

Board of Director’s Meeting Agenda

Meeting Date/Time: June 22, 2023 - 6:30 – 9:00pm

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

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

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3. SPECIAL ITEMS			
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4.1 Ownership Linkage Task Force Updates	O	Chang	Verbal
5. MONITORING			
5.1 Monitoring Task Force Update	O	Allemang	Verbal
5.2 Governance Process Policies (3.0-3.4)	M	Mozak	17
5.3 Financial Conditions (2.5)	M	Reed	35
5.4 Asset Protection (2.7)	M	Njuki	60
6. POLICY			
6.1 Policy Development: Review of 2.1	D	Miller	88
6.2 Policy Development: Sustainability Policy	O	Barr/Pollay/ Gerber	91
7. BOARD EDUCATION/DISCUSSION			
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10. CLOSING ITEMS			
10.1 Action Item Recap	O	Brooks / Holt	
10.2 Topics for Next Meetings Treatment of Staff (2.2)		Thursday, July 20, 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?

Juneteenth Proclamation

Meeting: Board of Directors

Meeting Date: June 22, 2023

RECOMMENDED ACTION(S):
Other
BACKGROUND:
<p>In 2021, Congress made Juneteenth (June 19th) a new federal holiday. In the last negotiation, Juneteenth was added in our contract with the Union. In 2022, the organization initiated a new tradition of celebrating Juneteenth in partnership with the Union.</p> <p>This year (2023) the organization once again has a Juneteenth polo for staff to wear throughout the month of June, ads inside the buses, and educational awareness for the public. A BBQ lunch was provided on June 16th for staff to commemorate Juneteenth together.</p>
ATTACHMENTS:
1. Juneteenth Proclamation

AAATA Juneteenth Proclamation

WHEREAS, the President Abraham Lincoln signed the Emancipation Proclamation on January 1, 1863, declaring the slaves in Confederate territory free, paving the way for the passing of the 13th Amendment which formally abolished slavery in the United States of America; and

WHEREAS, the Civil War ended with the surrender of General Lee at Appomattox Court House on April 9, 1865; and

WHEREAS, this news reached Texas when Union General Gordon Granger arrived in Galveston Bay with Union troops. It was on June 19, 1865, that he announced: “The people of Texas are informed that, in accordance with a proclamation from the Executive of the United States, all slaves are free.”

WHEREAS, June 19th has a special meaning to African-Americans, and is called “JUNETEENTH” combine the words June and Nineteenth, and has been celebrated by the African American community for over 150 years; and

WHEREAS, on a larger scale, celebration of Juneteenth reminds each of us of the precious promises of freedom, equality, and opportunity which are at the core of the American Dream;

IT IS PROCLAIMED, that AAATA Board and staff recognizes and commemorates the celebration of Juneteenth and encourages customers and staff to join in celebration and solidarity during the Month of June and raise awareness of the significance of this celebration in American History and in the heritage of our nation and community.

Kathleen M. Mozak

June 22, 2023

Jesse Miller, Secretary

June 22, 2023

Board of Director’s Meeting Minute

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

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

Agenda Item
1. OPENING ITEMS
<p>1.1 Approve Agenda</p> <p>Mr. Barr motioned to approve the agenda, seconded by Ms. Pollay.</p> <p>All in favor of approving the agenda:</p> <p style="margin-left: 20px;">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 Monica Ross-Williams: Yes Kyra Sims: Yes Chairwoman Kathleen Mozak: Yes</p> <p>The approval of the agenda passed unanimously.</p> <p>1.2 Public Comment</p> <p>No Public Comment</p> <p>1.3 General Announcements</p> <p>While staff worked to resolve minor technical difficulties with sound, Board members and staff introductions were made to the Board’s newest member, Dr. Elisabeth Gerber.</p>
2. CONSENT AGENDA
<p>2.1 Board Meeting Minutes March 16, 2023</p> <p>2.2 Retreat Minutes April 26, 2023</p> <p>2.3 Committee Meeting Summaries</p> <p>2.4 Investment Account Access Authorizations</p>

Chairwoman Mozak noted a minor amendment was needed for the 3/23/23 Governance Committee notes in which “Executive Team” instead of “Governance Committee” was used under item 1.3. No other changes were noted.

Mr. Chang motioned to accept the above-mentioned amendment to the Consent Agenda, seconded by Mr. Barr.

All in favor of accepting the amendment to the Consent 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

Monica Ross-Williams: Yes

Kyra Sims: Yes

Chairwoman Kathleen Mozak: Yes

The acceptance of amendment to the Consent Agenda passed unanimously.

Ms. Pollay motioned to approve the Consent Agenda, seconded by Ms. Ross-Williams.

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

Dr. Elisabeth Gerber: Yes

Mr. Jesse Miller: Yes

Ms. Susan Pollay: Yes

Monica Ross-Williams: Yes

Kyra Sims: Yes

Chairwoman Kathleen Mozak: Yes

The approval of the Consent Agenda passed unanimously

3. SPECIAL ITEMS

3.1 Audit Presentation

Ms. Reed introduced guest Gen Mojares, one of the auditors from UHY who prepared the annual audit. Ms. Mojares presented the FY 2022 Audit report to the Board, noting there was one noted material weaknesses due to an accounting error that was corrected. She shared there were no other significant deficiencies and stated it was a clean audit. Upon the audit conclusion, the finance team met the filing deadline with MDOT.

Board members thanked the audit and finance teams for their efforts during the entire audit process.

4. OWNERSHIP LINKAGE

4.1 Ownership Linkage Task Force Updates

Mr. Chang shared that the first outreach of the OLTF had been made with the Mayor of Ann Arbor.

5. MONITORING

5.1 Monitoring Task Force Update

Mr. Allemang shared that the Monitoring Task Force is suggesting 2-3 policies should be thoroughly reviewed each year. The reviews would take place at the committee level before being brought before the Board. The Task Force is working on a more formal recommendation proposal to present to the Board which would include a comprehensive outline of the above-mentioned suggestions.

5.2 Cash & Investments (2.6)

Ms. Reed provided an outline of the Cash & Investments (Policy 2.6) monitoring report, highlighting specific instances of evidence that was provided to demonstrate compliance in areas of cash checking in money market balances and investment management.

Mr. Allemang thanked Ms. Reed for her work on the monitoring report. The Finance Committee had reviewed and recommended that the Board accept the monitoring report as (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.

Ms. Ross-Williams motioned to accept the monitoring report as (A) seconded by Ms. Gerber.

All in favor of accepting the monitoring report as (A):

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

Monica Ross-Williams: Yes

Kyra Sims: Yes

Chairwoman Kathleen Mozak: Yes

The motion to accept the Cash & Investments (Policy 2.6) monitoring report as (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations was passed unanimously.

5.3 Communications & Support to the Board (2.9)

Mr. Carpenter introduced the monitoring report for Communications & Support to the Board (Policy 2.9) and outlined the overall areas the report covers. He noted that he is reporting the monitoring report as partially compliant. An area of non-compliance was in the financial notification sub-policy, which he requested additional time for review as he wanted to confirm his original response interpretation. He also requested additional time to report findings for the sub-policy on whistleblower procedures. Overall, the survey results from the board were positive.

Mr. Carpenter fielded several Board member requests for clarification regarding the financial notification sub-policy and whistleblower procedures on the non-compliant areas of the monitoring report. He agreed to look further into those sub-policies and provide clarification and compliance by September.

Mr. Miller motioned to accept the monitoring report as (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) 2.9.21.5 and 2.9.2.3, which the Board acknowledges and accepts the proposed date of September for compliance. is making reasonable progress towards compliance, seconded by Ms. Sims.

All in favor of accepting the Communications & Support to the Board (Policy 2.9) monitoring report as B:

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
Monica Ross-Williams: Yes
Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the Communications & Support to the Board (Policy 2.9) monitoring report as B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) 2.9.21.5 and 2.9.2.3, which the Board acknowledges and accepts the proposed date of September for compliance is making reasonable progress towards compliance, was passed unanimously.

5.4 Governance Process Policies (3.5-3.8)

The Board discussed their self-monitoring of Governance Process Policies (3.5-3.8). Chairwoman Mozak noted that there had been a focus from members surveyed on board education and new member orientation. The Governance Committee and Chair are going to be reviewing the board budget to ensure those two areas received have adequate funding. Newer board members shared their insight and suggestions for improvement on the orientation process.

6. POLICY

6.1 Follow up: Reasonableness and Policy 1.1.1

Mr. Miller shared with the Board that he had recently been reappointed to represent the City of Ypsilanti for another 5-year term. He then provided an overview of questions that had come from the Board in February when they had reviewed the Ends monitoring report – specifically with sub policy 1.1.1 regarding qualifications for the fare deal program. Mr. Carpenter was asked to find additional information regarding all the qualifications beyond just Medicare for the fare deal program. The Service committee received the additional information and determined the additional information answered the questions raised and there was no need to change policy language or do any further work on policy 1.1.1.

Board members thanked Mr. Carpenter and the Service Committee for their follow up in clarifying the questions raised on policy 1.1.1.

7. BOARD EDUCATION/DISCUSSION

8. OPERATIONAL UPDATES

8.1 Business Plan

Mr. Carpenter presented the FY24 Business Plan ([pg. 108](#)) which contains organizational priorities and projects that help shape the annual budget. Included in the plan is a Gantt Chart that provides an overview of multi-year projects and service planning. Board members asked questions pertaining to specific projects within the Business Plan – specifically related to both transit centers and ridership. Chairwoman Mozak encouraged Board members to review the plan in detail and communicate any questions / thoughts directly to Mr. Carpenter.

8.2 Budget Timeline

Ms. Reed shared with the Board a projected timeline for the FY24 budget process which will lead up to the final presentation for the Board to approve during the September Board meeting.

Mr. Allemang shared with newer Board members that the previous year's budget process documents were available online and would be a helpful overview in understanding the annual process.

8.3 Q2 Financial Report

Ms. Reed presented to the Board the Q2 Financial report, highlighting revenues and expenses are on track for the 2nd quarter and operating within budget. Special notes include a \$5.6 million surplus of revenue over expenses which is in line with the budget. Federal pandemic relief funds continue to be used with the remaining to last into FY24. At that time, the increased property taxes based on the new millage will begin to be collected. The operating reserve is on target and the net position is stable with required reserves being maintained. She included a chart to show the cash flow schedule as it had been requested by the Finance Committee.

At the request of Chairwoman Mozak, Ms. Reed outlined how additional funding from the CARES Act, CRRSAA funding and ARP funds is obligated toward specific projects and plans. She also answered Board questions related to the operating reserve and how end of year surplus partially fund that reserve.

8.4 Title VI Preview

Mr. Yang provided the Board with a preview of Title VI Plan in progress. Title VI is related to discrimination and equity and the plan is required for federal funding eligibility along with being a part of several Board policies. The draft plan is expected to go for public review in October, followed by Board review and approval.

8.5 CEO Report

Mr. Carpenter provided the Board with highlights of the CEO Report that included April and May. Notably, ridership continues to increase and is in line with national recovery. Ypsilanti Transit Center renovations are in progress and the building had been reopened after several days of closure due to work being done. He also shared that several Operations/Fleet staff had been making in-person visits to transit agencies in the region who are using alternative propulsion technology.

9. EMERGENT ITEMS

No emergent items noted.

10. CLOSING ITEMS

10.1 Action Item Recap

Mr. Carpenter will be following up with Communication & Support to the Board policies 2.9.21.5 and 2.9.2.3.

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

10.3 Public Comment

Mr. Jim Mogensen commented on agenda item 6.1 and the challenges with fare deal and Medicaid eligibility complexities and recent Medicaid eligibility coverage loss to low-income members of the community. He is currently working with the Food Policy Council and they are reviewing grocery route rides to ensure access to affordable food options for riders. He also expressed interest in participating and providing insight in the Title VI plan as he has experience in the federal process.

Mr. Robert Pawlowski commented on garage expansion planning and the need to look for property in the area. He also noted he is participating in gathering feedback from riders and has heard the need for partnerships with the RTA for monthly or yearly services passes.

10.4 Adjournment

Ms. Ross-Williams motioned to adjourn the meeting, seconded by Mr. Miller.

All in favor of adjourning the 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
Monica Ross-Williams: Yes
Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

Chairperson Mozak adjourned the meeting at 9:19pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: May 25, 2023 – 9:00-11:00am

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

Staff: Matt Carpenter, Forest Yang, George Brooks, Vivi Nguyen, Rosa-Maria Njuki, Deb Holt

Location: REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 9:00am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes noted for the agenda.</p> <p>1.2 Communications</p> <p>No additional communications were shared.</p>
<p>2. BOARD DEVELOPMENT</p> <p>2.1 Budget Process Discussion</p> <p>Mr. Carpenter provided the committee with an overview of how the budget process works in a traditional in comparison to the framework of Policy Governance. The current model used by the Board is a hybrid version. The committee discussed budget process education for the Board’s newer members.</p> <p>2.2 Task Force Coordination (Monitoring, OLTF, Procurement)</p> <p>Chairwoman Mozak noted an upcoming meeting with the Monitoring Task Force. OLTF had recently sent out stakeholder communications. The legal Procurement Task Force has work in process, and it was noted that an additional member is still needed for the Governance Procurement Task Force.</p> <p>2.3 Committee Agendas</p> <p>Mr. Miller noted a light agenda and recommended the June Service Committee meeting be cancelled. Mr. Allemang noted that a review of 2.4 would be added to the Finance Committee agenda. The committee discussed the board agenda and the integration of the earlier discussion of board education related to the budget under agenda item 5.2.</p>

2.4 CEO Evaluation Update

Chairwoman Mozak shared she had received the CEO Evaluation results that had been done and would be in communication with the Governance Committee members to review.

2.5 Costs of Governance / Board's Budget

The committee discussed trends in prior Board budget amounts and potential increased costs of continuing Board educational opportunities . They requested more detail on prior expenses and will discuss them again at the June Governance Committee meeting.

2.6 July Board Meeting ?

Chairwoman Mozak noted that in previous years, there had been no July Board meeting which had been added back in during the pandemic. She suggested discussing at the July Governance Committee meeting as the FY24 Board/Committee meeting calendars were currently in development.

3. POLICY MONITORING & DEVELOPMENT

3.1 Emergency CEO Succession (2.8) Review

The Monitoring Task Force requested the Governance Committee review policy 2.8 and merge it with Policy 2.4. The committee was introduced to the suggested concept and agreed to continue further discussion at the June Governance Committee meeting.

3.2 Governance Process Policies (3.0-3.4)

The Committee reviewed the survey results – responses reflected the Board has an overall positive view of their work adhering to Governance process policies.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Equity Retreat and Title VI Plan

Discussion deferred to June Governance.

4.2 Safety Plan Updates

Discussion deferred to June Governance.

5. CLOSING ITEMS

5.1 Action Item Recap

Send a Budget Timeline as it relates specifically to the Board's work to Board members.
Create itemized Board expenses for June Governance meeting.

5.2 Topics for Next Meeting

CEO Personal Expense Report
Costs of Governance / Board's Budget
Emergency CEO Succession (2.8) Review
Equity Retreat and Title VI Plan
Safety Plan Updates

5.3 Governance Committee / CEO Time

A discussion about Board development took place.

5.4 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 11:00am.

Respectfully Submitted by Deborah Holt

DRAFT

Service Committee Meeting Notes

Meeting Date/Time: June 6, 2023, 9:00-11:00am

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

At the May 25, 2023 Governance Committee Meeting, it was determined that due to a brief agenda and no pressing items of discussion, the June 6, 2023 Service Committee Meeting would be cancelled.

