

Board of Director's Meeting Agenda

Meeting Date/Time: May 18, 2023 - 6:30 – 9:00pm

Members: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Elisabeth Gerber, 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 #
1. OPENING ITEMS			
1.1 Approve Agenda	D	Mozak	
1.2 Public Comment	O		
1.3 General Announcements	O		
2. CONSENT AGENDA			
2.1 Board Meeting Minutes March 16, 2023	D		3
2.2 Retreat Minutes April 26, 2023	D		9
2.3 Committee Meeting Summaries	D		12
2.4 Investment Account Access Authorizations	D		25
3. SPECIAL ITEMS			
3.1 Audit Presentation	D	Reed / UHY	28
4. OWNERSHIP LINKAGE			
4.1 Ownership Linkage Task Force Updates	O	Chang	Verbal
5. MONITORING			
5.1 Monitoring Task Force Update	O	Allemang	35
5.2 Cash & Investments (2.6)	M	Reed	37
5.3 Communications & Support to the Board (2.9)	M	Carpenter	51
5.4 Governance Process Policies (3.5-3.8)	M	Mozak	78
6. POLICY			
6.1 Follow up: Reasonableness and Policy 1.1.1	O	Miller	90
7. BOARD EDUCATION/DISCUSSION			
8. OPERATIONAL UPDATES			
8.1 Business Plan	O	Carpenter	95
8.2 Budget Timeline	O	Reed	97
8.3 Q2 Financial Report	O	Reed	99
8.4 Title VI Preview	O	Yang / Carpenter	103
8.5 CEO Report	O	Carpenter	105
9. EMERGENT ITEMS			
10. CLOSING ITEMS			
10.1 Action Item Recap	O	Carpenter / Holt	
10.2 Topics for Next Meetings Financial Conditions (2.5) Q2 Service Report Governance Process Policies (3.0-3.4) Asset Protection (2.7) Policy Development: Review of 2.1		Thursday, June 22, 2023	
10.3 Public Comment	O		
10.4 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 3.1.3 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: 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

Location: Ann Arbor District Library (4th Floor)
Virtual attendance available via Zoom

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

Agenda Item
1. OPENING ITEMS
<p>1.1 Approve Agenda</p> <p>Mr. Carpenter shared that under item 1.3 Mr. Brooks would be providing an update on I-94 operational challenges and an addition under section 7 of an update about recent advocacy trips to Lansing and Washington, DC.</p> <p>Ms. Pollay motioned to approve the agenda with changes noted, seconded by Mr. Barr.</p> <p>All in favor of approving the agenda:</p> <ul style="list-style-type: none"> Mr. Mike Allemang: Yes (Attending Virtually) Mr. Chris Allen: Yes Mr. Simi Barr: Yes Mr. Rich Chang: Yes Mr. Jesse Miller: Yes Ms. Susan Pollay: Yes Chairwoman Kathleen Mozak: Yes <p>The approval of the agenda passed unanimously.</p> <p>1.2 Public Comment</p> <p>No Public Commenters.</p> <p>1.3 General Announcement</p> <p>Mr. Brooks provides the board with an operational update related to the I-94 / Liberty Road bridge accident and temporary route detours. Mr. Miller asked if any real time updates on this temporary route change could be provided to customers – Mr. Brooks will be looking into that inquiry.</p>
2. CONSENT AGENDA
<p>2.1 Board Meeting Minutes February 16, 2023</p> <p>2.2 Committee Meeting Summaries</p>

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

All in favor of approving the Consent Agenda:

Mr. Mike Allemang: Yes (Attending Virtually)
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Chairwoman Kathleen Mozak: Yes

The approval of Consent Agenda passed unanimously.

3. OWNERSHIP LINKAGE

3.1 OLTF Updates

Mr. Chang shared with the board that each committee would be receiving an email of the draft correspondence for input / suggestions.

4. MONITORING

4.1 Monitoring Report Task Force Update

Ms. Mozak briefly shared that the Legal Procurement Task Force has been formed and two more volunteers are needed for the Governance Procurement Task Force.

Mr. Allemang shared that the task force has been working on recommended changes to Appendix A as outlined in the board packet ([pg.17](#)). The proposed changes involve monitoring frequency / review month for several policies and reports as well as splitting up the review of policy 4.0-4.8. The topic of reviewing policies is next on the task force agenda.

Mr. Allemang motioned to adopt the changes to Appendix A of the Board Policy Manual, seconded by Mr. Chang.

All in favor of adopting the recommended changes to Appendix A of the Board Policy Manual:

Mr. Mike Allemang: Yes (Attending Virtually)
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Chairwoman Kathleen Mozak: Yes

The motion to adopt the changes to Appendix A of the Board Policy Manual was passed unanimously.

Adopted changes will be added to the Policy Governance Manual.

4.2 Board Management Delegation Policies

Chairwoman Mozak introduced the Management Delegation policies survey results for discussion. She noted that the survey was an annual self-monitoring for the board as they reflect on the work they've done and if there are areas of improvement needed.

Board members discussed how more clarifying language would be helpful when reviewing this self-monitoring policy. Chairwoman Mozak suggested that language clarification might be addressed by the monitoring task force. They also discussed areas of improvement and overall felt the board was working and growing well together.

4.3 Audit Update

Ms. Reed provided an update on the timeline for the completion of the FY 2022 audit report. The auditors are working to finish the final review in time for the end of March state submission deadline. The state does not require board approval of the audit, therefore the audit findings will be presented at the end of the month to the Audit Task Force, at the April Finance Committee meeting and then the April Board Meeting.

5. POLICY

5.1 Recommended Changes to Construction Policy

Mr. Allemang shared proposed changes to wording in Policy 2.10.1 (formerly 2.11.1) – removing the word “grant” and replacing with “funding” and 3.7.2a which deleted existing language and replaced with clearer parameters of emergent time-sensitive decisions by Executive Committee ([pg.24](#)) that may occasionally occur between board meetings.

Mr. Allemang motioned to adopt the recommended changes to Policies 2.10.1 and 3.7.2a, seconded by Mr. Barr.

All in favor of adopting the recommended changes to Policies 2.10.1 and 3.7.2a:

Mr. Mike Allemang: Yes (Attending Virtually)
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Chairwoman Kathleen Mozak: Yes

The motion to adopt the recommended changes to Policies 2.10.1 and 3.7.2a was accepted unanimously.

Adopted changes will be added to the Policy Governance Manual.

6. BOARD EDUCATION/DISCUSSION

6.1 Feedback on Ends Monitoring Policy Discussion

Governance Coach Rose Mercier provided the board with feedback from the February Board Meeting discussion of Ends monitoring. That discussion had been focused on verifiable evidence and the interpretation of reasonableness as it specifically related to Policy 1.1.1. She was able to review the board meeting video and provided coaching advice for more productive monitoring discussions. The board was able to discuss areas of reasonableness in the CEO’s interpretations and determined the Service Committee will review the policy wording to see if changes need to be made.

7. OPERATIONAL UPDATES

7.1 Advocacy Trips

Mr. Carpenter provided an overview of two transit advocacy conferences he and several board members attended in March. He and Chairwoman Mozak and Mr. Chang attended the MPTA Legislative Conference in Lansing March 7th and 8th and he and Ms. Reed, Ms. Pollay and Mr. Miller attended the APTA Conference in Washington DC March 12th-15th. Conference attendees shared positive experiences meeting with other transit authorities and government officials. Mr. Carpenter concluded the discussion by saying both trips were successful and he hopes to continue to include board members in future advocacy trips.

7.2 Business Plan

Ms. Njuki presented a draft of the FY 2024 Corporate Business Plan. The CBP provides an operating work plan and capital project plan with projects/initiatives that assist to guide the budget formation process. She finished her presentation and stated that the public could use the website address to provide feedback while board members were encouraged to email her directly.

7.3 Propulsion Follow-Up

Mr. Carpenter shared that Propulsion work is being transitioned to the Fleet Manager, Mr. Lundquist. He noted that the next phase will include discussions about building codes and safety related to propulsion technologies. He also stated that he has made a commitment to fleet staff that he will not make a recommendation without their input as any changes have the greatest impact to fleet services staff. He also noted that the recent ice storms and power outages highlighted energy vulnerabilities and had reinforced his decision to take additional time with this process.

7.4 CEO Report

Mr. Carpenter provided updates from the report and highlighted that ridership continues to recover and noted that March 18th is National Transit Employee Appreciation Day. He also shared that earlier in the day he had participated in the Washtenaw County Healthy Aging Collaborative Senior Transportation Summit which allowed for collaborative discussions between area residents and local agencies.

7.3.1 Financial Consulting Services Contracts

Ms. Reed shared developments in the hiring process for several key positions within the finance department. Due to reduced staffing contractual services have been used to support the finance department. The filling of those positions has taken longer than anticipated and Ms. Reed is requesting board approval to authorize the use of those contractual services should they extend beyond the originally budgeted amount of \$250k.

Board members requested clarification of the extent of time it will take to fill the positions and the expected amount of overage for the contractual services. While Ms. Reed does not have exact details she shared that any overages would not negatively impact the budget and anticipates the services will only be needed through FY 2023. Board members expressed support in taking the time to hire the right staff.

Mr. Miller motioned to authorize contractual expenses for financial services beyond the CEO's authority of \$250k to maintain financial operations for the remainder of FY23 with a report to be given as a part of quarterly financials, seconded by Ms. Pollay:

All in favor of authorizing contractual expenses for financial services beyond the CEO's authority of \$250k to maintain financial operations for the remainder of FY23 with a report to be given as a part of quarterly financials:

Mr. Mike Allemang: Yes (Attending Virtually)
Mr. Chris Allen: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Chairwoman Kathleen Mozak: Yes

The motion to authorize contractual expenses for financial services beyond the CEO's authority of \$250k to maintain financial operations for the remainder of FY23 with a report to be given as a part of quarterly financials was accepted unanimously.

Mr. Barr did not participate in the vote – he had briefly stepped out of the room

8. EMERGENT ITEMS

No emergent items were noted.

9. CLOSING ITEMS

9.1 Action Item Recap

Mr. Chang will be emailing a draft of the Ownership Linkage letter, two additional participants are needed for the Governance Procurement Task Force, the Board Policy Manual will be updated, board members will receive an updated copy in April, Policy 1.1.1 will be reviewed at the April Service Committee meeting and Corporate Business Plan feedback to be emailed by April 6th.

9.2 Topics for Next Meetings

Governance Process Policies (3.4-3.8)
Financial Conditions (2.5)
Cash & Investments (2.6)
Communications & Support to the Board (2.10)
Audit presentation

9.3 Public Comment

No Public Commenters

9.4 Adjournment

Chairwoman Mozak adjourned the meeting at 9:07pm.

Respectfully Submitted by Deborah Holt

Board of Director's Meeting Notes

Meeting Date/Time: April 20, 2023 6:30-9:00pm

The April 20, 2023 Board of Director's Meeting was cancelled.

No minutes.

Board of Director's Retreat Minutes

Meeting Date/Time: April 26, 2023, 1:30 – 4:00pm

Members: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Elisabeth Gerber, Susan Pollay, Kyra Sims

Location: Dawn Gabay Operations Center
Virtual attendance available via Zoom

Chairwoman Mozak called the retreat meeting to order at 1:30pm

Agenda Item
1. OPENING ITEMS
1.1 Approve Agenda
No changes were noted to the agenda.
Mr. Chang motioned to approve the agenda, seconded by Mr. Barr.
All in favor of approving the agenda:
Mr. Mike Allemang: Yes (Attending Virtually)
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Dr. Elisabeth Gerber: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes (Attending Virtually)
Ms. Kyra Sims
Chairwoman Kathleen Mozak: Yes
The approval of the agenda passed unanimously.
1.2 Public Comment
No Public Commenters.
1.3 General Announcements
Chairwoman Mozak announced that Mr. Miller had been reappointed to his board position by the City of Ypsilanti for another 5 years.

Chairwoman Mozak then introduced Dr. Elisabeth Gerber as a recently appointed board member representing the City of Ann Arbor.

Dr. Gerber thanked Board members for their welcome and shared her background and experience in public policy which led to her interest in joining the Board.

2. LEADING WITH WRITTEN POLICY

2.1 Intro and Purpose of Retreat

Ms. Rose Mercier, Policy Governance Coach, was introduced to the board. After outlining the purpose of the retreat she provided a presentation to coach the board in writing policy ([Board Packet, pg. 10](#)).

2.2 Four Areas of Policy

Ms. Mercier gave an overview of each area of policy – Ends, Executive Limitations, Board-Management Delegation and Governance Process – and discussed each of their purposes in relation to the work of the Board.

2.3 Policy Sizing

Ms. Mercier discussed policy development and sizing and the benefit of policy structure. She walked Board members through several exercises related to policy sizing.

2.4 Existing Policy Development Tools

Ms. Mercier shared several types of policy development tools for the Board to implement when reviewing and writing policies.

2.5 Small Group Exercises and Recap

Ms. Mercier placed Board members in groups of 3 and assigned them each a policy to review and discuss with a ½ hour time allotment. After their small group exercise, they rejoined and shared questions and insight into how they might write policy.

2.6 Closing / Next Steps

Board members provided feedback on the topics discussed and insight into how they might implement them into the annual plan of work with policy review.

3. CLOSING ITEMS

3.1 Public Comment

No Public Commenters.

3.2 Adjournment

Ms. Sims motioned to adjourn the retreat meeting, seconded by Mr. Allen.

All in favor of adjourning the retreat meeting:

Mr. Mike Allemang: Yes (Attending Virtually)

Mr. Chris Allen: Yes

Mr. Simi Barr: Yes

Mr. Rich Chang: Yes

Dr. Elisabeth Gerber: Yes

Mr. Jesse Miller: Yes

Ms. Susan Pollay: Yes (Attending Virtually)

Ms. Kyra Sims

Chairwoman Kathleen Mozak: Yes

The retreat meeting adjourned at 4:07pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

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

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

Staff: Matt Carpenter, Forest Yang, George Brooks, Dina Reed, Deb Holt

Location: REMOTE – Via Zoom

Chairwoman Mozak started the meeting at 9:04 am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval) Chairwoman Mozak requested 2.6 be removed from the agenda for later discussion with the other 2 Executive Team members. An addition of 3.1 Equity Discussion was added.</p> <p>1.2 Communications Chairwoman Mozak reminded the Executive Team to send updates/input on the Corporate Business Plan (shared at the Board meeting) to Ms. Njuki directly. She also shared that she, Mr. Carpenter and Mr. Chang had a lunch meeting with Representative Jason Morgan.</p>
<p>2. BOARD DEVELOPMENT</p> <p>2.1 Board Member Recruitment (Verbal) Chairwoman Mozak shared a brief update on the status of the vacant board position – as of yet, the City of Ann Arbor had not made an appointment.</p> <p>2.2 Task Force Coordination (Audit, Monitoring, OLTF, Procurement) Chairwoman Mozak noted that the Audit Task Force would be meeting next week for an audit preview. The Monitoring Task Force continues to meet monthly – the next meeting will be in April. Mr. Miller shared that a new OLTF draft message was recently sent out for the board to review and discussions are underway to determine if additional board members would like to participate. The Governance Procurement Task Force is still being formed (Mozak, Pollay) - 1-2 additional board members are needed. The Legal Procurement Task Force has also been created (Allemang, Sims, Allen, Barr) . There is also a current discussion of the potential formation of a Sustainability Task Force.</p> <p>2.3 Officer Roles (Secretary) Chairwoman Mozak updated the committee on the status of this agenda item – Mr. Carpenter had been in touch with legal counsel on the specifics of the role of Board Secretary and would follow up and share updates at the next meeting.</p>

2.4 April 26 Retreat (Policy Development)

Mr. Carpenter shared with the committee on planning and development for the upcoming Policy Development Retreat – Governance Coach Rose Mercier will be facilitating. A draft agenda is in progress and will be shared in the next few weeks for feedback.

2.5 Committee Agendas

The committee discussed upcoming agendas. Mr. Miller requested the OLTF agenda item be removed from the Service Committee agenda – no other changes noted. Mr. Allemang approved the draft Finance Committee agenda noting there were no additions or changes to be made. Chairwoman Mozak had updates for the Board Meeting agenda – removal of External Relations 2.9 (no longer exists), Financial and Service Reports are for Q2, not Q3 with the Service Report being moved to June according to a recent update to the Appendix A report schedule. Mr. Carpenter shared that the closed session item on the agenda was a placeholder as information for that discussion was not yet confirmed.

~~2.6 CEO Evaluation Update~~

3. POLICY MONITORING & DEVELOPMENT

3.1 Equity Discussion

Mr. Carpenter shared that the board had expressed interest in a retreat focused on equity. The committee discussed the broad nature of the topic and explored ideas for a retreat.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Audit Update (Verbal)

Ms. Reed updated the committee on the status of the audit report – the auditors were in a final review and a final report is expected soon. Once received it will be sent to the Audit Task Force for review prior to their meeting next week. State filing will be by the end of the Month, the audit will go to the April Finance Committee meeting, then be presented at the Board Meeting.

4.2 PTASP Updates

Mr. Carpenter provided a brief update to the committee on the Safety Plan.

5. CLOSING ITEMS

5.1 Action Item Recap

The appointment of a board member through the City of AA will continue to be monitored. Service Meeting agenda change – removal of OLTF. Finance Committee agenda approved. Board Meeting agenda changes – Remove 2.9, Update Service & Financial reports to Q2, move Service report to June, audit report is forthcoming.

5.2 Topics for Next Meeting

- Governance Process Policies (3.4-.3.8)
- Board self-evaluation discussion
- Officer Roles

5.3 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 10:50 am.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: April 27, 2023 – 9:00-11:00am

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

Staff: Matt Carpenter, Forest Yang, Dina Reed, Rosa-Maria Njuki, Deb Holt

Location: REMOTE – Via Zoom

Ms. Mozak started the meeting at 9:01am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>Mr. Miller requested an addition of Night Ride / Flex Ride under Strategy & Operational Updates – will be 4.1 and other items will be moved down. Mr. Carpenter requested moving other items with a switch of (now) 4.2 and 4.3. No other additions were noted, and the agenda was approved</p> <p>1.2 Communications</p> <p>No additional communications were shared.</p>
<p>2. BOARD DEVELOPMENT</p> <p>2.1 Board Member Recruitment (Verbal)</p> <p>The Governance Committee discussed recent vacancies and appointments on the board.</p> <p>2.2 Task Force Coordination (Audit, Monitoring, OLTF, Procurement)</p> <p>Audit Task force has wrapped up their work – audit will be presented at the May Board meeting. The monitoring task force has no new updates. OLTF will be presenting information at the May Board meeting. The Procurement task force meetings are underway, and Ms. Mozak noted the Governance Procurement task force needed additional members.</p> <p>2.3 Committee Agendas</p> <p>Mr. Miller noted that while there were no discussion items for the May Service Committee Agenda, there were strategy/operational updates (Safety Plan and Real Estate) to be shared with the committee along with policy review for 2.1 Treatment of the Traveling Public. Mr. Allemang discussed the impact of monitoring reports if the April Board meeting couldn't be rescheduled but no additions were made to the agenda.</p>

On the Board meeting agenda, the meeting minutes would be from the March meeting and now include the retreat agenda. Mr. Carpenter and Ms. Mozak will be working on an updated agenda together and will send a recommendation to the other Governance Committee members to review.

