitoring report that had been presented to the Finance Committee. She noted that the committee recommended to the board that the monitoring report be accepted as B –compliant except for items noted (2.5.12.2). The non-compliant item due to a failure to notify the public 30 days in advance of fare changes.

Ms. Sims put forth a motion to accept the report as B – compliant except for items noted (2.5.12.2). Ms. Mozak seconded the motion.

All in favor of accepting the report as B – compliant except for items noted (2.5.12.2):

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

The motion passed unanimously to accept the report as B – compliant except for items noted (2.5.12.2).

3.1.3 FY2023 Operating and Capital Budget Improvements

Ms. Reed presented to the board the [FY23 recommended budget](#) (pg. 77). In her presentation she reviewed the budget introduction, timeline, and processes for accepting the budget. She shared that she had received written questions/comments from the board and had responded to them to keep the board well-informed.

After her presentation, the board discussed various items within the budget – ridership building initiatives, provisions for sustainability, labor costs related to staff recruitment and uncertainties related to pandemic recovery.

After the discussion was completed, Mr. Mahler read the Board Resolution for the Adoption of the FY2023 Operating and Capital Budget.

Mr. Chang put forth a motion to adopt the resolution as presented. Mr. Miller seconded the motion.

All in favor of adopting the resolution:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

The motion passed unanimously to adopt the FY2023 Operating and Capital Budget resolution.

3.2 Monitoring Task Force Report

Mr. Allemang provided the board with an update on the Monitoring Task Force – he shared that the group has recognized that the focus on redesigning monitoring surveys and is now focusing their efforts on improving and developing policies. Policy Governance consultant, Rose Mercier has advised that monitoring work and discussion has placed a higher emphasis on means, rather than ends.

The board went on to have a robust discussion regarding various methods (policy revisions, less frequent monitoring) to be more efficient with policy monitoring. They also discussed that policy review and revisions need to be a focus at the committee level, rather than board level.

3.3 (2.9) External Relationships

Mr. Carpenter shared several highlights from the monitoring report that had been presented to the Service Committee. He noted that the committee recommended to the board that the monitoring report be accepted as A – compliant.

Ms. Mozak also shared with the board that this policy was an example of a policy that needed review and the Service Committee was requesting additional time to discuss in order to bring forward future revisions.

Ms. Mozak put forth a motion to accept the report as A – in compliance. Mr. Chang seconded the motion.

All in favor of accepting the report as A – in compliance:

Mr. Mike Allemang: Yes (attending virtually)
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kathleen Mozak: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Chairman Eric Mahler: Yes

The motion passed unanimously to accept the report as A – in compliance.

4. STRATEGY & OPERATIONAL UPDATES

4.1 CEO Innovation Presentation

Mr. Carpenter provided the [CEO Innovation Presentation](#) to the Board (pg. 135) as a part of an annual policy for an innovation presentation. He shared insight on the concept of purposeful innovation and how this concept will be a lead-in for the future discussion around zero-emission bus propulsion. Included in the presentation was a video on the Gartner Hype Cycle which outlined methods for purposeful innovation that lead to constructive results.

Mr. Carpenter and Board members discussed topics of innovation and how the board determines the direction for the exploration and pursuit of those initiatives with the annual plan of work. Discussion centered on the importance of priorities and timing and the bandwidth for staff to carry out board initiatives. Further exploration of the topic will take place at the October 25, 2022 Board Retreat.

4.2 CEO Report

Mr. Carpenter provided an overview of the CEO Report and shared that 4 of 6 new paratransit buses had been recently received. He also shared that the Nova bus deliveries had been delayed due to the manufacturer. He also shared details for the upcoming Board Retreat in October.

5. EMERGENT ITEMS

No emergent items were noted.

6. CLOSING ITEMS

6.1 Topics for Next Meetings

- 2.8 Emergency Succession (Even Years)
- 2.11 Construction Policy
- Q4 Service Report
- Q4 Financial Report
- FTA Triennial Review Debrief

6.2 Public Comment

Mr. Pawlowski welcomed new board member, Simi Barr. He also shared his thoughts on free fare and how he is currently exploring the topic with his school district. He encouraged the organization to consider studying how it might have a positive impact for local students. He thanked Mr. Carpenter and Ms. Reed for their work on the budget. He finished by noting he'd recently visited with TARTA and is studying fare collections other organizations.

6.3 Adjournment

Ms. Mozak motioned to adjourn, seconded by Ms. Pollay.

Meeting adjourned at 10:00pm.

Respectfully Submitted by Deborah Holt

ADOPTION OF FY2023 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 FY2023 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

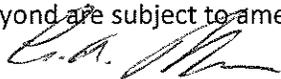
WHEREAS, the AAATA is required to submit the capital program for FY2023 to the Federal Transit Administration (FTA) as part of the annual application for FY2023 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2023 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2023 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2023 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$55,983,138** for operations, and
- **\$17,186,000** 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 FY2020-FY2023 TIP, of which FY2023 and beyond are subject to amendment in future years.



Eric A. Mahler, Chair

September 28, 2022



Jesse Miller, Secretary

September 28, 2022

Governance Committee Meeting Notes

Meeting Date/Time: September 29, 2022 - 9:00-10:30am

Members: Eric Mahler (Chair), Kathleen Mozak, Mike Allemang,

Staff: Matt Carpenter, Dina Reed, Forest Yang, Gretchen Johnson, Deb Holt

Location: REMOTE – Via Zoom

Mr. Mahler called the meeting to order at 9:03am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>Ms. Mozak added to the agenda a review of committee and board dates in June.</p> <p>1.2 Communications</p> <p>No new communications were noted.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Monitoring Improvements</p> <p>The committee discussed what had been shared regarding monitoring improvements from the board meeting. Board consensus had been in favor of reviewing the monitoring schedule and there had been an interest in policy development.</p> <p>2.2 Board Recruitment and Onboarding</p> <p>Committee discussed remaining board vacancy left to be filled and the process for moving toward a decision. New board member, Simi Barr, went through onboarding process in September.</p>

2.3 Committee Agendas

Ms. Mozak requested adding 2.9 policy review discussion and a ridership growth / fare discussion for the Service Committee Meeting Agenda in October.

Ms. Reed noted that the audit taskforce would need to set up a meeting. Suggested incorporating focus areas for committee for financial / budget review.

Mr. Carpenter noted that Q4 and Q4 Reports are to be added to November agendas, not October agendas. A policy development presentation by consultant Rose Mercier will be added to the board agenda.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Org Capacity and Recruitments (Verbal)

Mr. Carpenter shared updates with senior staff changes and impacts to workload.

3.2 Key Updates (Verbal)

Mr. Carpenter provided an update that stems from the new Infrastructure Law and potential impacts to staff.

3.3 Draft Retreat Agenda

Committee reviewed and discussed topics on the draft agenda for the upcoming October retreat.

4. CLOSING ITEMS

4.1 Topics for Next Meeting

4.2 Adjournment

Mr. Mahler thanked the committee and staff and adjourned the meeting at 10:38am.

Respectfully Submitted by Deborah Holt

Service Committee Meeting Notes

Meeting Date/Time: October 3, 2022, 9:00-11:00am

Members: Kathleen Mozak (Chair), Ryan Hunter, Jesse Miller, Susan Pollay

Staff: Matt Carpenter, Forest Yang, Gretchen Johnson, Deb Holt

Location: REMOTE – Via Zoom

Ms. Mozak called the meeting to order at 9:04am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No new additions for the agenda – committee approved agenda.</p> <p>1.2 Communications</p> <p>Ms. Mozak shared that as new Board Chair her goal is to fill the open Service Committee Chair position before the next meeting.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Monitoring Improvements</p> <p>Ms. Mozak shared that the input/ideas from the board meeting discussion were gathered and will be discussed at the upcoming October Monitoring Taskforce Meeting.</p> <p>2.2 Review of Policy 2.9</p> <p>The Committee began the discussion on steps for reviewing and updating a policy and the considerations behind why Policy 2.9 might need to be revised. Policy Governance Coach, Rose Mercier will be invited to the November Service Committee meeting.</p> <p>2.3 2.8 Emergency Succession</p> <p>Mr. Carpenter shared the monitoring report – survey results were not yet fully compiled. He noted that the monitoring report and survey had just been sent to the Board the previous week and the turnaround did not allow enough time to submit the results in the Service Committee packet. The committee was comfortable with recommending to the Board that the policy is A – in compliance.</p> <p>2.4 2.11 Construction Policy</p> <p>Mr. Carpenter shared the monitoring report – survey results were not yet fully compiled. He noted that one challenge in 2.11.1 compliance interpretation has been the timeline for.</p>

earmark request approvals. The committee discussed this interpretation and will recommend to the board that the policy is B– in compliance except for items noted.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Ridership Growth and Fare Discussion

Ms. Mozak introduced the discussion by reminding the committee of the work that has been done in the last year and how these topics are a continuation of work in progress. Ms. Pollay shared thoughts on opportunities for furthering ridership growth with strategies to make ridership more attractive. The committee discussed various aspects of promoting ridership and will bring forward to the board as an educational topic and as an item to explore for the annual plan of work.

3.2 Draft Retreat Agenda

Mr. Carpenter noted that the agenda had been updated since the draft agenda was shared at the board meeting in reference to the the legislative agenda discussion and the propulsion study. Mr. Miller mentioned the book *Better Buses, Better Cities* by Steven Higashide as a potential education item for the Board to consider for the future..

4. CLOSING ITEMS

4.1 Topics for Next Meeting

Q4 Service Report
Continuation of Policy 2.9 discussion

4.2 Adjournment

Ms. Mozak thanked the committee and staff for their time and adjourned the meeting at 10:40 a.m.

Respectfully Submitted by Deborah Holt

Finance Committee Meeting Notes

Meeting Date/Time: October 11, 2022, 3:00 – 5:00pm

Members: Mike Allemang (Chair/Treasurer), Eric Mahler, Rich Chang, Kyra Sims

Staff: Forest Yang, Dina Reed, Gretchen Johnson, Deborah Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:09 pm

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>No new additions to the agenda.</p> <p>1.2 Communications</p> <p>Ms. Reed shared updates from the APTA conference (Seattle) that she and Mr. Carpenter are attending for the week. She also shared that there is an interim Finance Manager while applications/interviews are still pending for this open position.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Monitoring Improvements</p> <p>Mr. Allemang shared that the monitoring task force will be meeting again in early November with consultant Rose Mercier and addressing items discussed at the 9/28 board meeting. The committee discussed how several board members had recently attending a Policy Governance workshop.</p>
3. STRATEGY AND OPERATIONAL UPDATES
<p>3.1 Draft Retreat Agenda</p> <p>Mr. Yang referenced the draft agenda and noted that there had been minor updates from the draft agenda that had been in the board packet. The committee discussed that the section on the propulsion study may take up additional time and other agenda items may need to be moved to another meeting time.</p>
4. CLOSING ITEMS
<p>4.1 Topics for Next Meetings</p> <p>2.6 Cash & Investments Q4 Financial Report Post-Retreat discussion</p>

4.2 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:42pm.

Respectfully Submitted by Deborah Holt

DRAFT

Bank Signature Authorizations

Meeting: Board of Directors

Meeting Date: October 20th, 2022

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
Approve resolution authorizing staff signatures for investments held at Bank of Ann Arbor.
ALTERNATIVE OPTION(S)
N/A
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> Governance Process: Board Policy 2.6 Cash and Investments states, “The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board’s investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing.” Appendix F: Investment Policy includes, “The Deputy CEO Finance and Administration (CFO), or the Manager of Finance (Controller) as his/her designee, is designated as the investment officer for the AAATA, and is responsible for investment decisions and activities implemented under this policy under the supervision of the CEO and Treasurer. The investment officer is authorized on behalf of AAATA to execute and deliver agreements, documents, or other instruments in connection with or relating to the opening and closing of investment accounts, the purchasing, selling, or redeeming authorized investments, and the safekeeping of investment accounts.
ISSUE SUMMARY
The Bank of Ann Arbor requires a signed Board Resolution to authorize individuals to access the TheRide’s investment accounts. These accounts hold our investment funds in alignment with Board Policy 2.6 and Appendix F. The Bank needs this paperwork to document account access for the CEO, Deputy CEO/Finance and Administration, Deputy CEO/Operations, and Finance Manager. This Resolution will need to be updated at a later date, when the Deputy CEO/Operations and Finance Manager positions are filled.
BACKGROUND
TheRide began holding a significant portion of its investments in U.S. Treasury Bills in 2018. Known as T-Bills, this investment is secure (backed by the U.S. Federal Government), liquid (cash can be pulled out of T-Bills if needed within 30 days) and generates a higher yield than prior investing strategies. The Board’s Investment Policy authorizes CDs, bonds and other direct obligations of the United States (such as T-bills) with a maturity less than 3 years, and certain Governmental Mutual Funds.

IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none">• Budgetary/Fiscal: Investments in Treasury Bills obtain higher yields while maintaining safety of principal and liquidity.• Social: N/A or other• Environmental: N/A or other• Governance: N/A or other
ATTACHMENTS
1. Resolution 8.2022: Investment Account Access Authorizations

INVESTMENT ACCOUNT ACCESS AUTHORIZATIONS
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE

ANN ARBOR AREA TRANSPORTATION AUTHORITY #19-1110

I, hereby certify that the following Resolution was duly approved and adopted by the Board of Directors (herein after referred to as the Board) of the Ann Arbor Area Transportation Authority at a meeting held on October 20, 2022, at which a quorum was present and acting throughout.

WHEREAS, the Authority has accounts with the Bank of Ann Arbor for the purpose of banking and/or investment management purposes; and

WHEREAS, the Board ratified the establishment of specific investment accounts with the Bank of Ann Arbor in September 2018.

FURTHER, BE IT RESOLVED, that the Board hereby designates the following individuals as duly authorized and gives these individuals the authority to direct Bank of Ann Arbor via emails, telephone conversations, in writing, and/or any other form necessary regarding deposits, transfers, and withdrawals from any accounts held at the Bank of Ann Arbor (retail or trust), and to conduct any other business as deemed necessary and, further, grants Bank of Ann Arbor, Agent, the authority to follow without question the direction of at least two of the following named individuals:

Names(s)	_____	<u>Chief Executive Officer</u>
	Matt Carpenter	Title
	_____	<u>Interim Deputy CEO, Operations</u>
	Forest Yang	Title
	_____	<u>Deputy CEO, Finance & Administration</u>
	Dina Reed	Title

Kathleen Mozak
October 20, 2022

Jesse Miller
October 20, 2022

Board Education: Policy Development

Meeting: Board of Directors

Meeting Date: October 20, 2022

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
Receive for information and Discuss.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The Monitoring Task Force presented preliminary observations to the Board in October 2022. Additional conversations were had at the Service and Finance Committees.
ISSUE SUMMARY
<p>The Chair of the Board, in consultation with the Monitoring Task Force, has created an agenda item for Board Education to elevate discussions about how to focus more board time on the future, and existing ways to channel concerns of individual board members constructive towards policy development. This is seen as important for spending more time on the future and less on past events.</p> <p>The Monitoring Task Force submitted a briefing to the Board in September 2022 that outlined several opportunities to improve monitoring. The Task Force met again on Oct 6th, consulted with Rose Mercier and the CEO, and can add additional insights:</p> <ul style="list-style-type: none"> • That monitoring process should be strictly limited to assessing past performance based only on the expectations that were in place at the time and should not be used to try to set <u>new</u> expectations. New expectations should be the focus on Policy Development, not Monitoring. • Accommodating individual preferences may undermine the principle of Speaking with One Voice. • A focus on Means (as opposed to outcomes) raises the potential for inadvertent micromanagement which could impede staff and the agency’s goals. • A promising way of reducing time spent on monitoring is to fully explore the Board’s role in policy development, and how board members can use existing Policy Governance processes to raise individual concerns. It was noted that the Policy Manual (chapter 3.0 Governance Process) already outlines methods for members to raise concerns, but that the AAATA Board has not utilized these processes recently. <p>In addition, it was felt that the current generation of board members may not feel ownership of or familiarity with policies developed before they were on the board.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: N/A • Social: N/A

- Environmental: N/A
- Governance: The board is discussing fundamental questions of their role in the governance process.

ATTACHMENTS

1. Guidance for Board Discussion of New Issue (Policy 3.1.3)
2. Setting the Board's Priorities (Policy 3.4 – Agenda Planning)
3. Coaching Advisory

Attachment 1: Guidance for Board Discussion of New Issue (Policy 3.1.3)

The following text is policy 3.1.3 from the existing policy manual and is standard Policy Governance language. It outlines a procedure a Board can use to guide a conversation about a new issue.

“3.1.3 The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

3.1.3.1 The Board will only allow itself to address a topic after it has answered these questions:

- 1. What is the nature of the issue? Is the issue within the scope of the agency?*
- 2. What is the value that drives the concern?*
- 3. Whose issue is this? Is it the Board's or the CEO's?*
- 4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?”*

Attachment 2: Setting the Board's Priorities (Policy 3.4 – Agenda Planning)

Each year, or as needed, the Board identifies the future issues it wishes to address through a process call Agenda Planning (policy 3.4) This process allows a Board to decide, with One Voice, what issues it wants to spend time on and helps keep them focus on the future and their goals, rather than be distracted by distracting minor issues that will always arise. Agenda Planning is a key mechanism for the Board setting the future direction of the organization. Knowing the Board's priorities in advance also helps staff to plan workloads to meet the Board's needs.

“3.4 AGENDA PLANNING

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda cycle which:

- (a) completes a re-exploration of Ends Policies annually,*
- (b) continually improves Board performance through Board education and enriched input and deliberation, and*
- (c) re-examines for relevance the underlying values that support existing policy.*

3.4.1 The cycle will conclude each year so that administrative planning, strategic planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long term Ends.

3.4.2 The cycle will start with the Board's development of its agenda for the next year.

- A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.*
- B. Governance education, and education related to Ends determination, (e.g. presentations by researchers, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year...”*



COACHING ADVISORY – October 14, 2022

Board Meeting Observations

I have been supporting the Board's Monitoring Task Force since the beginning of 2022 in its task of helping the board reduce the time it has been allocating to monitoring during board meetings. In the beginning, I suggested four general ways to reduce the time being spent on monitoring.

