

Board of Director's Meeting Agenda

Meeting Date/Time: September 21, 2023 - 6:30 – 9:00pm

Members: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, 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		
1.4 Officer Elections	O		
2. CONSENT AGENDA			
2.1 Board Meeting Minutes August 17, 2023	D		3
2.2 Committee Meeting Summaries	D		9
3. OWNERSHIP LINKAGE			
3.1 Open Dialogue Task Force Updates	O	Chang	Verbal
4. MONITORING			
5. POLICY			
5.1 Budget Approval		Carpenter	16
5.1.1 Financial Planning & Budgeting Monitoring (2.4)	M	Reed	17
5.1.2 Fare Policy Monitoring (2.5.12)	M	Reed	37
5.1.3 FY2024 Operating and Capital Budget (Decision)	D	Reed	51
6. BOARD EDUCATION/DISCUSSION			
7. OPERATIONAL UPDATES			
7.1 Title VI Update	D	Yang	57
7.2 Q3 Service Report	O	Brooks	69
7.3 Construction Grant Authorization Discussion (Policy 2.10)	D	Carpenter	76
7.4 CEO Report	O	Carpenter	80
8. EMERGENT ITEMS			
9. CLOSING ITEMS			
9.1 Action Item Recap	O	Carpenter / Holt	
9.2 Topics for Next Meetings Compensation & Benefits (2.3) Construction (2.10) Zero-Emissions Bus CEO Recommendation		Thursday, October 19, 2023	
9.3 Public Comment	O		
9.4 Adjournment			

Pg 83 PPT

* 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: August 17, 2023 - 6:30 – 9:00pm

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

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

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

Agenda Item

1. OPENING ITEMS

1.1 Approve Agenda

Chairwoman Mozak shared one update to the agenda - Mr. Allemang had requested agenda item 6.2 (Asset Protection) be included with item 5.1 (Monitoring Task Force Update) as the two topics were aligned. No other changes were noted.

Mr. Miller motioned to approve the updated agenda, seconded by Ms. Sims.

All in favor of approving the updated agenda:

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

The approval of the updated agenda passed unanimously

1.2 Public Comment

Robert Pawlowski commented positively on the Title VI public feedback opportunities and current work being done at the organization to gather customer feedback in person for those who don't have digital accessibility.

1.3 General Announcements

Chairwoman Mozak reminded Board member's that additional volunteer participation is needed for the Governance Procurement Task Force and the yearly officer elections will be held during the September Board meeting. She also shared an update that stemmed from the July Board meeting when Ms. Reed presented a revised table for policy 2.5.5.1 showing compliance. There was a procedural question as to whether a vote was necessary to approve the update. After some discussion on if a vote was necessary, the Board concluded it was, and did, vote to approve the revised table. In researching past practices of receiving requested policy it was discovered that these updates were housed under the Consent Agenda for vote. Voting on the updated policy information was the correct procedure.

2. CONSENT AGENDA

2.1 Board Meeting Minutes July 20, 2023

2.2 Committee Meeting Summaries

Chairwoman Mozak noted to the board that a revised version of the Governance Committee notes had been added to the Consent Agenda.

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

All in favor of approving the Consent Agenda:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. 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 Open Dialogue Task Force Updates

Chairwoman Mozak provided an update sent by Mr. Chang (not in attendance): the ODTF had a successful meeting with Mayor Taylor and following a debrief meeting, the role of advocacy within the board was discussed. ODTF plans to continue email discussions with Mayor Taylor regarding further outreach with him and city council members. The task force will next be planning a meeting with Mayor Brown (Ypsilanti).

Chairwoman Mozak added that the role of advocacy will be added as a discussion topic in December as a part of the yearly Board plan of work.

5. MONITORING

5.1 Monitoring Task Force Update

Mr. Allemang provided an update on the work of the Monitoring Task Force as they review policies that overlap or are redundant. They are currently examining Financial Conditions (policy 2.3) and Asset Protection (2.7.2 and 2.7.2.1) and have requested consultant Rose Mercier assist with further review. Also discussed was how board suggestions for policy wording/revisions will go before the Governance Committee for review before being introduced to the board for action. They will meet again in September.

5.2 Q3 Financial Report

Ms. Reed presented the Board the Q3 Financial Report, highlighting that revenues and expenses are trending close to budget along with projected surpluses. Federal operating assistance is under budget which aligns with the strategy of reducing reliance and only using the funds when in a position of need. \$8.6 million in federal pandemic relief funds are

remaining and will be utilized over the upcoming quarters. Reserves remain strong and the investment summary shows the utilization of investing in higher interest rate agency bonds and Treasury notes.

6. POLICY

6.1 Sustainability Policy

Mr. Barr shared that he and the Sustainability Policy committee had worked with consultant Rose Mercier to revise proposed language for a sustainability policy. He proposed to the board two options for consideration ([Board packet pg. 21](#)) along with suggestion of possibly removing Ends policy 1.2.2 which may be redundant. He and Ms. Pollay shared they support the 2nd policy option as it more clearly outlines ways to monitor the organization. Board members expressed support of the work of the committee, thoughts on how the policy might be measured for monitoring and discussion on how to vote for the suggested additions and whether to edit the Ends.

Mr. Barr motioned to adopt the proposed addition of Option #2 Environmental Sustainability (policy 2.11), seconded by Ms. Pollay.

All in favor of adopting the proposed addition of Option #2 Environmental Sustainability policy 2.11:

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

The motion to adopt Option #2 Environmental Sustainability (policy 2.11) passed unanimously.

Mr. Barr motioned to delete Ends policy 1.2.2 which now becomes redundant, seconded by Mr. Allen.

All in favor of deleting (now redundant) Ends policy 1.2.2:

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

The motion to delete Ends policy 1.2.2 passed unanimously.

Mr. Barr motioned adopt that the Service Committee will annually monitor Environmental Sustainability (policy 2.11) in March, seconded by Ms. Pollay.

All in favor adopting that the Service Committee will annually monitor Environmental Sustainability (policy 2.11) in March:

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

The motion to adopt that the Service Committee will annually monitor Environmental Sustainability (policy 2.11 in March passed unanimously.

Newly adopted policy 2.11, to be monitored by the Service Committee annually in March will be added to, and Ends policy 1.2.2 will be deleted from, the Board Policy Manual.

~~6.2 Asset Protection (2.7.2 and 2.7.2.1 Review)~~ Included with Agenda Item 5.1

7. BOARD EDUCATION/DISCUSSION

8. OPERATIONAL UPDATES

8.1 Business Plan Update / Discussion

Mr. Carpenter shared that several updates had been made to the Corporate Business Plan after discussion from the July Board meeting and Board suggestions / input surrounding the pursuit of increasing ridership. He noted several changes that had been made in the updated version ([Board packet, pg. 28](#)). Board members shared input they had provided to Mr. Carpenter and Ms. Reed and discussed how the organization might find other comparable communities to compare ridership. The Board does not need to approve the final version of the Corporate Business Plan as it is used as a tool for organizational priorities.

8.2 Draft Budget Presentation

Ms. Reed presented to the board the draft FY 2024 budget ([Board packet, pg. 129](#)). She started with an overview of the budget process, noting that there will be small details changed between this draft and the final budget, but no large changes expected. She stated that community input on the budget has been received through the website and after her presentation, the board will move into the required public hearing to allow for additional comments from the community.

In her draft FY2024 budget overview presentation, she showed that the organization will be operating at full-service levels, millage services will be accelerated, no fare changes are noted, the budget is balanced, and capital projects are funded.

Board members discussed staffing increases which are in preparation for service increases and plans for promoting ridership increases. They thanked Ms. Reed and her staff for their work on the draft budget and presentation and look forward to the final budget at the September Board meeting.

Ms. Pollay motioned to suspend the regular meeting and move to open the public hearing. Mr. Allemang seconded the motion.

8.2.1 Public Hearing Regarding Budget

Ravyn Kalfayan commented on recent discussions the organization had with the Ypsilanti Police Chief and whether there were plans for a police substation at the YTC as there were concerns within the community.

Mr. Carpenter addressed the comment and shared that no plans were in place for a police substation at the current YTC location or as a part of future plans for the new building.

Robert Pawlowski commented that he appreciated the work that had gone into the budget along with the acceleration of millage services through property tax revenue and local/state/federal funding.

Amber Fellows commented about the discussions with Ypsilanti Police Chief and her concerns that staff had discussed plans for a police substation at the YTC without the board knowledge or public input.

Diana Gonzalez commented that she is a lifelong public transit user and reiterated statements made by previous commenters regarding concerns about Ypsilanti PD having a substation at the YTC and encouraged public engagement.

Jim Mogensen commented that he would find the inclusion of purchase of service agreements in the budget appendix helpful. He shared concerns about the use of millage funding, large initiatives and funding risks. He thanked staff for their work on the draft budget presentation and noted the information was helpful.

Before closing the public hearing Mr. Carpenter and Chairwoman Mozak addressed public comments directed at the subject of the YTC and YPD. Staff and passenger safety is a priority and an ongoing subject of discussion for the best method of providing security, and both reiterated there were no plans for a police substation at the YTC.

Mr. Allemang motioned to close the public hearing and resume the board meeting. Mr. Barr seconded the motion.

8.3 Title VI Update

Mr. Yang shared that the Title VI program public engagement phase have completed after (2) in-person and (2) virtual meetings. Comments from the public were positive about services and the sessions provided the opportunity to educate the public on the Title VI program. Feedback is being summarized to send to a consultant with a plan of bringing a report to the Board for approval in September.

8.4 CEO Report

Mr. Carpenter highlighted several noteworthy items within his report – Community Relations completed a new Ride Guide and the Executive Team is working to bring forward a bus propulsion recommendation in October, the increase in D2A2 ridership. He also provided brief updates on the status of bus suppliers and the winding down of the Bike Share program.

Mr. Yang answered board questions about the status of a traffic signal priority system – his team is in the process of procuring a vendor to assist with development.

Mr. Miller noted that the YTC now has customer service representatives in the lobby and thanked staff for their work in redesigning the space to be more welcoming for riders.

9. EMERGENT ITEMS

No emergent items noted.

10. CLOSING ITEMS

10.1 Action Item Recap

Board Policy Manual will be updated to reflect recent approved updates, Final Budget will be presented in September, an additional board member is needed for the Governance Procurement Task Force, Board Elections will be in September and Ms. Reed's draft budget presentation will be emailed to the board and added to the online board packet. Also, any community members who are concerned about YTC/YPD are welcome to contact a board member or Mr. Carpenter for further conversation.

10.2 Topics for Next Meetings

Financial Planning & Budgeting (2.4)
Fare Policy (2.5.12)
Budget Presentation
Q3 Service Report
Board Officer Elections

10.3 Public Comment

Ravyn Kalfayan commented and thanked the board and staff for the feedback and looks forward to further discussion.

Amber Fellows commented and thanked the board and staff for their responses. Noted she would like to see further follow-up on the topic of YTC/YPD and looks forward to future communications with staff.

Jim Mogensen commented about an experience at the YTC with YPD. He also shared his concerns about BRT and upcoming MDOT construction along Washtenaw.

Diana Gonzalez commented and thanked the board and staff for listening to concerns and addressing them. She also shared her experiences using the Seattle/Olympia bus line.

Robert Pawlowski thanked Community Relations for their work on the Ride Guide and provided input on upcoming transportation projects that will expand services in the area. He also shared that he is on the CAC board, and they would welcome a board or staff participating/

10.4 Adjournment

Ms. Pollay motioned to adjourn the meeting, seconded by Mr. Barr.

All in favor of adjourning the meeting:

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

Chairwoman Mozak adjourned the meeting at 9:28 pm.

Respectfully submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: August 24, 2023 – 9:00-11:00am

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

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

Location: Hybrid at DGOC and REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 9:03am.

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>Chairwoman Mozak requested adding a discussion about CEO Compensation under Communications (Agenda 1.2). No other additions or changes were noted, and the agenda was approved.</p> <p>1.2 Communications</p> <p>Members discussed the role of the Governance Committee as related to the determination of CEO compensation – they discussed if it is a task of the committee or the Board. They determined they will move forward to make a recommendation to the full board regarding CEO compensation.</p>
2. BOARD DEVELOPMENT
<p>2.1 Task Force Coordination (Monitoring, ODTF, Procurement)</p> <p>ODTF had no new updates to report. The monitoring task force will not be meeting in September (due to budget work) but will be meeting in October and be wrapping up work. The legal procurement task force has finished work and a decision will be made in the coming weeks. The Governance procurement work will begin in October.</p> <p>2.2 Committee Agendas</p> <p>Mr. Miller approved the draft Service Committee agenda, with a change of item 3.3 YTC Security would be Carpenter/Miller and moved to 2.2 under Policy Monitoring & Development. Mr. Allemang approved the draft Finance Committee Agenda, with no noted changes. The Committee approved the draft Board Meeting agenda, with no noted changes.</p>

2.3 Board Meeting Locations

Alternative Board meeting locations continue to be investigated around the Ypsilanti area – several locations with direct bus routes and accessibility are being considered. Once there are viable options, the locations will be brought back to the committee for a decision.

3. POLICY MONITORING & DEVELOPMENT

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Recommended Budget

Ms. Reed provided updates on the budget process – a recommended budget is expected to be completed and for preview at the Finance Committee meeting before being shared w/ the full board at the September meeting. No major changes in expenses but small changes in estimated numbers. On the revenue side, she said she had been notified there would be a one-time funding increase in state operating assistance and that will be noted. She shared that the budget book will be updated/finalized for the Board meeting. Board members have continued to send her their budget questions which will be compiled and shared with the entire board prior to the September board meeting.

