

Board of Director’s Meeting Agenda

Meeting Date/Time: July 20, 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

Agenda Item	Info Type	Details	Page #
1. OPENING ITEMS			
1.1 Approve Agenda	D	Mozak	
1.2 Public Comment	O		
1.3 General Announcements	O		
2. CONSENT AGENDA			
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2.2 Committee Meeting Summaries	D		8
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3. SPECIAL ITEMS			
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4. OWNERSHIP LINKAGE			
4.1 Ownership Linkage Task Force Updates	O	Chang	Verbal
5. MONITORING			
5.1 Monitoring Task Force Update	O	Allemang	Verbal
5.2 Financial Conditions & Activities (2.5.5.1) Review	M	Reed	64
5.3 Treatment of Staff (2.2)	M	Carpenter	67
6. POLICY			
6.1 Treatment of the Traveling Public (2.1) Revisions	D	Miller	84
6.2 Policy Development: Sustainability Policy	D	Pollay/Barr/Gerber	87
7. BOARD EDUCATION/DISCUSSION			
7.1 Budget Education	O	Mozak	92
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8.1 Budget Update	O	Reed	114
8.2 CEO Report	O	Carpenter	123
9. EMERGENT ITEMS			
10. CLOSING ITEMS			
10.1 Action Item Recap	O	Carpenter / Holt	
10.2 Topics for Next Meetings Budget Preview Asset Protection (2.7.2 and 2.7.2.1) Review		Thursday, August 17, 2023	
10.3 Public Comment	O		
10.4 Adjournment			

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

If additional policy development is desired:

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

Emergent Topics

Policy 3.1.3 places an emphasis on distinguishing Board and Staff roles, with the Board focusing on “long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.” Policy 3.1.3.1 specifies that that Board use a structured conversation before addressing a topic, to ensure that the discussion is appropriately framed:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value [principle] that drives the concern?
3. Whose issue is this? Is it the Board’s [Policy, 3.0 and 4.0] or the CEO’s [running the organization, 1.0 and 2.0]?
4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?

Board of Director's Meeting Minutes

Meeting Date/Time: 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, Susan Pollay, 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
1.1 Approve Agenda Dr. Gerber motioned to approve the agenda, seconded by Mr. Barr All in favor of approving the agenda: Mr. Mike Allemang: Yes Mr. Chris Allen: Yes Mr. Simi Barr: Yes Mr. Rich Chang: Yes Dr. Elisabeth Gerber: Yes Mr. Jesse Miller: Yes Ms. Susan Pollay: Yes Kyra Sims: Yes Chairwoman Kathleen Mozak: Yes The approval of the agenda passed unanimously.
1.2 Public Comment Mr. Jim Mogensen spoke on 5311 Federal Program and service in Ypsilanti with Air Ride since the pandemic. He encouraged the organization to consider partnerships to bring about equitable transportation within the community.
1.3 General Announcements Chairwoman Mozak shared that the City of Ann Arbor is forming a focus group for the Speed Management Program and is need of board volunteers to participate. Interested members can contact her directly for more information. Mr. Brooks would be standing in at the meeting on behalf of Mr. Carpenter who is out of town.
1.4 Juneteenth Proclamation Chairwoman Mozak read a proclamation from the Board in support of the recognition and celebration of Juneteenth. Prior Board Chair, Eric Mahler, had originally authored the proclamation in 2022.

2. CONSENT AGENDA

2.1 Board Meeting Minutes May 18, 2023

2.2 Committee Meeting Summaries

Mr. Allemang motioned to approve the Consent Agenda, seconded by Mr. Barr.

All in favor of approving the Consent Agenda:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Dr. Elisabeth Gerber: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The approval of the Consent Agenda passed unanimously.

3. SPECIAL ITEMS

No special items noted.

4. OWNERSHIP LINKAGE

4.1 Ownership Linkage Task Force Updates

Mr. Chang provided an update on the work of the Ownership Linkage Task Force. He is currently working with the City of Ann Arbor Mayor's office to schedule a meeting with the Mayor.

5. MONITORING

5.1 Monitoring Task Force Update

Mr. Allemang shared that the Monitoring Task Force had met in June and discussed reviewing / merging Financial Planning and Budgeting (Policy 2.4) and Emergency CEO Succession. The task force will meet again in July to finalize a suggestion / proposal for Board consideration.

5.2 Governance Process Policies (3.0-3.4)

Chairwoman Mozak provided an overview of the survey results from their self-monitoring for Governance Process Policies (3.0-3.4). Overall, board members responded positively to the work they are doing.

5.3 Financial Conditions (2.5)

Chairwoman Mozak noted that due to policy wording questions, the board would first review and discuss the monitoring report as presented. There had been redundancies in both the reports with policies 2.5.3 and 2.7.2 and she recommended discussing that separately after the reviews of the reports.

Ms. Reed presented the Board with an outline of the Financial Conditions (Policy 2.5) monitoring report, highlighting there were several policies that had come under discussion

by the Finance Committee during their review of the report. The committee had determined they were unable to make a Board recommendation for a level of acceptance at that time and Ms. Reed had made the necessary updates (noted in red) to provide clearer information and evidence for the policy. The Board discussed the noted updates and Ms. Reed provided further clarification regarding cost overruns on capital projects and specifically an expenditure table for Policy 2.5.5.1 which many felt didn't adequately demonstrate compliance.

Mr. Allemang motioned to accept the monitoring report as (C) with all policy items accepted except for 2.5.5.1 – the interpretation is reasonable, but the evidence does not demonstrate compliance. Mr. Miller seconded the motion.

All in favor of accepting the Financial Conditions (Policy 2.5) monitoring report as (C):

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Dr. Elisabeth Gerber : Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the Financial Conditions (Policy 2.5) monitoring report as (C) with all policy items accepted except for 2.5.5.1 – the interpretation is reasonable, but the evidence does not demonstrate compliance, was passed unanimously.

The Board requested Ms. Reed provide a revised table with more detailed evidence showing compliance for 2.5.5.1 as a follow-up for the July Board meeting.

5.4 Asset Protection (2.7)

Ms. Njuki presented the Board with an overview of the Asset Protection (Policy 2.7) monitoring report and noted that policies 2.7.2 and 2.7.2.1 had not had evidence provided as they were redundant to policy 2.5.3.

Board members deliberated on the reasonableness of provided evidence as it related to the internal reviews of documents. Several Board members discussed if there was ever a need for an independent audit of the information provided.

Chairwoman Mozak motioned to accept the monitoring report as (C) with all policy items accepted except for Policies 2.7.2 and 2.7.2.1 – the interpretation is not reasonable. Mr. Chang seconded the motion.

All in favor of accepting the Asset Protection (Policy 2.7) policy as (C):

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Dr. Elisabeth Gerber: No
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept Asset Protection (Policy 2.7) monitoring report as (C) with all policy items accepted except for Policies 2.7.2 and 2.7.2.1 – the interpretation is not reasonable, passed by a vote of 8 (yes) and 1 (no).

The Board requested Mr. Carpenter will provide evidence for policies 2.7.2 and 2.7.2.1 at the July Finance Committee meeting.

6. POLICY

6.1 Policy Development: Review of 2.1

Mr. Miller shared that the Service Committee had met and reviewed Policy 2.1 at their May meeting. They discussed the inclusion of “Bus stop” into the policy or if there was a broader term to use, along with the removal of 2.1.4 and 2.1.2 as those policies are covered under other policies.

It was determined that for the July Board meeting, staff will provide an issue brief including current policy wording alongside proposed language revisions for the Board to consider and vote upon.

6.2 Policy Development: Sustainability Policy

Mr. Barr introduced the Board to proposed policy development plans that he, Ms. Pollay and Dr. Gerber feel would better address environmental sustainability. The group provided an overview of a plan to focus on a priority of carbon neutrality. Dr. Gerber shared that the group’s goal was to develop a policy that enhanced the organization’s commitment to sustainability, not elevate it above other commitments. The group has not yet discussed sustainability metrics, they welcomed board input and plan to utilize that input and continue the discussion at the next Board meeting.

7. BOARD EDUCATION/DISCUSSION

No Board education / discussion noted.

8. OPERATIONAL UPDATES

8.1 Q2 Service Report

Mr. Brooks shared the Q2 Service Report with the Board. Ridership is above 70% of pre-pandemic ridership along with an increase in senior trips and van rides. He noted that Mr. Miller had requested the inclusion of ride turndowns in the report data and the information had been incorporated. Turndown rates are being studied/addressed with the goal of reducing them by the next quarterly report.

8.2 CEO Report

Mr. Brooks shared an overview of the monthly CEO report highlighting the recent Juneteenth celebration for staff and commitment to community awareness with the annual holiday. The Ypsilanti Transit Center call-taker upgrades is nearing completing. Discussions about an increase in police presence have taken place with area police departments and ride-alongs with staff have recently been implemented to better improve service and customer experiences. He also shared that a decision regarding propulsion is still ongoing, and several on-site visits have recently been made to other transit facilities. Impacts of Nova Bus’s reduced production in the US will be shared once more information is formally released.

9. EMERGENT ITEMS

No emergent items noted.

10. CLOSING ITEMS

10.1 Action Item Recap

Ms. Reed will be providing a revised table for 2.5.5.1 at the July Board meeting. Mr. Carpenter will be reviewing and providing further evidence for 2.7.2 and 2.7.2.1 at the July Finance Committee Meeting and will be discussed at the Governance Committee Meeting. An issue brief for 2.1 with original policy and suggested policy revisions will be provided at the July Board meeting.

10.2 Topics for Next Meeting

Treatment of Staff (2.2)
Policies 2.7.2 and 2.7.2.1 Review
Sustainability Policy

10.3 Public Comment

Mr. Robert Pawlowski spoke of his work on the RTA Systems Advisory Committee and requested board or staff representation to better provide updates and information on the agency. He will provide additional information if anyone is interested in contacting him.

Mr. Jim Mogensen requested an updated policy manual to better follow discussions related to policy monitoring. He also asked the board to consider the impacts of road work around the community for transit riders. He also noted that there are several bus stops that are in protected bike lanes and may need to be redesigned.

10.4 Adjournment

Ms. Pollay motioned to adjourn the meeting, seconded by Dr. Gerber.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Dr. Elisabeth Gerber: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

Chairwoman Mozak adjourned the meeting at 8:29pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: June 29, 2023 – 9:00-11:00am

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

Staff: Matt Carpenter, Forest Yang, 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>Chairwoman Mozak requested the addition of a PTASP update as a new agenda item – 4.3. CEO Expense Report will become 4.4. No other additions were noted.</p> <p>1.2 Communications</p> <p>Mr. Carpenter shared that a preliminary state budget has been presented to the Governor with potential positive impacts to transit.</p>
<p>2. BOARD DEVELOPMENT</p> <p>2.1 Budget Process Discussion</p> <p>The committee discussed the budget process with Policy Governance and providing board education at an upcoming board meeting.</p> <p>2.2 Task Force Coordination (Monitoring, OLTF, Procurement)</p> <p>Chairwoman Mozak noted the upcoming July meeting with the Monitoring Task Force as work continues with reviewing policies. OLTF has sent out stakeholder letters and a meeting is being scheduled with the City of Ann Arbor’s Mayor’s office. The legal Procurement Task Force is in process and the Governance Procurement Task Force is still looking for an additional member.</p> <p>2.3 Committee Agendas</p> <p>Mr. Yang requested that Title VI updates will be added to the Service Committee and Board meetings. Mr. Miller added it to the Service Committee agenda before the budget update. Mr. Allemang noted the Finance Committee meeting date will be changed due to scheduling conflicts. Chairwoman Mozak noted for the Board meeting, the addition of budget education as 7.1 and add Title VI presentation / discussion as 8.2.</p>

2.4 Costs of Governance / Board's Budget

Ms. Reed provided the committee with details for Governance expenses that include historical and present information. The committee had requested this information at the previous meeting after a discussion on trends in prior Board budget amounts. The committee also discussed potential increased costs of continuing and enhancing Board educational opportunities. The discussion will be continued next month.

2.5 FY 24 Board / Committee Meeting Dates Draft

The committee reviewed a draft calendar of FY24 committee and board meetings. Several modifications were suggested, and the calendar will be shared at an upcoming board meeting on the Consent Agenda.

2.6 July 2023 Board Meeting Venue

Chairwoman Mozak expressed concerns with July Board meeting being on the 1st night of the Art Fair and there is extensive road construction. She suggested moving the location to the Dawn Gabay Operations Center and asked for feedback. The committee discussed other potential locations as options. They determined the July meeting would remain at the library as already planned.

3. POLICY MONITORING & DEVELOPMENT

3.1 Rose's Corporate Planning Suggestion

Committee members discussed the complexities of the Governance coach Rose Mercier's suggestions. The committee determined they'd like to continue the review of the planning suggestions in October and invite Ms. Mercier Governance Committee meeting at that time.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Budget Update

Ms. Reed shared that the timeline for the budget process is on track. The Finance Department is working with staff on budget details which will be developed into a preliminary draft budget to be shared at the July Board meeting.

4.2 Title VI Update

Mr. Yang shared a Title VI update to the committee and shared that an equity analysis policy presentation will be provided to the Board at the July meeting. Public feedback presentations will be scheduled in August.

4.3 PTASP Update

Mr. Carpenter provided an update regarding new proposed legislation related to PTASP – the agency submitted comments to the FTA. The FTA will be providing a final ruling in the coming months.

4.4 CEO Personal Expense Report

Mr. Carpenter shared a quarterly CEO Personal Expense Report with the committee. He noted that travel expenses had increased, and they were in part related to meals and

meetings from spring travel with Board members in which he used his business card to pay for meal expenses.

5. CLOSING ITEMS

5.1 Action Item Recap

Corporate Planning will be moved to October and July Monitoring Task Force meeting will be cancelled, invite R. Mercier to July Board meeting for budget process education and add to agenda, add Title VI to Service Committee and Board Meeting agendas, add FY24 committee / board meeting calendar to July Consent Agenda, send road closures and parking information to Board prior to July board meeting, explore alternative meeting locations for future board meetings.

5.2 Topics for Next Meeting

Budget Preview
Cost of Governance/Board Budget
Title VI

5.3 CEO Evaluation Update

Chairwoman Mozak shared she'd send an update email to the Committee.

5.4 Adjournment

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

Respectfully Submitted by Deborah Holt

Service Committee Meeting Notes

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

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

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

Location: REMOTE – Via Zoom

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

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes were made to the agenda.</p> <p>1.2 Communications</p> <p>Mr. Carpenter thanked staff in Finance and Operations for the early completion of work at the Ypsilanti Transit Center.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Policy Development: Review of 2.1</p> <p>The committee reviewed the suggested language changes for policy 2.1 and agreed to present it at the July Board meeting for consideration and approval. A clean version of the proposed updated policy will be included for review.</p> <p>2.2 Treatment of Staff (2.2)</p> <p>Mr. Carpenter provided an overview of policy 2.1 – he noted partial compliance and that 9 board members had taken the survey. The survey reviews and comments were generally positive.</p> <p>The committee discussed the interpretation of attrition data and using industry standards in future reports. The committee also discussed how internal data is verified and the lower response rate in the staff survey. They agreed to recommend that the Board accept the policy as “B.”</p>
<p>3. STRATEGY & OPERATIONAL UPDATES: CEO</p> <p>3.1 Title VI Update</p> <p>Mr. Yang shared a Title VI update to the committee – it must be submitted routinely to the FTA to remain eligible for federal funding. He shared that an equity analysis policy presentation will be provided to the Board at the July meeting and public feedback presentations will be scheduled in August.</p>

3.2 Budget Update

Ms. Reed shared that the timeline for the budget development process is on track. The Finance Department is working with staff on budget details which will be developed into a preliminary draft budget to be shared at the July Board meeting. Public presentations will follow, and input will be considered before the final draft is presented for approval at the September Board meeting.

4. CLOSING ITEMS

4.1 Action Item Recap

Clean draft version of Policy 2.1 for recommended motion will be included in the Board packet, adjust compliance timeline information into CEO notes, Committee recommending the Board accept the policy as "B," and Mr. Yang will be sending out Title VI communications to the Board.

4.2 Topics for Next Meeting

Budget Preview

4.3 Adjournment

Mr. Miller thanked the committee and staff and adjourned the meeting at 10:12 am.

Respectfully submitted by Deborah Holt

Finance Committee Meeting Notes

Meeting Date/Time: July 12, 2023, 9:00 – 11:00am

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

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

Location: REMOTE – Via Zoom

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

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes noted to the agenda.</p> <p>1.2 Communications</p> <p>No new communications.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Asset Protection (2.7.2 and 2.7.2.1) Review</p> <p>At the June Board meeting, Board members recommended the Finance Committee discuss and clarify language in policy 2.7.2 and 2.7.2.1. The monitoring report had concluded evidence for those policies could not be determined as written. Mr. Carpenter presented a comparison of the latest version of the policy language to the version that was in effect last year and noted that the current 2.7.2 is identical to policy 2.5.3. The committee agreed that 2.5.3 is a better place for this policy and that 2.7.2 should be deleted. After much discussion regarding 2.7.2.1, the committee decided to further discuss the policy at the next meeting before bringing a policy revision recommendation before the Board.</p> <p>2.2 Financial Conditions & Activities (2.5.5.1) Review</p> <p>At the June Board meeting, the Board recommended Ms. Reed provide a revised table showing compliance for 2.5.5.1. She outlined the changes in the revised table and further clarified the details of the expenditures in the table as they related to budget overruns on projects. The committee discussed the additional detailed information and accepted the evidence provided and will recommend it to the Board for acceptance.</p>
<p>3. STRATEGY AND OPERATIONAL UPDATES</p> <p>3.1 Budget Update</p> <p>Ms. Reed shared a draft budget preview to the committee and outlined how Board priorities are incorporated in the Business Plan to help create a yearly balanced budget.</p>

The committee and Ms. Reed discussed broad level assumptions related to bus replacements, staff increases, overall inflation impacts and funding sources. The committee also discussed adding more cash flow details within the budget preview. Ms. Reed shared that she will be providing a draft budget preview presentation at the July Board meeting which will include additional details in addition to the information that was shared with the Finance Committee.