- Redesign the process
- Have clearly defined motions to fit the possible outcomes.
- Ensure monitoring reports contain all but only necessary information
- Enhance board members' assessment of monitoring reports by ensuring board members are confident about what they should be looking for when they assess a report.

The focus of the Task Force to date has been on redesigning the process, specifically to ensure that all board members were using the same, precise criteria for determining reasonableness and the sufficiency and verifiability of the evidence. The resulting form which is being submitted to the Board for its approval is the result of thoughtful deliberation by the Task Force. My role in the design has been to ensure that board members are able to assess thoroughly but fairly the performance of the CEO in managing the operations of the Authority within the boundaries of ethics and prudence using only pre-determined criteria as specified in the Board's policies.

I observed the recording of the Board's September 29th meeting for insight into the current nature of board discussion of monitoring reports, albeit using the current process as means of being able to identify areas where the Board can continue to develop its skills in assessing monitoring reports.

Several comments stood out which, on the surface, suggest some misunderstanding of purpose and process of monitoring and perhaps also some elements of Policy Governance principles. I also hear in the comments the need to look at how the annual agenda plan can support policy development and content review.

The intention of this Advisory is to clarify and comment on the areas of discussion and questions that I took note of during the meeting.

1. Let's start here: Monitoring is an essential element in the flow of accountability

- a) Monitoring begins with determining the board's accountability to the owners. The board seeks to understand the values and priorities of its owners, hence the importance of ownership linkage. The board adds breadth and depth of information to the input from owners to decide what the Authority should achieve on behalf of the owners (Ends) and what would be unacceptable (Limitations).
- b) The board makes its expectations explicit in Ends policies and defines in Limitations policies means that would be unacceptable for reasons of ethics and prudence even it they worked to achieve the Ends.

- c) Having made those expectations clear, the board delegates the achievement of the Ends within the constraints of the Limitations to the CEO.
- d) The board determines the frequency for each Ends and Executive Limitations policy, the frequency and method (Internal Report, External Report, Direct Inspection) that it will use for monitoring, and then follows through to assess the CEO's interpretation of the policy and evidence of compliance.
- e) Having received evidence of compliance with Limitations and achievement of Ends from the CEO, the board can use that information as the basis of demonstrating its own accountability to the owners.

2. What information should a monitoring report include?

- a) Monitoring data should be limited to (a) the delineation of the measures/standards and metrics the CEO has determined will demonstrate achievement of the pre-determined criteria specified in the board's policy and a defensible rationale for the chosen measure/metric, and (b) data that demonstrates evidence of compliance.

3. What should NOT be included in a monitoring report and why?

- a) Comprehensive reporting of associated management activity. Activity reports merely describe what has happened. It's like describing how many times a carrier pigeon has flapped its wings on its way to delivering a message. "Wing flaps" do not tell the board whether its Ends have been achieved or if those activities or if it strayed off course.
- b) Concerns or recommendations or future predictions. A monitoring report is retrospective because it provides evidence of what has already happened. The future is only raised in a report where the CEO is reporting non-compliance, in which case the board should be given a commitment for compliance by a specific date.
- c) Plans for the future. While it is tempting to add detail, it can be distracting in a report whose purpose is to report what has already happened. Monitoring is about assessing the past which helps improve the future, but monitoring is not about assessing plans for the future.

4. So, how does the Board get information about management activity?

- a) The board as a whole can have any information about anything it wants. The important phrase here is "as a whole", meaning that the majority of the board wants some specific type of information, usually at a specified time or timing. This expectation should be specified in the board's policy on Communication and Support of the Board. (EL-2.10.1.5) The items that the board has specifically requested that it not be allowed to be unaware of are bulleted.

2.10.1.5 Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes:

- operational and financial performance metrics
- customer satisfaction metrics,
- quarterly budget to actual financial reports,
- timely notification of execution of budgeted items over \$250,000.
- unbiased information on industry norms for CEO compensation at least every two years.
- advance notification of intended changes to staff rules (unionized or nonunionized), procurement manual, benefits, or compensation structure.

- CEO's personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO's participation was incidental.
- Annually, a presentation to the Board about relevant emerging trends and technologies with applicability to the transit authority and its services, and innovations trialed or introduced to Authority operations over the past year. I. Strategic context.

- b) A Board needs to exercise caution in its requests for incidental information, meaning information that is neither decision information nor monitoring information. Satisfying the board's request for detailed operational reports requires staff time that might be more productively spend doing the work required to achieve Ends. The need to produce an overabundance of management reports may also unintentionally signal to staff a lack of trust in the CEO.
- c) Incidental information about operations may open the door for the board to wade "into the weeds" and lead the board to suggest to the CEO the means to use or the means it prefers. If the board decides the means to be used, it compromises its ability to hold the CEO accountable for the authority it has delegated to the CEO. If results are not achieved through the board-identified means, it is the board not the CEO who is accountable.
- d) Overemphasizing or spending too much time in the weeds takes away from the time that is better spent looking ahead. Engaging in future focus activities – board education, scenario development, futurist presentations – enables the board to develop the context awareness necessary to set course for a desirable future, understand the extent and significance of current and potential future risks and develop fit for purpose leadership.

5. How does the board exercise its oversight role? How can we know staff are meeting the standards our owners have?

- a) Oversight comes in following through on the flow of accountability: developing an understanding of the owners' priorities and values to be incorporated in the board's policies, specifying the policy criteria required, and rigorously monitoring those policies.
- b) Oversight requires that a board take action to prevent misconduct, violation of law, corporate loss. When duty of oversight is abdicated it results in failure to supervise and monitor management; to be informed of organization's activities and actions; to act in face of wrongdoing; or to ensure safe delegation or monitor delegated authority.
- c) Policy Governance enables the Board to fulfill its duty of oversight by (i) codifying in Executive Limitations policies that which is unacceptable because it is unethical or imprudent related to organization's finances and treatment of staff; (ii) ensuring the appropriate level of detail in policy; and (iii) rigorously monitor delegated authority. The Board also has Board-Management Delegation policies that clearly delineate authority and accountability for board and CEO

6. Is it possible to have fewer policies or have less detail in policies? Wouldn't that reduce the time for monitoring?

- a) The simple answer is yes. The Board can change its policies at any time. However, the first consideration in reducing the level of detail in a policy or reducing the number of policies should not be to reduce the time it takes to monitor the policy. A board determines the areas in which to set policy and the level of detail it requires to specify the results it wants the organization to

achieve and the boundaries of prudence and ethics it wishes to be observed. It stops writing policy when it is willing to accept *any* reasonable interpretation of its policy. Executive Limitations enable the board to safely delegate the operations.

7. What about monitoring less frequently?

- a) The simple answer here is also yes. You want the frequency of monitoring to reflect the level of organizational risk addressed by a policy, as well as the stability/changeability of data. It is possible to have a schedule for monitoring that is different for different policies or to use a cycle of monitoring that is spread over 18 months or two years instead of an annual schedule. Bottom line is that the schedule should be based the factors of risk and nature of the data.

8. How often should a board review its policies?

- a) During the meeting, it was noted that the board made several compromises when it wrote its current policies because of specific priorities, that different board members at the time wanted included and there is a need to review all the policies. It was also noted that the Board hadn't reviewed its Ends since 2019.
- b) A board wants to ensure that its policies fit its current context, takes account of what it learns about its policies in the monitoring process or changing circumstances, and avoids prescribing preferred means or incorporating management advice. Ideally, the board's annual agenda plan incorporates its calendar for reviewing content and its education activities in support of policy development. Some boards schedule content review of Executive Limitations at the meeting following its scheduled monitoring of a policy because the policy is fresh in mind and monitoring is often a time when the board notes things that might need to be adjusted.
- c) It is helpful to have a time frame for Ends renewal. It should align with a reasonable planning time frame because Ends policies are the basis for the organization's strategic planning. Depending on the nature of the organization, it could be anywhere from three to five years. Selecting when the AAATA Board will look at its Ends would also help in aligning ownership linkage and scheduling board education.

9. Could a committee review monitoring reports ahead of the Board and provide recommendation to the Board?

- a) Yes, although I caution that the board as a whole should not just accept the recommendation. Given that assessment of organizational performance is one of the three fundamental jobs of the board, and monitoring reports are the basis of CEO performance evaluation, the board as a whole should take care to consider the decision it is making even if a committee has provided aggregated results of individual board members' assessments.
- b) There is a myth that a board using the Policy Governance system can't or shouldn't use committees. Committees should be used by a board only to help it do its jobs of ownership linkage, policy development, assessment of organizational performance (i.e., monitoring), audit or other operational jobs for which it has retained authority (e.g., capital fundraising campaign). A board should avoid establishing a committee in an area of responsibility it has delegated to the CEO. For example, it would be inappropriate to have a human resources committee.

Closing Comments:

I appreciate that there is a lot to review in this Advisory but I am hopeful that it adds to the Board's understanding of the role of monitoring and its importance in governance. It identifies some areas that the Board may want to address:

- Schedule for policy review, perhaps kick-started by a more intensive look over a few months.
- Time frame for the next Ends renewal/review
- Ongoing development of monitoring skills. Monitoring is unique to Policy Governance and through experience, we have learned that there is a significant learning curve.

I am happy to provide any additional information or answer any questions you have arising from this Advisory.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Mercier", with a yellow highlight underneath the name.

Rose Mercier, Senior Consultant

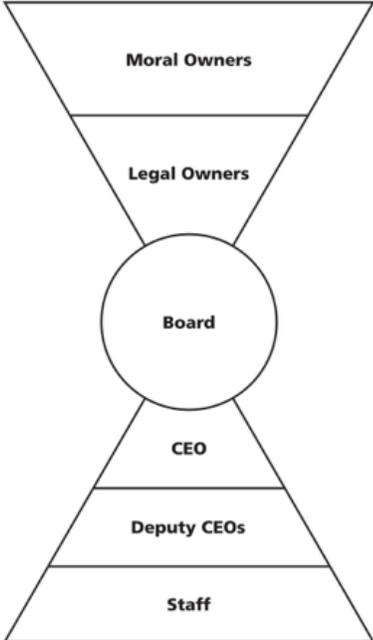
Ownership Linkage Task Force

Meeting: Board of Directors

Meeting Date: October 20th, 2022

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
The inception of a Task Force that will create appropriate, regular channels for Board members to link with Legal and Moral Owners, with a focus on local municipal governments.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Governance Process: Policy 3.2.1 ... “The board has a direct responsibility to create ... authoritative linkage between the ownership ...” Policy 3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.”
ISSUE SUMMARY
<p>1) To help the Board in developing policies [being agents] by providing formal, regular channels for learning [being informed] about the values and priorities of Legal Owners</p> <p>2) To help the Board create means for linking with Moral Owners</p>
BACKGROUND
In accordance with the Board Policy Manual (Policy 3.2.1 and 3.2.1.1) an important role of the Board is to be the informed voice and agent of the ownership. As such, it is important for members to understand the values of that ownership which are found through ownership linkage. Once that linkage is developed, the Board can better translate the values they hear from the ownership and pass that on to management. The Board can also receive information from management and communicate needs/requests/updates and pass that on to ownership. The development of this task force will be to focus on ownership linkage.
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: N/A or other • Social: N/A or other • Environmental: N/A or other • Governance: Significant role of board membership (Policy 3.2.1, Policy 3.2.1.1)
ATTACHMENTS
1. Attachment 1

Attachment 1

Title	AAATA Ownership Linkage Task Force (OLTF)
Document Version	1.0 DRAFT
Background	<p>3 roles of the Board:</p> <ol style="list-style-type: none"> 1. Ownership linkage (outward facing) 2. Policy development 3. Assurance of performance <p>This task force focuses on ownership linkage.</p> <p>The Board's role is to be the informed voice and agent of the ownership.</p> <p>The Board needs to understand the values of that ownership. Thus, one of the key roles of the board is ownership linkage.</p> <p>The Board translates values that they hear from the ownership and passes that on to management.</p> <p>The Board also hears from management and communicates those needs/requests/updates to ownership.</p>
Purpose	To have appropriate, regular channels for Board members to link with Legal and Moral Owners, with a focus on local municipal governments.
The Ownership / Accountability Hierarchy Chart	<ul style="list-style-type: none"> • Legal Owners report/are accountable to Moral Owners • The Board reports/is accountable to the Legal Owners • CEO reports/is accountable to the Board • Deputy CEOs report to the CEO • Staff report to Deputy CEOs and CEO <div style="text-align: center;">  <p>The diagram is a funnel-shaped hierarchy. At the top is a wide inverted triangle labeled 'Moral Owners'. Below it is a narrower inverted triangle labeled 'Legal Owners'. In the center is a circle labeled 'Board'. Below the circle is a triangle labeled 'CEO'. Below the CEO is a narrower triangle labeled 'Deputy CEOs'. At the bottom is the widest triangle labeled 'Staff'.</p> </div> <p>The Board sets policy that includes what we hear from our Legal Owners. So, we as a Board need to know what the Legal Owner values are. We need to always remember that the CEO's role is to satisfy the whole board, not individual board members.</p>

Definitions	<p>Legal Owners: City of Ann Arbor, City of Ypsilanti, Ypsilanti Township</p> <p>Moral Owners: Residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (City of Ann Arbor, City of Ypsilanti, Pittsfield Township, Scio Township, Ypsilanti Township)</p> <p>Stakeholders: Washtenaw County, RTA(?)</p>
Goals	<p>1) To help the Board in developing policies [being agents] by providing formal, regular channels for learning [being informed] about the values and priorities of Legal Owners</p> <p>2) To help the Board create means for linking with Moral Owners</p> <p>The Board can use these insights in policy development and when considering What We Do, For Whom, and At What Cost (aka: Ends).</p> <p>In addition, communication channels intended for Ownership Linkage will also result in more open sharing about Operational Means which the board does not dictate plus metrics supplied by staff.</p> <p>The CEO can participate to increase communications/coordination on behalf of operations regarding these matters while board members focus on policy topics. This increased communications will help all parties and reduce comments of, “We didn’t know” or “We were not informed”.</p>
Benefits	<p>For Legal Owners (municipalities):</p> <ul style="list-style-type: none"> • Increase communication, mutual understanding • Decrease/eliminate knowledge/information holes <p>For AAATA:</p> <ul style="list-style-type: none"> • Increase visibility with our Legal owners • Regular dialog (either via meetings or emails) with legal owners • Help Board members regularly shape new and review existing policies and Ends statements to enable them to work in alignment with policies and priorities set forward by the Legal Owners.
Interfaces	AAATA Board, AAATA Staff, Legal Owners (including city administrators, city council members, mayors, township supervisors), Moral Owners, Stakeholders
Composition	AAATA Board Members + AAATA Staff <i>(details below)</i>
Member Terms	TBD
Board Support	<p>Rich (lead) Jesse - City of Ypsilanti [yes] Ryan - Ypsilanti Township [TBD] Susan - City of Ann Arbor [yes] <others?></p> <p>Having all board members participate in this task force at some point of their tenure will ensure we, as a group, best understand and uphold our duty of ownership linkage, and also help with board succession planning.</p>
Staff Support	<p>CEO (primary) <i>Other staff as needed based on meeting agenda topics</i></p>

Meeting Schedule (task force)	Quarterly (virtual or in-person) task force meetings (with each meeting up to 1 hour in length) - Jan, Apr, Jul, Oct
Meeting Schedule (legal owners)	1-3 (virtual or in-person) meetings (with each meeting up to 1 hour in length) per year with subsets of each legal owner
Meeting Participants	<p>These meetings can be 1:1 or 1:N.</p> <ul style="list-style-type: none"> • Appropriate OLTF Task Force Members (Board and Staff) <p>City of Ann Arbor:</p> <ul style="list-style-type: none"> • City Administrator • Council members • Mayor • Transportation Manager • Community members <p>City of Ypsilanti:</p> <ul style="list-style-type: none"> • Council members • Mayor • Community members? <p>Ypsilanti Township:</p> <ul style="list-style-type: none"> • Township Supervisor • Community members? <p>Washtenaw County:</p> <p>TBD</p> <p>RTA:</p> <p>TBD (might not be applicable)</p>
Description of Tasks	<p>Seeking input from Legal Owners:</p> <ul style="list-style-type: none"> • Using signals from the municipal councils to discern input for our Board to help in adjusting your board policies (Ends and Executive Limits). • Monitoring major policy decisions from each municipal council to watch for their values. Things like A2Zero, Master Plans, etc. • A regular schedule of speaking formally to each body at least 1-2 times per year, Board-to-Board, to present the Ends and ask for feedback. • Depending on the meeting frequency and the group size of who we will be meeting with, we may ask the particular municipal Legal Owner to create a committee they've selected that will meet with our OLTF representatives. <p>Seeking input from Moral Owners:</p> <ul style="list-style-type: none"> • For Moral Owners, review community results of telephone survey from late 2021. <i>A study has shown that if you can afford to do so, having a telephone survey to get input from the community is a valid method to learn their values (aka: what does tax payers care about).</i> <p>Seeking input from Stakeholders:</p> <ul style="list-style-type: none"> • TBD <p>Seeking input from the AAATA Board:</p> <ul style="list-style-type: none"> • Conveying results of above tasks to full board for discussion.

<p>Potential Topics of Involvement</p>	<ul style="list-style-type: none"> • A2 transit-oriented zoning and development goals (e.g. more affordable housing and more housing that is affordable) • Climate action office • Transportation plans and driving values (e.g. pedestrian/bike safety, econ development, etc) • RTA • A2 climate millage
<p>Typical meeting questions</p>	<p>We would like to verify their desired outcomes and values, with minimal means discussions.</p> <ul style="list-style-type: none"> • What do you believe will be the most significant challenges in this area in the next decade? • What do you believe will be the most significant challenge facing transit in this area in the next decade? • Are there particular needs or issues that you think the Ride should address? • What are the priority needs that aren't currently being met? • What opportunities do you see in the community that could have an impact on transit? OR What opportunities do you see for transit to have an impact in the community? • What have you heard from residents and visitors?
<p>Typical updates</p>	<ul style="list-style-type: none"> • Board policies, especially Ends - are these the outcomes the Owners want? (Risks/controls would be in Executive Limitations.) • Pertinent monitoring report updates • Long Range Plan
<p>Typical meeting structure</p>	<p>AAATA board members are the primary participants in the meetings.</p> <p>Meeting structure with a legal owner:</p> <ol style="list-style-type: none"> 1. Policy governance org chart diagram 2. Review moral owner feedback from their community 3. Review LRP dashboard 4. Ends review 5. Q&A 6. Specific topic(s) (e.g. A2 climate millage) 7. Schedule meeting cadence (1-2 times a year? more?) 8. Schedule next meeting

Who is an owner?