4.1.1 Cost of Governance / Board Budget

Ms. Reed shared a recommended Governance budget for the Board – expenses had decreased during the pandemic but are currently rising. Suggested increases are to accommodate expanding board education, Governance coaching and legislative development for board members. Committee members discussed transparency and that board expenses related to board meeting locations, etc. might be housed under the Governance budget. The Committee would like Ms. Reed to highlight the recommendations to the board during the budget presentation.

4.2 Title VI Update

Mr. Yang provided an update on the Title VI process – a summary of public engagement input has been summarized and sent to a consultant. A Title VI program recommendation report from the consultant will be shared at the committee level prior and then shared with the board.

4.3 PTASP Update

Mr. Carpenter provided a brief update on the status of PTASP.

4.4 YTC Security

Mr. Carpenter provided an update regarding security at the YTC. The committee discussed exploring alternative methods of security for the transit centers that more holistically meet community safety needs. The committee also discussed reviewing safety/security Governance policies.

4.5 Legal Matter

Attorney Mel Muskovitz held a closed session with the Governance Committee to discuss a legal matter.

5. CLOSING ITEMS

5.1 Action Item Recap

Alternative meeting locations continue to be investigated, Ms. Reed will be including Governance Committee recommendations for Governance Budget with the budget, YTC security discussions will continue.

5.2 Topics for Next Meeting

CEO Expense Report
Alternative Meeting Locations
YTC Security

5.3 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 11:37 am.

Respectfully Submitted by Deborah Holt

DRAFT

Service Committee Meeting Notes

Meeting Date/Time: September 5, 2023, 9:00-11:00am

Members: Jesse Miller (Chair), Simi Barr

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

Location: [REMOTE – Via Zoom](#)

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

Agenda Item
<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>Mr. Carpenter communicated to the committee upcoming planned time off in September.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Q3 Service Report</p> <p>Mr. Brooks shared an overview of the Q3 Service Report. Ridership continues to steadily increase and is now at 79% of pre-pandemic services – overall industry is trending at 70-75%. As had been requested, service denial data is now being included in the report and was discussed. The committee noted higher denials in the eastern service area and Mr. Brooks will look into why denials are higher in that area and sharing his findings in the future. Vendor contracts are also being reviewed to ensure that service expectations are included and clearly outlined.</p> <p>2.2 YTC Security</p> <p>Mr. Carpenter shared a brief follow-up regarding concerns about the presence of police at the YTC raised at the August Board meeting. Meetings have recently taken place with the Ypsilanti Police Chief and also a community organization to address safety concerns. Committee members discussed the range of security issues and potential responses to best address keeping staff and riders safe and not discriminated against. Committee members agreed to this was a topic for future board discussion and input – noting the September Board agenda will be focused on the FY2024 Budget.</p>
<p>3. STRATEGY & OPERATIONAL UPDATES: CEO</p> <p>3.1 Recommended Budget</p> <p>Ms. Reed shared a verbal update on the status of the finalization of the budget. She noted that there have been only slight changes from the draft shared in August. One change is that the State is providing a one-year funding increase which will now be included in the revenue. The recommended budget will be presented to the Finance Committee for discussion and then shared with the board for the September meeting. Mr. Carpenter noted that a recommendation for Zero Emission Busses would be shared in October for a decision in 2024 – ZEB was not specifically outlined in budget but there are placeholders for it.</p>

3.2 Title VI Update

Mr. Yang provided a brief update on the Title VI process – the draft report is currently in progress and will be presented to the Board for approval in September. The next steps will be an equity analysis and public input.

4. CLOSING ITEMS

4.1 Action Item Recap

Mr. Brooks will be investigating / more insight into flex-ride service denials in the eastern service area. The YTC security discussion will continue.

4.2 Topics for Next Meeting

Construction (2.10)

4.3 Adjournment

Mr. Miller thanked the committee and staff and adjourned the meeting at 10:18 am.

Respectfully Submitted by Deborah Holt

DRAFT

Finance Committee Meeting Notes

Meeting Date/Time: September 12, 2023, 3:00 – 5:00pm

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

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

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:02pm

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No changes or additions were noted for the agenda.</p> <p>1.2 Communications</p> <p>No new communications.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Financial Planning & Budgeting (2.4)</p> <p>Ms. Reed presented an overview of the Financial Planning & Budgeting monitoring report with evidence that shows overall compliance for the report. She noted that the monitoring report was based on evidence provided on the draft budget that had been presented in August. Survey results from board members were positive.</p> <p>The committee has previously discussed reviewing/revising Policy 2.4 and the monitoring task force has noted they will discuss it at a future meeting. The committee agreed to recommend that the Board accepts the policy as (A) in Compliance.</p> <p>2.2 Fare Policy (2.5.12)</p> <p>Ms. Njuki and Ms. Reed presented an overview of the Fare Policy monitoring report noting compliance in all areas. The board survey showed agreement with compliance with a question of D2A2 fares – Ms. Njuki noted in response that the information provided was for fares the agency has control over. Ms. Reed also shared that going forward that clarifications could be made to the fare table. The committee agreed to recommend that the Board accepts the policy as (A) in Compliance.</p>
<p>3. STRATEGY AND OPERATIONAL UPDATES</p> <p>3.1 Recommended Budget</p> <p>Ms. Reed shared the recommended budget that will be presented to the board at the September board meeting. A summary of revisions was included in the report – she noted that any adjustments that had been made were minor and there had been no significant</p>

changes from the initial draft budget report. One such revision was that MDOT had recently communicated an increase to state operating assistance funding and the update was made within the budget.

She shared an update on bus procurement – projected pricing has been built into the capital plan even as a pricing contract for bus replacements has not been finalized. Committee members discussed the impact of Buy America federal requirements with suppliers.

Ms. Reed also shared the impact of increased services related to the millage – new staff are being hired ahead of those service increases and pandemic funds are being drawn down for staffing additions.

3.2 Title VI Update

Mr. Yang provided a brief update on the Title VI process – the final Title VI draft report is still in progress from the consultant and will not be ready for the September board meeting. The Public Input Policy and Equity Analysis policy will be brought before the board for approval. The next steps will be an equity analysis and public input. The final Title VI Program submission is due to the FTA in November.

4 CLOSING ITEMS

4.1 Action Item Recap

The budget book (and recommended budget) will be finalized and shared with the board packet, any Title VI feedback/comments can be sent to Mr. Yang.

4.2 Topics for Next Meeting

Compensation & Benefits (2.3)

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:45pm.

Respectfully Submitted by Deborah Holt

FY2024 Budget Approval Process

Board Meeting Date: September 21, 2023

INFORMATION TYPE:
Decision Preparation
ISSUE SUMMARY:
This issue brief provides an overview of the budget approval process for the September Board meeting.
BACKGROUND:
<p>Each year, staff prepare a recommended budget that advances the Board’s goals (Ends policies) and complies with the Board’s other expectations (Executive Limitations policies). Staff then present the budget to the Board for their consideration.</p> <p>TheRide’s Board of Directors follows a two-step process to approve the budget:</p> <ul style="list-style-type: none"> • In Step One the Board reviews and accepts Monitoring Reports from the CEO (per Policy Governance). This ensures that it is the whole Board giving direction to staff via written and approved policies, and that the CEO’s interpretation and evidence of compliance with those collective expectations is satisfactory. This ensures unity of delegation to staff, speaking with one voice, and accountability and transparency. There are two monitoring reports (budgeting and fares) and the Board must review and judge both. Should the Board accept the reports, it indicates that staff have met the Board’s expectations for the Budget. • In Step Two the Board members vote on accepting the Budget Resolution. This satisfies state law. The Board may accept the CEO’s recommended budget or amend the recommended budget. Per the Bylaws, 6 of the 9 serving members must vote to approve a budget (Sec 6 p. 3). <p>A budget must be adopted before October 1, 2023.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: The annual budget authorizes spending on all agency programs. By state law, the Board must approve a budget. • Social/Environmental: All services are funded through the budget. • Governance: Board approves the annual budget.

**Monitoring Report:
Financial Planning / Budgeting (Policy 2.4)
Monitoring Period:**

Finance Committee Meeting Review Date: September 12, 2023

Board of Directors Meeting Review Date: September 21, 2023

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.is making reasonable progress towards compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)
ISSUE SUMMARY
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies,</p>

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 September and was submitted in August.

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

8/29/2023

ATTACHMENTS

1. Monitoring report for Financial Planning / Budgeting (Policy 2.4)

Table of Contents

POLICY TITLE: FINANCIAL PLANNING / BUDGETING	Page#	Compliance
2.4 Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:		
2.4.1. Risks incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”		
2.4.2 Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.		
2.4.3 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.		
2.4.4 Is unclear about long-term funding needs and growth projections.		
2.4.5 Causes deficit spending.		
2.4.6 Does not provide for adequate reserves.		
2.4.7 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.		
2.4.8 Funds ongoing operations via debt or creates unfunded future obligations.		

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.4

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when there is compliance with all lower-level policies.

Rationale

This interpretation and degree of achievement is convincing because the board has fully interpreted this policy in lower level policies:

- A. Deviation from Board’s Ends priorities (2.4.2),
- B. Derived from strategic multi-year plan (2.4.2, 2.4.4, 2.4.7), and
- C. Risk fiscal jeopardy (2.4.1, 2.4.3, 2.4.5, 2.4.6, 2.4.7, 2.4.8).

Evidence

Source of Data: Compliance of lower-level policies

Date of Data Review: 8/29/2023 as verified by Chief Executive Officer

Data:

As demonstrated below, policies 2.4.1-2.4.8 are reported to be in compliance.

POLICY 2.4.1

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

Degree of Compliance: Compliant

Interpretation

Policy 2.5: *Financial Conditions and Activities* pertain to daily actions in managing the money *after a budget has been approved*. It is the monitoring report for policy 2.5 (not this one) that will assess the compliance with 2.5 in detail. I interpret that this policy and monitoring report are about elements in a recommended annual budget that could impact compliance with 2.5 in the future. Further, the Budget does not impact many elements of policy 2.5 directly, for example having policies and procedures, which are duties of staff. These issues will be addressed in the monitoring report for 2.5.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when:

1. Recommendations pertaining to decisions the Board has reserved for itself (i.e. authorization of unbudgeted contracts over \$250,000, use of the Capital Reserve, adjustments to tax rates or fares, real estate transactions, or creation of debt) are clearly noted.
2. The recommended budget includes resources to hire an independent auditor.

Rationale

- A. The Board has identified specific budget controls in policy 2.5. Ensuring these items are addressed in the budget maximizes compliance with 2.5.
- B. Policy 2.5.4 requires the CEO must not compromise the Board’s audit, so it is necessary to provide budgeted resources for an external auditor.

Evidence

Source of Data: Draft FY 2024 Operating and Capital Budget (the budget) and Corporate Business Plan FY2024 (the business plan)

Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration
Data:

- A. The following decisions reserved for the Board under Policy 2.5 are addressed in the budget as follows:
 - a. 2.5.6 Budgeted Contracts – Contracts over \$250,000 are illustrated on page 48.
 - b. 2.5.7 Capital Reserve Funds – There is no use of capital reserve funds in the budget.
 - c. 2.5.9 Tax Rates – There are no adjustments to tax rates affecting the budget.
 - d. 2.5.10 Real Estate Transactions – The capital budget includes a budget for acquiring land for the Ypsilanti Transit Center (page 39). In accordance with Policy 2.5.10, approval by the Board will be requested prior to purchase. Approval of the budget

allocates the financial resources to acquire the land but does not provide approval of the purchase.

e. 2.5.11 Debt – As indicated in the capital plan (pages 38-39)_there is no debt funding planned in the budget.

B. Auditing Fees – As indicated in Figure 14: Contractual Services Summary (page 31), auditing fees consistent with historical spending plus inflation are included in the budget.

POLICY 2.4.2

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

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that each draft annual budget (and the expenditures therein) must be informed by a multi-year strategic planning plan that illustrates how the agency will align its resources to make progress towards achieving the expectations set by the Board (policies).

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the CEO produces an annual Corporate Business Plan that together:

1. Uses the Board policies as the only goals/outcomes to be achieved. *All* efforts must be aligned towards these outcomes.
2. Provides a summation of the agency's current situation sufficient to establish a common understanding of the plan' starting point and key considerations.
3. Illustrate how activities (i.e. expenditures, initiatives, projects, Means, etc.) are A) aligned to meet the Board's Ends goals and/or advance compliance with Executive Limitations, and B) how staff, community and the Board participate to provide input on the activities before they are adopted in the budget for funding.
4. Provides a multi-year framework of 5 years for operational initiatives and 10 years for capital initiatives. Longer-term context can be provided, as necessary, in supplemental documents.

Rationale

This interpretation and degree of achievement is convincing because

- A. The Board's written policy expectations are the strategic goals the agency is to achieve (the What's and Why's). No strategic planning process can afford to be unclear about the outcomes it is trying to achieve. Each initiatives should be clearly advancing one Board policy or another.

- B. A summary of the agency's current situation establishes a common understanding of the starting point, clarifies background, provides situational awareness, and focuses on key issues.
- C. Being able to articulate how activities advance the Board's goals (i.e. How) is a central part of any planning exercise. Providing staff, board and the public an opportunity to review activities before they are funded ensures transparency of the organization's work before they are finalized/ funded. Otherwise, under Policy Governance Means are delegated to the CEO who is responsible for proposing/enacting the most appropriate approach.
- D. The 5 and 10 year timeframes are appropriate for the duration of the operating or capital activities anticipated and to illustrate progress towards goals. Longer timeframes (10-25 years) can be useful for long-range planning exercises. Shorter durations may not provide enough context. All business decisions are addressed, directly or indirectly, through the Business Plan and Budget documents. All expenditures are addressed in each annual budget.