4 CLOSING ITEMS

4.1 Action Item Recap

A verbal update on the review of Asset Protection (2.7.2 and 2.7.2.1) will be provided to the Board with discussion continued in August. Updated evidence was accepted for Financial Conditions & Activities (2.5.5.1) and will go before the July Board,

4.2 Topics for Next Meeting

Budget Preview
Asset Protection (2.7.2 and 2.7.2.1) Review

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 10:57 am.

Respectfully submitted by Deborah Holt

DRAFT

Board and Committee Meeting Dates: FY2024

Meeting: Board of Directors

Meeting Date: July 20, 2023

INFORMATION TYPE:
Decision Preparation
BACKGROUND:
The Governance Committee reviews proposed dates for the upcoming fiscal year committee and board meeting dates and times. The proposed meeting dates and times will then go before the board for their review and approval.
ATTACHMENTS:
1. FY24 Board and Committee Meeting Date Calendar

2023-2024

Board/Committee Meetings

October '23						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November '23						
S	M	T	W	T	F	S
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26	27	28	29	30		

December '23						
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31						

January '24						
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28	29	30	31			

February '24						
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25	26	27	28	29		

March '24						
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24	25	26	27	28	29	30
31						

April '24						
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28	29	30				

May '24						
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26	27	28	29	30	31	

June '24						
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23	24	25	26	27	28	29
30						

July '24						
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28	29	30	31			

August '24						
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25	26	27	28	29	30	31

September '24						
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

- Governance Committee
- Service Committee
- Finance Committee
- Board Meeting

Governance Committee

Thursday 9/26/23 - 9-11am
Tuesday 11/28/23 - 9-11am **
Thursday 1/4/24 - 9-11am **
Thursday 2/1/24 - 9-11am **
Tuesday 2/27/24 - 9-11am **
Thursday 3/28/24 - 9-11am
Thursday 4/25/24 - 9-11am
Thursday 5/23/24 - 9-11am
Thursday 6/27/24 - 9-11am
Thursday 7/25/24 - 9-11am
Thursday 8/22/24 - 9-11am
Thursday 9/26/24 - 9-11am

*Meetings are 4th Thursday
unless otherwise noted ***

Service Committee

Tuesday 10/3/23 - 9-11am
Tuesday 10/31/23 - 9-11am **
Tuesday 12/5/23 - 9-11am
Tuesday 1/9/24 - 9-11am **
Tuesday 2/6/24 - 9-11am
Tuesday 3/5/24 - 9-11am
Tuesday 4/2/24 - 9-11am
Tuesday 4/30/24 - 9-11am **
Tuesday 6/4/24 - 9-11am
Tuesday 7/2/24 - 9-11am
Tuesday 7/30/24 - 9-11am **
Tuesday 9/3/24 - 9-11am

*Meetings are 1st Tuesday
unless otherwise noted ***

Finance Committee

Tuesday 10/10/23 - 3-5pm
Tuesday 11/7/23 - 3-5pm **
Tuesday 12/12/23 - 3-5pm
Tuesday 1/16/24 - 3-5pm **
Tuesday 2/13/24 - 3-5pm
Tuesday 3/12/24 - 3-5pm
Tuesday 4/9/24 - 3-5pm
Tuesday 5/7/24 - 3-5pm **
Tuesday 6/11/24 - 3-5pm
Tuesday 7/9/24 - 3-5pm
Tuesday 8/6/24 - 3-5pm **
Tuesday 9/10/24 - 3-5pm

*Meetings are 2nd Tuesday
unless otherwise noted ***

Board Meeting

Thursday 10/19/23 - 6:30-9pm
Thursday 11/16/23 - 6:30-9pm
Thursday 12/21/23 - 6:30-9pm
Thursday 1/25/24 - 6:30-9pm **
Thursday 2/22/24 - 6:30-9pm **
Thursday 3/21/24 - 6:30-9pm
Thursday 4/18/24 - 6:30-9pm
Thursday 5/16/24 - 6:30-9pm
Thursday 6/20/24 - 6:30-9pm
Thursday 7/18/24 - 6:30-9pm
Thursday 8/15/24 - 6:30-9pm
Thursday 9/19/24 - 6:30-9pm

*Meetings are 3rd Thursday
unless otherwise noted ***

AAATA Title VI Program Update

Meeting: Board of Directors

Meeting Date: July 20, 2022

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

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

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

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

The changes to key areas of this Title VI Program Update are highlighted in the attached summary table along with the current and proposed Title VI Complaint Procedure, Equity Analysis Policy, and Public Input Policy.

IMPACTS OF RECOMMENDED ACTION(S)

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

ATTACHMENTSNA

- Presentation – AAATA Title VI Program Changes
- Summary Table – Changes to Key Areas in AAATA’s Title VI Program Update
- Title VI Complaint Procedure – Current and Proposed
- Equity Analysis Policy and Public Input Policy – Current and Proposed

Title VI Program Changes

JULY 2023

AAATA 2023 Title VI Program Update

AAATA is updating its Title VI Program consistent with the Civil Rights Act of 1964 and the requirements outlined in the Federal Transit Administration's Circular 4702.1B.

The purpose of the Program is to describe the non-discrimination efforts undertaken by AAATA to ensure that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Transportation.

Changes Made to Title VI Program in the Following Areas:

- Complaint Procedure
- Equity Analysis Policy
- Public Input Policy
- Updated Information Used for the Overall Program Update
 - New Rider Demographic Information
 - New Census Data
 - New Limited English Populations
 - New Service Performance Monitoring Data

Overview of Changes by Area

Complaint Procedure

Changes:

- Complaint procedures will be available in English and in the following languages identified as meeting or near the Safe Harbor threshold:

Chinese	Spanish	Arabic	Korean
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- Title VI complaints must be filed within 180 calendar days of the alleged incident
- AAATA will confirm, in writing, receipt of a Title VI complaint within 7 days of receiving it
- AAATA will provide a written response to a Title VI complaint within 30 days of its confirmed receipt

Equity Analysis for Service and Fare Changes

Changes:

- Definition of a Major Service Change:
 - A change of 25% of weekly revenue service hours or miles for any transit route or service at one time or cumulatively within a period of thirty-six months, or
 - Implementation of a new route, or
 - Elimination of a route
- Definition of Fare Change:
 - Any change in fare, or
 - Any change to payment or fare media that would be subject to the fare change

Equity Analysis for Service and Fare Changes - continued

- Conditions for Disparate Impact / Disproportionate Burden – Service Change

A possible disparate impact / disproportionate burden is determined by either:

1. Comparing the proportion of the minority/low-income population within a quarter mile of the changed route or segment of the bus route with the proportion of the population that is a minority/low-income for the entire service area, or
2. Comparing the proportion of minority/low-income riders on the route or segment of the route being changed with the proportion of minority/low-income riders on the entire system

Equity Analysis for Service and Fare Changes - continued

- Conditions for Disparate Impact / Disproportionate Burden – Service Change (continued)

A possible disparate impact is deemed to occur when the difference between the two measures (existing riders or the population and system-wide ridership or the service area population) is 10% or greater

The rate of 10% is consistent with the commonly used standard for disparate impact and allows for variations in the statistical reliability of the underlying data

Equity Analysis for Service and Fare Changes - continued

- Conditions for Disparate Impact / Disproportionate Burden – Fare Change
 - A possible disparate impact / disproportionate burden is determined by comparing the fare changes for fare categories used disproportionately by minorities/persons with low-incomes with the fare changes for the entire system
 - A possible disparate impact/disproportionate burden is deemed to occur when particular fare categories are increased more than the average overall system fare increase and the proportion of minority/low-income riders in the fare category is more than 10% greater than the proportion of minority/low-income riders system-wide

Public Input Policy

Changes:

- Public Input Policy has been updated to include revised definitions of Major Service Change and Fare Change as outlined in the revised Equity Analysis Policy
- Public Input Policy has been updated to incorporate current practices, approaches, and technologies such as virtual public meetings

Other Changes

Other Areas of the Title VI Program including Language Assistance Plan, Demographic and Service Profile, Demographic Ridership and Travel Patterns, and Service Standards Monitoring are being updated based on the following updated information:

- Census (2020)
- American Community Survey (ACS) 5-Year Data
- AAATA's 2022 Onboard Rider Survey
- AAATA's Recent Operational Data

Ways to Provide Comments

- Attend a virtual or in-person meeting
- Visit: TheRide.org/title-vi
- Email: TitleVIProgram@theride.org
- Call: 734-794-1882
- Mail:
 - AAATA
 - c/o Title VI Program Updates
 - 2700 S. Industrial Hwy.
 - Ann Arbor, MI 48104

Changes to Key Areas in AAATA’s Title VI Program Update

Area	Current Version	Proposed Version
Complaint Procedure		
Translated Language(s)	<ul style="list-style-type: none"> English 	<ul style="list-style-type: none"> English, Chinese, Spanish, Arabic, and Korean
Time frame for complaint to be provided after alleged incident	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Within 180 calendar days (per FTA Circular)
Response time to acknowledge receipt	<ul style="list-style-type: none"> Within 7 days of receipt 	<ul style="list-style-type: none"> Within 7 days, confirm receipt and advised the complaint is being investigated
Response time for AAATA to address complaint	<ul style="list-style-type: none"> 30 days, whenever possible 	<ul style="list-style-type: none"> 30 days in writing
Equity Analysis Policy		
Definition of Major Service Change	<ul style="list-style-type: none"> Change affecting more than 25% of riders of a route, or Change affecting more than 25% of the miles of a route, or Changes on multiple routes affecting more than 10% of riders or route miles of overall fixed- route service. 	<ul style="list-style-type: none"> A change affecting more than 25% of weekly revenue service hours or miles for any transit route or service at one time or cumulatively within a period of thirty-six months, or Implementation of a new route, or Elimination of a route.
Definition of Fare Change	<ul style="list-style-type: none"> Change in the base fare (i.e. full adult cash fare) Any change affecting the fare of more than 10% of fare-paying riders (i.e. not including riders whose fare is paid by a third party such as an employer or university) 	<ul style="list-style-type: none"> Any change in the fare, or Any change to payment or fare media that would be subject to the fare change.

Area	Current Version	Proposed Version
Equity Analysis Policy (continued)		
<p>Conditions for Disparate Impact / Disproportionate Burden – Service Change</p>	<p>For service improvements, the basis for comparison is between the route(s) to be improved and the non-minority / non-low-income routes in the system as a whole.</p> <ul style="list-style-type: none"> • Increase in the frequency: A finding of disparate impact / disproportionate burden is made if <ol style="list-style-type: none"> a) the service improvement is on non-minority / non-low-income route(s), and b) after the change, the route(s) with changed service have a greater frequency than the majority of minority / low-income routes. • Increase in the span of service: A finding of disparate impact / disproportionate burden is made if <ol style="list-style-type: none"> a) the service improvement is on non-minority / non-low-income route(s), and b) after the change, the route(s) with increased span of service have a longer span than the majority of minority / low-income routes. • Increase in the days of operation: A finding of disparate impact / disproportionate burden is made if <ol style="list-style-type: none"> a) the service improvement is on non-minority / non-low-income route(s), and b) after the change, the route(s) with increased days of service operate on days on which the majority of minority / low-income routes do not operate. <p>Similarly, for service reductions, the basis for comparison is between the route(s) to be reduced and the non-minority / non-low-income routes in the system as a whole.</p>	<p>A possible disparate impact / disproportionate burden is determined by either</p> <ul style="list-style-type: none"> • comparing the proportion of the minority / low-income population within a quarter mile of the changed route or segment of the bus route with the proportion of the population that is a minority / low-income for the entire service area, or • comparing the proportion of minority / low-income riders on the route or segment of the route being changed with the proportion of minority / low-income riders on the entire system. <p>A possible disparate impact is deemed to occur when the difference between the two measures (existing riders or the population and system-wide ridership or the service area population) is 10 percent or greater.</p> <p>The rate of 10 percent is consistent with the commonly used standard for disparate impact and allows for variations in the statistical reliability of the underlying data.</p>

Area	Current Version	Proposed Version
Equity Analysis Policy (continued)		
<p>Conditions for Disparate Impact / Disproportionate Burden – Fare Change</p>	<p>Disparate impact exists if the minority population will bear 5% or more of the cumulative increase in fares than would be expected based on the percentage of minority persons in the population of riders.</p> <p>A finding of disproportionate burden will be made if low-income population will bear -10% or more of the cumulative increase in fares than would be expected based on the percentage of low-income persons in the population of riders.</p>	<p>A possible disparate impact / disproportionate burden is determined by comparing the fare changes for fare categories used disproportionately by minorities / persons with low-incomes with the fare changes for the entire system.</p> <p>A possible disparate impact / disproportionate burden is deemed to occur when particular fare categories are increased more than the average overall system fare increase and the proportion of minority / low-income riders in the fare category is more than 10 percent greater than the proportion of minority / low-income riders system-wide.</p>
Public Input Policy		
<p>Definition of Major Service Change and Fare Change</p>	<ul style="list-style-type: none"> • See definitions under Equity Analysis Policy. 	<ul style="list-style-type: none"> • See definitions under Equity Analysis Policy.
<p>Notification of Proposed Changes</p>	<ul style="list-style-type: none"> • Public Input Policy has been updated to incorporate current practices, approaches, and technologies such as virtual public meetings. 	

Ann Arbor Area Transportation Authority

Title VI Complaint Procedure (current)

Each complaint which is received that alleges discrimination on the basis of race, color, or national origin will be investigated using the procedure below, whether it specifically references Title VI or not. The complainant will be notified within 7 days that their complaint has been received and is being investigated. This notice may include a request for additional information necessary to investigate the complaint (e.g. date or specific time of an incident). A written response of the determination will be provided to the complainant within 30 days whenever possible. If the investigation and determination cannot be completed within 30 days, the complainant will be provided with written notice including an explanation of the reason a longer time is required, and a deadline for a determination.

If the allegation concerns a specific incident involving a driver or information specialist, a preliminary investigation of the facts will be conducted by the AAATA Transportation Department management staff. It should be noted that all of AAATA's buses and facilities are equipped with cameras. These cameras have proved to be extremely useful in resolving complaints about specific incidents. Transportation Management Staff will make a preliminary determination about the facts, recommend any disciplinary measures, and transmit the complaint to the Chief Executive Officer (CEO), Deputy CEO, or their delegate.

For more general allegations – e.g. regarding AAATA service design or fares – the CEO, Deputy CEO, or their delegate will determine the appropriate member of senior staff to conduct the preliminary investigation and report the findings and recommendations for corrective action to the CEO, Deputy CEO, or their delegate.

The CEO, Deputy CEO, or their delegate will review all complaints alleging discrimination on the basis of race, color, or national origin and the results of the preliminary investigation. The CEO, Deputy CEO, or their delegate will make a determination as to whether the allegation of discrimination on the basis of race, color, or national origin was valid, and any corrective action that will be taken. Note that even if the allegation of discrimination is determined to be invalid, corrective action may still be warranted in some cases.

The CEO, Deputy CEO, or their delegate will provide her or his findings in writing to the complainant, including whether the allegation of discrimination was found to be valid, and corrective actions that the AAATA has taken or promises to take. The letter will inform the complainant of the opportunity to provide additional information that may lead the AAATA to reconsider its decision, and of the complainant's right to file a complaint with the Federal Transit Administration (FTA).

Ann Arbor Area Transportation Authority

Title VI Complaint Procedure (proposed)

Ann Arbor Area Transportation Authority (AAATA/TheRide) is committed to ensuring that no person is excluded from participation in or denied the benefits of its programs and services based on race, color, and national origin in accordance with Title VI of the Civil Rights Act of 1964. For information about TheRide's non-discrimination obligations, or to file a complaint if you believe you have been subjected to unlawful discrimination, please contact TheRide by mail, using the AAATA Title VI Complaint Form to Ann Arbor Area Transportation Authority - Attn: Title VI, 2700 S. Industrial Hwy., Ann Arbor, MI 48104, or by email at the "Contact Us" section of TheRide's website, www.theride.org.

A copy of AAATA's Title VI Complaint Form is available in print, in English, Spanish, Chinese, Korean, and Arabic, at AAATA's main office, as well as posted online at www.TheRide.org on the Customer Service page within the Title VI Notification Procedure section.

Each complaint received that alleges discrimination based on race, color, or national origin will be investigated using the procedure below, whether it specifically references Title VI or not. All complaints must be received within 180 days of the alleged discrimination incident/occurrence. The complainant will be notified within 7 days confirming receipt and advised it is being investigated. This notice may include a request for additional information necessary to investigate the complaint (e.g. specific time of an incident). A written response of the determination will be provided by mail to the complainant within 30 days of the date of complaint.

If the allegation concerns a specific incident involving an operator or customer service staff member, a preliminary investigation of the facts will be conducted by AAATA Transportation Department management staff. It should be noted that all AAATA's buses and facilities are equipped with cameras. Cameras have proved to be extremely useful in resolving alleged complaints about specific incidents. Transportation Management Staff will make a preliminary determination about the facts, recommend any disciplinary measures, and transmit the complaint to the Chief Executive Officer (CEO), Deputy CEO, or their delegate.

