

## Board of Director's Meeting Agenda

**Meeting Date/Time:** March 16, 2023 6:30 – 9:00pm

**Members:** Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Susan Pollay, Monica Ross-Williams, Kyra Sims

**Location:** Ann Arbor District Library (4th Floor)  
 Virtual attendance available via [Zoom](#)  
 Passcode: 983308

Agenda Item	Info Type	Details	Page #
<b>1. OPENING ITEMS</b>			
1.1 Approve Agenda	D	Mozak	
1.2 Public Comment	O		
1.3 General Announcements	O		
<b>2. CONSENT AGENDA</b>			
2.1 Board Meeting Minutes February 16, 2023	D		3
2.2 Committee Meeting Summaries	D		11
<b>3. OWNERSHIP LINKAGE</b>			
3.1 OLTF Updates	O	Chang	Verbal
<b>4. MONITORING</b>			
4.1 Monitoring Report Task Force Update	D	Allemang	16
4.2 Board Management Delegation Policies (4.0-4.4)	M	Mozak	19
4.3 Audit Update	M	Reed	Verbal
<b>5. POLICY</b>			
5.1 Recommended Changes to Construction Policy	M	Allemang	23
<b>6. BOARD EDUCATION/DISCUSSION</b>			
6.1 Feedback on Ends Monitoring Policy Discussion	O	Mercier	25
<b>7. OPERATIONAL UPDATES</b>			
7.1 Business Plan	O	Carpenter	29
7.2 Propulsion Follow-Up	O	Carpenter	Verbal
7.3 CEO Report	O	Carpenter	60
7.3.1 Financial Consulting Services Contracts	D	Reed	63
<b>8. EMERGENT ITEMS</b>			
<b>9. CLOSING ITEMS</b>			
9.1 Action Item Recap	O	Carpenter / Holt	
9.2 Topics for Next Meetings Governance Process Policies (3.0-3.8) Financial Conditions (2.5) Cash & Investments (2.6) Communications & Support to the Board (2.10)		Thursday, April 20, 2023	
9.3 Public Comment	O		
9.4 Adjournment			

\* M = Monitoring, D = Decision Preparation, O = Other

***If additional policy development is desired:***

Discuss in Board Agenda Item 3.0 Policy Monitoring and Development. It may be appropriate to assign a committee or task force to develop policy language options for board to consider at a later date.

**Emergent Topics**

Policy 3.13 places an emphasis on distinguishing Board and Staff roles, with the Board focusing on “long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.” Policy 3.1.3.1 specifies that that Board use a structured conversation before addressing a topic, to ensure that the discussion is appropriately framed:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value [principle] that drives the concern?
3. Whose issue is this? Is it the Board’s [Policy, 3.0 and 4.0] or the CEO’s [running the organization, 1.0 and 2.0]?
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?

## Board of Director's Meeting Minutes

**Meeting Date/Time:** February 16, 2023, 6:30 – 9:00pm

**Members:** Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Monica Ross-Williams, Kyra Sims

**Location:** Ann Arbor District Library (Lower Level)  
Virtual attendance available via Zoom

Chairperson Mozak called the meeting to order at 6:30pm

<b>Agenda Item</b>
<p><b>1. OPENING ITEMS</b></p> <p><b>1.1 Approve Agenda</b></p> <p>No new items or changes were noted for the agenda.</p> <p>Mr. Chang motioned to accept the agenda, seconded by Ms. Sims.</p> <p>All in favor of the accepted agenda:</p> <ul style="list-style-type: none"> <li>Mr. Mike Allemang: Yes (Attending Virtually)</li> <li>Mr. Chris Allen: Yes</li> <li>Mr. Simi Barr: Yes</li> <li>Mr. Rich Chang: Yes</li> <li>Mr. Jesse Miller: Yes</li> <li>Ms. Monica Ross-Williams: Yes</li> <li>Ms. Kyra Sims: Yes</li> <li>Chairperson Kathleen Mozak: Yes</li> </ul> <p>The vote passed unanimously.</p> <p><b>1.2 Public Comment</b></p> <p>Robert Pawlowski welcomed the new board member and new Deputy CEO, Operations. He noted the organization has a lot of upcoming initiatives for 2023 and looks forward to the work ahead.</p> <p><b>1.3 General Announcements</b></p> <p><b>1.3.1 Welcome Monica Ross-Williams, Board Member representing Ypsilanti Township; and George Brooks, Deputy CEO, Operations</b></p> <p>Chairperson Mozak introduced Ms. Monica Ross-Williams who will be representing Ypsilanti Township. Ms. Ross-Williams thanked the board for her welcome and that she is looking forward to serving the public.</p>

Mr. Carpenter introduced George Brooks, Deputy CEO, Operations – he is joining the organization after having worked with the Maryland MTA. Mr. Brooks thanked the board for their welcome and that he is looking forward to serving the board and community.

## **2. CONSENT AGENDA**

### **2.1 Board Meeting Minutes January 19, 2022**

### **2.2 Committee Meeting Summaries**

### **2.3 FY2024 State Application Resolution (Required Approvals)**

Mr. Miller motioned to approve the Consent Agenda, seconded by Mr. Chang.

All in favor of accepting the Consent Agenda items:

Mr. Mike Allemang: Yes (Attending Virtually)

Mr. Chris Allen: Yes

Mr. Simi Barr: Yes

Mr. Rich Chang: Yes

Mr. Jesse Miller: Yes

Ms. Monica Ross-Williams: Yes

Ms. Kyra Sims: Yes

Chairperson Kathleen Mozak: Yes

The Consent Agenda was accepted as presented.

## **3. POLICY MONITORING & DEVELOPMENT**

### **3.1 Task Force Updates**

#### **3.1.1 Ownership Linkage (Verbal)**

Mr. Chang provided the board with an update on the status of the work of the Ownership Linkage Task Force. They are currently working on a draft email to be sent to various township/city supervisors and administrators. This draft will be shared/reviewed by the Board prior to sending out.

#### **3.1.2 Monitoring**

Mr. Allemang updated the board on the status of the Monitoring Task Force work. During their February meeting they reviewed Appendix A which includes reviewing frequency of reports, due dates and who reviews the reports. They plan to provide preliminary suggestions for changes at the March board meeting.

#### **3.1.3 Procurement Contracts**

Ms. Reed briefed the board on their involvement in two upcoming procurement contracts that directly relate to the work of the board - legal services and board governance consultant. She outlined a timeline for the implementation of two task forces that would be involved in the procurement process. Chairperson Mozak stated that she would be sending out a reminder email communication to the board.

### 3.2 Recommended Changes to External Relations Policies

Mr. Miller introduced the proposed policy changes - on behalf of the Service Committee and Policy Governance consultant Rose Mercier – the recommendation to remove Policy 2.9 and add revisions to policy 2.7 as outlined in the board packet. Board members briefly discussed the changes to be made.

Ms. Sims motioned to delete Policy 2.9 from the Policy Governance Manual, seconded by Mr. Chang.

All in favor of deleting Policy 2.9 from the Policy Governance Manual:

Mr. Mike Allemang: Yes (Attending Virtually)  
Mr. Chris Allen: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Mr. Jesse Miller: Yes  
Ms. Monica Ross-Williams: Yes  
Ms. Kyra Sims: Yes  
Chairperson Kathleen Mozak: Yes

The motion to delete Policy 2.9 from the Policy Governance Manual was accepted unanimously.

Mr. Barr motioned to accept Policy 2.7 as written (Attachment 3, [pg. 23](#)), seconded by Mr. Allen.

All in favor of accepting Policy 2.7 as written:

Mr. Mike Allemang: Yes (Attending Virtually)  
Mr. Chris Allen: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Mr. Jesse Miller: Yes  
Ms. Monica Ross-Williams: Yes  
Ms. Kyra Sims: Yes  
Chairperson Kathleen Mozak: Yes

The motion to accept Policy 2.7 as written was accepted unanimously.

Adopted changes will be added to the Policy Governance Manual.

### 3.3 Construction Policy Updates

Mr. Allemang gave an update regarding the work of the Finance Committee in reviewing/revising language within the Construction Policy pertaining to moving ahead with emergent grant funding opportunities that may have little time for board approval. Mr. Carpenter provided an example of the recent YTC grant opportunity that had occurred in between board meetings and allowed for no board input prior to submission – rather than wait and lose the opportunity, the organization moved forward with the application which was later approved. The Finance Committee will be discussing the policy further at their March meeting and hope to bring forth policy wording changes at the March board meeting for consideration.

### **3.4 Board Meeting Agenda Changes (Verbal)**

Mr. Chang introduced the board to a proposed board agenda for their consideration. He had previously shared to the Governance Committee and noted that the revisions more accurately reflected the structure and adherence to Policy Governance.

Mr. Allemang motioned to adopt the agenda changes, seconded by Mr. Miller.

All in favor of accepting the agenda changes:

Mr. Mike Allemang: Yes (Attending Virtually)  
Mr. Chris Allen: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: Yes  
Mr. Jesse Miller: Yes  
Ms. Monica Ross-Williams: Yes  
Ms. Kyra Sims: Yes  
Chairperson Kathleen Mozak: Yes

The motion to accept the agenda changes was accepted unanimously. Revisions will be reflected on the March board agenda.

### **3.5 Ends Monitoring Report**

Mr. Carpenter presented to the Board an overview of the Ends Monitoring report which is focused on board's most important policies and strategic goals. He noted an overall partial compliance and discussed areas of compliance and specific data measurement tools used as evidence for the report. Much of the partial compliance noted within the report was due to work in progress not yet completed.

Areas of discussion the board focused on were the interpretations of compliance, and specifically, a robust discussion pertaining to Medicaid as an eligibility metric used in policy 1.1.1. There was discussion on potential changes within the policy which several members noted might be best reviewed at a committee or task force level.

Mr. Miller motioned to accept the monitoring report as "C" with all policies that the CEO has noted as in compliance with reasonable interpretation and those the CEO has noted as non-compliant with proposed dates for compliance with the exception of 1.1.1 where the interpretation was found to be not reasonable, seconded by Ms. Ross-Williams.

All in favor of accepting the monitoring report as "C" with exceptions noted:

Mr. Mike Allemang: No (Attending Virtually)  
Mr. Chris Allen: Abstain  
Mr. Simi Barr: No  
Mr. Rich Chang: Yes  
Mr. Jesse Miller: Yes  
Ms. Monica Ross-Williams: Yes  
Ms. Kyra Sims: No  
Chairperson Kathleen Mozak: No

The motion did not pass.

Mr. Barr motioned to accept the monitoring report as “B” a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with items noted in the report, seconded by Ms. Sims.

All in favor of accepting the monitoring report as “B”:

Mr. Mike Allemang: Yes (Attending Virtually)  
Mr. Chris Allen: Yes  
Mr. Simi Barr: Yes  
Mr. Rich Chang: No  
Mr. Jesse Miller: No  
Ms. Monica Ross-Williams: No  
Ms. Kyra Sims: Yes  
Chairperson Kathleen Mozak: Yes

The motion passed by a vote of 5 to 3 accepting the monitoring report as “B.”

Additional discussion by board members led to the consensus that Policy Governance consultant Rose Mercier would be contacted to review the meeting discussion and offer coaching feedback on the Ends monitoring report discussion.

#### **4. STRATEGY & OPERATIONAL UPDATES**

##### **4.1 Q1 Financial Report**

Ms. Reed provided to the board the Q1 Financial report – this report had been presented to the Finance Committee for discussion on February 7<sup>th</sup>. She made several notable highlights – the organization operated within budget the first quarter with a surplus of 3.9 million which was above expectation and a result of a reduction of expenses. Federal pandemic relief funds are continuing to be used, operating reserve balance is being met and the reserve target is being exceeded. Assets are stable and investments are at 10.3 million. Due to staffing shortages, Q1 has not yet been closed so she stated there may be minor adjustments to the quarter that will be reflected in the Q2 report.

##### **4.2 Q1 Service Report**

Mr. Lundquist, Manager of Fleet Services, provided the board with the Q1 Service report which had been presented to the Service Committee for discussion on January 31<sup>st</sup>. Highlights included continued, sustained increases in ridership from the start of the pandemic to date. Q1 Ridership is at over 1.1 million riders and with increases in ridership, cost per boarding is decreasing. Fixed route satisfaction shows a decrease in overall complaints with a notation that new internal training processes attribute to those decreases. On-time performance data is still unavailable and being worked on with an outside vendor, but IT has worked to reinstate reliability data availability which shows favorable reporting results.