DRAFT

Finance Committee Meeting Agenda

Meeting Date/Time: June 13, 2023, 3:00 – 5:00pm

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

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

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:03 pm

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>Mr. Allemang requested that the review of Policy 2.5 be done prior to Policy 2.7 – switching the ordering in the packet.</p> <p>1.2 Communications</p> <p>Mr. Allemang introduced Dr. Gerber as the newest Finance Committee member.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Asset Protection (2.7)</p> <p>Mr. Carpenter shared with the committee two sub policies that had been listed as undetermined. He explained that the report had included a duplicate policy - 2.7.2 (same as 2.5.3) – along with 2.7.2.1 which the board may wish to move under Policy 2.5. It was noted in the monitoring report that board clarification (regarding placement) was requested for those policies. The committee discussed these specific policies and requested staff research the history of the policies mentioned.</p> <p>The committee agreed on a recommendation to the board that to accept the policy as C – there is evidence of compliance with a reasonable interpretation <i>except for</i> policies 2.7.2 which needs to be deleted as it is duplicated and is outlined in 2.5.3 and 2.7.2.1 which does not have a reasonable interpretation and will need to be further investigated.</p> <p>The committee also determined they would continue the discussion in the July meeting.</p> <p>2.2 Financial Conditions & Activities (2.5)</p> <p>Mr. Carpenter noted that both Policies 2.5 and 2.7 had been reviewed and updated by the board in the past year.</p>

Ms. Reed provided the finance committee with an overview of the monitoring report. She answered questions related to sub policy 2.5.4.1 and instances of fraud and the process of board notification. The committee also discussed sub policy 2.5.5.1 and if the interpretation should be based on the overall capital budget or individual capital projects. Mr. Carpenter suggested making a modification as the interpretation may not have been as specific as it had been in prior monitoring reports.

The Finance Committee agreed that a revised monitoring report would need to be received before they could make a recommendation to the Board.

3. STRATEGY AND OPERATIONAL UPDATES

4 CLOSING ITEMS

4.1 Action Item Recap

Policy 2.5.5.1 interpretations will be re-examined and report back findings in July meeting and Policies 2.7.2 and 2.7.2.1 which the CEO agreed to investigate further.

4.2 Topics for Next Meeting

Budget Preview (Draft)
Policy 2.5.5.1 review
Policy 2.7 review

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 4:46pm.

Respectfully Submitted by Deborah Holt

Governance Process Policies (Policies 3.0 - 3.4)

Governance Committee Meeting Review Date: May 25, 2023

Board of Directors Meeting Review Date: June 22, 2023

RECOMMENDED ACTION(S):
Monitoring
BACKGROUND:
<ul style="list-style-type: none">This survey provides a platform for Board self-assessment on Policies 3.0 – 3.4 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 (3.0 – 3.4) Worksheet Results

WORKSHEET RESULTS:

Governance Process Policies (Policies 3.0-3.4)

Participants: 6 Board Members

Performance on reasonable interpretation and verifiable evidence		
<p>Policy 3.0 GLOBAL GOVERNANCE PROCESS The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA) (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.</p>	<p>4– ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> Based on sub-policy ratings. The board is singularly focused on achieving the goals it believes best benefit the community it serves while maintaining financial responsibility
<p>Policy 3.1 GOVERNING STYLE The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on (a) the best interests of the entirety of the</p>	<p>2 – ALWAYS 3 – MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> With H, I think the board has ended up being reactive at times due to the nature of reporting and policy governance. We think about changing policy only after we've reviewed monitoring reports, and that then gets delegated to committees to bring back before the board at some future date.

<p>ownership and stewardship of the agency, (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity.</p> <p>On any issue, the Board must ensure that all divergent views are considered in making decisions, yet may not require the CEO to act without majority approval from a quorum of the Board.</p>		<p>CONTINUED ...</p> <ul style="list-style-type: none"> • Based on sub-policy ratings. • Statement (b) is an area we need to improve on. During the review of monitoring reports at board meetings, we can sometimes become entangled in operational issues that consumes the Board's time and leave less time for outward vision. (g) was difficult last year because there were several 'present' initiatives that required our attention including, but not limited to, union negotiations and the millage. However, the Long Range Plan was a great example of focusing on the 'future'. • The board occasionally struggles with determining the appropriate degree of internal analysis and reflection necessary to ascertain accomplishment of Ends and compliance with Executive Limitations. I am proud of the board's growing self-awareness in this respect.
<p>Policy 3.1.1 The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • Policy is driven primarily by the board and staff acts based on that policy. When staff come to the board to request board action, it is always driven by existing policy.

<p>Policy 3.1.2 The Board will encourage a diversity of viewpoints and work to ensure all views are heard. The Board may use the expertise of individual members to enhance the ability of the Board as a body. However, the Board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values.</p>	<p>5 – ALWAYS 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> The board does not discourage any of its members from voicing their individual opinions. In instances where there is dissent amongst members on specific issues, the board speaks with one voice after the vote is taken
<p>Policy 3.1.3 The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.</p>	<p>3 – ALWAYS 2 – MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> Not spending enough time on long-term impacts outside organization. Also, not doing a good job with sub-policy 3.1.2.1 (bellow). Individual board members understandably and justifiably have their own opinions on operational matters. There is work to be done to determine how to express the values underlying those opinions and write those into policy.
<p>Policy 3.1.3.1 The Board will only allow itself to address a topic after it has answered these questions: 1. What is the nature of the issue? Is the issue within the scope of the agency?</p>	<p>1 – ALWAYS 2 – MOST OF THE TIME 3 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> I think we're pretty good about this, but I haven't seen these questions actually used to assess a topic prior to board conversation. Also the wording is odd. It say's "address a topic", but I thought these were rules for when it's ok to write policy. We discuss/address topics that aren't board decisions at times because the CEO reports them to us. Maybe it's implicit, but the board should be formally asking these questions.

<p>2. What is the value that drives the concern?</p> <p>3. Whose issue is this? Is it the Board's or the CEO's?</p> <p>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?</p>		<p>CONTINUED ...</p> <ul style="list-style-type: none"> • This process of critical thinking, that includes the 4 listed questions to consider, appears to become somewhat muddled at times. We are a work in progress. • I am uncertain about the meaning of this policy. Specifically I am unsure what constitutes "addressing a topic." If this phrase is synonymous with "enacting policy" and not with the discussion leading up to such a decision, I would agree. Otherwise I am unsure how the board could answer these questions without "addressing the topic."
<p>Policy 3.1.4 The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.</p>	<p>4 – ALWAYS</p> <p>1 – MOST OF THE TIME</p> <p>1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> • I think we're behind on reviewing the ends. • The Board recently approved the Agency's Long Range Plan which speaks directly to the Ends policies and the Board's vision for the future. In 2019 the End's policies were the sole subject of a day long Board retreat that resulted in the current End's policies. The next review, as identified by the Monitoring TF and our Governance Coach, Rose Mercier, will be in 2025 pending Board approval.

<p>Policy 3.1.5 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.</p>	<p>2 – ALWAYS 4 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • Board is not showing excellence when monitoring report evaluations are not being completed by all members. • This is a sticky one. All Board members are appointed members of their respective community. I do not know what disciplinary measures are available to ensure that the duties outlined are carried out. • Board participation and preparation does not seem to be an issue to me, therefore I would say we have the necessary level of discipline enforced.
<p>Policy 3.1.6 Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.</p>	<p>1 – ALWAYS 4 – MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> • It is important that we take a closer look at the orientation of new members and develop a standardized process to educate them to Policy Governance as it is THE way we govern the organization. The Governance Committee and other members of the Board, spent a great deal of time over the last year in identifying and recruiting candidates for open board positions. These candidates were presented to the municipality that had an open seat on the Board of Directors. • It has been expressed that board orientation stands to be more formalized. Identification of quality board candidates is also an issue. With Ypsilanti and Ypsilanti Township only having one appointee each, it is difficult to have potential candidates identified for the event of a sudden resignation on the board. • This was difficult to do in the last few years due to COVID

<p>Policy 3.1.7 The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> This is a pretty vague policy.
<p>Policy 3.1.8 The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> We have complied with the self monitoring schedule in appendix A which was recently modified. That modification changed the monitoring of 3.0 Governance Process to be divided so that 3.5-3.8 would be monitored one month and 3.0-3.4 monitored the following month.
<p>Policy 3.2 BOARD JOB DESCRIPTION Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance. Accordingly, the Board has direct responsibility to create:</p>	<p>2 – ALWAYS 4 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> Based on rating of 3.2 sub-policies.
<p>Policy 3.2.1 The authoritative linkage between the ownership and the operational organization. Other work groups will be used in an ad hoc capacity</p>	<p>2 – ALWAYS 4 - MOST OF THE TIME</p>	<ul style="list-style-type: none"> The Board, by written policy, is the authoritative link between the ownership and the operational organization. However, we need to improve our engagement with our owners. While there are members of Ownership who by the nature of our work must be involved with the operational

		<p>CONTINUED ...</p> <p>organization, I would say Ownership concerns are exclusively handled by the board</p> <ul style="list-style-type: none"> We're working on being better at this via the OLTF. There are times where Ownership goes directly to Matt instead of to the board for matters that the board should be responsible for.
<p>Policy 3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.</p>	<p>2 – ALWAYS</p> <p>2 – MOST OF THE TIME</p> <p>1 – SOME OF THE TIME</p> <p>1 - RARELY</p>	<ul style="list-style-type: none"> The staff is mainly doing this now, but the ownership linkage task force's objective is to accomplish this. Policy Governance was established in late 2017 and we were well on our way in 2019 to achieve this goal. The pandemic in early 2020 derailed our efforts when the world shut down and we had to reinvent how we could best govern remotely. In 2022, with the pandemic easing up and our communities opening their doors to in-person meetings, the Board's efforts were renewed and the OLTF was reconstituted. Certain board members take it upon themselves to communicate with member municipalities, but we have not yet clearly expressed what the roles and responsibilities of each board member are in this regard.
<p>Policy 3.2.2 Strategic leadership and vision of the organization through its policymaking.</p>	<p>4 – ALWAYS</p> <p>1 – MOST OF THE TIME</p> <p>1 - RARELY</p>	<ul style="list-style-type: none"> We haven't done any policymaking in my time on the board. The Board has shown their dedication to leadership and vision for the organization by continuing to improve it's policy making skills.
<p>Policy 3.2.3 Written governing policies that address the broadest levels of all organizational decisions and situations.</p>	<p>5 – ALWAYS</p> <p>1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> The policies exist as a 'Living Document' and we have been diligently reviewing and assessing policy as currently written.

<p>A. Ends: Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost).</p> <p>B. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.</p> <p>C. Governance Process: Specification of how the Board conceives, carries out and monitors its own task.</p> <p>D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.</p>		
<p>Policy 3.2.4 Assurance of successful organizational performance on Ends and Executive Limitations</p>	<p>3 – ALWAYS 3 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> This has been a notable area of improvement for the board over the past year, with the clear expression of deadlines included whenever an End or EL is found to be not in compliance
<p>Policy 3.2.5 Assurance of CEO performance includes evaluation of organizational performance on Ends and Executive Limitations.</p>	<p>3 – ALWAYS 2 – MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> Last year the workload for Staff and Board was great and there were major staffing changes in key positions. This created a need for the Board to approve deadline extensions on monitoring reports. This is an area of ongoing development, determining how best to tie organizational performance to the CEO evaluation

<p>Policy 3.2.6 Annual performance review and appropriate adjustment of CEO salary.</p>	<p>2 – ALWAYS 3 – MOST OF THE TIME 1 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> • Performance reviews sometimes are late. • The annual performance review was not completed until June of 2022 and CEO compensation was completed in November of the same year. Some background, last year saw the negotiation and ratification of the contract with our union as well as preparing for and running a successful millage campaign, and work on the agency's Long Range Plan. In the future, the Board needs to be better prepared to manage our workload in a way that does not hamper this important duty.
<p>Policy 3.2.7 Approval of the annual budget developed and recommended by the CEO.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • This was completed last September.
<p>Policy 3.2.8 A contract with the CEO that will stipulate compensation, benefits and other terms and conditions for the CEO.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • The CEO's contract was approved in 2020 and expires in 2025.
<p>Policy 3.2.9 Approval of rider fare increases and millage rates assessed by the Authority.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • I haven't been involved with either during my time on the board. • The Board ran a successful millage campaign last year. There were no fare increases.
<p>Policy 3.2.10 Approval of real estate acquisition, encumbrance, or disposal.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • As long as it falls within the need for the board to do so. Matt has some leeway based on policy.
<p>Policy 3.2.11 Approval of collective bargaining goals and tentative collective bargaining agreements.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • AAATA had a successful bargaining agreement with the union last year. The Board met several times prior to the collective bargaining process and approved the bargaining goals.

<p>Policy 3.2.12 Approval of the use of funds from the Capital Reserve.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3 BOARD CODE OF CONDUCT The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3.1 Members must demonstrate loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as consumers.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3.2 Members must avoid conflicts of interest with respect to their legal duties of care and loyalty.</p>	<p>5 – ALWAYS 1 – RARELY</p>	
<p>Policy 3.3.2.1 There will be no self-dealing or business by a member with the organization. Members will, each January, disclose in writing their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • This was completed in January of 2023. We did have a board member resign their appointment when they took on a leadership role in a municipality that has a legal agreement with the AAATA.

<p>Policy 3.3.2.2 When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation by leaving the room.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • I don't believe I've seen this occur yet. • This was a non-issue over the last year. • Agree with the board member abstaining from the vote; however, not sure about the board member leaving the room portion.
<p>Policy 3.3.2.3 Board members will not use their Board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3.3 Board members may not attempt to exercise individual authority over the organization.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • Board members express personal opinion and make individual requests for information to inform their decision-making, but all authority is expressed by the board as a whole
<p>Policy 3.3.3.1 Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly authorized by the Board. While individual members should share their perspectives and advice with the CEO, they shall not give (or imply) direction to the CEO or any staff.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	

<p>Policy 3.3.3.2 Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board positions.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3.3.3 Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members will not express individual judgments on performance of the CEO or other staff.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3.4 Members shall conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other Board members, staff or members of the public.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • There have been some tense moments and yet professionalism and decorum remained intact.
<p>Policy 3.3.5 Members will respect the confidentiality appropriate to issues of a sensitive nature.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.3.6 Members will be properly prepared for Board deliberation.</p>	<p>2 – ALWAYS 4 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • Board members do come to the meetings prepared. However, it will occasionally happen that a Board member may not have had an opportunity to completely

		<p>CONTINUED ...</p> <p>review all the material presented in the board packet. While not ideal, it does not appear to be a regular habit.</p> <ul style="list-style-type: none"> I myself have on rare occasions felt I underprepared for a deliberation, therefore I can not report "Always"
<p>Policy 3.3.7 Members will support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.</p>	6 - ALWAYS	<ul style="list-style-type: none"> The Board has made decisions that were not unanimous, and those not in agreement have remained professional and supportive of the Board's decision.
<p>Policy 3.3.8 Members will follow the rule of "no surprises" and shall keep the CGO and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.</p>	6 - ALWAYS	
<p>Policy 3.3.9 When serving on other Boards, members remain accountable to the AAATA Board for their actions and statements regarding transit-related issues.</p>	5 – ALWAYS 1 – MOST OF THE TIME	
<p>Policy 3.4 AGENDA PLANNING To accomplish its job products with a governance style consistent with Board policies, the Board will</p>	4 – ALWAYS 1 – MOST OF THE TIME 1 – SOME OF THE TIME	<ul style="list-style-type: none"> I think we're off this schedule but are trying to get back on track. Board does not complete a re-exploration of Ends Policies annually.