For more general allegations, such as AAATA service design or fares, the CEO, Deputy CEO, or their delegate will determine the appropriate senior staff member to conduct the preliminary investigation and report the findings and recommendations for corrective action to the CEO, Deputy CEO, or their delegate.

The CEO, Deputy CEO, or their delegate will review all alleged discrimination complaints based on race, color, or national origin and the results of the preliminary investigation. The CEO, Deputy CEO, or their delegate will make a determination as to whether the alleged discrimination based on race, color, or national origin was valid, and any corrective action that will be taken. Note that even if the alleged discrimination is determined to be invalid, corrective action may still be warranted in some cases.

The CEO, Deputy CEO, or their delegate will provide her or his findings in writing (by mail) to the complainant within 30 days of the date of the complaint, including whether the alleged discrimination was found to be valid based on race, color, or national origin, and the corrective actions AAATA has taken or promises to take. The letter will inform the complainant of the opportunity to provide additional information that may lead AAATA to reconsider its decision and of the complainant's right to file a complaint with the Federal Transit Administration (FTA).

In addition to this policy, AAATA also follows up on informal complaints made by telephone, Internet, social media and email.

DRAFT

Ann Arbor Area Transportation Authority

Public Input Policy for Service and Fare Changes

This policy supersedes the previous policy which was most recently revised in July, 2009.

The intention of this policy is to listen to and act on public input before the AATA makes a decision to change service or fares with the following goals:

1. To inform riders and others affected by a proposed change;
2. To provide affected people with opportunities to ask questions, and understand the reasons why changes are being proposed;
3. To provide AATA with a better understanding of how riders use service and the effects of a proposed change;
4. To encourage affected people to state objections to proposed changes and make suggestions for revisions;
5. To provide AATA with the opportunity to revise proposed changes based on public input to reduce negative effects.

The methods and level of effort to accomplish these goals depends on the size of the proposed change and the number of people affected.

Types of Service Changes

Major Service Change

- Change affecting more than 25% of riders of a route, or
- Change affecting more than 25% of the miles of a route, or
- Change on multiple routes affecting more than 10% of riders or route miles of overall fixed-route service.

Minor Service Change

- A change which is less than a major service change, but exceeds the threshold of a service adjustment, as defined below.



Service Adjustment

- Adjusting timepoints along a route by 5 minutes or less with no effect on coordinated transfers, or
- Change(s) in routing affecting a total of less than 100 daily riders.

Types of Fare Change

Major Fare Change

- Change in the base fare (i.e. full adult cash fare)
- Any change affecting the fare of more than 10% of fare-paying riders (i.e. not including riders whose fare is paid by a third party such as an employer or university)

Minor Fare Change

- Any change in fare which is less than the threshold for a major fare change

Notification of Proposed Changes

People must first know about proposed changes in order to have the opportunity to provide input. The public input period is a minimum of 30 days. The notification methods to be used include the following:

- MyRide email subscription. AATA riders subscribe to MyRide to receive information on specific routes. This provides a unique opportunity to inform them of any change which is proposed for their route, and how to provide input.
- RideLines – RideLines is AATA’s printed brochure designed to provide information on service, events, and other news. Copies of RideLines are available on AATA buses, transit centers, libraries and other community outlets. A complete description of proposed changes and how to provide input are included in RideLines.
- AATA Website. The AATA website provides multiple opportunities to provide notification. Notice of proposed changes appear on the front page and in a section for rider notices. In addition, for service changes, visitors to the website who access the schedule or real-time information for a specific route are informed of proposed changes to the route, and for fare changes, riders who access fare information are informed of the proposed changes.
- Social Media. AATA regularly participates in social media such as Facebook and Twitter. Social media are used to get the word out about proposed changes and direct people to sources of complete information and how to provide input.
- Bus Stop Notices – AATA posts notices at bus stops which would be affected by proposed changes. This is particularly useful for service adjustments which affect only a



small number of bus stops.

- Press Releases – AATA issues a press release for all proposed major service changes and major fare changes which describe the proposed change and how to provide input. Press releases are distributed to all media outlets including those minority and non-English publications. Notification is also sent to more than 50 organizations including those serving housing, educational, civic, and social services, and senior, disabled, minority, and non-English speaking persons.
- Individual Notice – AATA evaluates locations affected by a proposed change and provides individual notice to significant generators such as high schools and colleges, senior citizen housing, apartment complexes, libraries, government offices, recreation centers and shopping centers.

All of these methods would be used for major service changes and major fare changes. For minor service and fare changes and service adjustments, the methods used will be tailored to the scale of the proposed change. In addition, paid media may be used for some proposed changes.

Opportunities for Public Input

AATA's intention is to make it possible for people to choose how they wish to provide input and whether they want to only comment or whether they desire a response or to engage in a conversation. As part of the notification methods above, people are provided with several possibilities for making comments and asking questions including:

- E-Mail – E-Mail goes to a mailbox set up specifically to receive input. E-mail has been the most frequently used method.
- Telephone – A hotline is set up to receive comments with a callback by AATA staff upon request.
- Written – Letters provide a means for more formal communication.
- Social Media – Facebook, Twitter, and other media will be used.
- Face-to-Face – At meetings and by appointment. For major service changes and fare changes, meetings are provided at multiple times and locations, with an emphasis on meeting locations in the area(s) affected by the proposed change. Meetings are typically scheduled as drop-in sessions for a 2-5-hour period to permit people to attend at their convenience and to encourage dialogue.

Whatever method is used, AATA staff provides a response to all comments except those that request to not receive a response. The nature of AATA's response depends on the comments. AATA answers questions, explains the rationale for the aspects of the proposed change that is the subject of the comments, and replies to suggestions. In some cases, AATA's response includes questions to make sure staff understands the input and suggestions. In many cases, input and response is a dialogue, rather than a single communication.

In addition, public time is provided at all meetings of the AATA Board of Directors. For major service changes and fare changes, a specific opportunity will be provided on the agenda at the Board meeting that takes place during the public input period. While an opportunity for dialogue is not available at these meetings, staff follows up with people who comment about proposed service and fare changes.

Use of Public Input

During the public input period, AATA staff, led by the Manager of Service Development, considers the input that is being received. Depending on both the quantity as well as the specific concerns that are raised, potential alternatives may be developed.

At the end of the public input period, the input is compiled. Recommended service or fare changes are developed taking into consideration the public input. The public input summary is provided to the decision makers along with the recommended changes.

For minor service changes and service adjustments, the CEO makes the final decision on implementation of the recommended changes. Major service changes and all fare changes are adopted by the AATA Board of Directors. Board meetings are open to the public and include a public comment period at the beginning of the meeting specifically for items on the agenda.

Revised Procedures for Exceptional Circumstances

Under exceptional circumstances which require a service change or fare change to be adopted and implemented on short notice, the procedures above may be altered to the extent necessary. However, at a minimum, the public will be afforded an opportunity to be heard at the AATA Board meeting at which any action is taken and a notice of the proposed change with the date and time of the Board meeting will be published on the AATA website before the Board meeting. [NOTE: Such exceptional circumstances have never arisen in the past.]

Adopted by AATA Board of Directors - November 2011



Resolution 5/2012

ADOPTION OF REVISED PUBLIC INPUT POLICY FOR SERVICE AND FARE CHANGES

WHEREAS, the Ann Arbor Transportation Authority (AATA) is required to have a policy for public input before major service and fare changes as a condition of federal assistance, and

WHEREAS, the current policy meets the minimum requirements, but is out of date and is no longer consistent how AATA uses public input, and

WHEREAS, staff has prepared a revised policy that reflects the importance that AATA places on soliciting and receiving public input before making service and fare changes, and

WHEREAS, AATA has taken notice of proposed Federal Title VI requirements and guidelines and developed the policy to comply,

NOW THEREFORE, BE IT RESOLVED that the Ann Arbor Transportation Authority Board of Directors hereby adopts the attached *Public Input Policy for Service and Fare Changes* dated November, 2011.



Jesse Bernstein, Chair

November 17, 2011



Charles Griffith, Secretary

November 17, 2011



Ann Arbor Area Transportation Authority**Equity Analysis Policy****Adopted April, 2014**

The Ann Arbor Area Transportation Authority (AAATA) has been identified by the Federal Transit Administration (FTA) as a transit provider that operates 50 or more fixed-route vehicles in peak service and is located in an Urbanized Area of 200,000 or more in population. As a result, the AAATA is subject to more rigorous requirements to evaluate the equity of proposed major service and fare changes as described in FTA Circular 4702.1B. In promulgating these requirements and guidelines, the FTA is acting under authority of federal law (Title VI of the Civil Rights Act of 1964 42 U.S.C §2000 et. seq.) and regulations (49 CFR part 21).

In the development of proposed service and fare changes in the past, the AAATA has reviewed the positive and negative effects, analyzed these effects on minority and low-income populations, and made modifications to reduce or eliminate the concentration of effects in one or more population groups. This has generally been done before any proposed change is announced for public input. The AAATA will continue this effort. In addition, AAATA will now undertake a more formal equity analysis of the proposed change, as required by FTA Circular 4702.1B. Using the following methodology, staff will:

- Measure the impact of proposed major service changes and proposed fare changes - positive and negative - on minority and low-income populations,
- Compare the impact with that on non-minority and non-low-income populations,
- Determine if a disparate impact on minority riders and/or disproportionate burden on low-income riders would result. If so, measures to avoid or mitigate the disparate impact and/or disproportionate burden will be identified and considered,
- This equity analysis will be made available to the public as part of the public input process carried out as described in the AAATA Public Input policy for Service and Fare Changes (2011).

Definitions

Definitions for the terms used in this document appear in Appendix 1, at the end.

Equity Analysis

FTA Circular 4702.1B does not specify a methodology for measuring disparate impacts. It requires that the AAATA Board adopt a policy to establish the methodology and a threshold for determining when adverse effects are borne disproportionately by minority or low-income populations. This policy is required to be included as one element in a Title VI program submitted to FTA by October, 2014. After reviewing the program, the FTA will inform AAATA whether the policy and other elements of the program are in compliance or require revision.

In the interim, the AAATA is making a good-faith effort to comply with the revised requirements and guidelines in Circular 4702.1B. This is particularly important because the AAATA has just completed development of a 5-Year Transit Improvement Program which includes a substantial increase in service. In the development of this program to expand service, care has been taken to avoid adverse impacts.

However, it is also important that AAATA analyze the program to determine if the benefits of the service improvement are unequally distributed which could result in disparate impact or disproportionate burden. The first phase of the 5-Year Transit Improvement Program is scheduled to be implemented in August, 2014 if a funding initiative is successful.

No other major service changes or fare changes are being considered during this period before submission of the Title VI Program.

Data Sources

For each rider boarding a fixed-route bus, the AAATA records the method of fare payment. This information is used to calculate the cumulative effect of any proposed fare increase.

In October, 2017, CJI Research Inc. conducted a survey of riders on-board AAATA buses. The sample size is 3,096 riders and the survey has a sample error of plus or minus 1.6% for the sample as a whole. The survey included questions to identify the percentage of minority persons and household income for the system as a whole, and for routes, but not for route segments.

The 2010 Decennial Census includes basic information on population and race in relatively small geographic areas (block groups), but the census no longer includes information on income. Block groups will be used to determine which routes are minority transit routes, and for analysis of the effect on minority populations of changes to portions of routes. The American Community Survey (ACS) is an on-going statistical survey conducted by the Census Bureau which data on both race and income for census tracts, which are larger geographic units than block groups. ACS data will be used to determine low-income routes and the effect on low-income populations of proposed changes to portions of routes.



Determination of Disparate Impact/Disproportionate Burden

Fare Change Analysis and Thresholds

For any proposed change in fares, the effect on minority and non-minority riders will be calculated for each fare category by multiplying the amount of increase times the annual riders using the fare category times the percentage of minority riders and non-minority riders. The additional payment for all fare categories will be totaled and compared for minority and non-minority riders. For illustration, the chart below shows a simplified version of the chart that will be used to perform this analysis.

Fare Category	Annual Riders	Current Fare	Proposed Increase	Pct. Minority Riders	Minority Cost Increase	Pct. Non-Minority	Non-Min. Cost Increase	Total Cost Increase
Full Fare	100,000	\$1.25	\$0.25	20.0%	\$5,000	80.0%	\$20,000	\$25,000
Student Fare	15,000	\$0.25	\$0.75	50.0%	\$5,625	50.0%	\$5,625	\$11,250
Total	115,000			23.9%	\$10,625	76.1%	\$25,625	\$36,250
Pct. Of Total					29.3%	70.7%		

Disparate impact exists if the minority population will bear 5% or more of the cumulative increase in fares than would be expected based on the percentage of minority persons in the population of riders. The 5% threshold was chosen to allow for a small difference in impact, but yield a finding of disparate impact if there is a significant difference in impact. In the simplified example above, minority riders are a larger percentage of students, and the student fare is proposed for a larger increase. The result is that minorities constitute 23.9% of total riders, but would pay 29.3% of the total increase. Because this difference is greater than the 5% threshold, a finding of disparate impact would be made.

The method of analysis for determining the relative impact of a proposed fare increase on low-income and non-low-income persons will be the same as the method described above for minority and non-minority riders. However, for AAATA it is appropriate to set the threshold for disproportionate burden lower. For many years, the AAATA fare structure has included a discount fare for low-income persons. The cash fare for low-income persons is half the rate of the full cash fare for the general population (In 2020, \$0.75 for low-income persons and \$1.50 for the general population). This policy ameliorates the effect of any proposed fare increase. As a result, the cumulative effect of any proposed fare increase on low-income persons is expected to be less than the cumulative effect on the non-low-income population. A finding of disproportionate burden will be made if low-income population will bear -10% or more of the cumulative increase in fares than would be expected based on the percentage of low-income persons in the population of riders. That is, low income riders must bear at least 10% less of the impact than their proportion of riders to avoid a finding of disproportionate burden.



Route Change Analysis and Thresholds

The most common type of service change is a change on a particular route such as changing the streets used on a portion of the route or adjusting the timepoints. Such changes may have adverse effects on riders in portions of the route, even if the overall effect is positive. While the AAATA may know the number of riders adversely affected, the AAATA does not have data on minority or low-income ridership for portions of routes. For this reason census block data from the ACS will be used to analyze the effect on minority populations adjacent to the route. A finding of disparate impact is made if the percentage of minority population in block groups adjacent to the portion of the route with adverse effect is higher than the minority population in block groups adjacent to the route as a whole. For low-income populations, census tract data must be used. Disproportionate burden exists if the percentage of low-income population in census tracts adjacent to the portion of the route with adverse effect is more than 10% higher than the low-income population in census tracts adjacent to the route as a whole. The higher threshold is applied for this analysis because the larger size of the census tracts makes the areas affected less precise.

Analysis and Thresholds for Improvements in Service Level (including new or expanded routes):

For service improvements at the route level, the basis for comparison is between the route(s) to be improved and the non-minority and non-low-income routes in the system as a whole.

- Increase in the frequency of a route or routes: A finding of disparate impact is made if a) the service improvement is on non-minority route(s), and b) after the change, the route(s) with changed service have a greater frequency of service than the majority of minority routes. Similarly, disproportionate burden exists if a) the service improvement is on non-low-income route(s), and b) after the change, the route(s) with improved service have greater frequency of service than the majority of low-income routes.
- Increase in the span of service of a route or routes: A finding of disparate impact is made if a) the service improvement is on non-minority route(s), and b) after the change, the route(s) with increased span of service have a longer span of service than the majority of minority routes. Similarly, disproportionate burden exists if a) the service improvement is on non-low-income route(s), and b) after the change, the route(s) with improved service have a longer span of service than the majority of low-income routes.
- Increase in the days of operation of a route or routes: A finding of disparate impact is made if a) the service improvement is on non-minority route(s), and b) after the change, the route(s) with increased days of service operate on days on which the majority of minority routes do not operate. Similarly, disproportionate burden exists if a) the service improvement is on non-low-income route(s), and b) after the change, the route(s) with increased days of service operate on days on which the majority of low-income routes do not operate.

Analysis and Thresholds for Reductions in Service Level:

For service reductions at the route level, the basis for comparison is between the route(s) to be reduced and the non-minority and non-low-income routes in the system as a whole.

- Decrease in the frequency of a route or routes: A finding of disparate impact is made if a) the service reduction is on minority route(s), and b) after the change, the route(s) with changed service have less frequent service than the majority of non-minority routes. Similarly, disproportionate burden exists if a) the service reduction is on low-income route(s), and b) after the change, the route(s) with reduced service have less frequent service than the majority of non-low-income routes.
- Decrease in the span of service of a route or routes: A finding of disparate impact is made if a) the service reduction is on minority route(s), and b) after the change, the route(s) with decreased span of service have a shorter span of service than the majority of non-minority routes. Similarly, disproportionate burden exists if a) the service reduction is on low-income route(s), and b) after the change, the route(s) with reduced service have a shorter span of service than the majority of non-low-income routes.
- Decrease in the days of operation of a route or routes: A finding of disparate impact is made if a) the service reduction is on minority route(s), and b) after the change, the route(s) with decreased days of service do not operate on days on which the majority of non-minority routes do operate. Similarly, disproportionate burden exists if a) the service reduction is on low-income route(s), and b) after the change, the route(s) with decreased days of service do not operate on days on which the majority of non-low-income routes do operate

Response to Finding Disparate Impact or Disproportionate Burden

If disparate impact or disproportionate burden is found to exist in a proposed major service change or proposed fare change, staff will:

1. Review the objectives of the proposed change to determine if the evidence supports the legitimacy of the objectives. A lack of factual support would indicate that there is not a substantial legitimate justification for the disparate effects. In that case, the AAATA will revisit the proposed changes and make adjustments that will eliminate disparate or disproportionate effects.
2. Analyze the proposed change to determine if there are modifications or alternatives that will still accomplish the legitimate objectives while minimizing or eliminating the disparate impact or disproportionate burden. If such modifications or alternatives exist, the AAATA will revise the proposed change to have no disparate impact or disproportionate burden, or the minimum level that will achieve the legitimate objectives.
3. Document the process above for review by the public and Board of Directors. Where disparate or disproportionate effects remain, the AAATA will provide a written description which includes the substantial legitimate justification for the proposed service change and the analysis which shows that no alternatives exist that would accomplish the legitimate

objectives with less disparate or disproportionate effects. The AAATA will provide a meaningful opportunity for public comment on this written description. Any comments will be considered by staff and all comments will be provided to the AAATA Board of Directors before a decision is made on the service or fare change.