##### **4.3 ZEB Propulsion Recommendation**

Mr. Carpenter presented to the board his preliminary ZEB recommendations ([pg. 82](#)) and emphasized that no decisions would be made during the meeting, but rather his presentation would be a catalyst for continued discussions. According to the Ends policy, a strategic outcome goal is the reduction of pollutions by identifying technologies that would help the organization reach those goals. Battery and hydrogen technologies are being considered for fleet replacement and Mr. Carpenter outlined pros/cons of

each option as it relates to short- and long-term outcomes related to lowered emissions. He noted that at this time there are too many variables to make a definitive decision for the spring 2023 grant deadline. Planning for the spring 2024 grant application deadline will give staff and the board more time to explore and weigh options before a final decision is made. Board members thanked him for his presentation and agreed that the presentation information would provide continued discussion material for future committee and board meetings.

#### **4.4 CEO Report**

Mr. Carpenter made a brief reference to the report with an emphasis on sharing that the FTA Triennial review had finally been completed satisfactorily. He thanked staff for their work in completing the monumental task. He also shared that new signage with “text my bus” QR codes had been installed at bus stops/poles as a customer service initiative. He thanked community relations and facilities for their hard work in implementing and installing.

### **5. EMERGENT ITEMS**

No emergent items were noted.

### **6. CLOSING ITEMS**

#### **6.1 Action Item Recap**

Chairperson Mozak noted there will be a follow up discussion with Rose Mercier on the Ends report and continued discussion on propulsion.

#### **6.2 Topics for Next Meetings**

- 2.10 Communication and Support to the Board
- 2.5 Financial Conditions
- 4.0-4.4 Board Management Delegation Policies

#### **6.3 Public Comment**

No public commenters.

#### **6.4 Adjournment**

Chairperson Mozak adjourned the meeting at 10:06pm.

Respectfully Submitted by Deborah Holt

**Attachment 1: MDOT Resolution**

Resolution 01/2023

**RESOLUTION OF THE BOARD OF DIRECTORS**

**OF THE**

**ANN ARBOR AREA TRANSPORTATION AUTHORITY**

**THE APPROVED RESOLUTION OF INTENT TO APPLY FOR STATE FORMULA  
OPERATING ASSISTANCE FOR FISCAL YEAR 2024 UNDER ACT 51 OF THE PUBLIC  
ACTS OF 1951, AS AMENDED**

WHEREAS, pursuant to Act 51 of the Public Acts of 1951, as amended (Act 51), it is necessary for the Ann Arbor Area Transportation Authority (AAATA) established under Act 55 of 1955 to provide a local transportation program for the state fiscal year of 2024 and, therefore, apply for state financial assistance under provisions of Act 51; and

WHEREAS, it is necessary for the AAATA, to name an official representative for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51; and

WHEREAS, it is necessary to certify that no changes in eligibility documentation have occurred during the past state fiscal year; and

WHEREAS, the performance indicators for this agency have been reviewed and approved by the AAATA; and

WHEREAS, the AAATA, has reviewed and approved the proposed balanced budget and funding sources of estimated federal funds \$33,703,924, estimated state funds \$22,776,818, estimated local funds \$31,328,008, with total estimated capital and operating expenses of \$87,808,750.

NOW THEREFORE, be it resolved that the AAATA hereby makes its intentions known to provide public transportation services and to apply for state financial assistance with this annual plan, in accordance with Act 51; and

HEREBY, appoints Matthew Carpenter as the Transportation Coordinator, for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51 for 2024.

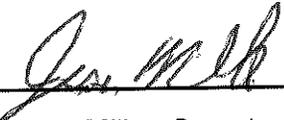


Kathleen M. Mozak, Chair

February 16, 2023

I, Jesse Miller, Secretary of AAATA, having custody of the records of the proceedings of AAATA, do hereby certify that I have compared this resolution adopted by AAATA at the meeting of February 16, 2023 with the original minutes now on file and of record in the office and that this resolution is true and correct.

**IN TESTIMONY WHEREOF,**  
I have here unto set my hand  
and affixed seal of said  
AAATA this 16<sup>th</sup> day of  
February 2023.



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Jesse Miller, Secretary

## Governance Committee Meeting Notes

**Meeting Date/Time:** February 23, 2023 – 9:00-11:00am

**Members:** Kathleen Mozak (Chair), Mike Allemang, Jesse Miller

**Staff:** Matt Carpenter, Dina Reed, George Brooks, Ken Anderson, Rosa-Maria Njuki, Deb Holt

**Location:** REMOTE – Via Zoom

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

Agenda Item
<p><b>1. OPENING ITEMS</b></p> <p><b>1.1 Agenda (Additions, Approval)</b> No additions or changes to the agenda were noted.</p> <p><b>1.2 Communications</b> Mr. Carpenter provided a brief update on a call he received from the FTA pertaining to the PTASP.</p> <p>Mr. Brooks provided an update to the committee regarding power outages at the DGOC. No service disruptions and operations were running despite icy weather throughout the area.</p>
<p><b>2. BOARD DEVELOPMENT</b></p> <p><b>2.1 Board Member Recruitment (Verbal)</b> Ms. Mozak shared an update on the open board position – she and Mr. Carpenter met with the Ann Arbor City Administrator recently to discuss potential candidates for consideration.</p> <p><b>2.2 Task Force Coordination (Audit, Monitoring, OLTF, Procurement)</b> Ms. Mozak provided updates on the Audit and monitoring task forces. She also shared and update from Mr. Chang that OLTF is putting together a letter to share with stakeholders. Ms. Mozak is working with board members to develop with the procurement taskforces.</p> <p><b>2.3 Officer Roles (Secretary)</b> The committee discussed the role of the board secretary and more formalized responsibilities.</p> <p><b>2.4 Retreat Policy Development (March?)</b> The committee discussed a Policy Governance Retreat with Rose Mercier in late March or April. Potential educational topics for the retreat were considered.</p>

## **2.5 Committee Agendas**

Mr. Miller noted that OLTF could be removed from the Service Committee agenda as Mr. Chang would not be in attendance. With a light agenda, the meeting will be cancelled. Mr. Allemang approved the Finance Committee meeting agenda and noted no changes. The committee reviewed the Board Meeting agenda and had no changes.

## **3. POLICY MONITORING & DEVELOPMENT**

### **3.1 Board Management Delegation (4.0-4.4)**

The committee discussed various areas within the survey results for the Board Management Delegation policies. The policy survey is a self-evaluation done by the board to monitor their own performance.

## **4. STRATEGY & OPERATIONAL UPDATES: CEO**

### **4.1 Audit Update (Verbal)**

Ms. Reed provided an update on the progression of the audit. There are a few additional items needed by the auditors from the finance team and are in progress. The audit report is projected to be completed in time for the March Board meeting.

### **4.2 Propulsion and Infrastructure Priorities**

The committee discussed infrastructure priorities and propulsion educational opportunities as a continuation of discussion from the February Board meeting.

### **4.3 CEO Expense Report**

Mr. Carpenter shared his expense report from the past 3 months noting his conference/travel have increased as in-person conferences have resumed.

## **5. CLOSING ITEMS**

### **5.1 Topics for Next Meeting**

CEO Evaluation  
Governance Process Policies (3.0-3.8)  
Resume Board Self-Evaluation

### **5.2 Adjournment**

Ms. Mozak thanked the committee and staff and adjourned the meeting at 10:35am.

Respectfully Submitted by Deborah Holt

## Service Committee Meeting Notes

**Meeting Date/Time:** February 28, 2023, 9:00-11:00am

**Members:** Jesse Miller (Chair), Simi Barr, Rich Chang, Susan Pollay

**At the February 23, 2023 Governance Committee Meeting, it was determined that due to a brief agenda, and no pressing items of discussion, the February 28, 2023 Service Committee Meeting would be cancelled.**

DRAFT

## Finance Committee Meeting Notes

**Meeting Date/Time:** March 7, 2023, 3:00 – 5:00pm

**Members:** Mike Allemang (Chair/Treasurer), Chris Allen

**Staff:** Dina Reed, Forest Yang, George Brooks, Troy Lundquist, Deb Holt

**Location:** REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:06pm

Agenda Item
<b>1. OPENING ITEMS</b>
<p><b>1.1 Agenda (Additions, Approval)</b></p> <p>No additions or changes to the agenda.</p> <p><b>1.2 Communications</b></p> <p>No new communications.</p>
<b>2. POLICY MONITORING &amp; DEVELOPMENT</b>
<p><b>2.1 Construction Policy Review</b></p> <p>Mr. Allemang shared the proposed revisions in wording to Policies 2.11.1 and 3.7.2a. He noted a minor change from “grant” to “funding” in 2.11.1, and an overall revision to 3.7.2a which moved approval for time sensitive decisions to the Executive Committee. The committee discussed the proposed language agreed on the proposed revisions and the revisions will be brought before the board at the March board meeting for approval.</p>
<b>3. STRATEGY AND OPERATIONAL UPDATES</b>
<p><b>3.1 Audit Update (Verbal)</b></p> <p>Ms. Reed shared with the committee an update on the audit status. She noted an issue had been found which required correction and will be noted within the report. She will be communicating with the board chair by the end of the week if the audit won’t be completed in time for the March board meeting. She is also currently communicating with the state to see if board approval is required prior to submission.</p> <p><b>3.3 Propulsion and Infrastructure Priorities</b></p> <p>Mr. Lundquist answered several questions and received feedback from committee members pertaining to the propulsion presentation Mr. Carpenter had provided at the February board meeting. The committee agreed that the discussion would be an ongoing topic.</p>

#### **4. CLOSING ITEMS**

##### **4.1 Action Item Recap**

Proposed revisions to 2.11.1 and 3.7.2a will be included in the March board packet for board review and approval.

##### **4.2 Topics for Next Meetings**

Financial Conditions (2.5)

Cash & Investments (2.6)

##### **4.3 Adjournment**

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:49pm.

Respectfully Submitted by Deborah Holt

DRAFT

## Monitoring Task Force Update

**Board Meeting Date: March 16, 2023**

<b>INFORMATION TYPE</b>
Decision
<b>RECOMMENDED ACTIONS</b>
Board reviews recommended changes to Appendix A and votes to adopt them.
<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
The Board struck a taskforce to look into ways of streamlining the Board’s monitoring processes. The taskforce has been working in conjunction with staff and the Governance Coach to achieve those goals.
<b>ISSUE SUMMARY</b>
<p>In the past two months the Monitoring Taskforce discussed the monitoring schedule (Appendix A) and is recommending the following changes</p> <ul style="list-style-type: none"> <li>• Replace the due and assess month columns with one board review month column</li> <li>• Remove the method of monitoring column</li> <li>• Update frequency of monitoring on the following reports <ul style="list-style-type: none"> <li>○ Monitor Policy 2.0: Global Executive Constraint every two years instead of yearly.</li> <li>○ Monitor Policy 2.6: Cash and Investments annually at the end of every fiscal year instead of twice a year.</li> <li>○ Monitor Policy 2.7: Asset Protection annually instead of every two years.</li> <li>○ Have Policy 2.8 Emergency Succession be reviewed by the Governance Committee instead of the Service Committee prior to the Board meeting</li> <li>○ Separate policies 3.0-3.8 into two and monitor them in subsequent months beginning with 3.5-3.8 and eventually 3.0-3.4.</li> <li>○ Move the Service Report out by a month to allow financial data that goes into this report to be ready. (accurate data instead preliminary information)</li> <li>○ Update the CEO expense report timeline so that it’s at the end of every quarter.</li> </ul> </li> </ul> <p>Attached is the previous version of Appendix A and the proposed version.</p>
<b>IMPACTS OF RECOMMENDED ACTION(S)</b>
<ul style="list-style-type: none"> <li>• Governance: Significant. Refinements of the Board monitoring and policy development processes.</li> </ul>
<b>ATTACHMENTS</b>
<ol style="list-style-type: none"> <li>1. Appendix A (old version)</li> <li>2. Appendix A (recommended version)</li> </ol>