<p>follow an annual agenda cycle which:</p> <ul style="list-style-type: none"> (a) completes a re-exploration of Ends Policies annually, (b) continually improves Board performance through Board education and enriched input and deliberation, and (c) re-examines for relevance the underlying values that support existing policy. 		
<p>Policy 3.4.1 The cycle will conclude each year so that administrative planning, strategic planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.</p>	<p>5 – ALWAYS 1 – MOST OF THE TIME</p>	
<p>Policy 3.4.2 The cycle will start with the Board's development of its agenda for the next year.</p> <p>A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.</p> <p>B. Governance education, and education related to Ends</p>	<p>3 – ALWAYS 3 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • Item B does not always occur during the first quarter but rather is on on-going process throughout the year.

determination, (e.g. presentations by researchers, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.		
Policy 3.4.3 Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.	6 – ALWAYS	<ul style="list-style-type: none"> To my recollection the consent agenda, over the last year, has been accepted by the Board without any items being removed for additional discussion or deliberation.
Policy 3.4.4 CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.	5 – ALWAYS 1 – MOST OF THE TIME	
Policy 3.4.5 A Board member may recommend or request an item for Board discussion by submitting the item to the CGO no later than two days before the Board meeting.	2 – ALWAYS 4 – MOST OF THE TIME	<ul style="list-style-type: none"> At times, a matter arises just before a Board meeting. In that instance, a board member may request to amend the agenda and the full board decides if the item is added. Perhaps emergency items notwithstanding.
Policy 3.4.6 Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such.	3 – ALWAYS 3 – MOST OF THE TIME	

<p>Policy 3.4.7 CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.</p>	<p>2 – ALWAYS 2 – MOST OF THE TIME 2 – SOME OF THE TIME</p>	<ul style="list-style-type: none"> • Last year the CEO remuneration occurred in November. We need to do better. • The board last voted on CEO compensation in September 2022, not June
<p>Policy 3.4.8 Individual meeting agendas will generally follow the format below: 1) Opening Items a. Approve Agenda b. Public Comment c. General Announcements 2) Consent Items a. Approval of Minutes b. Mandatory Approvals 3) Policy Monitoring and Development a. Policy Monitoring b. Other Board Reports & Ownership Linkages c. Board’s Annual Plan of Work Item & Ends Policies 4) Strategy and Operational Updates 5) Board Development a. Governance Policy Monitoring b. Board Education 6) Emergent Business 7) Closing Items a. Topics for Next Meetings b. Public Comment c. Board Assessment of Meeting d. Adjournment</p>	<p>4 – ALWAYS 2 – MOST OF THE TIME</p>	<ul style="list-style-type: none"> • The board recently revised the overall agenda outline. • The key word is 'general' and the current format incorporates all of the items listed with the addition of a few more items.

Additional context questions

1. ADDITIONAL CONTEXT ON OVERAL POLICY (OPTIONAL)

None

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

- 45 minutes
- 50 minutes
- 90 minutes
- 45 minutes
- 45 minutes
- 24 minutes

**Monitoring Report:
Financial Condition & Activities (Policy 2.5)
Monitoring Period: Fiscal Year 2022**

Finance Committee Meeting Review Date: June 13, 2023

Board of Directors Meeting Review Date: June 22, 2023

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this REVISED monitoring report and consider accepting it as:</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
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This</p>

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 June and was submitted in June.

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

6/16/2023

ATTACHMENTS

1. Monitoring report for Financial Condition & Activities (Policy 2.5)

Table of Contents

POLICY TITLE: ASSET PROTECTION:	Page #	Compliance
2.5 With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	5	
2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.	6	
2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.	7	
2.5.3 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.	8	
2.5.4 Compromise the independence the Board's audit or other external monitoring or advice.	9	
2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.	10	
2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.	12	
2.5.5 Allow expenditures that exceed the overall Board-approved budget.	12	
2.5.5.1 Allow cost overruns on capital projects.	13	
2.5.6 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.	13	
2.5.6.1 Split purchases or contracts into smaller amounts in order to avoid the above limit.	14	
2.5.7 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.	15	
2.5.8 Adjust tax rates assessed by the Authority.	16	
2.5.9 Acquire, encumber, or dispose of real estate.	17	
2.5.10 Encumber the agency with financial debt without previous authorization from the Board.	18	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.5
With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:
Degree of Compliance: Compliant
Interpretation
<p><u>Measure/Standard & Level of Achievement</u> Compliance with policies 2.5.1 – 2.5.11.2 will demonstrate compliance with this policy.</p> <p><u>Rationales</u> This is reasonable because the Board has fully articulated its expectations in the policies below.</p>
Evidence
Policies 2.5.1 through 2.5.11.2 are compliant, and hence this policy is compliant.

POLICY 2.5.1
Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.
Degree of Compliance: Compliant
Interpretation
I interpret this to mean that we are required to 1) have policies and procedures in place and 2) that they are followed.
<p><u>Measure/Standard & Level of Achievement</u> Compliance will be demonstrated when:</p> <ol style="list-style-type: none"> 1. TheRide maintains a financial <i>Internal Control System Manual (ICSM)</i> which is consistently reviewed, updated and followed. 2. Within six months after the end of each fiscal year, an external audit firm completes an independent audit report and single audit review of TheRide’s financial statements using

auditing standards generally accepted in the United States of America, and Board policies, and which achieves the following:

- a. “Unmodified” opinion of the financial statements presented in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Government Auditing Standards for internal control and compliance.
- b. No repeat findings and no compliance findings in the financial statement findings.

Rationales

This is reasonable because:

1. The ICSM includes detailed financial management, cash handling, and accounting policies and procedures that are compliant with GASB and Government Auditing Standards. Staff are required to follow the ICSM. The ICSM is updated as processes are updated.
2. Six months is reasonable because the State of Michigan Office of Management and Budget requires a completed audit be provided by six months after the end of the fiscal year.
3. An “Unmodified” opinion indicates that financial statements are accurate and complete as presented with the audit.
4. No repeat findings indicates that any weaknesses are promptly resolved in a manner that was satisfactory with the independent auditor.
5. No compliance findings indicate that any audit findings did not result in misreporting or compliance issues with regulatory agencies.

Evidence

1. A review of records (Reed, 6/7/2023) found that TheRide’s *Internal Control System Manual* was adopted by the CEO in 2019 and was updated in October 2021 by Finance staff to reflect routine process and terminology changes.
2. The external audit firm of UHY, LLC. Completed an independent financial audit of TheRide’s financial statements and internal control and compliance testing for FY2022 and provided a completed audit document with financial statements on March 30, 2023. 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. While there was one material weakness, the finding was not a repeat finding and the finding did not result in misreporting or compliance issues with regulatory agencies. A detailed explanation is provided in the audit report as indicated.

POLICY 2.5.2

Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance will be demonstrated when TheRide operates in compliance with the following regulatory requirements:

1. Within six months after the end of each fiscal year, an external firm provides an independent audit report indicating an “Unmodified” opinion of TheRide’s major federal programs using generally accepted accounting standards and audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
2. The FTA Triennial Review is completed as indicated with a closeout letter from the FTA.
3. Michigan Department of Transportation (MDOT) agreements are executed as required, as follows:
 - a. Master Agreement, executed every five (5) years, and
 - b. Annual grant agreements are executed annually.
4. TheRide maintains an approved *Procurement Manual* that is accepted by the FTA as determined in the Triennial Review.

Rationales

This is reasonable because:

1. Generally accepted accounting principles in the United States and standards applicable to financial audits contained in *Government Auditing Standards* are issued by the Comptroller General of the United States. Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the Uniform Guidance (set of standards) provided by the Federal Government pertaining directly to agencies receiving federal awards.
2. TheRide’s largest source of grant funding is the Urbanized Area Formula Grant program. Compliance with this and other capital programs are monitored by the FTA primarily through the Triennial Review Process. Compliance with the Triennial Review process is required to maintain access to grant funding. FTA is responsible for conducting oversight activities to ensure that recipients of grants use the funds in a manner consistent with their intended purpose and in compliance with regulatory and statutory requirements. A satisfactory closeout letter demonstrates any review issues have been resolved and TheRide is compliant with FTA grant program requirements.
3. A signed master agreement must be on file with the Michigan Department of Transportation (MDOT) Office of Passenger Transportation (OPT) must be on file before any federal or state grant funds can be made available to the agency. Further, the OPT master agreement contains all the information that is required for purchasing, billings, payments, audits,

budget adjustments, revisions, and amendments that the transit agency needs to maintain compliance with MDOT.

4. Procurement thresholds established in federal regulations and Board policy provide the framework for processes and procedures described in detail in TheRide’s *Procurement Manual*. The Procurement Manual complies with federal and state requirements and is followed by staff as verified through the FTA Triennial Review process.

Evidence

1. The external audit firm of UHY, LLC. completed an independent financial audit of TheRide’s major federal programs for FY2022 and provided a completed audit document with financial statements on March 30, 2023. The audit reported provided an “Unmodified” opinion and stated that AAATA “complied, in all material respects, with the types of compliance requirements ... that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022” (Audit, p. 54).
2. The FTA FY2022 Triennial Review closeout letter was provided on January 3, 2023 and indicated that all deficiencies identified in the FTA FY 2022 Triennial Review were resolved and the report is closed.
3. The Master Agreement with MDOT OPT was executed on April 7, 2022. Annual grant agreements from the Michigan Department of Transportation are fully awarded and executed for FY2022 and for FY2023, with no findings of non-compliance reported by MDOT.
4. TheRide’s Procurement Manual was updated and adopted by the CEO in FY2021. Procurement thresholds established in federal regulations and Board policy were updated to reflect improved processes and procedures, and current terminology and references. The Board was provided information regarding updated manual in the CEO Report of the September 23, 2021 Board Meeting. There have been no further updates to the Procurement Manual. The FTA FY2022 Triennial Review indicated no open issues with the Procurement Manual; the document is FTA compliant.

POLICY 2.5.3

Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor’s standards.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

I interpret this to mean that internal controls, policies and procedures are in place and followed to provide reasonable assurance that funds are collected, managed and spent for purposes and in a

manner that is consistent with Board policies and are found by an auditor to prevent deficiencies in internal control over compliance.

Compliance will be demonstrated when:

1. TheRide maintains a financial *Internal Control System Manual (ICSM)* which is consistently reviewed and followed and includes receipt, processing, and disbursement of funds control procedures.
2. Internal controls are reviewed and tested by an external audit firm annually as described in Policy 2.5.1, and the independent audit report identifies no deficiencies in the audit report.

Rationales

This is reasonable because the ICSM includes detailed financial management, cash handling, and accounting policies and procedures that are compliant with GASB and Government Auditing Standards and are followed by Finance staff.

Evidence

A review of records (Reed, 6/7/2023) found that TheRide’s *Internal Control System Manual* was updated and adopted by the CEO in FY2019. Subsequent updates by staff had no material impact on controls that required additional CEO approval.

Internal controls regarding internal controls were reviewed and tested as described by the FY2022 Audit report and no findings or repeat findings were identified. The section of the report “Report on Internal Control over Compliance” states that “...during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness...” (Audit, p. 56).

POLICY 2.5.4

Compromise the independence of the Board’s audit or other external monitoring or advice.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance will be demonstrated when groups the Board uses to assist them with oversight or advice (e.g. auditors, legal counsel, governance consultants, etc) provide written confirmation of the following:

1. The Board has direct and unfettered access to the auditing firm through the firm’s pre-audit communication and a post-audit communication, and
2. The auditor provides an independent audit report in writing and through presentation to the Board at a public meeting.
3. The CEO or staff have not interfered with the relationship of other groups providing independent monitoring or advice to the Board.

Rationales

This is reasonable because the independent confirmation from the outside groups is conclusive, and because these groups are hired by the Board itself, the CEO is unable to unduly influence their response.

Evidence

A review of records (Reed, 6/6/2023) indicates that the following firms have provided written confirmation indicating agreement with the points outlined in the interpretation, as applicable:

- The Governance Coach (Mercier, June 2023) – Governance consultant
- UHY, LLC. (Beach, June 2023) – Auditors
- Dykema (Muskovitz, June 2023) - Corporate Counsel

POLICY 2.5.4.1

Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.

Degree of Compliance: Compliant

Interpretation

I interpret this to mean the Board wants to quickly be notified regarding *significant* instances of actual or suspected financial fraud, embezzlement or staff errors.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when the Board, Governance Committee or Treasurer are notified of a significant incident within five business days after the CEO or Deputy CEO becomes aware.

I define *significant* to mean impacts that:

1. Jeopardizes, or could jeopardize, continuity of services to customers,
2. Causes significant financial harm (defined as over \$250,000),
3. Involves a person in a position of authority and involves embezzlement for personal reasons, and/or
4. Could harm public credibility for the organization.

Rationales

These interpretations are reasonable because:

1. Low-level fraud and attempted fraud are an unfortunate reality and are too numerous or unimportant to spend Board time on. Most are addressed through disciplinary or law enforcement measures.
2. Minor staff errors are addressed through HR processes for performance management.

3. The definition of significance ensures that the Board will be notified or incident that are truly serious.
4. \$250,000 represents a significant amount of funds but only 0.45% of the FY2023 operating budget.
5. Five business days is an appropriate time for senior staff to confirm the nature of an incident and prepare information for the Board.
6. Depending on the issue it may be appropriate to notify the Chair (policy 3.5), Governance Committee (3.7.1), or Treasurer (Bylaws, Art II, sec 5) prior to notifying the full Board.
7. Staff immediately take steps to stop any financial loses without further direction from the Board so loses are minimized.

Evidence

On October 23, 2021, TheRide was a victim of a cyberattack, which involved attempted extortion and had significant impacts on the agency. The agency became aware of the attack on October 23, 2021. A review of email records (Reed, 6/6/2023) found that the Governance committee was notified approximately 5 hours after staff were aware (email from Carpenter, 10/23/2021, 12:37 p.m.), well within the five day limit. The Board was briefed throughout the year, including regular updates in committee meetings and Board meetings, and a closed session review of the incident.

A review of records by the CEO and CFO (Carpenter, Reed; 6/1/2023) verified that there are no other significant instances of fraud, attempted fraud, or financial mismanagement within the fiscal year.

POLICY 2.5.4.2

Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance will be demonstrated by providing any financial information requested by the Board including internal controls.

Rationales

This is reasonable because the Board already has power to directly inspect any agency record at any time.

Evidence
 A review of records by the CEO and CFO (Carpenter, Reed; 6/7/2023) confirms that there have been no requests from the Board for access to this information. There are no motions or resolutions on-record requesting such information.

POLICY 2.5.5
 Allow expenditures that exceed the overall Board-approved budget.

Degree of Compliance: Compliant

Interpretation
 I interpret this to mean that the total of actual operating **and capital** expenses (excluding depreciation) for the fiscal year will not exceed total budgeted operating expenses as approved by the Board.

Measure/Standard & Level of Achievement
 Compliance will be demonstrated when audited financial statements demonstrate that the actual expenses in the operating **and capital budgets** at the end of the fiscal year do not exceed the total **operating (net of depreciation) and capital** expenses set forth in the Board approved budget, including any budget amendments for the fiscal year.

Rationales
 This is reasonable because audited financial statements are the accepted record of actual expenses for the fiscal year and a budget resolution approved by the Board explicitly provides authorized budgeted operating **and capital** expenses for the fiscal year. **Note: Budgeted operating expenses do not include depreciation.**

Evidence

Operating

- For FY2022, the board approved operating expenditures of \$55,765,850 (Resolution 11/2021).
- As provided in the FY2022 Financial Statements on page 40, total actual operating expenses (before depreciation) are \$50,884,569, which is less than budgeted operating expenses. (Note: Total operating expenses were \$57,356,051 when \$6,471,482 in depreciation expenses were included. the adopted operating budget does not include depreciation).

Capital

- For FY2022, the Board adopted a capital budget with a program of projects totaling \$10,840,000 (Resolution 11/2021).

- As provided in the FY2022 Financial Statements on page 11, total actual capital expenses, which are stated in the “Acquisition and construction of capital assets” line are \$1,370,507, which is less than budgeted capital expenses.

POLICY 2.5.5.1
Allow cost overruns on capital projects.

Degree of Compliance: Compliant

Interpretation

I interpret this to mean that I cannot spend more money on capital projects than the amount approved by the Board in annual budgets, including budget amendments. I interpret this policy to apply to projects in the capital budget/amended budgets.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when a comparison of actual expenses that match reporting in financial statements for capital projects listed in the capital plan do not exceed the capital budget approved by the Board, including any budget amendments.

Rationales

This is reasonable because audited financial statements are the accepted record of actual expenses for the fiscal year and a budget resolution approved by the Board explicitly provides authorized budgeted capital expenses for the fiscal year.

Evidence

The table (next page) illustrates that all capital expenditures in FY2022 were within budget for the fiscal year.