Public Input in Development of Equity Analysis Policy

The AAATA provided a draft copy of the Equity Analysis Policy for review and comment in December, 2013 and January, 2014 as follows:

- Posted on AAATA Website with a link and notice on the front page
- Published in the Ann Arbor News on December 15, 2013
- Sent to the following people and organizations
 - Ann Arbor NAACP
 - Ypsilanti NAACP
 - Another Ann Arbor (Participatory community that reflects the culture and concerns of African- Americans in Washtenaw County)
 - Washtenaw Housing Alliance (The Washtenaw Housing Alliance (WHA) is a unique coalition of thirty-five community-based organizations that serve those experiencing homelessness or those at risk of homelessness)
 - Jewish Family Services (Designated refugee and immigrant resettlement agency)
 - Barrier Busters of Washtenaw (a group of over 50 social service provider agencies that are committed to increasing communication and coordination between its member agencies, and improving services for Washtenaw County residents in need)
 - Jim Mogensen (citizen who has expressed an interest in AAATA's Title VI compliance)

The draft policy was discussed at the public meeting of the Planning and Development Committee of the AAATA Board of Directors. The board members made comments and recommendations on the draft policy. Detailed written comments were received from Mr. Mogensen, and oral comments from two other members of the public. The AAATA considered the comments, and made revisions which are included in this revised the draft policy.

Definitions (from FTA Circular 4702.1B)

- a. Disparate impact refers to a facially neutral policy or practice that disproportionately affects members of a group identified by race, color, or national origin, where the recipient's policy or practice lacks a substantial legitimate justification and where there exists one or more alternatives that would serve the same legitimate objectives but with less disproportionate effect on the basis of race, color, or national origin.
- b. Disproportionate burden refers to a neutral policy or practice that disproportionately affects low-income populations more than non-low-income populations. A finding of disproportionate burden requires the recipient to evaluate alternatives and mitigate burdens where practicable.
- c. Discrimination refers to any action or inaction, whether intentional or unintentional, in any program or activity of a Federal aid recipient, subrecipient, or contractor that results in disparate treatment, disparate impact, or perpetuating the effects of prior discrimination based on race, color, or national origin.
- d. Disparate treatment refers to actions that result in circumstances where similarly situated persons are intentionally treated differently (i.e., less favorably) than others because of their race, color, or national origin.
- e. Fixed route refers to public transportation service provided in vehicles operated along pre-determined routes according to a fixed schedule.
- f. Low-income person means a person whose median household income is at or below the U.S. Department of Health and Human Services (HHS) poverty guidelines.
- g. Low-income population refers to any readily identifiable group of low-income persons who live in geographic proximity, and, if circumstances warrant, geographically dispersed/transient persons (such as migrant workers or Native Americans) who will be similarly affected by a proposed FTA program, policy or activity.
- h. Minority persons include the following:
 - (1) American Indian and Alaska Native, which refers to people having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
 - (2) Asian, which refers to people having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
 - (3) Black or African American, which refers to people having origins in any of the Black racial groups of Africa.

- (4) Hispanic or Latino, which includes persons of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- (5) Native Hawaiian or Other Pacific Islander, which refers to people having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- i. Minority population means any readily identifiable group of minority persons who live in geographic proximity and, if circumstances warrant, geographically dispersed/transient populations (such as migrant workers or Native Americans) who will be similarly affected by a proposed DOT program, policy, or activity.
- j. Minority transit route means a route that has at least 1/3 of its total revenue mileage in a Census block or block group, or traffic analysis zone(s) with a percentage of minority population that exceeds the percentage of minority population in the transit service area. A recipient may supplement this service area data with route-specific ridership data in cases where ridership does not reflect the characteristics of the census block, block group, or traffic analysis zone.
- k. National origin means the particular nation in which a person was born, or where the person's parents or ancestors were born.
- l. Predominantly minority area means a geographic area, such as a neighborhood, Census tract, block or block group, or traffic analysis zone, where the proportion of minority persons residing in that area exceeds the average proportion of minority persons in the recipient's service area.
- m. Service standard/policy means an established service performance measure or policy used by a transit provider or other recipient as a means to plan or distribute services and benefits within its service area.

Definitions (AAATA)

- n. Fare Change: Any change in fare level or fare eligibility except short-term promotional fares.
- o. Major Service Change:
- Change affecting more than 25% of riders on a fixed route, or
 - Change affecting more than 25% of the miles on a fixed route, or
 - Change on multiple routes affecting more than 10% of riders or route miles of overall fixed- route service.
- p. Types of Routes (The FTA definitions above includes a definition of 'minority transit route.' This definition includes various alternative ways to determine a minority route. The AAATA definition below is consistent with the FTA definition, but is more specific.)

Minority route - a fixed route with a higher percentage of minority riders or serving an area with a higher percentage of minority residents than the average for the fixed-route service as a whole.

Non-Minority route - a fixed route with an equal or lower percentage of minority riders or serving an area with a lower percentage of minority residents than the average for the fixed- route service as a whole.

Low income route - a fixed route with a higher percentage of low-income riders or serving an area with a higher percentage of low-income residents than the average for the fixed-route service as a whole.

Non-low-income route - a fixed route with an equal or lower percentage of low-income riders or serving an area with a lower percentage of low-income residents than the average for the fixed-route service as a whole.

q. Service Periods and Days

The AAATA operates service on weekdays, Saturdays, and Sundays with different service levels on each. On weekdays, AAATA operates different service levels during four periods:

- Morning peak (6 a.m. – 9 a.m.)
- Midday (9 a.m. – 3 p.m.)
- Afternoon peak (3 p.m. – 6 p.m.)
- Evening (6 p.m. – 12 a.m.).

In determining impacts from a service or fare change it is important to compare service during the appropriate service period.

r. Objectives

Objectives refer to the purposes which a major service change or fare change is proposed to accomplish. For a fare change, the objective may be to increase fare revenue by a specific amount or percentage, or to increase fare revenue from a category of users by a specific amount or percentage while keeping the loss of ridership less than a specific amount or percentage. For major service changes, the objective may be to increase the total population served, improve on-time performance by a specific percentage, or reduce service hours by a specific amount to reduce expenses.

ANN ARBOR AREA TRANSPORTATION AUTHORITY (AAATA)

**AAATA NOTICE OF PUBLIC INPUT ON DRAFT POLICY ON DISPARATE IMPACT
AND DISPROPORTIONATE BURDEN**

Federal Title VI and Environmental Justice requirements provide protection from discrimination based on race, color, national origin and low-income in the provision of public transit service.

New regulations require the AAATA Board of Directors to adopt a policy to define when a proposed service or fare change would have a disparate impact on members of a group identified by race, color, or national origin or disproportionate burden on low-income persons.

The AAATA has developed a draft policy, a copy of which is available for review by visiting the AAATA website, www.theride.org. The notice and link to the draft policy is on the front page. Interested persons or groups can obtain a copy by email to aaatainfo@theride.org (use “Title VI Policy” for the subject) or by mail to AAATA Title VI Policy, 2700 S. Industrial Hwy., Ann Arbor, Michigan 48104.

Persons or organizations may comment on the draft policy in writing on or before January 15, 2014 to the AAATA at the address above or by email to aaatainfo@theride.org (use “Title VI Policy” for the subject).

ANN ARBOR AREA TRANSPORTATION AUTHORITY (AAATA)

DISTRIBUTION LIST for NOTICE OF PUBLIC INPUT ON DRAFT POLICY ON DISPARATE
IMPACT AND DISPROPORTIONATE BURDEN

Posted on AAATA Website with a link and notice on the front page.

Published in the Ann Arbor News on December 15, 2013.

Ann Arbor NAACP

Ypsilanti NAACP

Another Ann Arbor (Participatory community that reflects the culture and concerns of African Americans in Washtenaw County)

Washtenaw Housing Alliance (The Washtenaw Housing Alliance (WHA) is an unique coalition of thirty-five community-based organizations that serve those experiencing homelessness or those at risk of homelessness)

Jewish Family Services (Designated refugee and immigrant resettlement agency)

Barrier Busters of Washtenaw (a group of over 50 social service provider agencies that are committed to increasing communication and coordination between its member agencies, and improving services for Washtenaw County residents in need).

Jim Mogensen (citizen who has expressed an interest in AAATA's Title VI compliance)

Resolution 22/2014

APPROVAL OF SERVICE EQUITY ANALYSIS POLICY

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) conducts an equity analysis prior to adopting major service changes or fare changes, and

WHEREAS, AAATA adopted a revised Public Input Policy for Service and Fare Changes in November 2011 which defines what constitutes a major service change, and

WHEREAS, new Federal guidance requires the AAATA to define thresholds for when a proposed service change will have a disparate impact on minorities protected under Title VI of the Civil Rights Act of 1964, as amended, and

WHEREAS, new Federal guidance also requires the AAATA to define thresholds for when a proposed service change will have a disproportionate burden on low-income persons, and

WHEREAS, the AAATA has developed the required thresholds as part of the attached Service Equity Analysis Policy, and

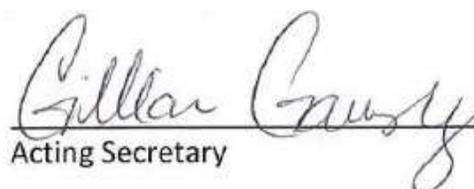
WHEREAS, the AAATA published the draft policy, solicited comments from the public and groups, and revised the draft policy based on the input,

NOW THEREFORE, BE IT RESOLVED, that the Ann Arbor Area Transportation Authority Board of its the attached Service Equity Analysis Policy.



Charles Griffith, Chair

April 17, 2014



Gillian Grunsky
Acting Secretary

April 17, 2014

Delegation of Authority

AAATA's Board has delegated authority to the CEO to review and approve official agency matters under Section 4 of the AAATA Governance Policy, approved in June 2017.

Per the AAATA Board Policy Manual:

4.3.3 - As long as the CEO uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.

Equity Analysis Policy for Service and Fare Changes (proposed)

This policy supersedes the previous policy which was most recently revised in April 2014.

The Ann Arbor Area Transportation Authority (AAATA) has been identified by the Federal Transit Administration (FTA) as a transit provider that operates 50 or more fixed-route vehicles in peak service and is located in an Urbanized Area of 200,000 or more in population. As a result, the AAATA is required to complete equity analyses for the proposed major service and fare changes as described in FTA Circular 4702.1B. In promulgating these requirements and guidelines, the FTA is acting under authority of federal law (Title VI of the Civil Rights Act of 1964 42 U.S.C §2000 et. seq.) and regulations (49 CFR part 21).

Service Change Equity Analysis Policy and Requirements

When Is a Service Equity Analysis Required?

The FTA Circular requires transit agencies to prepare an equity analysis for all major service changes. Each agency is responsible for defining what constitutes a major service change. At the AAATA, the definition of a major service change is

- A change affecting more than 25% of weekly revenue service hours or miles for any transit route or service at one time or cumulatively within a period of thirty-six months, or
- Implementation of a new route, or
- Elimination of a route.

These thresholds are based on the actual service being provided, and they fully meet the FTA requirement to define a major service change.

Increases in service for experimental or demonstration service or changes in emergency service may be implemented for twelve months or less without preparation of an equity analysis. If the experimental, demonstration, or emergency services are operated for more than twelve months, then a service equity analysis must be completed before the end of the twelve-month period.

How Are Disparate Impacts And Disproportionate Burdens Determined?

Public Transit agencies are required by FTA Circular 4702.1B to develop and approve a local threshold for identifying a disparate impact and a disproportionate burden caused by service changes.

Disparate impact's threshold will be used to evaluate the impact of a service change on minority riders or populations. Minority is defined as all persons who self-identify as not being white or white and Hispanic, or Latino.

A possible disparate impact is determined by either

- comparing the proportion of the minority population within a quarter mile of the changed route or segment of the bus route with the proportion of the population that is a minority for the entire service area, or
- comparing the proportion of minority riders on the route or segment of the route being changed with the proportion of minority riders on the entire system.

A possible disparate impact is deemed to occur when the difference between the two measures (existing riders or the population and system-wide ridership or the service area population) is 10 percent or greater. The rate of 10 percent is consistent with the commonly used standard for disparate impact and allows for variations in the statistical reliability of the underlying data.

A disproportionate burden threshold will be used to evaluate the impact of a service change on riders or populations with low income. AAATA has determined that low-income individuals are those persons whose income is at or below 150% of the poverty guidelines defined by the Department of Health and Human Services or the poverty thresholds used by the US Census Bureau.

A possible disproportionate burden is determined by either

- comparing the proportion of the low-income population within a quarter mile of the changed route or segment of the bus route with the proportion of the population that is low-income for the entire service area, or
- comparing the proportion of low-income riders on the route or segment of the route being changed with the proportion of low-income riders on the entire system.

A possible disproportionate burden is deemed to occur when the difference between the two comparators (existing riders, or population and system-wide ridership, or service area population) is 10 percent or greater.

The FTA prefers that actual rider demographics, rather than census data, are used for determining disparate impact and/or disproportionate burden; however, up-to-date surveys of rider demographics may not always be available. Also, if a service change only affects a particular geographic or temporal segment of a route, then the margin of error for the survey data may be unacceptable. There is low margin of error when using data from the decennial US census, but the data can quickly go out of date. Data from the US Census Bureau American Community Survey (ACS) are usually more current. However, the data are based on sampling techniques rather than a

full census and are reported with a margin of error of 10 percent with a 90 percent confidence level. The AAATA will prioritize the use of rider demographics over census data if available.

What if There Is a Finding of Disparate Impact and/or Disproportionate Burden?

If the analysis shows that the proposed transit service change(s) creates a disparate impact, then the AAATA will evaluate whether there is an alternative that would serve the same objectives without a disparate impact. The AAATA may implement the proposed service change with the disparate impact only if there is a substantial justification for the change and there are no alternatives that would have a less disparate impact but would still accomplish AAATA's legitimate program goals.

If the results of the analysis show a finding of disproportionate burden, then the AAATA will take steps to avoid, minimize, or mitigate the impacts where possible. However, if there is no alternative that avoids, minimizes, or mitigates the disproportionate burden, then the service change may proceed with proper documentation of the analysis that identifies attempts to avoid, minimize, or mitigate the disproportionate burden.

Data Types

As stated above, the FTA allows transit agencies to use either rider demographics (minority status and income) or census data (the decennial census or American Community Survey) when preparing an equity analysis for a service change. Although the AAATA can choose which data source can be used, the same data source must be used for all changes analyzed at the same time. The AAATA will describe the data set being used for the analysis and will select from rider surveys, census blocks, or block groups for minority status. The smallest unit of geography for which poverty data are available is a census tract.

Cumulative Changes

When preparing a service equity analysis, The AAATA will evaluate the changes by consolidating and totaling results from each individual change and consider them cumulatively as a cohesive whole. Only the cumulative results for each change will be used to determine whether there is a disparate impact. Results for individual routes will not be evaluated for disparate impacts unless fully eliminated or added. During the tabulation of cumulative impacts, the effects of service improvements will be used to offset the effects of service reductions or vice versa.

Change Equity Analysis Policy and Requirements

When Is a Fare Equity Analysis Required?

The FTA Circular requires transit agencies to prepare equity analyses each time there is a fare, fare media, or fare system change. Every fare change, regardless of size or scope, is subject to this requirement. This includes changes such as increases or decreases in price and any change of fare rules, fare media, or distribution of fare media. The fare change equity analysis must determine whether there are impacts on minority (disparate impacts) or low-income populations (disproportionate burdens).

A fare change equity analysis is not required in three special cases:

- When the AAATA has declared that all rides are free.
- For temporary fare reductions that are mitigating measures for other actions such as detours or closures.
- Promotion fare reductions for up to six months. If a promotion reduction lasts longer than six months, then a fare equity analysis must be completed before the end of the six-month period for the reductions to continue in place.

In the service change equity analysis, the impacts are looked at cumulatively. That is not possible with fare changes since the amount of the fare increase for each fare category must be assessed individually in conjunction with the proportionality of the ridership based on income or minority status.

How Are Fare Change Disparate Impacts and/or Disproportionate Burden Determined?

The AAATA is required by FTA Circular 4702.1B to develop and approve a local threshold for identifying a disparate impact for fare changes.

Disparate Impact's threshold will be used to evaluate the impact of a fare change on minority riders. A minority is defined as all riders who self-identify as not being white, Hispanic, or Latino.

A possible disparate impact is determined by comparing the fare changes for fare categories used disproportionately by minorities with the fare changes for the entire system. A possible disparate impact is deemed to occur when particular fare categories are increased more than the average overall system fare increase and the proportion of minority riders in the fare category is more than 10 percent greater than the proportion of minority riders system-wide.

A disproportionate burden threshold will be used to evaluate the impact of a fare change on riders with low income. The AAATA has determined that low-income individuals are those persons

whose income is at or below the poverty guidelines defined by the Department of Health and Human Services or the poverty thresholds used by the US Census Bureau.