Determining ownership is an important and interesting question. In a very simplistic way, we can often answer the question of who are the 'legal owners' by considering three questions:

1. If the AAATA ceased to exist, who would have the legal authority to reconstitute the organization?
2. Who gives the board the legal authority to govern the organization?
3. Who hires & fires the board?

In answering these three questions, we can start by examining the Articles of Incorporation and the organization's bylaws for the legal context. The Articles of Incorporation for AAATA state:

"This amendment to the Articles of Incorporation of the Ann Arbor Area Transportation Authority are adopted by the City Council of the City of Ann Arbor, the City Council of the City of Ypsilanti, the Board of the Charter Township of Ypsilanti, and the Board of the Ann Arbor Area Transportation Authority for the purpose of adding the Charter Township of Ypsilanti as an incorporator with all rights granted members under Act 55 of the Public Acts of Michigan of 1963."

Section 1, Article 4 states: *The Authority shall be directed and governed by a Board which shall consist of eight members appointed by the Mayor of the City of Ann Arbor with the concurrence of the Ann Arbor City Council, one member appointed by the Mayor of the City of Ypsilanti with the concuenee-4ie Ypsilanti--City Ci-and one member appointed by the Supervisor of the Charter Township of Ypsilanti with the concurrence of the Township board. All appointments to the Board shall be in accordance with the adopted policies and procedures for appointment for the respective governing bodies and **each governing body retains the right to remove and replace such members** in accordance with the same procedures. There shall be no limit to the number of consecutive terms an appointee can serve.*

The bylaws state that:

Section 1: *The members of the Board shall be those individuals appointed by the Mayor of the City of Ann Arbor, with the concurrence of Ann Arbor City Council; the Mayor of the City of Ypsilanti, with the concurrence of Ypsilanti City Council; and the Charter Township of Ypsilanti Supervisor, with the concurrence of the Charter Township of Ypsilanti Board of Trustees, pursuant to the Articles. which set out who grants the board the authority to govern.*

Section 3: *Members of the Board may be removed only by majority vote of that representative's jurisdiction's governing body.*

Reading them in the context of the three questions above.

1. If the AAATA ceased to exist, who would have the legal authority to reconstitute the organization?
From reading the above the incorporators – City of Ann Arbor, City of Ypsilanti, Township of Ypsilanti – could conceivably reconstitute the organization.
2. Who gives the board the legal authority to govern the organization?
The authority was given to the board by the incorporators.
3. Who hires & fires the board?

The bodies which appoint and may remove directors are the City of Ann Arbor, City of Ypsilanti, Township of Ypsilanti

From the above it would seem that the **legal** ownership comprises of the City of Ann Arbor, City of Ypsilanti, Township of Ypsilanti.

That being said, the board may decide that Washtenaw County is a stakeholder which has a long-term interest in the success of the Authority and therefore there is a moral imperative to consult with the County, remaining aware that the board's accountability is different to Washtenaw County than it is to the legal ownership.

It is also within the board's interests to consult with stakeholders to understand their perspective and appreciate what elements should be considered in setting direction/limits for the Authority. The board's accountability to stakeholders, even those which fund or regulate, is still different than that which is due the owners.

Monitoring Task Force Report

Board Meeting Date: October 20th, 2022

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
That the Board vote to approve the use of a new survey tool for recording board member reviews of monitoring reports (attachment 1).
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Creation of Monitoring Task Force. The Monitoring Task Force was established to look for ways to improve or streamline the Board’s monitoring work. The Task Force has been working with Rose Mercier.
ISSUE SUMMARY
<p>The Task Force has developed a new questionnaire for board members to use in reviewing monitoring reports. The questionnaire (Attachment 1) includes more precise guidance on defining “reasonableness” of CEO interpretations and “verifiability” of CEO evidence. Task Force members recently filled out the survey for the 2.11 monitoring report (attachment 2).</p> <p>The new monitoring questionnaire for board members intentionally provides <i>more</i> precise criteria for how members should determine the “reasonableness” of interpretations and “verifiability” of evidence, consistent with Policy Governance’s principle of monitoring CEO performance. Accordingly, there is <i>less</i> opportunity to express <i>individual</i> preferences on <i>how</i> operational results should be achieved.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: NA • Social: NA • Environmental: NA • Governance: Significant. Refinements of the Board monitoring and policy development processes.
ATTACHMENTS
<ol style="list-style-type: none"> 1. Survey Worksheet (Blank) 2. Completed Worksheet Example

Attachment 1 POLICY WORKSHEET SAMPLE

Construction (Policy 2.11)

Worksheet Question Format

Policy 2.11: Construction

Policy monitoring worksheet

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in October and was submitted to the Board in October.

Name

First Name

Last Name

Instructions

This worksheet will be used to monitor Executive Limitations based on ANY reasonable interpretations and verifiable evidence. The policies have been provided in the sequence they appear in the Board Policy Manual, the order of monitoring has also been provided at the beginning of each policy. i.e., from the lowest policy size to the largest.

Policy 2.11 *

	<p>Are the interpretations reasonable? An interpretation is reasonable if the following are provided, 1. a measure or standard, 2. a rationale for the measure or standard, 3. a level of achievement necessary to achieve compliance and 4. a rationale for the level of achievement.</p>	<p>Is evidence verifiable? Evidence is verifiable if there is 1. actual measurement/data, 2. the source of data and 3. the date when data was collected is provided.</p>
<p>The CEO shall not allow construction of a new building or facility or major renovation that is inconsistent with industry standards and grantor expectations, environmentally irresponsible, risks financial jeopardy, or is not aligned with achievement of the Board's Ends.</p>	<p>▼</p>	<p>▼</p>

If you stated NO, kindly provide additional context

Type here...

Policy 2.11

Additional Context Questions at the end of the Worksheet

Additional context questions

These questions inquire on the integrity of the report, whether the CEO provided an acceptable compliance timeline and the need for the Board to review policy.

1. Is there any reason to doubt the integrity of the information presented? *

If you stated YES, kindly provide additional context

Additional context: Question 1

2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable? *

If you stated NO, kindly provide additional context

Additional context: Question 2

3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring, but should be addressed as a board decision.) *

If you stated YES, kindly provide additional context

Additional context: Question 3

Attachment 2 WORKSHEET RESULTS

Construction (Policy 2.11)

Participants: 3 Board Members (Monitoring Taskforce)

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
Policy 2.11	100%	67%	<ul style="list-style-type: none"> See 2.11.1.1
Policy 2.11.1	100%	67%	<ul style="list-style-type: none"> As described by CEO in 2.11.1.1 Is there a need to rate 2.11.1 when 2.11.1.1 and .2 are rated?
Policy 2.11.1.1	100%	67%	<ul style="list-style-type: none"> As explained by CEO in monitoring report.
Policy 2.11.1.2	100%	100%	<ul style="list-style-type: none"> I don't see why only partial compliant.
Policy 2.11.2	100%	100%	<ul style="list-style-type: none"> Question: Does a board approval for a project mean that there is confirmed funding?
Policy 2.11.3	100%	100%	<ul style="list-style-type: none"> Is there a need to rate 2.11.3 when 2.11.3.1 and .2 are rated?
Policy 2.11.3.1	100%	100%	
Policy 2.11.3.2	100%	100%	
Policy 2.11.4	100%	67%	<ul style="list-style-type: none"> Interpretation seems reasonable, but I have a hard time seeing rationale 2 and 4 and am not sure what it can be.
Policy 2.11.5	100%	100%	<ul style="list-style-type: none"> Although I said yes to reasonable interpretation, I don't see a rationale for level of achievement.

Additional context questions	
<p>Is there any reason to doubt the integrity of the information presented?</p>	
<p>If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?</p>	<ul style="list-style-type: none"> • The RAISE Grant notification and application period occurred between 2 scheduled Board meetings. While this was not ideal it is understandable that the CEO/staff submitted the application to further the Board's stated Ends Policies. • Somewhat -- there was non-compliance on a one-off grant application. Given the timing and deadline for submissions, this degree of non-compliance is not a concern to me. The Executive Team does the best they can to notify the Board, but it would have been a worse outcome if they did not apply for the funds because they could not receive Board approval in time.
<p>Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring, but should be addressed as a board decision.)</p>	<ul style="list-style-type: none"> • I believe the policy may be too prescriptive and detailed. Further, it should consider possibility that a CEO decision may be required sooner that it's possible for to get board approval.

Monitoring Report 2.8 Emergency Succession

Service Committee Review Date: October 3rd, 2022

Board Meeting Review Date: October 20th, 2022

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
The Finance Committee recommends that the Board accept the Monitoring Report as A, In Compliance.
ISSUE SUMMARY:
<p>This policy is in regard to staffing to fill in for the CEO. It covers the period of June 2020 until late September 2022. The Board’s schedule is to monitor this policy every two years. This policy was scheduled to be monitored in October and submitted to the Board in September and is on time.</p> <p>I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;"> <p>Signature:</p>  <p>_____ Matt Carpenter, CEO</p> </div> <div style="text-align: center;"> <p>Date:</p> <p><u>September 29, 2022</u></p> </div> </div>
BACKGROUND:
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations.</p> <p>This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> <p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0).</p>
ATTACHMENTS:
1. Policy Monitoring Report for Policy 2.8 Emergency Succession

Table of Contents

POLICY TITLE: EXECUTIVE LIMITATION POLICY 2.9	Page #	Compliance
2.8. In order to protect the Board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executive who are sufficiently familiar with Board and CEO issues and process to be able to temporarily assume the duties of CEO.	3	

 Fully Compliant
  Partially Compliant
  Non-Compliant

CEO Interpretations and Evidence

POLICY 2.8: In order to protect the Board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executives who are sufficiently familiar with Board and CEO issues and processes to be able to temporarily assume the duties of CEO.

Degree of Compliance: Compliant

Interpretation

Compliance will be demonstrated when there are one or two senior staff members that could temporarily function as CEO for the AAATA if the CEO position suddenly becomes vacant, for example due to illness, death, disability, etc. These individuals must be able to maintain all key AAATA functions without my guidance including:

- Leadership of organization’s operations and administration
- Working knowledge of board policies, processes, and staff obligations

I further interpret this policy to mean that while the CEO is required to maintain a state of readiness, the Board retains the right to appoint anyone they choose as acting CEO. Further, the CEO can appoint an acting CEO for planned absences (e.g., vacations, minor illness, being out of town, etc.)

Evidence

There are three Deputy CEO positions:

- Deputy CEO of Operations
- Deputy CEO of Finance and Administration
- Deputy CEO of Planning and Innovation

The deputies work closely together with the CEO and meet weekly, attend most Board and committee meetings, and have an understanding of Policy Governance basics. All understand the current state of AAATA operations and board issues well enough to step into the CEO’s role should the need arise.

During this monitoring period, these three positions have been filled, although the Deputy CEO for Operations became vacant in early September. Recruitment for that position is ongoing. There have always been at least two positions filled.

Monitoring Policy 2.8 Emergency Succession

Compliance History

Previous Compliance: This policy has been in full compliance since 2017.

Policy Trendline

Policy	FY 20	FY 22
2.8	3	3

This policy is monitored every 2 years.

Board's conclusion on monitoring report

The Finance Committee has received and reviewed the CEO's Monitoring Report references above. Following the Finance Committee's review and discussion with the CEO, the committee makes the following conclusions:

Executive Limitations Report (select one)

The Finance Committee Finds that the CEO:

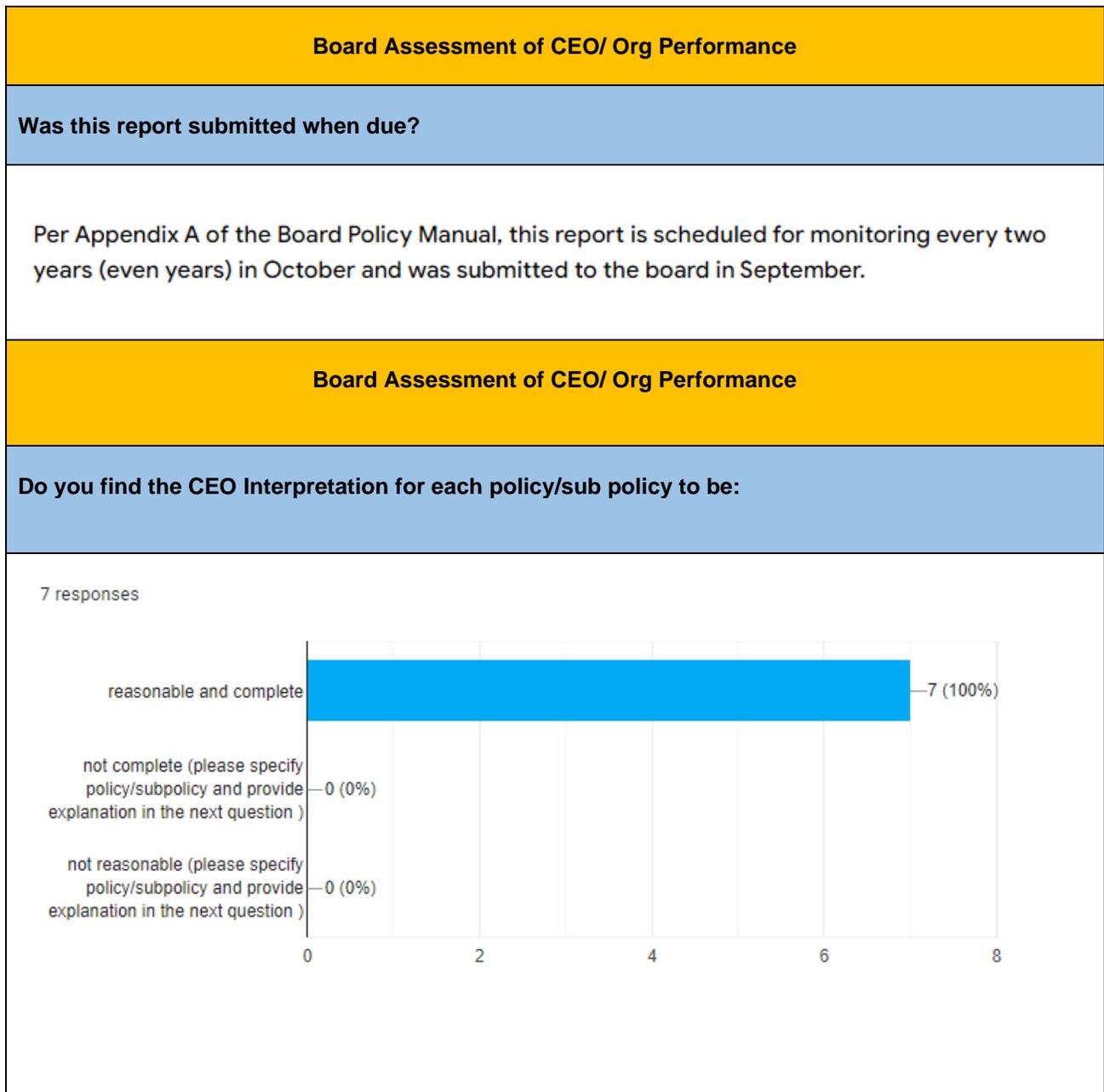
- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is *not* in compliance or is *not* making reasonable progress toward compliance
- E. Cannot be determined

SURVEY RESULTS: Emergency CEO Succession (Policy 2.8)

Board Meeting Review Date: October 20th, 2022

Survey Participants: 7 Board Members

Note: Each bullet represents a comment by a different Board member.



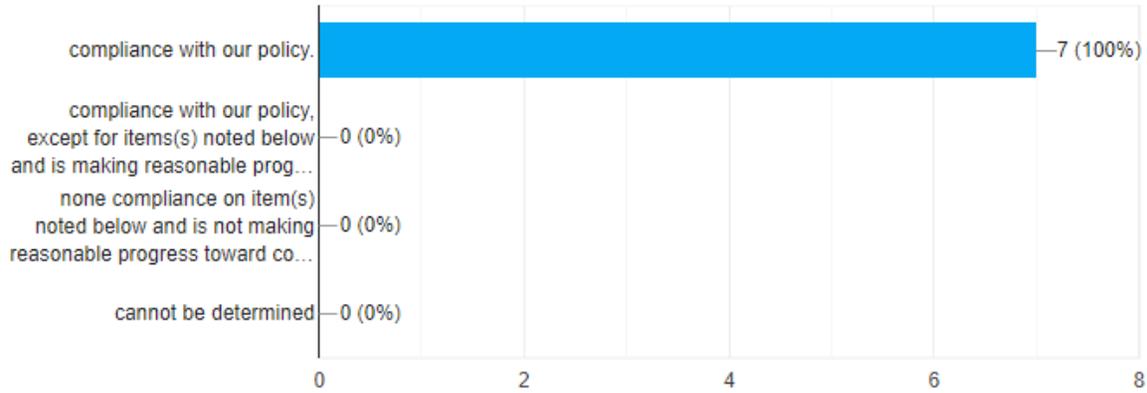
CEO Interpretations that were incomplete or unreasonable (if any):

0 responses

No responses yet for this question.

Do you find the CEO's evidence and data shows..?

7 responses



Items not in compliance (if any):

0 responses

No responses yet for this question.

Is there any area associated with this policy that concerns you that is not clearly addressed in existing policy? What is the value that drives your concern?

0 responses

No responses yet for this question.

What policy language would you like to see incorporated to address your worry?

0 responses

No responses yet for this question.

Optional: Comments for the CEO

Commendations on this topic:

0 responses

No responses yet for this question.

Potential Improvement(s):

0 responses

No responses yet for this question.

Potential Improvement(s):

1 response

I am assuming that the count in the policy trendline section on the last page represents how many executives are available to fill the role. If that is the case, the 2022 cell shows "3" which I think is incorrect at a snapshot of "today." This is because the Deputy CEO of Operations is currently temporarily held by the Deputy CEO of Planning and Innovation.