Evidence

Source of Data: Corporate Business Plan, Draft FY 2024 Budget, TheRide2045 (long-range plan)

Date of Data Review: 8/24/2023 as verified by Corporate Strategy & Performance Officer

Data:

- A. The Board's Ends policies appear on page 3 of the Business Plan. All recommended initiatives are cross-referenced to illustrate which Board policy (Ends or Executive Limitation) they are intended to advance (pgs. 15-24).
- B. The Business Plan provides historical background on ridership trends (pg. 5-7) in part to focus attention on this key output. It also provides SWOT (pgs. 32-33), PESTLE (p. 34) and GAP (p35) analyses.
- C. The Business Plan provides a framework of cascading goals, objectives, and tactics to document alignment of activities with policy requirements (pgs. 8-14). The Business Plan provides an outline of key criteria staff use while vetting various Means (pgs. 36-37). It also provides project descriptions and references to which policies each initiative advances (pgs.15-24). Ways to provide input or feedback on the plan are provided (pgs. 2 & 32).
- D. The Business Plan (v10a) provides 5- and 10-year plans in Gantt charts on pages 19 and 24. TheRide2045 provides a longer, 22-year perspective to help guide long term infrastructure investments.

POLICY 2.4.3

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

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the annual draft budget includes transparent estimates of future revenues and costs sufficient to; contextualize elements of the budget, illustrate how agency resources will be used (i.e. alignment with policy goals), and how longer-term financial considerations influence pending decisions. Specifically, this will include:

1. Cost estimates of 5-year operating and 10-year capital expenses by category or project as appropriate,
2. Revenue estimates for 5-year operating and 10-year capital revenues,
3. Assumptions that are based on historic financial evidence, identified risks, and future circumstances.
4. Cash Flow projections (annually) for the current year and the next five years that are based on operating and capital budget.

Compliance will be further illustrated when there is an adopted long-term service plan that provides illustrative capital and operation cost estimates beyond a 10-year horizon.

Rationale

This interpretation and degree of achievement is convincing because:

- A. The budget and a long-term plan are the logical place to house financial projections,
- B. Transparent estimates and assumptions speak to credibility, and allow accountability and learning,
- C. 5-year operating projections are reasonable because longer-term estimates of operating costs add little value while a shorter horizon does not provide enough time to foresee potential shortfalls.
- D. 10-year capital estimates are reasonable because every project has a 5-15 year development timeline, coordinating multiple large projects requires a longer timeframe to foresee cashflow requirements and potential conflicts between projects, and the high costs make the agency dependent on outside funding that cannot be guaranteed. A shorter horizon will not provide enough time to address the above considerations and could create unrealistic expectations for most construction projects.
- E. Annual projections of Cash Flow illustrate the net budget position, and ability to meet expenses.

Evidence
<p>Source of Data: Draft FY 2024 Operating and Capital Budget (the budget)</p> <p>Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration</p> <p>Data:</p> <ul style="list-style-type: none"> A. Cost Estimates – Page 37 provides estimates of 5-year operating expenses by category and page 39 provides 10-year capital expenses by project. B. Revenue Estimates – Page 37 provides estimates of 5-year operating expenses by category and page 39 provides 10-year capital expenses by project. C. Assumptions – Pages 28 through 34 and 45 through 47 provide operating and capital budget assumptions, respectively. D. Cash Flow Projections – Page 42 provides cash flow for the current year and the next five years. Cash flow is based on operating and capital budget revenue and expense projections as presented in the budget.

<p>POLICY 2.4.4</p> <p>Is unclear about long-term funding needs and growth projections.</p>
--

<p>Degree of Compliance: Compliant</p>

Interpretation
<p><u>Measure/Standards & Level of Achievement</u></p> <p>Compliance with this policy will be demonstrated when the annual budget clearly outlines 5-10 year financial assumptions for:</p> <ul style="list-style-type: none"> 1. Maintaining operation of existing services, 2. Maintaining assets (per Board policy and FTA requirements), 3. Mitigating against foreseeable risk, 4. Implementing expansion plans (i.e. TheRide2045, the long-range plan), and 5. Changes in ridership (i.e. passenger demand). <p><u>Rationale</u></p> <p>This interpretation and degree of achievement is convincing because it accounts for the main elements of funding needs (Maintaining existing services and equipment, risk, expansion, growing demand).</p>

Evidence
<p>Source of Data: Draft FY 2024 Operating and Capital Budget (the budget)</p> <p>Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration</p> <p>Data:</p> <ul style="list-style-type: none"> 1. Page 10 of the budget states that the budget includes operating full service levels and funding for millage service expansions. Page 37 demonstrates that there is no reduction in

- funding for operations, and that there are increased levels of funding for expanded services through the projection period (6 additional years).
2. Page 39 of the budget demonstrates that there is funding for maintaining assets through capital funding in the “State of Good Repair” section for the projection period (10 years).
 3. The projections included on page 37 and 39 of the budgets include average annual inflationary increases of at least 3% per year. There are some exceptions, such as union salary and wage increases, which are based on the current bargaining unit contract in the first few years, and then 3% annually after expiration of the current contract. Additionally, some areas of the budget include additional inflationary adjustments based on historical trends that may be higher than 3%, such as different types of insurance costs.
 4. Expansion plans are included in the budget as follows:
 - a. Millage services to be implemented in FY2024 and through the projection period are described in the operating budget on pages 8 through 10. Increased funding to support initiatives are demonstrated in the budget and projections on page 37. Operating costs supporting the longer-term service changes, such as Bus Rapid Transit (BRT) are beyond the current millage cycle and are not included in the projections as funding has not been approved and will not be implemented until funding becomes available.
 - b. Longer term expansion plans are described in the capital plan on pages 11 through 12. Increased funding to support capital initiatives are provided in the capital budget and projections on page 39.
 5. Changes in ridership are described in the budget on pages 24 through 26.

POLICY 2.4.5
 Causes deficit spending.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement
 Compliance with this policy will be demonstrated when the draft annual budget demonstrates that:

1. Projected costs do not exceed reasonable forecasts of revenues,
2. Any unsecured revenue sources, such as aspirational or competitive capital grants, are clearly identified,
3. Operating and Capital reserves are maintained at appropriate levels, and
4. Maintenance is not deferred.

Rationale
 This narrow interpretation and degree of achievement is convincing because,

- A. While multi-year forecasts are included in the budget for context, the Board only approves one year of budget at a time. Projections of future deficits do not cause deficit spending. The CEO cannot recommend a budget that would cause immediate deficits. This is also

consistent with state law which says our annual budget must be balanced. Forecasting future deficits may be necessary to represent the agency's circumstances honestly and transparently.

- B. Stipulating the reserves must be maintained eliminates the option of drawing down those reserves to temporarily increase spending beyond what revenues could support longer-term.
- C. Stipulating that required maintenance be conducted eliminates the option of underfunding these important activities in order to temporarily increase spending beyond what revenues could support longer-term.

Evidence

Source of Data: Draft FY 2024 Operating and Capital Budget (the budget)

Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration
Data:

1. On page 35 of the budget, Figure 17 demonstrates that the FY2024 Operating Budget is balanced. On page 38 of the budget, Figure 18 demonstrates that the FY2024 Capital Budget is balanced.
2. On page 39 of the budget, Figure 21 shows anticipated funding sources for aspirational projects, including some projects that are unfunded later in the projection period.
3. On pages 42 through 43, descriptions of required operating and planned capital reserves are provided, along with multi-year projections demonstrating reserve requirements are met through the projection period. Additional compliance with operating reserve requirements are described on pages 21 through 22.
4. On page 30 of the budget explanations of additional funding for maintenance are described under fuel, materials and supplies expenses and contractual services in the operating budget. Also, fleet and facilities maintenance staff are fully funded in the operating budget, including additional staff needed to support additional service hours due to the millage services. As described on page 39, the capital plan also includes "State of Good Repair" funding for equipment and existing facilities. All operating and capital items are fully funded through the projection periods.

POLICY 2.4.6

Does not provide for adequate reserves.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget provides for:

1. An operating reserve with funding equivalent to at least 2.5 months of operating costs and intended to ensure continuity of agency operations the event that regular revenues are disrupted.
2. A Worker’s Compensation Insurance Reserve with at least \$500,000 is available to pay for claims costs beyond what is anticipated in the budget in any given fiscal year.
3. A Capital Reserve (of whatever amount is available) intended to help pay for the local match in competitive federal grant applications, or for other capital expenses.

Rationale

This interpretation and degree of achievement is convincing because:

- A. An **operating reserve** is prudent because it provides an easily-accessible amount of funding to ensure agency operations do not have to shut down in the event normal funding mechanisms were temporarily interrupted. Unpredictable circumstances beyond the agency’s control such as cyberattacks, federal government shutdowns or paperwork errors can disrupt normal cash flow and impact paychecks and fuel purchases. A reserve provide an emergency buffer against such interruptions.

The Government Finance Officers Association (GFOA) best practice recommends, *at a minimum*, that governments maintain at least two (2) months of regular operating expenditures in reserve. Given recent volatility, the CEO and CFO feel that a more conservative stance is warranted, and a target of 2.5 months is appropriate.

- B. The **Worker’s Compensation Insurance Reserve** is an important part of the agency’s approach to being self-insured, which is more cost-effective than paying high insurance premiums. The level of \$500,000 has been historically adequate.
- C. A **capital reserve** is useful to sequester one-time surplus funds to help provide the local match for competitive federal grants. Presently, the agency has a board-approved long-range plan with numerous capital projects. Several grants will be needed, making a capital reserve a prudent tool.

The adequacy of the amount of funding in the capital reserve is entirely dependent on available resources. Saving for future growth is the last priority after maintaining existing

assets and services. Presently, the agency does not have a permanent funding source for the capital reserve.

D. There are no other reserves.

Evidence

Source of Data: Draft FY 2024 Operating and Capital Budget (the budget)

Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration

Data:

1. Operating Reserves – As indicated on page 43, Figure 25 illustrates exceed the reserve through the projection period.
2. Worker’s Compensation Insurance Reserve – As illustrated on page 22, the reserve is fully funded. There is no additional funding needed as part of the FY2024 Budget.
3. Capital Reserve – As illustrated on page 43 of the budget, while there is no anticipated contribution to the Capital Reserve in FY2024, the CEO expects the reserve balance to its highest amount ever.

POLICY 2.4.7

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

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget incorporates the budget for Board activities adopted by the Governance Committee.

Rationale

This interpretation and degree of achievement is convincing because the Governance Committee has been delegated “primary responsibility” for Costs of Governance (3.7.1[f]).

Evidence

Source of Data: Draft FY 2024 Operating and Capital Budget (the budget)

Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration

Data:

Cost of Governance – As indicated on page 32 of the budget, per Board Policy 3.8.3, there is \$50,000 budgeted in FY2024. This amount is recommended by the Governance Committee as documented in committee meeting minutes for August 24, 2023.

POLICY 2.4.8

Funds ongoing operations via debt or creates unfunded future obligations.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to be about not compromising the agency’s future viability to increase short-term spending.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when:

1. The draft annual budget does not require the Board to approve debt to maintain existing levels of public services or assets for the upcoming year,
2. Any one-time revenues are not used to create permanent ongoing expenses, and
3. The draft annual budget does not forecast operating deficits.

Rationale

This interpretation and degree of achievement is convincing because:

- A. It covers both operating and capital expenses,
- B. The absence of an request to authorize debt is evidence of spending discipline,
- C. Creating ongoing expenses with temporary funding would create a future obligation, and
- D. The credible projections required in earlier policies illustrate the future implications of immediate spending decisions.
- E. This interpretation still allows the CEO to recommend that the Board approve debt as long as there is a revenue source to pay for it, for example revenue bonds paid for by a supplemental millage.

Evidence

Source of Data: Draft FY 2024 Budget and compliance of noted policies

Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration

Data:

1. Debt – As indicated on page 9 of the [FY2023 audited financial statements](#), liabilities, AAATA has no debt.
2. One-Time Revenues – As indicated on page 37 of the budget, the CEO has not caused new obligations for the AAATA that cannot be funded with reasonably foreseeable revenues. All increased expenses related to service expansions are funded with the August 2022 millage beginning in FY2024.
3. Operating Deficits – As indicated on page 35 of the budget, there is no projected deficit in FY2024.

Policy Trendlines

Policies	FY 21	FY 22	FY 23
2.4	3	3	3
2.4.1	3	3	3
2.4.2	3	3	3
2.4.3	3	3	3
2.4.4	3	3	3
2.4.5	3	3	3
2.4.6	3	3	3
2.4.7	3	3	3
2.4.8	3	3	3

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

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?
 An interpretation is reasonable if the following are provided,
 1. a measure or standard,
 2. a defensible rationale for the measure or standard,
 3. a level of achievement necessary to achieve compliance and
 4. a rationale for the level of achievement.

Is evidence verifiable?
 Evidence is verifiable if there is
 1. actual measurement/data,
 2. the source of data and
 3. the date when data was collected is provided.

CEO Notes: (If Applicable)

The flow of the monitoring report may make more sense if policies 2.4.1 and 2.4.7 are moved to the end of 2.4. They are very specific about budget content and disrupt the strategic narrative of the other policies.

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.