FY2022 Capital Budget and Expenditures

Type of Capital Project	Capital Projects	FY2022 Approved Budget	FY2022 Expenditures	Variance from Budget	Cost Overruns?
State of Good Repair	Large Bus Replacement	\$ 4,400,000	\$ 116,442	\$ (4,283,558)	No
	Small/Medium Bus Replacement	420,000	-	(420,000)	No
	Non-Revenue Vehicle Replacement	-	-	-	No
	Bus Components, Tools, Equipment	305,000	-	(305,000)	No
	Facilities Rehabilitation	3,150,000	357,556	(2,792,444)	No
	Architecture and Engineering	250,000	-	(250,000)	No
	Furniture Replacement	40,000	40,057	57	No
	IT Hardware and Software	235,000	768,046	533,046	No
	AOS System Replacement	200,000	-	(200,000)	No
	Maintenance Equipment	100,000	39,386	(60,614)	No
	Communications Equipment	-	-	-	No
Value Added	Rider Amenities/Accessibility	465,000	33,571	(431,429)	No
Expansion	YTC Planning	1,100,000	-	(1,100,000)	No
	BTC A&E	150,000	-	(150,000)	No
Research and Development	R&D Projects	25,000	15,447	(9,553)	No
Total		\$ 10,840,000	\$ 1,370,505	\$ (9,469,495)	No

Note: Capital projects typically span more than one fiscal year. Costs for some large capital purchases were delayed in FY2022 causing actual expenses to be significantly under budget. Approximately \$7 million of budget variance is attributable to delays for two major projects, bus purchases and facilities rehabilitation. The bus purchases (over \$4 million) were delayed due to pandemic related supplier issues. The buses were delivered in October 2022, pushing the expenses into FY2023. The largest facilities rehabilitation project, new HVAC units and a new roof for the maintenance area of the Dawn Gabay Operations Center was delayed due to inflationary cost pressures. The project was moved to the following year and is included in the approved budget for FY2023.

POLICY 2.5.6

Authorize contracts not anticipated in the current budget with a value greater than \$250,000.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that staff must obtain Board approval for single expenditures with a value greater than \$250,000 that are not authorized by the Board in an approved budget document.

Flexibility for smaller unplanned purchases is provided to allow the CEO to deal with emergencies or urgent needs. The policy does *not* give the CEO permission to exceed the total budget amount authorized by the Board. Staff can also accept revenue contracts (incoming funds) at any value without Board approval.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when a review of procurement records demonstrates that no unbudgeted/unauthorized contracts over \$250,000 were awarded during the fiscal year without the Board’s approval.

Rationales

This interpretation is reasonable because procurement records are the definite source of all purchases or services over \$10,000, and any contract award over \$250,000 would appear in these records. The purchase of goods and services without proper authorization, as described in the Procurement Manual, is strictly prohibited.

Evidence

A review of procurement records by the Procurement Manager (Whitlow, February 2023) found no unbudgeted (i.e. Board-approved) contracts greater than \$250,000 were awarded in FY2022.

POLICY 2.5.6.1

Split purchases or contracts into smaller amounts in order to avoid the above limit.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that staff cannot attempt to avoid the requirements of Policy 2.5.6 by splitting expenditures into smaller amounts less than \$250,000.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when a review of procurement records demonstrates that no split contracts (contracts to the same vendor or for the same scope of work) were awarded and exceeded the \$250,000 limit.

Rationales

This interpretation is reasonable because procurement records are the definite source of all purchases or services over \$10,000. The purchase of goods and services without proper authorization, as described in the Procurement Manual, is strictly prohibited.

Evidence

A review of procurement records by the Procurement Manager (Whitlow, February 2023) found no split contracts (contracts to the same vendor or for the same scope of work) to avoid compliance with this policy.

POLICY 2.5.7

Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that I must establish appropriate level of operational reserve funding that would insulate the AAATA from financial disruptions or emergencies, and that this reserve fund must remain fully funded and ready to be used if needed.

Measure/Standard & Level of Achievement

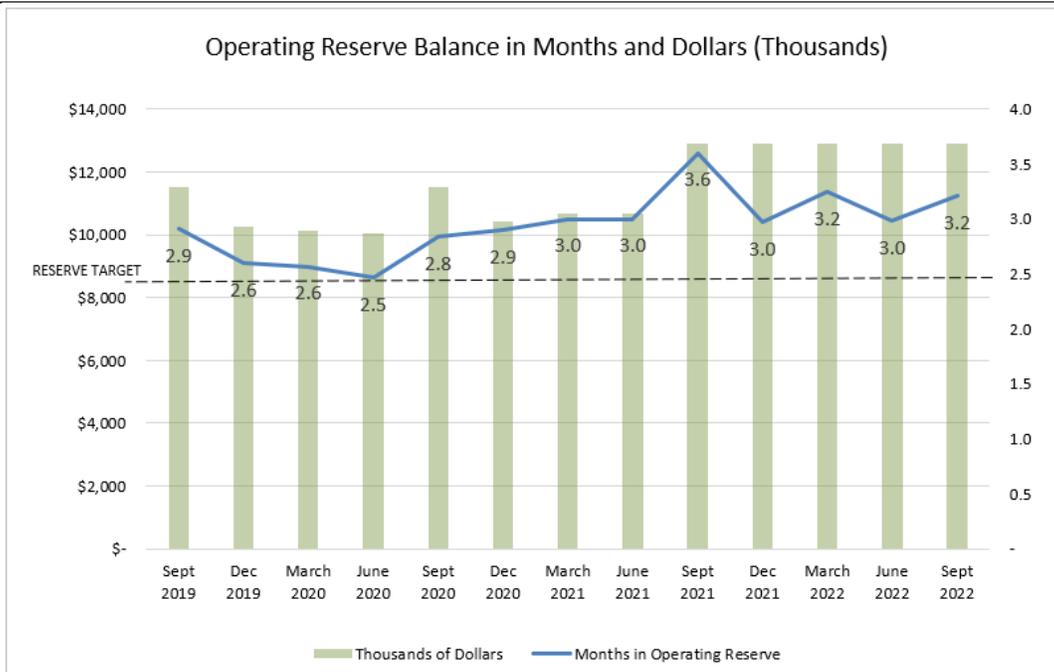
Compliance will be demonstrated when quarterly financial statements demonstrate a reserve balance of at least 2.5 months of quarterly operating expenses for each quarter of the fiscal year.

Rationales

This is reasonable because the Government Finance Officers Association (GFOA), an independent third-party organization that sets industry best practices in public finance, confirms that 2.5 months is a reasonable standard and quarterly financial statements are an accurate representation of the amount of funding available.

Evidence

According to the balance sheet as of September 30, 2022, AAATA ended the year with a reserve balance of \$12.9 million, capital sufficient to support 3.2 months of operations. As demonstrated in the table below, the reserve was above 2.5 months at the end of the fiscal year and has consistently been above the target for 36 continuous months. This information is consistent with all quarterly reports during the period.



POLICY 2.5.8

Adjust tax rates assessed by the Authority.

Degree of Compliance: Compliant

Interpretation

Measure/Standard & Level of Achievement

Compliance will be demonstrated when the annual L-4029 form submitted to taxing collection authorities reflects the rate approved by the Board and voters, and is compliant with all tax laws including the Headlee Amendment.

Rationales

This is reasonable because in Michigan taxes may be changed only with signature of the Board Chair and Secretary on Michigan Form L-4029, which is the form that instructs municipality assessors to levy taxes in accordance with millages approved by voters. Tax proposals and renewals must be approved by boards and voters. The CEO is not legally capable of changing the tax rate by themselves but does ensure the information on the form is correct.

Evidence

A review of records by the CFO (Reed, February 2023) confirms that property taxes levied to support operations in FY2022 were consistent with Board approved millage rates of 0.7 mills, which were authorized in April 2018 (Resolution 8/2018) and effective from 2019 through 2023.

Note: The Board of Directors approved a rate change beginning in FY2024 at a rate of 2.380 mills, which will replace the expiring 0.700 millage levy. The millage was approved by voters on August 2, 2022. However, the new rate will not take place or be monitored until 2024.

POLICY 2.5.9

Acquire, encumber, or dispose of real estate.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that staff are prohibited from purchasing or selling land without prior Board authorization. Furthermore, prohibited encumbrances include saddling real estate with debt or mortgages, leasing or selling rights to AAATA-owned property, and making encumbrances to real estate which would limit or restrict its use by the AAATA.

This policy does not apply to renting property, buildings or facilities needed to facilitate AAATA operations or implementation of agency plans.

Measure/Standard & Level of Achievement
 Compliance will be demonstrated when a review of land and transfer records indicates there are no records of real estate transactions that have not been approved by the Board. Compliance will also be demonstrated when a review of audited financial statements confirms real estate has not been encumbered with leasing or selling rights.

Rationales
 This is reasonable because acquisition and disposal of real estate is a matter of public record and can be verified through the Washtenaw County Clerk’s Office. Further, governmental accounting standards require agencies to disclose and auditors to verify any encumbrances or leases impacting the value of any asset in the financial statements.

Evidence

A search of the online register found no real estate change records to date for the Ann Arbor Area Transportation Authority. Additionally, the following alias names do exist in the register:

- ANN ARBOR TRANSIT AUTHORITY
- ANN ARBOR TRANSPORATION AUTHORITY

- ANN ARBOR TRANSPORTATION AUTHORITY AND
- ANN ARBOR TRANSPORTATION AUTHORITY ET AL

A search of the online register using the alias names produced no change records beyond 2003. (Reed, June 2023)

Additionally, a review of the audited financial statements (Reed, 6/6/2023) confirms no encumbrances or leases to AAATA-owned real estate exist.

POLICY 2.5.10

Encumber the agency with financial debt without previous authorization from the Board.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that I am prohibited from issuing bonds, which is the only legal form of debt financing available to AAATA under Act 55, without Board approval, or acquiring any other means of indebtedness such as bank loans on behalf of the Authority. I understand that this policy does not apply to trade payables or credit card expenses, which are necessary transactions resulting from day-to-day operations.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when the audited financial statements demonstrate no new debt exists during the fiscal year. If debt does appear, compliance will be demonstrated with a Board resolution approving the issuance of bonds in that fiscal year.

Rationales

This is reasonable because audited financial statements are the accepted record of reporting for liabilities, which would include any debt owed by AAATA.

Evidence

As indicated in the FY2022 Audited Financial Statements on page 13, there is no debt reported in financial statements (Statements of Net Position, a.k.a. "balance sheet").

Policy Trendlines

Policies	FY 20	FY 21	FY 22	FY 23
2.5	2	2	2	3
2.5.1	3	3	3	3
2.5.2	3	3	3	3
2.5.3	3	3	3	3
2.5.4	3	3	3	3
2.5.4.1	3	3	1	3
2.5.4.2	3	3	3	3
2.5.5	3	3	3	3
2.5.5.1	3	2	3	3
2.5.6	3	3	3	3
2.5.6.1	3	3	3	3
2.5.7	1	3	3	3
2.5.8	3	3	3	3
2.5.9	3	3	3	3
2.5.10	3	3	3	3

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

CEO Notes

Policy 2.5.4, 2.5.4.1 and 2.5.4.2 do not appear to have any relationship. Perhaps each should be policies of the same rank.

Policy 2.5.3 appear to overlap with 2.7.2. This may be a recent error stemming from changes to 2.7. We are suggesting the two be consolidated under policy 2.5.

2.5.4.2 is redundant with policy 4.4.2 because the Board already has the power to directly inspect any element of agency operations. The CEO cannot withhold any information if the Board requests it.

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

Board Notes: (If Applicable)

WORKSHEET RESULTS:

Financial Conditions & Activities (Policy 2.5)

Participants: 7 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
<p>Policy 2.5 With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	85%	100%	<ul style="list-style-type: none"> See my concerns about 2.5.4.1 and 2.5.5.1 and 2.5.6.1
<p>Policy 2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.</p>	100%	100%	

<p>Policy 2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.</p>	100%	100%	
<p>Policy 2.5.3 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.</p>	100%	100%	
<p>Policy 2.5.4 Compromise the independence the Board's audit or other external monitoring or advice.</p>	100%	100%	
<p>Policy 2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.</p>	85%	85%	<ul style="list-style-type: none"> CEO asserts that only SIGNIFICANT incidents of fraud, embezzlement or staff errors need to be reported to the board. The logic regarding staff errors is sound, but the risk to the authority of ANY instances of fraud or embezzlement argue for a lower bar for reporting these. Indeed, I believe the board should know about ALL instances of fraud or embezzlement.

<p>Policy 2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.</p>	100%	100%	
<p>Policy 2.5.5 Allow expenditures that exceed the overall Board-approved budget.</p>	100%	100%	
<p>Policy 2.5.5.1 Allow cost overruns on capital projects.</p>	85%	85%	<ul style="list-style-type: none"> CEO interprets this to refer to total capital expenses, however the policy does not specify this and could (perhaps should?) be take to refer to individual policies.
<p>Policy 2.5.6 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.</p>	100%	100%	
<p>Policy 2.5.6.1 Split purchases or contracts into smaller amounts in order to avoid the above limit.</p>	100%	100%	
<p>Policy 2.5.7 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.</p>	85%	85%	<ul style="list-style-type: none"> Rationale refers to research on public sector practices without elaboration.

Policy 2.5.8 Adjust tax rates assessed by the Authority.	100%	100%	
Policy 2.5.9 Acquire, encumber or dispose of real estate.	100%	100%	
Policy 2.5.10 Encumber the agency with financial debt without previous authorization from the Board.	100%	100%	

Additional context questions
<p>1. Is there any reason to doubt the integrity of the information presented?</p> <p>Responses – 7 – NO</p> <p>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?</p> <p>Responses – 7 – N/A</p> <p>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.)</p> <p>Responses – 4 – NO</p> <p style="padding-left: 40px;">3 - YES</p>

Continued ...

- I think we should consider the CEO notes regarding some of the specific policies/sub-policies:

Policy 2.5.4, 2.5.4.1 and 2.5.4.2 do not appear to have any relationship. Perhaps each should be policies of the same rank.

Policy 2.5.3 appear to overlap with 2.7.2. This may be a recent error stemming from changes to 2.7. We are suggesting the two be consolidated under policy 2.5.

2.5.4.2 is redundant with policy 4.4.2 because the Board already has the power to directly inspect any element of agency operations. The CEO cannot withhold any information if the Board requests it.

- The CEO has indicated a few policies that appear to be redundant or have overlap. Perhaps the Finance Committee could review and make recommendations?
- 2.5.4.1 Consider specifying that CEO not fail to report ALL instances of fraud and embezzlement.
2.5.5.1 Consider clarifying that CEO shall not allow cost overruns on individual capital projects.
2.5.8 Consider eliminating this policy as setting tax rates is not the authority of the CEO/agency.

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

10
15
25
18
50

Monitoring Report: Asset Protection (Policy 2.7)

Finance Committee Meeting Review Date: June 13, 2023

Board of Directors Meeting Review Date: June 22, 2023

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <ul style="list-style-type: none"> (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) <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
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> <ul 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 June and was submitted in June.

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**6/7/2023**ATTACHMENTS**

1. Monitoring report for Asset Protection (Policy 2.7)

Table of Contents

POLICY TITLE: ASSET PROTECTION	Pg #	Compliance
2.7 The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the scope of the above by the following list, the CEO shall not:	4	
2.7.1. Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.	5	
2.7.1.1 Unreasonably expose the organization, its Board or staff to claims of liability.	6	
2.7.2 Receive, process, or disburse funds under controls that are insufficient to meet the board- appointed auditor's standards.	7	
2.7.2.1 Receive, process, or disburse the organization's assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses.	7	
2.7.3 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.	8	
2.7.4 Allow intellectual property, information, and files to be exposed to loss, significant damage or unauthorized access.	9	
2.7.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends.	10	
2.7.5.1 Permit inconsistent, disrespectful or untimely response to stakeholder concerns.	11	
2.7.5.2 Allow third-party advertising that violates stated agency guidelines for community standards.	13	
2.7.5.3 Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.	15	
2.7.5.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.	15	
2.7.5.5 Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.	16	
2.7.6 Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.	17	

 Fully Compliant
  Partially Compliant
  To be determined

Preliminary CEO Interpretations and Evidence

POLICY 2.7

The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the above by the following list, the CEO shall not:

Degree of Compliance: To be determined

Compliance will be demonstrated when compliance for policies 2.7.1 to 2.7.6 are achieved.