A possible disproportionate burden is determined by comparing the fare changes for fare categories used disproportionately by persons with low incomes with the fare changes for the entire system. A possible disparate impact is deemed to occur when particular fare categories are increased more than the average overall system fare increase and the proportion of low-income riders in the fare category are more than 10 percent greater than the proportion of low-income riders system-wide.

What if There Is a Finding of Disparate Impact and/or Disproportionate Burden?

If the analysis shows that the proposed transit fare change creates a disparate impact, then the AAATA will evaluate whether there is an alternative that would serve the same objectives without a disparate impact. Disparate impacts derived from fare changes can be eliminated by adjusting the fare increases or decreases. The AAATA may implement the proposed fare change with the disparate impact only if there is a substantial justification for the change and there are no alternatives that would have a less disparate impact but would still accomplish AAATA's legitimate program goals.

If the results of the analysis show a finding of disproportionate burden, then the AAATA will take steps to avoid, minimize, or mitigate the impacts where possible. However, if there is no alternative that avoids, minimizes, or mitigates the disproportionate burden, then the fare change may proceed with proper documentation of the analysis that identifies attempts to avoid, minimize, or mitigate the disproportionate burden. In the case of changes in fare prices, adjusting the amount of the increase (or decrease) can be cited as a minimizing or mitigation strategy.

Public Input Policy for Service and Fare Changes (proposed)

This policy supersedes the previous policy which was most recently revised in November 2011.

The intention of this policy is to listen to and act on public input before the AAATA makes a decision to change service or make fare changes with the following goals:

- To inform riders and others affected by a proposed change;
- To provide affected people with opportunities to ask questions, and understand the reasons why changes are being proposed;
- To provide AAATA with a better understanding of how riders use service and the effects of a proposed change;
- To encourage affected people to state objections to proposed changes and make suggestions for revisions;
- To provide AAATA with the opportunity to revise proposed changes based on public input to reduce negative effects.

The methods and level of effort to accomplish these goals depend on the size of the proposed change and the number of people/riders affected.

Major Service Changes

- A change affecting more than 25% of weekly revenue service hours or miles for any transit route or service at one time or cumulatively within a period of thirty-six months, or
- Implementation of a new route, or
- Elimination of a route.

Fare Changes

- Any change in the fare, or
- Any change to payment or fare media that would be subject to the fare change.

Notification of Proposed Changes

People must first know about proposed changes in order to have the opportunity to provide input. The public input period is a minimum of 30 days. The notification methods to be used include the following:

- AAATA Website. The AAATA website provides multiple opportunities to provide notification.

Notice of proposed changes appears on the front page, typically in the “What’s Happening” section and in a section on the website that provides further details on the proposed changes. Typical details include a presentation or document of information and information on how to provide feedback via website, phone, email, letter. In addition, for any public meetings, they also appear on the “Events” page on the website.

- Social Media. AAATA regularly uses social media to promote public engagement opportunities. Facebook, Twitter and LinkedIn are used for these initiatives.
- Press Releases – AAATA issues a press release for all proposed major service changes and fare changes which describe the proposed change and how to provide input. Press releases are distributed to all media outlets, posted on our website, and shared on social media.
- E-Newsletter – AAATA includes information on public engagement opportunities in monthly e-newsletters. E-newsletters are sent to community leaders and individuals who have elected to sign-up to receive monthly emails from TheRide on current projects.
- On-Board Bus Communications – AAATA can utilize on-board bus communications such as bus cards and bus seat stickers to communicate information on the public engagement opportunities, depending on the level of impact of the proposed change.
- Presentations – AAATA develops presentations as needed, dependent on the level of impact of the change and share the presentations at public meeting and online
- Paid Media – Dependent on the level of impact of proposed change, paid media will be utilized to announce to public the engagement opportunity. This includes, but not limited to: Public Notice in MLive, other print ads, radio ads, paid social media, digital ads.
- Stakeholder and Community Leaders Notification – As Needed, AAATA notifies key stakeholders that will be affected by proposed changes and provides a notification of them.
- Public Meetings – AAATA hosts meetings in strategic locations with epicenters of general, minority, limited English proficiency (LEP), and low-income populations, and typically allows for a virtual public meeting.
- Translations – AAATA notifies the public that translations of the public engagement information materials is available upon request in Spanish, Korean, Chinese, and Arabic.

All of these methods would be used for major service changes and fare changes. For other changes, the methods used will be tailored to the scale of the proposed change. In addition, paid media may be used for some proposed changes.

Opportunities for Public Input

AAATA’s intention is to make it possible for people to choose how they wish to provide input and whether they want to only comment or whether they desire a response or to engage in a conversation. As part of the notification methods above, people are provided with several possibilities for making comments and asking questions including:

- E-Mail – E-Mail goes to a mailbox set up specifically to receive input.
- Telephone – A hotline is set up to receive comments with a callback by AAATA staff upon

request.

- Written – Letters provide a means for more formal communication.
- Form on Website – a form directly on our website that individuals can fill out with feedback will be made available.
- Face-to-Face – At meetings and by appointment. For major service changes and fare changes, meetings are provided at multiple times and locations, with an emphasis on meeting locations in the area(s) affected by the proposed change. Meetings are typically scheduled as drop-in sessions for a 2-5-hour period to permit people to attend at their convenience and to encourage dialogue. Virtual meetings are also often provided as an option.

Whatever method is used, AAATA staff provides a response to public comments if requested or needed. The nature of AAATA's response depends on the comments. AAATA answers questions, explains the rationale for the aspects of the proposed change that is the subject of the comments, and replies to suggestions. In some cases, AAATA's response includes questions to make sure staff understands the input and suggestions. In many cases, input and response is a dialogue, rather than a single communication. AAATA staff summarize received comments for consideration.

In addition, public time is provided at all meetings of the AAATA Board of Directors. While an opportunity for dialogue is not always available at these meetings, staff follows up with people who comment about proposed service and fare changes after the meetings for clarity and applicability.

Use of Public Input

During the public input period, AAATA staff considers the input that is being received. Depending on both the quantity as well as the specific concerns that are raised, potential alternatives may be developed.

At the end of the public input period, the input is compiled. Recommended service or fare changes are developed taking into consideration the public input. The public input summary is provided to the decision makers along with the recommended changes.

Revised Procedures for Exceptional Circumstances

Under exceptional circumstances which require a service change or fare change to be adopted and implemented on short notice, the procedures above may be altered to the extent necessary. However, at a minimum, the public will be afforded an opportunity to be heard at the AAATA Board meeting at which any action is taken and a notice of the proposed change with the date and time of the Board meeting will be published on the AAATA website before the Board meeting.

**Revised Financial Condition & Activities (Policy 2.5.5.1)
Monitoring Period: Fiscal Year 2022**

Finance Committee Meeting Review Date: July 12, 2023

Board of Directors Meeting Review Date: July 20, 2023

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
Receive for information and discuss, etc.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>In June the Board was presented with the Conditions and Activities (Policy 2.5) monitoring report. Upon review, the Board accepted the monitoring report as <i>(C) with all policy items accepted except for 2.5.5.1- the interpretation was reasonable, but the evidence did not demonstrate compliance.</i></p> <p>The Board requested Ms. Reed provide a revised table with evidence demonstrating compliance as a follow-up for review and discussion at the July Board Meeting.</p>
ATTACHMENTS
1. Revised Financial Condition & Activities (Policy 2.5.5.1)

Revised Financial Condition & Activities (Policy 2.5.5.1)

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

2.5.5.1 Evidence presented at June Board Meeting:

The table below 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.

2.5.5.1 Revised Evidence

FY2022 Capital Budget and Expenditures

Type of Capital Project	Capital Projects	FY2022 Approved Budget	Previously Approved Funding*	Total Approved Budget	FY2022 Actual Expenditures	Budget Variance Over/(Under)	Cost Overruns?
State of Good Repair	Vehicles - Large Bus Replacement	\$ 4,400,000	\$ -	\$ 4,400,000	\$ -	\$ (4,400,000)	No
	Vehicles - Small/Medium Bus Replacement	420,000	-	420,000	-	(420,000)	No
	Equipment - Bus Components and Parts	305,000	-	305,000	116,242	(188,758)	No
	Equipment - Maintenance	100,000	-	100,000	39,386	(60,614)	No
	Existing Facilities	3,440,000	-	3,440,000	382,690	(3,057,310)	No
	Information Technology	235,000	-	235,000	94,043	(140,957)	No
Value Added	Technology Upgrades	450,000	440,057	890,057	672,238	(217,819)	No
	Bus Stop Improvements	215,000	-	215,000	50,260	(164,740)	No
Expansion	Ypsilanti Transit Center Planning	1,100,000	-	1,100,000	-	(1,100,000)	No
	Blake Transit Center A&E	150,000	-	150,000	-	(150,000)	No
R&D	Research and Development	25,000	-	25,000	15,447	(9,553)	No
Total		\$10,840,000	\$ 440,057	\$11,280,057	\$ 1,370,306	\$ (9,909,751)	No

Note: Capital projects typically span more than one fiscal year.

*** FY2022 expenditures for Value Added Technology Upgrades include costs for a software project upgrade that was previously approved and funded in prior years. Expenses were delayed due to issues with acceptance testing on several milestones of the software implementation. The issues were resolved in FY2022, the project was completed on budget, and the previously approved funding is shown in the table above. The balance of projects in this category were under budget and there were no cost overruns.**

Additionally, costs for some large capital purchases budgeted in FY2022 were delayed 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.

Monitoring Report: Treatment of Staff (Policy 2.2)

Service Committee Meeting Review Date: July 6th, 2023

Board of Directors Meeting Review Date: July 20th, 2023

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board Committee 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) 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)

BACKGROUND

This policy contains factual measures along with the staff survey responses. Below are a few notes on the staff survey:

1. The survey was conducted in April 2023
2. The response rate was at 31.5%
3. Employee Engagement survey is voluntary and may reflect perceptions.

The monitoring period for this report is May 2022-May 2023.

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 July.

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

June 22, 2023

ATTACHMENTS

1. Monitoring report for Treatment of Staff (Policy 2.2)

Table of Contents

POLICY TITLE: Treatment of Staff	Page#	Compliance
<p>2.2 The CEO will not cause or allow employment conditions that are inconsistent, discriminatory, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.</p> <p>Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	4	
2.2.1. Operate in a manner that undermines the organization as a workplace of choice.	5	
2.2.1.1 Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.	6	
2.2.2 Operate without up-to-date, clear, available, written, and enforced personnel rules or contracts that clarify standards and expectations, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and unfairly preferential treatment for personal reasons	7	
2.2.2.1 Fail to provide internal controls necessary to enforce such policies.	8	
2.2.3 Allow retaliation against any staff member for non-disruptive expression of dissent.	9	
2.2.4 Allow staff to be unprepared to deal with emergency situations.	10	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.2

The CEO will not cause or allow employment conditions that are inconsistent, discriminatory, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.

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

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standards & Achievement

Compliance will be achieved when

- A. The agency’s Equal Employment Opportunity Program finds no instances of discrimination.
- B. There are no employee fatalities where anything reasonably under the control of the employer contributed to such a situation
- C. Incident rates decrease year by year.
- D. The agency is compliant with lower-level policies.

Rationale

This is reasonable because

- A. The agency’s Equal Employment Opportunity program is discussed with every new employee at every new hire orientation. Using this program is reasonable as its reviewed by an independent third party the Federal Transit Administration (FTA).
- B. See C, below.
- C. The rest of the policy addresses other safety considerations except fatalities and accidents/incidents. Due to the nature of our trade, accidents/ incidents are not completely avoidable, however, a consistent decrease in accidents/incidents indicate efforts to continuously improve working conditions. At all costs, the agency does its best to mitigate any situations that would result in fatalities on the job.
- D. Compliance of this policy is dependent on compliance of lower-level policies.

Evidence

Source of Data: Internal records

Date of Data Review: 05/31/2023 as verified by the Manager of Human Resources

Data: During the monitoring period,

- A. There were no instances of discrimination found through the EEO program
- B. There were no fatalities in the agency.
- C. Agency incidence rates (inclusive of accidents) decreased by 3% from the previous monitoring period.
- D. This policy is partially compliant because 2.2.1 is partially compliant.

POLICY 2.2.1

Operate in a manner that undermines the organization as a workplace of choice.

Degree of Compliance: Partially Compliant

Interpretation

Measure/Standards & Achievement
 Compliance with this policy will be demonstrated when
 A. AAATA attrition rates improve year to year
 B. At least 50% of employees in a survey agree with the following statements:
 a. Have NOT considered searching for a better job in the past month,
 b. Would highly recommend working at AAATA to others, and
 c. Have the flexibility needed to balance work and personal life
 C. Policy 2.2.1.1 is compliant

Rationale
 This is reasonable because
 A. Attrition rate is the total number separations (this includes resignations, retirements, deaths and non-voluntary separations) per average number of employees in a given calendar year. With the goal of being a workplace of choice, our target is to decrease attrition rates each year.
 B. 50% is reasonable because it is a majority in a subjective survey with a variable response rate that is subject to outside influences.
 C. Compliance with this policy is dependent on compliance with lower-level policies.

Evidence

Source of Data: Internal and external (BLS) records
Date of Data Review: 05/31/24 as verified by manager of human resources and the corporate strategy and performance officer.

Data:
 A. Below are the attrition rates.

	Previous monitoring period	Current monitoring period	Attrition rates reduced?
Attrition rates	12%	17%	No

Similar to national trends, the agency experienced increased resignations in the monitoring period. Because of this the CEO reports partial compliance with this policy.

Compliance timeline: The agency is working on retention efforts and expects to be compliant with this policy in the next monitoring period.

B. Employee survey results

	% Agreeing	Average scores	Target met
I have not considered searching for a better job in the past month	64%	67%	Yes
I would highly recommend working at AAATA to others	72%		
I have the flexibility I need to balance my work and personal life	66%		

C. Policy 2.2.1.1 is compliant. However, this policy is partially compliant due to evidence A, above.

POLICY 2.2.1.1

Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when a survey of employees has 50% or more listed as agreeing (strongly agreeing, agreeing, or slightly agreeing) with the following statements:

- a. I feel genuinely appreciated at Ann Arbor Area Transportation Authority
- b. Ann Arbor Area Transportation Authority operates by strong values
- c. New ideas are encouraged at Ann Arbor Area Transportation Authority
- d. Ann Arbor Area Transportation Authority encourages different points of view
- e. Ann Arbor Area Transportation Authority enables me to work at my full potential

Rationale

This is reasonable because these scores indicate an environment that supports/values humanity, creativity, and knowledgeable contribution. Higher than 50% is reasonable because it is a majority in a subjective survey with a variable response rate that is subject to outside influences.

Evidence

Source of Data: Internal records

Date of Data Review: 06/20/23 as verified by corporate strategy and performance officer

Data:	% Agreeing	Average scores	Target met?
I feel genuinely appreciated at Ann Arbor Area Transportation Authority	72%	65.4%	Yes
AAATA operates by strong values	70%		
New ideas are encouraged at Ann Arbor Area Transportation Authority	60%		
Ann Arbor Area Transportation Authority encourages different points of view	60%		
Ann Arbor Area Transportation Authority enables them to work at their full potential	65%		

POLICY 2.2.2

Operate without up-to-date, clear, available, written, and enforced personnel rules or contracts that clarify standards and expectations, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and unfairly preferential treatment for personal reasons

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

- Compliance with this policy will be achieved when the requirements listed in this policy are addressed in:
- A. The handbook for non-union staff that addresses the requirements of this policy is provided during orientation and is available upon request at the HR department, and
 - B. A union contract inclusive of these elements is in effect or in the process of being negotiated.
 - C. The Authority’s Anti-Harassment, Discrimination and Retaliation Policy which addresses harassment and discrimination for all staff.
 - D. Policy 2.2.2.1 is compliant

Rationale

This is reasonable as all AAATA employees are either union or non-union staff and their employer-employee agreements are documented in the non-union employee handbook and the union contract respectively. Compliance with this policy is dependent on lower-level policies being compliant.

Evidence

Source of Data: Internal records

Date of Data Review: 05/31/23 as verified by manager of human resources

Data:

	Non-Union Employees Handbook	Union Contract
Up-to date	Yes, updated in January 2021	Yes, updated on April 2022
Clear	Written language is proofed for ease of readability before it is shared with staff	
Available	All non-union staff receive a copy and must sign an acknowledgement form.	All union staff receive a copy of the contract upon hire and must sign an acknowledgement form To confirm receipt.
Written	Yes	
Provision of standards and expectations	This document provides general employee standards and expectations. Further expectations based on role are provided upon new hire orientation by direct managers/supervisors	

<p>Provisions for effective handling of grievances</p>	<p>The appeals process is documented in page 6 of the non-union employee handbook. It provides several avenues to address complaints or concerns of harassment, discrimination, or retaliation.</p>	<p>The union contract has a whole section addressing parameters and procedures for addressing grievances. Similar to the Non- union handbook, several avenues of addressing grievances are provided. This gives the employees a chance to use the channel with which they are most comfortable.</p>	
<p>Protections against wrongful conditions such as nepotism and unfair preferential treatment.</p>	<p>This provision is addressed in the Anti-Harassment, Discrimination and Retaliation Policy.</p>		

POLICY 2.2.2.1

Fail to provide internal controls necessary to enforce such policies.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement
 Compliance will be demonstrated when mechanisms for holding staff accountable are implemented as described in Policy 2.2.2. exist.

Rationale
 This is reasonable as that's what the policy asks for.

Evidence

Source of Data: Internal records
Date of Data Review: 05/31/23 as verified by manager of human resources
Data:
 Non-union department managers are responsible for monitoring and correcting employee performance based on agreed expectations. Working conditions, work rules and performance standards for union employees are detailed in the Collective Bargaining Agreement and Personnel Procedures Manual which is furnished to all union employees upon hire. Infractions for union employees' violations are addressed based on those agreements..