# Current Version

## Appendix A: Monitoring and Informational Report Schedules

Policy	Title	Method	Freq	Due	Assess	Body
1.0	Ends	Internal	Annual	Nov	Dec	Board
2.0	Global Executive Limitation	Internal	Annual	Dec	Jan	Service/Bd
2.1	Treatment of Traveling Public	Internal	Annual	Oct	Nov	Service/Bd
2.2	Treatment of Staff	Internal	Annual	May	June	Service/Bd
2.3	Compensation & Benefits	Internal	Biennial – Odd Years	Sept	Oct	Finance/Bd
2.4	Financial Planning/Budgeting	Internal	Annual	Aug	Sep	Finance/Bd
2.5	Financial Condition & Activities	External	Annual	Jan	Feb	Finance/Bd
2.5.12	Fare Policy	Internal	Annual	Aug	Sept	Finance/Bd
2.6	Investments	Internal	Biannual	July & Feb	Aug & Mar	Finance/Bd
2.7	Asset Protection	Internal	Biennial – Even Years	May	June	Finance/Bd
2.8	Emergency Succession	Internal	Biennial – Even Years	Sept	Oct	Service/Bd
2.9	External Relations	Internal	Annual	Apr	May	Service/Bd
2.10	Communication & Support	Internal	Annual	Feb	Mar	Board
2.11	Construction	Internal	Annual	Sept	Oct	Service/Bd
3.0	Global Governance Process	Direct Inspection	Annual		Apr	Gov/Bd
3.1	Governing Style	Direct Inspection	Annual		Apr	Gov/Bd
3.2	Board Job Description	Direct Inspection	Annual		Apr	Gov/Bd
3.3	Board Member's Code of	Direct Inspection	Annual		Apr	Gov/Bd
3.4	Agenda Planning	Direct Inspection	Annual		Apr	Gov/Bd
3.5	Chair's Role	Direct Inspection	Annual		Apr	Gov/Bd
3.6	Board Committee Principles	Direct Inspection	Annual		Apr	Gov/Bd
3.7	Board Committee Structure	Direct Inspection	Annual		Apr	Gov/Bd
3.8	Cost of Governance	Direct Inspection	Annual		Apr	Gov/Bd
4.0	Global Board-Mgmt. Delegation	Direct Inspection	Annual		Feb	Gov/Bd
4.1	Unity of Control	Direct Inspection	Annual		Feb	Gov/Bd
4.2	Accountability of the CEO	Direct Inspection	Annual		Feb	Gov/Bd
4.3	Delegation to the CEO	Direct Inspection	Annual		Feb	Gov/Bd
4.4	Monitoring CEO Performance	Direct Inspection	Annual		Feb	Gov/Bd

### **Other informational reports from staff (+ others as needed/requested):**

Informational Report	Freq.	Board Packet month:
Financial Statements	Quarterly	Nov, Feb, May, Aug
Customer Satisfaction and Service Perf.	Quarterly	Nov, Feb, May, Aug
CEO Personal Expense Report	Quarterly	Dec, Feb, June, Sept

# Proposed Version

## Appendix A: Monitoring and Informational Report Schedules

Areas with recommended changes have been highlighted				
Policy	Title	Frequency	Board Review Date (Month)	Pre-Board Review Committee
1.0	Ends	Annual	Dec	N/A
2.0	Global Executive Limitation	Once every two years -	Jan	Service
2.1	Treatment of Traveling Public	Annual	Nov	Service
2.2	Treatment of Staff	Annual	June	Service
2.3	Compensation & Benefits	Biennial –Odd Years	Oct	Finance
2.4	Financial Planning/Budgeting	Annual	Sep	Finance
2.5	Financial Condition & Activities	Annual	Feb	Finance
2.5.12	Fare Policy	Annual	Sept	Finance
2.6	Investments	Annual	Mar	Finance
2.7	Asset Protection	Annual	June	Finance
2.8	Emergency Succession	Biennial –Even Years	Oct	Governance
2.9	Communication & Support	Annual	Mar	N/A
2.10	Construction	Annual	Oct	Service
3.0	Global Governance Process	Annual	May	Governance
3.1	Governing Style	Annual	May	Governance
3.2	Board Job Description	Annual	May	Governance
3.3	Board Member's Code of Conduct	Annual	May	Governance
3.4	Agenda Planning	Annual	May	Governance
3.5	Chair's Role	Annual	Apr	Governance
3.6	Board Committee Principles	Annual	Apr	Governance
3.7	Board Committee Structure	Annual	Apr	Governance
3.8	Cost of Governance	Annual	Apr	Governance
4.0	Global Board-Mgmt. Delegation	Annual	Feb	Governance
4.1	Unity of Control	Annual	Feb	Governance
4.2	Accountability of the CEO	Annual	Feb	Governance
4.3	Delegation to the CEO	Annual	Feb	Governance
4.4	Monitoring CEO Performance	Annual	Feb	Governance

### Other informational reports from staff (+ others as needed/requested):

Informational Report	Frequency	Board Packet month:	Pre-Board Review Committee
Financial Statements	Quarterly	Nov, Feb, May, Aug	Finance
Customer Satisfaction and Service Perf.	Quarterly	Dec, Mar, Jun, Sept	Service
CEO Personal Expense Report	Quarterly	Dec, Mar, June, Sept	Governance

## Board Self-Monitoring: Board-Management Delegation

**Meeting: Board of Directors**

**Meeting Date: March 16, 2023**

<b>INFORMATION TYPE</b>
Monitoring
<b>RECOMMENDED ACTION(S)</b>
Discuss
<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
List of previous Board or Committee discussions or actions, to allow cross referencing and context.
<b>ISSUE SUMMARY</b>
<p>Every year the Board monitors its own behaviors and compliance with policies pertaining to Board-Management Delegation.</p> <p>The Board’s self-assessment is presented in the attachment.</p>
<b>IMPACTS OF RECOMMENDED ACTION(S)</b>
<ul style="list-style-type: none"> <li>• Budgetary/Fiscal: N/A</li> <li>• Social: N/A</li> <li>• Environmental: N/A</li> <li>• Governance: Board self-monitoring is an important practice.</li> </ul>
<b>ATTACHMENTS</b>
1. Worksheet Results for policies 4.0-4.4

**WORKSHEET RESULTS:**

**Board Management Delegation (Policies 4.0 - 4.4)**

**Participants: 6 Board Members**

Performance on reasonable interpretation and verifiable evidence		
		<b>Please provide specific examples to support your response</b>
<b>Policy 4.0</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>We also interact with various staff in our committees.</li> </ul>
<b>Policy 4.1</b>	4 – ALWAYS 1 – MOST OF THE TIME 1 – SOME OF THE TIME	<ul style="list-style-type: none"> <li>While the CEO may respond to individual requests as he chooses, it is only board motions which are binding.</li> <li>Board actions are supplemented by federal, state, and other regulations</li> <li>Some motions impact the organization as a whole.</li> </ul>
<b>Policy 4.1.1</b>	6 - ALWAYS	<ul style="list-style-type: none"> <li>The Board speaks as one.</li> </ul>
<b>Policy 4.1.2</b>	5 – ALWAYS 1 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>I would need more information.</li> </ul>
<b>Policy 4.2</b>	4 – ALWAYS 1 – MOST OF THE TIME 1 – SOME OF THE TIME	<ul style="list-style-type: none"> <li>The CEO has always presented himself as accountable for the organization, never distancing himself from staff except in cases where he wishes to recognize commendable effort</li> </ul>
<b>Policy 4.2.1</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>There are times that the CEO allows committees/the board to work directly with specific members of his staff.</li> </ul>
<b>Policy 4.2.2</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>This policy sends a very mixed message.</li> <li>We have shown appreciation and support to staff at committee and board meetings on occasion (ie: the LRP, Triennial review etc...)</li> </ul>

<b>Policy 4.2.3</b>	5 – ALWAYS 1 – MOST OF THE TIME	
<b>Policy 4.3</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>As evidenced, reasonable interpretations may vary.</li> <li>There have been times where board members have struggled with this policy and have forgotten that "reasonable interpretation" is a broad term and is not meant to micromanage the CEO.</li> </ul>
<b>Policy 4.3.1</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>We will be reviewing the Ends policy monitoring report at our February board meeting and will identify policy, if any, that may need to be addressed for revisions by the board. The Ends Policy is meant to be a living document that supports the needs of our community.</li> </ul>
<b>Policy 4.3.2</b>	3 – ALWAYS 3 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>The board is in the process of reviewing and updating policy to more accurately reflect this statement. Some of our policies have been identified as being proscriptive or too "meansy" and require some reworking. The service committee is working on policy 2.9 and the Finance committee is working on 2.11.</li> </ul>
<b>Policy 4.3.3</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>There have been examples where ELs result in Means Prescriptions. The Board is working to address these policies.</li> </ul>
<b>Policy 4.3.4</b>	3 – ALWAYS 1 – MOST OF THE TIME 2 – SOME OF THE TIME	<ul style="list-style-type: none"> <li>I believe that the board struggles with this, at times. Remembering the process of policy governance and not reverting to dictating particular procedures to achieve desired outcomes can be challenging for even the most seasoned board member. We are making progress in this area.</li> </ul>
<b>Policy 4.4</b>	4 – ALWAYS 2 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>During the height of the pandemic, this was difficult to do as we were experiencing a shift in daily operations and how best to serve our communities safely in this new paradigm. The board is</li> </ul>

		4.4 Continued....  committed and is making progress to achieve this goal.
<b>Policy 4.4.1</b>	3 – ALWAYS 3 – MOST OF THE TIME	<ul style="list-style-type: none"> <li>The definition of "data" is not precise in this case. My "most of the time" comment is because there are times when qualitative reasoning is acceptable because quantitative data cannot be determined/is not possible.</li> </ul>
<b>Policy 4.4.2</b>	6 - ALWAYS	
<b>Policy 4.4.3</b>	6 - ALWAYS	
<b>Policy 4.4.4</b>	1 – ALWAYS 4 – MOST OF THE TIME 1 – SOME OF THE TIME	<ul style="list-style-type: none"> <li>This is a work-in-progress</li> <li>Board members sometimes struggle with interjecting personal bias that is stricter than the broader "reasonable person" definition.</li> <li>We are still getting better at this.</li> </ul>
<b>Policy 4.4.5</b>	6 - ALWAYS	

**Additional context questions**

**1. ADDITIONAL CONTEXT ON OVERAL POLICY (OPTIONAL)**

- This policy is always a bit mind boggling whenever we are asked to work our way through it. This is because I have to remember what lens/frame of mind we are supposed to approach this monitoring report. Maybe a potential change is to not use, "The board will..." and instead use, "The board is supposed to..."

**2. APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THS FORM?**

- 45 minutes
- N/A
- 20 minutes
- 65 minutes
- 15 minutes
- 15 minutes

## Recommended Changes to Construction Policy

**Meeting: Board Meeting**

**Meeting Date: March 16, 2023**

<b>INFORMATION TYPE</b>
Decision Preparation
<b>RECOMMENDED ACTION(S)</b>
Receive for information
<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
The Board discussed the Construction policy in October 2022 and agreed that earmarks represented to a new issue that may warrant updates to the policy or interpretation.
<b>ISSUE SUMMARY</b>
<p>The Construction policy requires the CEO to obtain board permission before submitting grant applications. This was done to prevent staff from committing TheRide to a major expenditure or partnership without Board awareness. At the time this policy was approved, the federal government only offered competitive grants that had well known deadlines.</p> <p>After this policy was created (2020) the federal government unexpectedly restored the earmarking process. Since 2021 TheRide has been surprised by two sudden calls for earmarks and staff have sometimes been unable to get Board permission in time. In one case the appointment and deadline occurred between two consecutive board meetings.</p> <p>Earmarks are a critical path for receiving infrastructure dollars and TheRide must be able to quickly and freely pursue these opportunities. At the same time, the Board needs to be able to have control over such commitments. The Finance Committee is charged with reviewing this policy with the CEO to see what changes might help meet these needs.</p>
<b>IMPACTS OF RECOMMENDED ACTION(S)</b>
<ul style="list-style-type: none"> <li>• Budgetary/Fiscal: Financial control of major funding requests</li> <li>• Social: N/A</li> <li>• Environmental: N/A</li> <li>• Governance: Board and staff roles.</li> </ul>
<b>ATTACHMENTS</b>
1. Proposed changes to Policies 2.11.1 and 3.7.2a

## Attachment 1

### Proposed changes to Policy 2.11.1 and 3.7.2 a

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.