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

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

Board Notes: (If Applicable)

WORKSHEET RESULTS:

Financial Planning / Budgeting (Policy 2.4)

Participants: 7 Board Members

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
<p>Policy 2.4 Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:</p>	100%	100%	
<p>Policy 2.4.1 Risks incurring those situations or conditions described as unacceptable in</p>	100%	100%	<ul style="list-style-type: none"> Although interpretation is reasonable, I'm not sure that this policy should be based on complying with 2.5.

the Board policy "Financial Condition and Activities."			
Policy 2.4.2 Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.	100%	100%	
Policy 2.4.3 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.	100%	100%	
Policy 2.4.4 Is unclear about long-term funding needs and growth projections.	100%	100%	
Policy 2.4.5 Causes deficit spending.	100%	100%	
Policy 2.4.6 Does not provide for adequate reserves.	100%	100%	

<p>Policy 2.4.7 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.</p>	86%	100%	
<p>Policy 2.4.8 Funds ongoing operations via debt or creates unfunded future obligations.</p>	100%	100%	

Additional context questions

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

Responses (7) - NO

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

Responses (1) – NO
(6) – N/A

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

Responses (5) - NO
(2) – YES

- See comment on 2.4.1

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

20, 35, 10, 30, 20, 15, N/A

2.5.12 Fare Policy

Monitoring period: October 1, 2022 – September 2023

Finance Committee Meeting Date: September 12, 2023

Board Meeting Date: September 21, 2023

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S):
<p>That the Board review this monitoring report and consider accepting it as:</p> <ul style="list-style-type: none"> (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations. (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.is making reasonable progress towards compliance. (C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance
BACKGROUND
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ul style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)

ISSUE SUMMARY:

This policy was scheduled for submission in September and submitted in the September Board Meeting.

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.

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

8/29/23

ATTACHMENTS:

1. Monitoring report for Policy 2.5.12: Fare Policy
2. Operating & Capital Budget for FY2024 Version 1.0, Draft Budget FY2024

Table of Contents

POLICIES:	Page #	Compliance
2.5.12 The CEO shall not...adjust passenger fares	4	
2.5.12.1 Request authorization to adjust passenger fares without (a) incorporating the request into a budget or budget amendment for board consideration, (b) providing data that demonstrates the fare adjustment is fiscally responsible and aligned with achievement of the board’s Ends, and (c) providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following: A. A clear listing of all proposed fare categories/types and prices, along with supporting information. B. The fare discounts to be provided for low-income residents and other vulnerable populations and rationale for how residents qualify for fare discounts. C. The impact of the proposed adjustment on equity among different fare categories. D. The implication of the proposed fare adjustment on ridership. E. The implications of the proposed adjustment on the authority’s budget and the financial trade-offs required (e.g., tax rate increase/decrease, increased/decreased services, impact on reserve or deficit, etc.). F. Opportunities that users, residents, Legal Owners, and stakeholders had to provide feedback on the proposed adjustment, the nature of their feedback	7	
2.5.12.2 Let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.	9	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.5.12 The CEO shall not...adjust passenger fares.

Degree of Compliance: Compliant

Interpretation

Measure/ Standard & Level of Achievement

Compliance with this policy will be demonstrated when the CEO does not adjust any fares without prior approval from the Board.

Rationale

The Board has retained the right to control decisions on changes to fares for itself.

Evidence

Source of Data: FY 2024 Budget review

Date of Data Review: 8/23/2023 as verified by the Deputy CEO, Finance and Administration

Data: A comparison of fares and prices used during the monitoring period with those used in previous years confirms that none were changed. See below for that detail as provided in Table 8.3 on page 49 of FY 2024 Draft budget.

FIXED ROUTE FARES	FY2022	FY2023	FY2024
<i>Cash Fares</i>			
Full Fare Cash	\$1.50	\$1.50	\$1.50
Transfer	Free	Free	Free
<i>Reduced Cash Fares</i>			
Youth (Grades K-12)	\$0.75	\$0.75	\$0.75
Children (5yrs & Younger)	Free	Free	Free
Fare Deal Card	\$0.75	\$0.75	\$0.75
A-Ride Card	Free	Free	Free
GoldRide Card	Free	Free	Free
<i>Passes and Tokens</i>			
Day Pass	\$3.00	\$3.00	\$3.00
Reduced Day Pass	\$1.50	\$1.50	\$1.50
30 Day Pass	\$45.00	\$45.00	\$45.00
30 Day Value Pass (Senior)	\$22.50	\$22.50	\$22.50
30 Day Value Pass (Income Elig.)	\$22.50	\$22.50	\$22.50
30 Day Value Pass (Disability)	\$22.50	\$22.50	\$22.50
30 Day Value Pass (Student)	\$22.50	\$22.50	\$22.50
Full Fare Token	\$1.50	\$1.50	\$1.50
Reduced Fare Token	\$0.75	\$0.75	\$0.75
SPECIAL SERVICES FARES	FY2022	FY2023	FY2024
<i>GroceryRide</i>			
GroceryRide	\$0.75	\$0.75	\$0.75
<i>NightRide</i>			
NightRide (Full Fare)	\$5.00	\$5.00	\$5.00
NightRide (go!Pass)	\$3.00	\$3.00	\$3.00
NightRide (Reduced Fare)	\$2.50	\$2.50	\$2.50
NightRide (Surcharge/outside A2)	\$0.00	\$0.00	\$0.00
NightRide (Child age 5 & under)	Free	Free	Free
<i>HolidayRide</i>			
HolidayRide (Full Fare)	\$5.00	\$5.00	\$5.00
HolidayRide (go!Pass)	\$3.00	\$3.00	\$3.00

HolidayRide (Reduced Fare)	\$2.50	\$2.50	\$2.50
HolidayRide (Surcharge/outside A2)	\$0.00	\$0.00	\$0.00
HolidayRide (Child age 5 & under)	Free	Free	Free
FootballRide			
One-Way	\$1.50	\$1.50	\$1.50
Round Trip	\$3.00	\$3.00	\$3.00
A-RIDE FARES	FY2022	FY2023	FY2024
Cash Fares			
Advance Reservation	\$3.00	\$3.00	\$3.00
Same Day Reservation	*\$4.00	*\$4.00	*\$4.00
Will Call return Trip	\$3.00	\$3.00	\$3.00
Companion Fare	\$3.00	\$3.00	\$3.00
Companion Fare (Youth K-12)	\$1.50	\$1.50	\$1.50
Companion Fare (Age 5 & Under)	Free	Free	Free
Personal Care Assistant	Free	Free	Free
Scrip Coupons			
Booklet of 10	\$30.00	\$30.00	\$30.00
FLEXRIDE FARES	FY2022	FY2023	FY2023
Standard Adult One-Way	\$1.00	\$1.00	\$1.00
Students (K-12, ages 6-18)	\$0.50	\$0.50	\$0.50
Children (Age 5 & Under)	Free	Free	Free
Fare Deal Card	\$0.50	\$0.50	\$0.50
A-Ride Card	Free	Free	Free
GoldRide Card	Free	Free	Free
30-Day Value Pass (Fare Deal)	Free	Free	Free

*D2A2 fares are controlled by the RTA and are not under the authority of this policy.

POLICY 2.5.12.1

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

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

Degree of Compliance: Compliant

Interpretation

I understand this policy to mean that should the CEO seek authorization from the Board to change fares, the Board has articulated the process and information it will want to see as part of the CEO proposal.

Measure/Standards & Level of Achievement

Compliance will be demonstrated when a CEO’s proposal to change fares:

- 1. Is presented as a part of the annual budget process or a mid-year budget amendment.
- 2. Provides the following information:
 - a. A table clearly showing the existing and proposed fares side-by-side to make it easy to see the proposed changes.
 - b. Comments on how the proposed changes will advance the Board’s written Ends goals.
 - c. Estimates for impacts on ridership.

- d. Documentation of what discounts are being proposed for low-income or other passengers, and a description of, and justification for, the process for assessing eligibility for the discount.
- e. A description of the public involvement process used in developing the proposal (often dictated by Title VI requirements).
- f. An assessment of the cost per trip and subsidy per trip for each fare type, as well as the average cost per trip and the amount of costs covered by taxpayers.
- g. A financial assessment documenting the anticipated impacts on revenues and how the agency will compensate for any decrease in revenue.

I further interpret that this policy does not prohibit the CEO from suspending fare collection under emergency situations or for public safety reasons. Notification of such an action will be communicated to the Board within 48 hours.

Rationale

The above interpretations are reasonable because the Board policy is already specific and unambiguous regarding the information it expects to accompany a proposal to adjust fares. The interpretation re-orders the information for a succinct proposal and clarifies the details to be provided in a few instances.

The interpretation that the CEO can suspend fare collection in emergency situations is reasonable because 1) emergency situations sometimes require immediate action, 2) all passengers would be treated equally, and 3) although rare, this situation did arise during the COVID pandemic. 48 hours is adequate under emergency circumstances when staff may be dealing with multiple challenges.

Evidence

Source of data: Recommended FY2024 Budget

Date of data collection: 8/23/2023 as verified by the Deputy CEO, Finance and Administration

Data: The CEO is not requesting any changes to fares or prices in the recommended FY2024 budget (pg. 49). No proposal has been submitted to the Board.

POLICY 2.5.12.2 The CEO shall not...let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to be about publicizing a decision, not about the public involvement leading up to a decision. Public involvement is already addressed above in policy 2.5.12.1(f). Public involvement prior to decisions is also a legal requirement of Title VI.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the public is notified of any change at least 30 days in advance. While tools for notification may change, they will at least include publication on agency’s website and social media accounts, and hardcopy postings in terminals and on buses.

Rationale

This interpretation is reasonable because a minimum of 30 days of advance notification provides a good chance that regular patrons will encounter the notification before changes take effect. This also allows patrons an opportunity to buy a monthly pass at the old price before new prices take effect. This approach does not preclude staff from recommending a longer timeline between Board approval and implementation of changes.

The minimum approaches of publication and posting are reasonable as they will reach most patrons. Electronic publication will reach many, while hardcopy postings will be physically available where patrons interact with paying fares. This also does not preclude staff from mounting more expansive public education efforts based on the scale of the change.

Finally, this approach is consistent with the rules from the agency’s Title VI plan which also requires considerable public involvement before a final approval can be made.

Evidence

Source of data: Review of Public Input Policy

Date of data collection: 8/23/2023 as verified by the Deputy CEO, Finance and Administration

Data: There were no fare changes implemented during the monitoring period so no notifications were made.

Policy Trendline

Policies	FY21	FY22	FY23
2.5	2	3	3
2.5.1	2	3	3
2.5.12	2	2	3
2.5.12.1	2	3	3
2.5.12.2	n/a	1	3

Legend	
1	Policy is not compliant
2	Policy is partially compliant
3	Policy is fully compliant

The policy trends for this policy are as shown below. The trendline for FY 23 is not final and is dependent on the Board’s decision.

Board’s Conclusion on Monitoring Report

Board’s conclusion after monitoring the report.

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

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

Board’s notes (where applicable)

WORKSHEET RESULTS:

Fare Policy (Policy 2.5.12)

Participants: 7 Board Members

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
<p>Policy 2.5.12 The CEO shall not ... Adjust passenger fares.</p>	100%	86%	<ul style="list-style-type: none"> I am not seeing Gold Ride Fares within the table provided. Also, ADA Same Day is listed at \$4, but it is my understanding that same day trips are not available. (This is different from will-call.) Additionally, both NightRide and HolidayRide lists a reduced fare. Who is eligible? ADA card, GoldRide card, Fare Deal card? Please explain. Lastly, on the bottom of page 6 it states, "*D2A2 fares are controlled by the RTA and are not under the authority of this policy" but I am not seeing those fares listed in the table.

<p>Policy 2.5.12.1 Request authorization to adjust passenger fares without (a) incorporating the request into a budget or budget amendment for board consideration, (b) providing data that demonstrates the fare adjustment is fiscally responsible and aligned with achievement of the board’s Ends, and (c) providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following: A. A clear listing of all proposed fare categories/types and prices, along with supporting information. B. The fare discounts to be provided for low-income residents and other vulnerable populations and rationale for how residents qualify for fare discounts. C. The impact of the proposed adjustment on equity among different fare categories. D. The implication of the proposed fare adjustment on ridership. E. The implications of the proposed adjustment on the authority’s budget and the financial trade-offs required (e.g. tax rate increase/decrease, increased/decreased</p>	<p style="text-align: center;">100%</p>	<p style="text-align: center;">100%</p>	
--	---	---	--

<p>services, impact on reserve or deficit, etc.). F. Opportunities that users, residents, Legal Owners, and stakeholders had to provide feedback on the proposed adjustment, the nature of their feedback, and how their feedback has been addressed.</p>			
<p>Policy 2.5.12.2 Let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.</p>	100%	100%	

Additional context questions

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

Responses (7) - NO
- 2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?**

Responses (6) – N/A
(1) – YES
- 3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring, but should be addressed as a board decision.)**

Responses (7) - NO

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

10, 10, 10, 30, 10, 8

FY2024 Recommended Budget

Meeting: Board of Directors Meeting
Meeting Date: September 21, 2023

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
That the Board adopt the resolution in Attachment 2, thereby approving the Recommended FY2024 Operating and Capital Budget.
ALTERNATIVE OPTION(S):
The Board may amend the recommended budgets by vote.
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 the Recommended FY2024 Operating and Capital Budget for approval. Adoption of the FY2024 operating and capital budget is required this month to continue operations and capital spending after September 30, 2023 (last day of the current approved FY2023 Budget). The budget is balanced (revenues are sufficient to cover expenses without deficits) for the fiscal year, services are maintained with some expansions, and fares are unchanged.
BACKGROUND:
AAATA staff developed this recommended 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 was held at the August Board meeting.
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 Recommended Budget Updates 2. Resolution 03/2023: Adoption of the FY2024 Operating and Capital Budget 3. FY2024 Recommended Operating and Capital Budget Document

Attachment 1

FY2024 Recommended Budget Updates

Since presentation of the Draft FY2024 Operating and Capital Budget (the draft budget) to the Board on August 17, 2023, several activities and budget refinements have occurred. With reference to additional review and consideration of the budget and budget assumptions, the following activities have transpired:

- Public engagement outreach and opportunities for public comment,
- Discussions with Board members to provide additional information as well as process updates and open communication regarding budget items at committee meetings,
- Operating and capital budget staff review and updates based on:
 - Detailed analysis and review of budget assumptions,
 - Current industry information and state and federal funding updates,
 - Monitoring of external factors that influence budget assumptions, and
- Thorough review of the budget resolution.