2.4 CEO Evaluation Update

Ms. Mozak shared that an evaluation will be sent out from BoardSource for the Board to complete over the next few weeks. She also noted that the evaluation process will need to be reviewed to better align with Policy Governance.

2.5 Costs of Governance / Board Budget

It was noted during a policy monitoring survey that the board budget related to governance and board development receives no additional discussion during the budget process. Mr. Allemang requested this be added to the Governance Committee agenda in May for discussion and review along with an issue brief with a history of the cost center and the expenditures.

3. POLICY MONITORING & DEVELOPMENT

3.1 Governance Process Policies (3.4-3.8)

The committee discussed the survey results for Governance Process Policies (3.4-3.8). It was noted that the ordering of the survey was confusing and will be reviewed.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Night Ride / Flex Ride

Mr. Miller shared a recent experience with Night Ride and service rejection and requested the information on denial rates for those services be included in the quarterly service reports.

4.2 Outside Requests: Climate & Real Estate

Mr. Carpenter shared two recent communications from a local advocacy group regarding climate initiatives and a real estate support request.

4.3 Equity Retreat and Title VI Plan

Mr. Carpenter discussed upcoming plans for the Board's next retreat which will be on equity – an agenda is still in process. He also shared that the Title VI Plan needs to be updated.

4.4 Safety Plan Updates

Mr. Carpenter provided a brief update to the committee on the Safety Plan.

5. CLOSING ITEMS

5.1 Action Item Recap

Mr. Carpenter noted that the May board meeting agenda will be updated and sent to the governance committee for consideration, staff will review formatting for the survey for the Governance Process Policies. Flex ride information will also be added to the quarterly report.

5.2 Topics for Next Meeting

Governance Process Policies (3.0-3.4)

Governance Cost Center discussion

5.3 Adjournment

Ms. Mozak thanked the committee and staff and adjourned the meeting at 11:07 am.

Respectfully submitted by Deborah Holt

DRAFT

Service Committee Meeting Note

Meeting Date/Time: April 4, 2023, 9:00-11:00am

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

Staff: Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Robert Williams, Rosa-Maria Njuki, Deb Holt

Location: REMOTE – Via Zoom

Mr. Miller called the meeting to order at 9:05 am

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes noted to the agenda.</p> <p>1.2 Communications</p> <p>Mr. Carpenter shared that the City of Ann Arbor had put forth a nomination to City Council for consideration for the vacant board position. Approval may take place later in the month.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Policy 1.1.1 Discussion</p> <p>Mr. Carpenter introduced further evidence in support of Policy 1.1.1 at the request of the board for clarity and education on the evidence presented on this policy. He had provided 4 different options for consideration and discussion as further evidence to enhance the original monitoring report.</p> <p>The committee discussed the policy language and whether compliance is evidence or an interpretation. Mr. Carpenter also introduced further information that had been omitted in the original report – that Medicaid wasn't the only eligibility metric for enrollment in the Fare Deal program.</p> <p>Mr. Carpenter and Mr. Williams (Mobility Manager) provided the committee with an overview of the fare deal program.</p> <p>Mr. Miller will be proving the board with an update on the Policy 1.1.1 discussion and requested that the issue brief (that had been shared with the committee) be included in the board packet.</p>

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Safety Plan Updates

Mr. Carpenter provided a brief update to the committee on the Safety Plan.

4. CLOSING ITEMS

4.1 Action Item Recap

Mr. Carpenter noted that an update on the discussion of Policy 1.1.1 will be included in the board packet.

Mr. Chang provided the committee with a brief OLTF update.

4.2 Topics for Next Meeting

No topics at this time, but Mr. Miller noted that the Board meeting may bring up items of discussion for the May meeting.

4.3 Adjournment

Mr. Miller thanked the committee and staff and adjourned the meeting at 10:30 am.

Respectfully Submitted by Deborah Holt

Service Committee Meeting Notes

Meeting Date/Time: May 2, 2023, 9:00-11:00am

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

Staff: Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Rosa-Maria Njuki, Deb Holt

Location: REMOTE – Via Zoom

Mr. Miller called the meeting to order at 9:02am

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes to the agenda were noted.</p> <p>1.2 Communications</p> <p>Mr. Brooks shared with the committee that a security incident had occurred at the Ypsilanti Transit Center the previous night. Mr. Carpenter will be sharing further communications with the Board.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Policy Development: Review of 2.1</p> <p>Mr. Miller shared coaching notes and suggestions on policy 2.1. The committee discussed the inclusion of bus stops within policy 2.1.1 in relation to ADA compliance and general accessibility to potential riders. The committee further discussed the expectations of the agency providing accessibility or advocating for accessibility at bus stops. The committee determined they would like to bring to the Board for consideration the suggested language revisions in 2.1.1, 2.1.3.1, 2.1.5.1 and 2.1.4. They will share with the Board that after discussion, they would like to leave 2.1.2 in place and disregard the coaching removal suggestion.</p>
3. STRATEGY & OPERATIONAL UPDATES: CEO
<p>3.1 PTASTP Updates</p> <p>Mr. Carpenter provided a brief update to the committee on the Safety Plan.</p> <p>3.2 Town Center Real Estate Update</p> <p>Mr. Carpenter shared with the committee an overview of an outside proposal for urban development in downtown Ann Arbor.</p>

4. CLOSING ITEMS

4.1 Action Item Recap

Mr. Carpenter noted that the suggested revisions noted after the review of Policy 2.1 will be included in the May Board packet.

4.2 Topics for Next Meeting

Q2 Service Report
Treatment of Staff (2.2)

4.3 Adjournment

Mr. Miller thanked the committee and staff and adjourned the meeting at 10:27am.

Respectfully Submitted by Deborah Holt

DRAFT

Finance Committee Meeting Notes

Meeting Date/Time: April 11, 2023, 3:00 – 5:00pm

Members: Mike Allemang (Chair/Treasurer), Kyra Sims, Chris Allen, Kathleen Mozak

Staff: Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Deb Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:00pm

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No changes to the agenda were noted.</p> <p>1.2 Communications</p> <p>Mr. Carpenter shared that the City of Ann Arbor had put forth a nomination to City Council for consideration for the vacant board position. Approval is expected to take place mid-May.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Audit Report</p> <p>Ms. Reed introduced guests Gen Mojares, Marlene Beach and Mike Santicchia, auditors from UHY. They presented the FY 2022 Audit report to the committee.</p> <p>2.2 Cash & Investments (2.6)</p> <p>After reviewing the monitoring report and survey results, the Finance Committee unanimously determined they will put forth a recommendation to the board that the policy be accepted as (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>The committee also discussed having Ms. Reed provide the Board with a brief educational update on the CDARS program as it relates to Policy 2.6.</p>
<p>3. STRATEGY AND OPERATIONAL UPDATES</p> <p>3.1 Safety Plan Updates</p> <p>Mr. Carpenter provided a brief update to the committee on the Safety Plan.</p>

4. CLOSING ITEMS

4.1 Action Item Recap

Policy 2.6 recommended action to the Board will be (A) with Ms. Reed providing CDARS educational information, Policy 2.5 will be presented at the May Finance Committee meeting.

4.2 Topics for Next Meetings

Q3 Financial Report
Financial Conditions (2.5)
Draft FY24 Budget Timeline

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:51pm.

Respectfully Submitted by Deborah Holt

DRAFT

Finance Committee Meeting Notes

Meeting Date/Time: May 9, 2023, 3:00 – 5:00pm

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

Staff: Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Vivi Nguyen, Deb Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:01 pm

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>Mr. Carpenter requested the addition of 3.4 which will be an American Rescue Plan update. No additional changes noted.</p> <p>1.2 Communications</p> <p>Ms. Reed introduced the new Finance Manager, Vivi Nguyen to the committee.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Q2 Financial Report</p> <p>Ms. Reed shared that revenues and expenses are on track for the 2nd quarter and operated within budget. There was a \$5.6 million surplus of revenue over expenses. Expenses were \$1.4 million lower than budget primarily due to unfilled staff positions and lower demand for budgeted services. The operating reserve is \$12.9 million, capital reserve is \$29.8 and insurance reserve is \$0.5 million. \$45.5 million in Federal pandemic relief revenues has been used to date. Cash flow for Q2 was \$8 million, resulting in \$42 million in cash and investments at quarter-end.</p>
<p>3. STRATEGY AND OPERATIONAL UPDATES</p> <p>3.1 FY24 Budget Timeline</p> <p>Ms. Reed provided the committee with the projected timeline for the FY24 budget process which will lead up to the final presentation for the Board to approve at the September Board Meeting.</p> <p>3.2 PTASP Updates</p> <p>Mr. Carpenter provided a brief update to the committee on the Safety Plan.</p>

3.3 Town Center Real Estate Update

Mr. Carpenter shared with the committee an overview of an outside proposal for urban development in downtown Ann Arbor.

3.4 American Rescue Plan Update

Mr. Carpenter provided an update to the committee regarding the American Rescue Plan as a part of Covid relief funding and potential impacts of the federal budget planning process.

4 CLOSING ITEMS

4.1 Action Item Recap

Q2 Financial report and Timeline will be added to the Board packet.

4.2 Topics for Next Meeting

Asset Protection (2.7)
Financial Conditions & Activities (2.5)
FY24 Budget Timeline Update

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:56pm.

Respectfully Submitted by Deborah Holt

Bank Signature Authorizations

Meeting: Board of Directors

Meeting Date: May 18, 2023

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

IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none">• Budgetary/Fiscal: Investments in Treasury Bills obtain higher yields while maintaining safety of principal and liquidity.• Social: N/A or other• Environmental: N/A or other• Governance: N/A or other
ATTACHMENTS
<ol style="list-style-type: none">1. Resolution 03/2023: Investment Account Access Authorizations

Resolution 02/2023

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

ANN ARBOR AREA TRANSPORTATION AUTHORITY #19-1110

I, hereby certify that the following Resolution was duly approved and adopted by the Board of Directors (herein after referred to as the Board) of the Ann Arbor Area Transportation Authority at a meeting held on May 18, 2023, at which a quorum was present and acting throughout.

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

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

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

Names(s)	_____	<u>Chief Executive Officer</u>
	Matthew Carpenter	Title
	_____	<u>Deputy CEO, Finance & Administration</u>
	Dina Reed	Title
	_____	<u>Deputy CEO, Operations</u>
	George Brooks	Title
	_____	<u>Finance Manager</u>
	Vivi Nguyen	Title

Kathleen M. Mozak, Chair
May 18, 2023

Jesse Miller
May 18, 2023

Audit Task Force / Audit Report

Meeting: Board of Directors

Meeting Date: May 18, 2023

RECOMMENDED ACTION(S):
By Motion, vote to receive for information the annual audit in support of policy 3.8.1.2.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Policy 2.5.3, “the CEO shall not ... receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor’s standards.” • Policy 2.5.4, “the CEO shall not ... compromise the independence of the Board’s audit ...”. • Policy 3.7.5 establishes the Board’s Audit Task Force to conduct the annual financial audit. • Representatives from UHY LLC (the auditors) and staff presented the results of the FY2022 Annual Audit to the Audit Task Force (task force) on March 29, 2023. The Audit Task Force included Board Members Kathleen Mozak, Kyra Sims, and Jesse Miller.
ISSUE SUMMARY:
Financial auditors have completed the audit for FY2022. In summary, financial statements present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of AAATA as of September 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. (Audit 2022, p. 1)
BACKGROUND:
<p>As indicated in the Summary of Auditor’s Results (Audit 2022, pp. 59-61), the auditors issued an “Unmodified” report, which is the highest rating for the audit. And, while they “do not express an opinion on the effectiveness of” internal controls (Audit 2022, pp. 52-53), they do report upon any material weaknesses or deficiencies they find in accounting, financial reporting, and internal controls. As indicated, there was one material weakness finding regarding the financial statements. The material weakness is a result of inadvertently omitting an adjusting entry for state operating assistance revenue prior to providing the trial balance (financial statements) to the auditors for review, primarily due to staff turnover. This was not a repeat finding, audited financial statements as presented are accurate, and controls are in place to prevent this from occurring in the future. Additionally, there were no deficiencies in internal control over compliance noted. A detailed explanation is provided in the audit report (Audit 2022, pp. 59-61).</p> <p>AAATA ended the year with favorable financial results, as presented in the financial statements of the audit report. Financial highlights for FY2022 compared to FY2021 are as follows (Audit 2022, pp. 4-5):</p> <ul style="list-style-type: none"> ○ Assets increased from the prior year by \$5.0 million (5.4%)

- Total net position increased by \$5.7 million (6.7%)
- Operating revenues increased by \$1.4 million (84.3%) due primarily to resuming full operations.
- Operating expenses increased \$10.7 million (22.8%) due primarily to resuming full operations.

IMPACTS OF RECOMMENDED ACTION(S):

- Budgetary/Fiscal: Demonstrates financial performance for FY2022.
- Governance: Supports Board in financial oversight/fiduciary responsibility.

ATTACHMENTS:

1. Auditor's Letter to the Board of Directors
2. Audited Financial Statements as of September 30, 2022 (separate document, not included in board packet)

March 29, 2023

Board of Directors
Ann Arbor Area Transportation Authority
Ann Arbor, MI

We have audited the financial statements of the business-type activities and the fiduciary activities of Ann Arbor Area Transportation Authority (the "Authority") for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 29, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Authority's financial statements was:

Management's estimate of the liability for other postemployment benefits is based on the Authority's actuarial valuation provided by a third-party actuary. We evaluated the key factors and assumptions used to develop the other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was:

The disclosure of other postemployment benefit liability in Note 15 to the financial statements, which outlines the actuarial assumptions.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered the following issues while performing the audit of the financial statements:

- As a result of turnover in certain key positions at the Authority, the start of our audit fieldwork was delayed until the first week of January 2023.
- During the course of the audit, the Authority continued to evaluate the accounts balances and as a result 10 client adjusting entries were made during the audit fieldwork.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule of proposed audit adjustment entries was corrected by management and has been included in the financial statements.

We have also attached a list of uncorrected misstatements during the audit. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements could potentially cause future-period financial statements to be materially misstated.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 29, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

Our responsibility with respect to information in a document does not extend beyond the financial information identified in our report. Therefore, we generally will not perform any procedures to corroborate other information contained in a document, with the exception of an Annual Report in accordance with SAS No. 137 "Auditor's responsibilities Relating to Other Information Included in Annual Report".

Effective for the year ended December 31, 2021, management is required to provide its Annual Report to the auditor, if the report is prepared. We are required to read other information in the annual report and consider whether a material inconsistency or misstatement of fact exists with the financial statements. We are not aware of any Annual Reports or equivalent reports which are or will be prepared by the Authority.

Board of Directors
Ann Arbor Area Transportation Authority
Ann Arbor, MI
Page Three

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and the required GASB 75 supplementary information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of revenue, schedule of operating expenses, schedule of expenditures of federal awards, schedule of expenditures of state awards, schedule of operating and contract expenditures, schedule of urban regular service revenues, schedule of urban regular service expenses, schedule of nonurban regular service revenues, schedule of nonurban regular service expenses, schedule of urban and nonurban regular service nonfinancial information, the schedule of operating assistance calculation, and the notes to the schedule of operating assistance calculation which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Schedule of Urban and Nonurban Regular Service Nonfinancial Information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Ann Arbor Area Transportation Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

UHY LLP

Proposed Adjusting Entries

Client: 0053839 - Ann Arbor Area Transportation Authority
 Engagement: 0053839 - Audit 2022
 Period Ending: 9/30/2022
 Trial Balance: 2030 - Government Fund Trial Balance
 Workpaper: Proposed Audit Adjusting Entries
 Fund Level: All
 Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 13				
Proposed audit JE related to property tax.				
990-102-200	Accounts Receivable - AA Taxes		370,693.00	44,938.00
400-503-006	Collection Fees			325,755.00
990-408-100	AA Property Tax Revenue			370,693.00
Total			<u><u>370,693.00</u></u>	<u><u>370,693.00</u></u>
Adjusting Journal Entries JE # 14				
Proposed audit JE related to state operating calculation				
990-411-100	State Formula Operating	2040.2; 4751	2,041,233.00	714,588.00
990-102-800	Accounts Receivable - State Operating			1,326,645.00
990-201-110	Accounts Payable-Prior year			2,041,233.00
Total			<u><u>2,041,233.00</u></u>	<u><u>2,041,233.00</u></u>
	Total Adjusting Journal Entries		<u><u>2,411,926.00</u></u>	<u><u>2,411,926.00</u></u>
	Total All Journal Entries		<u><u>2,411,926.00</u></u>	<u><u>2,411,926.00</u></u>

Uncorrected Misstatements

Unadjusted Audit Differences					
Financial Statement Effect - Amount of Over (Under) Statement of:					September 30, 2022
Description of unadjusted audit differences	Nature of Misstatement	Total Assets	Total Liabilities	Equity	Income
Current Year Misstatements					
1 Over accrual of compensated absences	(1) Factual	0	108,992	0	(108,992)
2 Over accrual of FICA and HCSP	[Select]	0	73,484	0	(73,484)
Income Tax Effect on Unadjusted Errors		0	182,476	0	(182,476)
Net Unadjusted Audit Differences - This Year		0	182,476	0	(182,476)
Effect of Unadjusted Audit Differences - Last Year					(118,441)
Net Unadjusted Audit Differences		0	182,476	0	(300,917)
Financial Totals		97,818,841	6,476,045	85,619,270	5,723,526
Percent of Financial Totals		0.00%	2.82%	0.00%	-5.26%

Monitoring Task Force Update

Board Meeting Date: May 18, 2023

INFORMATION TYPE
Other
RECOMMENDED ACTIONS
Board reviews and discusses recommended policy review process
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The Board struck up 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.
ISSUE SUMMARY
<p>The monitoring taskforce with the guidance of the Governance Coach has discussed a policy review process which includes</p> <ol style="list-style-type: none"> 1. The Board identify two or three policies to be reviewed each year 2. Review begins after a monitoring report is monitored and is led by the Committee scheduled in Appendix A given the committee’s familiarity with a policy’s content. 3. Minor edits were recommended to occur annually and an extensive review of the same policy be conducted in 2025. <p>See meeting notes for more information.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Governance: Significant. Refinements of the Board monitoring and policy development processes.
ATTACHMENTS
<ol style="list-style-type: none"> 1. Meeting minutes.

Monitoring report taskforce meeting minutes

Date: Apr 6, 2023.