#### **Revised – replace “grant” with “funding”:**

2.11.1 Proceed with **FUNDING** applications, detailed architecture or engineering, procurement of construction services, or real-estate transactions for a construction or major renovation project.

### 3.7.2 Executive Committee

#### A. Products:

a. Limited emergency powers (Acting CEO Appointment, Urgent Purchases Only).

~~b. Task force appointments, one-off issues, Emergent Issues.~~

c. Will have primary responsibility for monitoring Board-CEO delegation and other Executive Limitations (Global Board-Management Delegation, External Relations, Unity of Control, Delegation to CEO, Emergency CEO Succession).

B. Membership: Elected Board Officers – Chair, Treasurer, Secretary. Chaired by Chair of Board.

C. Term: One year.

#### **Revised 3.7.2 a. - Delete existing language and replace with:**

a. Time-sensitive decisions, where approval is needed before next Board of Directors meeting, (limited to acting CEO appointments, urgent purchases, and funding applications for construction projects). If the Executive Committee makes a decision on behalf of the Board, it shall notify the Board of Directors not more than three business days after a decision is made.

## Feedback on Ends Monitoring Discussion from February

**Meeting: Board of Directors**

**Meeting Date: March 16, 2023**

<b>INFORMATION TYPE</b>
Other
<b>RECOMMENDED ACTION(S)</b>
Receive for information
<b>PRIOR RELEVANT BOARD ACTIONS &amp; POLICIES</b>
List of previous Board or Committee discussions or actions, to allow cross referencing and context.
<b>ISSUE SUMMARY</b>
<p>In February 2023 the Board of Directors evaluated and accepted the CEO’s monitoring report for Ends. However, there was considerable discussion pertaining to whether one interpretation was reasonable and whether the evidence was compelling.</p> <p>Afterward, the Board directed the CEO to seek feedback on the recorded discussion from Rose Mercier. Her coaching advisory is attached.</p>
<b>IMPACTS OF RECOMMENDED ACTION(S)</b>
<ul style="list-style-type: none"> <li>• Budgetary/Fiscal: N/A</li> <li>• Social: N/A</li> <li>• Environmental: N/A</li> <li>• Governance: Guidance on utilizing Policy Governance principles regarding policies, interpretations and evidence.</li> </ul>
<b>ATTACHMENTS</b>
1. COACHING ADVISORY – MARCH 10, 2023 (Rose Mercier)



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## COACHING ADVISORY – MARCH 10, 2023

### Discussion of Ends Monitoring

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I am writing this Advisory in response to your request for feedback on the Board's discussion of the Ends monitoring report during its February 16, 2023 Board meeting, specifically around the discussion of policy item 1.1.1.

#### Assessing the Monitoring Report for Policy Item #1.1.1

In listening to the conversation, one thing that struck me was the phrase, "reasonable evidence". When assessing evidence, a board is concerned whether (a) there is **verifiable evidence** for each measure identified in the interpretation. Verifiable means:

- There is an actual data for each item that was specified as a demonstration of compliance
- The source of the data is identified
- You know when the data was collected

The board is concerned with **reasonableness** only when it assesses the interpretation. Reasonableness has four criteria which all must be met:

- The standard or measuring "tool" that will be used
- There is a defensible rationale for using the standard or measuring tool
- The level of achievement on the standard or 'tool' that, if achieved, would demonstrate compliance
- There is a defensible rationale for the level of achievement

The discussion I heard suggested that perhaps some of what was offered as evidence might more appropriately be part of the interpretation. Having reviewed the interpretation and evidence for policy item #1.1.1, I have reorganized the content so that meets the criteria for an interpretation and the criteria for evidence. I accept that I may not have all of the details correctly realigned. However, I think it may help in better understanding ...

---

#### People with economic challenges have affordable public transportation options.

##### INTERPRETATION

I am defining people with economic challenges as the low-income population of families who live at 138% or lower of the Federal Poverty Level (FPL). The FPL (also known as the poverty line)

is the amount of annualized income earned by a household below which they would be eligible to receive certain welfare benefits.

Compliance will be demonstrated when:

1. A fare discount program exists.
2. There is a discounted passenger fare of 50% for Fixed Route service.
3. Any resident of the member jurisdictions (Ann Arbor, Ypsilanti, Ypsilanti Twp) who presents a Medicaid card is able to enroll in a fare discount program.

Presentation of Medicaid card to establish eligibility for discounted passenger fare is reasonable because residents who have an income of 138% FPL or lower and who are 16-64, not pregnant and resident in Michigan may qualify for Medicaid. Confirmation of eligibility for the discounted fare requires that AAATA staff can verify a person's eligibility without requiring disclosure of confidential personal information which staff may not be qualified to assess whereas Medicaid cards are valid State ID and easily verified.

A discounted fare of 50% for the Fixed Route service is reasonable because (a) it is consistent with the standard required in the Federal Transit Act that all transit agencies offer access to a discounted fares equal to or greater than 50% for the Fixed Route service; and (b) 50% is the maximum discount we can offer without creating fiscal jeopardy given existing resources and the need to use passenger revenue to help fund services.

Having a discount fare program is reasonable as the policy states that people with economic challenges have affordable public transportation and does not speak to utilization. Therefore it is reasonable to state that any person who is eligible can enroll in the discounted fare program.

#### EVIDENCE

An internal review by the Manager of Mobility (Williams, 01/03/23) confirmed that:

1. A fare discount program (Fare Deal) existed during the monitoring period
2. The charge per ride was \$0.75 which is 50% of the regular \$1.50 cash fare charge for the Fixed Ride program.
3. All 5,690 persons who presented Medicaid cards and were enrolled in the Fare Deal program in FY22.

---

While the additional data about the low-income population in the area (48,962 as per Census Bureau) and that 8.7% of the low-income population are Fare Deal registrants gives some additional context, it is incidental to demonstration of compliance. If the policy addressed utilization, an increasing percentage of persons who are eligible for fare discounts might be used as a standard of achievement.

Were the board to assess the report above, it might reflect on the whether the reasonableness of the interpretation that limits discount fare program eligibility to Medicaid recipients and whether fare discounts being limited to Fixed Route are reasonable.

### **Amending the Policy Statement**

The question was raised about whether changes to the policy itself were merited. While not part of the monitoring process, monitoring sometimes leads a board to identify the need to review a policy – something you have identified previously.

The policy as stated specifically “people with economic challenges”, “public transportation options” or “affordable” could be further interpreted by the board. Any further delineation will narrow the range of interpretation. However, that is a board choice.

### **Other**

I am happy to discuss whether Board members can change their assessment during the Board discussion (yes) and some ways to perhaps facilitate the motions which are presented for discussion. In the interest of getting this Advisory into the meeting packet, I will stop here.

Respectfully Submitted

A handwritten signature in black ink, appearing to read "R. Mercier", is written over a light yellow rectangular background.

Rose Mercier, Partner The Governance Coach

## FY 2024 Corporate Business Plan

**Board Meeting Date: March 16, 2023**

INFORMATION TYPE
Other
BACKGROUND
<p>The Corporate Business Plan provides an operating work plan and a capital project plan highlighting the projects and initiatives which respectfully form the basis of the operating budget and the capital budget. The purpose of this business plan is to increase transparency into what efforts TheRide intends to undertake, and to increase public engagement by inviting feedback on a reader-friendly plan of action without extensive details.</p>
ISSUE SUMMARY:
<p>TheRide’s Board of Directors identifies key values and outcomes for the agency, the CEO and staff develop a proposed 5-year work plan in line with those expectations.</p> <p>The 25-year Long-Range Plan is the board approved blueprint that will provide a guiding strategy to achieve the board’s goals. Projects identified in this will be implemented pending funding and staffing capacities.</p> <p>The FY 2024 Corporate Business Plan will focus on</p> <ol style="list-style-type: none"> <li><b>1. Supporting and Retaining Customers by Maintaining Services</b></li> <li><b>2. Attracting New Riders by Implementing the Long-Range Plan</b></li> <li><b>3. Increasing Effectiveness and Efficiency through Continuous Improvement</b></li> </ol>
ATTACHMENTS:
<ol style="list-style-type: none"> <li>1. FY 2024 Corporate Business Plan (draft)</li> </ol>

# Implementing the Long-Range Plan



## Corporate Business Plan FY 2024

ANN ARBOR AREA TRANSPORTATION AUTHORITY

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# Executive Summary

Each year the annual budget process at TheRide begins with the CEO's proposed Business Plan. Every year TheRide's Board of Director sets strategic goals for the agency which define outcomes the agency is to achieve. The CEO and staff then use their professional expertise to develop detailed plans for how TheRide can best use its limited resources to advance those goals. **By transparently identifying proposed projects and initiatives, the Business Plan helps to focus TheRide's collective attention and provides an opportunity for the Board, staff, and the public to have a dialogue about conceptual priorities before the complex recommended budget adds the financial details.** The Board, passengers, staff, and the public are invited to react to these initial proposals to create an iterative dialogue and help refine TheRide's approach. If TheRide achieves consensus on general budgetary priorities during the Business Plan process, then the detailed recommended budget should be easier to develop, evaluate, and approve.

Based on the Board's strategic goals in 2023, TheRide's strategic position (see appendices), and the twin successes of the 2022 millage and Long-Range Plan approval, the CEO feels that **TheRide is beginning to pivot from an agency that talks about what it should do, to one focused on delivering on what it has promised to do.** This is reflected in this FY 2024 Business Plan. We can afford to maintain existing services while implementing previously-approved major projects and internal improvements – but only if the agency remains focused and is cautious about taking on additional obligations. The CEO is only recommending priorities and projects that fall into one of three thematic categories:

1. **Support and Retain Customers by Maintaining Services** - The continuation of all regular services, with no changes to service levels or fare increases or changes.
2. **Attract New Riders by Implementing the Long-Range Plan** – The focused implementation of the Board-approved plan for major projects and services, including preparations and possible early starts for some 2022 Millage services.
3. **Increase Effectiveness and Efficiency through Continuous Improvement** – The continued investment in TheRide' staff and internal processes to enable an increasingly effective and engaged team.

This Business Plan includes numerous priorities, projects and expenditures which are organized into a conceptual **5-year operating workplan** and **10-year capital plan**. Once finalized, these plans will form the core of the recommended FY 2024 Budget.

# Introduction

The Strategic Business Plan, also known as the Corporate Business Plan, clarifies TheRide's goals (Ends policies) and how it will achieve them within a **5-year operating plan** and a **10-year capital project plan**. The operating workplan is shorter to allow a detailed focus on day-to-day operational aspects and more specifically service improvements. Examples of initiatives in the operational workplan include increasing frequency of services and expanding service coverage. On the other hand, the capital project plan extends over a longer timeframe since its focus is on infrastructure projects which may take longer to complete, and their financial requirements may span over years. Capital projects include transit center redevelopments, and the Bus Rapid Transit.

The first version of this document is a DRAFT piece shared with staff, the Board, and the public, availing them an opportunity to review projects, and provide feedback before the projects in this document are absorbed into the operating budget and the capital budget respectively.

Feedback on any of the initiatives in this document, can be sent to [tellus@theride.org](mailto:tellus@theride.org).



# Strategic Goals & Expectations

TheRide's Board of Directors functions as an informed agent of the public, passengers, and municipalities, including the City of Ann Arbor, City of Ypsilanti, and the Township of Ypsilanti; and residents, visitors, and students of the larger Ann Arbor-Ypsilanti area. These groups of people are collectively addressed as the '*Communities we serve*' or simply, '*Communities*' in this document.

The Board translates the values of these Communities into the overall desired **outcomes** for the agency. These outcomes are our strategic goals (i.e., Ends Policies). They define what TheRide is to achieve; for whom, and at what cost. The Board has the right and duty to change the Ends Policies in relation to the Communities' interests. This consequently adjusts the strategic trajectory of TheRide.

Key goals for the FY 2024 Business Plan include:

- **High Ridership** – Ridership is our chief measure of performance and impact. The more people we carry, the greater positive impact TheRide can have on the community and all other goals.
- **Social Equity** – Making sure that transit services are available to all and help increase access to opportunity.
- **Environmental Sustainability** – Attracting riders away from cars and reducing our own emissions and waste.
- **Economic Development** – Connecting workers and employers (i.e., labor mobility).
- **Customer Satisfaction** – Retaining customers by providing a satisfying experience.
- **Public Support** – Maintaining the support of the general public.

This Business Plan is a tool for aligning activities, resources, and expenditures to advance these goals from our Board and the communities we serve.