Public Comments

Opportunities for public comment regarding the FY2024 Draft and Recommended Operating and Capital Budgets have been solicited and encouraged in several ways:

- Official and informal public notices of opportunities to review the budget and encourage public comment (newspaper, press release, social media and web site),
- An official Public Hearing held at the Board meeting on August 17, 2023
- Opportunities for comment at two public Board meetings, and
- Posting the budget online and providing a hard copy available for public inspection at the front desk at the operations center, as publicized.

To date, there have been no objections from any source (telephone, email or in person) of the public. The final opportunity for public comment will be during the Board meeting on September 21, 2023.

Summary of Revisions: Draft Budget to the Recommended Budget

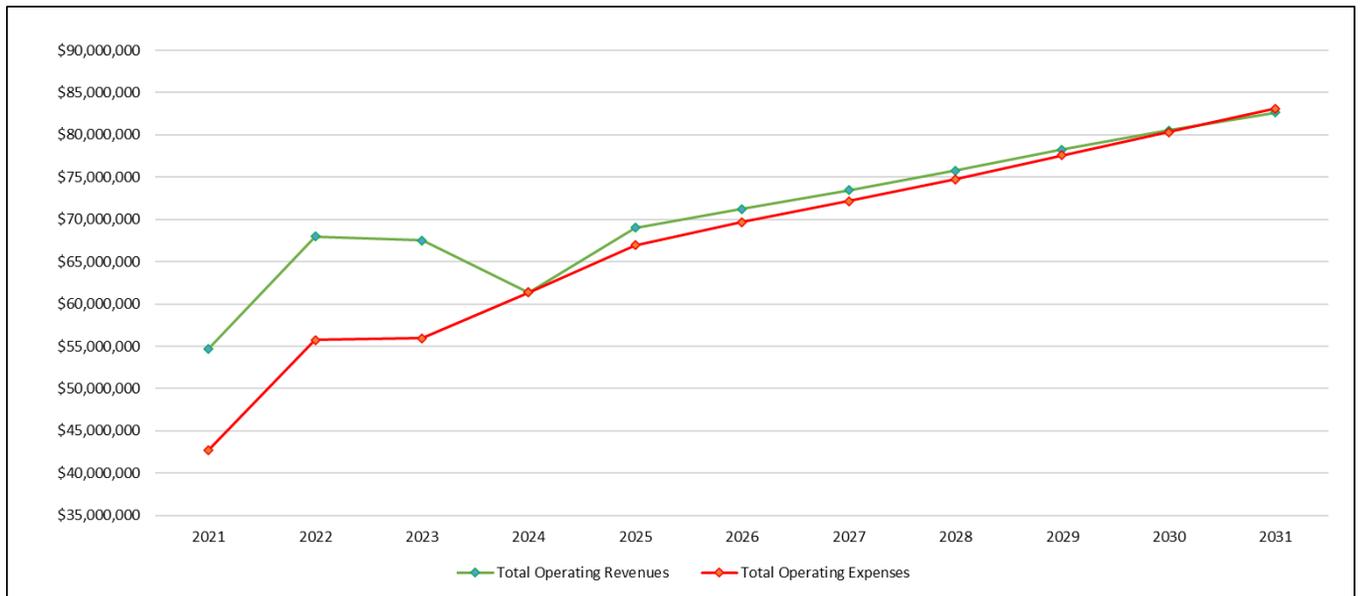
The Recommended Operating Budget (the budget) is a balanced budget with revenues sufficient to cover budgeted expenditures. Changes to the budget compared to the draft budget presented at the August Board meeting are as follows:

Operating Revenues are budgeted at **\$61,357,289**, which is an increase from the draft budget of \$902,508 or 1.5%. The increase is primarily due to changes in the anticipated revenues for state operating assistance. The Comprehensive Transportation Fund (CTF) appropriation for Local Bus Operating (LBO) is a state reimbursement for a percentage of eligible operating expenses, which is determined by a formula the state uses to appropriate passenger transportation funding to transit agencies. The percentage increased from 29.2% to 33.0% representing \$2.6 million of additional revenue. This is a one-time adjustment for FY2024. The percentage will go back down to 29.0% from FY2025 through the rest of the projection period. The need to transfer FY2023 pandemic relief funds to be used in FY2024 was reduced by \$1.5 million. The funds will be used in the current fiscal year.

Operating Expenses are budgeted at **\$61,357,289**, which is an increase from the draft budget of \$902,508 or 1.5%. As expected, there are several minor adjustments but no significant changes. One item of note is the increase in the Cost of Governance budget for FY2024 from \$35,000 in FY2023 to \$50,000 in FY2024.

The Operating Budget remains balanced as projected in the Draft Budget. The outlook for the budget is stable and is supported by approved millages through 2028. While assumptions for the projection period continue to be refined, as demonstrated in the Figure below, TheRide is still projecting a small surplus in the beginning of the 2024-2028 millage cycle, and by fiscal year 2029 we are projecting to break even.

Figure 1: Current Projection of Revenues and Expenses (8 years)



Capital Budget Updates The Recommended Capital Budget for FY2024 has increased slightly to **\$26,406,000** to include funding for technology upgrades.

FY2024 Recommended Budget Summary

The FY2024 Recommended Operating Budget is provided in Figure 2 and illustrates the changes described above. For convenience, the draft budget presented on August 18th is included in the table and labelled accordingly.

Figure 2: FY2024 Proposed Operating Budget Detail (with prior year and prior version Comparisons)

	FY2023	FY2024	FY2024	2024 vs 2023 changes	
	Approved Budget	Draft Budget	Recommended Budget	\$	%
OPERATING REVENUES					
Passenger Revenue	\$ 4,085,548	\$ 4,555,152	\$ 4,316,568	\$ 231,020	5.7%
Local Property Tax Revenue	19,070,301	20,022,143	20,022,143	951,842	5.0%
POSA & Other Governmental Partners	1,905,957	2,005,683	2,040,622	134,665	7.1%
State Operating Assistance	17,443,827	18,300,679	20,865,466	3,421,639	19.6%
Federal Operating Assistance	3,000,000	2,458,210	2,458,210	(541,790)	-18.1%
Other Federal Programs	4,201,180	4,427,127	4,427,127	225,947	5.4%
Pandemic Relief Funds	17,277,770	8,245,528	6,786,895	(10,490,875)	-60.7%
Advertising, Interest, and Other	524,279	440,259	440,258	(84,021)	-16.0%
TOTAL REVENUES	\$ 67,508,862	\$ 60,454,781	\$ 61,357,289	\$ (6,151,573)	-9.1%
OPERATING EXPENSES					
Salaries, Wages and Benefits	\$ 30,371,269	\$ 32,944,799	\$ 33,569,407	\$ 3,198,138	10.5%
Purchased Transportation	12,326,918	13,005,810	13,005,810	678,892	5.5%
Diesel Fuel and Gasoline	3,480,000	3,195,626	3,195,626	(284,374)	-8.2%
Materials and Supplies	2,762,723	3,570,971	3,646,971	884,248	32.0%
Contracted Services	3,504,382	3,712,911	3,814,811	310,429	8.9%
Utilities	661,056	713,931	713,931	52,875	8.0%
Casualty & Liability Insurance	1,560,000	1,827,000	1,827,000	267,000	17.1%
Other Expenses	1,316,790	1,483,733	1,583,733	266,943	20.3%
TOTAL EXPENSES	\$ 55,983,138	\$ 60,454,781	\$ 61,357,289	\$ 5,374,151	9.6%
SURPLUS (DEFICIT)	\$ 11,525,724	\$ -	\$ -	\$ (11,525,724)	-100.0%
Operating Reserve Transfer	\$ -	\$ -	\$ -	\$ -	0.0%
Capital Reserve Transfer	(11,525,724)	-	-	11,525,724	-100.0%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ -	

The FY2024 Recommended Capital Budget is provided in Figure 3 below and illustrates the changes described above.

Figure 3: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2024 Budget	FY2025-FY2033 Program
State of Good Repair	\$22,464,000	\$112,479,000
Value Added	\$1,452,000	\$24,122,000
Research & Development	\$25,000	\$225,000
Expansion	\$2,465,000	\$218,586,000
TOTAL EXPENSES	\$26,406,000	\$355,412,000
FUNDING SOURCES	FY2024 Budget	FY2025-FY2033 Program
State & Federal Grants	\$25,138,000	\$168,444,000
Congregationally Directed Spending	\$1,268,000	\$6,032,000
Local Capital Reserve	\$0	\$34,898,000
Unidentified Funding	\$0	\$146,038,000
TOTAL REVENUE	\$26,406,000	\$355,412,000
UNIDENTIFIED FUNDING PORTION	FY2024 Budget	FY2025-FY2032 Program
Unidentified Funding %	0%	41%

Attachment 2

Resolution 03/2023

APPROVAL OF FY2024 OPERATING AND CAPITAL BUDGET

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ANN ARBOR AREA TRANSPORTATION AUTHORITY**

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2024 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) in order to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2024 to the Federal Transit Administration (FTA) as part of the annual application for FY2024 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2024 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2024 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2024 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$61,357,289** for operations, and
- **\$26,406,000** for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2021-FY2024 TIP, of which FY2024 and beyond are subject to amendment in future years.

Kathleen M. Mozak, Chair

Jesse Miller, Secretary

Date

Date

AAATA Title VI Program Update

Meeting: Board of Directors

Meeting Date: September 21, 2023

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
That the Board approve by motion the Public Input Policy and Equity Analysis Policy for Service and Fare Changes. (Full Title VI Program approval will be in October 2023.)
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 the Federal Transit Administration (FTA) by December 1, 2023.</p> <p>As part of Title VI, transit agencies need to have their own public input and equity analysis policies. These policies will be needed before the full Title VI Program is approved.</p> <p>AAATA’s current Public Input Policy and Equity Analysis Policy for Service and Fare Changes were reviewed as part of this year’s Title VI Program Update. Though the current policies meet the minimum requirements, they are out of date and are no longer consistent with how AAATA collects and uses public input and how the transit industry evaluates service and fare changes from a Title VI point of view.</p> <p>The consultant and staff worked together and recommended changes to the Public Input Policy and Equity Analysis Policy for Service and Fare Changes. The draft policies were published for public review and comments from July 20 to August 20, 2023, and received no concerns with or suggested changes.</p> <p>The Public Input Policy and Equity Analysis Policy for Service and Fare Changes are attached for Board consideration and approval. To expedite millage service planning, staff are asking the Board to approve these policies in September, with the full Title VI Program approval expected in October.</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</p>

program updates and requires them to be submitted as Title VI programs every three years.

As required by Title VI of the Civil Rights Act of 1964, AAATA's Title VI program needs to demonstrate the Authority has the procedures and resources to ensure public transportation services are provided in a nondiscriminatory manner. AAATA must properly implement its program to ensure nondiscriminatory service, including full and fair public participation, and meaningful access to transit-related programs and activities by persons with limited English proficiency. Prior to implementing any major service changes or any fare change, AAATA must complete an "equity analysis", and submit it for board review and approval.

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.

ATTACHMENT

- Public Input Policy for Service and Fare Changes
- Equity Analysis Policy for Service and Fare Changes

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 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.

Resolution 04/2023

ADOPTION OF REVISED PUBLIC INPUT POLICY FOR SERVICE AND FARE
CHANGES

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) 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 with how AAATA collects and uses public input, and

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

WHEREAS, the AAATA published the draft policy, solicited comments from the public and groups, and received no concerns with or suggested changes to the draft policy,

NOW THEREFORE, BE IT RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the attached *Public Input Policy for Service and Fare Changes* dated September 2023.

Kathleen M. Mozak, Chair

September 21, 2023

Jesse Miller, Secretary

September 21, 2023

Ann Arbor Area Transportation Authority

Equity Analysis Policy for Service and Fare Changes

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.

Resolution 05/2023

ADOPTION OF REVISED EQUITY ANALYSIS POLICY FOR SERVICE AND FARE
CHANGES

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

WHEREAS, Federal guidance requires the AAATA to define thresholds for when a proposed service change will have a disparate impact on minorities or disproportionate burden on low-income population, 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 received no concerns with or suggested changes to the draft policy,

NOW THEREFORE, BE IT RESOLVED, that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the attached *Equity Analysis Policy for Service and Fare Changes* dated September 2023.

Kathleen M. Mozak, Chair

September 21, 2023

Jesse Miller, Secretary

September 21, 2023

2023 Q3 Service Report

Service Committee Meeting Date: September 5, 2023

Board Meeting Date: September 21, 2023

RECOMMENDED ACTION(S)

Receive as CEO Operational Update.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

- 2.11.1.5 CEO shall not...Let the Board be unaware of...operational... [and] customer satisfaction metrics...
- Appendix A: Informational Reports schedule specifies quarterly Customer Satisfaction and Service Performance reports in Dec, March, June, Sept

ISSUE SUMMARY

In accordance with the Board’s Policy Manual, I present the Quarterly Satisfaction and Service Report. I certify that the information is true and complete with exceptions noted, and I request that the Board accept this as an operational update.

This report is populated with currently available and reportable data / targets for Fixed Route, A-Ride / Paratransit, VanRide, and FlexRide services.

It should be noted that the data collection and reporting has been impacted by the COVID-19 Emergency that began in the last three weeks of Q2 of FY2020. Comparison of Q1 of FY2023 to Q1 of FY2019 provides a picture of performance metrics relative to a pre-pandemic state. Comparison of Q1 of FY2023 and Q1 of FY2022 provides insight into progress through the pandemic and recovery.

Q3 of FY2023 data reflects a system still in recovery from reduced services annotated on January 29th due to labor shortages and gradually restored from October to December 2022. Nationwide, a return to public transit has lagged as remote work continues to be influence post-pandemic work culture coupled with labor shortages in service sector jobs continue.