Below is the summary of the Task Force's meeting on the subject of policy content review:

1. The Task Force is suggesting that two or three policies be identified for content review each year. This allows for a committee's initial review, review by the board and any additional suggestions be forwarded to the committee for further consideration. The final suggested changes would then be submitted to the Board for approval.
2. Ideally the review would begin following the monitoring report for a policy. The goal is to complete policy content review in sufficient time for the subsequent monitoring report to consider any changes to the policy.
3. For the immediate future, the Task Force is suggesting that the following policies be the subject of content review in the period up to October 31st.
 - a) EL-2.1 Treatment of the Traveling Public – rationale: it is an area of visible risk and there are some “means” statements that are worthwhile reviewing. The Service Committee would be responsible for this review.
 - b) EL-2.4 Financial Planning /EL-2.8 Emergency CEO Succession – rationale: a more contemporary approach to this policy is to broaden its scope to include organizational planning. In doing so, it is possible to incorporate what I refer to as the ‘orphan’ policy 2.8 and may create scope to address the discussion around values of sustainability. The Governance Committee would initially review EL-2.8 within the context of an expanded scope of planning. The Financial Committee would review EL-2.4 and then look to incorporate feedback from the Governance Committee.
4. This doesn't preclude the Board choosing to initiate a content review of another policy due to emerging considerations or CEO recommendation.
5. The policies to be reviewed in the next fiscal year would be identified in November of each year.
6. The monitoring schedule indicates which committee is to do complete the initial review of a monitoring report. Given the committee's familiarity with a policy's content, that same committee will be asked to lead the policy review for Executive Limitations policies. Ends policy content review will be the responsibility of the Board.
7. Ends policies are reviewed annually in December. The annual review is likely to result in minor changes. The Task Force discussed the value of working towards a more substantial Ends policies review. The last “substantial” review was in June 2019 in a full day workshop. The likely timing of another similar review would be 2025.
8. The AAATA's fiscal year is October 1 to September 31 the following Calendar Year. The monitoring schedule is set according to the calendar year. Rose Mercier pointed out that there is no need for the monitoring scheduled to be based on a calendar year and could be reset so that it corresponds with the fiscal year. The key to scheduling monitoring is to place it at the time when data required for evidence is available; for example, Financial Conditions and Activities is best monitoring after the end of the fiscal year and completion of the auditor's report, and Financial Planning should be done coincidental to the presentation of the budget. Other calendar anomalies were discussed including the timing of CEO evaluation (February) and compensation comparable (October)

**Monitoring Report:
Cash and Investments (Policy 2.6)
Monitoring Period: July 2022 – December 2022**

**Finance Committee Meeting Review Date: April 11, 2023
Board of Directors Meeting Review Date: May 18, 2023**

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>After reviewing the monitoring report and survey results at the April 11, 2023 Finance Committee Meeting, the committee unanimously recommends that the Board accept this this monitoring report as (A):</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(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 item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.is making reasonable progress towards compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)

ISSUE SUMMARY

TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

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

I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.

CEO’s Signature



Date

4/6/2023

ATTACHMENTS

1. Monitoring report for Cash and Investments (Policy 2.6)

Table of Contents

POLICY TITLE: CASH AND INVESTMENTS	Page#	Compliance
2.6 The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board’s investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	4	
2.6.1 Hold AAATA operating cash or surplus capital in insecure instruments, including federally uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.	5	
2.6.2 Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to state and federal laws, including Michigan PA 20 of 1943.	6	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.6

The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board's investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing.

Degree of Compliance: Compliant

Evidence

Compliance for this policy will be demonstrated when compliance with policies 2.6.1 and 2.6.2 are achieved.

POLICY 2.6.1

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Hold AAATA operating cash or surplus capital in insecure instruments, including federally uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

I interpret this policy to apply to the agency’s approach to short-term cash management. I further interpret this to mean that agency funds should be kept safe to protect the agency and customers from loss and organization instability, while at the same time maintaining adequate liquidity to transact normal business and generate some degree of investment return. However, safety is the priority not investment returns, and we consequently have a low risk tolerance for investments.

Compliance with this policy will be demonstrated when statements for all accounts from the most recent financial quarter illustrate that all funds held in checking and money market savings accounts:

1. Are held in accounts that are Federal Deposit Insurance Corporation (FDIC) insured and at banking institutions where all accounts are FDIC insured up to \$250,000, and
2. That deposit accounts generate interest.

I further interpret this policy to allow funds to be unsecured and not generate revenue if liquidity and cash-flow needs require them for transactions such as payroll.

Rationales

This is a reasonable interpretation because:

- A. Account statements are legally required tallies of each account produced by the institution. Account statements are generated by the financial institution (not AAATA staff), reflect all cash transactions in reported accounts, and a true representation of accounts, transactions, interest earned, fees and balances for the reporting period.
- B. All funds needed for immediate operations (e.g. payables, payroll, etc) are included and our funds are safe (financial institutions backed by the FDIC provide guaranteed insurance up to \$250,000 per depositor, and protects insured depositors). The level of necessary cash in these accounts varies based on projected operating and capital expenses, timing of deposits generated from revenue, and investment transfers. Approximately one month’s projected operating expenses *plus* projected capital expenditures are required for managing cash flow. Excess funds are transferred to CDARS-ICS accounts, fully federally insured

accounts, or longer-term investment accounts. At times, investment transfers require placing funds in money market accounts for up to 24 hours.

C. All of these holding accounts generate some interest.

Evidence

A review of all account statements (Reed, 03/29/2023) from all financial institutions holding AAATA monies as of December 31, 2022 disclose that:

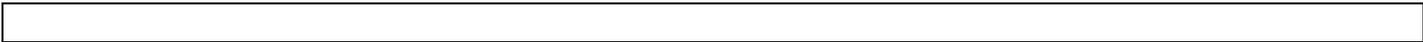
1. All accounts holding AAATA funds produce interest.
2. Cash held in accounts that exceed federally insured limits were required to facilitate ease of transactions. At the end of Q4 2022, there was \$3.5 million in cash, checking and money market balances (excluding CDARS-ICS money market funds). Operating expenses during this time period were approximately \$5.1 million per month. All uninsured balances were required to facilitate ease of financial transactions.

As of December 31, 2022, total cash, checking, and money market account balances were \$14.5 million and distributed as shown below in Table 2.6A.

Table 2.6A

Cash, Checking and Money Market Balances	
<i>(\$ in thousands)</i>	
Cash, Checking or Money Market Account	As of 12/31/2022
Imprest	\$ 447
Operating	806
Payroll	375
Changers/Petty Cash	2
Passes and Tokens	27
Capital	603
Money Market Savings	1,201
Flex Spending	36
Sub-Total (Insured up to \$250,000)	3,498
CDARS-ICS (Insured up to \$75,000,000)	11,026
Total Cash, Checking & Money Market	\$ 14,524

All monies held in bank accounts and investments are in deposit at The Bank of Ann Arbor, which is an FDIC insured bank with FDIC insured accounts. Additionally, based on information reported by the Federal Financial Institutions Examination Council (FFIEC), in the Uniform Bank Performance Report (UBPR), Deposit Accounts by Lending Tree, an unbiased evaluator of banking institutions, gave Bank of Ann Arbor an A+ rating as of December 2022 for overall bank health. Rating summaries are provided below.



 **Health**

A+

Data as of Q2 2022

[Learn why bank health matters](#)

Health Grade Components

- A+** Texas Ratio ▲
- A+** Texas Ratio Trend ▼
- A+** Deposit Growth ▼
- A** Capitalization ▼

The Texas Ratio is an indicator of how much capital a bank has available compared to the total value of loans considered at risk. As of June 30, 2022 Bank of Ann Arbor had \$6.17 million in non-current loans and owned real-estate with \$368.48 million in equity and loan loss allowances on hand to cover it. This gives Bank of Ann Arbor a Texas Ratio of 1.67% which is excellent. Any bank with a Texas Ratio near or greater than 100% is considered at risk.

<i>OVERALL</i>	
FDIC Certificate #	34120
Year Established	1996
Employees	316
Primary Regulator	FDIC

<i>PROFIT MARGIN</i>	
Return on Assets - YTD	1.34%
Return on Equity - YTD	13.48%
Annual Interest Income	\$52.9MM

<i>ASSETS AND LIABILITIES</i>		
Assets	Q2 2022	\$3.26B
	vs Q2 2021	\$2.56B
Loans	Q2 2022	\$2.09B
	vs Q2 2021	\$1.50B
Deposits	Q2 2022	\$2.81B
	vs Q2 2021	\$2.18B
Equity Capital	Q2 2022	\$335.2MM
	vs Q2 2021	\$229.0MM
Loan Loss Allowance	Q2 2022	\$33.3MM
	vs Q2 2021	\$35.2MM
Unbacked Noncurrent Loans	Q2 2022	\$5.8MM
	vs Q2 2021	\$7.9MM
Real Estate Owned	Q2 2022	\$381.00K
	vs Q2 2021	\$716.00K

Source: <https://www.depositaccounts.com/banks/health.aspx>, <https://www.ffiec.gov/ubpr.htm>

 **Health**

A+

Data as of Q2 2022

[Learn why bank health matters](#)

Health Grade Components

A+ Texas Ratio ▼ **A+** Texas Ratio Trend ▲ **A+** Deposit Growth ▼ **A** Capitalization ▼

The Texas Ratio for Bank of Ann Arbor decreased dramatically from 3.28% as of June 30, 2021 to 1.67% as of June 30, 2022, resulting in a positive change of 48.87%. This indicates that the balance sheet and financial strength for Bank of Ann Arbor has improved dramatically in recent periods.

OVERALL

FDIC Certificate #	34120
Year Established	1996
Employees	316
Primary Regulator	FDIC

PROFIT MARGIN

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	vs Q2 2021	\$716.00K

Source: <https://www.depositaccounts.com/banks/health.aspx>, <https://www.ffiec.gov/ubpr.htm>

POLICY 2.6.2

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to state and federal laws, including Michigan PA 20 of 1943.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

I interpret this policy to apply to the agency’s approach to longer-term investments. Compliance will be demonstrated when:

1. Account statements for investments indicate that funds are held only in Certificates of Deposit (not to exceed \$4 million in any one financial institution), bonds or other direct obligations of the U.S. (maturity limited to 3 years or less), or government mutual funds.
2. Investments are held:
 - a. In accounts which ensure the safety of the principal balance,
 - b. Remain liquid, and
 - c. Return the highest yield compatible with prudent investing.
3. A listing of investment accounts, with balances, maturity dates, and interest rates for each account, is provided to the Board at least quarterly.

Rationale

This is reasonable because these are the only types of investment instruments that are legal under Michigan Public Act 20 and authorized by the Board’s policy.

Evidence

A review of account statements from financial institutions and reconciliations as of December 31, 2022, (Reed, 3/31/2023), verified the following:

1. AAATA’s investments were held in Certificates of Deposits (CDs), U.S. Agency Bonds, and/or Money Market Savings accounts. Each of these are legal, authorized instruments per the policy, and do not exceed limits on amounts or maturities as required by the policy.
2. Regarding the Board’s established priorities for investing:

(a) Safety of Principal: Cash was held in checking and savings accounts at the Bank of Ann Arbor. Some investments were held in the Certificate of Deposit Account Registry Service (CDARS) managed by Bank of Ann Arbor (which invests funds to the FDIC insured limit in other banks), Certificates of Deposit (CDs) and Money Market Savings or ICS accounts.

Bank accounts, CDs, and Money Market accounts are FDIC insured. Other investments were held in U.S. Agency Bonds, which are federally insured direct obligations of the U.S. government.

(b) Adequate Liquidity: Cash in checking and savings accounts is immediately available. Monies held in investments are available within 30-days' notice to the financial institution. Liquidity has been sufficient to meet operating needs during the monitoring period, as AAATA has been able pay its expenses without using debt, and no expenses have been deferred due to insufficient liquidity of capital.

(c) Highest Yield Compatible with Prudent Investing: Yields on investments (0.13% to 3.25%) are the highest rates available considering the limited investment options due to policy and regulatory limits and the priorities for safety and liquidity. AAATA has followed the advice of its expert trust consultant at Bank of Ann Arbor in making prudent investing decisions according to the Board's policy and priorities.

3. A review of monthly Board meeting agendas and minutes (Reed, 3/31/2023) indicates that the required disclosure of investment accounts, balances, maturity dates, and interest rates was provided in quarterly financial reports presented to the Board since this policy was last monitored in November 2022. FY2022 Q4 investments were reported in November 2022 and FY2023 Q1 investments were presented in February 2023.

As of December 31, 2022, investment account balances totalled \$19.3 million and is distributed as shown below in Table 2.6B.

Table 2.6B

Investments Summary

(\$ in thousands)

Investment Instrument	Date of Maturity	Interest Rate	Total as of 9/30/2022	Transactions	Total as of 12/31/2022
U.S. Agency Bond	9/23/2024	0.50%	\$ 2,000	\$ -	\$ 2,000
U.S. Agency Bond	3/28/2025	2.83%	2,500	-	2,500
U.S. Agency Bond	3/28/2025	3.10%	2,000	-	2,000
U.S. Agency Bond	6/27/2025	3.25%	2,000	-	2,000
U.S. Agency Bond	8/8/2025	4.10%	1,400	-	1,400
U.S. Agency Bond	11/6/2023	0.25%	2,000	-	2,000
U.S. Agency Bond	2/24/2025	3.75%	200	-	200
U.S. Agency Bond	4/8/2024	0.38%	1,000	-	1,000
U.S. Agency Bond	9/15/2024	0.50%	2,500	-	2,500
U.S. Agency Bond	1/19/2024	0.23%	750	-	750
U.S Treasury Notes	6/30/2024	3.00%	2,000	-	2,000
U.S Treasury Notes	5/15/2023	0.13%	1,500	-	1,500
Money Market Funds	n/a	0.15%	36	167	203
Mark-to-Market Adjustment			(657)	(67)	(724)
Total Investments			\$ 19,229	\$ 100	\$ 19,329

The financial data presented as of December 31, 2022, demonstrates compliance with Policy 2.6 and the Board’s Investment Policy at a single point in time. A review of account statements and quarterly financial reports (Reed, 3/31/3023) confirms that cash and investments were held in compliance with this policy throughout the monitoring period. Additionally, quarterly financial reports are presented at Board meetings and monthly account statements are available for direct inspection.

Policy Trendlines

Policy	FY 20	FY 21	FY 22 (March)	FY 22 (August)	FY 22 (April)
2.6	3	3	3	3	3
2.6.1	3	3	3	3	3
2.6.2	3	3	3	3	3

LEGEND	
	Policy is not compliant
	Policy is partially compliant
	Policy is compliant

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?

An interpretation is reasonable if the following are provided,

1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

Is evidence verifiable?

Evidence is verifiable if there is

1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.

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

- (A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- (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 item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.is making reasonable progress towards compliance.
- (C)
 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
 2. For policy items x.x.x – the interpretation is not reasonable
 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
 4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

WORKSHEET RESULTS:

Cash & Investments: July 2022 – December 2022 (Policy 2.6)

Participants: 6 Board Members

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
Policy 2.6.2	100%	100%	<ul style="list-style-type: none"> It would be helpful to have cross-referenced the parts of the interpretation to the specific parts (or language) in PA 40. (I can see that this is Appendix F of the Board Policy Manual.)
Policy 2.6.1	100%	100%	
Policy 2.6	100%	100%	

Additional context questions

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

Responses – 6 responded NO

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

Responses 5 responded N/A
1 responded YES

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

Responses 6 responded NO

APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THIS FORM?

5-10 minutes

20 minutes

10 minutes

Monitoring Report: 2.9 Communication and Support to the Board

Monitoring Period (Jan-Dec 2022)

Meeting: Board of Directors

Board Meeting Date: May 18, 2023

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S):
<p>The board reviews the interpretation and evidence provided in this policy report and votes to accept as one of the following:</p> <ul style="list-style-type: none"> A. The Board has assessed the monitoring report for policy x.x and finds that it provides a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations. B. The Board has assessed the monitoring report for policy x.x and finds that it provides 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 item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance. C. The Board has assessed the monitoring report for policy x.x and finds the following: <ul style="list-style-type: none"> 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance
BACKGROUND:
<p>TheRide’s Board of Directors establishes policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p>

ISSUE BRIEF

In accordance with the Board’s Policy Manual, I present the Monitoring report on Executive Limitation Policy 2.9 Communication and Support to the Board. This report consists of internal report information from staff and the Board and covers the calendar year 2022. Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in March and was submitted to the Board in April.

I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.

CEO’s Signature

Date



April 7, 2023

ATTACHMENTS:

1. Monitoring report for Policy 2.9 Communication and Support to the Board.

Table of Contents

POLICIES:	Pg	Compliance
2.9 The CEO will not permit the Board to be uninformed or unsupported in its work. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	4	
2.9.1 Withhold, impede, or confound information relevant to the Board’s informed accomplishment of its job.	4	
2.9.1.1 Neglect to submit monitoring data required by the Board in Board-Management Delegation policy “Monitoring CEO Performance” in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy “Delegation to the CEO,” as well as relevant data.	5	
2.9.1.2 Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board’s monitoring schedule.	6	
2.9.1.3 Allow the Board to be without decision information required periodically by the Board, including the agency and situational context and implications for a decision.	7	
2.9.1.4 Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.	8	
2.9.1.5 Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes: A. operational and financial performance metrics B. customer satisfaction metrics, C. quarterly budget to actual financial reports, D. timely notification of execution of budgeted items over \$250,000. E. unbiased information on industry norms for CEO compensation at least every two years. F. advance notification of intended changes to staff rules (unionized or nonunionized), procurement manual, benefits, or compensation structure. G. CEO’s personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO’s participation was incidental. H. Annually, a presentation to the Board about relevant emerging trends and technologies with applicability to the transit authority and its services, and innovations trialed or introduced to Authority operations over the past year. I. Strategic context	9	

POLICIES:	Pg	Compliance
2.9.1.6 Allow the Board to be unprepared to be responsive to community concerns or public questions.	12	
2.9.1.7 Let the Board be unaware if, in the CEO's professional opinion, the Board or individual Board members may not be in compliance with the Board's own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that could be detrimental to the agency's reputation or the working relationship between the Board and the CEO.	13	
2.9.2 Withhold from the Board and its processes logistical and clerical assistance.	14	
2.9.2.1 Allow the Board to be deprived of a workable, user-friendly mechanism for official Board, officer, or committee communications.	15	
2.9.2.2 Allow the Board to be deprived of pleasant, productive, and efficient settings and arrangements for Board and committee meetings.	16	
2.9.2.3 Hinder access to the Board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.	17	
2.9.2.4 Neglect to transfer policy updates to the official record of the Board's Policy Manual in a timely manner.	18	
2.9.3 Impede the Board's holism, misrepresent its processes and role, or impede its lawful obligations.	18	
2.9.3.1 Interact with the Board in a way that favors or privileges certain Board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.	19	
2.9.3.2 Neglect to supply for the Required Approvals agenda all items delegated to the CEO, yet required by law, regulation, or contract to be Board-approved, along with the applicable monitoring information.	20	

 Fully Compliant
  Partially Compliant
  Incomplete

POLICY 2.9. The CEO will not permit the Board to be uninformed or unsupported in its work.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with policies 2.9.1 – 2.9.3 will demonstrate compliance with this policy.

Rationale

This is reasonable because the Board has fully articulated its expectations in the policies below.

Evidence

Policy 2.9.1 and 2.9.2 are partially compliant and hence this policy is partially compliant. Compliance timelines are provided in respective policies.

POLICY 2.9.1 The CEO shall not...Withhold, impede, or confound information relevant to the Board's informed accomplishment of its job.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with policies 2.9.1.1 – 2.9.1.7 will demonstrate compliance with this policy.

Rationale

This is reasonable because the Board has fully articulated its expectations in the policies below.

Evidence

Policy 2.9.1.1 and Policy 2.9.1.5 are partially compliant and hence this policy is partially compliant. Compliance timelines are provided in respective policies.