POLICY 2.2.3

Allow retaliation against any staff member for non-disruptive expression of dissent.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance will be achieved when

- A. The whistleblower policy is available and accessible to staff.
- B. There are no substantiated instances of retaliation for non-disruptive expression of dissent as evidenced by formal grievances or lawsuits. In this context non-disruptive means any disagreement with a management action that is made in a respectful manner and is not a refusal or encouragement to not perform work (aside from immediate safety concerns).

Rationale

This is reasonable because

- A. A whistleblower policy encourages staff to come forward with credible information on illegal practices or violations of adopted policies of the organization and also specifies that the organization will protect the individual from retaliation.
- B. A neutral third party (other than the management and employee) would be involved in confirming records of grievances or making judgements on lawsuit allegations.

Evidence

Source of Data: Internal records

Date of Data Review: 05/31/23 as verified by manager of human resources

Data:

- A. Federal and State labor law posters addressing whistleblower and OSHA/MIOSHA reporting processes are located in employee public areas i.e., the drivers lounge, fleet lunch room, nonunion staff lunch room and both transit centers.
- B. There were no records of grievances or lawsuits alleging retaliation for dissent. No unemployment payments were incurred due to allegations of retaliation.

POLICY 2.2.4

Allow staff to be unprepared to deal with emergency situations.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance will be demonstrated when

- A. Staff working onsite receive training for emergency situations.
- B. The agency operates with an Emergency Action Plan (EAP) and a Public Transportation Agency Safety Plan (PTASP) that is readily available and accessible to all staff.
- C. The majority of employees who participate in an employee engagement survey feel prepared to deal with emergency situations.

Rationale

This is reasonable because

- A. Over 2/3rds of AAATA's employees physically work onsite and emergencies happening at the homes of those working from home cannot be reasonably covered by the agency.
- B. The EAP comprehensively covers documentation of emergency procedures based on Occupational Safety and Health Administration (OSHA) guidelines. The Public Transportation Agency Safety Plan (PTASP) is an FTA requirement that entails developing safety plans that include the processes and procedures necessary to implement Safety Management Systems (SMS).
- C. Employee perception of their emergency preparedness matters on how they act and react during such situations.

Evidence

Source of Data: Internal records

Date of Data Review: 05/31/23 as verified by manager of human resources

Data:

A. The following safety training occurred during the monitoring period.

	Staff that received training	Target met?
Fire drills	All staff working on site were present during fire drills. The drills occurred on different dates to accommodate staff working different shifts and dates. These dates were: <ul style="list-style-type: none"> • 07/19/2022 • 09/22/2022 • 03/27/2023 	Yes
Severe weather drills	Severe weather drills were conducted on different dates by all departments for social distancing reasons. They occurred on <ul style="list-style-type: none"> • 08/15/2022 • 10/19/2022 	Yes
Active shooter drills	All staff working on site were present when the active shooter drill was conducted on 05/09/2022. Additional active shooter training was also conducted from 4/19/2023 to 05/05/2023.	Yes
Safety training during new hire orientation	All new staff were given safety training as part of their new hire orientation.	Yes
Emergency procedures for bus drivers when enroute.	All bus drivers	Yes

B. The agency operated with a current Emergency Action Plan and Public Transportation Agency Safety Plans. These documents were provided to department managers for dissemination to staff and are also accessible in an electronic drive accessible to all employees.

C. The survey indicates the majority of the staff felt that AAATA prepared them to deal with emergency situations.

	FY22 survey results	Target met?
% of employees who agreed that AAATA prepared them for emergency situations	70%	Yes

Policy Trendlines

Policy trendlines indicate compliance of policy over time. The FY23 trendline is tentative and will be final after the Boards review of this report.

Policies	FY 20	FY 21	FY 22	FY 23
2.2	Yellow	Blue	Yellow	Yellow
2.2.1	Green	Blue	Yellow	Yellow
2.2.1.1	Green	Blue	Green	Green
2.2.2	Red	Green	Green	Green
2.2.2.1	Green	Green	Green	Green
2.2.3	Green	Blue	Green	Green
2.2.4	Yellow	Blue	Green	Green

LEGEND	
Red	Policy is not compliant
Yellow	Policy is partially compliant
Green	Policy is compliant
Blue	Cannot be determined

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?

An interpretation is reasonable if the following are provided,

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

Is evidence verifiable?

Evidence is verifiable if there is

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

Board’s Conclusion on Monitoring Report

Board’s conclusion after monitoring the report.

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

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

WORKSHEET RESULTS:

Treatment of Staff (Policy 2.2)

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 2.2 The CEO will not cause or allow employment conditions that are inconsistent, discriminatory, unfair, unsafe, unhealthy, undignified, disorganized, or unclear. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	100%	100%	<ul style="list-style-type: none"> • Would be helpful is under "Evidence" you listed the "Source of Data" more specifically. Internal records is too broad in some instances. Also, how might leadership go about improving these numbers?
<p>Policy 2.2.1 Operate in a manner that undermines the organization as a workplace of choice.</p>	89%	89%	<ul style="list-style-type: none"> • On interpretation: the proposed threshold of 50% positive responses is very low. This standard implies that we ought to be satisfied with nearly half of the survey respondents stating

			<p>displeasure with their work environment.</p> <p>On evidence: The low response rate of 31.5% on the climate survey raises concerns about the validity of the data.</p>
<p>Policy 2.2.1.1 Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.</p>	89%	89%	<ul style="list-style-type: none"> On interpretation: the proposed threshold of 50% positive responses is very low. This standard implies that we ought to be satisfied with nearly half of the survey respondents stating displeasure with their work environment. <p>On evidence: The low response rate of 31.5% on the climate survey raises concerns about the validity of the data.</p>
<p>Policy 2.2.2 Operate without up-to-date, clear, available, written, and enforced personnel rules or contracts that clarify standards and expectations, provide for effective handling of grievances, and protect against wrongful conditions, such as nepotism and unfairly</p>	100%	100%	

preferential treatment for personal reasons			
Policy 2.2.2.1 Fail to provide internal controls necessary to enforce such policies.	100%	89%	<ul style="list-style-type: none"> Although I answered YES, the non-union evidence is weak at best This doesn't seem like evidence to me, there's no measurement or data.
Policy 2.2.3 Allow retaliation against any staff member for non-disruptive expression of dissent.	100%	100%	<ul style="list-style-type: none"> A question: It states "A neutral third party (other than the management and employee) would be involved in confirming records of grievances or making judgements on lawsuit allegations." I am wondering the identity of the neutral third party?
Policy 2.2.4 Allow staff to be unprepared to deal with emergency situations.	100%	100%	

Additional context questions

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

Responses – 8 – NO

1 – YES

- In my responses to 2.2.1 and 2.2.1.1, I stated my concerns about the integrity of the staff survey data, given the low response rate.

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

Responses – 4 – NO

- There is no time-frame for 2.2.1 compliance and no mention of actions to move to compliance.
- 2.2.1 The attrition rate increased by 5% (from 12% to 17%) No date for compliance was targeted.

3 – YES

2 - N/A

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

Responses – 8 – NO

- General comment: A reasonable interpretation is supposed to include rationale for BOTH the measure/standard and the level of achievement. Many of the interpretations provide a rationale that mixes together both the measure and achievement. This makes it difficult to conclude that there is rationale for both. (2.2.4 is an example.) Maybe this is fine and the best way to do it. We might consider asking Rose Mercier about this.

1 – YES

- Maybe we should consider modifying 2.2.1 "A. AAATA attrition rates improve year to year". I think it is a bit unfair to expect attrition rates to improve every year. They are going to fluctuate not just due to organizational culture but also due to factors that the CEO can't control, such as economic (positive and negative) factors. Maybe we should still keep a goal of having it improve year over year but place more weight on not exceeding a ceiling on the attrition rate, such as, "no more than a 15% attrition rate."

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

Responses – 40, 10, 30, 30, 20, 15, 10

Policy 2.1: Treatment of the Traveling Public Review

Service Committee Meeting Date: July 6, 2023

Board Meeting Date: July 20, 2023

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
That the board review the proposed changes to Policy 2.1 and vote to adopt updated policies.
ISSUE SUMMARY
<p>The Board’s Monitoring Taskforce identified Policy 2.1:Treatment of the Traveling Public as one of the policies to be reviewed this year and tasked the Service Committee with leading the effort.</p> <p>The Service Committee reviewed the policy and adopted the recommendations made by the Governance Coach. This document includes Policy 3.1.3.1 which guides the policy review process, governance coach notes on the policy and a side-to-side comparison of the current and proposed policies.</p>
BACKGROUND
Committees are empowered by the full Board to develop recommended changes to policies. The Full Board retains the right to make final 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. Governance Coach Notes from FY22 Monitoring Report for Policy 2.1 3. Side to side comparison of the current policy and the proposed policy.

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?

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.
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

Side to side comparison of the policies

Current Policy	Proposed Policy	Reason for proposed changes
2.1 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 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:	No change
2.1.1 Provide facilities, vehicles, or services that are not reasonably accessible to potential riders regardless of mobility limitations.	.1 Allow facilities, <u>bus stops</u> , vehicles, or services to lack reasonable accessibility for potential riders regardless of mobility limitations.	Removed double negative and added bus stops
2.1.2 Allow anyone, including people who have disabilities or seniors, to be discriminated against with respect to the AAATA's services.	2.1.2 Allow anyone, including people who have disabilities or seniors, to be discriminated against with respect to the AAATA's services.	Deleted policy. Discrimination is against the law. Hence this policy is already addressed in the Global Executive Constraint
2.1.3 Operate without providing effective, comprehensible, accessible, and timely information.	2.1.2 Operate without providing effective, comprehensible, accessible, and timely information.	Keep as is. Renumber as 2.1.2
2.1.3.1 Fail to respond to questions or complaints in a timely and reasonable manner.	2.1.2.1 Permit unfair, inconsistent, or untimely responses to questions or complaints from the traveling public	Remove double negatives i.e., shall not fail to.
2.1.4 Discourage persons from asking questions, airing a complaint, or being heard.	2.1.4 Discourage persons from asking questions, airing a complaint, or being heard.	Not an original Carver Policy. The Governance Coach notes this policy has been abandoned because it adds little to the other provisions.
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.	2.1.3 Operate without established and enforceable standards for customer service and the safety of the public including pedestrians, cyclists, and other road users.	Keep as is. Renumber to 2.1.3
2.1.5.1 Fail to communicate standards and expectations to the public and riders.	2.1.3.1 Allow the public and riders to be without easily accessible, understandable information with respect to services offered and expected conduct.	Remove double negatives. Renumber to 2.1.3.1
2.1.6 Use methods of collecting, reviewing, transmitting, or storing personal information that allows improper access or inappropriate disclosure.	2.1.4 Use methods of collecting, reviewing, transmitting, or storing personal information that allows improper access or inappropriate disclosure.	No policy language change. Renumbered to 2.1.4
2.1.6.1 Use forms that elicit personal information for which there is no clear necessity.	2.1.4.1 Use forms that elicit personal information for which there is no clear necessity.	No policy language change. Renumbered to 2.1.4.1

Board Member Policy Proposal: Environmental Policy

Meeting: Board Meeting

Meeting Date: July 20, 2023

INFORMATION TYPE
Motion
RECOMMENDED ACTION(S)
That the Board review and approve by motion one of the two proposed policy changes in Attachment 2.
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 presented their perspective with the full Board in June and initiated policy discussion.
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Environmental: Environmental Concerns • Governance: Policy Review and Development
ATTACHMENTS
<ol style="list-style-type: none"> 1. Side to side comparison of current policy and the proposed policy. 2. Proposed policy options 3. Original 3.1.3.1



Side to side comparison of the policies

Current Policy	Proposed Policy	Reason for proposed changes
<p>1.2.2. Public transportation options minimize energy use and pollution, and conserve natural resources.</p>	<p>Replace with: 1.2.2 AAATA will work to become a carbon-neutral organization.</p>	<p>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.</p>
<p>Keep: 1.2.2 Public transportation options minimize energy use and pollution, and conserve natural resources.</p>	<p>Add: 1.2.5 AAATA will work to become a carbon-neutral organization.</p>	



Proposal #1

1.2. Public transportation positively impacts our environment.

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

1.2.2. AAATA will work to become a carbon-neutral organization

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

1.2.4. Relevant public policy is transit supportive.

Proposal #2

1.2. Public transportation positively impacts our environment.

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

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

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

1.2.4. Relevant public policy is transit supportive.

1.2.5 AAATA will work to become a carbon-neutral organization

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.

Budget Process and History

Meeting: Board of Directors

Meeting Date: July 20, 2023

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
Receive for information and discuss.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The Board adopted Policy Governance in 2017, creating a new approach for annual budgeting.
ISSUE SUMMARY
The Governance Committee and the CEO would like to provide background and engage the Board in discussion about how TheRide develops, reviews and approves its annual budget. TheRide’s approach may not be familiar to all Board members. Questions and discussion are encouraged.
BACKGROUND
<p>When the Board adopted Policy Governance in 2017 it also created a new hybrid approach to developing and approving the annual budget. Today, the Board sets expectations <i>as a group</i> for the budget <i>in advance via written policy</i>. It then delegates to professional staff the job of recommending a detailed budget that best advances the Board’s collective goals, removing itself from the details of the budget. The Budget is seen as a “Means” plan and the responsibility of the CEO as long as it met the Board’s collective expectations. Approval is generally based on compliance with the original expectations, not the preferences of individual board members. This approach (collective expectations in advance, details delegated to staff) can be different from other approaches that focus on reconciling the expectations of individual board members.</p> <p>While the Board explicitly discussed and approved this new direction in 2017, it has not been discussed since. Today, many board members are newer and never benefited from the original discussions.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: Directly related to Board approval of annual budget. • Social: N/A • Environmental: N/A <p>Governance: Directly related to Board approval of annual budget.</p>
ATTACHMENTS
<ol style="list-style-type: none"> 1. TheRide’s Budget History and Process - Carpenter 2. Policy Governance and Budgets - Mercier

Budget History at TheRide

Matt Carpenter, CEO

July 2023

Background

- Historically used a “traditional” approach to reconcile preferences of individual board members
- By 2014 were sliding into deficits
- 2022 millage will resolve finances by 2024

- Adoption **Policy Governance** (2017) was part of corrective action



Background

TheRide uses a “hybrid” approach to budget review and approval:

- Blend of **Policy Governance** and **traditional** approaches
- Not discussed since 2018
- May not be familiar to newer board members or staff



Budget Options



Traditional (pre 2018)

- Individual interests
- Activities
- Org goals are *Outputs* from budget (reactive)
- Haggle until enough votes
- Oversight ad hoc

Policy Governance (2018 on)

- Collective direction
- Results
- Org goals are *Inputs* to budget (proactive)
- Compliance w/ Board's expectations
- Accountability through monitoring



Hybrid Budget Approach

Hybrid Approach (starting 2018)

- Mostly Policy Governance (90%)
 - Board define process via policies
 - Board collectively defines priorities
 - Details are delegated to staff
- Board members still vote on budget as individuals (10%)

Two-Step Approval

- 1st Accepts Monitoring Report (PG)
- 2nd Vote on Budget (Trad)

Hybrid Approach

High-level *by design and Board direction*

- Geared to collective direction, not individual votes
- Delegated to professionals
- Not designed to discuss Means
- Not presented as a detailed line-item budget
- Superior results in adoption

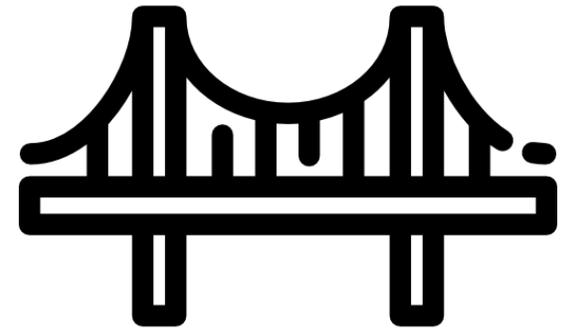
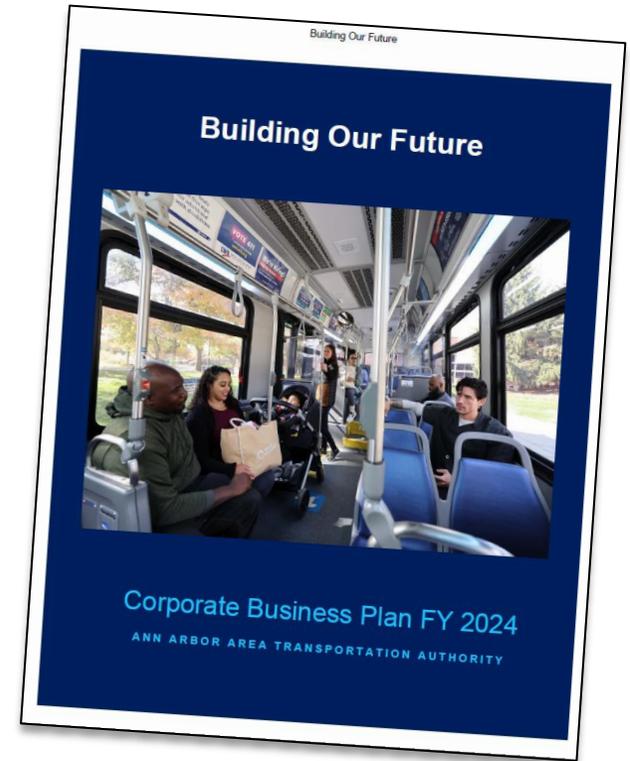