Evidence

Compliance of this policy cannot be determined because policies 2.7.2 and 2.7.2.1 cannot be determined.

POLICY 2.7.1

Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when

- A. AAATA carries property and liability insurance (private or self-insured) sufficient to replace assets and restore services quickly while remaining affordable for the agency.
- B. For all board members and staff, adequate insurance means that they will be indemnified and free of personal liability for decisions made when pursuing their duties in good faith.
- C. Lower-level policies are compliant

Rationale

- A. Replacement is a reasonable standard and level of achievement because the goal is the restoration of services, not just financial compensation for loss of use. If a natural disaster destroyed the bus garage and a large proportion of the fleet (i.e., fire, tornado, train derailment), insurance that only covered the current value of the assets would likely not be sufficient to rebuild those assets. AAATA’s Risk Management Team meets with the broker annually during the budget preparation period to review claims and the adequacy of coverage.
- B. Indemnifying staff and board members acting in good faith is reasonable because harm or loss is not always preventable and if it happens when the staff or board member is acting in good faith, then they should be indemnified.
- C. Compliance with this policy is inclusive of lower-level policies being compliant.

Evidence

Source of Data: Internal documents

Date of data review: 6/6/23 as verified by DCEO, Finance and Administration

Data:

- A. During the monitoring period, the agency carried sufficient insurance to replace assets within a timeline that would be non-disruptive to service operations.
- B. During the monitoring period there was no incidence leading to the need for indemnifying a staff or board member
- C. Policy 2.7.1.1 is compliant

POLICY 2.7.1.1

Unreasonably expose the organization, its Board or staff to claims of liability.

Degree of Compliance: Compliant

Interpretation

I interpret unnecessary exposure to claims of liability to mean allowing risks that are not called for in the normal course of business.

Standard/Measure

Compliance will be determined when the organization is able to acquire adequate insurance that is reasonably priced.

Rationale

This is reasonable because the insurance company has to review our risk factors and depending on how risky our operations are, insurance companies may or may not insure the organization. Additionally, a higher risk profile results in increased costs of insurance. The ability to acquire reasonably priced insurance indicates that risks are not unreasonable.

Evidence

Source of Data: Internal documents

Date of data review: 6/6/23 as verified by DCEO, Finance and Administration

Data: During the monitoring Staff and the insurance broker met to review the agencies risk profile. There were no concerns that resulted in increased insurance costs or the agency being uninsured due to risk concerns.

POLICY 2.7.2: Receive, process, or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.

&

Policy 2.7.2.1: Receive, process, or disburse the organization's assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses.

Degree of Compliance: TBD

CEO notes that these two policies are similar with policies in 2.5.3:

"Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards." and requests the Board to review policy placement.

Both policy 2.5 and 2.7 will be submitted to the Board in June for monitoring. However, since 2.7.2 and 2.7.2.1 have not been addressed here, the CEO notes that its compliance in 2.7 cannot be determined yet. 2.5.3 is addressed in policy 2.5.

POLICY 2.7.3

Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.

Degree of Compliance: Compliant

Interpretation

Measure/Standard

Compliance with this policy will be demonstrated when the Federal Transit Administration (FTA) reviews and finds no deficiencies in our Transit Asset Management (TAM) Plan. If deficiencies are found, they are to be corrected within the timeline provided by the federal agency.

Rationale

This is reasonable because the TAM Plan requires transit agencies to maintain their physical assets in a state of good repair, and details at which point capital assets (vehicles, heavy equipment and facilities) are to be repaired or replaced and is reviewed every three years by an independent third party- the FTA.

The FTA may update their requirements as it sees fit and therefore TheRide may have deficiencies from time to time. However, corrected deficiencies within the set time shows good faith and an intent to keep all capital assets in a state of good repair.

Evidence

Source of Data: Internal documents

Date of data review: 05/31/23 as verified by Manager of Fleet and Manager of Facilities

Data: During the Triennial Review conducted in 2022, deficiencies were found with the FTA requirements for the maintenance of fleet and facilities. These deficiencies were corrected and on January 3rd, 2023, the FTA sent a letter noting deficiencies were appropriately corrected and the Triennial Review closed.

POLICY 2.7.4

Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access.

Degree of Compliance: Compliant

Interpretation

Measure/Standard

Compliance with this policy will be demonstrated when

- A. The agency is able to acquire Cyber insurance, and pass any required Information Technology Controls Audit
- B. All physical files of employee and client records are stored, collected and managed based on set standard operating procedures that appropriately secure documents and limit access.

Rationale

This is reasonable because

- A. The Cyber insurance company conducts a risk assessment of the agency prior to providing insurance. Part of the assessment includes reviewing internal risk controls. This assessment is done annually prior to the renewal of the insurance coverage. It is not possible to acquire Cyber insurance without having proper processes and procedures in place. This includes practices such multi-factor authentication. IT controls audits are conducted by external third parties and includes reviewing regulatory compliance
- B. Internal controls ensure the agency keeps personal information safe from unauthorized access and unreasonable exposure to damage or loss

Evidence

Source of Data: Internal documents

Date of data review: 6/6/23 as verified by DCEO, Finance and Administration and Manager of Human Resources

Data:

- A. The agency had cyber insurance throughout the during the monitoring period and passed the IT control audit.
- B. Employee and Paratransit service customer data is the only information stored in paper form. A review shows that this information was stored and managed within existing standard operating procedures.

POLICY 2.7.5

Endanger the organization's public image, credibility, or its ability to accomplish Ends.

Degree of Compliance: Compliant

Interpretation

I interpret credibility and public image to mean the overall public confidence and trust in the agency as an institution.

Measure/Standard

Compliance with this policy will be demonstrated when

- A. When polling data (when available) suggests a high degree of confidence in the agency.
- B. When there are no *legitimate* public accusations suggesting significant mismanagement of the AAATA due to a factor over which the CEO has control. and there are no *legitimate* public accusations suggesting the agency has broken a promise or failed to deliver on a commitment.
- C. Compliance with policies 2.7.5.1 - 2.7.5.4 is achieved.

Rationale

This is reasonable because

- A. Use of polling data provides public perception of the agency collected by a third party (CJI Research)
- B. The CEO can only be accountable for what they control, not what others may believe, say or do. As a public body, there will always be criticism of the agency. Some may allege mismanagement or broken trust when the actual issue is a disagreement about the decision. Limiting AAATA to only decisions that contain no risk of raising objections would severely limit our ability to pursue Ends outcomes. Mismanagement implies significance and/or negligence rather than a one-time error or an unimportant defect. The CEO cannot stop someone from blowing a small issue out of proportion. A legitimate case of mismanagement would likely involve decisions that were unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics (policy 2.0).
- C. Compliance with this policy is dependent on lower-level policies being compliant.

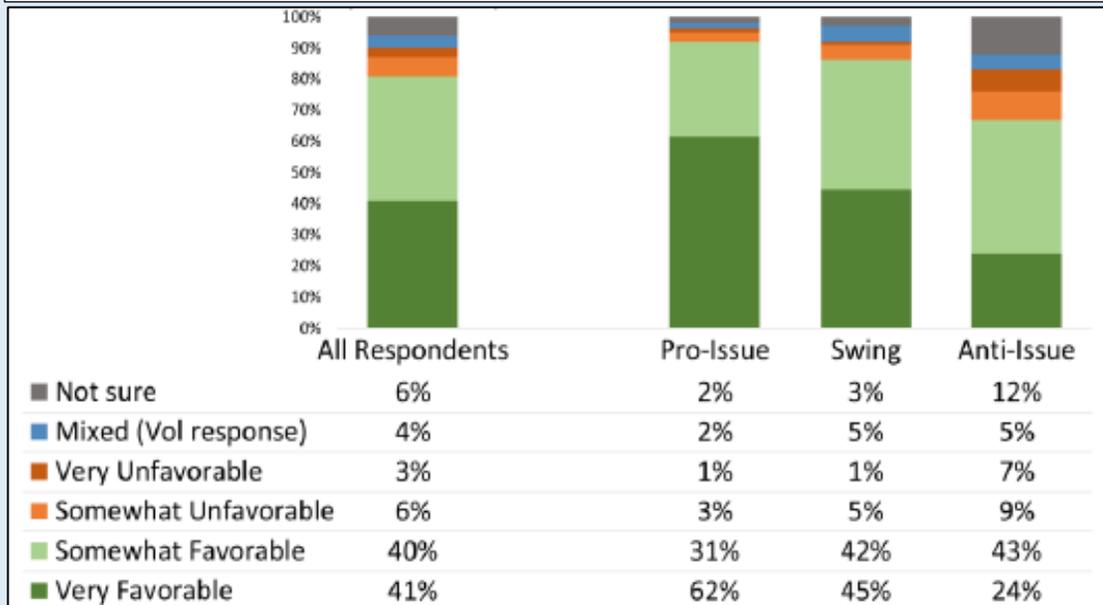
Evidence

Source of Data: External input by members of the public

Date of data review: 5/30/23 as verified by CEO

Data: A. The telephone survey conducted prior in December 2021 indicates that the public had a favorable opinion of the TheRide. See below for that information.

Q10. Overall, would you say you have a very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable opinion of AAATA and its local bus service, TheRide?



The AAATA is regarded very favorably by the electorate. Even the Anti-Issue (anti-millage) voters tend to have a favorable view of the agency, with a total of 67% of that group saying they have a *very* or at least *somewhat* favorable view of the agency. This suggests that their opposition has more to do with their attitudes toward taxes, public spending, or other aspects of the issue than to negative feelings about the agency itself.

Notice that the percent viewing the AAATA very favorably vs somewhat favorably decreases with the strength of issue support. This is to be expected. It is an indication of how the attitude toward the agency is tied into the vote. However, the fact that favorability remains at 67% even among the Anti-Issue respondents is an indication of the strong reputation of AAATA.

The “very favorable” percentage on this question has fluctuated over time. In 2011, it stood at 46%, then in 2013 at 39%. In 2017 it was at 44%, and in 2021 it stands at 41%. These are minor and unimportant changes probably the result of slight changes in the samples.

Pg.24 of the report

- B. A review of local newspaper articles found none that suggested agency actions or decisions that the agency had damaged its own credibility.
- C. Lower-level policies are compliant.

POLICY 2.7.5.1

Permit inconsistent, disrespectful or untimely response to stakeholder concerns.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to apply to agency responses to concerns/inquiries from outside the AAATA , primarily from other groups, institutions or officials, but are not customer concerns. Customer concerns are addressed under a different policy (see below). Any concern aside from customer concerns is considered a stakeholder concern. I define inconsistent to mean that the response was treated differently than how most are treated. I define disrespectful to mean rude, discourteous, or unprofessional. I define untimely to mean unreasonably late or delayed.

Measure/Standard

Compliance with this policy will be demonstrated when the CEO, in their professional judgment, finds no evidence of any *legitimate* criticism of the agency’s communications from any outside group on grounds other than desiring a different conclusion.

Rationale

This interpretation is reasonable because:

1. Customer concerns are addressed under policy 2.1.3.1.
2. It applies to the type of concern, not the individual raising the issue. Owners, customers and others can all raise stakeholder concerns covered by this policy.
3. Criticisms that amount to wanting a different answer, rather than a criticism of the quality of the response, are common and are not inconsistent, disrespectful or untimely. Limiting AAATA to only innocuously safe decisions would severely limit our ability to pursue Ends outcomes.
4. The agency cannot control how responses are perceived, only the degree of professionalism with which they are crafted. People can feel disrespected even if the agency does nothing disrespectful. Trying to avoid all such criticisms would severely limit pursuit of the Ends.
5. Legitimate criticism is determined by the CEO’s professional judgment because there is too much nuance to prescribe rules for all staff communications, and honest misunderstandings are common and often easily resolved.
6. No instances of unprofessional responses are an appropriate target in line with the policy language

Evidence

Source of data: Internal Records

Date of data collection: 5/30/23 as verified by the CEO

Data: During the monitoring period the CEO found no evidence of legitimate criticism of the agency’s communications.

POLICY 2.7.5.2

Allow third-party advertising that violates stated agency guidelines for community standards.

Degree of Compliance: Compliant

Interpretation

Measure/Standard

Compliance with this policy will be demonstrated when AAATA has, and consistently enforces, the administrative advertising policy below which restricts inappropriate third-party advertising in order to protect AAATA’s image and reputation.

AAATA Advertising Policy, 2014

A. The AAATA, by permitting commercial advertising in or on its vehicles, shelters, informational material, buildings, and benches, does not thereby intend to create a public forum. Further, AAATA requires that such advertising comply with specified standards to further the purposes of providing revenue for AAATA, increasing ridership, and assuring that AAATA riders will be afforded a safe and pleasant environment. AAATA reserves the right to approve all advertising, exhibit material, announcements, or any other display and their manner of presentation.

B. In order to minimize the chances of abuse, the appearance of favoritism, and the risk of imposing upon a captive audience, advertising in or on AAATA vehicles, in AAATA shelters, buildings, benches or informational material which does any of the following shall be prohibited.

1. Contains false, misleading, or deceptive material.
2. Promotes illegal activity.
3. Advocates violence or crime.
4. Infringes copyright, service mark, title, or slogan.
5. Defames or is likely to hold up to scorn or ridicule a person or group of persons.
6. States or implies the endorsement of a product or service by AAATA.
7. Contains political or political campaign advertising**.
8. Contains advertising that is obscene or pornographic, or in advocacy of imminent lawlessness or violent action.
9. Promotes alcohol or tobacco products.

(** Note: Recent court cases may force a reconsideration of the prohibition on political advertising.)

Rationale

This is reasonable because by sharing the policy with interested third parties, the agency clarifies expectations. By enforcing these policies, the agency limits possible deviations or violations of agreed upon guidelines.

Evidence

Source of data: Internal Records

Date of data collection: 5/30/23 as verified by the Acting Manager of Community Relations

Data: During the monitoring period AAATA operated and enforced the AAATA's Advertising Policy, 2014. There were no violations to the policy.

POLICY 2.7.5.3 Hire a former Board member as an agency employee or supplier within one year of that member’s departure from the Board.

&

POLICY 2.7.5.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.

Degree of Compliance: Compliant

Interpretation

Measure/Standard

Compliance with this policy will be demonstrated when

- A. The hiring manger confirms that during the monitoring period, AAATA did not hire a current or former Board member as an agency employee or supplier within one year of that member’s departure from the Board.
- B. Additionally, AAATA did not hire a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members of the AAATA Board.
- C. A review of current Board member Certificates of Disclosure of Financial and Personal Interest does not indicate employee or supplier relationships with AAATA.

Rationale

This is reasonable because the hiring manager has access to all employment records. The Board is expected to sign Certificates of Disclosure every year where they note of any personal financial interest, business interest, or any other obligation or relationship they have that would create a potential conflict of interest assigned duties and responsibilities.

Evidence

Source of Data: Internal documents

Date of data review: 5/17/23 as verified by Manager of Human Resources and the Manager of Procurement

Data:

- A. No current or former board member was hired as an agency employee or supplier during the monitoring period
- B. No sitting elected official or former elected official was hired as an agency employee or supplier during the monitoring period.
- C. All Board Members provided Certificates of Disclosure of Financial and Personal Interest in January 2022. None of them indicated employee or supplier conflicts of interest.

Policy 2.7.5.5 Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.

Degree of Compliance: Compliant

Interpretations

Measure/Standard

The CEO ensures that all final decisions regarding services, programs, or transit facilities (fares are addressed in Policy 2.5.12) provide opportunities for public involvement in line with the AAATA's *Public Input Policy (PIP) for Service and Fare Changes (Board resolution 5/2012)*.

Rationale

This is reasonable because the PIP is compliant with federal regulation regarding public involvement and describes levels, types and timing of engagement needed in relation to the degree of change being considered i.e., major, minor, or adjustment. It also emphasizes not only receiving comments but responding to all input and more so, having two-way conversations to better understand comments or suggestions. Hence preventing or reducing chances where a stakeholder(s) may feel ignored.

Evidence

Source of Data: Internal documents

Date of data review: 5/16/23 as verified by DCEO, Planning

All service changes that occurred in the monitoring period were in accordance with the Public Input Policy.