Readers should note, numbers reported at the end of the quarter have undergone validation and confirmation required through the NTD process. Some numbers were quarterly estimates based on reported financial and operating data. Historic numbers presented in this document have been updated to reflect the validated data submitted to NTD.

ATTACHMENTS

1. Highlights Brief
2. FY 2023 Q3 Service Report

Operations Report

Ann Arbor Area Transportation Authority

For the Period Ended June 30, 2023

FixedRoute

Fixed Route	FY 2023	FY 2023	FY 2023	FY 2023	Q2 22 -	Q2 19 -	Q3 22 -	Q3 19 -	Q4 21 -	Q4 19 -
Measure	Q1	Q2	Q3	Q4	Q2 23	Q2 23	Q3 23	Q3 23	Q4 22	Q4 22
Boardings	1,111,811	1,141,926	1,002,837		42%	-26%	28%	-34%	47%	-40%
Boardings/Revenue Hour	16.1	16.8	15.1		32%	-24%	19%	-28%	20%	-36%
Cost/Revenue Hour	\$132.05	\$144.95	\$157.07		5%	52%	4%	28%	5%	14%
Cost/Boarding	\$8.21	\$8.62	\$10.43		-20%	117%	-13%	101%	-12%	91%
Preventable Accidents Injury/100,000 miles	1.0	1.0	1.2		-30%	-45%	-21%	-40%	-22%	-41%
On-time Performance	NA	NA	81%		NA	NA	NA	5%	NA	NA
Avg Miles Between Road Calls	23,825	26,996	31,387		17%	32%	54%	32%	11%	14%
Average Age of Fleet	6.99	7.99	7.99		6%	23%	6%	23%	18%	16%
Complaints/100,000 Boardings	0.6	1.9	2.6		3%	NA	104%	53%	121%	2%
Compliments/100,000 Boardings	0.8	3.9	2.0		63%	NA	-2%	-49%	-32%	-64%



TheRide had a total ridership of 1,002,837 at the end of the third quarter and operated within budget.



Ridership was lower than at the end of Q2 by **139,089**.



Complaints were lower than at the end of Q2.

Boardings for Q3 of 2023

Boardings for Q3 of 2023 are down compared to Q2 of 2023, but when compared to Q3 of 2022 we see that ridership is still up 28%

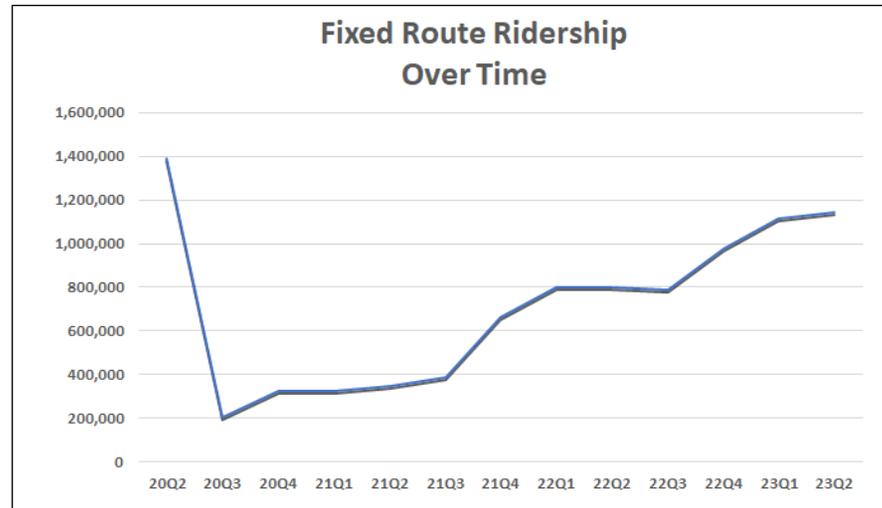
Boardings Q3 2023	1,002,837
Boardings Q3 2022	786,031
Growth in Boardings	216,806

Operations Report

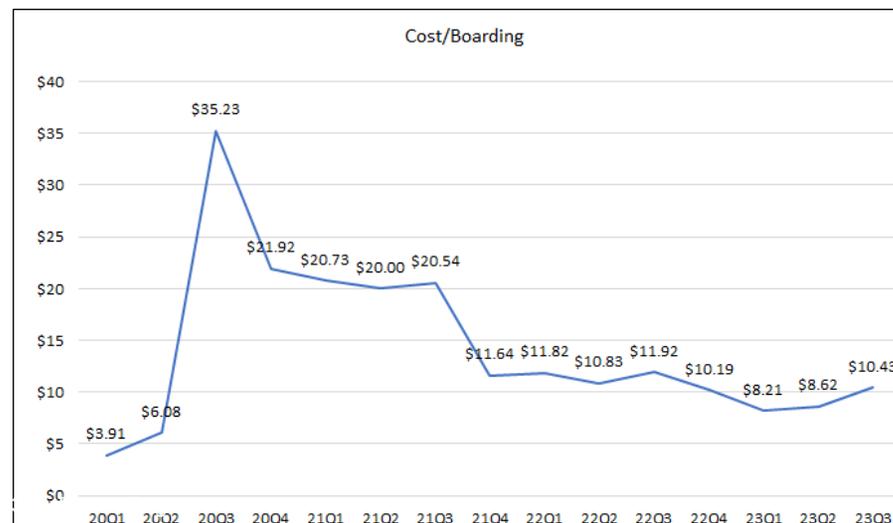
Ann Arbor Area Transportation Authority

For the Period Ended June 30, 2023

Fixed Route Ridership Comparisons



Fixed Route Cost Per Boarding



Operations Report

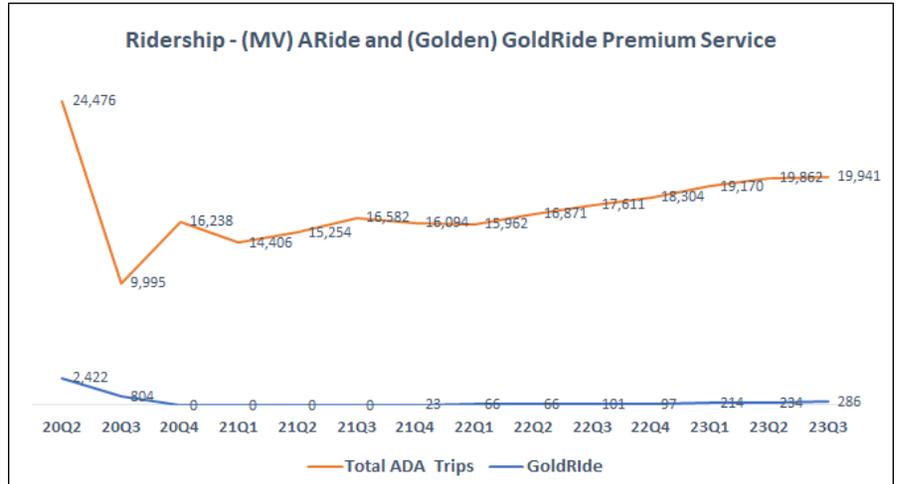
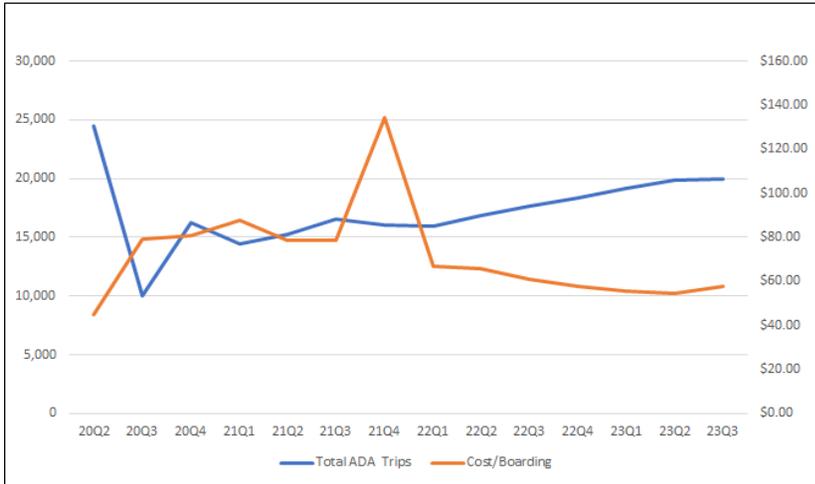
Ann Arbor Area Transportation Authority

For the Period Ended June 30, 2023

ARide / ParaTransit

MV - ARide/ParaTransit Measure	FY 2023 Q1	FY 2023 Q2	FY 2023 Q3	FY 2023 Q4	Q2 22 - Q2 23	Q2 19 - Q2 23	Q3 22 - Q3 23	Q3 19 - Q3 23	Q4 21 - Q4 22	Q4 19 - Q4 22
Total ADA Trips	19,170	19,862	19,941		18%	-33%	13%	-31%	14%	-37%
Cost/Revenue Hour	\$89.54	\$88.23	\$84.90		-11%	55%	-13%	42%	-57%	47%
Boardings/Revenue Hour	1.62	1.64	1.49		8%	7%	-7%	-2%	19%	0%
Cost/Boarding	\$55.83	\$54.36	\$57.65		-17%	45%	-6%	47%	-57%	48%
Ontime Performance with 30 Minute Service	96%	95%	98%		-2%	-1%	2%	2%	0%	1%
Complaints/100,000	31.3	85.6	90.3		31%	59%	165%	25%	-62%	-25%
Compliments/100,000	104.33	120.83	30.09		57%	NA	-79%	NA	603%	NA
ADA Service Denials/ADA Boardings	13	5	14		67%	NA	NA	NA	0%	0%

(MV) ARide Ridership Cost Per Boarding



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

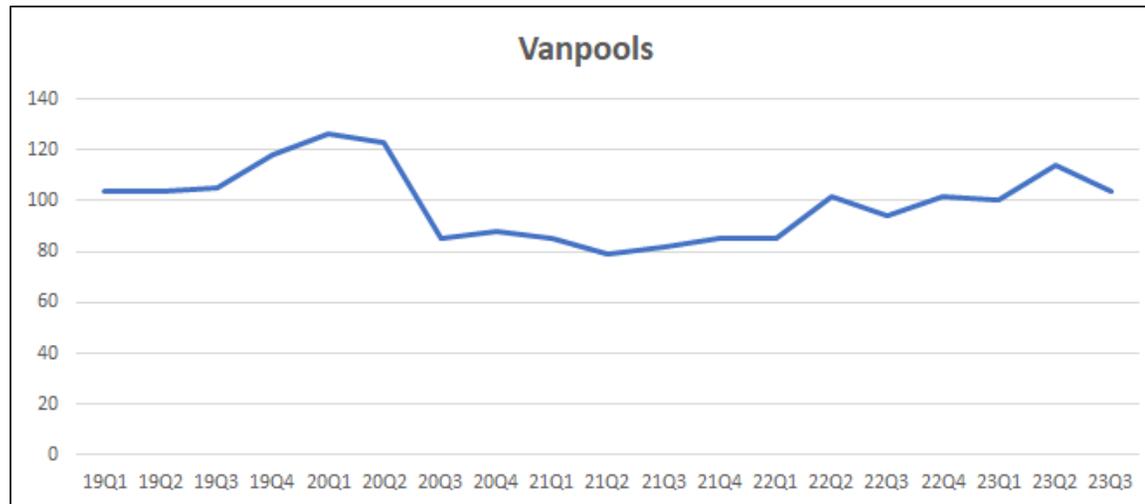
Operations Report

Ann Arbor Area Transportation Authority

For the Period Ended June 30, 2023

Vanpool

VanPool Measure	FY 2023 Q1	FY 2023 Q2	FY 2023 Q3	FY 2023 Q4	Q2 22 - Q2 23	Q2 19 - Q2 23	Q3 22 - Q3 23	Q3 19 - Q3 23	Q4 21 - Q4 22	Q4 19 - Q4 22
Number of Vanpools at End of Quarter	100	114	104		12%	10%	11%	-1%	20%	-13%
Number of Rider Trips Taken	37,778	40,025	41,856		13%	-33%	9%	-30%	-62%	-78%
Avg Fuel Cost to Rider	\$37.12	\$61.55	\$54.52		-5%	115%	-31%	66%	-4%	45%
Avg Monthly Rider Miles	256	152,580	162,418		7%	13475%	8%	14441%	-79%	-76%
Federal Subsidy/Rider Trip		\$3.96	\$3.22		-14%	36%	2%	10%		
Rider Miles/Gallon	10.24	25.29	29.47		38%	-72%	10%	-67%	-89%	-90%