Below is the set of the current Ends policies as developed by the Board.

**1. AAATA exists so that an increasing proportion of residents, workers and visitors in the Ann Arbor-Ypsilanti Area utilize public transportation options that contribute to the Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.**

**1.1. Residents in the area have equitable access to public transportation services that enables full participation in society.**

1.1.1. People with economic challenges have affordable public transportation options.

1.1.2. People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.

**1.2. Public transportation positively impacts our environment.**

1.2.1. Public transportation options are increasingly chosen over use of a personal car.

1.2.2. Public transportation options minimize energy use and pollution, and conserve natural resources.

1.2.3. Public transportation options produce conditions favorable to more compact and walkable land development.

1.2.4. Relevant public policy is transit supportive.

**1.3. Public transportation positively impacts the economic prosperity of the area.**

1.3.1. Public transportation facilitates labor mobility.

1.3.2. Students can access education opportunities without need of a personal vehicle.

1.3.3. Visitors use public transportation in the area.

1.3.4. Public transportation connects the area to the Metro Detroit region.

**1.4. Passengers are highly satisfied with public transportation services.**

**1.5. Residents of the area recognize the positive contributions of public transportation to the area's quality of life.**

In addition to advancing the Board's goals, the CEO and staff must comply with the Board expectations regarding administrative and operational decisions (i.e., Executive Limitations policies). These policies ensure transparency, reporting, and fiduciary oversight by the Board.

Examples of key Executive Limitations policies include:

- Ensure passengers and customers are well treated.
- Ensure staff are well treated and that TheRide is an attractive employer.
- Ensure that the Board, riders, and the public have opportunities to shape the future direction of the agency.
- Ensure transparency and accountability.
- Maintain the financial health of the organization. Do not risk fiscal jeopardy.
- Maintain assets of the organization in good condition.
- Compliance with all applicable laws. (Numerous other local, state, and federal laws also enable and constrain what TheRide can do.)

Within these expectations, staff are to use their professional judgment to recommend the best ways to achieve the Board's strategic goals.

## Business Planning Approach

The Business Plan sets the stage for the annual budget by establishing broad priorities and major expenditures. The Business Plan puts each annual budget in context by placing itself in a strategic, multi-year context as per Board policy 2.4.

The CEO is responsible for developing plans that advance all of the Board's goals (Ends policies) while complying with Board expectations on operational performance (Executive Limitations policies). In addition, staff use realistic expectation about available resources and strategic planning tools ( see appendices) to help prioritize and recommend the best path towards achieves the goals.

We should note that the majority of TheRide budget and staff time, around 90%, are required simply to operate transit services on a daily basis. Generally, the Business Plan does not speak to these routine operational costs, and instead focuses on change initiatives and new work. Staff at TheRide conduct this work so well it sometimes can be taken for granted. Nevertheless, maintaining and increasing operational excellence in services delivery are captured in this Business Plan through the 5-year operating plan. The Business Plan also captures the general requirements for maintaining existing services and infrastructure through the 10-year capital project plan.

This business plan answers the question: **How do we achieve our goals?**

The Long-Range Plan, a Board-approved blueprint for future developments of TheRide's services and infrastructure, provides a guiding strategy.

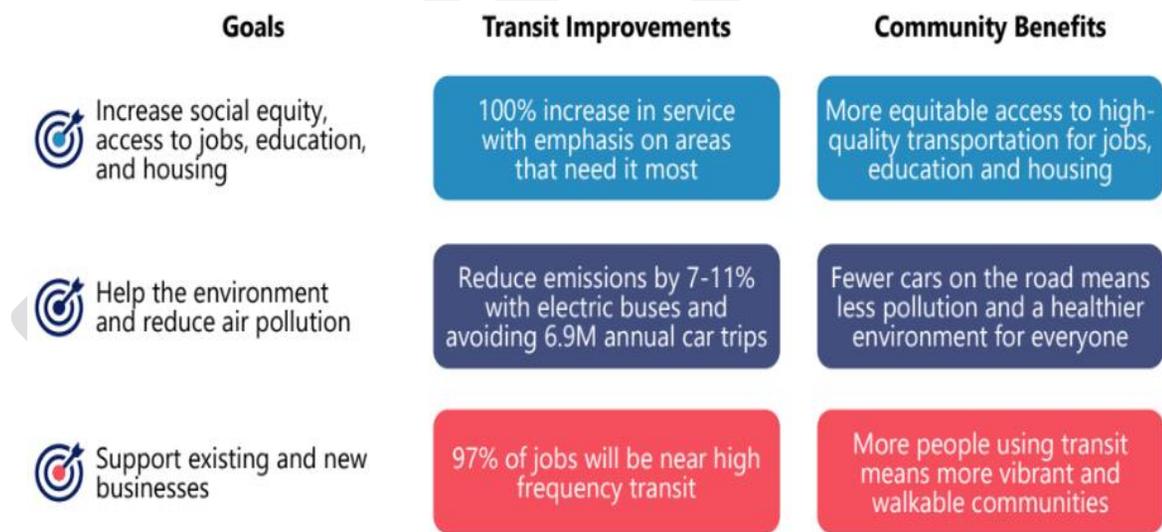
The CEO is proposing a Business Plan built on the following three broad priorities:

1. **Support and retain customers by maintaining services for existing customers**

This is the top priority. We cannot achieve our goals without retaining the customers we attract. TheRide has a moral duty to serve our existing customers, many of whom have no other means of travel. Numerous Board policies also prohibit financially risky actions that could jeopardize the financial stability of the agency. Maintaining existing services drives most staff activities and consumes about 90% of the entire budget.

2. **Attract new riders by implementing the Long-Range Plan** (TheRide2045) –

The Board-approved Long-Range Plan is our chief blueprint for growing ridership and advancing the Board’s goals (Ends). The Long-Range Plan include a host of new services as well as construction and equipment projects (i.e. capital projects) over the next 25 years. Initiatives in the Long-Range Plan will be separated into the 5-year operating plan and the 10-year capital plan. The new services promised in the August 2022 millage are part of the Long-Range Plan. The graphic below shows the main transit improvements to be achieved through the LRP lifecycle, the End goals they advance and the community benefits.



3. **Increase Effectiveness and Efficiency through-Continuous Improvement**

Every organization depends on the performance of its team to delivery results. Investing in our staff through training, clear direction, and updated back-office processes and technologies will be an important part of ensuring TheRide’s ability to attract and retain riders. TheRide also makes continual efforts to add value to existing services and infrastructure in order to increase quality of service, effectiveness, and efficiencies of the services that we offer.

# 5-Year Operating Work Plan

Major changes and projects take time to plan and implement correctly. To help ensure prudent implementation, each year the Business Plan outlines the major operational change-initiatives TheRide has the capacity to undertake in a rolling-5-Year Business Plan.

While preserving existing services and continuous improvement drive much of staff's work, the major changes to services and infrastructure are illustrated as part of the Long-Range Plan. path driving the organization of the 5-Year Work Plan are the new services approved by voters in the August 2022 millage referendum. TheRide is organizing its workforce capacity around delivering these promised improvements.

## Priority 1: Maintaining Services

About 90% of TheRide's resources are used to operate transit services on a daily basis. Generally, the Business Plan does not speak to these routine operational costs, and instead focuses on change initiatives and new work. Therefore, this section does not have change initiatives. However, the capital plan has infrastructure initiatives that improve the way we maintain our services.



## Priority 2: Implementing the Long-Range Plan

The Long-Range plan is a detailed strategy for the next 25 years that is centered on the Board's stated vision of *'A robust public transportation system that adapts to the areas evolving needs, environment, and quality of life'* (Ends Policy 1.0). Below are the LRP service enhancement initiatives that filter into the operating work plan.

**a. 30-minute frequencies- Weekend daytime routes (Policy 1.0, 2.1)**

This initiative began in FY 2023 and will be complete in FY 2024. More buses will be added on the weekends to ensure that day time service runs at a 30-minute frequency instead of a 60

**b. Longer Service Hours (Policy 1.0, 2.1)**

TheRide is currently working on extending service hours on ALL routes. On weekdays the hours of operations will be from 6:00PM to 11:00PM, Saturday from 7:00AM to 11:30PM and on Sunday 8:00AM to 9:00PM. This adjustments are expected to be completed by end of FY 2024.

**c. Overnight On-Demand Expansion (Policy 1.0, 2.1)**

TheRide is currently working on adding overnight services, holiday service and expanding NightRide to all of City of Ypsilanti, all of Ypsilanti Twp north of Textile Road by end of FY 2024

**d. Express Pilot on Washtenaw (Policy 1.0, 2.1)**

The Express Pilot service will provide enhanced service along the Washtenaw corridor by reducing travel time by 30% and building ridership in preparation of the Washtenaw BRT. Planning and funding of this pilot is expected to commence in FY 2024.

**e. Accessibility Improvement, Response & Fixed Route Integration (Policy 1.0, 2.1)**

Based on the Paratransit study, TheRide will continue improvement to bus stops, integrate Fixed route, A Ride and FlexRide. This work is continuous through the LRP lifecycle.

**f. Fare collection Modernization and integration (Policy 1.0, 2.1, 2.5.11)**

To better serve customers, TheRide will enhance fare collection systems, fare structure, expand real-time information and work on integrating with local providers / first and last mile solutions. This work is expected to begin in FY 2026.

**g. Express Pilot on North-South Corridor (Policy 1.0, 2.1 )**

An express route from Eisenhower/State to the Plymouth Road Park and Ride lot is expected to be introduced with the intent of starting to build momentum for the north-south BRT in FY 2027.

**h. Priority Service: Main-Nixon/Plymouth (Policy 1.0, 2.1 )**

A 15–20-minute peak period frequency route from Main to Nixon/Plymouth. Planning is expected to begin in FY 2027.

**i. Priority Service: Packard-Ellsworth (Policy 1.0, 2.1)**

A 15–20-minute peak period frequency route from Packard to Ellsworth. Planning of this project is expected to begin in FY 2027. The service is expected to begin in FY 2029.

**j. 30-Minute Frequencies - Evenings (All Routes, Days, Times) (Policy 1.0, 2.1)**

To make transit options more reliable and attractive, ALL routes, during the day and night, weekday and weekends are currently having their frequency adjusted to run at 30-minute intervals. This work will continue into FY 2029.

**k. Enhance On-Demand Service, Expand Coverage (Policy 1.0, 2.1)**

Beginning FY 2027 through FY 2030, TheRide will increase On Demand Service resources with the aim of expanding coverage and reducing wait times.



## Priority 3: Continuous improvements:

One of TheRide's business principles<sup>1</sup> is 'Excellence,' which the agency defines as *continuously renewing our commitment to perform well beyond set standards*. TheRide prides itself in being compliant with federal, state, and local regulations but it desires and works on doing and being better.

### a. Team and Staff Development (1.0, 2.0, 2.2)

TheRide is an agency and an institution but is also a team. The staff are key towards identifying and implementing opportunities for the future. We will continue to invest in our staff through various training opportunities (easier post pandemic), work to engage and inspire staff, and improve cross-department collaboration. An essential pre-condition is the ability to fully staff key vacant positions. This work has started and will continue into FY 2025



**ONE TEAM**

### b. Customer Satisfaction Brainstorming (Policy 1.0)

In many ways, public transit is a retail industry. We need to attract and retain our customers with quality services and experiences. With the Long-Range Plan detailed how we will expand services, the CEO would like to develop a process for re-engaging staff, the community, and the Board to identify to best ways to improve the customer experience and retain ensure transit is an attractive alternative. This work will start in FY 2024 and continue into FY 2025

### c. Advocacy Agenda (Policy 1.0, 2.7)

Many elements of the Long-Range Plan and TheRide's future plans rely on decisions made by others outside of the agency, including municipal councils, legislatures, and congress. Working with the Board's efforts on Ownership linkage, staff will work to establish a clear advocacy agenda and take steps towards

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<sup>1</sup> A list of TheRide's values and business principles is provided in Appendix 1.