POLICY 2.9.1.1 The CEO shall not...Neglect to submit monitoring data required by the Board in Board-Management Delegation policy “Monitoring CEO Performance” in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy “Delegation to the CEO,” as well as relevant data.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance will be demonstrated when:

- A) 90% of monitoring reports are submitted for the Board’s consideration on the schedule determined by the Board in Appendix A of the Policy Manual.
- B) 100% of monitoring reports include a signed attestation from the CEO attesting the accuracy of the information, and
- C) Board minutes show no records of the Board not accepting a monitoring report because information was not factually correct, or did not provide evidence of reasonable interpretations for each policy item.

Rationales

This is reasonable because:

- A) Timeliness can be objectively determined by comparing the scheduled date of submission with the actual date of submission. 90% is a reasonable degree of compliance as operational needs and staffing limitations sometimes impact development and submission of reports.
- B) Attestation clarifies the CEO’s accountability for the accuracy of the information. While inaccurate information can sometimes does appear in reports, the CEO’s accountability encourages quick corrections.
- C) The comprehensibility and comprehensiveness of reports is determined by the full Board and not individual Board members. The board records its decision in the minutes which is the official record of the board’s assessment of the monitoring report

Evidence

A review of board agendas and packets by the Executive Administrative Assistant (Holt, 04/03/2023) confirms that:

- A) 33% of reports were submitted on time. Late submissions were due to staff shortage and board capacity. During this time the Board worked on the millage, reviewed, and approved the Long-Range Plan and approved labor negotiations contract. The Board was made aware of instances where reports would be late in a timely manner. However, since this is below 90%, the CEO reports partial compliance.

Compliance Timeline: The CEO expects to reach compliance by the next monitoring period.

- B) 93% of reports included a signed CEO attestation
- C) 100% of the monitoring reports were accepted and there were no records of the Board concluding that reports were unclear or included inaccurate information

POLICY 2.9.1.2 The CEO shall not... Allow the Board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement
 Compliance with this policy will be demonstrated when there are no documented Board concerns that the CEO has not notified the Board, its officers, or other delegates in an appropriate manner and within a reasonable time after the CEO becomes aware that noncompliance has occurred or is likely to occur.

Rationale
 This is reasonable as noncompliance may not be important enough for the board to be concerned between monitoring periods, and noncompliance may not be apparent until the report is being prepared.

Evidence

A review of meeting minutes by the Executive Administrative Assistant (Holt, 03/31/23) found no records that the Board had raised concerns with the reporting of noncompliance.

POLICY 2.9.1.3 The CEO shall not...Allow the Board to be without decision information required periodically by the Board, including the agency and situational context and implications for a decision.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when a review of Board meeting minutes and board packet confirms that

- A) Board decisions have been supported by relevant and/or requested support material; and
- B) There is no record in the minutes that the Board determined that *any* of its decisions were impaired or unreasonably delayed by the lack of adequate information for which staff were responsible.

This applies only to decisions the Board has reserved for itself (i.e., changes to policies, tax rates, or fares; accepting monitoring reports; approving collective bargaining agreements, annual budgets, CEO compensation, real estate transactions, and Costs of Governance (3.8.3)).

Rationale

This is reasonable because the Board has identified each decision that it has reserved for itself and for which it may require information. All other decisions are delegated to the CEO (4.3.3) and not covered by this policy. Staff can anticipate and prepare information for Board decisions. Challenges or delays with such decisions should appear in the minutes and no Board decision should be undermined by lack of information, although reasonable delays may be acceptable to the Board. It is reasonable to use the full Board to judge adequacy of the information as the policy refers to “the Board” rather than board members, and staff cannot write for 10 separate preferences. The CEO as also already been authorized by the Board to disregard individual preferences under certain circumstances (4.1.2).

Evidence

A review of Board minutes by the Executive Administrative Assistant (Holt, 03/31/23) finds

- A) Relevant material was provided to support the Board in making decisions
- B) There were no records of unreasonable delays or concerns with the quality or timing of information from staff in support of Board decisions.

POLICY 2.9.1.4 The CEO shall not... Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when:

- A) Concise summary briefs (max 5 pages) accompany 95% of agenda items in all board and committee meeting packets,
- B) A review of meeting minutes finds no records of the Board determining that summary information was complex or lengthy, and
- C) Agenda items are labeled as M (Monitoring), D (Decision preparation) or O (Other); and

Rationales

This is reasonable because:

- A) Short briefing force summarization, and 95% is reasonable because most items should have such summaries unless the accompanying information is so self-explanatory that a summary is not needed,
- B) It is the Board as a whole rather than individual members that judge clarity as staff cannot be expected to write for 10 different individual preferences.
- C) Labeling M, D, or O is easy to see.

Evidence

A review of meeting packets by the Executive Administrative Assistant (Holt, 04/04/2023) found that:

- A) 96% of agenda items included an Issue Brief summary – 51 agenda items were reviewed that would require an issue brief and 49 of those included one. None of the issue briefs were longer than 5 pages.
- B) A review of meeting minutes found no records that the Board found deficiencies with the clarity or length of information presented by staff
- C) 100% of agenda items were labeled M, D, or O

POLICY 2.9.1.5 The CEO shall not... Let the Board be unaware of material internal changes, including changes in policy interpretation, significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the Board. Incidental information includes:

- A. operational and financial performance metrics
- B. customer satisfaction metrics,
- C. quarterly budget to actual financial reports,
- D. timely notification of execution of budgeted items over \$250,000.
- E. unbiased information on industry norms for CEO compensation at least every two years.
- F. advance notification of intended changes to staff rules (unionized or nonunionized), procurement manual, benefits, or compensation structure.
- G. CEO's personal expense report to the Governance Committee of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO's participation was incidental.
- H. Annually, a presentation to the Board about relevant emerging trends and technologies with applicability to the transit authority and its services, and innovations trialed or introduced to Authority operations over the past year.
- I. Strategic context.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standard & Level of Achievement

In this context I define material changes to mean emergent risks significant enough to affect the agency's ability to pursue its goals or policy compliance. This includes: legal jeopardy or lawsuits, political risks, financial/budgetary risks, and any other information the CEO deems pertinent. It does not include all issues that may be of interest, or the multitude of small challenges experienced in regular business operations. The CEO can use their professional judgement in judging the risks, and when and how to transmit the information.

Compliance with this policy will be demonstrated when

- A) There are no records in board or committee meetings that indicate that the Board, or its officers, felt uninformed of key risk information in a timely manner if the CEO was aware of that information.

Additionally,

- B) Operational and financial performance and customer satisfaction metrics, budget-to-actuals are reported in quarterly reports published in regular board packets. This is reasonable because it is what the Board has requested.

- C) Notification to the Board within two months of expenditures on single purchases over \$250,000. This is reasonable because it allows enough time for staff to be aware of such small sums.
- D) Information on CEO compensation, including relevant comparable, is provided to the Chair or Governance Committee every two years. In this context unbiased means reflecting realistic ranges and peer comparisons for the appropriate industries (e.g., transit, municipal government, etc.) and geographies (Midwest and national), and not slanted towards higher compensation. This is reasonable as the Governance Committee has delegated responsibility for the relationship with the CEO. (The Board may choose to supplement this with additional information.)
- E) Notification to the Board within two months of changes to union contracts, staff handbooks, or compensations and benefit programs. This is reasonable because two months is sufficient.
- F) CEO expenses (as defined above) are provided to the Governance Committee quarterly. This is reasonable as the Governance Committee has delegated responsibility for the relationship with the CEO. Quarterly is the period specified by the board.
- G) Innovation presentation is provided at a board meeting. This requirement is self-explanatory. This is reasonable because it is what the Board has requested.
- H) The CEO and staff attempt to place discussions and decisions within a multi-year context addressing opportunities, trade-offs, priorities, longer-term goals, and risks. Compliance will be judged by the presence of documented concerns from the Board that such contextualization has been *inadequate*. This is reasonable as such context is required in most discussions and is not itemized in separate specific documents.

Rationale

In addition to the rationale provided for each item above, this interpretation is reasonable given the large volume of operational information, a CEO's professional expertise in judging risk, the sensitivity of some information, and because it measures the feelings of the full Board and delegates.

Evidence

- A) A review of board and committee minutes by the Executive Administrative Assistant (Holt, 03/31/23) confirm there were no records indicating that the Board or its officers were uninformed of key risk information
- B) Review of Board agendas and packets found that all quarterly reports were published.
- C) A review of minutes (Carpenter, 3/23/2023) found that there were several such purchases but no notifications. The CEO is reporting partial compliance for this policy and expects compliance by the next monitoring report at the latest (see CEO Notes below).
- D) Review of CEO emails (Carpenter, 03/31/23) found the required instance of notification of the board Chair of CEO compensation information (Nov 16 2022) The Chair raised no concerns about the quality of the information.
- E) Review of meeting minutes found that the Board was notified of the new collective bargaining agreement before they approved the agreement on March 17, 2022. Reviews also found notifications of changes to the non-unionized handbook and compensations structures on July 29, 2022
- F) Review of Governance Committee minutes and packets by the Executive Administrative Assistant (Holt, 03/31/23) found that all CEO quarterly expense reports were submitted, with slight delays in some circumstances.
- G) A review of meeting minutes found that the CEO made a presentation on innovation on September 28, 2022.
- H) A review of meeting minutes found no suggestions that strategic context was absent, although individual board members often request additional information.

POLICY 2.9.1.6 The CEO shall not... Allow the Board to be unprepared to be responsive to community concerns or public questions.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when a review of Board minutes finds no records that the Board was left without staff assistance in responding to community comments.

Rationale

This is reasonable as the Board may want assistance in providing information. The limitation to the full Board is reasonable to avoid conflict with 4.1.2 which allows the CEO to defer requests for information from individuals.

Evidence

A review of Board minutes by the Executive Administrative Assistant (Holt, 03/31/23) found no requests for assistance in responding to community comments

POLICY 2.9.1.7 The CEO shall not... Let the Board be unaware if, in the CEO's professional opinion, the Board or individual Board members may not be in compliance with the Board's own policies on Governance Process and Board Management Delegation, particularly in the case of Board behavior that could be detrimental to the agency's reputation or the working relationship between the Board and the CEO.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance will be demonstrated when the CEO provides notice to the board as a whole, or to the board chair when it concerns an individual board member of instances of non-compliance with the Board's own policies (3.0-4.4) in instances of serious or repeated lapses of non-compliance or where earlier interventions have proven ineffective.

Rationales

This is reasonable because the policy already explicitly defers to the CEO's personal judgment as the key judgment factor. Compliance and degree of risk can be subjective, and over-reporting can lead to interpersonal conflict which can be counterproductive. The CEO witnesses minor lapses regularly and chooses to treat them as learning opportunities, especially if intentions are in good faith and public reporting could undermine constructive development of board capacity

Evidence

The CEO attests that they are satisfied that, in their professional opinion, they have reported all concerns regarding behavior in a constructive manner (Carpenter, 3/24/2023). There were no instances of the CEO feeling it necessary to report any behaviors as serious.

POLICY 2.9.2 The CEO shall not... Withhold from the Board and its processes logistical and clerical assistance.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when

- A) Policies 2.9.2.1-2.9.2.4 are compliant.
- B) The Board and its delegates raise no concerns about obtaining access to clerical support from Executive Administrative Assistant to the CEO or other staff.

Rationale

This interpretation is reasonable because the Board has fully articulated its expectations in 2.9.2.1-2.9.2.4, except for clerical assistance. The Board is best suited to knowing whether clerical support is adequate.

Evidence

- A. Policy 2.9.2.3 was partially compliant, so this policy is partially compliant. See Policy 2.9.2.3 for the compliance timeline.
- B. A review of Board minutes by the Executive Administrative Assistant (Holt, 03/31/23) finds no concerns expressed by the Board or its delegates pertaining to clerical support. The CEO attests that they are not aware of any concerns with the level of clerical support (Carpenter, 03/23/2023)

POLICY 2.9.2.1 The CEO shall not... Allow the Board to be deprived of a workable, user-friendly mechanism for official Board, officer, or committee communications.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when staff circulate, to the Board, contact lists of each board member with their phone numbers and email addresses. The sheet will be updated whenever needed, and circulated when board members change or upon request.

Rationale:

This is reasonable as it allows Board members direct access to its officers or fellow committee members and/or board members without relying on staff to make those connections each time a need arises. Staff and logistical support are addressed elsewhere in the policy.

Evidence

A review of emails by the Executive Administrative Assistant (Holt, 03/31/23) found that the board member contact sheet was circulated in 02/24/22 and 10/26/22

POLICY 2.9.2.2 The CEO shall not...Allow the Board to be deprived of pleasant, productive, and efficient settings and arrangements for Board and committee meetings.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when

- A. A review of Board minutes finds no records of Board dissatisfaction with meetings.
This includes:
 - a. Staff and professional support for scheduling, reservations, paperwork, audio-visual technology etc.,.
 - b. Applicable reading material and agendas are provided in advance,
 - c. Locations (physical or virtual) that are easily accessible to transit riders and professionally appointed.

- B. All Board meetings comply with the Open Meetings Act (OMA) provisions regarding notice of meetings and posting of agendas.

Rationale

This is reasonable because the Board can note in Board meetings of any collective dissatisfaction with meeting arrangements.
Further, compliance with the OMA may be necessary for decisions to be legal and staff can handle the compliance steps necessary.

Evidence

- A review of Board minutes and actions by the Executive Administrative Assistant (Holt, 03/31/23) found
- A) No records of the Board expressing dissatisfaction with meetings arrangements.
 - B) No violation of the Open Meeting Act.

POLICY 2.9.2.3 The CEO shall not... Hinder access to the Board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when:

- A. The CEO does not limit any person from speaking during the Board public comment period, and
- B. A mechanism for staff whistleblowing exists, is well known to staff and is easily accessible.

Rationale

This is reasonable because any person can speak directly to the Board during public comment periods. Further, “any person” with information of malfeasance could reasonably include staff, so a mechanism for staff whistleblowing should exist.

Evidence

- A) A review of Board meeting minutes by the Executive Administrative Assistant (Holt, 03/31/23) finds no attempts by the CEO to prevent anyone from speaking during the public comment period.
- B) A review of staff whistleblower practices (Carpenter, 3/23/2023) found that while whistleblower procedures do exist, there is a lack of clarity about how concerns about the CEO himself should be handled. Due to this ambiguity, the CEO is reporting partial compliance with this element.

Compliance Timeline: The CEO expects to have additional whistleblower procedures in place before the end of 2023.

POLICY 2.9.2.4 The CEO shall not... Neglect to transfer policy updates to the official record of the Board’s Policy Manual in a timely manner.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when, within two months, any approved changes to the Policy Manual are made to the document, posted on TheRide’s website, and circulated electronically to Board members. Amendments will be recorded in Policy Manual Appendix E.

Rationale

This interpretation is reasonable as two months is adequate for staff to update the manual under normal circumstances. Hardcopies can be made available upon request.

Evidence

A review of meeting minutes, actions and records, and policy manual distributions by the Executive Administrative Assistant (Holt, 03/31/23) confirm that there were no changes made to the Policy Manual in 2022.

POLICY 2.9.3 The CEO shall not... Impede the Board’s holism, misrepresent its processes and role, or impede its lawful obligations.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when

- A) Policy 2.9.3.1 and 2.9.3.2 are compliant and
- B) There were no records indicating that the CEO impeded on Board holism by requesting Committee and Taskforces, or their chairs to make decisions that rightfully belong to the whole Board
- C) The CEO did not publish or present any information that contradicts the Board’s roles and processes as stated in the Governance Policies or the Board -Management Delegation Policies.
- D) There are no records of the Board raising concerns that CEO or staff actions are inhibiting the board.
- E) Agents of the Board (auditors, legal counsel, etc..) certify that they have seen no examples of staff impeding board-sponsored work. Staff can request reasonable delays to accommodate the workload.

Rationale

This is reasonable because none of the Board’s needs should ever be prevented by staff, the Board and its agents are best positioned to determine whether staff actions are in any way impeding the Board’s role, and staff may need time accommodate requests without affecting business operations.

Evidence

- A) Policies 2.9.3.1 and 2.9.3.2 are compliant.
- B) A review of Taskforce and Committee minutes and/or decisions (Holt, 03/31/23) found no instances where they or their chairs made decisions set for the Board
- C) A review of CEO presentations to the Public (Holt, 03/31/23) shows no instance where the CEO presented any information that contradicted the Board’s role and processes as set in Governance Process Policies and the Board-Management Policies.
- D) A review of Board minutes (Holt, 03/31/23) show no instances where the Board expressed concerns about staff involvement, or failure to achieve Board work in general.
- E) A review of the FY 2022 audits by the Deputy CEO, Finance and Administration (Reed, 04/03/23) confirm that the auditors reported no challenge working with staff to conduct the work. Corporate counsel Dykema has certified that they have seen no concerns with staff impeding any board-sponsored work or legal requirements (Moskovitz 04/03 /2023)

POLICY 2.9.3.1 Interact with the Board in a way that favors or privileges certain board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when a review of Board minutes finds no instances when the full Board has found that CEO or staff actions were biased for or against any individual board members (outside of allowances outlined above) that impacted the member’s ability to conduct their work.

Rationale

This interpretation is reasonable because the full Board is best situated to judge concerns from individual members as to whether the policy has been violated. No degree of personal favoritism is allowable.

Evidence

A review of meeting minutes by the Executive Administrative Assistant (Holt, 03/31/23) found no discussion about violations of this policy and no suggestions of favoritism.

POLICY 2.9.3.2 Neglect to supply for the Required Approvals agenda all items delegated to the CEO, yet required by law, regulation, or contract to be Board-approved, along with the applicable monitoring information.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when

- A) The CEO provides and recommends decisions on *all* outside Required Approvals for the Board’s consideration. Those required approvals are listed below.
 - State operational funding (annual)
 - Agency safety plan (annual)
 - Title VI policies and plans (every three years)
- B) Places approval requests in the consent agenda in a manner that meets outside deadlines,
- C) Provides accompanying context or monitoring data as needed.

Rationale

This is reasonable because these outside approvals are generally routine, and staff must craft agency responses to comply with Executive Limitations. As new outside requirements are made, they will be added to this interpretation.

Evidence

A review of board agendas and minutes by the Executive Administrative Assistant (Holt, 03/31/23) confirm the following

	State Operating Grant	Public Transit Agency Safety Plan	Title VI
A) Did the CEO make a recommendation?	Yes	Yes	Title VI review is conducted every three years. It was not reviewed during this monitoring period.
B) Was the deadline met?	Yes, Submitted to board on Feb 24 th , 2022 Deadline was end of February	Yes, Submitted to board in November 2022 Deadline was December 2022	
C) Was context accompanying required approval provided?	Yes	Yes	

CEO NOTES

Policy 2.9.1.5 is significantly different from the original boilerplate policy. The Board may want to revisit their additional (strikethrough) and add media coverage back in.

The CEO asks the Board to review policies 2.9.1.5 D. Notifications of already-approved expenditures may be unnecessary when regular quarterly reports cover the same information. Such reporting is also expected to be burdensome for staff and will slow down other work.