**Monitoring Report for Policy 2.11: Construction
Monitoring Period: August 2021-September 2022**

Service Committee Meeting Review Date: October 3rd, 2022

Board of Directors Meeting Review Date: October 20th, 2022

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
The Service Committee recommends that the Board accept the Monitoring Report as B, In Compliance except for items noted (2.11.1, 2.11.1.2 and 2.11.1.2)
BACKGROUND
This policy exists to ensure Board approval of expensive, long-term projects.
ISSUE SUMMARY
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is verifiable.</p> <p>I also note that I have made slight adjustments to 2.11.1 and 2.11.1.1 (highlighted below) based on feedback from the Service Committee.</p> <p>I certify that the information is true and complete.</p> <p style="text-align: center;">CEO’s Signature Date</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <hr style="width: 25%; margin: 0 auto;"/> </div> <div style="text-align: center;"> <p>September 29, 2022</p> <hr style="width: 25%; margin: 0 auto;"/> </div> </div>
ATTACHMENTS
1. Monitoring report for Policy 2.11: Construction

Table of Contents

POLICIES:	Page #	Compliance
<p>2.11 CONSTRUCTION</p> <p>The CEO shall not allow construction of a new building or facility or major renovation that is inconsistent with industry standards and grantor expectations, environmentally irresponsible, risks financial jeopardy, or is not aligned with achievement of the Board’s Ends.</p> <p>Further, without limiting the scope of the above by the following list, the CEO shall not:</p>	4	
<p>2.11.1 Proceed with grant applications, detailed architecture or engineering, procurement of construction services, or real-estate transactions for a construction or major renovation project.</p>	5	
<p>2.11.1.1 Request authorization to proceed with a project prior to providing information that demonstrates that such construction is fiscally responsible and aligned with achievement of the board’s Ends, and without providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:</p> <ul style="list-style-type: none"> A. Definition of the project’s purpose and goals. B. Definition of the project’s key elements and rationale for their inclusion. C. Definition of the project’s strategic context, and contribution to advancing the board’s Ends or other policies. D. Explanation of the project’s priority relative to other capital needs. E. Estimates of the capital cost, ongoing operating and maintenance costs, and expected useful life associated with the project. F. Explanation of anticipated funding sources and financing mechanisms. G. Definition of risks associated with the project. H. Project timeline. I. Public involvement process. 	7	
<p>2.11.1.2 Request authorization to proceed with a project without incorporating it into an annual budget or a budget amendment.</p>	8	

2.11.2 Expend funds on a construction project prior to having confirmed funding for that stage.	9	
2.11.3 Proceed with construction that does not minimize inconvenience to the travelling public and those businesses and residences directly impacted to the extent that is reasonably practicable.	9	
2.11.3.1 Proceed without providing timely and accurate information to the travelling public, residents and business owners.	10	
2.11.3.2 Proceed with construction project or changes to the project that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation.	10	
2.11.4 Allow the board to be unaware of political, residents' and businesses' issues related to the proposed construction.	11	
2.11.5 Allow the board to be without regular reports on the project's implementation, including but not limited to: A. Changes to the anticipated cost of the project. B. Changes to the elements/scope of the project. C. Changes to scheduled completion, delays or impacts to timelines. D. Timely notice of possible cost overruns and planned action to reduce impact.	11	

 Fully Compliant
  Partially Compliant
  Non-Compliant
  Cannot be determined

Preliminary CEO Interpretations and Evidence

2.11 CONSTRUCTION

The CEO shall not allow construction of a new building or facility or major renovation that is inconsistent with industry standards and grantor expectations, environmentally irresponsible, risks financial jeopardy, or is not aligned with achievement of the Board’s Ends.

Further, without limiting the scope of the above by the following list, the CEO shall not:

Degree of Compliance: Partial Compliance

Interpretation

The Board has interpreted “financial risk” and “alignment with Ends achievement” in the lower-level policies below. Evidence of compliance with those policies, along with the following demonstrates compliance with this policy.

In the context of this policy, I interpret key terms in the following way:

1. A new “**building**” is an edifice or structure with walls and a roof which remains in one place and is intended to be permanent. This does not include structures such as bus shelters or temporary storage structures.
2. A new “**facility**” is a *significant* piece of infrastructure that remains in one place (e.g., a bus terminal platform, a park n ride lot, a storage yard, a rail line, roads, power lines, sewers, etc.) and is intended to be permanent. A building can be a part of a larger facility. Due to their ubiquity and small scale, bus stops, pads, shelters and benches, and adjoining sidewalks are excluded.
3. A “**major renovation**” is a significant, permanent change to an existing building or facility that 1) changes the exterior dimensions, or 2) fundamentally changes the function of part or all of a building or facility. This does not include maintenance activities, repairs or routine upgrades, replacement of worn-out elements, or cosmetic updates, etc. (e.g., roof replacement, remodeling offices). Such relatively minor changes are addressed through annual facility maintenance budgets and are not reported on under this policy. Any individual maintenance project costing more than \$250,000 will be identified individually in an annual budget proposal to increase transparency.

These interpretations are reasonable because they categorize all major types of construction that a transit agency might pursue.

Compliance will be demonstrated when close-out letters, Triennial Reviews or other official correspondence from the Federal Transit Administration (FTA) verifies that their expectations with respect to **industry standards, environmentally responsible** construction, and **grantor expectations** have been met. This is reasonable because 1) the FTA will mostly likely be the primary grantor for most major construction and capital projects, 2) the FTA’s expectations will be laws and regulations that are either legal requirements or conditions of receiving federal funding and will have to be met anyway, 3) the FTA promulgates a great deal of information about standards that can be understood in advance and followed, and 4) the FTA will provide outside verification as to whether their expectations were met.

Evidence
<p>Evidence for compliance with the policies below illustrates compliance with this policy. There were no construction projects during this monitoring period although there was a grant application.</p>
<p>2.11.1 Proceed with grant applications, detailed architecture or engineering, procurement of construction services, or real-estate transactions for a construction or major renovation project.</p>
<p>Degree of Compliance: Partial Compliance</p>

Interpretation
<p>I interpret this policy to mean that Board approval must be secured <i>before</i> the CEO can proceed with work related to the <i>implementation</i> of a construction project. Compliance with this policy will be demonstrated when the minutes from the meeting date at which formal Board approval (annual budget or amendment) for implementation activities (as defined below) was granted before contracts are signed initiating implementation activities. This interpretation is reasonable because the Board has retained the authority to for the decision of whether to proceed with certain major commitments, and the board’s decisions are recorded in its minutes.</p>
<p>In an instance where a funding opportunity is suddenly announced with an imminent deadline that makes seeking Board approval impractical (for example when the announcement and deadline are both between two board meetings), the CEO may submit applications for construction projects that are already included in the most recent Board-approved 10-Year Capital Plan (part of the annual budget approval) and the earlier budget document will provide evidence of approval. This additional interpretation is reasonable because such sudden deadlines have occurred, the approval of a project in an annual budget process constitutes an approval-in-principle from the Board, and federal construction funding is so important to the pursuit of TheRide’s Ends that this degree of flexibility is warranted.</p>
<p>Further, I interpret this policy to allow exploratory planning to be conducted at the CEO’s discretion. Broadly, construction is a Means. By requiring board approval to proceed, the Board has introduced a control mechanism whereby it decides if this specific means (construction) can be used in the pursuit of Ends achievement, possibly compromising the clarity of delegation to and accountability of the CEO (policy 4.0) or slowing the CEO’s pursuit of the Ends. It is therefore necessary to provide additional clarity via this interpretation.</p>
<p>While defining “construction activities” may be self-evident (i.e., closures, site prep, demolition, earthworks, excavation, utility changes, paving, construction, etc.), there is a continuum of <i>planning</i> activities that <i>could</i> lead to a construction project, and it can sometimes be unclear where decisions move from CEO authority to Board authority. To highlight this distinction, we can describe planning work as <i>exploratory</i> or <i>implementation</i> work:</p> <ul style="list-style-type: none"> • Exploratory work allows the CEO to evaluate and refine early ideas to the degree necessary to inform staff’s decisions or conclusions. Such work can include staff investigations,

conceptual/preliminary planning, legal investigations, consultant studies, site evaluation, regulatory reviews, real estate queries, soil testing, and some precursor engineering work (although all policies and budget constraints still apply). This work is the purview of the CEO for two main reasons:

- The Board has delegated means to the CEO (4.3.3) who needs to have the latitude to explore ideas independently. The CEO needs to be free to abandon or advance ideas, or the delegation to and accountability of the CEO is compromised. Requiring board approval at this stage also slows the organization's pursuit of the Ends.
- Much of the evidence required by the Board in policy 2.12.1.1 would be developed at this exploratory stage such as general scoping of a project, preliminary cost estimates, land requirements, building/facility scaling, procurement plans, and requirements for further planning work. Such work can also be considered research and development or business case development.

This work happens *prior* to a request for Board approval of a project and therefore the CEO cannot commit the organization to certain courses of action (i.e., land purchases, budget approvals, etc.). Board approval is *not* guaranteed. This work can be undertaken at the discretion of the CEO, however, the CEO must take care that exploratory work does not shape outside expectations to such a degree that the Board feels it has no choice but to continue a project.

- **Implementation** is work that can only be conducted *after* receiving Board approval, and includes efforts made to further refine the scope of a specific construction project in preparation for pursuit of funding, outside approvals, outside regulatory and federal review, final engineering or architecture, and eventual implementation. This includes work such as:
 - Grant applications or earmark requests (for implementation activities),
 - Architectural, planning or engineering services intended to *finalize* designs for a project. Such work is focused on a particular project with a clear scope, such as a particular building or corridor to be studied. It represents increasing commitment to a specific course of action. Examples of implementation work include:
 - Applications for competitive grants or earmarks.
 - Real estate transactions (purchase or long-term lease).
 - Formal entry into an FTA planning process such as New Starts or Small Starts (e.g., Alternatives Analysis, Conceptual Engineering, Detailed Engineering). These processes require significant formal studies that act as agency-endorsed evidence in support of major grant applications.
 - Environmental Reviews or Assessments (i.e., NEPA studies).
 - Actual changes to the physical environment (demolition, earthworks, utility changes, paving, construction, etc.)

Implementation planning requires an increasing degree of commitment and resources. While the Board is not directly involved in implementation work, such activities lead directly to issues where the Board has retained authority for approval, such as real estate decisions (policy 3.2.10), annual budget including capital budget decisions (3.2.7), and decisions about the use of the Capital Reserve (3.2.12).

This interpretation of exploratory planning and implementation planning is reasonable because it differentiates the CEO's authority to determine whether to undertake the exploratory planning from the board's authority to decide whether or not to proceed with the *initiation* of implementation planning.

Evidence
Evidence for compliance with policies 2.11.1.1 and 2.11.1.2 (below) illustrates partial compliance with this policy.

2.11.1.1 Request authorization to proceed with a project prior to providing information that demonstrates that such construction is fiscally responsible and aligned with achievement of the board’s Ends, and without providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:

- A. Definition of the project’s purpose and goals.**
- B. Definition of the project’s key elements and rationale for their inclusion.**
- C. Definition of the project’s strategic context, and contribution to advancing the board’s Ends or other policies.**
- D. Explanation of the project’s priority relative to other capital needs.**
- E. Estimates of the capital cost, ongoing operating and maintenance costs, and expected useful life associated with the project.**
- F. Explanation of anticipated funding sources and financing mechanisms.**
- G. Definition of risks associated with the project.**
- H. Project timeline.**
- I. Public involvement process.**

Degree of Compliance: Partial Compliance

Interpretation
<p>Compliance with this policy will be demonstrated when the minutes of the Board meeting record that a CEO’s request for Board approval of an element of implementation of a construction project comes in the form of a single, proposal that addresses the questions identified for each of the elements interpreted below:</p> <ol style="list-style-type: none"> 1. Scope – What is the nature of the project? What are the most important elements? 2. Alignment with Ends & Rationale – Description of how the project will advance specific goals identified by the Board 3. Public Involvement – How has the public been engaged in the development of the proposal thus far? How will the public be engaged going forward? 4. Priority – Why is this project being prioritized ahead of other projects? How would this project affect the 10-Year Capital Plan? 5. Fiscal responsibility – <ol style="list-style-type: none"> a. What are the anticipated capital and operating costs during the life of the project?

- b. How will the capital and operating costs of the project be paid for during the lifespan of the project? What assumptions are made regarding outside grant funding, funding from the Capital Reserve, or local millage funds?
 - c. How would the approval of this project impact the agency's ability to maintain existing services and infrastructure, or afford other projects?
6. **Timeline** – What are the expected dates of major miles stones such as construction, opening/initiation, operating lifespan, decommissioning?
7. **Risks** – What social, environmental, financial, operational, or other risks have been identified? Are there ways to mitigate risks?

This interpretation is reasonable because minutes are the official record of the Board's meetings and identify when a request is made. The elements of the proposal address all of the items specified by the Board in its policy.

Evidence

During the monitoring period staff submitted two funding requests to the federal government regarding implementation work for construction projects. While board approval was sought and receive for a **RAISE grant** submission in compliance with this policy, a sudden **earmark** request for the Ypsilanti Transit Center was not compliant. Because of this inconsistency, the CEO is reporting partial compliance.

- 1) TheRide submitted a RAISE grant application to the federal government that would have paid for studies regarding bus rapid transit and a garage. Both studies were implementation work as they involved more than exploratory work, were entrances into federal funding processes, and represented an increasing degree of local commitment.

Staff sought and received Board approval in March 2021 to submit the grant application. This is evidenced in the minutes from that meeting found in the [April meeting packet \(p.3\)](#). The detailed responses to requirement 1-7 of the above interpretation can be seen in the packet of the [March 2022 AAATA Board meeting, see item 2.4 \(p.17\)](#). Ultimately, the RAISE grant was not approved by the federal government.

- 2) TheRide re-submitted **earmark** requests to Rep Dingell in April 2022 for the Ypsilanti Transit Center. The call for submissions occurred unexpectedly just after the March 17th Board meeting, with a three-week deadline of April 8th, before the next scheduled Board meeting, leaving no time to request Board approval of the submission.

The earmark request included an \$8 million request for actual construction of a new Ypsilanti Transit Center. The CEO made a conscious executive decision to submit the request without full compliance with this policy because the Board had discussed the details of the YTC projects on numerous occasions, and the project was a high priority project, and was included in board-approved capital plans. The CEO felt this constituted an approval-in-principle and the potential for funding was too great to miss.

While numerous meetings and study documents cover interpretation items 1-7 (above) for the Ypsilanti Transit Center, those answers were *not* submitted to the Board for authorization in a consolidated format as with the RAISE application. However, Deputy CEO Reed did let board members know via email that staff had submitted the earmark requests (See email from Dina Reed "RE: Message to the Board re:

Federal Funding”, 4/14/2022, 4:41pm.), the earmark request was discussed at the April 12th Finance Committee meeting ([Board Meeting Notes April 21, 2022, p.13](#)), and she provided the actual request to board members via email on 4/14/2022 at 9:06am. As of September 2022, Rep. Dingell continues to champion this earmark and staff expect to learn its fate with the FY2023 federal budget in the fall.

In addition, during the monitoring period the AAATA did unexpectedly receive a \$300,000 earmark from Senator Gary Peters to pay for planning a new bus terminal in Ypsilanti. However, the request for this earmark occurred prior to this monitoring period and was addressed in the last monitoring report.

Compliance timeline: As the earmark application is a past incident that cannot be changed, this incident of non-compliance cannot be retroactively made compliant. However, with the addition to the CEO’s interpretation of 2.11.1 which grants additional flexibility, this sort of non-compliance should not occur again.

2.11.1.2 Request authorization to proceed with a project without incorporating it into an annual budget or a budget amendment.

Degree of Compliance: Partial Compliance

Interpretation

Compliance with this policy will be demonstrated when

- a) All requests for Board approval are part of either the regular annual budget or an amendment to a budget. This is reasonable because most construction projects will cost more than the CEO’s signing authority (\$250,000) and amendments can be requested at any time.
- b) Should the circumstance arise where outside partners appear to need a level of informal non-binding commitment from the AAATA in order to advance a project into further exploratory work, the CEO is allowed to offer such assurances, provided they are acting in good faith and can reasonably assume preliminary Board support and provide updates to the Board. This is reasonable because some projects may not advance through an exploratory process without feelings of shared commitment

Evidence

The two projects included in the RAISE grant applications (Bus rapid transit and garage) were included in the [FY 2022 budget and capital plan \(p.33\)](#) both of which were approved by the Board as evidence by [minutes of the September 2021 Board meeting \(p.8-9\)](#).

The Ypsilanti Transit Center earmark was based on the Board’s approval of the project in the same [FY 2022 budget and capital plan \(p.33\)](#) both of which were approved by the Board as evidence by [minutes of the September 2021 Board meeting \(p.8-9\)](#).

2.11.2 Expend funds on a construction project prior to having confirmed funding for that stage.

Degree of Compliance: Compliant

Interpretation

Compliance will be demonstrated when dates for the initial written notice-to-proceed orders and first invoices occur *after* confirmation that funding is available, such as Board approval of a budget or written confirmation from an outside funder (e.g., notice of award or full funding grant agreement from the FTA). This is reasonable because each stage of a project can have an initiation point with an initial notice-to-proceed order that is always in writing with a date, and dated invoices precede expenditures. Only the initial dates are warranted because there could be hundreds of subsequent invoices for various stages, but none could occur without the initial notice-to-proceed. Funding confirmations come from the Board vote, or state or federal government and should not be considered final until written notice is received.

Evidence

There were no eligible construction projects ongoing during the monitoring period, nor were any funds expended.

2.11.3 Proceed with construction that does not minimize inconvenience to the travelling public and those businesses and residences directly impacted to the extent that is reasonably practicable.

Degree of Compliance: Compliant

Interpretation

The Board has partially interpreted “minimizing inconvenience” in its lower-level policies 2.11.3.1 and 2.11.3.2 below.

Compliance with those policies as well as well as the following will be demonstrate compliance: Construction projects include a plan to minimize or mitigate public inconvenience that is deemed reasonable by the CEO extent in the context of the project. This is reasonable because construction projects almost always cause some level of disruption, vary in scale and impact, and therefore need to be developed in context. The requirement for a plan allows for this context while ensuring the issue is addressed beforehand.