### **Sustainability Planning (Policy 1.0, 2.1, 2.4, 2.7)**

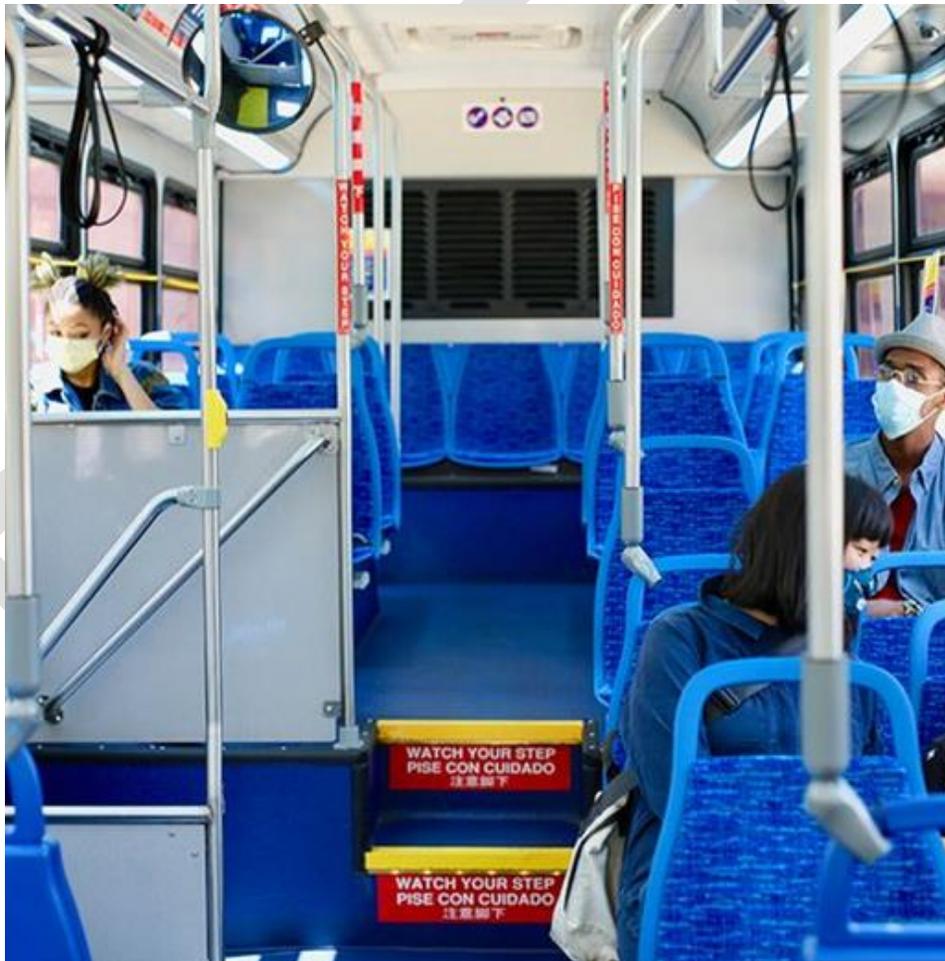
As part of our strategic goals, TheRide is working to plan for reducing and then eliminating emissions from our own operations. In addition to ongoing work on zero-emission buses (see capital plan below), there are two additional forthcoming studies that will address other aspects of our operations:

#### **d. Zero emissions support Fleet and A-Ride Study (Policy 1.0, 2.1, 2.4, 2.7)**

A Zero emissions study for the support fleet and A-Ride vehicles is being conducted in FY 2023 and FY 2024. This studies will inform on the next steps.

#### **e. Zero emissions facility studies (Policy 1.0, 2.1, 2.4, 2.7)**

A Zero emissions facility study is scheduled to take place in FY 2025. This studies will inform on the next steps.



Below is the 5-year operating work plan

Major initiatives		FY24	FY25	FY26	FY27	FY28
Implementing the Long-Range Plan	30-minute frequencies- Weekend daytime routes					
	Longer Service Hours					
	Overnight On-Demand Expansion					
	Express Pilot on Washtenaw					
	Accessibility Improvement & Response and Fixed Route Integration					
	Fare collection Modernization and integration					
	Express Pilot on North-South Corridor					
	Priority Service: Main-Nixon/Plymouth					
	Priority Service: Packard-Ellsworth					
	30-Minute Frequencies - Evenings (All Routes, Days, Times)					
	Enhance On-Demand Service, Expand Coverage					

Cont. Improvement	Team and Staff Development					
	Customer Satisfaction Brainstorming					
	Advocacy Agenda					
	Zero emissions A-Ride fleet studies	<b>S</b>	NEXT STEPS TBD			
	Zero emissions facilities studies		<b>S</b>	NEXT STEPS TBD		
Timeline pending funding, staff capacity and collaboration with key stakeholders.						

LEGEND		
Environmentally friendly projects	<b>S</b>	Studies

# 10-Year Capital Plan (Conceptual)

The Long-Range Plan illustrates how TheRide will need to implemented major capital infrastructure projects in order to meet the growing needs of the communities we serve.

## Priority 1: Maintaining Services

TheRide's first priorities are to its existing customers. This means prioritizing existing services, maintaining critical assets (i.e., state-of-good-repair), and the financial stability of the organization ahead of new expenses. This is also in line with Board policies regarding financial planning and asset protection, and federal asset management requirements. To



maintaining existing services, it is paramount that fleet, building and all transit infrastructure is maintained in a state of good repair. Initiatives under this priority category include:

### **a. Vehicle replacements (Policy 2.1, 2.4 and 2.7)**

To maintain service levels and avoid additional maintenance costs, TheRide plans to replace large transit buses, cutaway buses, mobility fleet and support vehicles through the LRP lifecycle.

### **b. Equipment (Policy 2.1, 2.4 and 2.7)**

TheRide has vehicle refresh schedules that call for the replacement of bus components to include engines, transmissions, hybrid drives, batteries, seats, and other parts necessary to maintain the fleet in a good state of repair.

### **c. Existing Facilities (Policy 2.1, 2.2, 2.4, 2.7)**

Improvement of existing facilities include the rehabilitation of the Dawn Gabay Operations Center, the Blake Transit Center and the Ypsilanti Transit Center and the Park and Ride Lots as well as improve the ergonomic functionality for staff in these facilities.

## Priority 2: Implementing the Long-Range Plan

### a. **Ypsilanti Transit Center Redevelopment (Policy 1.0, 2.1, 2.4, 2.7, 2.11)**

The current facility has outlived its useful life; increased demand for service and planned increase in service levels make it necessary to develop plans for a new transit center. This project includes planning, development, and construction of a new transit center in the City of Ypsilanti and is expected to begin operations in FY 2027.

### b. **Blake Transit Center Expansion & Redesign (Policy 1.0, 2.1, 2.4, 2.7, 2.11)**

TheRide intends to nearly double its service hours by 2045. The transit centers must be designed to efficiently accommodate the increased service. The BTC expansion and redesign is expected to take place through FY 2026, when the new facility will officially be open for operations.

### c. **.New Bus Garage (Policy 1.0, 2.1, 2.4, 2.7, 2.11)**

The new garage is anticipated to increase capacity for the fleet by 100 buses. It will also be critical in supporting the transition to zero-emissions vehicles with respect to different charging/refueling and maintenance requirements. The new bus garage is expected to be commissioned in FY 2028.

### d. **Washtenaw BRT planning & funding (Policy 1.0, 2.1, 2.4, 2.11)**

The Washtenaw Avenue corridor provides the highest and most continuous ridership between downtown Ann Arbor and downtown Ypsilanti. The Washtenaw BRT will run between downtown Ypsilanti and Maple/Jackson in Ann Arbor, roughly spanning the service area from east to west. The planning and funding of this BRT is expected to take place between FY 2024 to FY 2029.

### e. **Transit hubs and priority infrastructure (Policy 1.0, 2.1, 2.4, 2.11)**

Four transit hubs will be developed outside of the downtown cores to facilitate better connectivity between peripheral areas that have high demand, are projected to have significant growth in demand, and are located at logical connection points between numerous routes..

- State & Eisenhower area
- Jackson & Maple area
- Carpenter & Ellsworth area
- Nixon & Plymouth area

## Priority 3: Continuous Improvement

### a. Technology upgrades: (Policy 1.0, 2.1, 2.2, 2.4, 2.7)

Technology upgrades include investments in switches, firewalls, better storage systems, and network monitoring software and the Transit Signal Priority project.

### b. Bus Stop Improvements: (Policy 1.0, 2.1, 2.4, 2.7, 2.10)

Focused on improving accessibility for people with disabilities, TheRide is working on improving bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities. Pending funding and issuance of permits TheRide targets to make 3 to 4 bus stops near sidewalks accessible each year.

### c. Bus Lane Improvements: (Policy 1.0, 2.1, 2.4, 2.7, 2.10)

Pending funding and successful collaboration with stakeholders, TheRide has plans to create and improve bus lanes in order make transit more attractive (relative to other modes) and efficient. Fully dedicated bus lanes will require the collaboration of the municipal, County and State partners in changing the streetscape.

### d. Zero emissions Fleet (Policy 1.0, 2.1, 2.4, 2.7)

. A propulsion study is being conducted in FY 2023 to determine the best zero emission propulsion option. Per the Long-Range Plan it is expected that TheRide will have a 100% zero emissions fleet by FY 2038.

### e. Information technology (Policy 2.1, 2.2, 2.4, 2.7)

The IT department is currently conducting a study to inform on technological software and hardware that needs upgrades. This study will continue into FY 2024 after which obsolete or at-risk IT infrastructure will be upgraded or replaced.



Below is the 10-year capital work plan

	Major initiatives	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
<b>Maintain Existing Services (SOGR)</b>	Vehicle Replacement										
	Equipment										
	Facility Rehab: DGOC										

<b>Implementing the Long-Range Plan</b>	YTC Redevelopment				C						
	BTC Expansion & Redesign			C							
	New Bus Garage							C			
	Washtenaw BRT										C
	Transit hubs & priority infrastructure										

<b>Cont. Improv.</b>	Technology Upgrades										
	Bus Stop Improvements										
	Bus Lane Improvements										
	Zero emissions fleet										
	Information Technology										

Timeline pending funding, staff capacity and collaboration with key stakeholders.

LEGEND		
	Environmentally friendly projects	C
	Year of commissioning	

## FY2023 Annual Budget

This annual Business Plan is the beginning of budgetary discussions for the FY 2023 Budget. Each year, the CEO and staff recommend a draft budget that best advances the Board's goals while complying with all expectations.

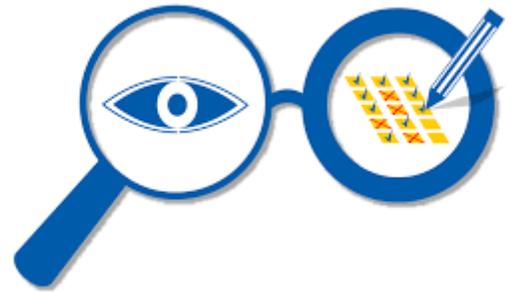


Initiatives in the 5-year operating initiatives workplan sets the stage and context for the 5-year operating budget; whilst the 10-year capital projects workplan is the basis of the 10-year capital budget. This Business Plan is shared with the Board, public and staff in order to discuss initiatives **before** budget is prepared. This is in line with policy 2.4 which requires the agency to incorporate strategic and multi-year planning and sound financial planning. Sharing the initiatives before they are incorporated into the budget ensures transparency and also provides a chance for key stakeholders to provide input before key decisions are finalized and funded.

Budget planning will take place in June through August. During this period, a draft budget will be developed, and discussions held at staff and Board level to improve it. The final budget will be ready for Board approval before the end of September 2023.

# Performance Monitoring

To assess the effectiveness of initiatives in the Corporate Business Plan and their alignment to the needs of our Communities through set Board policies, TheRide uses a two-tier method of monitoring progress and operational performance:



**Monitoring Reports** – The Board requires that the CEO report on compliance with every Policy. Monitoring Reports provide detailed interpretations of Board policies and evidence of compliance. These reports are provided at least annually and more frequently at the Board's request.

**Operational Reports** – The CEO and staff provide a variety of detailed reports on specific aspects of TheRide's internal workings.

- Quarterly financial reports provide information on the financial health of the authority.
- Quarterly service reports provide specific performance measures on operations.
- Monthly CEO updates provide information on specific projects at the public Board meetings. These updates most often include status updates of the projects identified in this Business Plan.

All of these reports and status updates are available on TheRide.org website.

## Conclusion

The Board has developed policies that guide and direct the agency to operate in a manner that serves the Community interest at a cost that demonstrates value and efficient stewardship of resources. The CEO reports on the agency's compliance to these policies annually.