The CEO asks the Board to review policies 2.9.1.5 I. The expectations around “strategic context” is not clearly articulated.

The CEO asks the Board to review policy 2.9.1.6 as it is not part of the boilerplate Carver template. It may reflect 2017 insecurities with delegation of operational matters. It may conflict with delegation to the CEO by implying the board members are to be briefed on operational matters. While staff can provide information, how can the CEO ensure other individuals are prepared? Is this a backdoor Means prescription?

Policies 2.9.2, 2.9.2.1 and 2.9.2.2 all address meetings. It might be possible to consolidate them and reduce the number of policies.

GOVERNANCE COACH NOTES

Consider revising Policy 2.9.1.1 to ‘...Neglect to submit timely monitoring data including interpretations of board policies that provide the observable metrics or conditions that would demonstrate compliance, rationale for why the interpretations are reasonable and evidence of compliance’

Policy 2.9.1.6 might be reasonably considered redundant if 2.10.1.5 remains as comprehensive as it is, in that the information that the board is provided should prepare it to be responsible for community concerns and questions.

Policy Trendline

Policy	FY 20	FY 21	FY 22	FY 23
2.9	2	2	2	2
2.9.1	2	2	2	2
2.9.1.1	2	2	2	2
2.9.1.2	3	3	3	3
2.9.1.3	3	3	3	3
2.9.1.4	3	3	3	3
2.9.1.5	3	3	3	2
2.9.1.6	3	3	3	3
2.9.1.7	3	3	3	3
2.9.2	3	3	2	2
2.9.2.1	3	3	3	3
2.9.2.2	3	3	3	3
2.9.2.3	3	3	3	2
2.9.2.4	3	3	2	3
2.9.3		2	2	3
2.9.3.1		2	3	3
2.9.3.2		3	2	3

LEGEND	
3	Compliant policies
2	Partially compliant policies
1	Non-compliant policies

Board's Conclusion on Monitoring Report

- A. The Board has assessed the monitoring report for policy x.x and finds that it provides a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- B. The Board has assessed the monitoring report for policy x.x and finds that it provides 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 item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.
- C. The Board has assessed the monitoring report for policy x.x and finds the following:
 - 5. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
 - 6. For policy items x.x.x – the interpretation is not reasonable
 - 7. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
 - 8. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

For policy items cited in 2) and 3) the Board expects follow up by the following dates:

Policy items without reasonable interpretations	Follow up requested (e.g., report resubmission interpretation update, etc.)	Expected follow up date
Policy items without evidence demonstrating compliance	Follow up requested (e.g., report resubmission interpretation update, etc.)	Expected follow up date

NOTE: For Motion C, the board can choose any or all of 1, 2, 3 and 4 if they apply.

Board notes (if any)

WORKSHEET RESULTS:

Communication and Support to the Board (Policy 2.9)

Participants: 6 Board Members

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
Policy 2.9.3.2	100%	100%	
Policy 2.9.3.1	100%	100%	
Policy 2.9.2.4	100%	100%	<ul style="list-style-type: none"> I could be wrong, but it seems that there was at least one policy update in 2022. If there wasn't, I believe we should have been looking at policy content and wording for at least some policies.
Policy 2.9.2.3	100%	100%	
Policy 2.9.2.2	100%	100%	
Policy 2.9.2.1	100%	100%	
Policy 2.9.1.7	100%	100%	
Policy 2.9.1.6	100%	100%	
Policy 2.9.1.5	100%	100%	<ul style="list-style-type: none"> It was confusing that policy components A-I were not aligned with A-H interpretations and evidence. Further, It was not clear why there were cross-outs in the policy until the CEO notes were read at the end of the report.

Policy 2.9.1.4	100%	100%	
Policy 2.9.1.3	100%	100%	
Policy 2.9.1.2	100%	100%	
Policy 2.9.1.1	100%	100%	<ul style="list-style-type: none"> It would have been more informative to have listed each monitoring report and which complied/didn't comply.
Policy 2.9.3	100%	100%	<ul style="list-style-type: none"> Evidence B refers to Taskforce minutes. I believe that such minutes are not routinely prepared, but it should be done for documentation and better communications to the board.
Policy 2.9.2	100%	100%	
Policy 2.9.1	100%	100%	
Policy 2.9	100%	100%	

Additional context questions

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

Responses – 6 responded NO

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

Responses – 4 responded YES
 1 responded NO
 1 responded N/A

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

Responses – 5 responded YES

- Board should thoughtfully respond to CEO notes for modifications to policies 2.9.1.5 and 2.9.1.6.
- See Matt's and Rose's Notes. They make some good points that should be considered before the next 2.9 policy report.
- Rose Mercier, Governance Coach, has made some policy language suggestions and the CEO has pointed out areas that he feels need clarification. For these reasons I believe the board should evaluate these concerns.
- The CEO and Policy Governance Consultant have each made recommendations on how to adjust policy. The Board should assess these recommendations
- I agree that we should look into the wording of the policies that the CEO requested we look into.

1 responded NO

APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THIS FORM?

Responses – 5 responded

60 minutes

50 minutes

30 minutes

10-15 minutes

20 minutes

Governance Process Policies (Policies 3.5 - 3.8)

Meeting: Board of Directors

Meeting Date: May 18, 2023

RECOMMENDED ACTION(S):
Monitoring
BACKGROUND:
<ul style="list-style-type: none">This survey provides a platform for Board self-assessment on Policies 3.5-3.8 of the Governance Process Policies – as such, it does not include a monitoring report from the CEO. Each Board member is invited to participate in a survey gauging how well the Board complied with its set policies.
ATTACHMENTS:
1. Governance Process Policies (3.5-3.8) Worksheet Results

WORKSHEET RESULTS:

Governance Process Policies (Policies 3.5-3.8)

Participants: 6 Board Members

Performance on reasonable interpretation and verifiable evidence		
		Please provide specific examples to support your response
<p>Policy 3.5 CHIEF GOVERNANCE OFFICER ROLE The Chief Governance Officer (CGO), whom we call "Chair" assures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> Policy 3.7 did not have a response area available.
<p>Policy 3.5.1 The job result of the CGO is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	
<p>Policy 3.5.1.1 Meeting discussion content will consist solely of issues that clearly belong to the Board to decide or to monitor according to Board policy.</p>	<p>1 – ALWAYS 5 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> The Board uses an agenda to assure that this happens.
<p>Policy 3.5.1.2 Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.</p>	<p>3 – ALWAYS 3 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> I cannot think of an instance where this has not occurred. The interpretation of "timely" is subjective.

<p>Policy 3.5.2 The authority of the CGO consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-CEO Linkage, with the exception of (a) employment or termination of a CEO and (b) where the Board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions in these policies.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.5.2.1 The CGO is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> In the last year, the designated CGO has chaired all meetings. However, if the CGO were not able to 'chair' a meeting the Board Secretary performs that function.
<p>Policy 3.5.2.2 The CGO has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the CGO has no authority to supervise or direct the CEO.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> The CGO works in conjunction with the CEO but does not make decisions about policy or attempt to direct or supervise the CEO. The Board as a whole, speaking with 'one voice' create the Ends and ELs.
<p>Policy 3.5.2.3 The CGO may represent the Board to outside parties in announcing Board-stated positions and in stating CGO decisions and interpretations within the area delegated to that role.</p>	<p>6 – ALWAYS</p>	

<p>Policy 3.5.2.4 The CGO may delegate this authority but remains accountable for its use.</p>	<p>6 – ALWAYS</p>	<ul style="list-style-type: none"> The CGO may delegate this authority at any time but has not currently done so.
<p>Policy 3.6 BOARD COMMITTEE PRINCIPLES Board committees, when used, will be assigned so as to reinforce the wholeness of the Board’s job and so as never to interfere with delegation from Board to CEO.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.6.1 Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board’s broader focus, Board committees will normally not have direct dealings with current staff operations.</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> Sometimes committees provide advice to staff.
<p>Policy 3.6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> I do not recall any committee being given this authority over the last year. The committees have conducted business within the guidelines of written policy and share recommendations to the full Board, which the Board may or may not act upon.

<p>Policy 3.6.3 Board committees cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> I am not aware of an incidence where a committee has overstepped their authority.
<p>Policy 3.6.4 Other work groups will be used in an ad hoc capacity</p>	<p>4 – ALWAYS 1 - MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> We have initiated an Ownership Linkage Task Force and have recently struck both a Legal and Governance Procurement Task Force. There was a Millage Committee last summer.
<p>Policy 3.6.5 This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.</p>	<p>6 – ALWAYS</p>	
<p>Policy 3.7 BOARD COMMITTEE STRUCTURE Committees are intended to expedite work of the Board so that monthly meetings can be efficient and as advisory bodies. The full Board retains all decision-making powers. Committees are, therefore, empowered to:</p> <ul style="list-style-type: none"> Conduct detailed reviews of monitoring reports, and recommend acceptance or rejection to the full Board, Conduct reviews of policy language and make recommendations for changes to the full Board, 	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	

<ul style="list-style-type: none"> • Receive preliminary Strategy Updates from the CEO, • Discuss Ends policies, and • Advise the Board. <p>Standing committees are arranged by function and have formal responsibility for monitoring certain policies which have been grouped by theme (governance, financial, service) so the committees can emphasize those subjects.</p>		
<p>Policy 3.7.1 3.7.1 Governance Committee A.Products: a. Plans Board annual agenda, retreat planning, etc. b. Monitors Governance policies and practices. Advise on possible changes to policy. c. CEO/Board relationship (annual evaluation, expenses, pay, etc). d. Board Development & Self-Assessment (Recruitment, Orientation, Training, etc). e. Strategy Update (CEO seeks feedback) & Ends Discussion. f. Will have primary responsibility for monitoring governance-related Executive Limitations (Global Governance Process, Agenda Planning, Governing Style, Board Job Description, Board Member’s Code of Conduct, Chair’s Role, Board Committee</p>	<p>6 - ALWAYS</p>	<ul style="list-style-type: none"> • The Finance committee chair has remained the same from the previous year. A new SC chair was appointed and a new Chair was elected.

<p>Principles & Structure, Cost of Governance, Accountability of CEO, Monitoring CEO Performance).</p> <p>B. Membership: Chair of the Board, Chairs of other Committees. Chaired by Chair of Board.</p> <p>C. Term: One year</p>		
<p>Policy 3.7.2 Executive Committee</p> <p>A. Products:</p> <p>a. Limited emergency powers (Acting CEO Appointment, Urgent Purchases Only).</p> <p>b. Task-force appointments, one-off issues, Emergent Issues.</p> <p>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).</p> <p>B. Membership: Elected Board Officers – Chair, Treasurer, Secretary. Chaired by Chair of Board.</p> <p>C. Term: One year.</p>	<p>6 - ALWAYS</p>	<ul style="list-style-type: none"> • We did not use this committee in the past year. But N/A was not available for the answer. • There have been recent revisions to this policy.
<p>Policy 3.7.3 Finance Committee</p> <p>A.Products:</p> <p>a. Assists Board by pre-vetting monitoring reports. Will have primary responsibility for monitoring finance-related Executive Limitations (Compensation & Benefits, Financial Planning/Budgeting,</p>	<p>5 – ALWAYS</p> <p>1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • Due to Board Member turnover, we have maintained the same chair for the Finance committee and 1 of the same members from the previous year.

<p>Financial Condition & Analysis, Investments, Asset Protection)</p> <p>b. Advise on possible changes to policy.</p> <p>c. Reviews quarterly Financial Reports.</p> <p>d. Strategy Update (CEO seeks feedback) & Ends Discussion.</p> <p>B. Membership: Appointed by Chair of Board (as per Bylaws).</p> <p>C. Term: One year.</p>		
<p>Policy 3.7.4 Service Committee</p> <p>A.Products:</p> <p>a. Assists Board by pre-vetting monitoring reports (See table for assigned policies). Advise on possible changes to policy. Will have primary responsibility for monitoring service and customer related Executive Limitations (Treatment of Riders, Treatment of Staff, Ends Focus of Contracts, Communication & Support).</p> <p>b. Reviews quarterly Customer Satisfaction Reports.</p> <p>c. Strategy Update (CEO seeks feedback) & Ends Discussion.</p> <p>B. Membership: Appointed by Chair of Board (as per Bylaws).</p> <p>C. Term: One year.</p>	<p>6 – ALWAYS</p>	<ul style="list-style-type: none"> • Due to board turnover we do have a member who was on the SC the prior year.

<p>Policy 3.7.5 Audit Task Force A. Products: a. Conduct annual Board audit of agency finances. B. Membership: Appointed by Chair of Board (as per Bylaws). Cannot include chair of Finance Committee. C. Term: One year. The only Board committees are those which are set forth in this policy or the Bylaws (Governance Committee). Unless otherwise stated, a committee ceases to exist as soon as its task is complete.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> The audit task force was convened for the 2022 fiscal year and has now ended it's service as the Audit has been presented to that task force and was appropriately filed with the appropriate governmental agency as of March 30, 2023
<p>Policy 3.8 COST OF GOVERNANCE Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.</p>	<p>3 – ALWAYS 2 – MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> The Board develops a budget every year to assure good governance practices.
<p>Policy 3.8.1 Board skills, methods, and supports will be sufficient to assure governing with excellence.</p>	<p>2 – ALWAYS 4 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> It takes time to learn the Policy Governance model and we are supportive of members as they are learning and growing into their role. We should do more board education. As noted above, I acknowledge I may need to be informed, but I'm not aware that efforts and investment has been made to develop a more robust, more expansive board orientation. And other than an annual bootcamp to learn more about policy governance, there aren't targeted avenues for board members to learn more than the basics. Thus board members spend time reviewing monthly monitoring reports but seldom have opportunities to develop our skills and

		<p>knowledge to enable us to truly govern with excellence.</p> <ul style="list-style-type: none"> I'm not sure what skills, methods, and supports we need from our board members. I don't think we document, measure, nor map those to board seats/members.
<p>Policy 3.8.1.1 Training and re-training will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.</p>	<p>2 – ALWAYS</p> <p>1 – MOST OF THE TIME</p> <p>3 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> Training on policy governance is offered at least annually, sometimes more. There are also other opportunities for training or learning opportunities throughout the year that the CEO or other board members present. However, I think the Board could work on establishing a more robust/structure orientation for new Board members. Training opportunities are available to Board members not only with our Governance Coach but PG Boot Camps and other training available through Govern for Impact. Board members are encouraged to attend but it is not mandatory. I believe we don't do this enough. It should be a more organized effort. Policy governance training is offered to help board members understand the agency's mode of governance. I am not aware that a robust, highly organized orientation for new board members has been established. I think our new board member onboarding could be a bit more structured and planned.
<p>Policy 3.8.1.2 Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.</p>	<p>3 – ALWAYS</p> <p>3 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> The audit for fiscal year 2022 has just been completed and reviewed by the audit task force and will be presented to the full at the next Board of Directors meeting. This happens every year. Separate from the audit, FTA and other governmental agencies regularly assess the organization's activities.

<p>Policy 3.8.1.2.1 Contracted auditing firms will be periodically rotated to maintain independence. Contracted auditors will serve no more than six consecutive years.</p>	<p>6 – ALWAYS</p>	<ul style="list-style-type: none"> • Audited financial statements show rotation. • I do not remember the exact date, but a year or so after joining the AAATA Board we hired the current auditing firm, UHY. The contract expires in a couple of years. • I actually don't know, as I've only served on the board for two years so I haven't been through a complete cycle and can't confirm this
<p>Policy 3.8.1.3 Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.</p>	<p>1 – ALWAYS 3 – MOST OF THE TIME 2 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> • I'm not clear on what "outreach mechanisms" means in the context of this sub-policy. It sounds somewhat like ownership linkage, especially given the other language in the policy regarding owner viewpoints and values. I'm not sure that this policy belongs under "Cost of Governance." • Annual customer satisfaction report. • While we are still formalizing outreach efforts through the OLTF, TheRide does conduct public engagement for various initiatives. Board members not only have the opportunity to attend these sessions, but receive formal reports from staff. • A new committee is taking shape that will create a formal process of connection to owners. Currently input is gleaned by individual board members from owner representatives
<p>Policy 3.8.2 Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • The board maintains a healthy budget for this and we have yet to come close to spending it all. We usually have a quite a sum left over when the fiscal year ends.

<p>Policy 3.8.3 The Board will develop its budget by June 30 each year to assure its inclusion in the overall budget.</p>	<p>5 – ALWAYS</p> <p>1 – RARELY</p>	<ul style="list-style-type: none"> • It is my understanding that this did happen in a timely fashion in 2022. • It's a stretch to say the BOARD develops its budget. The amount is pretty arbitrary, just based on last year's amount or a suggestion by staff. It's not based on estimating specific expenditures.
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Additional context questions

- 1. ADDITIONAL CONTEXT ON OVERAL POLICY (OPTIONAL)**
I believe this monitoring report should start with 3.5 and proceed in numerical order.(Starting with contracting auditing firms seems strange.)

It's not clear why some detailed sub-policies are covered and not others.
- 2. APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THS FORM?**

 - 45 minutes
 - 90 minutes
 - 30 minutes
 - 20 minutes

Reasonableness and Policy 1.1.1

Meeting: Board of Directors

Meeting Date: May 18, 2023

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
Receive for information and discuss, etc.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The Board accepted the Ends monitoring report in February 2023. The Board created policies pertaining to setting of passenger fares (2.5.12) in 2020.
BACKGROUND & ISSUE SUMMARY
<p>After debating policy 1.1.1, the Board accepted the Ends monitoring report. Feedback from Rose Mercier suggesting reorganizing elements of the original report. The Board asked the Service Committee to work with the CEO to create “strawmen” interpretations that could help explore ideas around this policy and the concept of reasonableness.</p> <p>The Board has adopted criteria to help members judge interpretations and evidence: <i>“An interpretation is reasonable if the following are provided:</i></p> <ol style="list-style-type: none"> 1. <i>A measure or standard</i> 2. <i>A defensible rationale for the measure or standard.</i> 3. <i>A level of achievement necessary to achieve compliance, and</i> 4. <i>A rationale for the level of achievement.</i> <p><i>Evidence is verifiable if there is:</i></p> <ol style="list-style-type: none"> 1. <i>Actual measurement/data,</i> 2. <i>The source of the data, and</i> 3. <i>The date when the data was collected is provided.”</i> <p>The CEO is presenting three strawman interpretations of policy 1.1.1 to trigger discussion: the original version, a update of Ms. Mercier’s suggestions, and some different ideas. The intent is to apply the above criteria. If an interpretation must be found to be reasonable but does not produce the level of achievement a majority of the Board would like to see, this may be a trigger for revisiting the policy or writing new policy.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: N/A Social: N/A Environmental: N/A • Governance: This exercise is a learning experience.
ATTACHMENTS
<ol style="list-style-type: none"> 1. Original Interpretation & Evidence (Accepted by Board) 2. Version 2 with Rose Mercier’s Suggestions and Additions (DRAFT) 3. Version 3 with Strict Interpretation and Referencing Other Policies (DRAFT) 4. Other Possible Directions

Attachment 1: Original Interpretation & Evidence (Accepted by Board)

POLICY 1.1.1:

People with economic challenges have affordable public transportation options.