Evidence
There were no eligible construction projects during the monitoring period and no corresponding plans.

2.11.3.1 Proceed without providing timely and accurate information to the travelling public, residents and business owners.
Degree of Compliance: Compliant

Interpretation
<p>I interpret this policy to reference communications about impacts of direct construction activity given that information about general public consultation is addressed in policy 2.2.9.4,</p> <p>Compliance with this policy will be demonstrated when review of public notices about foreseeable construction-related disruptions (e.g., closures, changes to services, etc.) confirms that notices were provided at least 7 days before activities begin, or blanket notices about uncertain timing are provided at least 14 days in advance. Public notice includes, at a minimum: media releases, website and social media notices, hardcopy notices where applicable, attempts to information nearby residents and property owners; these are our standard means of informing the public and are recognized as trustworthy source of information from TheRide. These time periods are reasonable because they allow the public to make alternate arrangements, and construction timelines can sometimes need to change to keep a project progressing on schedule or on budget.</p>

Evidence
There were no construction projects ongoing during the monitoring period, and no information was required or provided.

2.11.3.2 Proceed with construction project or changes to the project that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation.
Degree of Compliance: Compliant

Interpretation

Compliance with this policy will be demonstrated when reasonable consultation opportunities are provided prior to finalizing construction plans and are publicized beforehand.

Consultation includes providing information on anticipated construction activities and plans, opportunities to provide feedback and identify concerns, efforts to mitigate impacts, and notice of final decision. Depending on the project context, this could include posted notices, website information, or public meetings. This interpretation is reasonable because it recognizes that construction is inherently disruptive and can cause resistance, requires consultation and attempts at mitigation before construction begins, and calls for communication with the public beforehand.

I interpret this policy to apply to the logistics and impacts of construction activities (i.e., closures, site prep, demolition, earthworks, excavation, utility changes, paving, construction, etc.), not earlier decisions about project need, scope, cost, location, etc., covered under 2.2.9.4 (general public consultation requirement). The policy does not require construction to stop due to resistance, only that there were reasonable opportunities for input beforehand, however construction may be paused if the CEO deems it necessary.

Evidence

There were no construction projects ongoing during the monitoring period, and no consultation was required or provided.

2.11.4 Allow the board to be unaware of political, residents' and businesses' issues related to the proposed construction.

Degree of Compliance: Compliant

Interpretation

Evidence

There were no construction projects ongoing during the monitoring period, and no briefing was required or provided.

2.11.5 Allow the board to be without regular reports on the project’s implementation, including but not limited to:

- A. Changes to the anticipated cost of the project.**
- B. Changes to the elements/scope of the project.**
- C. Changes to scheduled completion, delays or impacts to timelines.**
- D. Timely notice of possible cost overruns and planned action to reduce impact.**

Degree of Compliance: Compliant

Interpretation

Compliance with this policy will be demonstrated when the Board receives at least monthly updates on board-approved construction implementation projects which must provide the details outlined in items A-D above, which would be compared with assumptions created at the beginning of the project and shared with the Board. This interpretation is reasonable because items A-D are self-explanatory and monthly updates can be provided at board meetings.

Evidence

Date of approval of project. Dates and locations of updates.

There were no construction projects ongoing during the monitoring period, and no updates were provided.

CEO Notes

The Board may wish to update policy 2.11.1 to refer specifically to earmarks or funding applications in general.

Policy Trendline

Policy	FY 22	FY 23
2.11.	4	2
2.11.1	1	2
2.11.1.1	4	2
2.11.1.2	4	2
2.11.2	4	3
2.11.3	4	3
2.11.3.1	4	3
2.11.3.2	4	3
2.11.4	4	3
2.11.5	4	3

Legend	
1	Policy not compliant
2	Partially compliant policy
3	Compliant policy
4	Cannot be determined

Board's Conclusion on Monitoring Report

Guidance on Determining “Reasonableness” of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO’s interpretation is “reasonable”:

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed...

Defensible measures and standards are those that:

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
- *Are relevant and conceptually aligned with the policy criteria and the board’s policy set.*
- *Represent an appropriate level of fulfillment within the scope of the policy.*

- “What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2”. International Policy Governance Association. June 11, 2016. Available on the IPGA website.

Board's conclusion after monitoring the report.

Following the Board's review and discussion with the CEO, the Board finds that the CEO:

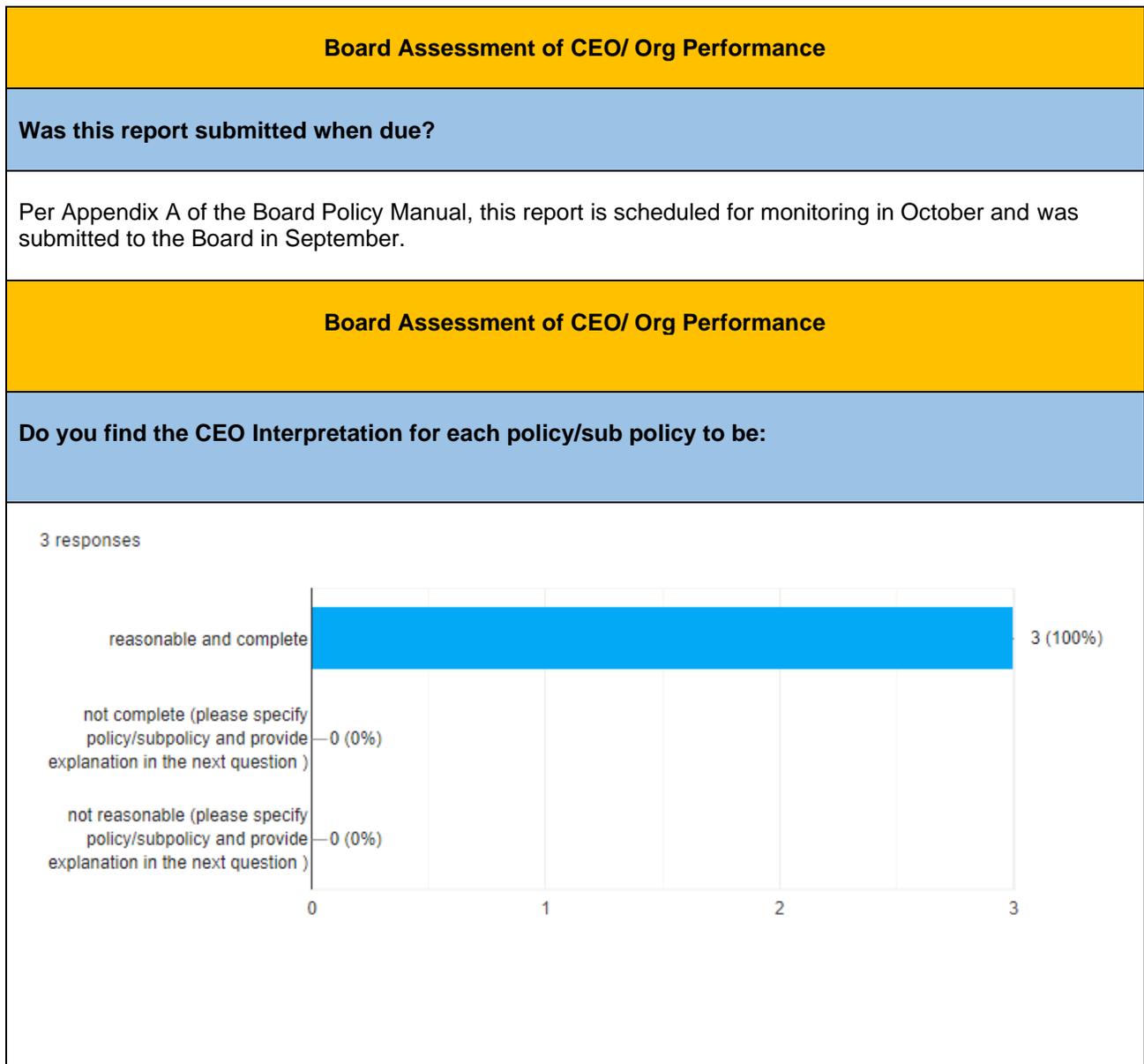
- A. Is in compliance.
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is *not* in compliance or is *not* making reasonable progress toward compliance.
- E. Cannot be determined.

SURVEY RESULTS: Construction (Policy 2.11)

Board Meeting Review Date: October 20th, 2022

Survey Participants: 3 Board Members

Note: Each bullet represents a comment by a different Board member.



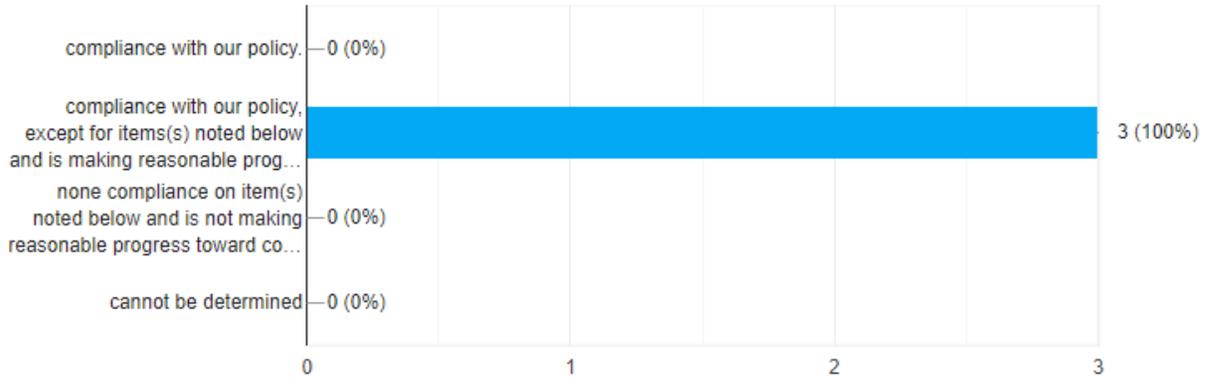
CEO Interpretations that were incomplete or unreasonable (if any):

0 responses

No responses yet for this question.

Do you find the CEO's evidence and data shows..?

3 responses



Items not in compliance (if any):

1 response

2.11, 2.11.1, and 2.11.1.2

Is there any area associated with this policy that concerns you that is not clearly addressed in existing policy? What is the value that drives your concern?

1 response

None

What policy language would you like to see incorporated to address your worry?

0 responses

No responses yet for this question.

Optional: Comments for the CEO

Commendations on this topic:

0 responses

No responses yet for this question.

Potential Improvement(s):

0 responses

No responses yet for this question.

Potential Improvement(s):

2 responses

Given the tight time line for the RAISE grant, of which the availability of the grant and the application deadline occurred between 2 board meetings, it seemed prudent for the CEO/staff to submit the application for the betterment of the Ride and its laundry list of projects that we wish to pursue.

I believe the CEO could've reported compliance with 2.11.1.2. Applying for grant/appropriation funds seems in line with this particular sub-policy.

FTA Triennial Review Report

Meeting: Board of Directors

Meeting Date: October 20th, 2022

INFORMATION TYPE:
Information
RECOMMENDED ACTION(S):
Receive a report on the 2022 Triennial Review results and activities.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Governance Process: Policy 2.0 "...the CEO shall not cause, allow or fail to address any practice...that is...unlawful." • Executive Limitation: Policy 2.5.2: "The CEO shall not...operate in a manner that would jeopardize federal funding."
ISSUE SUMMARY:
The Federal Transit Administration (FTA) has completed their review of AAATA's compliance for fiscal years 2018-2022. AAATA was originally scheduled for a Triennial Review in 2021, but the review was postponed until 2022 due to the pandemic. The Triennial Review focused on compliance in 23 areas.
BACKGROUND:
No deficiencies were found with the FTA requirements in 15 of these areas. Deficiencies were found in six (6) areas: Financial Management and Capacity, Maintenance, Procurement, Disadvantaged Business Enterprise, Americans with Disabilities Act (ADA) – General, and ADA – Complementary Paratransit. Two review areas do not apply to AAATA's program.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: Federal funding could be risked if repeat patterns of deficiencies are found in Triennial Reviews. No such pattern exists; AAATA's federal funding is not at risk. • Social/Environmental: No impact. • Governance: Compliance with Policy 2.0, Policy 2.5.2
ATTACHMENTS:
<ol style="list-style-type: none"> 1. Summary of FTA Triennial Review Findings 2. FTA Final Report for the Fiscal Year 2022 Triennial Review

Attachment 1

Summary of FTA Triennial Review Findings

Eight (8) deficiencies were found in six (6) review areas. When the final report was issued, it was noted that two of the deficiencies had already been addressed by staff and were considered closed. Therefore, there are six (6) deficiencies in five (5) review areas that require corrective actions to be provided to the FTA by November 29, 2022.

The nature of the deficiencies requiring corrective actions vary in nature. A detailed list of findings is provided in the attached Final Report for Fiscal Year 2022 Triennial Review. A summary of the findings requiring corrective action include:

- Preventative maintenance inspections were performed on-time for fixed-route fleet did not meet the 80 percent on-time requirements as prescribed in the maintenance plan. This issue was corrected, and AAATA has demonstrated meeting at least minimum compliance in July, August and September 2022.
- Procurement had some missing clauses of new policy guidance in procurement contracts and one instance of a contract awarded without documentation of the Buy America waiver. These issues are being addressed with updating procurement documents and procedures.
- Disadvantaged Business Enterprise (DBE) uniform reports contain inaccuracies, based on the interpretation provided by the FTA. This issue is being corrected with updating DBE reports and clarification of data provided in future reports.
- Verbiage on our web site regarding leashing service animals were found to be too restrictive and not compliant with Americans with Disabilities Act (ADA) requirements. This is being corrected by removing reference to a leash requirement for service animals.
- The ADA – Complementary Paratransit no-show policy was determined to be unreasonable in that could result in a 90-day suspension of services for repeated no-show events by a passenger. This is being addressed by changing our policy to reduce the maximum suspension for no-shows to 30 days.

Staff is consistently communicating with our FTA partners to ensure compliance with FTA requirements and note the following key points:

- There are no findings that are beyond the ability for staff to correct,
- There are no repeat findings from prior Triennial Reviews,
- There are fewer findings than reported in the 2018 Triennial Review,
- AAATA remains in good standing with the FTA, and
- There is no current risk to AAATA's federal funding.

Staff have no concerns with providing corrective actions in a timely manner, as required by the FTA. The FTA may respond with additional corrections, or with acceptance of corrections. Close-out of the Triennial Review is expected within six months.



U.S. Department
of Transportation
**Federal Transit
Administration**

REGION V
Illinois, Indiana,
Michigan, Minnesota,
Ohio, Wisconsin

200 West Adams Street
Suite 320
Chicago, IL 60606-5253
312-353-2789
312-886-0351 (fax)

September 1, 2022

Mr. Eric Mahler
Chair, Board of Directors
Ann Arbor Area Transportation Authority
2135 W Maple Road
Troy MI 48084

Re: Federal Transit Administration (FTA) Fiscal Year 2022 Triennial Review – Final Report

Dear Mr. Mahler:

Enclosed with this letter is a copy of the FTA Triennial Review Final Report as required by 49 U.S.C. Chapter 53 and other Federal requirements. The enclosed final report documents the FTA's Triennial Review of the Ann Arbor Area Transportation Authority (AAATA) of Ann Arbor, Michigan. Although not an audit, the Triennial Review is the FTA's assessment of AAATA's compliance with Federal requirements, determined by examining a sample of award management and program implementation practices. As such, the Triennial Review is not intended as, nor does it constitute, a comprehensive and final review of compliance with award requirements.

Due to the Coronavirus 2019 (COVID-19) Public Health Emergency, a virtual site visit was conducted for this Triennial Review. In addition, the review was expanded to address AAATA's compliance with the administrative relief and flexibilities FTA granted. It also reviewed the requirements of the COVID-19 Relief funds received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021, and the American Rescue Plan (ARP) Act of 2021.

The Triennial Review focused on AAATA's compliance in 23 areas. No deficiencies were found with the FTA requirements in 15 of these areas. Deficiencies were found in six (6) areas: Financial Management and Capacity, Maintenance, Procurement, Disadvantaged Business Enterprise, Americans with Disabilities Act (ADA) – General, and ADA – Complementary Paratransit. Two (2) review areas do not apply to AAATA's program.

Subsequent to the site visit, AAATA provided corrective action responses to address and close deficiencies noted in the Financial Management and Capacity and Maintenance areas of the report that follows.

Mr. Mahler
Page 2

Thank you for your cooperation and assistance during this Triennial Review. If you need any technical assistance or have any questions, please do not hesitate to contact Ms. Lisa Joiner at (312) 353-2791 or by email at Lisa.Joiner@dot.gov.

Sincerely,

A handwritten signature in cursive script that reads "Kelley Brooks".

Kelley Brooks
Regional Administrator

Enclosure

cc: Mr. Matthew Carpenter, CEO, AAATA

FINAL REPORT

**FISCAL YEAR 2022
TRIENNIAL REVIEW**

of

**Ann Arbor Area Transportation Authority
(AAATA)
ID: 1220**

Performed for:

**U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL TRANSIT ADMINISTRATION
REGION 5**

Prepared By:

Interactive Elements Inc.

Scoping Meeting Date: April 11, 2022

Site Visit Date: June 15, 2022

Draft Report Date: July 28, 2022

Final Report Date: September 1, 2022

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I. Executive Summary

This report documents the Federal Transit Administration’s (FTA) Triennial Review of the Ann Arbor Area Transportation Authority (AAATA) of Ann Arbor, Michigan. The FTA wants to ensure that awards are administered in accordance with the requirements of Federal public transportation law 49 U.S.C. Chapter 53. The review was performed by Interactive Elements Inc. During the site visit, administrative and statutory requirements were discussed, and documents were reviewed.

Due to the Coronavirus 2019 (COVID-19) Public Health Emergency, a virtual site visit was conducted for this Triennial Review. In addition, the review was expanded to address AAATA’s compliance with the administrative relief and flexibilities FTA granted. It also reviewed the requirements of the COVID-19 Relief funds received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021, and the American Rescue Plan (ARP) Act of 2021. AAATA was also requested to share if and/or how it suspended, deviated from, or significantly updated or altered its transit program due to the public health emergency.