Furthermore, the CEO has engaged with key stakeholders, including the Communities we serve to begin to prioritize these interests. The feedback has resulted to a 25-year plan commonly known as the Long-Range Plan. It entails a list of projects that are expected to grow ridership, improve social equity, enhance accessibility to jobs and reduce carbon emissions.

Implementing the Long-Range Plan will provide for faster, reliable connections and consequently improve overall quality of life for our residents. This Business Plan specifically concentrates on the year 2024-2038 (Five years) with the intention of focusing on the near-term projects in detail so that the Community can have a chance to engage and understand what the agency intends to do before financial planning begins. Once the Business Planning process is complete, and the Board and public have had a chance to view and provide input on it, the financial planning process (budget season) will then commence. To share your input on the initiatives of this Business Plan please write to [TellUs@theride.org](mailto:TellUs@theride.org).

Once the Budget is reviewed and approved, the CEO will provide information on Board policy compliance as scheduled as well as details of the specific projects outlined in this Business Plan in Monthly Board Meetings as part of the CEO updates.

# Appendix

# 1. Values and Business Principles

In addition to aligning with the Boards direction, staff collaboratively developed values and business principles to inform on how they would engage with each other and how they conduct business respectfully. Below are those values and business principles.

<p><b>VALUES:</b> (How TheRide's employees engage with each other)</p>	 <p><b>RESPECT:</b> Treating one another with dignity</p>	 <p><b>COMPASSION:</b> Understanding, sharing in and being sensitive to the situations of others.</p>	 <p><b>INTEGRITY:</b> Having a moral or ethical conviction to always do what is right.</p>
<p><b>BUSINESS PRINCIPLES</b> (How TheRide's employees get the work done)</p>	 <p><b>TEAMWORK:</b> Collaborating for a greater good</p>	 <p><b>SAFETY:</b> Keeping yourself and others away from harm.</p>	 <p><b>EXCELLENCE:</b> Continuously renewing our commitment to perform well beyond set standards</p>

## 2. Strategic Planning Methodology

Strategic planning has three main pieces: an envisioned future state, a sound understanding of the current situation, and a plan for how to get from the current state to the desired future state. The Long-Range Plan has done extensive work to define these three states. Let's look at each piece separately.

**Envisioning a Future State:** TheRide's future state is defined in the Board's End policies, feedback from the Communities we serve and staff insight. Having consensus on a clear, defined future state gives TheRide a target toward which it can align its efforts, judge options, and measure progress.

**Understanding Current Status:** A shared understanding of the current situation and context allows TheRide to take steady aim at the targeted future. The current state of the organization is organized into strengths, weaknesses, opportunities and threats/challenges and that information detailed in the SWOT analysis table in Appendix 2A. To determine the position of the agency in relation to the external environment i.e., political, economic, social, technological, legal, and environmental (PESTLE) aspects, a PESTLE analysis was conducted, and the details documented in Appendix 2B. The results in these two analyses are updated annually during each Business Planning process to reveal areas that the agency is performing well, where new capabilities and capacities need to be acquired.

**Filling in the gap:** A gap analysis identifies opportunities and gaps between the current state and the desired future. It informs on the key drivers for change and the order of prioritizing agency initiatives.

Based on that insight, a strategic action plan is developed to bridge the gap between the current and the desired state. The work done during the Long-Range Planning process has been instrumental in addressing major gaps. See Appendix 2C for the Gap analysis. The Business Plan is updated annually and during this time emergent gaps may arise. Such gaps are prioritized using the strategic planning criteria in Appendix 3 which include alignment with TheRide's goals, tradeoffs, and affordability



## A. SWOT Analysis

This analysis provides a current state assessment of the positive and negative forces that impact the organization from an internal (within the organization) and external (outside the organization) perspectives.

	INTERNAL	EXTERNAL
	<p style="text-align: center;"><b>STRENGTHS</b> (Agency Capabilities)</p>	<p style="text-align: center;"><b>OPPORTUNITIES</b> (External opportunities that the agency can impact)</p>
<b>Helpful</b>	<ul style="list-style-type: none"> <li>• Presence of a guiding vision (The Long-Range Plan)               <ul style="list-style-type: none"> <li>- Provide focus and help prioritize resources.</li> <li>- Speed up implementation by starting with a realistic plan.                   <ul style="list-style-type: none"> <li>- Help communicate the value of public transit.</li> </ul> </li> </ul> </li> <li>• Strong credibility &amp; support by the Communities we serve.               <ul style="list-style-type: none"> <li>- Strong relationships with partners.</li> <li>- History of successful collaborations.</li> <li>- A tradition of excellence in service delivery and business decisions.                   <ul style="list-style-type: none"> <li>- High rider satisfaction.</li> </ul> </li> </ul> </li> <li>• Existing resources &amp; assets in reasonable condition.               <ul style="list-style-type: none"> <li>- Existing technology allows for effective virtual/hybrid running of business.</li> <li>- Relatively stable funding.</li> <li>- Physical assets and equipment are adequate and in fair shape.</li> </ul> </li> <li>• Engaged Board and staff.               <ul style="list-style-type: none"> <li>- Strong commitment to our Communities, especially underserved populations.</li> <li>- Rapidly modernizing internal processes, clarifying roles, &amp; direction.</li> <li>- Willingness to listen &amp; strive to improve.</li> </ul> </li> <li>• Good interdepartmental coordination</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity to study environmentally friendly transit options.</li> <li>• Demographics, economic and societal trends are changing. Hence creating an opportunity to tailor services to meet emerging demands.               <ul style="list-style-type: none"> <li>- The population is growing and aging.</li> <li>- Urban areas are growing more compact and need additional mass transit.</li> <li>- Mobility needs are growing in suburban and rural areas.</li> <li>- More transit-supportive land development could make accessing destinations easier.</li> </ul> </li> <li>• Potential to expand services and funding.               <ul style="list-style-type: none"> <li>- Could seek additional funding/resources via grants, partnerships, other sources.</li> <li>- Could expand Authority membership/change enabling legislation.</li> </ul> </li> <li>• Advocate for outside decisions that support TheRide’s desired outcomes.               <ul style="list-style-type: none"> <li>- Influence outside decision-makers (land development, housing, transportation policy, etc.)</li> <li>- Assume a leadership position in coordinating alternative transportation.</li> </ul> </li> <li>• The approved millage will help maintain operations and prevent a financial deficit in the near future.</li> </ul>

SWOT ANALYSIS continued...

		INTERNAL	EXTERNAL
<b>Weak areas</b>	<b><u>WEAKNESSES</u></b> (Areas of improvement within the organization)	<ul style="list-style-type: none"> <li>• Insufficient facility capacity               <ul style="list-style-type: none"> <li>- The bus fleet cannot grow because the garage is full</li> <li>- Space at the terminals is limited.</li> </ul> </li> <li>• Reduced fare revenues.               <ul style="list-style-type: none"> <li>- Working from home and alternative learning options have led to a decline in ridership.</li> </ul> </li> <li>• Limited ability to influence outside decisions (RTA, local land development)</li> </ul>	<b><u>THREATS</u></b> (External challenges to agency success)
			<ul style="list-style-type: none"> <li>• Dominant car-culture.</li> <li>• Remote working &amp; online learning options may reduce ridership.</li> <li>• Constrained funding and resources limit opportunities.               <ul style="list-style-type: none"> <li>- Many travel needs lie outside our geographic service area and taxing authority.</li> <li>- Resource-constrained partners &amp; a sometimes zero-sum environment.</li> <li>- Insufficient facility capacity (garage and terminals) limits service growth.</li> <li>- Possible loss of autonomy or funding to the RTA.</li> </ul> </li> <li>• Increased operational costs               <ul style="list-style-type: none"> <li>- Increasing construction and fuel costs.</li> <li>- Growing demand for expensive premium services.</li> <li>- Traffic congestion slows buses and makes them less reliable.</li> <li>- Labor shortages (technical and professional staff)</li> <li>- Economic inequality, A2/Ypsi disparities and affordability.</li> </ul> </li> <li>• Outside pressures/demands can divert TheRide’s attention.</li> </ul>

**Key takeaways from the SWOT analysis.**

1. The Long-Range Plan provides a strategic direction on how to organize, leverage, and maximize resources and innovative technologies in order to provide our Communities with the best transit options.
2. Remote and hybrid working and learning options have negatively impacted ridership. However, changing demographics, economic and societal trends create emerging demands and opportunities to grow ridership.
3. Advocacy of outside decisions such as land development, housing, and other transit supportive policies will be instrumental in achieving TheRide’s desired outcomes (to include increasing ridership).

## B. PESTLE analysis

Awareness of external factors and their impact on the agency allows us to plan realistically. TheRide achieves this by conducting a Political, Economic, Social, Technological, Legal/Governance and Environmental (PESTLE) analysis. Here is a list of external factors and how they impact TheRide.

Political	<ul style="list-style-type: none"> <li>• Changes at the federal level have led to transit favorable actions.</li> <li>• RTA prioritization has TheRide competing for resources with other agencies.</li> <li>• Federal regulations and FTA reviews promotes safe, non-discriminatory, and financially responsible operations.</li> </ul>
Economical	<ul style="list-style-type: none"> <li>• Additional federal funding options have enabled AAATA to continue providing services and plan for capital projects.</li> <li>• The current government may repurpose unused earmarks which in turn provides more funding for transportation infrastructure.</li> <li>• Increased inflation leads to increased costs.</li> <li>• The millage win may help take care of structural deficits.</li> </ul>
Social	<ul style="list-style-type: none"> <li>• AAATA has a positive public image.</li> <li>• Presence of pro and anti- development cultures in our Communities.</li> <li>• There's disparity in demographics and income in Ypsilanti vs. Ann Arbor.</li> <li>• Demands from local interests must be prioritized to ensure TheRide's resources are utilized in a manner that shows efficient stewardship.</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Adaptation of the public to remote working, virtual commerce, etc., impacts travel patterns and ridership.</li> <li>• Opportunities to advance customer experience and operational efficiency via technology platforms.</li> <li>• Opportunity to improve the remote worker experience.</li> <li>• Remote and hybrid working creates opportunities to increase and sustain cyber-security measures.</li> </ul>
Legal / Governance	<ul style="list-style-type: none"> <li>• AAATA surpasses ADA compliance requirements except for bus stops.</li> <li>• AAATA complies with Title VI equitable accessibility provisions.</li> <li>• The Board sets governing policies that serve the interest of our Communities and compliance to these policies is monitored periodically.</li> <li>• AAATA is currently compliant with laws and regulations governing the transit industry.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Our Communities are supportive of ecologically conscious decisions.</li> <li>• The federal government is considering funding clean energy transit options.</li> <li>• There is an opportunity to study and implement zero-emissions fleet and facilities</li> </ul>

### Key takeaways from the PESTLE analysis.

- A. Increasing operation costs and increasing demands from local interests create a need to prioritize initiatives to ensure efficient stewardship of available resources.
- B. Remote working, online schooling, virtual commerce, and telemedicine has negatively impacted ridership. TheRide is working on initiatives to retain riders as well as attract new ones.

## C. Gap analysis

TheRide's Board determines the desired results through its ends policies and staff conducts a current state assessment through the SWOT and PESTLE analyses. Comparing current and end states helps identify gaps and inform on how resources can be prioritized to achieve desired results.

Desired End State (Policy)	Current State	Gap	Mitigation
<b>Increase ridership (1.0)</b>	-Low ridership (compared to pre-pandemic years)	Low ridership	Retain and attract ridership by making transit more reliable through implementation of the LRP
<b>Ensure efficient stewardship of resources (Policy 1.0)</b>	-New millage was passed in Aug 2022 -Declining fare revenues due to reduced ridership -Increased cost of operations due to inflation	The new millage will address structural deficits however increased operational costs and reducing fare revenues still leave TheRide in need of more funding options.	Make use of all possible grants and funding opportunities
<b>Equitable accessibility (Policy 1.1)</b>	TheRide complies with most equitable accessibility regulations but there's room to provide more equitable opportunities and results for customers and the traveling public.	Unclear on opportunities to improve equity within the agency and with customers	Conduct a study to better understand how TheRide can improve equity opportunities and results for our customers and the travelling public.
<b>Positively impact the environment (Policy 1.2)</b>	TheRide is currently studying zero emissions options.	Zero emissions technology is unclear	Understand and implement sustainable zero emissions technology
<b>Increase service frequency and connectivity (Policy 1.3)</b>	Insufficient facility capacity at terminals and garage making it challenging to expand services	Potential to expand space, fleet and consequently services.	Implement the Long-Range Plan -Increase facility capacity, -expand terminal space, -grow fleet size
<b>Increased customer satisfaction (Policy 1.4)</b>	Currently have high customer satisfaction however, due to reduced ridership, TheRide would like to find ways to retain and attract new ridership	Opportunity to attract and retain ridership	Campaign to rebuild ridership, improve service comfort and reliability by replacing aging vehicles, continuing safety practices
<b>Support and credibility in the Community (1.5)</b>	TheRide enjoys support from our Communities. The Aug 2022 Passed.	N/A	N/A

### KEY TAKEAWAYS from the GAP analysis.

1. Implementation of the Long-Range Plan will not only provide for better transit options but also further the desired end results.