Policy 2.7.6 Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.

Degree of Compliance: Compliant

Interpretations

Measure/Standard

Compliance with this policy will be demonstrated when no AAATA vehicles (owned or contracted) nor any AAATA staff (directly employed or contracted) are used to transport persons detained by law enforcement for participating in public demonstrations.

Rationale

This is reasonable because it the policy is self-evidence in its intent.

Evidence

Source of data: Internal records

Date of data collection: 5/16/23 as verified by the CEO

Data: During the monitoring period, the CEO did not authorize the use of vehicles or operators to transport persons detained by law enforcement for participating in public demonstrations. No such requests were made to the agency.

Policy Trendlines

The Asset Protection Policy was initially monitored every other year. Below is the compliance trendline for the sub-policies in FY20 and FY22. In FY23, policies about the public image of the organization (external relations) were transferred to the asset protection policy. See below for the trendline. FY23 data is preliminary.

LEGEND	
	Policy is not compliant
	Policy is partially compliant
	Policy is compliant
	To be determined

Policy	FY 20	FY 22	FY23
2.7			
2.7.1			
2.7.1.1			
2.7.2			
2.7.2.1			
2.7.3			
2.7.4			
2.7.5			
2.7.5.1			
2.7.5.2			
2.7.5.3			
2.7.5.4			
2.7.5.5			
2.7.6			

CEO Notes

1. **Policy 2.7.1** has the word embezzlement added. This is not part of the original boilerplate policy. Embezzlement is a type of financial fraud/theft. Should insurance for this be addressed in 2.7 , or in 2.5?
2. There is an overlap and repetition of policy 2.5.3 in policy 2.7.2.
 - POLICY 2.7.2:** Receive, process, or disburse funds under controls that are insufficient to meet the board-appointed auditor’s standards
 - Policy 2.5.3:**Receive, process or disburse funds under controls that are insufficient to meet the Board appointed auditor's standards.

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
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

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

Board’s Decision

WORKSHEET RESULTS:

Asset Protection (Policy 2.7)

Participants: 9 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
<p>Policy 2.7 The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the above by the following list, the CEO shall not:</p>	88%	77%	<ul style="list-style-type: none"> • Interpretation and evidence not provided for 2.7.2 and 2.7.2.1. • CEO has stated that 2.7.2 and 2.7.2.1 cannot be determined and a monitoring report will be forthcoming for those policies.
<p>Policy 2.7.1 Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses</p>	100%	100%	
<p>Policy 2.7.1.1 Unreasonably expose the organization, its Board or staff to claims of liability.</p>	100%	100%	

<p>Policy 2.7.2 Receive, process, or disburse funds under controls that are insufficient to meet the board- appointed auditor’s standards</p>	<p>88%</p>	<p>77%</p>	<ul style="list-style-type: none"> • CEO has stated that this policy will be reported on in June for monitoring along with 2 other policies. I find that acceptable. • The reason why this policy is not addressed is not provided. • There isn't evidence per se regarding compliance but there is evidence _why_ the CEO can't provide an answer of compliance.
<p>Policy 2.7.2.1 Receive, process, or disburse the organization’s assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses</p>	<p>88%</p>	<p>77%</p>	<ul style="list-style-type: none"> • Interpretation and evidence is not provided. • CEO has stated that this policy will be reported on in June for monitoring along with 2 other policies. I find that acceptable. • There isn't evidence per se regarding compliance but there is evidence _why_ the CEO can't provide an answer of compliance.
<p>Policy 2.7.3 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.</p>	<p>100%</p>	<p>100%</p>	<ul style="list-style-type: none"> • Is there a way to monitor this policy more frequently than every 3 years?
<p>Policy 2.7.4 Allow intellectual property, information, and files to be exposed to loss, significant damage or unauthorized access.</p>	<p>100%</p>	<p>88%</p>	<ul style="list-style-type: none"> • Why do we have paper forms for paratransit customer service information? Is this a best practice? Evidence states that staff review deemed this information was stored and managed within existing SOP - what are these procedures? Please clarify.

<p>Policy 2.7.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends.</p>	<p>100%</p>	<p>88%</p>	<ul style="list-style-type: none"> • The interpretation doesn't address ability to accomplish ends. • Evidence should also include review of actual customer complaints filed by a third party to determine legitimacy of accusations.
<p>Policy 2.7.5.1 Permit inconsistent, disrespectful or untimely response to stakeholder concerns.</p>	<p>100%</p>	<p>88%</p>	<ul style="list-style-type: none"> • Evidence should include review of actual customer complaints filed by a third party to determine legitimacy of accusations.
<p>Policy 2.7.5.2 Allow third-party advertising that violates stated agency guidelines for community standards.</p>	<p>100%</p>	<p>100%</p>	<ul style="list-style-type: none"> • Regarding this and other policies, is it possible to be more specific than saying evidence is from "internal records"? See comments at end of this survey.
<p>Policy 2.7.5.3 Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.7.5.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.</p>	<p>100%</p>	<p>100%</p>	

<p>Policy 2.7.5.5 Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.7.6 Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.</p>	<p>100%</p>	<p>100%</p>	

Additional context questions

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

Responses - 9 - 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 – N/A
4 - 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 – 5 – NO
4 – YES**

- We should review the policy redundancies identified by the CEO.
- The report identifies potential redundancy between 2.5.3 and 2.7.2 that needs to be examined
- 2.7.5 — I believe "ability to accomplish ends" should be deleted from policy since I don't think this can be measured.
2.7.2 — Same as 2.5.3 and should be deleted.
2.7.2.1 — Perhaps rewrite to cover assets other than funds.
- Maybe we should eliminate 2.7.2/2.7.2.1 since it looks to be a duplicate of 2.5/2.5.3?

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

20	30	50
25	15	20
20	12	

Policy review: 2.7.2 and 2.7.2.1

Board Meeting Review Date: June 22nd, 2022

INFORMATION TYPE:
Other: Policy review
RECOMMENDED ACTION(S):
That the Board reviews policy 2.7.2 and 2.7.2.1 and provides guidance to staff on placement and/or policy context (physical vs. financial assets).
ISSUE SUMMARY:
<p>On February 16th, 2023 the Board amended and voted to adopt changes to policy 2.7 Asset Protection per the attachment below.</p> <p>In developing interpretations for policy 2.7, the CEO noted that policy 2.7.2 was a replica of 2.5.3. Since asset protection policies addresses physical assets and policy 2.5 addresses financial activities and conditions, it was unclear if this was an erroneous placement of policy or of policy value (financial vs. physical assets)</p> <p>The CEO requests the Board review policy 2.7.2 and the nested policy (2.7.2.1) after which he will develop an interpretation and provide evidence at a time preferable to the Board.</p>
ATTACHMENTS:
<ol style="list-style-type: none"> 1. Side by side comparison of old policies and adopted policies.

PREVIOUS ASSET PROTECTION POLICY	ADOPTED/ CURRENT ASSET PROTECTION POLICY
<p>The CEO will not cause, allow or fail to address circumstances in which corporate assets are to be unprotected, inadequately maintained, or unnecessarily risked.</p> <p>Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	<p>The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.</p> <p>Further, without limiting the scope of the above by the following list, the CEO shall not</p>
<p>2.7.1 Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses</p>	<p>2.7.1 Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.</p> <p style="padding-left: 40px;">2.7.1.1 Unreasonably expose the organization, its Board or staff to claims of liability</p>
<p>2.7.2 Operate without ensuring appropriate risk management.</p> <p style="padding-left: 20px;">A. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.</p> <p style="padding-left: 20px;">B. Fail to proactively anticipate the financial requirements needed to maintain assets.</p> <p style="padding-left: 20px;">C. Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud or malfeasance.</p>	<p>2.7.2 Receive, process, or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.</p> <p style="padding-left: 20px;">2.7.2.1 Receive, process, or disburse the organization's assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses.</p> <p><i>(Policy 2.5.3 currently reads as follows: Receive, process, or disburse funds under controls that are insufficient to meet the Board appointed auditor's standards)</i></p>

<p>2.7.3 Unreasonably expose the organization, its Board or staff to claims of liability.</p>	<p>Moved to 2.7.1.1</p>
<p>.</p>	<p>2.7.3 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.</p>
<p>2.7.4 Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access</p>	<p>2.7.4 Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access</p>
	<p>2.7.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends.</p> <p>2.7.5.1 Permit inconsistent, disrespectful or untimely response to stakeholder concerns.</p> <p>2.7.5.2 Allow third-party advertising that violates stated agency guidelines for community standards.</p> <p>2.7.5.3 Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.</p> <p>2.7.5.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.</p> <p>2.7.5.5 Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.</p>

	<p>2.7.6 Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.</p>
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Review of Policy 2.1 Treatment of the Traveling Public

Service Committee Meeting Review Date: May 2, 2023

Board of Directors Meeting Review Date: June 22, 2023

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
The Service Committee leads the Board in reviewing Policy 2.1:Treatment of the Traveling Public.
ISSUE SUMMARY
<p>The Board’s Monitoring Taskforce has identified Policy 2.1:Treatment of the Traveling Public as one of the policy’s to be reviewed this year and has tasked the Service Committee with leading that effort.</p> <p>The attachments in this document include Policy 3.1.3.1 which guides the policy review process, policy 2.1 and previous governance coach notes on the policy.</p>
BACKGROUND
Committees are empowered by the full Board to develop recommended changes to policies. The Full Board retains the right to make decisions.
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: N/A • Social: N/A • Environmental: N/A • Governance: Policy Development
ATTACHMENTS
<ol style="list-style-type: none"> 1. Policy 3.1.3.1 2. Policy 2.1: Treatment of the Traveling Public 3. Governance Coach Notes from FY22 Monitoring Report for Policy 2.1

Policy 3.1.3.1: Governing Style :Written policy

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

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

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

Policy 2.1 Treatment of the Traveling Public

With respect to the agency's operations and interactions with riders, potential riders, pedestrians, cyclists, other road users, and the general public the CEO shall not cause, allow, or fail to address conditions, procedures, or decisions that are unsafe, undignified, disrespectful, unclear, or overly intrusive. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

2.1.1 Provide facilities, vehicles, or services that are not reasonably accessible to potential riders regardless of mobility limitations.

2.1.2 Allow anyone, including people who have disabilities or seniors, to be discriminated against with respect to the AAATA's services.

2.1.3 Operate without providing effective, comprehensible, accessible, and timely information.

2.1.3.1 Fail to respond to questions or complaints in a timely and reasonable manner.

2.1.4 Discourage persons from asking questions, airing a complaint, or being heard.

2.1.5 Operate without established and enforceable standards for customer service and the safety of the public including pedestrians, cyclists and other road users.

2.1.5.1 Fail to communicate standards and expectations to the public and riders.

2.1.6 Use methods of collecting, reviewing, transmitting, or storing personal information that allows improper access or inappropriate disclosure

2.1.6.1 Use forms that elicit personal information for which there is no clear necessity.

Governance Coach Notes on Policy 2.1

(as appears in FY22 Monitoring report)

The governance coach had a chance to review this monitoring report and recommends the following.

1. Consider rewording the following policies to remove double negatives i.e., “shall not fail to”.
 - a. Policy 2.1.1: “The CEO shall not...allow facilities, bus stops, vehicles, or services to lack reasonable accessibility for potential riders regardless of mobility limitations” Note: this policy update deliberately includes bus stops.
 - b. Policy 2.1.3.1: “The CEO shall not...Permit unfair, inconsistent, or untimely responses to questions or complaints from the traveling public”
 - c. Policy 2.1.5.1: “The CEO shall not allow the public and riders to be without easily accessible, understandable information with respect to services offered and expected conduct.”
2. As the CEO noted, the current Policy 2.1.4 does not exist in the original John Carver work. The policy in John Carver’s work, noted in the CEO’s notes, (“The CEO shall not...Fail to ... provide a way to be heard for person who believe they have not been accorded a reasonable interpretation of their protections under this policy.”) has been abandoned because it adds little to the other provisions. If the policy were aligned with the Interpretation, e.g., [The CEO shall not] “Allow the riding public or any stakeholder to be unaware of the process for registering a complaint or concern or of the avenues for addressing the Board”. This would be an improved policy statement.
3. Policy 2.1.2 is redundant as the board already specifies in the General Executive Constraint (GEC) that the CEO shall not do anything unlawful, it might be worthwhile considering deleting this policy and address discrimination in the monitoring policy of the GEC. If this policy is intended to address equity, then it is likely covered in the Ends policies.

Board Member Policy Proposal: Environmental Policy

Board Meeting Date: June 22, 2023

INFORMATION TYPE
Discussion
RECOMMENDED ACTION(S)
That the Board review the provided information and discuss whether/how it would like to make changes to existing AAATA policies.
ISSUE SUMMARY
Board members Pollay, Barr, and Gerber would like to update the Board on reasons for modifying TheRide policies related to environmental sustainability. After initial discussions with the Chair, CEO and Rose Mercier they would like to share their perspective with the full Board and see if there is support on the Board for continuing this policy discussion.
BACKGROUND
<p>The Board is responsible for creating strategic leadership and vision of the organization through policymaking (3.2.2). This includes:</p> <p>Ends: Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost).</p> <p>Executive Limitations: Constraints on executive authority that establish the prudence and ethical boundaries within which all executive activity and decisions must take place.</p> <p>Board members Pollay, Barr, and Gerber have reviewed the Governance process policies and provided preliminary answers for the questions in Policy 3.1.3.1 (Attachment 1, below).</p>
IMPACTS OF RECOMMENDED ACTION(S)
<p>Environmental: Environmental concerns</p> <p>Governance: Policy Review and Development</p>
ATTACHMENTS
1. Board member notes to questions in policy 3.1.3.1

Policy 3.1.3.1: Governing Style

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

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

1. What is the nature of the issue?

Board members Barr, Pollay and Gerber request that the AAATA board consider adoption of a new Ends policy that states carbon neutrality throughout the organization as a key agency priority.

In recognition of support from board members and the public toward seeking carbon neutrality and sustainability actions in the Ann Arbor area, board members Barr, Pollay, and Gerber began looking into the possibility of more robust sustainability language in AAATA policy. Though there are already statements in AAATA policy regarding the environmental impact of transit as a mobility mode, there is the opportunity to make the language less ambiguous and more forward thinking about the agency and its operations as a whole.

Environmental sustainability is clearly a focus of the organization and board, with substantial time and resources being spent planning the transition of the bus fleet to zero emissions buses. However, the bus fleet is not the sole contributor to the environmental impact of TheRide. By clarifying the desire for TheRide to reduce its environmental impact **overall** the board can be empowered to receive more clear information regarding how decision making impacts sustainability throughout the organization, and the CEO can continue to run the organization in a way that accomplishes the mission of the organization while also upholding its values.

Adding an organizational carbon neutrality statement to the Ends policies is a simple way of incorporating a more substantive sustainability stance, which is supported by a broad segment of the community. By explicitly naming environmental sustainability as a key organizational value, the proposed policy change would place the quest for carbon neutrality on an equal (but not higher) priority as other values and objectives like social vitality and service.

Such policy could be an addition to the sub policies of 1.2, or replace 1.2.2. Possible policy language is seen below:

Proposed policy 1.2.5: AAATA will work to become a carbon-neutral organization.

Is the issue within the scope of the agency?

Carbon neutrality and reducing greenhouse gas emissions are within the scope of the agency. These boil down to environmental impacts and priorities of the organization, which is clearly addressed in board policy, including the values, ends, and executive limitations of the organization.

2. What is the value that drives the concern?

Environmental vitality is the core value which would drive this policy change. Ends policy 1 indicates:

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.

3. Whose issue is this? Is it the Board's or the CEO's?

This issue is one of both the board and CEO. Sustainability actions will often be expressed in the operations of the organization which would fall on the CEO. However, environmental impact is already contained within the Ends policies of the organization. Having a carbon neutrality goal stated in the Ends policies allows the CEO to continue to run the organization in a way that demonstrates efficient stewardship of resources with the direction of the board to move along the path of carbon neutrality.

4. Is there already a Board policy that adequately covers the issue?

All policies directly related to environmental impact are listed below.