Hybrid Challenges

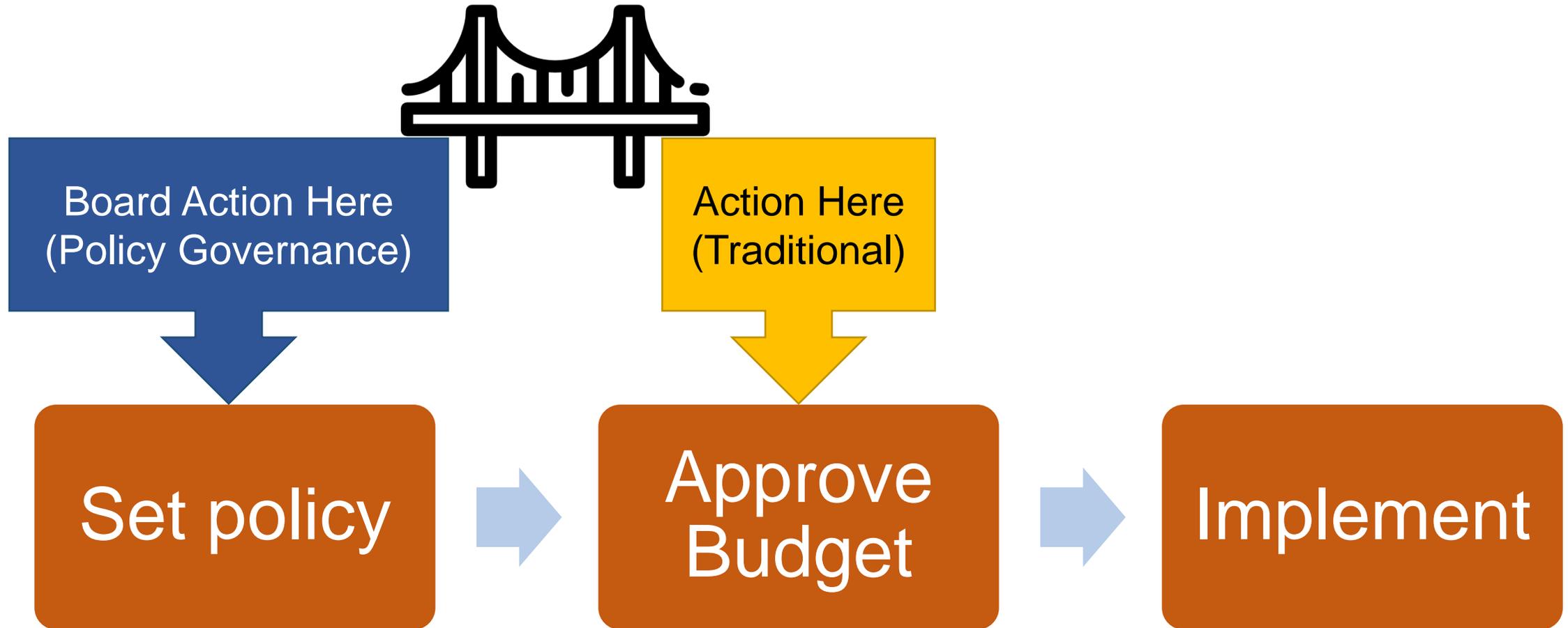
- Process is not familiar, requires orientation
- Not easy to set collective goals in advance
- Tension between collective priorities & individual preferences

Business Plan as Solution

- Tool to discover individual aspirations early
 - Bridge between collective/individual expectations
 - Share CEO's initial direction, gauge reaction
 - Means vs Outcomes
- Have been able to Accommodate/
Reconcile



Business Plan



In Closing

- TheRide's budget process is unique & possibly unfamiliar
 - Hasn't been explicitly discussed since Board created it (2017)
 - Worth re-introducing to new and veteran board members
-
- Key Question: Follow collective direction or individual preferences?

Budget History at TheRide

Matt Carpenter, CEO

July 2023

AAATA Governance of Financial Management

July 20, 2023



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1

Governing Finance

- Let's start here: a budget is a management tool
- Governing Finance
- Using Policies to Govern Finance
- Traditional Board Approach to Budgeting
- Flaws in Traditional Budget Approval
- What is an unacceptable budget?
- What the Board has already said



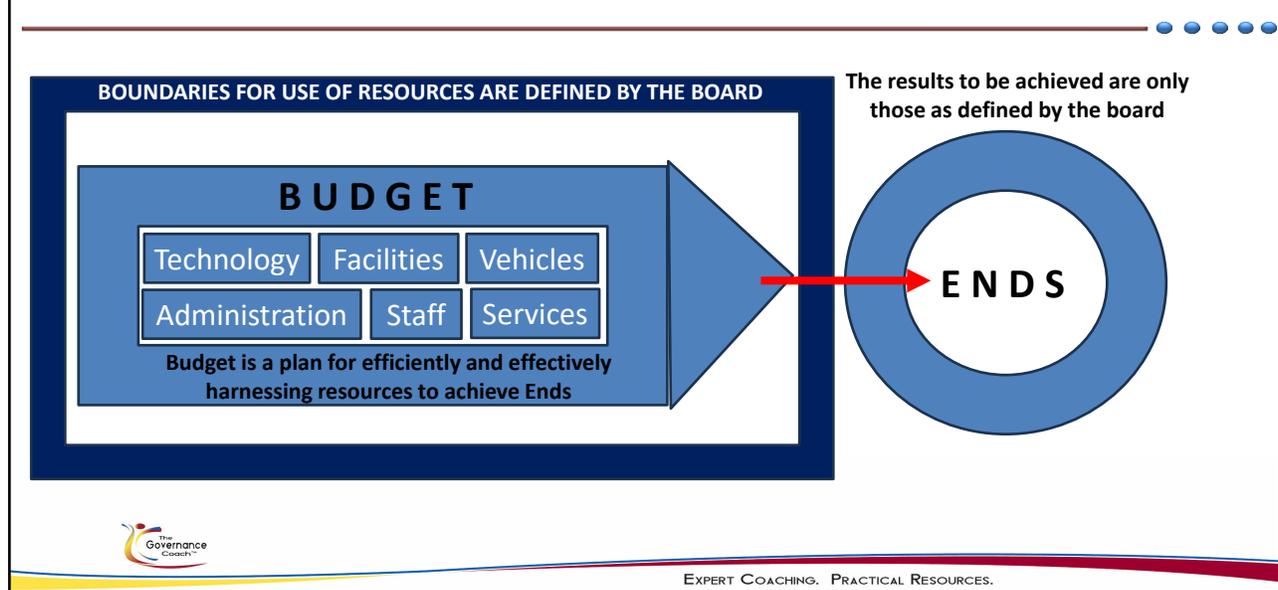
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The Budget is a Management Tool



3

Traditional Budget Approval: The Questions

1. **Why** should a board **wait until the meeting** in question to emphasize an aspect the board wants to control
2. **Why** would the board **relinquish its right to make a decision** as a whole to one or two board members?.
3. Why leave **the CEO trying to read the minds of individual board members** instead of using experience and creativity to make decisions that comply with policies expressed by the board as a whole

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A Board Achieves Responsible Governance of Finances

NOT BY:

Hours of detailed inspection of budgets and financial reports

RATHER BY

Becoming very clear about what constitutes jeopardy, then putting in place mechanism to prevent it, or should it occur, to discover it as soon as possible

THEREFORE

Board needs to know the sources of risk and indicators of financial jeopardy. If the board has not defined “unacceptable” it has no way to determine whether the organization has ventured into “unacceptable” territory.



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Governing Financial Management



- A board that wants to ensure financial decisions, actions, and circumstances turn out the way it wants...
- Must state clearly, specifically and authoritatively what it wants or wants avoided, instead of skipping that step and then judging whether it likes what it gets
- This ensures that while individual board members' opinions matter, they matter only as part of the deliberation of the board as a whole in choosing criteria



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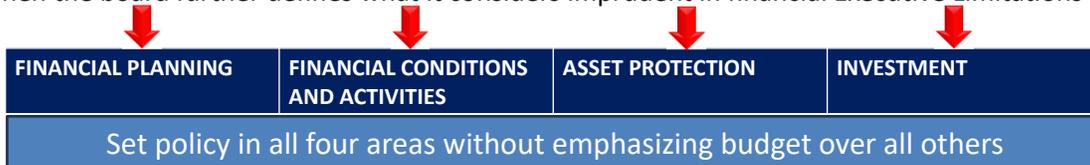
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How the Board States What It Wants Avoided

Start at the broadest level board states its definition of unauthorized operational means

“The CEO shall not cause or allow any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.”

Then the board further defines what it considers imprudent in financial Executive Limitations



Board deliberates its values about prudence in each policy area, taking whatever input it needs to examine and clarify those values, and decides not what decisions and actions *should* occur BUT what decisions and actions *should not* occur



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Boards and Budgets

- Time honored tradition for boards to examine budgets, sometimes line by line, prior to approving them
- No budget is ‘perfect’ it is always adjusted
- It is the principles and values underlying the number which are important and not the numbers in and of themselves.



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WHAT THE BOARD HAS ALREADY SAID ABOUT THE BUDGET

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What would make budget unacceptable?

If it deviates from Board's Ends priorities, risks fiscal jeopardy, or not derived from a multi-year strategy.	Using either an internal monitoring report or direct inspect to assess: Is there verifiable (source, date) evidence of a reasonable interpretation of each policy criteria
If it risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."	
If budget is derived from actions which would jeopardize federal and state funding	
If budget projects cost overruns on capital projects	
If budget projects use of Capital Reserve funds	
If budget projects tax revenue not aligned with tax rates assessed by the Authority	
If budget projects revenues from acquisition, mortgaging or sale of real estate	
If budget projects revenues from acquisition, mortgaging or sale of real estate	
If budget projects revenue from passenger fares which are not based on board-approved rates	

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What would make budget unacceptable?

If it deviates from Board's Ends priorities, risks fiscal jeopardy, or not derived from a multi-year strategy.

If the budget based on business decisions not aligned with comprehensive, strategic context that illustrates progress towards Ends

If budget does not disclose the assumptions on which budget was planned

If the budget omits credible projection of revenues and expenses

If the budget does not separate capital and operational items

If the budget does not provide cash flow

If the budget projects year end deficit

If the budget is unclear about long-term funding needs and growth projections

If the budget does not provide for maintenance of adequate reserve levels

If the budget does not provide for Board-approved prerogatives

If the budget projects incurrence of debt to fund operational activities

If the budget projects actions which create unfunded future liabilities

Using either an internal monitoring report or direct inspect to assess:

Is there verifiable (source, date) evidence of a reasonable interpretation of each policy criteria

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Monitoring Financial Planning

If monitoring demonstrates that the budget is in compliance with all of the applicable board policy criteria... there is no reason for the board not to approve the budget



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Yes BUT...

State law requires the board approve the budget



- Monitoring demonstrates budget complies with applicable board policy criteria – there is no reason for the board not to approve the budget
- External authority board to “approve the budget”
- Use Required Approvals Agenda (handout)



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15

Boundary Setting is Sound Financial Governance



1. Board exercises financial stewardship by translating values into boundaries and rigorously monitoring for compliance.
2. Board clarifies its values about
 - financial conditions and activities
 - financial planning
 - asset protection
 - Investmentsand sets boundaries in descending levels of detail
3. Clearly defining what is unacceptable allows CEO to understand the range of authority.



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Closing



- Learning?
- Insight?
- Questions?
- What next?



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FY2024 Budget Preview

Meeting: Board of Directors Meeting

Meeting Date: July 20, 2023

INFORMATION TYPE:
Decision Preparation
RECOMMENDED ACTION(S):
Receive for information a preliminary preview of the operating and capital budget for FY2024.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO." Executive Limitation: Policy 2.4 Financial Planning/Budgeting
ISSUE SUMMARY:
This issue brief presents a preview of a preliminary version of the FY2024 budget. A formal first draft will be presented to the Board in August. The preview budget is balanced, which means that revenues are sufficient to cover expenses without deficits during the fiscal year. Preliminary discussions in July and August will help ensure support for the recommended budget, which is to be presented for Board adoption in September.
BACKGROUND:
AAATA staff developed this preview FY2024 operating and capital budget that furthers Board Ends within Executive Limitations and provides multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and will be held at the August 17 th Board meeting. Final approval will be sought in September.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7. Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy. Governance: The Board is responsible to approve the annual budget (Policy 3.2.7)
ATTACHMENTS:
<ol style="list-style-type: none"> 1. FY2024 Budget Preview 2. FY2024 Budget Timeline

Attachment 1: FY2024 Budget Preview

Introduction

The FY2024 Operating and Capital Budget (the Budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

The Board's Ends are what the organization is committed to achieving. Executive Limitations are the operational and risk boundaries provided to the CEO, within which staff methods, decisions, and activities can be responsibly left to professional staff to lead and manage.

The Corporate Business Plan (the Business Plan) clarifies the strategic goals (Ends policies) and outlines how it will achieve them within a 5-year operating plan and a 10-year capital plan. The operating workplan is shorter to allow a detailed focus on day-to-day operational aspects and more specifically new service improvements.

Aligned with the Business Plan, the Budget provides funding to maintain transportation services to the communities we serve and provides for expansion of services, execution of the Long-Range Plan and continuous process improvement. A large majority of funding in the Budget is for maintaining services, with additional funding to support implementation of the Long-Range Plan and continuous process improvement.

The Budget is a balanced budget that provides a plan for execution of the Board's Ends and the organization's highest priorities. Development of the Budget also considers impacts of economic and industry conditions and the impact on financial and operational plans. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and a five-year projection. The Budget will also support the priorities and initiatives represented in the Business Plan.

This presentation of the FY2024 Budget Preview (the Budget Preview) illustrates initial assumptions of revenues and expenses needed to maintain current service levels (a base budget). The Budget Preview does not include funding for new initiatives as decisions about priorities are still being evaluated. Approved initiatives will be recommended in the context of organizational priorities, available resources, and in the context of the Business Plan, as determined by staff evaluation and in consideration of Board discussions. Additional initiatives may be incorporated into the next draft of the budget, as funding allows.

The Budget Preview assumes that federal pandemic relief funds will be used to the full extent possible for eligible expenses. As presented in previous projections, pandemic relief funds will be exhausted by the second quarter of FY2024, resulting in a significant decrease in that revenue line in the budget.

Additionally, the Budget Preview includes approximately \$2 million of additional expenses for preparation and initial startup costs for the expansion of services approved in the FY2024 millage, which are expected to begin in August of 2024. Part of the additional expenses include beginning the Washtenaw Express service earlier than planned, which will be funded by the discretionary grant received for that service for two years. Another portion of the increase is the requirement to add operations staff to be prepared to begin service in August, and the actual

service to run in August and September 2024. The latter does not have a funding source until the millage funding arrives, which will not be available until October 1, 2024 (FY2025). As a result, the Budget Preview assumes the use of additional Federal Operating Assistance for operations through the end of FY2024. This approach is still under review and may be adjusted through the budget development period this summer.

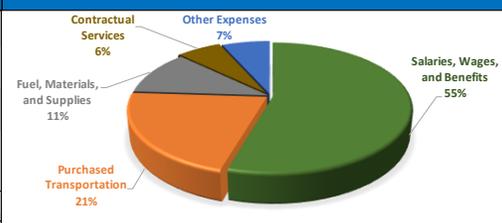
In summary, the Budget Preview provides reasonably conservative assumptions to maintain current services and incorporates funding for service expansions approved by voters on August 2, 2022. Updated assumptions and funding for additional initiatives will be incorporated as the budget process continues. The budget will be updated as staff recommendations are finalized, and information will be provided to the Board in accordance with the budget timeline. The FY2024 Draft Budget presented in August will incorporate all these elements comprehensively and be shared in the context of future projections. The outlook for the budget is stable, and is supported by the existing millage, in place until 2023, as well as the use of federal funds to provide critical transportation services and expand services.

FY2024 Operating Budget Preview

The emerging operating budget is balanced for FY2024. The Budget Preview expenses and revenues are presented below and compared to the approved FY2023 Budget.

Figure 3: FY2024 Operating and Capital Expenses

	FY2023	FY2024	Change	
			\$	%
Operating Expenses				
Salaries, Wages, and Benefits	\$ 30,371,269	\$ 33,041,055	\$ 2,669,786	8.8%
Purchased Transportation	12,326,918	13,025,476	698,558	5.7%
Fuel, Materials, and Supplies	6,242,723	6,765,969	523,246	8.4%
Contractual Services	3,504,382	3,738,576	234,194	6.7%
Other Expenses	3,537,846	4,035,406	497,560	14.1%
Total Operating Expenses	\$ 55,983,138	\$ 60,606,482	\$ 4,623,344	8.3%
Capital Expenses				
State of Good Repair	\$ 14,946,000	\$ 12,105,000	\$ (2,841,000)	-19.0%
Value Added	830,000	1,000,000	170,000	20.5%
Expansion/R&D	1,410,000	3,362,000	1,952,000	138.4%
Total Capital Expenses	\$ 17,186,000	\$ 16,467,000	\$ (719,000)	-4.2%
Total Expenses	\$ 73,169,138	\$ 77,073,482	\$ 3,904,344	5.3%



Expense Assumptions

Operating expenses are budgeted at **\$60,606,482**, 8.3% higher than FY2023. Key expense assumptions are as follows:

- The budget assumes that fixed route services will be maintained as planned in the previous year with expansions of services phasing in throughout the year. Expenses related to the Washtenaw express bus expansion are phased into the budget beginning in the second quarter of the fiscal year. Expenses for the additional expansion of services beginning in August 2024 are phased into the budget beginning in the third quarter of the fiscal year.
- Salaries, wages, and benefits include contractual pay rate increases for bargaining unit employees and a projected 3.0% annual increase for non-union employees (still under review). Fringe benefits rates are consistent with prior years, as no major program

changes have been implemented. Benefits expenses are increasing by 8.9% due to increased budgeted salaries due to planned increases in overall staffing levels and supported by the approved millage. The total number of budgeted full-time employees increases from 298 in FY2023 to 333 in FY2024 due primarily to staff needed to provide the new service expansions. Additional information regarding staffing levels, phasing in of staff for expanded services and the impacts on salaries, wages and benefits assumptions will be provided during the presentation at the next Board meeting.