Degree of Compliance: Compliant

Interpretation

Compliance with this policy will be demonstrated when low-income residents of member jurisdictions (Ann Arbor, Ypsilanti, Ypsilanti Twp.) have access to a discounted passenger fare for the Fixed Route service that is equal to or better than the 50% discount required of all transit agencies by the Federal Transit Act.

This interpretation is reasonable because, unless fares are free, there will always be a need to establish a threshold. A threshold based on income is the most effective way to target the additional subsidy specifically to persons with economic challenges. The availability of the program not utilization, is the definition of compliance and hence there is no target for utilization. This discount is reasonable as it is the maximum discount we can offer given existing resources and the need to use passenger revenue to help fund services.

Evidence

An internal review by the Manager of Mobility (Williams, 01/03/2023) indicate that the fare discount program (Fare Deal program) existed during the monitoring period. Through the program, low-income populations are charged \$0.75 per ride which is 50% of the regular \$1.50 cash fare charge. Eligibility to the program is determined by being able to present Medicaid** card (which is linked to income as described below) and a valid State ID.

In FY22, 5,690 people were enrolled to use the program. This is 8.7% of the low-income population in our service area.

	FY 2022
# Fare Deal registrants	5,690
Low-income population* Source: Census Bureau	48,962
Total fare deal registrants divided by low-income population	8.7%

***Low Income population:** For the purpose of this report, low-income population has been defined as those families who live at 138% of the Federal Poverty Level (FPL) or lower. Also known as the poverty line, the FPL is the amount of annualized income earned by a household, below which they would be eligible to receive certain welfare benefits. A 138% FPL has been used for this report as that's what's required to be eligible for Medicaid and consequently TheRide's Fare Deal Cards.

****Medicaid eligibility:** Residents of ages 16-64 years who have an income at or below 138% of the federal poverty level, are not pregnant and reside in Michigan may qualify for Medicaid also known as the Healthy Michigan Plan in Michigan.

Attachment 2: Version 2 with Rose Mercier's Suggestions and Additions (DRAFT)

Includes updated information about the Fare Deal program. The CEO regrets that earlier reports included only partial information. .

POLICY 1.1.1:

People with economic challenges have affordable public transportation options.

Degree of Compliance: TBD

Interpretation

Measure or Standard

I am defining people with economic challenges as the low-income population of families who live at 150% 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 for low-income residents,
2. The program allows a discounted passenger fare of 50% for fixed-route service, and
3. Any resident of the member jurisdiction (Ann Arbor, Ypsilanti, Ypsilanti Township) who presents a Medicaid card or is certified by an accredited outside social service agency is able to enroll in a fare discount program.

Rationales

This interpretation is reasonable because:

- The existence of a discount program can be objectively demonstrated,
- A 50% discount for fixed-route services is consistent with federal requirements for 50% discounts for seniors and persons with disabilities. Such discounts do not apply to other services, such as paratransit, because those services are far more expensive and already offer a higher subsidy per trip. For example, the cost per trip on fixed-route services was about \$5, and about \$40 for paratransit, and
- 150% of FPL is an appropriate threshold because_____.¹

Using pre-certified outside agencies or the presentation of a Medicaid care to establish eligibility is reasonable as it outsources income verification to better-suited institutions, lowers TheRide's administrative burden, and improves privacy by eliminating the need for TheRide to handle records on personal information. If an applicant cannot produce a Medicaid card, TheRide can refer them to an agency who can certify the 150% threshold.

¹ The 150% threshold was adopted in the late 1980s. More research by staff will be needed to understand the rationale for that specific figure. It likely had to do with agency affordability.

Evidence

An internal review by the Manager of Mobility Services (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 cash fare of \$1.50,
3. All 5,690 persons who presented Medicaid cards were enrolled in the Fare Deal program in FY 2022.
4. *There were 34 outside agencies allowed to sign up applications for the Fare Deal program using the 150% threshold.*

Attachment 3: Version 3 with Strict Interpretation and Referencing Other Policies (DRAFT)

This version recognizes that the Board has already developed policy regarding fares, and that the CEO can only make recommendations since the Board has final approval. Policy 2.5.12 only requires information on low-incomes discounts if present in the recommendation. This 1.1.1 interpretation would require that such a discount be recommended.

POLICY 1.1.1:

People with economic challenges have affordable public transportation options.

Degree of Compliance: TBD

Interpretation

Measure/Standard

Compliance with this policy will be demonstrated when the CEO's recommendation for fare structures and prices (see policy 2.5.12) includes a discount program targeted to providing an additional subsidy to low-income residents.

Rationale

This interpretation is reasonable because the Board has already reserved the right to decide on any fare changes (3.2.9) and has described the types of information the CEO is to provide regarding fares, discounts, and administration (2.5.12).

Evidence

A review of the FY 2024 Recommended Budget (Reed, XXXXX) found a recommendation for continuation of the Fare Deal program, unchanged from previous years.

For reference policy 2.5.12

2.5.12.1 Request authorization to adjust passenger fares without (a) incorporating the request into a budget or budget amendment for board consideration, (b) providing data that demonstrates the fare adjustment is fiscally responsible and aligned with achievement of the board's Ends, and (c) providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:

- A. A clear listing of all proposed fare categories/types and prices, along with supporting information.*
- B. The fare discounts to be provided for low-income residents and other vulnerable populations and rationale for how residents qualify for fare discounts.*
- C. The impact of the proposed adjustment on equity among different fare categories.*
- D. The implication of the proposed fare adjustment on ridership.*
- E. The implications of the proposed adjustment on the authority's budget and the financial trade-offs required (e.g. tax rate increase/decrease, increased/decreased services, impact on reserve or deficit, etc.).*
- F. Opportunities that users, residents, Legal Owners, and stakeholders had to provide feedback on the proposed adjustment, the nature of their feedback, and how their feedback has been addressed.*

2.5.12.2 Let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares

Attachment 4: Other Possible Directions

It may be possible to create an interpretation where affordability is defined as passengers not having to pay the full price necessary to cover all costs of providing the service. Such an interpretation might meet the any reasonable interpretation threshold while providing no direction on additional discounts, forcing the Board to clarify its expectations for discounts.

Since there is nothing in policy 1.1.1 explicitly mentioning fares, other interpretations might be possible that make no reference to fares.

FY24 Business Plan & Budget Process History

Meeting: Board of Directors

Meeting Date: May 18, 2023

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
Provide final feedback
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Policy 2.4 Planning/Budgeting
ISSUE SUMMARY
<p>The Corporate Business Plan is an important alignment tool, helping to translate the Board goals into concrete, organized initiatives in a strategic context. Each year the annual budgeting process begins with the CEO seeking feedback on this strategic document, which later forms the foundation of the annual budget.</p> <p>The CEO will also provide background on TheRide’s unique budgeting process and the larger purpose of the Business Plan.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: The Business Plan is the foundation of the upcoming annual budget. • Social: N/A • Environmental: N/A • Governance: CEO must present strategic planning work.
ATTACHMENTS
<ol style="list-style-type: none"> 1. Board Policy 2.4 Financial Planning/Budgeting 2. Final Draft FY 2024 Business Plan

Attachment 1: Board Policy 2.4 Financial Planning/Budgeting

2.4 FINANCIAL PLANNING/BUDGETING

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:

2.4.1 Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."

2.4.2 Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.

2.4.3 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

2.4.4 Is unclear about long-term funding needs and growth projections.

2.4.5 Causes deficit spending.

2.4.6 Does not provide for adequate reserves.

2.4.7 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

2.4.8 Funds ongoing operations via debt or creates unfunded future obligations.

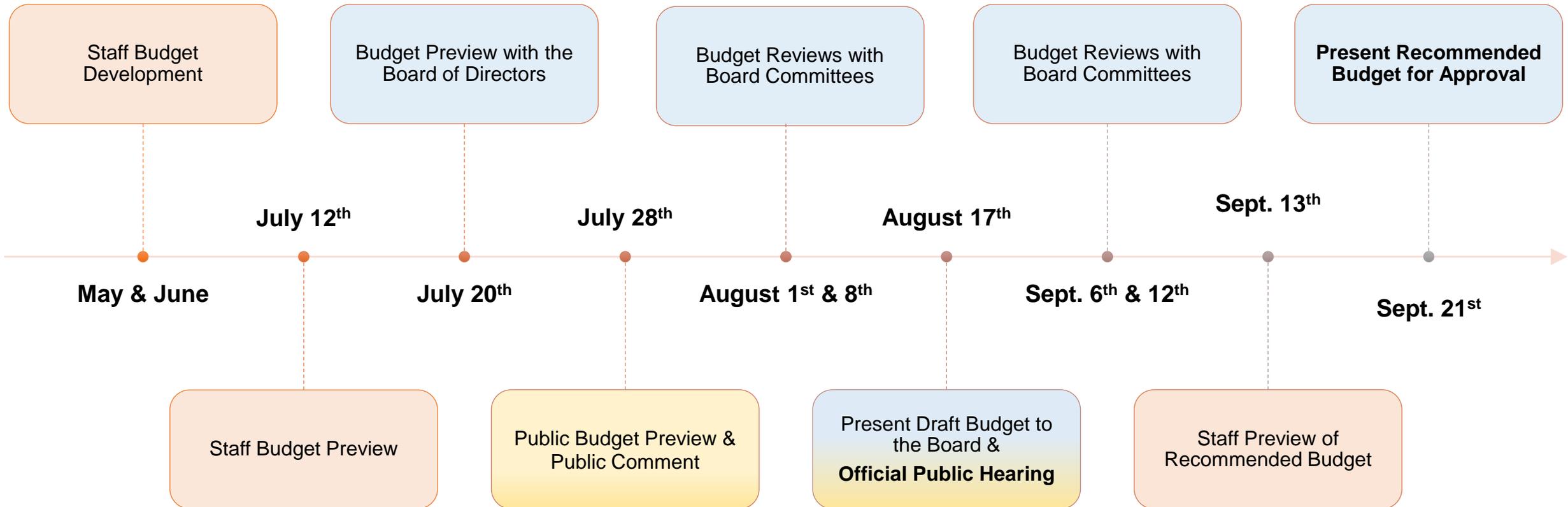
FY2024 Budget Process Timeline

Meeting: Board Meeting

Meeting Date: May 18, 2023

INFORMATION TYPE:
Decision Preparation
RECOMMENDED ACTION(S):
Receive for information a timeline for the operating and capital budget process for FY2024.
ALTERNATIVE OPTION(S):
Financial planning and budgeting is legally required, required by Board policy, and essential; there is no prudent alternative.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO." • Executive Limitation: Policy 2.4 Financial Planning/Budgeting
ISSUE SUMMARY:
This issue brief presents a timeline for the FY 2024 budget process which will lead into the presentation of a budget for Board adoption in September.
BACKGROUND:
AAATA staff developed this preview FY2024 operating and capital budget that furthers Board Ends within Executive Limitations and provides multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and will be held at the August Board meeting. Final approval will be sought in September.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7. • Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy. • Governance: The Board is responsible to approve the annual budget (Policy 3.2.7)
ATTACHMENTS:
1. FY2024 Budget Timeline

FY2024 Budget *Draft* Timeline



FY2023 Q2 Financial Statement

Finance Committee Review Date: May 9, 2023

Board Meeting Review Date: May 18, 2023

INFORMATION TYPE:
Receive as CEO operational update
RECOMMENDED ACTION(S):
Receive as CEO operational update
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • 2.10.1.5 CEO shall not...Let the Board be unaware of... incidental information (including) quarterly budget to actual financial reports. • Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August. • Policy 2.6 Investments and Appendix F Investment Policy.
ISSUE SUMMARY:
Staff presents the Second Quarter Financial Statement with currently available and reportable financial information for the period ending March 31, 2023.
BACKGROUND:
<p>Financial highlights from the second quarter year-to-date (October 2022 to March 2023) include:</p> <ul style="list-style-type: none"> • TheRide operated within the budget for the second quarter of the year. • There was a \$5.6 million surplus of revenues over expenses. The surplus at the end of the fiscal year will be placed in the capital reserve. • Expenses were \$1.4 million lower than budgeted primarily due to unfilled staff positions and demand for services that are lower than budgeted. • Revenues were \$1.6 million lower than budgeted. This is primarily a result of lower state and federal operating assistance received because of lower actual expenses than budgeted. • The projected balances for the three board-approved reserves are as follows: operating reserve at \$12.9 million or 2.9 months, based on year-to-date expenses, capital reserve of \$29.8 million, and insurance reserve at \$0.5 million. • \$45.5 million in Federal pandemic relief revenue (CARES, ARP, CRRSAA) has been used to date to support operations. • Cash flow was adequate to cover expenses; Q2 2023 ended at \$42 million in cash and investments.

IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none">• Budgetary/Fiscal: Demonstrates financial performance for the reporting period• Governance: Supports Board in financial oversight/fiduciary responsibility
ATTACHMENTS:
FY2023 Q2 Financial Statement (Income Statement and Balance Sheet)

Income Statement

For the Period Ended March 31, 2023

Revenue and Expense (Budget to Actual)

In Thousands of Dollars (which means add a comma and three zeros).

BLACK = FAVORABLE
RED = UNFAVORABLE

REVENUES	Actual Quarter 1	Actual Quarter 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Budgeted YTD	Budget Variance	
							\$	%
Fares and Contracts	\$ 1,208	\$ 1,700			\$ 2,908	\$ 2,996	\$ (88)	-2.9%
Local Property Taxes	4,768	5,535			10,303	9,535	768	8.1%
State Operating Assist.	4,301	3,700			8,001	8,722	(721)	-8.3%
Federal Operating Assist.	989	701			1,690	3,601	(1,911)	-53.1%
Federal Pandemic Relief	4,000	4,634			8,634	8,639	(5)	-0.1%
Other Revenues	38	614			652	262	390	148.9%
Total Operating Revenues	\$ 15,304	\$ 16,884	\$ -	\$ -	\$ 32,188	\$ 33,755	\$ (1,567)	-4.6%
EXPENSES								
Salaries, Wages, Benefits	\$ 6,461	\$ 7,716			\$ 14,177	\$ 15,186	\$ 1,009	6.6%
Purchased Transportation	2,459	3,263			5,722	6,164	442	7.2%
Fuel, Material, Supplies	1,531	1,628			3,159	3,121	(38)	-1.2%
Purchased Services	538	1,179			1,717	1,752	35	2.0%
Other Expenses	398	1,376			1,774	1,769	(5)	-0.3%
Total Operating Expenses	\$ 11,387	\$ 15,162	\$ -	\$ -	\$ 26,549	\$ 27,992	\$ 1,443	5.2%
Surplus (Deficit)	\$ 3,917	\$ 1,722	\$ -	\$ -	\$ 5,639	\$ 5,763	\$ (124)	-2.2%
Capital Reserve Transfer	\$ (3,917)	\$ (1,722)	\$ -	\$ -	\$ (5,639)	\$ (5,763)	\$ 124	-2.2%
Operating Reserve Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

<p><input checked="" type="checkbox"/> TheRide had a \$5,638,972 surplus at the end of the second quarter.</p> <p> Revenues were lower than budgeted by \$1,566,633 primarily due to timing of state and federal operating assistance and lower than expected passenger fares.</p> <p> Expenses were \$1,442,742 lower than budgeted primarily due to unfilled staff positions, demand for services that are lower than budgeted, as well as timing of expenses and operational needs.</p>	<p>Federal Pandemic Relief Utilization Expenditures from \$58.7 million in Federal Pandemic Relief funding as of March 31, 2023, for eligible COVID-19-related costs :</p> <table border="0"> <tr> <td>Operating Expenditures</td> <td style="text-align: right;">\$ 45,538,090</td> </tr> <tr> <td>Capital Expenditures</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>TOTAL EXPENDITURES</td> <td style="text-align: right;">\$ 45,538,090</td> </tr> </table> <p>Federal Pandemic Funds Remaining: \$ 13,206,897</p>	Operating Expenditures	\$ 45,538,090	Capital Expenditures	\$ -	TOTAL EXPENDITURES	\$ 45,538,090
Operating Expenditures	\$ 45,538,090						
Capital Expenditures	\$ -						
TOTAL EXPENDITURES	\$ 45,538,090						

YTD Revenue and Expense By Mode

In Thousands of Dollars (which means add a comma and three zeros).

	Fixed Route	Demand Response	Other Demand Response	Non-Urban	Express Ride	D2A2	VanRide	TOTAL ACTUAL
	<i>Fixed Route Bus</i>	<i>A-Ride</i>	<i>FlexRide, HolidayRide, GoldRide, MyRide, NightRide</i>	<i>WAVE, Peoples Express</i>	<i>Commuter Express</i>	<i>Detroit Shuttle</i>	<i>VanRide, Ride Sharing</i>	
DIRECT REVENUE								
Fare Revenue	\$ 1,565	\$ 95	\$ 51	\$ 102	\$ -	\$ 65	\$ -	\$ 1,878
Contract Revenues	475	143	99	313	-	-	-	1,030
Advertising, Interest, Other	652	-	-	-	-	-	-	652
Federal Operating	-	-	-	-	-	954	-	954
State Operating	5,821	1,267	292	474	-	-	147	8,001
Total Direct Revenue	\$ 8,513	\$ 1,505	\$ 442	\$ 889	\$ -	\$ 1,019	\$ 147	\$ 12,515
TOTAL EXPENSE								
Salaries, Wages, Benefits	\$ 13,402	\$ 604	\$ 53	\$ 81	\$ -	\$ -	\$ 37	\$ 14,177
Purchased Transportation	-	2,356	937	1,201	-	913	315	5,722
Fuel, Materials, Supplies	2,939	182	19	12	-	-	7	3,159
Contracted Services	1,622	69	-	26	-	-	-	1,717
Other Expenses	1,580	38	20	26	-	106	4	1,774
Total Operating Expense	\$ 19,543	\$ 3,249	\$ 1,029	\$ 1,346	\$ -	\$ 1,019	\$ 363	\$ 26,549
Surplus (Deficit) from OPS	\$ (11,030)	\$ (1,744)	\$ (587)	\$ (457)	\$ -	\$ -	\$ (216)	\$ (14,034)
ALLOCATED REVENUE								
Local Property Taxes	10,227	-	76	-	-	-	-	10,303
Federal Operating/Pandemic	6,442	1,744	511	457	-	-	216	9,370
SURPLUS (DEFICIT):	\$ 5,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,639

Balance Sheet

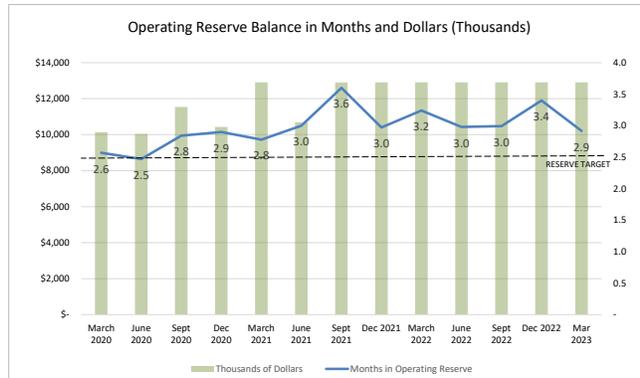
For the Period Ended March 31, 2023

Balance Sheet and Reserve

In Thousands of Dollars (which means add a comma and three zeros). With Prior Year Comparison.