Ends

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

Executive Limitations

(Indirectly reference environmental concerns by requiring Means to focused on advancing the Board's Ends)

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

FY2023 Q2 Service Report

Board Meeting Date: June 22, 2023

RECOMMENDED ACTION(S)
<p>Receive as CEO Operational Update.</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • 2.11.1.5 CEO shall not...Let the Board be unaware of...operational... [and] customer satisfaction metrics... • Appendix A: Informational Reports schedule specifies quarterly Customer Satisfaction and Service Performance reports in Nov, Feb, May, Sept
ISSUE SUMMARY
<p>In accordance with the Board's Policy Manual, I present the Quarterly Satisfaction and Service Report. I certify that the information is true and complete with exceptions noted, and I request that the Board accept this as an operational update.</p> <p>This report is populated with currently available and reportable data / targets for Fixed Route, A-Ride / Paratransit, VanRide, and FlexRide services. A glossary of terms for currently tracked metrics is attached.</p> <p>It should be noted that the data collection and reporting has been impacted by the COVID-19 Emergency that began in the last three weeks of Q2 of FY2020. Comparison of Q1 of FY2023 to Q1 of FY2019 provides a picture of performance metrics relative to a pre-pandemic state. Comparison of Q1 of FY2023 and Q1 of FY2022 provides insight into progress through the pandemic and recovery.</p> <p>Q2 of FY2023 data reflects a system still in recovery from reduced services annotated on January 29th due to labor shortages and gradually restored from October to December 2022. Nationwide, a return to public transit has lagged as remote work continues to be influence post-pandemic work culture coupled with labor shortages in service sector jobs continue.</p> <p>Readers should note, numbers reported at the end of the quarter have undergone validation and confirmation required through the NTD process. Some numbers were quarterly estimates based on reported financial and operating data. Historic numbers presented in this document have been updated to reflect the validated data submitted to NTD.</p>

ATTACHMENTS

1. Highlights Brief
2. FY 2023 Q1 Service Report
3. Glossary of Terms

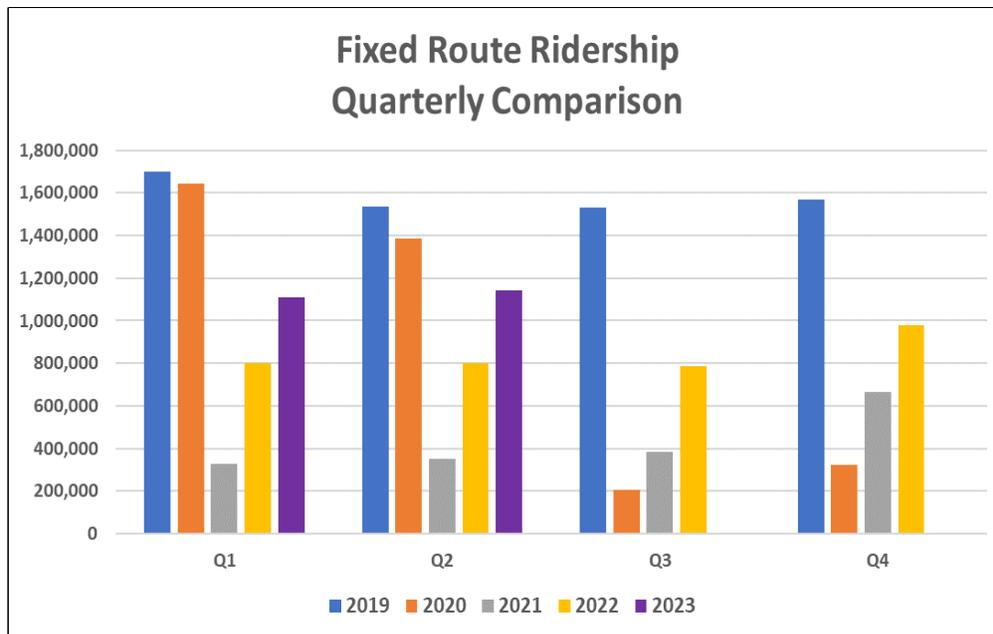
FY2023 Q2

Service and Satisfaction Report Highlights

January 1, 2023 – March 31, 2023

The data collection and reporting continue to be impacted by the COVID-19 pandemic. Staffing shortages necessitated reductions in service beginning in November 2021, and again in January of 2019. Metrics that rely on a quarterly average do not reflect performance under typical conditions. For this reason, the report will compare the current quarter to the same quarter of FY2019 as representative of pre-pandemic baseline conditions as well as the same quarter of FY2023 as a year-over-year comparison.

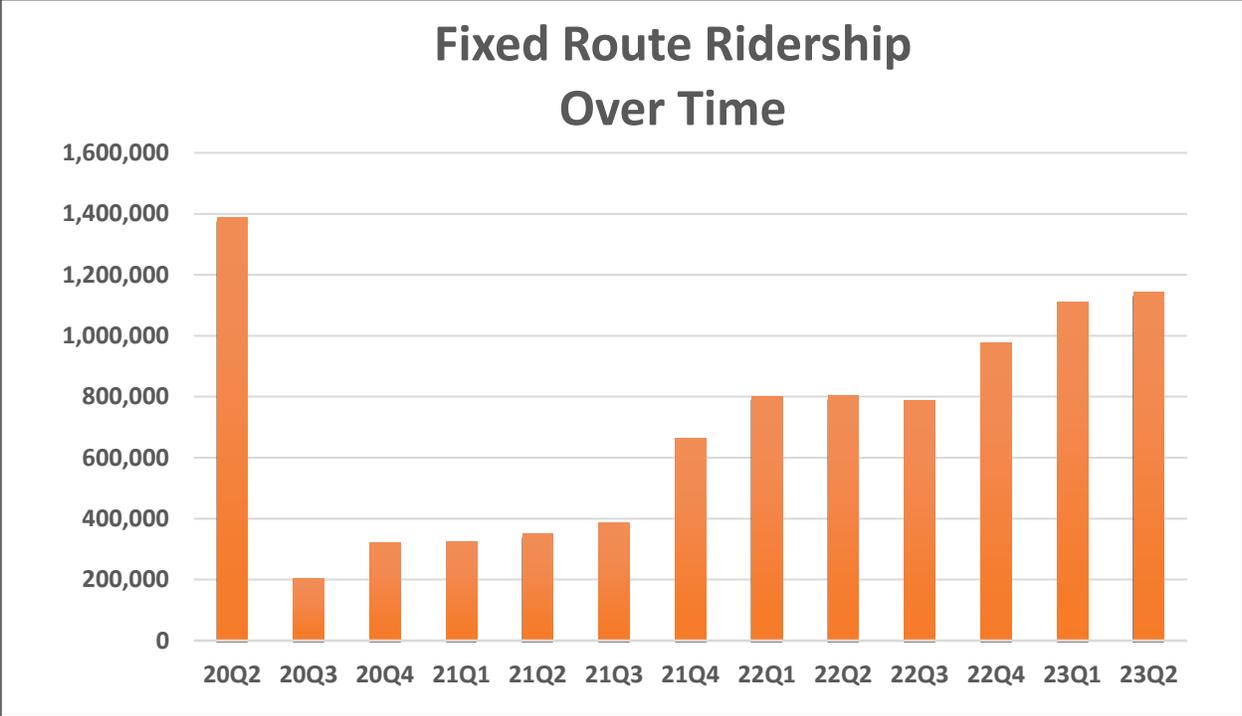
Fixed Route Ridership and Cost



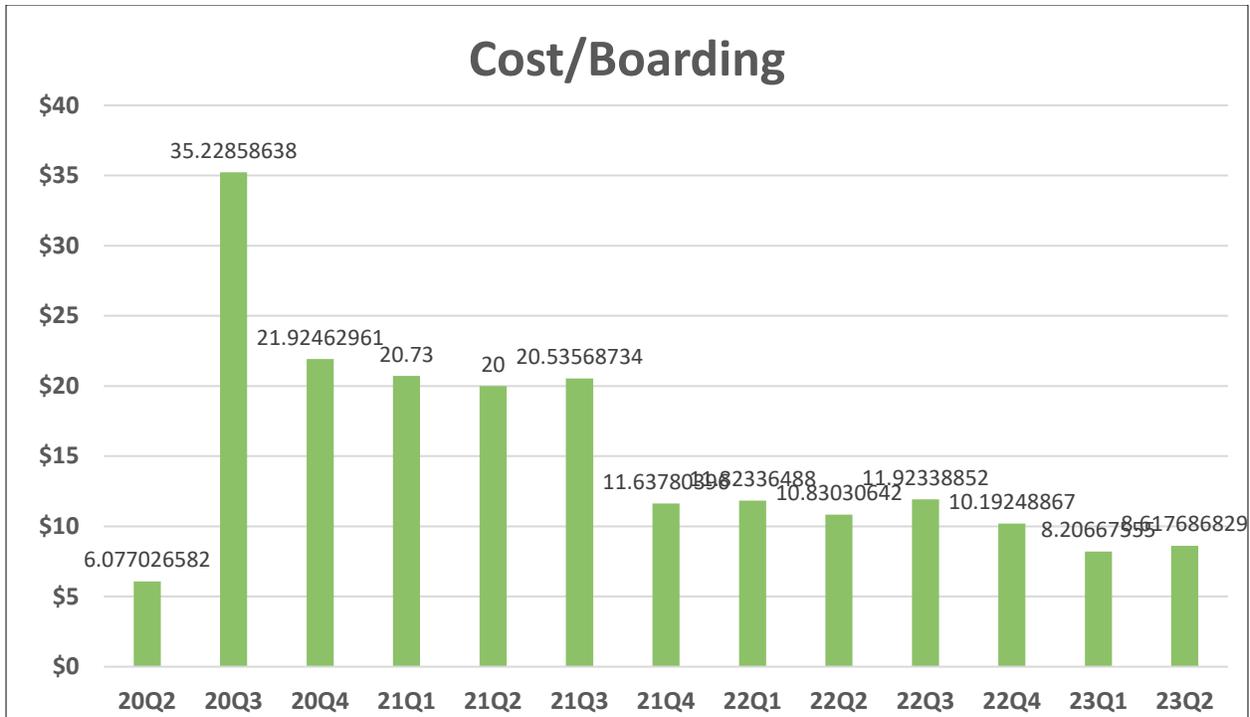
Ridership in Q2 of FY2023 continues to rebound as students have returned to campus and employers continue to encourage employees to work in-person during some part of the work week.

Compared to the same quarter in FY2019, ridership is still down significantly from pre-pandemic levels, but we are seeing a steady increase as demonstrated in the above graph. When ridership is compared to the same quarter of FY2021, a significant increase is observed. Comparing quarter to quarter may be helpful but visualizing the change in ridership through the Covid-19 pandemic may also be insightful.

Fixed Route Ridership Over Time



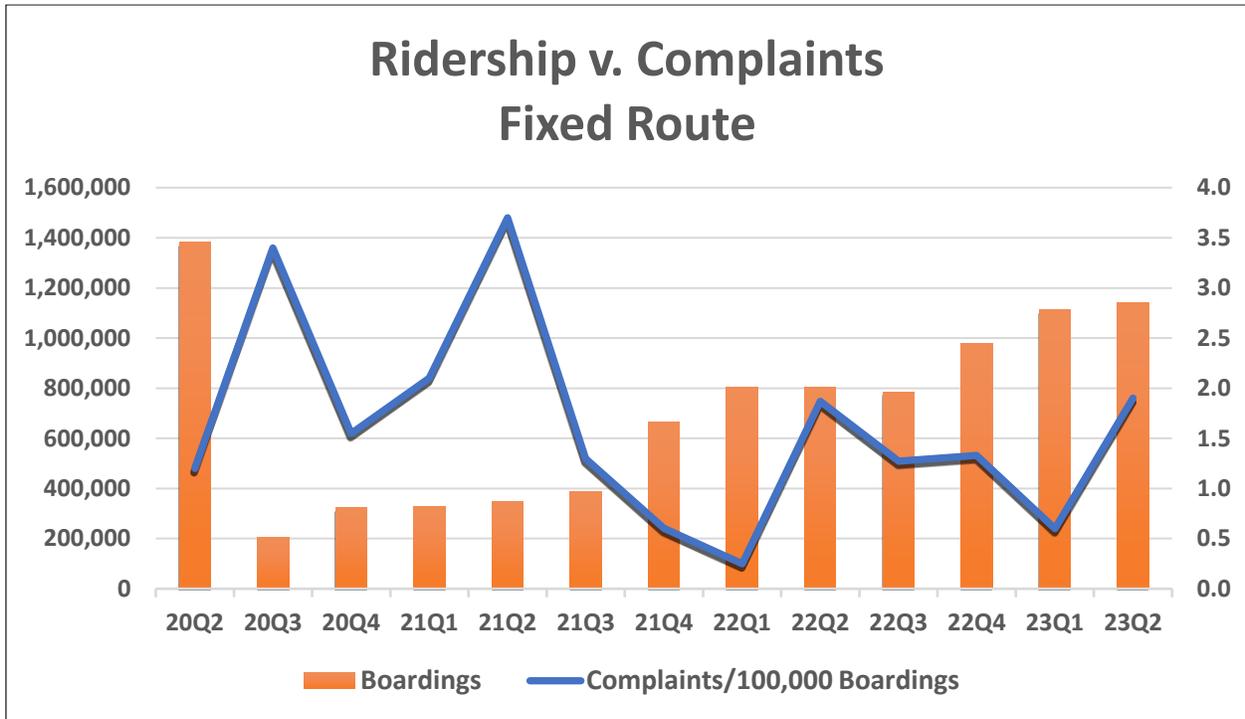
Cost per passenger boarding has risen 46% from \$3.97 in Q2 of FY2019. Reduced ridership and added costs of the pandemic are responsible for this significant increase. However, cost per passenger boarding has decreased by 25% since the same quarter last year as ridership increases. Please note that Revenue Hours and Operational Cost data points in FY2019 Q4 have been updated to reflect NTD data.



Fixed Route Satisfaction, Reliability, and Safety

Satisfaction

Customer satisfaction can be evaluated using the number of valid complaints received by our Customer Service Officer. Complaints / 100,000 Boardings have decreased from pandemic levels. This could be explained by increasing ridership. We have instituted additional customer service training and refresher training to all staff to reduce complaints. To illustrate, the following chart graphs both ridership and complaints over time.



Reliability as Measured by On-Time Performance (OTP)

On-Time Performance is used as the measure of reliability for reporting purposes. As of this writing, OTP data is still unavailable as a result of the cyber-attack. The staff at the authority across all departments are working with our vendors to ensure that this metric is functioning and within an acceptable margin of error to begin reporting on this data once more. Upon successful review and collaboration we are expecting to begin start successfully measuring OTP and reporting on this metric again at the beginning of Q3 of fiscal year 2023.