The Triennial Review focused on AAATA’s compliance in 23 areas. Deficiencies related to the COVID-19 Relief funds have been clearly identified as part of the deficiency description in the respective review area.

No deficiencies were found with the FTA requirement in 15 of the review areas. Two (2) review areas do not apply to AAATA’s program. Deficiencies were found in the areas listed below.

Review Area	Deficiencies	
	Code	Description
2. Financial Management and Capacity (F)	F4-1	ECHO documentation deficient - CLOSED
8. Maintenance (M)	M2-1	Late vehicle/vessel preventive maintenance
	M2-2	Late facility/equipment preventive maintenance - CLOSED
9. Procurement (P)	P11-1	Missing FTA clauses
	P12-5	Contract awarded without Buy America waiver
10. Disadvantaged Business Enterprise (DBE)	DBE5-1	DBE uniform reports contain inaccuracies and/or are missing required information
12. Americans with Disabilities Act (ADA) – General (ADA-GEN)	ADA-GEN8-2	Imposition of improper service animal restrictions

Review Area	Deficiencies	
	Code	Description
13 ADA – Complementary Paratransit (ADA-CPT)	ADA- CPT5-1	Unreasonable no-show suspension

Subsequent to the site visit, AAATA provided corrective action responses to address deficiencies noted in the Financial Management and Capacity and Maintenance areas of this report. The deficiencies in these areas, as noted in the above table, are closed.

II. Review Background and Process

1. Background

The United States Code, Chapter 53 of Title 49 (49 U.S.C. 5307(f)(2)) requires that “At least once every 3 years, the Secretary shall review and evaluate completely the performance of a recipient in carrying out the recipient’s program, specifically referring to compliance with statutory and administrative requirements...” This Triennial Review was performed in accordance with the FTA procedures (published in FTA Order 9010.1B, April 5, 1993).

The Triennial Review includes a review of the recipient’s compliance in 23 areas. The basic requirements for each of these areas are summarized in Section IV.

This report presents the findings from the Triennial Review of the Ann Arbor Area Transportation Authority (AAATA). The review concentrated on procedures and practices employed since AAATA’s previous Triennial Review; however, coverage was extended to earlier periods as needed to assess the policies in place and the management of award funds. The specific documents reviewed and referenced in this report are available at the FTA’s regional office or the recipient’s office.

2. Process

The Triennial Review includes a pre-review assessment, a desk review and scoping meeting with the FTA regional office, and a site visit to the recipient’s location. Due to the COVID-19 Public Health Emergency, a virtual site visit was conducted of each recipient. In addition, the review was expanded to address the recipient’s compliance with the administrative relief and flexibilities FTA granted. It also reviewed the requirements of the COVID-19 relief funds received through the CARES Act, CRRSAA of 2021, and the ARP Act of 2021. Recipients were also requested to share if and/or how they suspended, deviated from, or significantly updated or altered their transit program due to the public health emergency.

The fiscal year (FY) 2022 process began with the regional office transmitting a recipient information request (RIR) to AAATA on December 3, 2021 indicating a review would be conducted. While AAATA prepared its response to the RIR, the regional office and review team conducted a desk review and scoping meeting on April 11, 2022. Necessary files retained by the regional office were sent to the reviewers electronically. Following the desk review and scoping meeting, the reviewer and the AAATA corresponded and exchanged information and documentation in preparation for the virtual site visit. As a result of this review, an agenda package indicating the issues that would be discussed, records to be reviewed, and interviews to be conducted was then sent to AAATA on June 1, 2022. The virtual site visit of AAATA occurred on June 15, 2022.

The site visit portion of the review began with an entrance conference, at which the purpose of the Triennial Review and the review process were discussed. The reviewers conducted additional interviews and reviewed documentation to evaluate AAATA’s compliance with FTA

requirements.

Two Section 5310 subrecipients, Jewish Family Services of Washtenaw County, and People's Express of Whitmore Lake, MI were reviewed virtually to provide an overview of activities related to the FTA-funded projects. The reviewer also examined a sample procurement file during the virtual site visit for People's Express.

Upon completion of the site visit, the FTA and the reviewer provided a summary of preliminary findings to AAATA at an exit conference held on June 29, 2022. Section VI of this report lists the individuals participating in the site visit.

3. Metrics

The metrics used to evaluate whether a recipient is meeting the requirements for each of the areas reviewed are:

- *Not Deficient*: An area is considered not deficient if, during the review, nothing came to light that would indicate the requirements within the area reviewed were not met.
- *Deficient*: An area is considered deficient if any of the requirements within the area reviewed were not met.
- *Not Applicable*: An area can be deemed not applicable if, after an initial assessment, the recipient does not conduct activities for which the requirements of the respective area would be applicable.

III. Recipient Description

1. Organization

The Ann Arbor Area Transportation Authority (AAATA) was chartered in 1969 by the City of Ann Arbor as a special purpose unit of the city government. In 2014, the City of Ypsilanti and Ypsilanti Township joined the Authority. A ten-member Board of Directors provides policy guidance. AAATA provides transit service in the Cities of Ann Arbor and Ypsilanti and the Charter Townships of Ypsilanti, Pittsfield, and Superior. The population of the service area is approximately 258,829.

AAATA directly operates fixed-route service and contracts with Indian Trails to operate an express route to the Detroit Metropolitan Airport known as Air Ride. During the review period, AAATA contracted with MV Transportation, Inc. to operate A-Ride, AAATA's Americans with Disabilities Act (ADA) complementary paratransit service. AAATA also contracts with People's Express and Stadium Transportation to operate MyRide job access service, and Golden Limousine to operate its FlexRide microtransit service, and NightRide, HolidayRide and GoldRide demand responsive services.

AAATA operates a network of 30 fixed routes. Service is provided weekdays from approximately 6:00 a.m. to 12:27 a.m., Saturdays 7:15 a.m. to 11:27 p.m., and Sundays 8:00 a.m. to 7:42 p.m. NightRide demand response service operates weekdays 11:45 p.m. to 6:00 a.m., Saturdays 10:45 p.m. to 8:00 a.m., and Sundays 8:00 p.m. to 6:00 a.m.

The ADA complementary paratransit service, known as A-Ride, operates during the same hours and days as the fixed-route service. AAATA also provides non-ADA shared ride demand response taxi service for senior citizens.

The basic adult fare for fixed-route bus service is \$1.50. A reduced fare of \$0.75 is offered to students through grades 12 (ages six through 18), seniors 60 to 64, income eligible riders, persons with disabilities who are not ADA eligible, and persons with a Medicaid or Medicare card, during all service hours. ADA-eligible riders and seniors aged 65 and older ride all fixed-route service at no charge. The A-Ride ADA complementary paratransit fare is \$3.00. The fare for non-ADA shared ride demand response service is \$3.00 per trip for both advance reservation and same-day service.

AAATA operates a fleet of 103 buses for its fixed-route service which consists of standard 35- and 40-foot transit coaches. The current peak requirement for revenue service is for 75 buses. AAATA also has a fleet of 31 federally funded body-on-chassis buses which it uses for ADA complementary paratransit service.

AAATA operates from a single maintenance and administration facility in Ann Arbor, Michigan. Its service is oriented around the Blake Transit Center in downtown Ann Arbor and the Ypsilanti Transit Center in downtown Ypsilanti.

2. Award and Project Activity

Below is a list of AAATA's open awards at the time of the review.

Award Number	Award Amount	Year Executed	Description
MI-37-X044	\$764,127	2013	FY2011-2012 JARC Oper. *LAPSING
MI-2016-026	\$13,285,287	2017	FY2016 Section 5307/5339 Formula and CMAQ Projects
MI-2016-040	\$574,053	2017	FY2016 Section 5310 Projects
MI-2018-031	\$218,000	2018	FY2018 Section 5310 Projects
MI-2018-028	\$8,064,123	2018	FY2018 Sec. 5307, 5339, and CMAQ Projects
MI-2019-034	\$10,136,562	2019	FY2019 Sec. 5307, 5339, and CMAQ Projects
MI-2019-039	\$232,000	2019	FY2019 Section 5310 Projects
MI-2019-035	\$60,184	2019	FY2019 STP Flex Bus Stop and Nonmotorized Access Design Project
MI-2020-017	\$20,704,090	2020	FY2020 CARES Act Urbanized Area Projects
MI-2020-038	\$11,994,952	2020	FY2020 Sec. 5307, 5339, and CMAQ Transit Projects
MI-2020-066	\$261,600	2020	FY2020 Sec. 5310 Enhanced Mobility Projects
MI-2021-052	\$244,746	2021	Sec. 5310 Enhanced Mobility Projects

The AAATA received supplemental funds for operating assistance in the following award: MI-2020-017. AAATA has previously received operating assistance from the FTA in Section 5310 and JARC awards.

Projects Completed

In the past few years, AAATA completed the following noteworthy projects:

- Procured a new paratransit contractor (MV) and new bus manufacturer (Nova)
- In-sourced paratransit vehicles for a fully agency-owned, 100% accessible fleet with upgraded onboard technology
- Deployed an emergency alert notification system
- Replaced the administrative facility roof and HVAC system at headquarters
- Replaced the administrative facility carpet at headquarters
- Renovated the dispatch control center at headquarters
- Expanded FlexRide microtransit service
- Launched D2A2 express bus service between Ann Arbor and Detroit in partnership with the Regional Transit Authority of Southeast Michigan

- Created pandemic response plans including enhanced safety and cleaning protocols, remote work, benefits changes, fare suspension, route changes, vaccine shuttles and clinics, and driver barriers and fresh air kit installation on buses

Ongoing Projects

AAATA is currently implementing the following noteworthy projects:

- Pandemic response plan implementation
- TransTrack data reporting software development
- HRIS/payroll system rollout
- EZFare contactless mobile ticketing pilot
- Study of vehicle propulsion alternatives
- Negotiation of a new union contract
- Millage renewal campaign plan
- TheRide 2045 Long-Range Plan development

Future Projects

AAATA plans to pursue the following noteworthy projects in the next three to five years:

- Begin planning work for expansion of the Blake Transit Center (locally funded collaboration with housing and economic development partners)
- Begin planning work for replacement and expansion of the Ypsilanti Transit Center
- Begin planning work for the bus garage expansion
- Begin planning work for a new Bus Rapid Transit system
- Implement zero-emission vehicle technology pending propulsion study recommendations
- Replace the maintenance area roof and HVAC system at headquarters
- Deploy transit signal priority technology
- Update and simplify the fare structure

IV. Results of the Review

1. Legal

Basic Requirement: The recipient must promptly notify the FTA of legal matters and additionally notify the U.S. Department of Transportation (USDOT) Office of Inspector General (OIG) of any instances relating to false claims under the False Claims Act or fraud. Recipients must comply with restrictions on lobbying requirements.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Legal.

2. Financial Management and Capacity

Basic Requirement: The recipient must have financial policies and procedures; an organizational structure that defines, assigns, and delegates fiduciary authority; and financial management systems in place to manage, match, and charge only allowable costs to the award. The recipient must conduct required Single Audits, as required by 2 CFR part 200, and provide financial oversight of subrecipients.

Finding: During this Triennial Review of AAATA, a deficiency was found with the FTA requirements for Financial Management and Capacity.

Deficiency Description:

F4-1: ECHO documentation deficient

During the site visit, a sample of ECHO drawdowns was examined to determine compliance with FTA requirements. An examination of a draw done on March 27, 2019 for \$157,375 from award MI-90-X684 found that the supporting documentation did not adequately support the drawdown. The draw was a reimbursement for capital cost of contracting expenses for the first three months of 2019 incurred on a contract for vanpool services with Enterprise Holdings, Inc. The backup documentation appears to show that AAATA was not correctly calculating the percentage of federal funds allowable for capital cost of contracting costs. FTA Circular 9030.1E allows recipients to utilize capital funds to cover 80 percent of 50 percent of the total contract cost for turnkey transit service provision contracts, which the vanpool contract is. The backup documents for this draw indicated AAATA drew down 80 percent of 100 percent of the contract costs.

2 CFR Part 200.303 Internal Controls

The non-Federal entity must (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government”, issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Corrective Action(s) and Schedule:

For deficiency *ECHO documentation deficient (F4-1)*, by November 29, 2022, AAATA must document and work with the FTA Region 5 office to reimburse FTA for ineligible expenses charged to awards, plus applicable interest, if required. AAATA must implement and submit to the FTA Region 5 office documentation of training conducted of the appropriate staff on new policies and procedures.

Subsequent to the site visit, AAATA provided additional documentation for the drawdown examined. The additional documentation showed that the funds drawn were for two different capital cost of contracting contracts, both of which were eligible expenses under award MI-90-X684. The documentation showed additional costs incurred that were sufficient to cover the funds drawn at the appropriate capital cost of contracting percentage, and in fact showed that AAATA was in an overmatch position for the funds, meaning the expenses incurred were far in excess of the amount drawn for reimbursement. This finding is closed with the issuance of the final report.

3. Technical Capacity – Award Management

Basic Requirement: The recipient must report progress of projects in awards to the Federal Transit Administration (FTA) and close awards timely.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Technical Capacity – Award Management.

4. Technical Capacity – Program Management & Subrecipient Oversight

Basic Requirement: States must document and follow a public involvement process for the development of the long-range statewide transportation plan and State Transportation Improvement Program (STIP). Designated recipients of Sections 5310, 5311, and 5339 funds must develop and submit a State Management/ Program Management Plan to the FTA for approval. Recipients must enter into an agreement with each subrecipient, obtain required certifications from subrecipients, report in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) on subawards, and ensure subrecipients comply with the terms of the award.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Technical Capacity – Program Management & Subrecipient Oversight.

5. Technical Capacity – Project Management

Basic Requirement: The recipient must be able to implement the Federal Transit Administration (FTA)-funded projects in accordance with the award application, the FTA Master Agreement, and applicable laws and regulations using sound management practices.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Technical Capacity – Project Management.

6. Transit Asset Management

Basic Requirement: Recipients must comply with 49 CFR part 625 to ensure public transportation providers develop and implement transit asset management (TAM) plans.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Transit Asset Management.

7. Satisfactory Continuing Control

Basic Requirement: The recipient must ensure that Federal Transit Administration (FTA)-funded property will remain available to be used for its originally authorized purpose throughout its useful life until disposition.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Satisfactory and Continuing Control.

8. Maintenance

Basic Requirement: Recipients must keep federally funded vehicles, equipment, and facilities in good operating condition. Recipients must keep Americans with Disabilities Act (ADA) accessibility features on all vehicles, equipment, and facilities in good operating order.

Finding: During this Triennial Review of AAATA, deficiencies were found with the FTA requirements for Maintenance.

Deficiency Description:

M2-1: Late vehicle/vessel preventive maintenance

The AAATA vehicle maintenance plan calls for a preventive maintenance interval schedule of 6,000 miles between preventive maintenance inspections for its fixed-route fleet. The review of the preventive maintenance records for a sample of AAATA fixed-route vehicles found that preventive maintenance inspections were performed on-time for 60 percent of the scheduled intervals sampled, below the FTA 80 percent on-time requirement for vehicle preventive maintenance inspections as prescribed in the maintenance plan.

2 CFR 200.313. Equipment

(b) General. A state must use, manage, and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures.

FTA Circular 5010.1E, Ch. IV Management of the Award, Section 4. Equipment and Supplies (Including Rolling Stock)

n. Management of Federally-Assisted Property

(4) Maintenance and Warranty

(a) Recipients must maintain federally-assisted property in good operating order and in compliance with any applicable Federal regulations that may be issued and follow applicable guidance that may be issued, except to the extent that FTA determines otherwise in writing.

(b) Recipients must keep satisfactory records pertaining to the use of federally-assisted property, and submit to FTA upon request such information as may be required to assure compliance with Federal requirements.

Corrective Action(s) and Schedule:

For deficiency *late vehicle/vessel preventive maintenance (M2-1)*, by November 29, 2022, AAATA must submit to the FTA Region 5 office:

- procedures for completing preventive maintenance inspections on time
- a monthly report signed by the chief executive officer or other senior management designee on preventive maintenance results until the data demonstrate the recipient has conducted 80 percent of its preventive maintenance on time for three consecutive months. For each vehicle that received a preventive maintenance inspection during the month, the recipient must include with the submittal to the FTA Region 5 office:
 - a report that lists the vehicle number, date of the inspection, mileage of the current vehicle inspection, mileage of the previous vehicle inspection, and the mileage or time interval between the two inspections for each vehicle that received a preventive maintenance inspection during the month. List the percentage of the inspections performed on time.
 - back-up documentation for each vehicle (e.g., copy of work order, printout from the maintenance management system) documenting the date and mileage of the inspection.

M2-2: Late facility/equipment preventive maintenance

A sample of AAATA's federally funded facilities and equipment was examined to determine compliance with FTA inspection requirements. A review of the monthly preventive maintenance intervals for the bus hoist for 2021 found that documentation for five of the twelve scheduled maintenance intervals was not available, resulting in an on-time performance of 58 percent.

2 CFR 200.313. Equipment

(b) General. A state must use, manage, and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures.

FTA Circular 5010.1E, Ch. IV Management of the Award, Section 4. Equipment and Supplies (Including Rolling Stock)

n. Management of Federally-Assisted Property

(4) Maintenance and Warranty

(a) Recipients must maintain federally-assisted property in good operating order and in compliance with any applicable Federal regulations that may be issued and follow applicable guidance that may be issued, except to the extent that FTA determines otherwise in writing.

FY2022 Comprehensive Review Contractors Manual – Maintenance 8-9

(b) Recipients must keep satisfactory records pertaining to the use of federally-assisted property, and submit to FTA upon request such information as may be required to assure compliance with Federal requirements.

Corrective Action(s) and Schedule:

For deficiency *late facility/equipment preventive maintenance (M2-2)*, by November 29, 2022, AAATA must submit to the FTA Region 5 office:

- procedures for completing preventive maintenance inspections on time
- beginning September 15, 2022, a monthly report signed by the chief executive officer or other senior management designee on the preventive maintenance results of the equipment examined during the review until the data demonstrates the recipient has conducted 80 percent of its preventive maintenance on time for three consecutive months. For each asset that received a preventive maintenance inspection during the month, the recipient must include with the submittal to the FTA Region 5 office:
 - a report listing the equipment, the dates the inspections are due, and the dates of the actual inspections. The report must also list the percentage of the inspections performed on time.
 - back-up documentation for each item (e.g., copy of work order, checklist) documenting the date of the inspection.