Operations Report

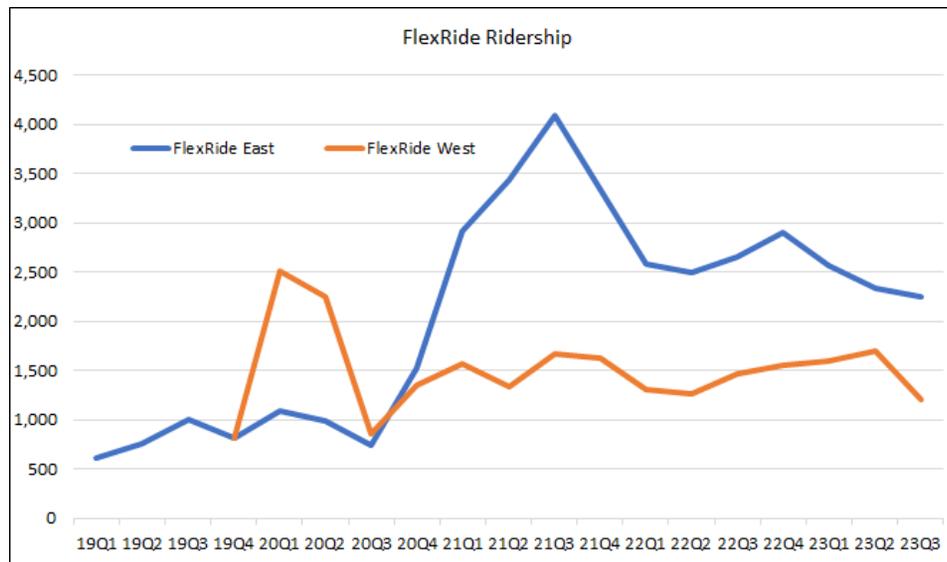
Ann Arbor Area Transportation Authority

For the Period Ended June 30, 2023

FlexRide

Golden - FlexRide Measure	FY 2023 Q1	FY 2023 Q2	FY 2023 Q3	FY 2023 Q4	Q2 22 - Q2 23	Q2 19 - Q2 23	Q3 22 - Q3 23	Q3 19 - Q2 23	Q4 21 - Q4 22	Q4 19 - Q4 22
Operational Cost (Contractor)	\$153,851	\$154,525	\$154,128		2%	581%	-1%	NA	-24%	193%
Trips - East Service Area	2,568	2,337	2,254		-6%	209%	-15%	134%	-13%	256%
Trips - West Service Area	1,595	1,442	1,206		14%	NA	-18%	NA	-5%	90%
Cost/Boarding	\$36.96	\$40.89	\$44.55		1%	36%	18%	NA	-16%	7%
Boardings Late Night/Holiday	NA	2723	2520							
Denials East	NA	11	29							
Denials West	NA	6	3							
Denials Late Night / Holiday	NA	21	36							
Boardings	NA	6502	5980							
Trip Denials	NA	38	68							

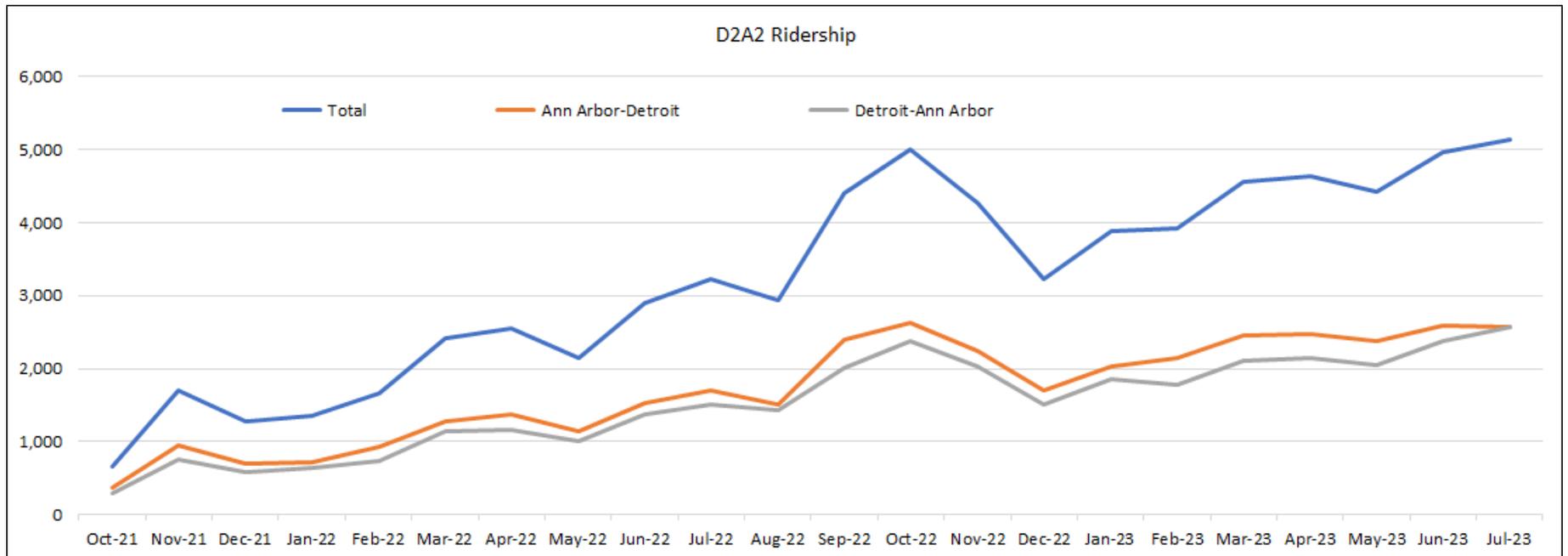
Data for Q1 of FY23 is unavailable as it wasn't requested or measured until Q2 of FY23



Operations Report

Ann Arbor Area Transportation Authority
For the Period Ended June 30, 2023

D2A2



Construction Grant Partnership Authorization

Meeting: Board of Directors

Meeting Date: September 21, 2023

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
That the Board authorizes the CEO to participate in a regional grant application as described below.
ALTERNATIVE OPTION(S)
Decline to participate in regional grant application.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Policy 2.10 (Construction) requires staff to receive Board authorization before submitting grant applications due to the implied financial commitment. It also lays out the information the Board wants to see when considering such a request.
ISSUE SUMMARY
<p>Staff are seeking Board authorization to formally support an RTA/State grant application to the federal government. This multi-county grant includes construction of advanced bus stops and queue jump facilities along Washtenaw Avenue. TheRide is not required to provide any local funds.</p> <p>The CEO recommends that TheRide participate in this project. There is little risk in agreeing to participate and significant political risks in <i>not</i> participating. If successful, the grant would advance the principles and projects of the Board-approved long-range plan, TheRide2045, and provide meaningful benefits for riders which could help to grow ridership.</p>
BACKGROUND
<p>This summer the State government reached out to the RTA hoping to pursue a competitive federal grant – the Reconnecting Communities and Neighborhoods program (RCN). The efforts evolved into a regional transit infrastructure proposal, coordinated by the RTA covering Washtenaw, Wayne, Oakland, and Macomb counties and the City of Detroit. TheRide, SMART, and DDOT are key partners to the grant application.</p> <p>The application (due September 28th) would include a request for federal funding to cover comprehensive improvements along several major corridors in southeast Michigan, including the Washtenaw Avenue corridor. The local scope covers 16 bus stops identified as either Express Bus or future BRT stops along the corridor as well as the two transit centers (Blake Transit Center and Ypsilanti Transit Center). The proposed improvements include large shelters, better lighting, and next-bus information signs at these stops, as well as queue jump lanes in the congested areas and intersection access and pedestrian safety improvements near these bus stops.</p>

The Washtenaw Avenue corridor project is being bundled together into one regional application along with other three other corridors including Woodward Avenue, Michigan Avenue, and Gratiot Avenue. The total budget requested by this application is approximately \$138 million for all four corridors. The grant will seek 90% federal funding while the Michigan Department of Transportation is committed to providing the 10% local match. No local money is required as part of this application.

The total budget for the improvements along Washtenaw Avenue is estimated at approximately \$22 million.

The federal grant program is competitive, and RTA's application will be compared with many other national submissions. If we are successful, the extra support would expedite the development and implementation of the BRT project along Washtenaw Avenue.

This briefing does not include the full grant application, only responses to policy requirements from policy 2.10.1.

IMPACTS OF RECOMMENDED ACTION(S)

- Budgetary/Fiscal: No local match is required as part of this application. Success could reduce future expenditures.
- Social: Success could improve service and increase ridership.
- Environmental: Potential to attract drivers away from their cars with superior service.
- Governance: Board authorization required by policy 2.10.

ATTACHMENTS

1. Required Information About Submission (Policy 2.10.1)

Attachment 1: Required Information About Submission

The Board's Construction policy (2.10.1) lays out the information the Board wants to see before authorizing a grant application that includes construction. The CEO's interpretation then groups that information into the categories. Those categories and the CEO's responses are seen below:

Scope of project, Rationale, Alignment with Ends – What is the nature of the project? What are the most important elements? Description of how the project will advance specific goals identified by the Board.

The CEO is requesting authorization to support an RTA grant application that, if successful, would lead to modest local transit construction projects. TheRide would partner with the RTA on an application to the competitive federal Reconnecting Communities and Neighborhoods (RCN) program for funds to advance the development of the Washtenaw corridor. Our purpose is to win federal funding to enhance customer experience along Washtenaw Avenue corridor by improving bus stops and providing buses priorities over other vehicles along the corridor, thereby advancing our priorities such as increasing ridership and conserving local funds.

Relative Priority – Why is this project being prioritized ahead of other projects? How would this project affect the 10-Year Capital Plan?

If successful, this project would not displace any other capital priority. Rather it would partially address unfunded Washtenaw Bus Rapid Transit (BRT) project in the 10-Year Capital Plan (FY2024 Budget, page 40) and showcase some of the BRT features prior to its full implementation. The proposed improvements will provide enhanced customer experience before the implementation of the full BRT on Washtenaw Avenue and will likely be integrated into the future development and design of the Washtenaw BRT thus reducing the overall project cost.

This application would not jeopardize funding for any other capital project such as the Ypsilanti Transit Center or Blake Transit Center, both of which are expected to complete planning and enter construction before the elements of this application. Nor would it impact the forthcoming zero-emission bus proposal. The proposed improvements along Washtenaw in this application align with the long-range plan priorities.

Timeline – What are the expected dates of major milestones such as construction, opening/initials, operating lifespan, decommissioning?

The regional proposal has evolved quickly and the deadline for grant applications is September 28, 2023. RTA / TheRide would likely be notified whether our application is successful in mid-2024. With funds in place, procurement would likely occur in late 2024 / early 2025. As the planning and design work including public engagement will take 1-2 years, construction could start as early as late 2025. Detailed timelines would be established in late 2024 / early 2025.

Fiscal Responsibility - What are the anticipated capital and operating costs during the life of the project? How will the capital and operating costs of the projects be paid for during the

lifespan of the project? What assumptions are made regarding outside grant funding, funding from the Capital Reserve, or local millage funds? How would the approval of this project impact the agencies ability to maintain existing services and infrastructure, or afford other projects?

If successful, the grant could pay up to 90% of the total costs. RTA and the State government reached an agreement committing up to \$25 million in state and localized regional funding as the local match, thereby no local funds from TheRide are expected for these proposed improvements aside from staff time. Considering the Washtenaw BRT project is already on our workplan and external consulting assistance will be covered by this grant, no additional FTEs will be required to manage this project.

Winning this RCN grant would provide considerable financial support for TheRide's major capital agenda along the Washtenaw Avenue corridor. During the 4-5 year lifespan of the project, the work would be paid for by a combination of state and federal funds. Federal and State support on this project allows us to use our local dollars on other priorities such as the YTC and BTC expansion projects. The following table includes preliminary estimates for the proposed improvements along Washtenaw Avenue and will be included in this application:

BTC Shelters	\$2,150,700
Large Shelters at Bus Stops	\$1,193,600
Next Bus Information	\$3,387,600
Queue Jump Lanes	\$5,822,750
Other Improvements	\$2,179,600
Planning/Design/NEPA	\$2,210,100
Project/Construction Management	\$2,210,100
Contingency	\$2,946,850
Total	\$22,101,300

Risks -What social, environmental, financial, operation, or other risks have been identified? Are there ways to mitigate risks?

As an application for grant funding with no local funding commitment, the risks of authorization are low, but include successfully meeting all local and federal requirements and expectations, staff capacity, and challenges working with stakeholders to design and implement these improvements, especially considering that the proposed queue jump lanes are within MDOT rights-of-way and may require additional land acquisition.

Public Involvement – How has the public been engaging in the development of the proposal thus far? How will the public be engaged going forward?

To TheRide's knowledge, there is no RTA-sponsored public involvement planned for this grant application as it merely seeking funds to facilitate future involvement about specific projects. However, these projects are aligned with TheRide long-range plan, TheRide2045, for which there was considerable public agreement on developing bus rapid transit along Washtenaw Avenue.

Should the grant application be successful, detailed public involvement plans will be established for the project. Federal law and AAATA policy require such plans.

CEO Report

Meeting: Board of Directors

Meeting Date: September 21, 2023

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

YPSILANTI TRANSIT CENTER PLANNING

The procurement process to recruit a consulting firm for the planning, environmental study (NEPA), and design work of the new Ypsilanti Transit Center is nearing completion. The evaluation team has sent a notice of award, and our Procurement team is working with our legal counsel and the consultant to finalize a contract. We anticipate work to start by the end of September 2023 with an official kickoff to be organized in fall 2023. The primary goals of the first tasks are to review and update prior planning work, create a framework for public outreach, and ensure project management controls are in place.

2022 MILLAGE SERVICES

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

BLAKE TRANSIT CENTER EXPANSION

TheRide continues to work with the Ann Arbor Housing Commission and City staff on the joint development of the old Y-Lot site adjacent to the BTC. Plans and agreements between the partners have not changed and the project is making steady if slow progress.

A separate study led by the DDA to redesign 4th Avenue from Liberty St. to William St. is ongoing. The goal is to make 4th Avenue more transit/pedestrian friendly along with the BTC expansion project. Initial designs were submitted in summer 2023 to City staff for comment, and the consultant will begin on more detailed designs this fall. TheRide will ensure that various stakeholders, including drivers, customers, and other staff, among others, have continuing opportunities to provide input.

ZERO EMISSIONS BUS PROPULSION

TheRide's CEO is preparing a recommendation for the Board's consideration at the October Board Meeting.

OPERATIONAL UPDATES

STATE STREET DETOURS

“Stop Here on Red” signage and a large “X” was painted on the ground to help ensure drivers stop in the appropriate area to help alleviate safety concerns from TheRide. Earlier this year, the intersection had become impassable due to uncontrolled car traffic. TheRide is reviewing the updates and hopes to resume normal State Street routing as soon as possible.

FOOTBALLRIDE

TheRide is providing FootballRide service to/from each home University of Michigan game and is encouraging mobile payment of passes.