Fixed Route Road Calls as a Measure of Reliability

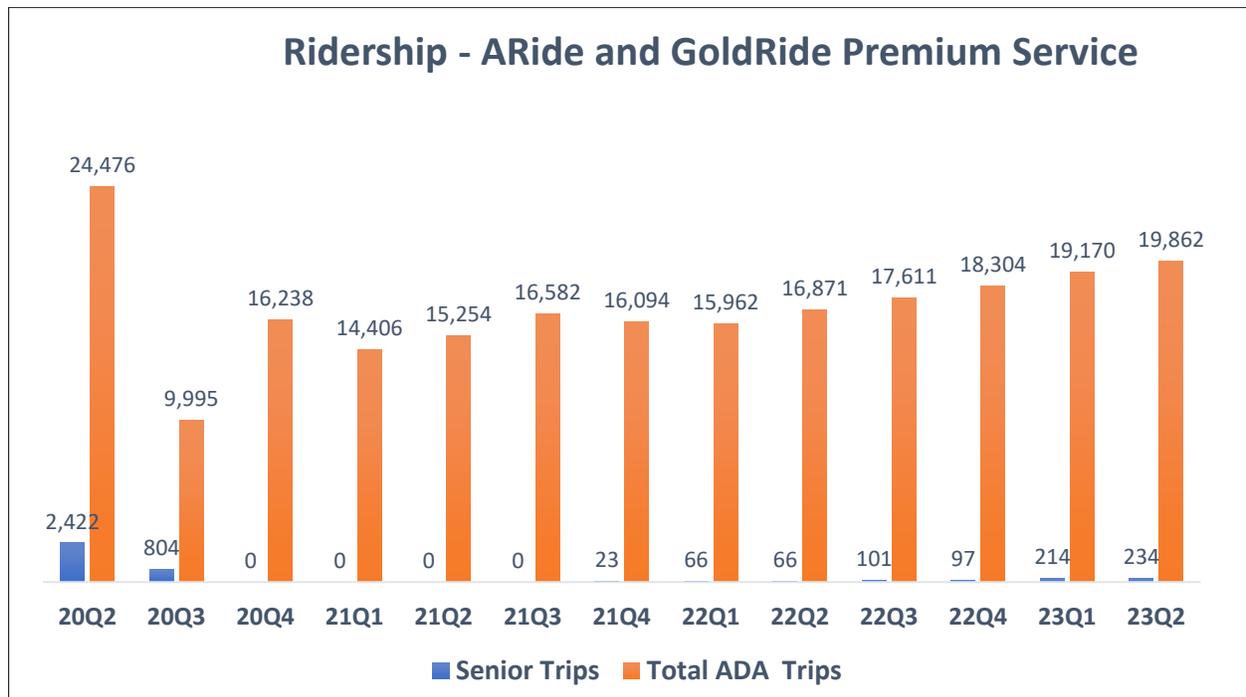
Upon review of historical data, issues of accuracy and integrity have been discovered. Historic data is still being validated to allow for a comparison of quarterly information. Data listed is best available as of this report but will be updated once finally validated.

A-Ride: Paratransit Ridership and Costs

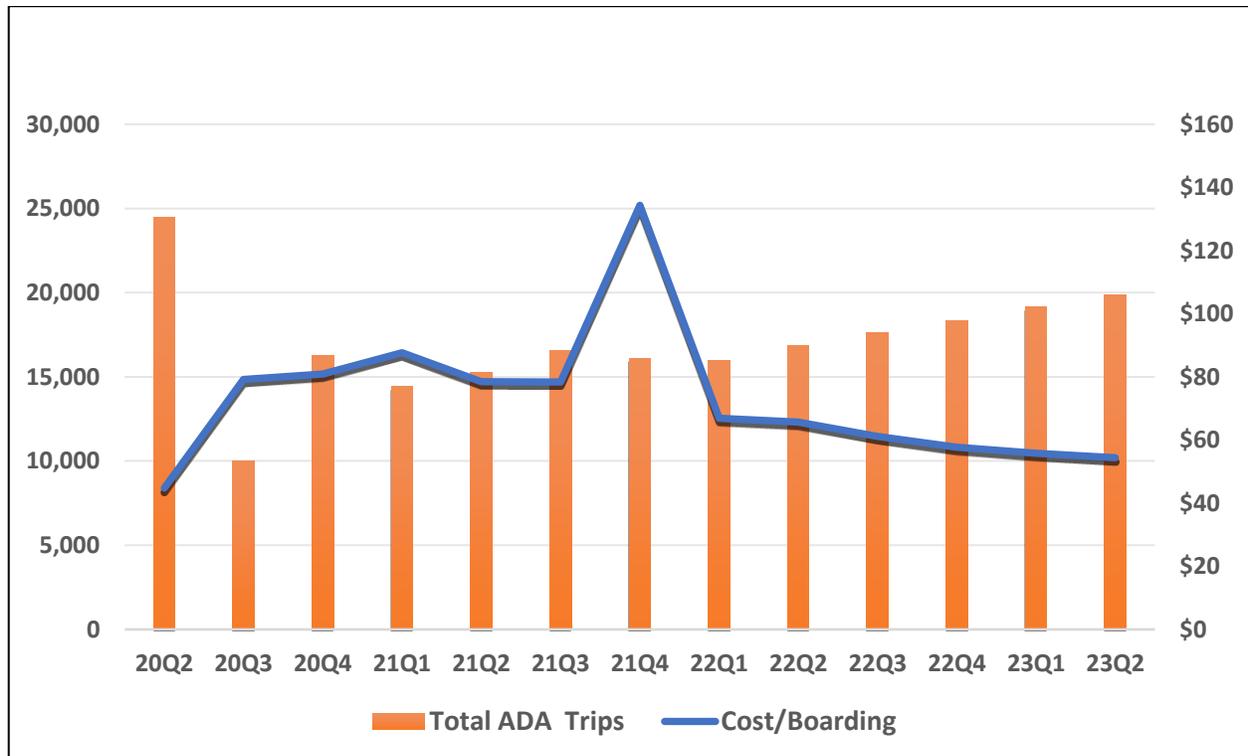
The COVID-19 pandemic has continued to impact demand for paratransit services. Ridership numbers have increased in the last year.

The obligation to observe social distancing for medically compromised passengers, was removed on July 1 of 2021. Removal of this restriction allows for shared rides between passengers resulting in a cost savings per boarding. ADA passengers are most likely to continue to modify their travel patterns based on public health concerns as they represent a vulnerable population. However, many A-Ride passengers use the service for essential and medical trips.

GoldRide On-Demand Services (GROD) have been returned, though with a significant change in fares. GROD served 66 passengers in Q2 of FY2022, which compared to FY2023 Q2 we have seen a 112% increase.



When considering A-Ride costs and service, it should be noted that since 2019, the service has undergone considerable transition. First, it was pulled from an outsourced contractor and brought in-house to AAATA in August of 2020. In August of 2021, it was moved again to an outsourced contractor. Cost / Boarding peaked in Q4 of FY2021 with the start-up costs of the Contractor. As expected, the costs of the program begin to stabilize now that the contractor is well established and Cost / Boarding decreases as ridership increases.



VanRide

At the end of the 1st quarter, VanRide data is limited to just the number of van pools, which has increased to 114, within 10% of the pre-pandemic level.

FlexRide

In FY2021, as part of the pandemic response, FlexRide service was expanded to replace some low-ridership fixed routes and has been reduced as fixed route services were restored in August 2021. As of June 2023 FlexRide services started undergoing an internal analysis to develop a solution to better service customers.



FY2023 Q2

Service and Satisfaction Report

Fixed Route	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q2 22 - Q2 23	Q2 19 - Q2 23
Measure	Q2	Q2	Q2	Q2	Q2		
Revenue Miles	919,561	830,735	559,750	802,080	885,889	10%	-4%
Revenue Hours	64,067	69,235	47,159	62,899	67,888	8%	6%
Operational Cost	\$6,101,000	\$8,394,744	\$6,985,174	\$8,689,783	\$9,840,761	13%	61%
Boardings	1,537,259	1,381,390	349,283	802,358	1,141,926	42%	-26%
Boardings/Revenue Hour	22	19.9	7.7	12.8	16.8	32%	-24%
Cost/Revenue Hour	\$95.23	\$121.25	\$153.14	\$138.15	\$144.95	5%	52%
Cost/Boarding	\$3.97	\$6.08	\$20.00	\$10.83	\$8.62	-20%	117%
Preventable Accidents In-jury/100,000 miles	1.7	0.0	3.4	1.4	1.0	-30%	-45%
On-time Performance	NA	NA	78%	NA	NA	NA	NA
Percent of Passengers on an On-time Bus	76%	79%	NA	NA	NA	NA	NA
Avg Miles Between Road Calls	20,446	37,390	57,089	23,008	26,996	17%	32%
Average Age of Fleet	6.5	6.2	6.4	7.57	6.4	-15%	-2%
Complaints/100,000 Boardings	NA	1.2	3.7	1.9	1.9	3%	NA
Compliments/100,000 Boardings	NA	2.7	2.6	2.4	3.9	63%	NA

ARide/Para-Transit	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q2 22 - Q2 23	Q2 19 - Q2 23
Measure	Q2	Q2	Q2	Q2	Q2		
Revenue Miles	181,753	163,397	119,891	158,260	182,223	15%	0%
Revenue Hours	21,715	19,739	9,594	11,161	12,237	10%	-44%
Operational Cost	\$1,237,791	\$1,095,791	\$1,197,217	\$1,107,721	\$1,079,723	-3%	-13%
Senior Trips	3,386	2,422		66	234	255%	-93%
Total ADA Trips	29,760	24,476	15,254	16,871	19,862	18%	-33%
Cost/Revenue Hour	\$57.04	\$55.51	\$124.79	\$99.25	\$88.23	-11%	55%
Boardings/Revenue Hour	1.54	1.24	1.59	1.52	1.64	8%	7%
Cost/Boarding	\$37.37	\$44.77	\$78.49	\$65.66	\$54.36	-17%	45%
Ontime Performance with 30 Minute Service Window	96%	96%	97%	97%	95%	-2%	-1%
Complaints/100,000	53.8	1.2	3.9	65.2	85.6	31%	59%
Compliments/100,000	NA	NA	91.8	77	120.83	57%	NA
ADA Service Denials/ADA Boardings	0	0	0	3	5	67%	NA

VanPool	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q2 22 - Q2 23	Q2 19 - Q2 23
Measure	Q2	Q2	Q2	Q2	Q2		
Number of Vanpools at End of Quarter	104	123	79	102	114	12%	10%
Number of Rider Trips Taken	59,698	64,454	34,751	35,529	40,025	13%	-33%

Avg Fuel Cost to Rider	\$28.62	\$27.85	\$40.36	\$64.82	\$61.55	-5%	115%
Avg Monthly Rider Miles	1,124	1,064	1,293	142,318	152,580	7%	13475%
Federal Subsidy/Rider Trip	\$2.92	\$3.05	\$3.85	\$4.62	\$3.96	-14%	36%
Rider Miles/Gallon	90.4	87	79.7	18.33	25.29	38%	-72%

FlexRide	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q2 22 - Q2 23	Q2 19 - Q2 23
Measure	Q2	Q2	Q2	Q2	Q2		
Operational Cost (Contractor)	\$22,683	\$83,478	\$174,231	\$151,827	\$154,525	2%	581%
Trips - East Service Area	756	994	3,439	2,497	2,337	-6%	209%
Trips - West Service Area		2,249	1,341	1,266	1,701	34%	NA
Cost/Boarding	\$30.00	\$25.74	\$36.45	\$40.35	\$38.27	-5%	28%

FY2023 Q2

Quarterly Satisfaction and Service Report: Glossary of Terms

Boardings (*Unlinked Passenger Trips*, a transit industry standard metric)

The number of passengers who board public transportation vehicles. Passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to their destination. Reported to the National Transit Database.

Preventable Accidents and Passenger Injuries

Total number of accidents that have been judged to be preventable and any passenger injuries. Serious accidents and all injuries are reported to National Transit Database.

Miles Between Road Calls

The average number of times a bus must be taken out of service because of equipment issues, divided by how many miles the fleet has run. Transit industry standard metric.

On-time Performance

Percentage of buses that leave scheduled timepoints within 0-5 minutes of the posted schedule. Transit industry standard metric.

Valid Complaints

A valid complaint is when a customer or non-customer communicates to AAATA that something is unsatisfactory or unacceptable. All complaints are investigated and referred to appropriate staff. A complaint is considered valid if staff investigation confirms the facts alleged.

CEO Report

Meeting: Board of Directors

Meeting Date: June 22, 2023

INFORMATION TYPE

Other

OPERATIONAL AND PROJECT UPDATES

JUNETEENTH

TheRide is making preparations for celebrations in honor of Juneteenth. An employee cookout will occur on Friday, June 16 and informational tables will be at the Blake Transit Center and Ypsilanti Transit.

YPSILANTI TRANSIT CENTER CALL-TAKER REONNOVATION

The safety updates to the Ypsilanti Trance Center for Call-Taker space was completed, and IT updates continue to be worked on. Call-Takers will begin working at the Ypsilanti Transit Center later this year.

MANAMGENT FIELD INSPECTIONS

TheRide's Operations department has implemented their first staff Ride-Alongs on our fixed-route system to identify areas of improvement for the customer experience and are working on a report of desired outcomes of the Ride-Along.

NARCAN

TheRide staff are continuing to work 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.

TRANSPORTATION COMMISSION (ANN ARBOR)

Major items discussed this month at the Transportation Commission were an update on road resurfacing and reconstruction projects within the City, review of a traffic calming plan for Granger St (AAATA does not operate bus service on this street), discussion of possible continuance or dissolution of the Vision Zero subcommittee of the Commission, and a presentation on the progress of installation of 'All Ages and Abilities Bike Facilities' across the City's bicycle network (impacts to transit service will need to be discussed as adjustments are made to the network on major streets).

LOCAL ADVISORY COMMITTEE (LAC)

The Local Advisory Committee met virtually in May. A report on the Board Retreat was given, and WAVE and TheRide gave the LAC an update on their 5-year Vehicle Accessibility Plan for review.

WATS POLICY COMMITTEE UPDATE

The May meeting was canceled.

CONTRACT AWARDS

In accordance with policy 2.10.1.5, the CEO is required to provide timely notification of execution of budgeted items over \$250,000. There have been four contracts awarded that exceed \$250,000 for FY2023 (as of May 31, 2023), all of which were budgeted. The four contracts are for the following: Diesel fuel (various contractors), bus shelters and benches (Duo Gard), transit integrator specialist services (AECOM), and vanpool services (Enterprise Leasing Company of Detroit).

PUBLIC TRANSIT AGENCY SAFETY PLAN (PTASP)

Staff recently submitted written comments to the Federal Transit Administration (FTA) in regards to the FTA's proposed rule for PTASPs. The FTA is trying to issue clarifying regulations to help agency's understand exactly how to comply with PTASP rules. We do not expect to hear about a final rule until later in 2023 or early 2024.

STAFFING UPDATES

We welcome new employees in Operations, Facilities, Maintenance and Service Crew, along with a summer intern in the Planning and Innovation department and a temporary Program Assistant for getDowntown. Recruitment is ongoing for Manager of Public Affairs and Engagement and other positions.

TheRide mourns the loss of Kenneth Simpson, Transportation Supervisor, who passed away on May 28. Our deepest sympathies are extended to his family, friends and coworkers.

NEW I-94 INTERCITY SERVICES

Indian Trails has started a new intercity bus service from Detroit to Chicago along I-94. TheRide help to accommodate stops near the Blake Transit Center and Ypsilanti Transit Center. The Ypsilanti stop may need more time to come on-line.

EMPLOYEE ENGAGEMENT

- TheRide's Senior Management Team continues to work to understand the employee survey results and increase engagement.
- Several virtual staff Townhall meetings and one Coffee-with-the-CEO meetings were held to improve communications.
- The Biggest Loser (Weight Loss) Challenge ended on May 16. Congratulations to the winner – DeQuanda Jones and the second place winner – Stephen Payne!

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:

MDOT WASHTENAW AVENUE and US-23 STUDIES

MDOT is undertaking two important studies: pavement improvements along Washtenaw Ave east of US-23, and an Environmental Assessment of US-23 from M-14 to I-94. TheRide is an active stakeholder in both projects. Key goals for TheRide include maximizing transit-friendly streetscape along Washtenaw Ave, and to widen Washtenaw Ave underneath the US-23 bridge to allow for future dedicated bus lanes in anticipation of future bus rapid transit.

BUS PROPULSION

Staff traveled to Champaign Urbana and Flint MTA for Peer to Peer Development regarding Zero Emission Buses and plan to visit U of M and DDOT this summer. Staff continues to work on this study and an updated recommendation on Propulsion Technology will be available later this year.

YPSILANTI TRANSIT CENTER

TheRide received four (4) proposals in response to our April Request for Proposal to recruit a consulting firm for the planning, environmental study (NEPA), and design work. TheRide's evaluation team is currently reviewing the proposals and taking the next steps in the evaluation process, which will be completed in June. The procurement process, including negotiating costs, modifications to the plan of work, and contract negotiations, could take an additional 1-2 months before a consultant is ready to begin work on the project.

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.

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. In addition to the public engagement conducted in April and May, the design team conducted a one-day curb line pilot at the BTC to test out various designs for bus bays along 4th Avenue. A concept for 4th Avenue is under development, and TheRide is ensuring various stakeholders, including drivers, customers, and other staff, among others, have an opportunity to provide input.