Subsequent to the site visit, AAATA was able to locate the missing monthly preventive maintenance records for the 2021 inspections of the bus hoists. AAATA provided copies of the records to the reviewer, showing that 100 percent of the monthly bus hoist inspections were completed as written in the facility/equipment maintenance plan. This finding is closed with the issuance of the final report.

9. Procurement

Basic Requirement: The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, and conform to applicable Federal law and the standards identified in 2 CFR Part 200. State recipients can use the state's overall policies and procedures. When applied to Federal procurements, those policies and procedures must still be compliant with all Federal requirements as applied to non-state recipients. The flexibility afforded by 2 CFR Part 200 should not be misconstrued as absolving a state from Federal requirements. For example, the FTA does not require each State DOT to have policies and procedures separate from the state education department.

Finding: During this Triennial Review of AAATA, deficiencies were found with the FTA requirements for Procurement.

During the review of AAATA, three procurement files were reviewed: one state supply purchase of rolling stock, one small , one micro-purchase for radios and laptops, and one sole source award for mobile data terminals. The table below provides more details about these procurements.

Procurements Reviewed

Procurement #	1	2	3	4	5	6
Goods/Services Procured	Camera Equipment	Roofing/HVAC renovations	Dispatch remodel	Paratransit vehicles	Demand Response Services	On-call A&E services
Date	5/1/19	5/24/19	12/23/19	4/28/20	5/24/21	5/26/21
Dollar Value	\$150,088	\$1,475,700	\$137,313	\$305,985	\$6,400,000	\$60,366
Type	Materials & Supplies	Construction	Construction	Rolling Stock	Operations	Professional Services
Method	Sole Source	IFB (single bid)	IFB	MDOT Cooperative bid	RFP	RFP/Brooks Act
New Start or Small Start	No	No	No	No	No	No
Awarded by Contractors or Subrecipients	No	No	No	No	No	No
Change Order	No	No	No	No	No	No
DBE Goal	No	No	No	No	No	No
Protest	No	No	No	No	No	No
Deficiencies	P11-1	P11-1, P12-5	P11-1	P11-1	P11-1	P11-1

The deficiencies identified for the above procurements are as follows:

- Procurement #1 through #5: Missing FTA clauses
- Procurement #2: Contract awarded without Buy America waiver

Deficiency Description:

P11-1: Missing FTA clauses

All of the procurements examined during this review were missing the required clause concerning the notice to FTA and U.S. DOT Inspector General of information related to fraud, waste, abuse, or other legal matters, as described in Section 39(b) of the FTA Master Agreement. The clause is required of all federal awards and federally funded contracts expected to equal or exceed \$25,000. This clause requirement applies to FTA recipients, and flows down to contractors and subcontractors.

FTA Master Agreement (28) Section 39(b).

Notification to FTA; Flow Down Requirement. If a current or prospective legal matter that may affect the Federal Government emerges, the Recipient must promptly notify the FTA Chief Counsel and FTA Regional Counsel for the Region in which the Recipient is located. The Recipient must include a similar notification requirement in its Third Party Agreements and must

require each Third Party Participant to include an equivalent provision in its subagreements at every tier, for any agreement that is a “covered transaction” according to 2 C.F.R. §§ 180.220 and 1200.220.

(1) The types of legal matters that require notification include, but are not limited to, a major dispute, breach, default, litigation, or naming the Federal Government as a party to litigation or a legal disagreement in any forum for any reason.

(2) Matters that may affect the Federal Government include, but are not limited to, the Federal Government’s interests in the Award, the accompanying Underlying Agreement, and any Amendments thereto, or the Federal Government’s administration or enforcement of federal laws, regulations, and requirements.

(3) Additional Notice to U.S. DOT Inspector General. The Recipient must promptly notify the U.S. DOT Inspector General in addition to the FTA Chief Counsel or Regional Counsel for the Region in which the Recipient is located, if the Recipient has knowledge of potential fraud, waste, or abuse occurring on a Project receiving assistance from FTA. The notification provision applies if a person has or may have submitted a false claim under the False Claims Act, 31 U.S.C. § 3729, et seq., or has or may have committed a criminal or civil violation of law pertaining to such matters as fraud, conflict of interest, bid rigging, misappropriation or embezzlement, bribery, gratuity, or similar misconduct involving federal assistance. This responsibility occurs whether the Project is subject to this Agreement or another agreement between the Recipient and FTA, or an agreement involving a principal, officer, employee, agent, or Third Party Participant of the Recipient. It also applies to subcontractors at any tier. Knowledge, as used in this paragraph, includes, but is not limited to, knowledge of a criminal or civil investigation by a Federal, state, or local law enforcement or other investigative agency, a criminal indictment or civil complaint, or probable cause that could support a criminal indictment, or any other credible information in the possession of the Recipient. In this paragraph, “promptly” means to refer information without delay and without change. This notification provision applies to all divisions of the Recipient, including divisions tasked with law enforcement or investigatory functions.

Corrective Action(s) and Schedule:

For deficiency *missing FTA clauses* (P11-1), by November 29, 2022, AAATA must submit to the FTA Region 5 office revised procurement procedures that address inclusion of all FTA-required third party contract clauses through use of a clause checklist, standard boilerplate language, or other mechanism.

P12-5: Contract awarded without Buy America waiver

AAATA awarded a roofing and HVAC replacement contract in 2019 valued at \$1,475,700 to C&J General Contractors, which was the sole bidder for the IFB process. In its bid package, C&J provided a Buy America certification that indicated that C&J could not comply with the requirements of 49 U.S.C. 5323(j) and 49 C.F.R. 661.5, but it may qualify for an exception pursuant to 49 U.S.C. 5323(j)(2)(A), 5323(j)(2)(B), or 5323(j)(2)(D), and 49 C.F.R. 661.7. AAATA awarded the contract even though C&J did not apply for a Buy America waiver. If a bidder cannot certify compliance with Buy America requirements, the recipient must seek a waiver of the Buy America statute before it may award the contract to the bidder.

AAATA claims the certification of non-compliance with Buy America was made in error, and that the project did comply with the Buy America requirements. Documents provided by AAATA to prove that claim did not unequivocally demonstrate that the project met Buy America requirements.

49 CFR 661.6

Certification requirements for procurement of steel or manufactured products. If steel, iron, or manufactured products (as defined in §§661.3 and 661.5 of this part) are being procured, the appropriate certificate as set forth below shall be completed and submitted by each bidder or offeror in accordance with the requirement contained in §661.13(b) of this part.

Corrective Action(s) and Schedule:

For deficiency *contract awarded without Buy America waiver (P12-5)*, by November 29, 2022, AAATA must submit to the FTA Region 5 office revised procurement procedures that require it to obtain signed certifications from vendors when procuring steel, iron, or manufactured products not subject to a general waiver. AAATA must provide the Region 5 office with documentation to determine if the roofing/HVAC project met the Buy America requirements.

10. Disadvantaged Business Enterprise (DBE)

Basic Requirement: Recipients must comply with 49 CFR Part 26 to ensure nondiscrimination in the award and administration of U.S. Department of Transportation (USDOT)-assisted contracts. Recipients also must create a level playing field on which DBEs can compete fairly for USDOT-assisted contracts.

Finding: During this Triennial Review of AAATA, a deficiency was found with the USDOT requirements for DBE.

Deficiency Description:

DBE5-1: DBE uniform reports contain inaccuracies and/or are missing required information

AAATA's semi-annual Uniform Report of DBE Awards or Commitments and Payments for Federal Fiscal Years (FFYs) 2019 and 2021 indicated that there were federal dollars awarded to DBE prime contractors in both years. However, AAATA reported total federally assisted contract amounts being awarded in those same years that were significantly higher, in its response to the Procurement section of the Recipient Information Request for the FY2022 Comprehensive Review. The amount of procurements reported as executed in FFYs 2019 and 2021 were thousands of dollars more than what was being reported as awarded in the uniform reports, especially in 2021, when a demand response operating contract was awarded worth an estimated \$6.4 million dollars over its five year term. This discrepancy between the total procurement amounts AAATA reports being awarded, and total prime contract dollars reported in the AAATA semi-annual Uniform Report of DBE Awards or Commitments and Payments for FFYs 2019 and 2021 indicates that the semi-annual reports were not completed correctly for those years.

49 CFR 26.37(c)

This mechanism must provide for a running tally of actual DBE attainments (e.g., payments actually made to DBE firms), including a means of comparing these attainments to commitments. In your reports of DBE participation to the Department, you must display both commitments and attainments.

49 CFR Part 26 Appendix B “INSTRUCTIONS FOR COMPLETING THE UNIFORM REPORT OF DBE AWARDS/COMMITMENTS AND PAYMENTS”

Recipients of Department of Transportation (DOT) funds are expected to keep accurate data regarding the contracting opportunities available to firms paid with DOT dollars. Failure to submit contracting data relative to the DBE program will result in noncompliance with Part 26. All dollar values listed on this form should represent the DOT share attributable to the Operating Administration (OA): Federal Highway Administration (FHWA), Federal Aviation Administration (FAA) or Federal Transit Administration (FTA) to which this report will be submitted.

Section A: Awards and Commitments Made During This Period

The amounts in items 8(A)-10(I) should include all types of prime contracts awarded and all types of subcontracts awarded or committed, including: professional or consultant services, construction, purchase of materials or supplies, lease or purchase of equipment and any other types of services. All dollar amounts are to reflect only the Federal share of such contracts and should be rounded to the nearest dollar.

Corrective Action(s) and Schedule:

For deficiency DBE uniform reports contain inaccuracies and/or are missing required information (DBE5-1), by November 29, 2022, AAATA must submit corrected Uniform Reports of DBE Awards or Commitments and Payments to the FTA Regional Civil Rights Officer (RCRO), for Federal Fiscal Years 2019 and 2021, along with supporting documentation showing how the numbers were calculated, and implemented procedures for correctly completing future reports. AAATA must submit a revised DBE Program to correctly describe how it will implement accurate reporting.

11. Title VI

Basic Requirement: The recipient must ensure that no person shall, on the grounds of race, color, or national origin, be excluded from participating in, or be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance without regard to whether specific projects or services are federally funded. The recipient must ensure that all transit services and related benefits are distributed in an equitable manner.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Title VI.

12. Americans with Disabilities Act (ADA) – General

Basic Requirement: Titles II and III of the Americans with Disabilities Act of 1990 provide that no entity shall discriminate against an individual with a disability in connection with the provision of transportation service. The law sets forth specific requirements for vehicle and facility accessibility and the provision of service, including complementary paratransit service.

Finding: During this Triennial Review of AAATA, a deficiency was found with the USDOT requirements for ADA – General.

ADA-GEN8-2: Imposition of improper service animal restrictions

A review of the A-Ride (complementary paratransit) Rider’s Guide and the AAATA web site found that the public information concerning service animals stated that “Service animals must be on a leash or harness.”, “Service animals that are properly leashed or harnessed are welcome on all AAATA vehicles.”, and “Service animals must be leashed and under the owner’s control.” The ADA regulations contain no provision for requiring leashes, harnesses, or carriers, only that the animal be under the rider’s control at all times.

49 CFR 37.3 Definitions

Service animal means any guide dog, signal dog, or other animal individually trained to work or perform tasks for an individual with a disability, including, but not limited to, guiding individuals with impaired vision, alerting individuals with impaired hearing to intruders or sounds, providing minimal protection or rescue work, pulling a wheelchair, or fetching dropped items.

Corrective Action(s) and Schedule:

For deficiency *imposition of improper service animal restrictions (ADA-GEN8-2)*, by November 29, 2022, AAATA must submit to the RCRO revised procedures for accommodating service animals that remove the provisions that service animals must be leashed or harnessed.

In its August 11, 2022 response to the Comprehensive Review draft report, AAATA disagreed with this deficiency, pointing out that ADA Circular 4710.1 does not include a reference to requiring leashes or harnesses for service animals, and that 49 CFR 37 does not specifically prohibit transit operators from requiring service animals to be on a leash or harness. However, it must be noted that ADA Circular 4710.1 is for guidance only; the regulations in 49 CFR Part 37 control the requirement. As 49 CFR 37 contains no provision in the duty to accommodate service animals that speaks to the requirement for leashes and harnesses for service animals, the recipient cannot therefore place additional requirements upon that duty to accommodate service animals that do not exist in the regulations. If AAATA believes that there are provisions that allow for requiring harnesses or leashes, it is incumbent upon the recipient to provide the appropriate citation from 49 CFR Part 37. This finding remains open and is under review by the Regional Civil Rights Officer.

13. ADA – Complementary Paratransit

Basic Requirement: Under 49 CFR 37.121(a), each public entity operating a fixed-route system shall provide paratransit or other special service to individuals with disabilities that is comparable to the level of service provided to individuals without disabilities who use the fixed-route system. “Comparability” is determined by 49 CFR 37.123-37.133. Requirements for complementary paratransit do not apply to commuter bus, commuter rail, or intercity rail systems.

Finding: During this Triennial Review of AAATA, a deficiency was found with the USDOT requirements for ADA – Complementary Paratransit.

ADA-CPT5-1: Unreasonable no-show suspension

The AAATA no-show policy established a “Step 4” 90-day suspension for repeat violators of the no-show policy, specifically for those riders that have additional violations within three months of completing a “Step 3” 30-day suspension. Additional violations after receiving a Step 4 penalty would result in successive 90-day suspensions. 49 CFR Section 37.125(h) requires suspensions to be “for a reasonable period of time.” FTA generally considers suspensions longer than 30 days to be excessive.

49 CFR 37.125 ADA paratransit eligibility: Process

(ii) *The entity may establish an administrative process to suspend, for a reasonable period of time, the provision of complementary paratransit service to ADA eligible individuals who establish a pattern or practice of missing scheduled trips.*

Corrective Action(s) and Schedule:

For deficiency *Unreasonable no-show suspension (ADA-CPT5-1)*, by November 29, 2022, AAATA must submit to the RCRO a procedure for suspending riders for a reasonable amount of time.

Subsequent to the site visit, AAATA provided a revised no-show policy that eliminates the 90-day suspension period, and limits the maximum suspension time for a “Step 4” violation to 30 days. This finding is under review by the Regional Civil Rights Officer.

14. Equal Employment Opportunity

Basic Requirement: The recipient must ensure that no person in the United States shall on the grounds of race, color, religion, national origin, sex, age, or disability be excluded from participating in, or denied the benefits of, or be subject to discrimination in employment under any project, program or activity receiving Federal financial assistance under the Federal transit laws.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Equal Employment Opportunity.

15. School Bus

Basic Requirement: Recipients are prohibited from providing school bus service in competition with private school bus operators unless the service qualifies and is approved by the Federal Transit Administration (FTA) Administrator under an allowable exemption. Federally funded equipment or facilities cannot be used to provide exclusive school bus service.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for School Bus.

16. Charter Bus

Basic Requirement: Recipients are prohibited from using the FTA-funded equipment and facilities to provide charter service that unfairly competes with private charter operators. Recipient may operate charter only when the service meets a specified exception defined in rule.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Charter Bus.

17. Drug Free Workplace Act

Basic Requirement: Recipients are required to maintain a drug free workplace for all award-related employees; report any convictions occurring in the workplace timely; and have an ongoing drug free awareness program.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Drug-Free Workplace Act.

18. Drug and Alcohol Program

Basic Requirement: Recipients receiving Section 5307, 5309, 5311, or 5339 funds that have safety-sensitive employees must have a drug and alcohol testing program in place for such employees.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Drug and Alcohol Program.

19. Section 5307 Program Requirements

Basic Requirement: The recipient must participate in the transportation planning process in accordance with Federal Transit Administration (FTA) requirements and the metropolitan and statewide planning regulations.

Recipients shall develop, publish, afford an opportunity for a public hearing on, and submit for approval, a program of projects (POP).

Recipients are expected to have a written, locally developed process for soliciting and considering public comment before raising a fare or carrying out a major transportation service reduction.

For fixed-route service supported with Section 5307 assistance, fares charged seniors, persons with disabilities or an individual presenting a Medicare card during off peak hours will not be more than one half the peak hour fares.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Section 5307 Program Requirements.

20. Section 5310 Program Requirements

Basic Requirement: Recipients must expend Section 5310 funds on eligible projects that meet the specific needs of seniors and individuals with disabilities. Projects selected for funding must be included in a locally developed, coordinated public transit-human services transportation plan. Recipients must approve all subrecipient leases of Section 5310-funded vehicles. Leases of Section 5310-funded vehicles must include required terms and conditions. Either the recipient or subrecipient must hold title to the leased vehicles.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Section 5310 Program Requirements.

21. Section 5311 Program Requirements

Basic Requirement: States must expend Section 5311 funds on eligible projects to support rural public transportation services and intercity bus transportation.

This section only applies to recipients that receive Section 5311 funds directly from FTA; therefore, the related requirements are not applicable to the review of AAATA.

22. Public Transportation Agency Safety Plan (PTASP)

Basic Requirement: Recipients must comply with the Public Transportation Agency Safety Plan (PTASP) regulation (49 CFR Part 673) to ensure public transportation providers develop and implement an Agency Safety Plan (ASP).

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Public Transportation Agency Safety Plan Requirements.

23. Cybersecurity

Basic Requirement: Recipients that operate rail fixed guideway public transportation systems must certify compliance with the requirements for establishing a cybersecurity process under 49 U.S.C. § 5323(v), a new subsection added by the National Defense Authorization Act for Fiscal Year 2020, Pub. L. 116-92, § 7613 (Dec. 20, 2019).

This section only applies to recipients that operate rail service; therefore, the related requirements are not applicable to the review of AAATA.