### 3. Strategic Planning Criteria

The Board's policies outline desired outcomes/goals and operational expectations. It is up to the CEO and staff to recommend initiatives, projects, and expenditures that will make progress in achieving the goals identified by the Board. Staff seeks public and stakeholder input, as well as advice from the Board, as they develop these recommendations. To be effective stewards of resources, TheRide prioritizes initiatives by considering the following.

- **Organizational Alignment:** Does the initiative help to advance the Board's desired outcomes? Does it mesh with what we do, for whom and at what cost? Are we focusing our energy on future goals, or reacting and spreading ourselves too thin? Are they in line with our values and business principles?
- **Roles:** Is the initiative within TheRide's legal mandate, or is it the responsibility of another group? Do we have direct control, or can we only influence others? Is the idea more appropriate for another organization? Is partnering a possibility?
- **Risks:** What risks does the initiative pose now or in the future? Are the risks acceptable?
- **Tradeoffs and Affordability:** Is this a beneficial use of limited funding or time (cost/benefit, ROI, etc.)? What trade-offs are implicit or not immediately obvious?
- **Capacity:** Does TheRide have the expertise or resources to pursue the initiative now or in the future?
- **Sequence and Readiness:** How ready is the initiative to proceed? Do other steps logically need to come first? Is there a risk of proceeding too soon? What are the impacts of deferral? Is this urgent to us and our goals, or someone else?
- **Public Commitment:** Have we committed to this project publicly? Within what timeframe? Are other external stakeholders involved in the execution of this project and to what extent?
- **External impact and influence vs. internal capacity and capabilities:** The Strengths, Weaknesses, Opportunities and Challenges/Threats (SWOT) analysis detailed in Appendix 2A; and the Political, Environmental, Social, Technological, Legal/Governance and Economical factors (PESTLE) analysis detailed in Appendix 2B Priorities and Initiatives allow the agency to make and prioritize decisions based on a reasonable balance between internal capacity and external influences.

## CEO Report

**Meeting: Board of Directors**

**Meeting Date: March 16, 2023**

**INFORMATION TYPE**

Other

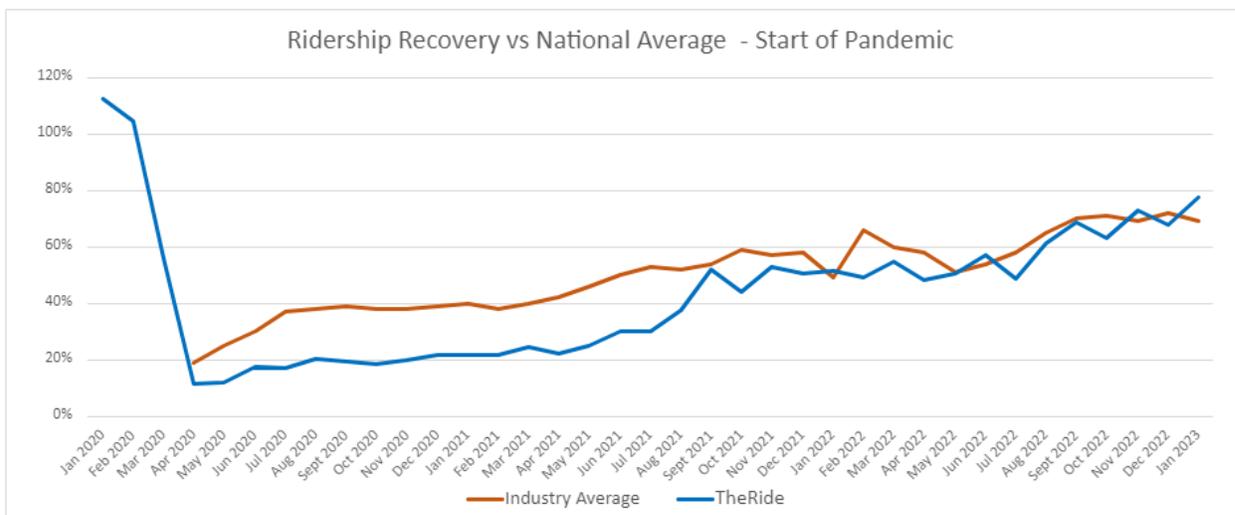
**OPERATIONAL AND PROJECT UPDATES**

**WINTER STORM SERVICE**

TheRide is proud of the team’s ability to operate service during both the ice storm and snow storms on February 22 and March 3. Thank you to our Operations, Fleet and Facility teams who worked diligently to provide safe, reliable service. TheRide did experience power outages during both storms at the Dawn Gabay Operations Center, which caused the building to be closed to customers February 22 – 24.

**RIDERSHIP (Fixed-Route)**

Ridership is continuing to recover, as people return to work and school. January 2023 had the highest ridership recovery since the onset of the pandemic, 77% of the same month in 2019.



**TEXT MY BUS SIGNAGE**

TheRide’s facilities team continues to install new route signs at bus stops that include information on TheRide’s Text My Bus real-time tools. The signs include a QR Code for bus stop look up and information about how to text to see when your bus will arrive at your stop. Installation is at approximately 45% complete.

**LOCAL ADVISORY COMMITTEE (LAC)**

The Local Advisory Committee met in February and were introduced to the new Deputy CEO, Operations – George Brooks. AAATA Board Chair, Kathleen Mozak provided a board update to the committee. Committee members inquired about YTC expansion updates and were

provided updates and information on the planning process. The committee also inquired about AAATA staffing levels.

### **TRANSPORTATION COMMISSION (ANN ARBOR)**

Staff continues to attend the City of Ann Arbor Transportation Commission meetings. At the February meeting, the 2022 Annual Report was approved. The 2024 Policy Agenda Recommendations were approved, which will be available at [a2gov.org](http://a2gov.org) for viewing. City staff discussed several road projects for the upcoming 2023 construction season. These projects will include pedestrian facility enhancements, making it easier and safer for passengers to reach AAATA buses. City staff also debuted a new online street pavement condition tracking system, available at [a2gov.org](http://a2gov.org).

### **WATS POLICY COMMITTEE UPDATE**

The WATS Policy Committee met in February and conducted routine business including receiving information on traffic crash statistics, annual work planning, and began discussion on the regional transportation a plan – an aspiration transportation planning document.

### **PITTSFIELD CHARTER TOWNSHIP UPDATE**

TheRide learned on March 8, that after four consecutive terms as Supervisor, and almost two decades in elected office, Dr. Mandy Grewal will not be seeking re-election as Pittsfield Township Supervisor in 2024. Dr. Grewal will complete her existing term. TheRide thanks Dr. Grewal for her dedication to her community and support of public transit in the greater Ann Arbor-Ypsilanti area and wish her well in the future.

### **EMPLOYEE ENGAGEMENT**

TheRide is planning to issue an annual survey to employees in March.

TheRide has re-introduced the Biggest Loser Challenge, which will run February 28 – May 16. This is the first year the challenge returns post-pandemic, and encourages employees to have healthy lifestyles and to establish patterns that can continue long after the challenge ends.

TheRide is re-introducing its Wellness Committee to establish ideas to provide health-minded materials and events all year long. The committee will hold its first meeting in the coming weeks.

Transit Employee Appreciation Day through APTA is March 18. TheRide is in the planning stages of this initiative.

An initiative is being planned for Mental Health Awareness Month, which takes place in May.

### **EMPLOYEE SAFETY**

As an ongoing effort to continually make employee safety a priority, Active Shooter Training is being scheduled for May.

### **STAFFING UPDATE**

8 Motor Coach Operators (MCO) are anticipated to graduate training in March. Recruitment is ongoing for Finance Manager, Manager of Public Affairs and Engagement, and an Executive Administrative Assistant.

## **LONG RANGE PLAN STATUS UPDATES**

The CEO is beginning to align agency resources and planning towards implementation of the Long-Range Plan approved by the Board in my 2022. Project updates and notable movements will be listed in the following section:

### **2022 MILLAGE SERVICES**

The new service promised by the 2022 millage will begin as planned in August 2024. Planning-related preparations continue for the 2024 millage services. Service information will be available for public review in October 2023, with implementation of most services scheduled for August 2024.

### **YPSILANTI TRANSIT CENTER**

Staff are working to recruit a consulting firm to conduct planning work in April.

### **BLAKE TRANSIT CENTER EXPANSION**

TheRide continues to work with the Ann Arbor Housing Commission and City staff on the joint development of the old Y-Lot site adjacent to the BTC. Plans and agreements between the partners have not changed and the project is making steady if slow progress. Recent increases in federal interest rates will likely impact the economics of the project and work with future private sector partners. It is too early to understand the full implications of those changes.

### **WASHTENAW AVENUE PLANNING STUDY**

The Michigan DOT conducted public input sessions on March 4 related to their study for Washtenaw Ave from Ypsilanti to the boarder with Ann Arbor.

### **BUS PROPULSION**

Staff are transitioning project management responsibilities internally and continue to meet with City of Ann Arbor staff regarding planning and zoning approval considerations.

## Financial Consulting Services Contracts

**Board Meeting Review Date: March 16, 2023**

<b>INFORMATION TYPE:</b>
Decision
<b>RECOMMENDED ACTION(S):</b>
That the Board authorize contractual expenses for financial services beyond the CEO's authority of \$250,000 to maintain financial operations.
<b>ISSUE SUMMARY:</b>
Policy 2.5.6 and sub-policy 2.5.6.1 of the AAATA Board Policy Manual states that the CEO shall not authorize contracts not anticipated in the current budget with a value greater than \$250,000 or split purchases or contracts into smaller amounts in order to avoid the above limit.
<b>BACKGROUND:</b>
<p>In November 2022, in the middle of fiscal year-end close, the AAATA Finance Department experienced sudden and immediate loss of key staff that coincided with two other vacancies related to staff turnover, leaving the department short handed during critical periods, such as the FY2022 financial year-end close process, and at critical year-end reporting requirements to federal and state agencies. Even routine processes such as payroll have been impacted.</p> <p>To address the staffing needs of the department the CFO has been heavily involved personally in directly managing the department while beginning recruitment of the vacant positions. She has also utilized private companies to supply temporary staffing to assist in maintaining financial operations and complete statutory reporting for the Federal Transit Administration (FTA) and Michigan Department of Transportation (MDOT).</p> <p>The outside financial consulting services have been extremely important and have allowed the agency to maintain financial operations and compliance with regulatory requirements. It is expected that financial consulting services will continue to be necessary to support the finance department during the recovery and rebuilding phases, which will take several more months. While some financial consulting services were included in the FY2023 budget, they have been used much more heavily than anticipated. We expect final costs will exceed the CEO's \$250,000 signing authority for unanticipated contracts.</p> <p>Although the contracts were not in the budget, expenses for financial consulting services are partially offset by the vacancies of budgeted staff. Costs incurred for</p>

financial consulting services will not cause an increase in Operating Expenses as approved by the Board in the FY2023 Operating Budget. Once permanent staff are hired and trained, it will not longer be necessary to incur additional costs for the supplementary financial support services.

**IMPACTS OF RECOMMENDED ACTION(S):**

Authorizing the continued use of financial services contracts provides essential financial consulting services to maintain financial operations and regulatory reporting requirements. Staff is required to maintain critical financial operations, such as payroll, and operational and grant accounting, at an acceptable service level to the agency. Maintaining compliance with regulatory requirements is essential to maintaining eligibility for critical federal and state funding. Absence of this temporary staffing support could jeopardize compliance with Board policies regarding financial planning, financial conditions and activities, or treatment of staff.