ASSETS	Q2 2022	Q1 2023	Q2 2023
	3/31/2022	12/31/2022	3/31/2023
Cash	\$ 21,986	\$ 14,753	\$ 22,255
Investments	6,640	19,329	19,706
Other Current Assets	23,508	18,955	21,053
Capital Assets	43,944	45,154	43,756
Total Assets	96,079	98,191	106,770
LIABILITIES	6,212	5,406	7,346
TOTAL NET POSITION	\$ 89,867	\$ 92,785	\$ 99,424

RESERVES:	Balances		
	Capital	\$ 18,317	\$ 28,051
Insurance	\$ 500	\$ 500	\$ 500
Operating	\$ 12,905	\$ 12,905	\$ 12,905
Months in Operating Reserve	2.8	3.4	2.9



Statement of Cash Flows (in Thousands of Dollars)

Historical Cash Flows	FY 2021				FY 2022				FY 2023	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2
Beginning Balance:	\$ 24,031	\$ 19,252	\$ 16,780	\$ 17,506	\$ 35,455	\$ 32,606	\$ 28,626	\$ 29,403	\$ 44,678	\$ 34,082
Cash from Operations	(251)	(3,755)	966	17,749	(5,079)	(3,775)	573	25,604	(5,186)	7,624
Cash from Capital	472	1,291	(240)	198	2,261	(90)	324	(3,163)	(5,510)	(122)
Cash from Investments	(5,000)	(8)	-	2	(31)	(115)	(120)	(7,166)	100	377
Cash Flow:	\$ (4,779)	\$ (2,472)	\$ 726	\$ 17,949	\$ (2,849)	\$ (3,980)	\$ 777	\$ 15,275	\$ (10,596)	\$ 7,879
Ending Balance:	\$ 19,252	\$ 16,780	\$ 17,506	\$ 35,455	\$ 32,606	\$ 28,626	\$ 29,403	\$ 44,678	\$ 34,082	\$ 41,961

Q2 cash flow was positive at \$7.9 million

The Statement of Cash Flows summarizes the amount of cash and cash equivalents entering and leaving AAATA during the reporting period. It measures how AAATA generates cash to fund its operating, capital, and investing needs. Typically negative cash flow is normal for all quarters except the 4th quarter, when property tax receipts generate positive cash flow.

Investments Summary

In Thousands of Dollars (which means add a comma and three zeros).

Investment Instrument	Date of Maturity	Interest Rate	Total as of		Total as of 03/31/2023
			12/31/2022	Transactions	
U.S. Agency Bond	11/6/2023	0.25%	\$ 2,000	\$ -	\$ 2,000
U.S. Agency Bond	9/23/2024	0.50%	2,000	-	2,000
U.S. Agency Bond	1/19/2024	0.23%	750	-	750
U.S. Agency Bond	4/8/2024	0.38%	1,000	-	1,000
U.S. Agency Bond	9/15/2024	2.88%	2,500	-	2,500
U.S. Agency Bond	2/24/2025	3.75%	200	-	200
U.S. Agency Bond	3/28/2025	2.83%	2,500	-	2,500
U.S. Agency Bond	3/28/2025	3.10%	2,000	-	2,000
U.S. Agency Bond	6/27/2025	3.25%	2,000	-	2,000
U.S. Agency Bond	8/8/2025	4.10%	1,400	-	1,400
U.S. Treasury Notes	5/15/2023	0.13%	1,500	-	1,500
U.S. Treasury Notes	6/30/2024	3.00%	2,000	-	2,000
Money Market Funds	N/A	4.58%	203	127	330
Mark-to-Market Adjustment			(724)	250	(474)
Total Investments:			\$ 19,329	\$ 377	\$ 19,706

Q2 2023 Investment Gain (year to date): \$182,316

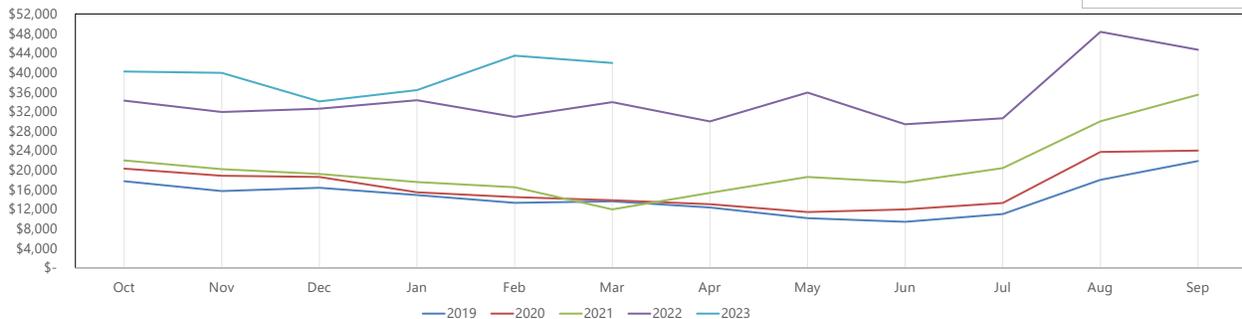
U.S. Treasury Bills, Notes, and Agency Bonds are short term bonds (several months to 10 years) backed by the Treasury Department of the U.S. Government. The rates shown for the current investments represent the gross yield-to-maturity rates (before the annual fee of .28%).

A FDIC-insured cash sweep account or accounts that have balances above the FDIC insurance threshold are used for day-to-day working capital.

Cash and Investments History

Total Cash and Investments by Month and Year (2019 to 2023 YTD)

In Thousands of Dollars



Title VI Program Update Preview

Meeting: Board of Directors

Meeting Date: May 18, 2023

INFORMATION TYPE
Decision Preparation
RECOMMENDED ACTION(S)
Receive for information.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>Several key Board policies:</p> <p><u>2.5.2 – Prohibits jeopardizing of federal funding (by not complying with regulations)</u></p> <p>2.0 – Prohibits violation of federal law and regulations</p> <p>2.1.2 – Prohibits discrimination against the public (Staff are addressed in 2.2)</p> <p>2.9.1.5 – Make the Board aware of internal changes (i.e. No Surprises)</p>
ISSUE SUMMARY
<p>To maintain AAATA’s eligibility for federal funding, AAATA <i>must</i> submit its routine Title VI program update to FTA (Federal Transit Administration) by December 1, 2023. Although a highly technical Means document prepared by staff, the FTA requires transit agency boards to approve the document. Historically the Board has approved this document via the Consent Agenda as a “Required Approval”.</p> <p>The Title VI discussion and a Board retreat on equity will unfold at similar times in 2023. The CEO wants to reassure the Board that the Board need not feel rushed regarding the Title VI work. The Board can establish new Board policies for the agency at <u>any</u> time and the Title VI program can be updated in the future to reflect any new direction the Board may approve. However, it is crucial that the AAATA meet the December 2023 deadline to maintain federal funding (see project timeline below).</p> <p>The CEO can also clarify the process for the Board’s control of equity concerns. Should the Board adopt any new relevant policies (step 1), staff would then update <i>all</i> internal mechanisms, including the Title VI work, to reflect this new direction (2). The Board could then monitor future Title VI submission for compliance with its new policies (3). The CEO would suggest we use this year’s Title VI process as part of our collective education about equity and discrimination law.</p>
BACKGROUND
<p>The Department of Transportation (DOT) requires recipients of DOT funds to demonstrate compliance with Title VI of the Civil Rights Act of 1964 through regular compliance reports. The FTA Circular 4702.1B, “Title VI Requirements and Guidelines for FTA Recipients” sets forth the information that should be included in the Title VI program updates and requires them to be submitted as Title VI programs every three years.</p>

As required by Title VI of the Civil Rights Act of 1964, AAATA's Title VI program needs to demonstrate the Authority has the procedures and resources to ensure public transportation services are provided in a nondiscriminatory manner. AAATA must properly implement its program to ensure nondiscriminatory service, including full and fair public participation, and meaningful access to transit-related programs and activities by persons with limited English proficiency. Prior to implementing any major service changes or any fare change, AAATA must complete an "equity analysis", and submit it for board review and approval. AAATA must also collect and report demographic data, including data gathered through rider surveys, and monitor transit service relative to service standards and service policies. *It is important to understand that the FTA's "equity analysis" may not cover all the same issues we may discuss under the term equity.* Under Title VI, equity is synonymous with nondiscrimination.

To ensure a timely completion of this update, staff have engaged an external consulting firm to review and update AAATA's 2020 Title VI program that was submitted to FTA on 11/30/2020. The FTA has accepted AAATA's 2020 Title VI program and identified areas that need to be addressed in this year's update. Based on the consultant's preliminary review, the Public Input Policy for Service and Fare Changes and the Equity Analysis Policy are to be updated as part of this year's Title VI Program update. These policy updates will require Board approval and public feedback. The consultant has developed a draft project schedule:

- May-June, 2023
 - Data / documents gathering and analyses.
 - Recommended updates to the Public Input Policy s and the Equity Analysis Policy.
 - Board review of draft policies
- July-August, 2023
 - Public review of draft policies and other Title VI Program updates
 - Board approval of the Public Input Policy and the Equity Analysis Policy
 - Equity analyses for service changes as part of the millage plan
- September-November, 2023
 - Board / public review of the draft Title VI Program
 - Board approval of the final Title VI Program
 - Public review of service changes and associated equity analyses
- Nov 30, 2023
 - Submission of the final Title VI Program to the FTA

IMPACTS OF RECOMMENDED ACTION(S)

- **Budgetary/Fiscal:** submission of this update necessary to ensure federal funding.
- **Social:** Title VI established federal minimum standards for nondiscrimination.
- **Environmental:** NA
- **Governance:** Board approval required prior to final submission.

ATTACHMENTS - NA

CEO Report

Meeting: Board of Directors

Meeting Date: May 18, 2023

INFORMATION TYPE

Other

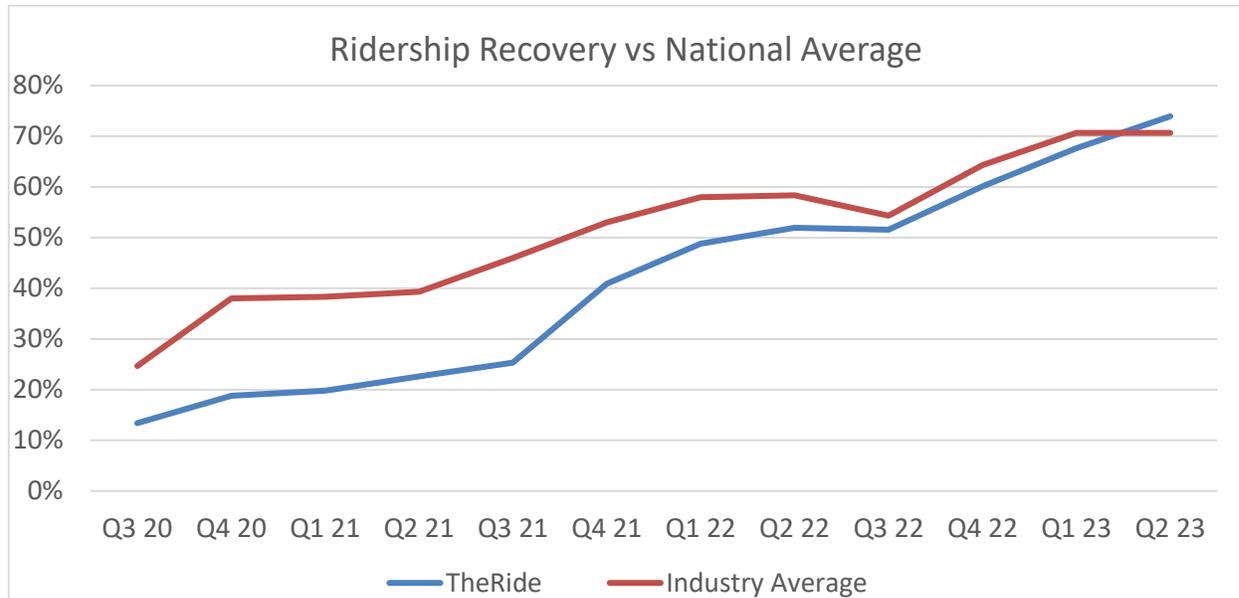
OPERATIONAL AND PROJECT UPDATES

APRIL SERVICE UPDATES

Spring/Summer service adjustments began on Sunday, April 30, 2023. These service adjustments were made to improve service reliability of its routes. Timepoints were adjusted and seasonal adjustments were made. The routes affected are Routes 4, 23, 32, 43, 46, 62.

RIDERSHIP (Fixed-Route)

Ridership is continuing to recover, as people return to work and school. Q2 2023 had the highest quarterly ridership (over 1.1 million rides) since the onset of the pandemic, approximately 74% of the same quarter in 2019.



YPSILANTI TRANSIT CENTER RENOVATION

The Ypsilanti Transit Center is closed to customers May 15 – May 19 for renovations for the Information Specialist front desk. Port-a-potties are being provided. The Ypsilanti Transit Center will have Information Specialists staffing the front desk beginning in the Fall.

POLICY GOVERNANCE TRAINING

Chris Allen, Monica Boote, and George Brooks attended two-day training on Policy Governance (Boot Camp) in Grand Rapid.

NARCAN

TheRide staff are working with legal counsel to look into liability surrounding the possibility of installing Narcan vending machines at our transit centers. Narcan is a medicine that can be used in an emergency situation on someone who is experiencing an opioid overdose.

LOCAL ADVISORY COMMITTEE (LAC)

The Local Advisory Committee met virtually in March and in April. TheRide Board Chair, Kathleen Mozak provided a board update to the committee. It was announced that the Ann Arbor Center for Independent Living has rebranded and is now named Disability Network of Washtenaw, Monroe, Livingston Counties. Service reports were given by staff on Fixed-Route, Paratransit and FlexRide.

TRANSPORTATION COMMISSION (ANN ARBOR)

Major items discussed at the last Transportation Committee were an annual approved City budget presentation (including motorized/non-motorized transportation modes capital and ongoing maintenance projects), a presentation from Spin on that company's newly launched bicycle-sharing service in the downtown Ann Arbor/U-M campus areas, a presentation from the City Systems Planning Unit on an upcoming Equity-Based Community Engagement Policies/Guidelines program, and an update on the 2023 street resurfacing program. City staff will maintain contact with AAATA staff on road projects that will impact bus services.

WATS POLICY COMMITTEE UPDATE

The WATS Policy Committee met and conducted routine business which included amendments and modifications to short term funding for various projects (TIP), reviewing WATS internal business, and discussion of SEMCOG's long range plan. (Outside the meeting, TheRide staff met with the WATS director to discuss bringing TheRide's Long-Range Plan (TheRide2045) into the regional transportation Long Range Plan, an important step toward making our major capital projects eligible for federal funding.) AAATA staff Ken Anderson presented an update on TheRide's bus stop improvement program.

EMPLOYEE ENGAGEMENT

- TheRide celebrated Transit Employee Appreciation Day on March 17, and hosted a Tigers Opening Day BBQ celebration that was well received
- TheRide's annual employee survey closed on April 2.
- TheRide will be implementing staff Ride-Alongs on our fixed-route system to identify areas of improvement for the customer experience.
- The Biggest Loser Challenge continues through May 16. TheRide re-introduced its Wellness Committee and is making plans for future wellness events.
- TheRide is making preparations for celebrations in honor of Juneteenth.
- Motor Coach Operators began to wear their summer uniforms beginning May 1.



(Left to Right: Teresa Abraham, Fred Shorter (retired 3/14/23), Ray Pacek, Mandy Wellwood, Althea McGlory)

EMPLOYEE SAFETY

TheRide recently completed an Active Shooter training program offered by local law enforcement professionals for all employees and continue to provide post-training resources to address trauma or concerns regarding the material.

STAFFING UPDATE

A new Motor Coach Operator (MCO) class began at the end of April. TheRide welcomes Vivi Nguyen, Finance Manager who recently started at TheRide. Additional team members in Fleet and Facilities have started in May. Recruitment is ongoing for Manager of Public Affairs and Engagement and other positions. We continue to experience similar recruitment challenges as other organizations, and continue to explore new recruitment platforms to increase our pool of candidates. Fred Shorter, MCO is retiring after 26 years at TheRide. We wish him well in his retirement!

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 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

The Request for Proposal to recruit a consulting firm for the planning, environmental study (NEPA), and design work was released early in April. Once the proposals are submitted, the procurement process could take 2-3 months depending on the quality of submissions and the negotiation of the costs.

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.

A separate study led by the DDA to redesign 4th Avenue from Liberty St. to William St. is also ongoing. The goal is to make 4th Avenue more transit/pedestrian friendly along with the BTC expansion project. Public meetings were held at the BTC in April and input from our riders was gathered by the consultants and TheRide staff.

MDOT WASHTENAW AVENUE and US-23 STUDIES

MDOT conducted public input sessions on March 4 related to their study for Washtenaw Ave from Ypsilanti to the boarder with Ann Arbor. Alternatives are being developed and will be available for stakeholder and public review soon.

MDOT is also starting an Environmental Assessment on different alternatives along the US-23 corridor from I-94 to M-14 including the interchange at Washtenaw Ave. The purpose of the project is to address the pavement and bridge infrastructure along this corridor. Solutions to congestion and crashes will also be examined. This project is just beginning and will conduct an Environmental Assessment, study of alternatives, and design for the recommended alternative in the corridor.

BUS PROPULSION

Staff are working with consultant on the second stage of the project and are arranging site visits with Peer-to-Peer development at a number of agencies including Champaign-Urbana and Flint MTA. Staff are also planning visits to UM when their battery buses arrive. Staff visited DDOT in Detroit to discuss their battery buses. An updated recommendation on Propulsion Technology will be available later this year.

Building Our Future



Corporate Business Plan FY 2024

ANN ARBOR AREA TRANSPORTATION AUTHORITY

Contents

Introduction	1
Strategic Goals & Expectations	3
5-Year Operating Work Plan	6
10-Year Capital Plan (Conceptual).....	12
FY2024 Annual Budget Preparation.....	18
Board Expectations for the Budget and Strategic Planning	18
Performance Monitoring.....	20
Conclusion	21
Appendix.....	22
Strategic Planning Methodology.....	23

Introduction

In the last year TheRide has approved a 25-year blueprint for the evolution of our services. We have also secured enough funding to begin several expansion projects that will advance our new vision. With these new directions and resources **TheRide is beginning to pivot from discussing what it *could* do, to focusing on what it has *promised* to do.** With our long-range plan as a blueprint, we can move forward with building our future. The FY2023 Business Plan and subsequent budget will be important opportunities to ***align*** our resources and energy with achieving the goals we have set for ourselves.



The annual budget process at TheRide begins with the CEO's proposed Business Plan. The Business Plan translates our larger goals into more concrete initiatives and 5-year to-do lists, called work plans (see Board policy 2.4). By transparently identifying proposed projects and initiatives, the Business Plan provides an opportunity for the Board, staff, and the public to have a dialogue about *priorities* before the budgeting process adds details. **Everyone is invited to provide feedback on these initial proposals and help build a better Business Plan.** The finalized Business Plan forms the foundation for building the detailed budget staff recommends to the Board later in the year.