V. Summary of Findings

Review Area	Finding	Deficiency Code(s)	Corrective Action(s)	Response Due Date(s)	Date Closed
1. Legal	ND				
2. Financial Management and Capacity	D	F4-1: ECHO documentation deficient	AAATA must document and work with the FTA Region 5 office to reimburse FTA for ineligible expenses charged to awards, plus applicable interest, if required. AAATA must implement and submit to the FTA Region 5 office documentation of training conducted of the appropriate staff on new policies and procedures.	11/29/22	Closed with the issuance of the final report
3. Technical Capacity – Award Management	ND				
4. Technical Capacity – Program Management and Subrecipient Oversight	ND				
5. Technical Capacity – Project Management	ND				
6. Transit Asset Management	ND				
7. Satisfactory Continuing Control	ND				

Review Area	Finding	Deficiency Code(s)	Corrective Action(s)	Response Due Date(s)	Date Closed
8. Maintenance	D	M2-1: Late vehicle/vessel preventive maintenance	<p>AAATA must submit to the FTA Region 5 office:</p> <ul style="list-style-type: none"> • procedures for completing preventive maintenance inspections on time. • a monthly report signed by the chief executive officer or other senior management designee on preventive maintenance results until the data demonstrate the recipient has conducted 80 percent of its preventive maintenance on time for three consecutive months. For each vehicle that received a preventive maintenance inspection during the month, the recipient must include with the submittal to the FTA Region 5 office: <ul style="list-style-type: none"> - a report that lists the vehicle number, date of the inspection, mileage of the current vehicle inspection, mileage of the previous vehicle inspection, and the mileage or time interval between the two inspections for each vehicle that received a preventive maintenance inspection during the month. List the percentage of the inspections performed on time. - back-up documentation for each vehicle (e.g., copy of work order, printout from the maintenance management system) documenting the date and mileage of the inspection. 	11/29/22	

Review Area	Finding	Deficiency Code(s)	Corrective Action(s)	Response Due Date(s)	Date Closed
	D	M2-2: Late facility/equipment preventive maintenance	AAATA must submit to the FTA Region 5 office: <ul style="list-style-type: none"> • procedures for completing preventive maintenance inspections on time. • beginning September 15, 2022, a monthly report signed by the chief executive officer or other senior management designee on preventive maintenance results of the equipment examined during the review until the data demonstrate the recipient has conducted 80 percent of its preventive maintenance on time for three consecutive months. For each asset that received a preventive maintenance inspection during the month, the recipient must include with the submittal to the FTA Region 5 office: <ul style="list-style-type: none"> - a report listing the equipment, the dates the inspections are due, and the dates of the actual inspections. The report must also list the percentage of the inspections performed on time. - back-up documentation for each item (e.g., copy of work order, checklist) documenting the date of the inspection. 	11/29/22	Closed with the issuance of the final report
9. Procurement	D	P11-1: Missing FTA clauses	AAATA must submit to the FTA Region 5 office revised procurement procedures that address inclusion of all FTA-required third party contract clauses through use of a clause checklist or other mechanism.	11/29/22	
	D	P12-5: Contract awarded without Buy America waiver	AAATA must submit to the FTA Region 5 office revised procurement procedures that require it to obtain signed certifications from vendors when procuring steel, iron, or manufactured products not subject to a general waiver.	11/29/22	
10. Disadvantaged Business Enterprise	D	DBE5-1: DBE uniform reports contain inaccuracies and/or are missing required information	AAATA must submit corrected reports to the FTA Region 5 Civil Rights Officer (RCRO), along with implemented procedures for correctly completing Uniform Reports of DBE Awards or Commitments and Payments. AAATA must submit a revised DBE Program to correctly describe how it will implement accurate reporting.	11/29/22	
11. Title VI	ND				
12. Americans with Disabilities Act (ADA) – General	D	ADA-GEN8-2: Imposition of improper service animal restrictions	AAATA must submit to the RCRO revised procedures for accommodating service animals that remove the provisions that service animals must be leashed or harnessed.	11/29/22	

Review Area	Finding	Deficiency Code(s)	Corrective Action(s)	Response Due Date(s)	Date Closed
13. ADA – Complementary Paratransit	D	ADA-CPT5-1: Unreasonable no-show suspension	AAATA must submit to the RCRO a procedure for suspending riders for a reasonable amount of time.	11/29/22	
14. Equal Employment Opportunity	ND				
15. School Bus	ND				
16. Charter Bus	ND				
17. Drug-Free Workplace	ND				
18. Drug and Alcohol Program	ND				
19. Section 5307 Program Requirements	ND				
20. Section 5310 Program Requirements	ND				
21. Section 5311 Program Requirements	NA				
22. Public Transportation Agency Safety Plan	ND				
23. Cybersecurity	NA				

The metrics used to evaluate whether a recipient is meeting the requirements for each of the areas reviewed are: Deficient (D)/Not Deficient (ND)/Not Applicable (NA)

VI. Attendees

Name	Title	Phone Number	E-mail Address
AAATA			
Matt Carpenter	CEO	(734) 794-1767	MCarpenter@thereide.org
Dina Reed	Deputy CEO/Finance & Administration	(734) 794-1768	DReed@thereide.org
Bryan Smith	Deputy CEO/Operations	(734) 794-1761	BSmith@thereide.org
Forest Yang	Deputy CEO/Planning & Innovation	(734) 794-1752	FYang@thereide.org
Michelle Whitlow	Manager, Procurement	(734) 794-1813	MWhitlow@thereide.org
LaTasha Thompson	Manager, Finance	(734) 794-1810	LThompsonW@thereide.org
Miriam Flagler	Procurement Specialist	(734) 794-1854	MFlagler@thereide.org
Don Bowlin	Manager, Bus Operations	(734) 794-1701	DBowlin@thereide.org
Mary Boonin	Manager, Community Relations	(734) 794-1870	MBoonin@thereide.org
Eli Boddy	Safety Officer	(734) 794-1705	EBoddy@thereide.org
Rosa-Maria Njuki	Corporate Strategy and Performance Officer	(734) 794-1769	RNjuki@thereide.org
LaTonya Hargrave	Customer Service Officer	(734) 794-1712	LHargrave@thereide.org
Kevin Zelazny	Executive Administrative Assistant, Operations	(734) 794-1762	KZelazny@thereide.org
Robert Williams	Manager, Mobility Services	(734) 794-1719	RWilliams@thereide.org
Gwyn Newsome	Manager, Human Resources	(734) 794-1830	GNewsome@thereide.org
Samantha Potter	Marketing and Communications Coordinator	(734) 794-1879	SPotter@thereide.org
Troy Lundquist	Manager, Fleet Services	(734) 794-1750	TLundquist@thereide.org
Gail Roose	Manager, Facilities Services	(734) 794-1780	GRoose@thereide.org
FTA Region 5			
Melody Hopson	Director, Program Management & Project Oversight	(312) 886-1611	melody.hopson@dot.gov
Lisa Joiner	Transportation Program Specialist	(312) 353-2791	lisa.joiner@dot.gov
Interactive Elements Inc.			
Andrew Lynd	Reviewer	(856) 404-2040	alynd@pierlottassociates.com

VII. Appendices

No appendices included in this report.

CEO Report

Meeting: Board of Directors

Meeting Date: October 20th, 2022

INFORMATION TYPE

Other

OPERATIONAL AND PROJECT UPDATES
--

PROPULSION STUDY

Public engagement plans are underway to share the findings of the propulsion study with staff, the general public, Board of Directors and Stakeholders. Public meetings are being scheduled for November 15th.

SUPPLY CHAIN UPDATE

Availability and scarcity are continuing to create pressure on the market for tires, wheels, filters, semi-conductors, etc.

FUEL UPDATE

The Estimated Fuel Budget for FY22 was \$2.64 a Gallon and \$1,900,000 overall. Utilization efficiency, and availability remain constant over the last four months. End of FY fuel totals reflect inflation and volatility in the market closing at \$2,401,884.76 overall.

LOCAL ADVISORY COMMITTEE(LAC)

The Local Advisory Committee met in October. The committee received a board report and staff shared updates on fixed route and paratransit services

TRANSPORTATION COMMISSION (ANN ARBOR)

Staff continues to attend the City of Ann Arbor Transportation Commission meetings. In September the Commission approved the Transportation Commission Ordinance and Bylaws revision related to its membership, the recommendations for the Capital Improvement Plan and related processes, and the recommendations to the design for the Seventh and Greenview project. Other discussions covered the Vision Zero Implementation Plan, the active transportation infrastructure, and the monthly transportation progress report.

WATS POLICY COMMITTEE UPDATE

The monthly WATS meeting was cancelled for September – the next meeting will be held on October 19th and updates will be included in November CEO Report.

STAFFING UPDATE

James Spangler officially started as Assistant Manager of Fleet Services and Leo Pittman was promoted to Assistant Manager of Bus Operations. Nine (9) new MCOs graduated. Open management positions include the Manager of Human Resources, Manager of Finance and Deputy CEO of Operations. Caleb Rooyakkers, the newest IT staff member, has been hired to fill an open position.

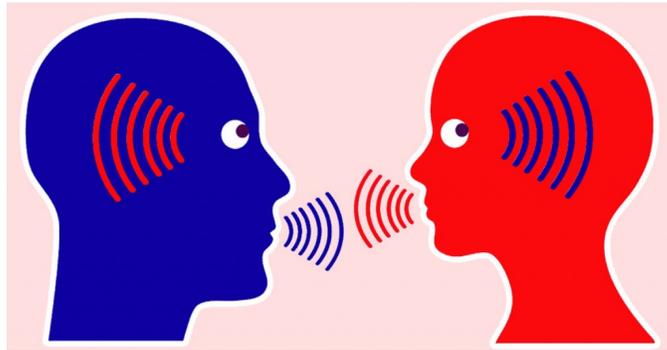
Ownership Linkage Task Force (OLTF)

Keeping the info exchange fresh!

October 20, 2022 v1.1

Background (1/2)

3 primary roles of the Board under Policy Governance:



1.
Ownership
Linkage



2.
Policy
Development



3.
Assurance of
Performance

The task force's focus: **1. Ownership Linkage**

Background (2/2)

- The Board's role is to be the informed voice and agent of the ownership. *#values and #outcomes*
 - The Board needs to understand the values of that ownership.
 - The Board translates values that they hear from the ownership and passes that on to management.
 - The Board also hears from management and communicates those needs/requests/updates to ownership.

This is ownership linkage! 🎉

Purpose

To have appropriate, regular channels for Board members to link with Legal and Moral Owners (and stakeholders?), with a focus on local municipal governments. *#DesiredOutcomes + #Values*

Definitions

- **Legal Owners:** City of Ann Arbor, City of Ypsilanti, Ypsilanti Township. They can hire/fire the board.
- **Moral Owners:** Residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (City of Ann Arbor, City of Ypsilanti, Pittsfield Township, Scio Township, Ypsilanti Township)
- **Stakeholders/Partners:** Washtenaw County, RTA(?), Others?

Policy Governance:

- **Ends = Objectives**
- **Exec Limits = Risk**
- **Means = How**

Ownership / Accountability Hierarchy

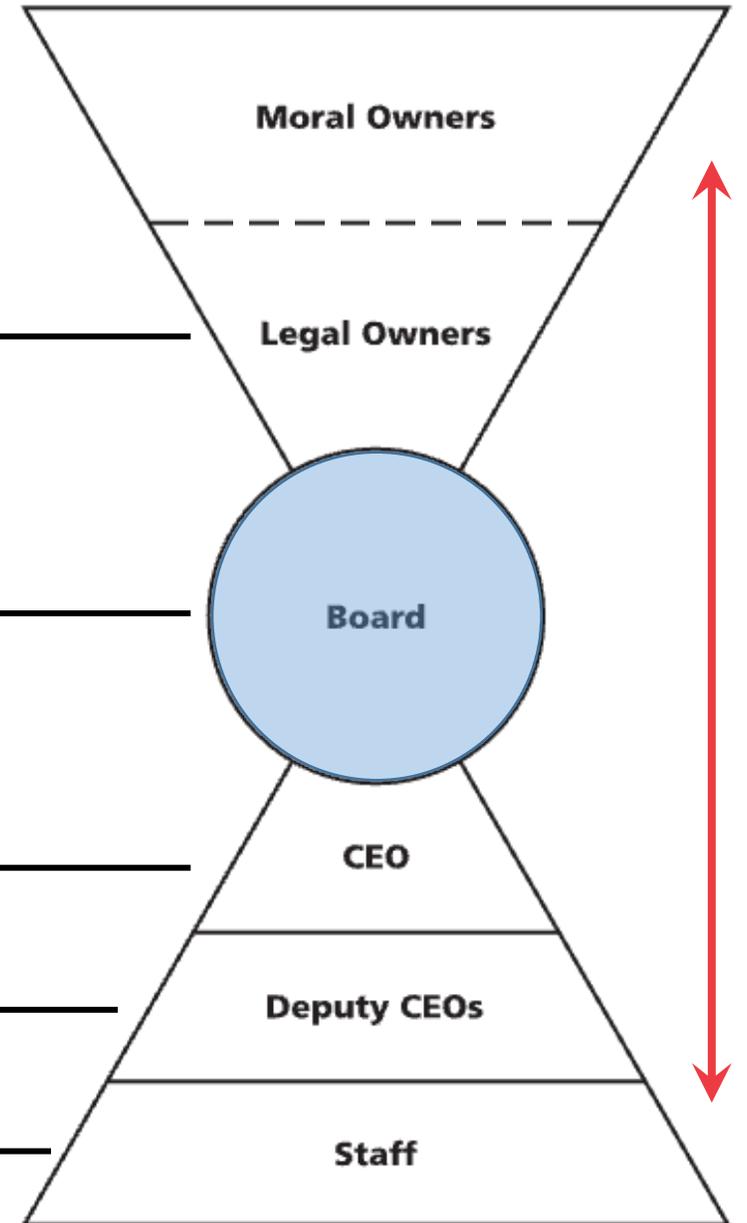
Legal Owners report/are accountable to Moral Owners

The Board reports/is accountable to the Legal Owners

The CEO reports/is accountable to the Board

Deputy CEOs report to the CEO

Staff report to Deputy CEOs and CEO



What does this mean?

- The Board sets policy that includes what we **hear** from our Legal Owners.
- Thus, we as a Board need to know what the Legal Owner **values** are.
- Also remember that the CEO's role is to satisfy the whole board and not individual board members.
#BoardHolism

Goals (1/2)

- To help the Board in developing policies *[being agents]* by providing formal, regular channels for learning *[being informed]* about the values and priorities of Legal Owners
- To help the Board create *means for linking* with Moral Owners
- The Board can use these insights in policy development and when considering: *What We Do, For Whom, and At What Cost* (aka: Ends).

Goals (2/2)

- In addition, communication channels intended for Ownership Linkage will also result in more open sharing about Operational Means (which the board does not dictate) plus metrics supplied by staff.
- The CEO can participate in the meetings to increase communications/coordination on behalf of operations regarding these matters while board members focus on policy topics.
- This increased communications will help all parties and reduce comments from *all* parties of, “We didn’t know” or “We were not informed”.

Expected Benefits

For Moral/Legal Owners & Stakeholders:

- Increase communication, mutual understanding
- Decrease/eliminate knowledge/information holes

For the AAATA:

- Increase visibility with our Legal owners, in particular
- Regular dialog (either via meetings or emails) with owners
- Help Board members regularly shape new and review existing policies and Ends statements to enable them to work in alignment with policies and priorities set forward by the Legal Owners.

Task Force Composition

Board Support

- Rich (lead)
- Jesse
- Susan
- <others?>

Staff Support

- CEO (primary)
- Other staff as needed based on meeting agenda topics

NOTE:

- Terms: TBD
- Having all board members participate in this task force at some point of their tenure will ensure we, as a group, best understand and uphold our duty of ownership linkage, and also help with board succession planning.

Meetings Schedule

Task Force

- Quarterly virtual or in-person task force meetings
- Each meeting up to 1 hour in length
- Estimated: Jan, Apr, Jul, Oct

Legal Owners

- 1-3 virtual or in-person meetings per year
- Each meeting up to 1 hour in length
- 1:1 or with subsets of each legal owner

Target Meeting Participants

Note: These meetings can be 1:1 or 1:N

Appropriate OLTF Task Force Members (Board & Staff)

City of Ann Arbor:

- City Administrator
- Council members
- Mayor
- Transportation manager
- Community members?

Ypsilanti Township:

- Township Supervisor
- Community members?

City of Ypsilanti:

- Council members
- Mayor
- Community members?

Washtenaw County:

TBD

RTA:

TBD

Typical Meeting Structure

NOTE: AAATA board members are the primary participants in the meetings.

Meeting structure with an owner/stakeholder:

1. Policy governance org chart diagram
2. Review moral owner feedback from their community
3. Review LRP dashboard
4. Ends review
5. Specific topic(s) (e.g. A2 climate millage)
6. Q&A
7. Schedule meeting cadence (1-2 times a year? more?)
8. Schedule next meeting

Meeting Content: Topics

- A2 transit-oriented zoning and development goals
 - (e.g. more affordable housing and more housing that is affordable)
- Climate action office
- Transportation plans and driving values
 - (e.g. pedestrian/bike safety, econ development)
- RTA
- A2 climate millage
- ?

Meeting Content: Questions from us

Note: We would like to verify their desired outcomes and values, with minimal means discussions.

- What do you believe will be the most significant challenges in this area in the next decade?
- What do you believe will be the most significant challenge facing transit in this area in the next decade?
- Are there particular needs or issues that you think the Ride should address?
- What are the priority needs that aren't currently being met?
- What opportunities do you see in the community that could have an impact on transit? OR What opportunities do you see for transit to have an impact in the community?
- What have you heard from residents and visitors?
- ?

Meeting Content: Updates from us

- Board policies, especially Ends - are these the outcomes the Owners want? (Risks/controls would be in Executive Limitations.)
- Pertinent monitoring report updates
- Long Range Plan
- ?

Post-Meeting

1. Convey results to full board for discussion
2. Using signals from the ownership meetings, discern input for our Board to help in adjusting board Policies, Ends, and Executive Limits.

OLTF Committee: Next Steps

- Finalize the OLTF charter document
- Finalize initial OLTF board members
- Determine ownership/stakeholder outreach calendar

Board Today: Questions / Discussion

- Do we have the correct participants to provide updates to?
- Should/can we include Stakeholders? Who?
- Input on Topics? Questions? Updates?
- Other thoughts?
- Ideas:
 - Once a year public + Board meeting?