- Purchased transportation expenses are 5.7% higher than FY2023. Inflationary impacts on contracted rates account for 3.8% and the new expansion of services account for 1.9% of the increase. FY2024 will be the final contract year for the current service provider for NightRide, FlexRide and GoldRide services. We are currently reviewing a request by the service provider to increase rates for the final year of the contract due to inflationary pressures. No decisions have been made and the budget preview assumes rates under the current contract agreement. This is an emergent issue that will be followed throughout the budget process, but the overall risk to the budget is expected to be manageable.
- Fuel, materials, and supplies are 8.4% higher than FY2023. The main driver is increased cost of repair parts, which is currently estimated to increase by \$548k compared to budget, however the FY2023 budget is less than current year projections as we may have under-estimate the inflationary impacts of parts for this year. This assumption is still under review and may be adjusted in future drafts of the budget. Also, Diesel and Gasoline is expected to be \$287k lower than last year's budget, partially offsetting various other small increases. The FY2023 budget was developed during a time of high fuel prices. Fuel prices have come down and stabilized during 2023, resulting in savings.
- Contracted services are 6.7% higher than FY2023 primarily due to increased contracted maintenance service for vehicles. Large repairs are required to be outsourced due to staff shortages with mechanics.
- Other expenses budgets currently anticipate a 14.1% increase, mainly due to higher insurance premiums. This assumption will be reviewed as we are in the process of renewing our insurance policies. This assumption will be updated in the August draft of the budget and more information will be discussed once the renewals are finalized.
- Capital Expenses are still under significant review. The budget preview assumes a significant increase in bus prices (included in the state of good repair budget) as our current bus supplier has announced they are pulling out of the U.S. market, and we will likely be exposed to market risk for bus costs on our next bus purchase. More information will be provided on this topic throughout the budget process.

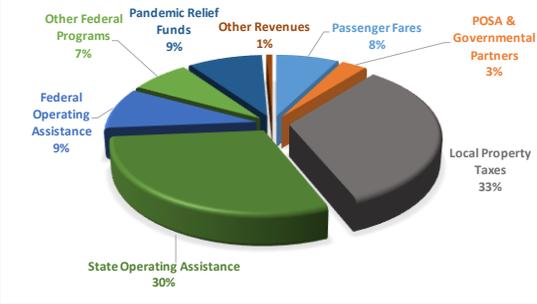
The state of good repair budget is currently projected to decrease due to the planned completion of the roofing and HVAC project that was budgeted in FY2023. However, that project will likely not be completed this fiscal year. Initial proposals for the project were higher than expected due to inflation of labor and materials costs. The project scope and costs are under review. After further evaluation and timing considerations, we will likely be moving that project into FY2024 with updated cost estimates, which would increase the state of good repair expenses significantly in the next draft of the budget.

Expansion projects in the capital budget are included as projected from last year and are consistent with the long-range plan. The timing of these projects are still being evaluated and any changes will be included in the next draft of the budget.

Figure 4: FY2024 Operating and Capital Revenues

FY2024 Budgeted Revenues (with FY2023 Comparison)

	FY2023	FY2024	Change	
			\$	%
Operating Revenues				
Passenger Fares	\$ 4,085,548	\$ 4,617,913	\$ 532,365	13.0%
POSA & Governmental Partners	1,905,957	1,893,365	(12,592)	-0.7%
Local Property Taxes	19,070,301	20,022,123	951,822	5.0%
State Operating Assistance	17,443,827	18,132,197	688,370	3.9%
Federal Operating Assistance	3,000,000	5,565,077	2,565,077	85.5%
Other Federal Programs	4,201,180	4,427,100	225,920	5.4%
Pandemic Relief Funds	17,277,770	5,508,448	(11,769,322)	-68.1%
Other Revenues	524,279	440,259	(84,020)	-16.0%
Total Operating Revenues	\$ 67,508,862	\$ 60,606,482	\$ (6,902,380)	-10.2%
Capital Revenues				
Federal Contribution	\$13,249,000	\$ 12,514,000	\$ (735,000)	-5.5%
State Contribution	3,612,000	3,628,000	16,000	0.4%
Local Contribution	25,000	25,000	-	0.0%
Federal Earmark	300,000	300,000	-	0.0%
Total Capital Revenues	\$ 17,186,000	\$ 16,467,000	\$ (719,000)	-4.2%
Total Revenues	\$ 84,694,862	\$ 77,073,482	\$ (7,621,380)	-9.0%



Revenue Assumptions

Operating revenues are budgeted at **\$66,606,482** a reduction of 10.2% from the FY2023 budget year. Key revenue assumptions are:

- Passenger fare revenue is increasing by \$532k, driven by current ridership projections, primarily in Fixed Route service. Fixed Route ridership is expected to increase in FY2024 from FY2023 actual ridership and be consistent with last year’s projection. Ridership is continuously increasing year over year and progressively returning to pre-pandemic levels. Total ridership is anticipated to be approximately 76% of pre-pandemic levels and there is an additional slight increase in ridership of 0.7% due to the start-up of expanded services.
- Local property tax collections are expected to increase by approximately 5.0%, which is based on the increase in assessed property values from FY2022 to FY2023. Impacts from the approved millage increases will be realized in FY2025.
- State Operating Assistance revenue is expected to increase by 3.9% due to the increase in eligible operating expenses. Although there has been some discussion of additional state funding for transit, the budget preview does not assume increases associated with that as that has not been approved by the state. The topic will be followed, and additional information will be provided throughout the budget process as it becomes available.
- Federal Operating Assistance is increasing by 85.5% due to the current assumption that Federal Formula Funds may be used to supplement operations while expanded services are phased in throughout FY2024. Additional property taxes generated by increased millage rates approved in August 2022 will fund the expansion of services, but the initial start-up for the services will occur before funds are realized. The additional funds will be received in late summer 2024, but expenses will be incurred before that as the agency

hires staff and begins additional service. As mentioned in the introduction, this funding approach is still under review and may be adjusted through the budget development period this summer.

- As planned, the use of Pandemic Relief Funds for operating assistance in FY2024 is expected to be approximately \$5.5 million, and the funds will be completely utilized. As a result, the use of these funds decreases from prior year by \$11.7 million and there will be no surplus generated this fiscal year.

Contingent Budgets

There is still a fair amount of uncertainty regarding revenues and expenses, particularly the impact of expense assumptions due to inflationary factors, impacts of workforce challenges, and impacts of state and local funding. The FY2024 Budget proposal is likely to change before a recommended budget is presented to the Board for adoption. The following revenues and expenses are likely to change:

- Fare and contract revenues may vary based as ridership projections are updated.
- Property tax collections could be higher or lower than anticipated.
- State operating and capital contributions will depend upon the state's budget adoption, which isn't likely to occur before early September.
- Fuel, materials, and supplies cost assumptions may be adjusted based on impacts of inflation.
- Purchased transportation costs may vary depending on the negotiation of the NightRide, FlexRide and GoldRide contract.
- Additional expenses may be added to accommodate Corporate Business Plan initiatives.
- Phasing in of service expansions will continue to be reviewed and will likely result in changes to expenses, primarily affecting staff salaries, wages, and benefits.
- Revenue assumptions for Federal Operating Assistance and Pandemic Relief Funds may be adjusted based on changes in expenses and further evaluation of the funding strategy for service expansions prior to receiving additional property tax revenues. The approved millage for those services will be levied in FY2024 but will not be available until FY2025 (beginning October 1, 2024).
- The Capital Plan is still being evaluated and it is expected that some significant updates will be made throughout the process.

Budgets to be presented during the budget cycle will represent the staff's best attempts to make financial projections using the economic inputs available to us from our industry, local, state, and federal leaders. Additional information to be provided throughout the budget process will include additional context of multi-year projections, cash flows, capital reserve projections and alignment with the Business Plan and the Board's Ends.

Figure 5 below provides a preview of the Budget at this initial stage of the development process.

Figure 5: FY2024 Budget Comparison (Prior Year Actuals and Current Year Projected)

**TheRide
FY2024 Operating Budget**

	FY2022	FY2023	FY2024	Budget Variance	
	Actual	Budget	Budget	\$	%
OPERATING REVENUES					
Passenger Revenue	\$ 2,993,557	\$ 4,085,548	\$ 4,617,913	\$ 532,365	13.0%
Local Property Tax Revenue	19,272,242	19,070,301	20,022,123	951,822	5.0%
POSA & Other Governmental Partners	1,272,546	1,905,957	1,893,365	(12,592)	-0.7%
State Operating Assistance	17,237,135	17,443,827	18,132,197	688,370	3.9%
Federal Operating Assistance	2,108,116	3,000,000	5,565,077	2,565,077	85.5%
Other Federal Programs	1,654,998	4,201,180	4,427,100	225,920	5.4%
Pandemic Relief Funds	18,398,909	17,277,770	5,508,448	(11,769,322)	-68.1%
Advertising, Interest, and Other	280,825	524,279	440,259	(84,020)	-16.0%
TOTAL REVENUES	\$ 63,218,328	\$ 67,508,862	\$ 60,606,482	\$ (6,902,380)	-10.2%
OPERATING EXPENSES					
Salaries, Wages and Benefits	\$ 27,640,700	\$ 30,371,269	\$ 33,041,055	\$ 2,669,786	8.8%
Purchased Transportation	11,099,116	12,326,918	13,025,476	698,558	5.7%
Diesel Fuel and Gasoline	2,860,719	3,480,000	3,192,822	(287,178)	-8.3%
Materials and Supplies	2,561,138	2,762,723	3,573,147	810,424	29.3%
Contracted Services	3,560,392	3,504,382	3,738,576	234,194	6.7%
Utilities	671,415	661,056	713,890	52,834	8.0%
Casualty & Liability Insurance	1,483,929	1,560,000	1,827,000	267,000	17.1%
Other Expenses	468,908	1,316,790	1,494,516	177,726	13.5%
TOTAL EXPENSES	\$ 50,346,317	\$ 55,983,138	\$ 60,606,482	\$ 4,623,344	8.3%
SURPLUS (DEFICIT)	\$ 12,872,011	\$ 11,525,724	\$ -	\$ (11,525,724)	-100.0%
Operating Reserve Transfer	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Reserve Transfer	(12,872,011)	(11,525,724)	-	11,525,724	-100.0%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ -	

FY2024 Capital Budget Preview

Figure 4: FY2024 Capital Budget

\$16,467,000 in capital projects are budgeted for the following capital budget categories:

CAPITAL PROJECTS	FY2024 Budget	FY2024-FY2032 Program
State of Good Repair	\$12,105,000	\$98,925,294
Value Added	\$1,000,000	\$22,737,639
Research & Development	\$25,000	\$200,750
Expansion	\$3,337,000	\$203,253,740
TOTAL EXPENSES	\$16,467,000	\$325,117,423
FUNDING SOURCES	FY2024 Budget	FY2024-FY2032 Program
State & Federal Grants	\$16,142,000	\$169,438,915
Federal Earmark	\$300,000	\$0
Local Capital Reserve	\$25,000	\$32,796,491
Unidentified Funding	\$0	\$122,882,017
TOTAL REVENUE	\$16,467,000	\$325,117,423
UNIDENTIFIED FUNDING PORTION	FY2024 Budget	FY2024-FY2032 Program
Unidentified Funding %	0%	38%

State of Good Repair:

- Vehicles: Includes \$8.2 million to replace 10 large buses, 4 cutaway buses and 3 non-revenue vehicles according to the fleet replacement plan.
- Equipment: \$435,000 for capital bus components and maintenance equipment.
- Existing Facilities: \$3.5 million for FY2024 projects including general facilities maintenance, lighting improvements (LED), and interior facilities improvements.

Value Added:

- Bus Stop Improvements: \$350,000
- Bus Lane Improvements and Other Transit Priorities: \$500,000
- Technology Upgrades: \$150,000

Expansion Projects (as approved in the Long-Range Plan):

- Ypsilanti Transit Center: \$1,965,000 million for the planning and design of the YTC and the potential for land acquisition if approval is requested and granted from the Board (timing still under review by staff and to be determined).
- Bus Maintenance and Storage Facility: \$350,000 to begin planning and design.
- Bus Rapid Transit: \$350,000 to begin planning and design.
- Information Technology: \$530,000 for customer experience technology, first and last mile solutions and operational innovations.

DRAFT

CEO Report

Meeting: Board of Directors

Meeting Date: July 20, 2023

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

YPSILANTI TRANSIT CENTER STAFFING BEGIN AUGUST 1

All updates to the Ypsilanti Transit Center for Call-Taker space have been completed. Call-Takers will begin working at the Ypsilanti Transit Center on August 1, which is earlier than the original anticipated start date of September 1. TheRide will be hosting a table event on August 1 during peak hours to celebrate this occasion.

YPSILANTI TRANSIT CENTER PLANNING

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 has completed the evaluation of the technical proposals and is now in the process to review the price proposal. The procurement process, including negotiating costs, modifications to the plan of work, and contract negotiations, could take another month 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.

BUS PROPULSION

Staff will be visiting U of M and DDOT in July for Peer-to-Peer Development. Staff continues to work on this study and an updated recommendation on Propulsion Technology will be available later this year.

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.

MDOT WASHTENAW AVENUE and US-23 STUDIES

MDOT conducted their second-round public input sessions from June 26 to July 10, 2023, related to their study for Washtenaw Ave from Ypsilanti to the border with Ann Arbor. Various alternatives are being presented for public feedback.

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

OPERATIONAL UPDATES

NOVA BUSES

Nova Bus recently announced their decision to end bus production in the US by 2025. Sales of parts and service support will continue. TheRide is working to determine next steps. TheRide does not anticipate any service disruption because of this and are working on a transition plan accordingly.

SAFETY UPDATES

The Safety Team recently concluded additional active shooter training sessions with evening staff in the Service Crew and Fleet teams. In addition, the Safety Team has been testing our fall protection equipment.

STAFFING UPDATES

We welcome new employees in Fleet and Facilities Maintenance. Recruitment is moving forward with another full-time class of Motor Coach Operators (MCOs), a class of part-time MCOs, fleet maintenance technicians and a facilities technician. TheRide is working with recruitment firms for the Manager of Public Affairs and Engagement and an Executive Administrative Assistant.

EMPLOYEE ENGAGEMENT

Communication to employees regarding the employee survey has begun, and additional focus group sessions are being scheduled to continue to leverage opportunities to hear from employees. Department heads are working to align department activities and plans with the corporate Business Plan, and ultimately the Board's policies.

SENIORS TRANSPORTATION COMMUNITY DISCUSSIONS

Recently the Washtenaw Health Initiative Healthy Aging Collaborative hosted a summit on seniors' transportation in Washtenaw County. There was good attendance on the subject of improving mobility for seniors, and the potential to expand public transit. They have issued a summary report and call for action that can be found at the Washtenaw Health Initiative [website <https://washtenawhealthinitiative.org/wp-content/uploads/2023/07/WHI-Senior-Transportation-Summit_Final-Report_6.22.2376.pdf>](https://washtenawhealthinitiative.org/wp-content/uploads/2023/07/WHI-Senior-Transportation-Summit_Final-Report_6.22.2376.pdf).

LOCAL ADVISORY COMMITTEE (LAC)

The Local Advisory Committee met virtually in June. A report on TheRide's Board of Directors was given by Board Chair, Kathleen Mozak. Staff also provided updates regarding the preparation for Information Specialists to begin working at the Ypsilanti Transit Center.

TRANSPORTATION COMMISSION (ANN ARBOR)

Items discussed at this month's Transportation Commission were: 1) A review and final confirmation of a traffic calming plan for Granger St (Forest St to Olivia St). The plan was passed along to City Council for approval. AAATA does not operate service on these streets. 2)

An update on the City's acceptance of a federal Safe Streets for All grant. The grant monies will fund a citywide speed management study, an evaluation using traffic cameras of "near-misses" of pedestrians in car accidents without fatalities in the city, and "quick builds" of traffic calming elements at several intersections throughout the city. 3) A presentation on the City's new Driving Equality Ordinance. Under this law, Ann Arbor police officers are prohibited from stopping and detaining drivers for a list of secondary infractions such as broken taillights, registration issues, loud engine exhaust, etc. 4) a presentation from the Ann Arbor Treeline Conservancy on The Treeline, a proposed urban pedestrian/biking trail running through Ann Arbor's downtown area roughly along the Ann Arbor Railroad's corridor. The Conservancy has been working to develop a finalized corridor alignment plan after an alternatives analysis, and now must work to secure sources of funding for further engineering design and implementation.

STATE STREET

Staff are working with DDA staff to correct pavements striping at the State Street/Williams Street intersection in downtown Ann Arbor. Recently the intersection had become impassible due to uncontrolled car traffic. Hopefully this will allow AAATA buses to return to normal routing once unrelated construction detours are concluded.

WATS POLICY COMMITTEE UPDATE

At the June meeting the Committee transacted routine business including approving modifications and amendments to the Transportation Improvement Program (TIP), approving the annual audit, quarterly financial statements, the annual administrative budget, and Long-Range Plan goals and performance measures.