Fiscal Year 2023 is the first year when TheRide has both a Board-approved long-range plan and the resources necessary to implement new service and infrastructure. Specifically, this draft Business Plan is focused on implementing the voter-approved 2022 millage services and the Board-approved long-range plan outlined future investments. These blueprints, along with maintaining services and improving the organization, have become the key goals of the Business Plan. The strategic approach to organizing our many opportunities and projects is details in the appendices but can be summarized as identifying the initiatives that will best achieve our Board's goals, and organizing deadlines, workflow, and staff activities to best achieve those projects.

The CEO is only recommending priorities and projects that fall into one of three thematic categories:

1. **Maintaining Services for Current Riders** - The continuation of all regular services, with no changes to service levels or fare increases or changes.
2. **Implementing the Long-Range Plan for Future Riders** – 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. **Continuous Improvement for TheRide and Staff** – 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.

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

The second 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.

Strategic Goals & Expectations

TheRide's Board of Directors uses written policies to set the strategic goals for TheRide (i.e., Ends policies). The Board's strategic goals define what TheRide is to achieve; for whom, and at what cost. The Board's strategic goals are provided below:

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.

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 Business Plan helps to translate the Board's policy goals into specific projects, initiatives, and tasks that staff can undertake. Through this process we align to the agency's actions to achieve the Board's goals. After considering various strategic planning concepts (see appendices below) the CEO has identified three board thematic priorities for advancing the Board's goals:

1. **Maintaining Services**

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. **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 includes 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.

3. **Continuous Improvement**

Every organization depends on the performance of its team to deliver 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.

There are numerous initiatives, activities and projects detailed on the following pages that will help advance with thematic priority. They are classified as either operational (e.g., new services, staff activities, etc.) or capital (e.g., supporting major construction or facility projects).

5-Year Operating Work Plan

The Operating Work Plan itemizes major service improvements, operational changes, and staff activities to align with Board goals and optimize efforts. Plans for major infrastructure and construction projects (i.e., Capital Plan) are outlined separately in the next section. Every proposed initiative is cross referenced to illustrate which Board goal it advances with blue citations such as (1.0, 2.3).

Priority 1: Maintaining Services

During the pandemic we had to reduce services. For FY2024 TheRide is proposing to maintain all current transit and related services at full levels. We are also proposing to keep all fares the same as in FY2023. About 90% of TheRide's resources are used to operate transit services, and most of our staff are focused on this daily mission. Continuing these services and rebuilding ridership in a post-pandemic period of inflation, volatility, labor shortages, and other challenges is no small effort. The Business Plan does not detail the numerous efforts needed to maintain services, although the capital plan includes investments necessary to maintain assets, facilities, equipment, and the fleet.



Priority 2: Implementing the Long-Range Plan

This section itemizes the new services, operational changes and key planning work initiatives that are expected for the next five years. All are part of the 2022 millage or long-range plan. FY2024 will include a great deal of detailed planning to prepare to initiate these new services in August 2024. *Only the 2024 projects will be approved via the annual budget. The additional years are for context.* Each project description starts with a title and the Board goal which the project advances.



FY2024 projects

a. Ypsilanti Transit Center Staffing (Board goals advanced: 1.1, 1.4)

As part of the 2022 millage TheRide will be restoring customer service agents to the Ypsilanti Transit Center. This project may be started in advance in FY 2023 depending on construction timelines.

b. 30-minute frequencies- Weekend daytime routes (1.1, 1.3, 1.4, 1.5)

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

c. Longer Service Hours (1.1, 1.3, 1.4, 1.5)

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

d. Overnight On-Demand Expansion (1.3.1)

TheRide is currently working on improving overnight services, holiday service and expanding overnight and holiday services to all of City of Ypsilanti, and Ypsilanti Twp north of Textile Road (matching the fixed route by end of FY 2024).

e. Express Pilot on Washtenaw (1.0-1.5)

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.

f. Accessibility Improvement, Response & Fixed Route Integration (1.1.2)

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

Beyond FY2024 projects

g. Fare collection Modernization and integration (1.4)

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.

h. Express Pilot on North-South Corridor (1.0-1.5)

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 2028.

i. Priority Routes: Main-Nixon/Plymouth and Packard-Ellsworth (1.0-1.5)

These priority routes are intended to provide higher frequency service to higher demand areas and facilitate faster trips for longer travel patterns not well covered by the BRT routes. The priority routes are somewhat enhanced by transit priority features with frequency ranging from 15 to 20 minutes during peak periods. Planning is expected to begin in FY 2027. The service is expected to begin in FY 2028.

j. 30-Minute Frequencies - Evenings (All Routes, Days, Times) (1.1, 1.3, 1.4, 1.5)

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 2028.

k. Enhance On-Demand Service, Expand Coverage (1.1, 1.3, 1.5)

Beginning FY 2028 through FY 2033, 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 principles¹ 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. This section itemizes internal efforts to improve staff engagement, customer experience, and environmental objectives.

FY 2024 Projects

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 to 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 fill in key vacant positions. This work has started and will continue into FY 2025



ONE TEAM

b. Customer Satisfaction Brainstorming (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 *attract* new riders, the CEO would like to develop a process for re-engaging staff, the community, and the Board to identify the best ways to improve the customer experience and *retain* riders. This work will start in FY 2024 and continue into FY 2025

c. Advocacy Agenda (Policy 1.0, 2.0)

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

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

Sustainability Planning (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 (1.2.2)

A Zero emissions study for the support fleet and A-Ride vehicles is currently being conducted and will continue into FY24. These studies will inform us of the next steps.

e. Zero emissions facility studies (1.2.2)

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

DRAFT

Below is the 5-year operating work plan

Major initiatives		Applicable Ends & Exec. Limitations	FY24	FY25	FY26	FY27	FY28
Implementing the Long-Range Plan	Ypsilanti Transit Center Staffing	1.1, 1.4					
	30-minute frequencies- Weekend daytime routes	1.1, 1.3, 1.4, 1.5					
	Longer Service Hours	1.1, 1.3, 1.4, 1.5					
	Overnight On-Demand Expansion	1.3.1, 2.0					
	Express Pilot on Washtenaw	1.0-1.5					
	Accessibility Improvement & Response and Fixed Route Integration	1.1.2					
	Fare collection Modernization and integration	1.4					
	Express Pilot on North-South Corridor	1.0-1.5					
	Priority Service: Main-Nixon/Plymouth	1.0-1.5					
	Priority Service: Packard-Ellsworth	1.0-1.5					
	30-Minute Frequencies - Evenings (All Routes, Days, Times)	1.1, 1.3, 1.4, 1.5					
	Enhance On-Demand Service, Expand Coverage	1.1, 1.3, 1.5					
Cont. Improvement	Team and Staff Development	1.0, 2.0, 2.2					
	Customer Satisfaction Brainstorming	1.0					
	Advocacy Agenda	1.0, 2.0					
	Zero emissions A-Ride fleet studies	1.2.2					
	Zero emissions facilities studies	1.2.2					
Timeline pending funding, staff capacity and collaboration with key stakeholders.							

Environmentally friendly projects	S	Studies	C	Year of commissioning
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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 section itemizes the capital costs and investments necessary to maintain the existing facilities, fleet, and other assets owned by TheRide. Keeping existing assets in a state-of-good-repair is a federal requirement and helps avoid over-spending on new projects or a backlog of deferred maintenance (see Board policy 2.7.3 regarding asset protection). Initiatives under this priority category include:



FY 2024 projects

a. Vehicle Replacements (1.4, 2.4.3, 2.7.3)

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 Replacements (1.4, 2.4.3, 2.7.3)

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 (1.4, 2.2.1, 2.4.3, 2.7.3)

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

Priority 2: Implementing the Long-Range Plan

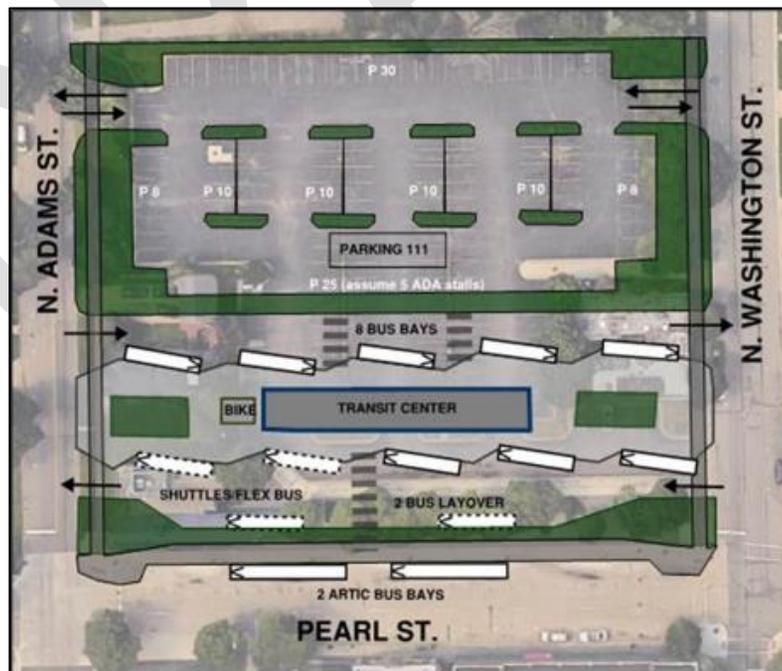
TheRide2045 lays out numerous new facilities and major construction projects over the next 20 years. This section itemizes the major capital projects (i.e., construction, infrastructure, equipment, etc.) that are expected for the next five years. All are part of the 2022 millage or long-range plan. FY2024 will include planning to prepare these projects for construction (YTC, BTC), or consideration, funding or approval (i.e., garage, BRT). *Only the 2024 projects will be approved via the annual budget. The additional years are for context.* Each project description starts with a title and the Board goal which the project advances.



FY 2024 projects

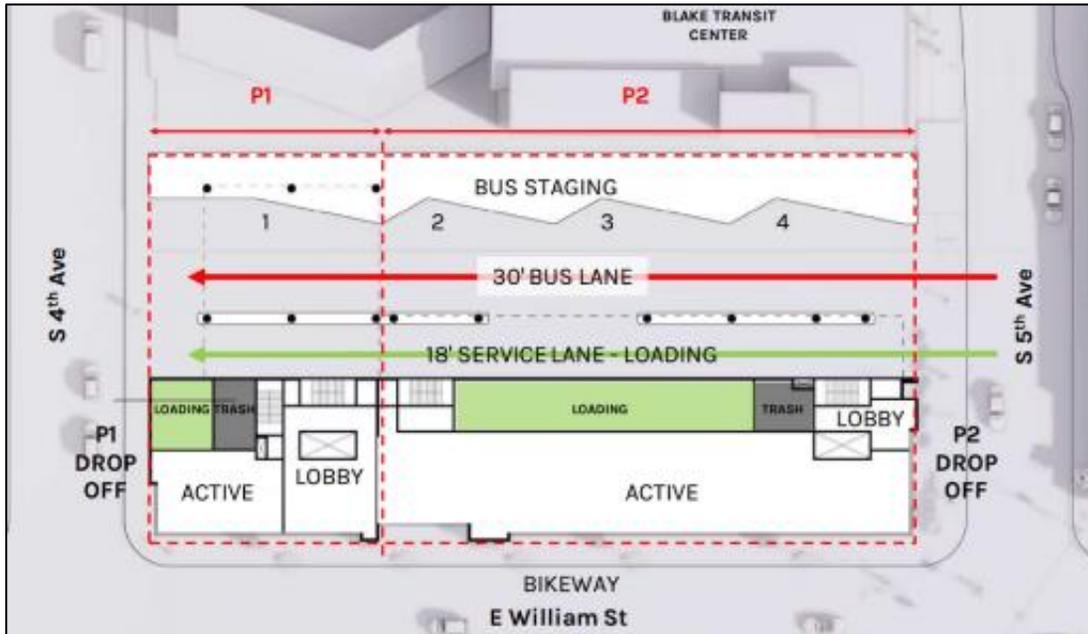
a. Ypsilanti Transit Center Redevelopment (1.1, 1.4, 1.5, 2.5.2, 2.10)

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 (1.0, 1.4, 1.5, 2.5.2, 2.10)

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 (1.0, 2.4.2, 2.4.3, 2.10)

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 2031.

d. Washtenaw BRT planning & funding (1.0-1.5, 2.10)

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 the first phase of this BRT (BTC – YTC) is expected to take place between FY 2024 to FY 2029.

Projects beyond FY 2024

e. Transit hubs and priority infrastructure (1.0, 2.10)

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

DRAFT

Priority 3: Continuous Improvement

Every organization needs to upgrade and improve technology systems, clean propulsion, and basic infrastructure. This section itemizes various internal improvements to systems, processes, or technology that can improve TheRide or our performance. It also includes important improvements for riders (i.e., bus stops, bus lanes) or the environment (zero-emissions buses).

a. Technology upgrades: (1.4, 2.0, 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: (1.1.2, 1.4)

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 30 to 40 bus stops near sidewalks accessible each year.

c. Bus Lane Improvements: (1.0, 1.4, 2.10)

Pending funding and successful collaboration with stakeholders, TheRide has hopes 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 Bus Fleet (1.2.2)

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. IT Studies (2.0, 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.



Building our Future.

Below is the 10-year capital work plan

	Major initiatives	Applicable Ends & Exec Limitations	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Maintain Existing Services (SOGR)	Vehicle Replacement	1.4, 2.4.3, 2.7.3										
	Equipment Replacement	1.4, 2.4.3, 2.7.3										
	Rehab facilities	1.4, 2.2.1, 2.4.3, 2.7.3										
Implementing the Long-Range Plan	YTC Redevelopment	1.1, 1.4, 1.5, 2.5.2, 2.10				C						
	BTC Expansion & Redesign	1.0, 1.4, 1.5, 2.5.2, 2.10			C							
	New Bus Garage	1.0, 2.4.2, 2.4.3, 2.10								C		
	Washtenaw BRT	1.0-1.5, 2.10										C
	Transit hubs & priority infrastructure	1.0, 2.10										
Cont. Improv.	Technology Upgrades	1.4, 2.0, 2.7										
	Bus Stop Improvements	1.1.2, 1.4										
	Bus Lane Improvements	1.0, 1.4, 2.10										
	Zero Emissions Buses	1.2.2										
	IT studies	2.0, 2.7		S								
Timeline pending funding, staff capacity and collaboration with key stakeholders.												
	Environmentally friendly projects		C		Year of commissioning		S		Studies			

FY2024 Annual Budget Preparation

The Business Plan is the first part of an annual process of ***aligning*** expenditures to best achieve the Board’s goals. The Business Plan allows staff, the public and the Board of Directors to review and discuss the largest component of the upcoming budget in a transparent conceptual way (without all the detailed financial figures). This keeps the focus on Big Picture issues and the goals the Board has set and helps to avoid distracting minutia. Once the CEO feels they have received the advice and feedback they need, staff can begin preparing the detailed recommended budget, confident that most major questions have hopefully already been asked, answered, and accommodated. Hopefully this will allow the later discussion and approval of the budget to become a routine confirmation of decisions that have already been discussed.



Board Expectations for the Budget and Strategic Planning

This approach is heavily influenced by Policy Governance and the Board’s written policies. Key policies include:

1. The CEO and staff present a recommended budget. The Board deliberates and approves the final budget (policy 3.2.7).
2. Policy Governance delegates almost all operational decisions to the professional staff intentionally so that the Board can focus its attention on the Outcomes.
3. The Board gives instruction with one voice via written policy when describing (in advance) how a budget should be prepared, most of which are described in policy 2.4:

Financial Planning and Budgeting. Key expectations from the Board include:

- a. All budget items must be focused on advancing the Ends or complying with other policies.
- b. Staff cannot recommend a budget that risks fiscal jeopardy, causes deficit spending, or funds ongoing operations via debt or unclear means.



Building our Future.

- c. The staff's recommended budget must include: a strategic multi-year context, projections of revenues and expenses, separation of operation and capital expenses, clear long-term funding needs, and clear assumptions.
- d. Staff generally present a high-level budget to help focus on the key strategic decisions. Since Means are already delegated to the CEO (policy 4.3.3), they do not typically present a line-item budget. Please let us know if granular details are required.
- e. Several other Executive Limitation policies affect the structure and content of the budget, for example by requiring staff be kept safe (2.2), construction projects be clearly defined (2.10), financial activities be correct (2.5), assets maintained (2.7.3), public input (2.7.5.5), and that risks be addressed prudently (2.0) and clearly (2.9.1.5).

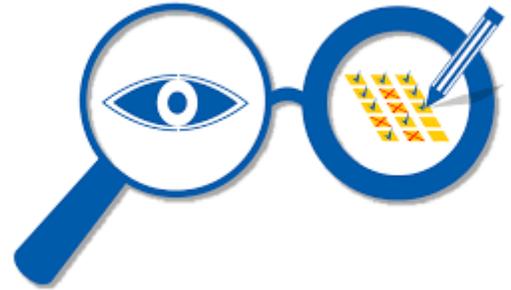
These are the expectations the Board has created for staff regarding budgeting. When the recommended budget is presented for approval (September) the Board also receives a Monitoring Report for policy 2.4: Financial Planning and Budgeting. Acceptance of the monitoring report suggests compliance with the Board's expectations, after which the Budget is generally approved. However, the Board does have the ability, by vote, to change any element of the recommended budget. The Business Planning process is an attempt to learn of any significant concerns with the emerging budget so that changes can be incorporated early on.

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.

TheRide staff generally present a high-level budget to focus discussion on major decisions and strategy. We do not generally present line-item budgets, especially since Means are already delegated to the CEO and staff (policy 4.3.3). If Board members or the public have questions about granular expenditures or specific operational decisions, we hope they will be raised early in the process so they can be addressed early.

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

As TheRide focuses on implementing the many initiatives and projects we have promised to our communities, the annual Business Plan is a tool to help us align our resources to achieve our goals. The CEO encourages and welcomes feedback on the Business Plan to help further focus agency efforts, and to expedite the upcoming annual budgeting process.

Feedback on any of the initiatives in this document, can be sent to tellus@theride.org.

Appendix

These appendices provide more information about staff's process for identifying and proposing initiatives and projects that are best suited to advancing the Board's goals.

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, and 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



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

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

SWOT ANALYSIS continued...

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

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).

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

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.

Gap analysis

The Ride’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
Increase ridership (1.0)	-Low ridership (compared to pre-pandemic years)	Low ridership	Retain and attract ridership by making transit more reliable through implementation of the LRP
Ensure efficient stewardship of resources (Policy 1.0)	-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
Equitable accessibility (Policy 1.1)	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.
Positively impact the environment (Policy 1.2)	TheRide is currently studying zero emissions options.	Zero emissions technology is unclear	Understand and implement sustainable zero emissions technology
Increase service frequency and connectivity (Policy 1.3)	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
Increased customer satisfaction (Policy 1.4)	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
Support and credibility in the Community (1.5)	TheRide enjoys support from our Communities. Aug millage 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.

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 seek 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.

1. **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?
2. **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?
3. **Risks:** What risks does the initiative pose now or in the future? Are the risks acceptable?
4. **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?
5. **Capacity:** Does TheRide have the expertise or resources to pursue the initiative now or in the future?
6. **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?
7. **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?
8. **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.