YPSILANTI TRANSIT CENTER SECURITY

The CEO and Deputy CEO of Operations have met with the Ypsilanti Policy Chief and an organization called Care Based Safety to learn more about local concerns and sensitivities regarding policing.

LOCAL ADVISORY COMMITTEE (LAC)

The Local Advisory Committee met virtually in August. A report on TheRide’s Board of Directors was given by Board Chair, Kathleen Mozak. Staff also provided paratransit and fixed-route service updates.

TRANSPORTATION COMMISSION (ANN ARBOR)

Items discussed at the August Transportation Commission were: 1) A confirmation of a neighborhood traffic calming plan. 2) A resolution to direct staff to incorporate traffic calming into all road construction projects was proposed to City Council. 3) An update was given on the Transportation Asset Management Plan. 5) An update on road construction projects, crashes, and AAATA August service updates was given.

LEGAL COUNSEL CONTRACTS AWARDED

Routine 5-year contracts for legal counsel were recently awarded. Contracts for labor services and general counsel services were both awarded to Dykema.

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 boarder with Ann Arbor. Various alternatives are currently being evaluated.

MDOT is also working on 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. The second stakeholder meeting was held on September 13th and the project team provided an update on summary of public and stakeholder input, existing conditions, review of relevant plans, purpose and need, evaluation criteria, and refined alternatives.

WATS POLICY COMMITTEE UPDATE

The committee did not meet in July or August and will resume meetings in September.

STAFFING UPDATES

Six new Motor Coach Operators graduated from training on September 8, and applications are being reviewed for the upcoming class of MCOs. TheRide welcomes Ernest Burkeen as a new Bus Operations Supervisor. Earnest was previously an MCO. The HR team continues to enhance their recruitment and hiring process to expand the applicant pool. The Finance team plans to welcome a new Executive Assistant at the end of the month.

EMPLOYEE ENGAGEMENT

Human Resources is working on developing initiatives that relate to recognition, diversity equity and inclusion, wellness, internal communications, employee events and additional engagement opportunities as an outcome of recent Employee Feedback Sessions.

TheRide is happy to bring back after a three-year hiatus, the annual MCO Rodeo. The event will take place Sunday, October 1 at U of m Glacier Way lot. Staff are working with an architect firm to gather feedback from MCOs regarding the renovation of the Drivers Lounge/Kitchen area.

CEO CARPENTER TO SEMCOG EXECUTIVE COMMITTEE

TheRide's CEO was invited to join the 75-member SEMCOG Executive Committee as a non-voting member. It has been many years since TheRide was represented on this committee.

UAW STRIKE

As this report is being written, UAW has begun strike actions. TheRide is exposed to a small degree as paratransit buses, vanpool vans, and support vehicles (trucks, vans) are Big Three products. Support and parts supplies may be disrupted. Staff are taking steps to avoid or minimize any disruptions.

Recommended Budget

FY2024 Operating & Capital Budget

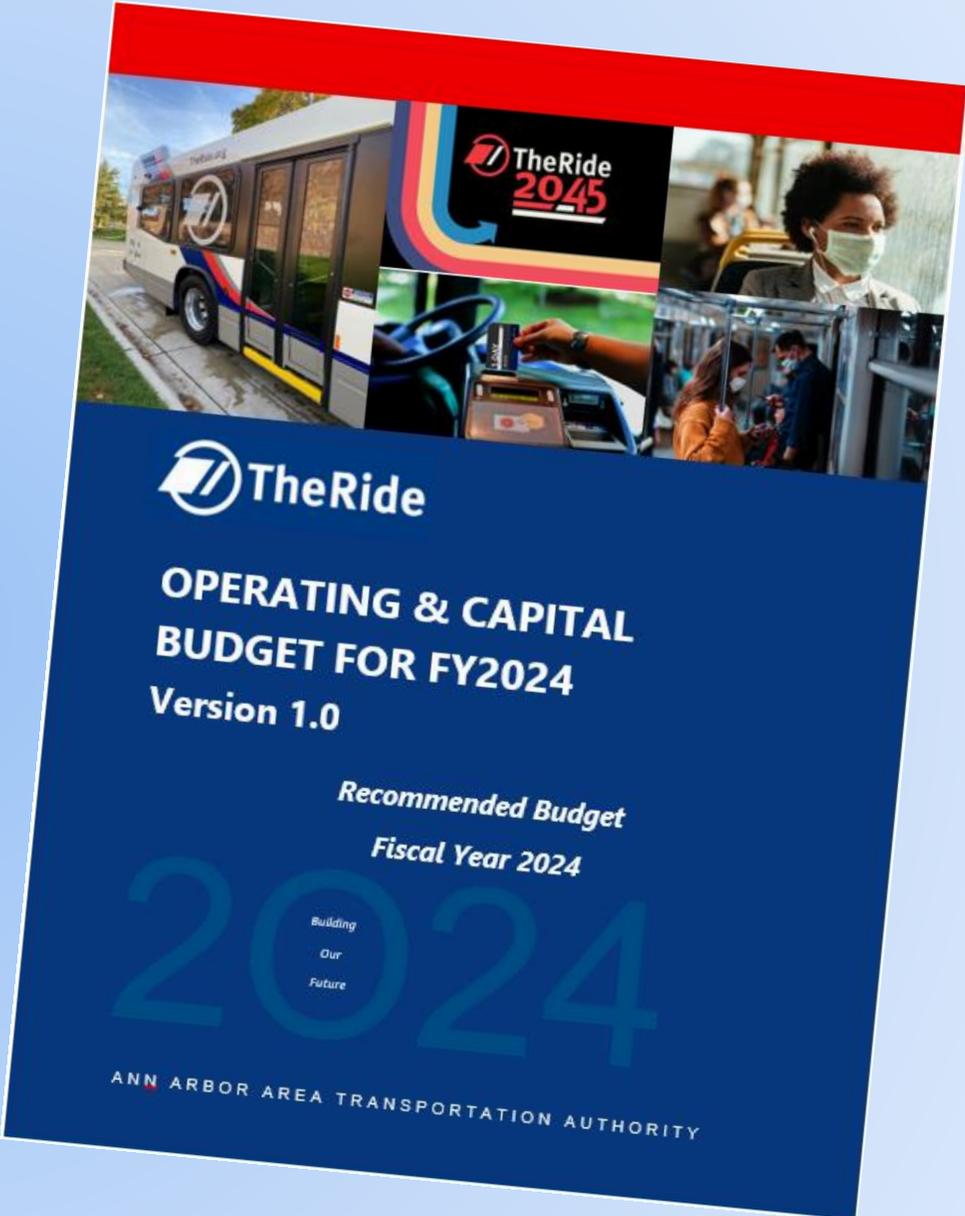
Dina Reed
Deputy CEO, Finance and Administration
dreed@theride.org



Agenda

- FY2024 Budget Introduction
 - Process and Policies
 - Key Accomplishments
- FY2024 Recommended Budget
 - Budget Overview
 - FY2024 Operating Budget
 - FY2024 Capital Budget
 - Conclusion

FY 2024 Budget Introduction



Process and Policies

Our Budget Process is...



Policy Driven



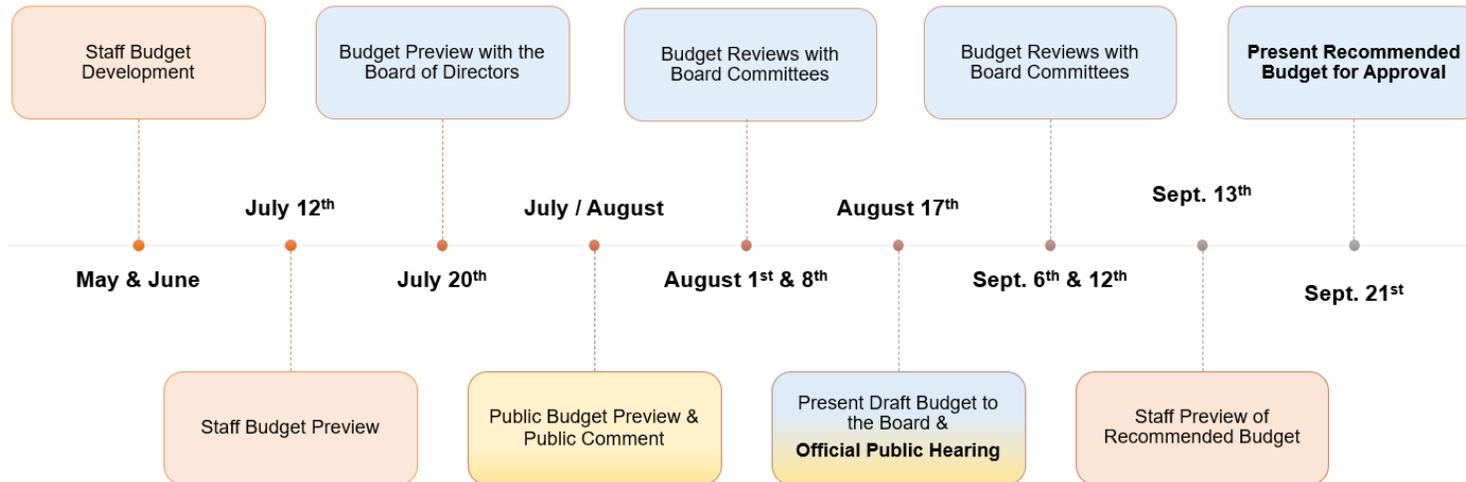
Strategic



Collaborative



Transparent



Our Budget Advances Board “Ends”

1.0 Provide public transportation for the Ann Arbor-Ypsilanti Area that contributes to:

1.1 Residents/
1.4 Passengers



Equitable access and Passengers are Highly satisfied

1.2 Environment



Positively Impacts Environment

1.3 Economic
Prosperity



Positively Impacts Economic Prosperity

1.5 Residents



Positively Impacts Area’s Quality of Life

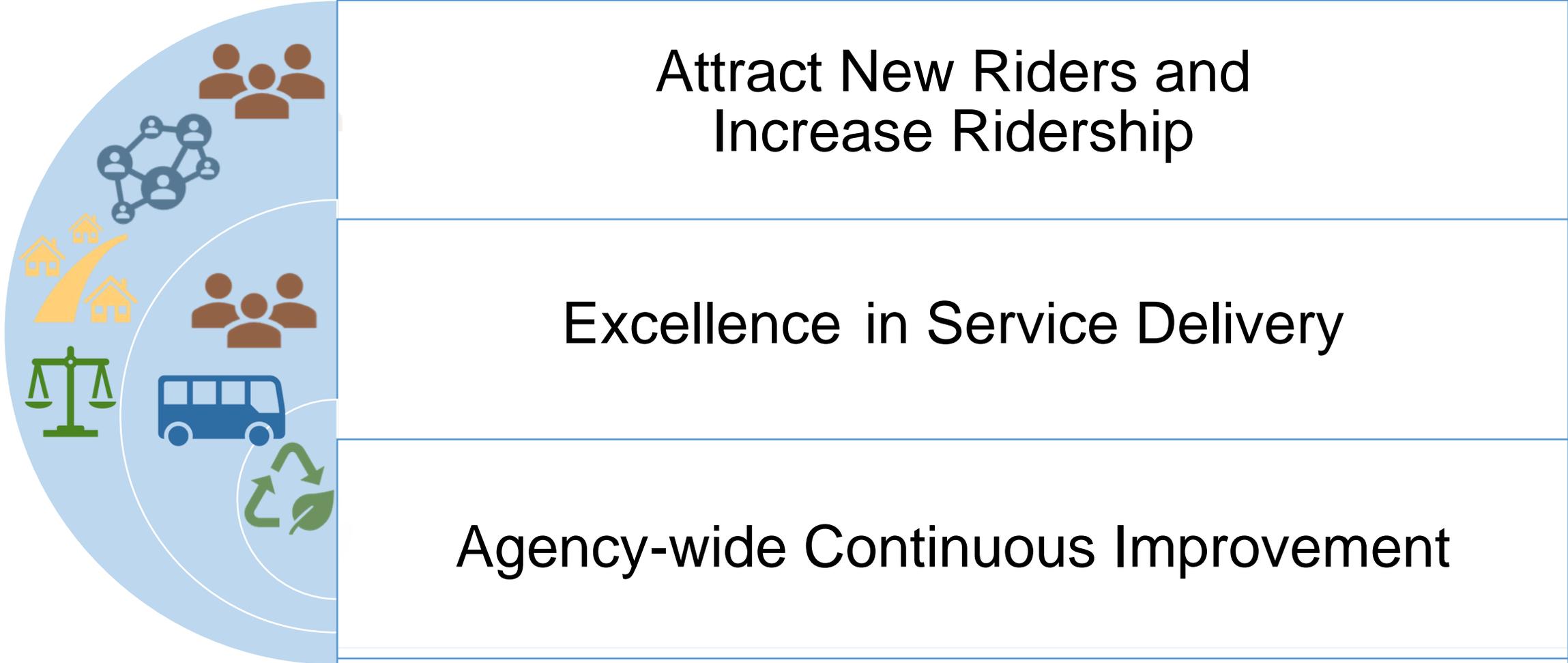
1.0 Fiscal
Responsibility



Efficient Stewardship and Value for Money



Our Budget is Aligned with Business Plan Priorities



Our Budget Follows Policies and Best Practices

Board Policies for financial planning and budgeting:

Is developed using sound financial practices,

Incorporates strategic and multi-year planning,

Uses practices that meet generally accepted accounting principles,

Complies with federal, state, and local regulations,

Details practices of handling cash and investments; and

Seeks authorization when adjusting passenger fares, property tax rates, or buying or selling real estate.

Highlights: FY2024 Key Budget Accomplishments



Operating Full Service Levels



Accelerating Millage Services



No Fare Changes



Budget is Balanced



Capital Projects are Funded

FY 2024 Operating and Capital Recommended Budget



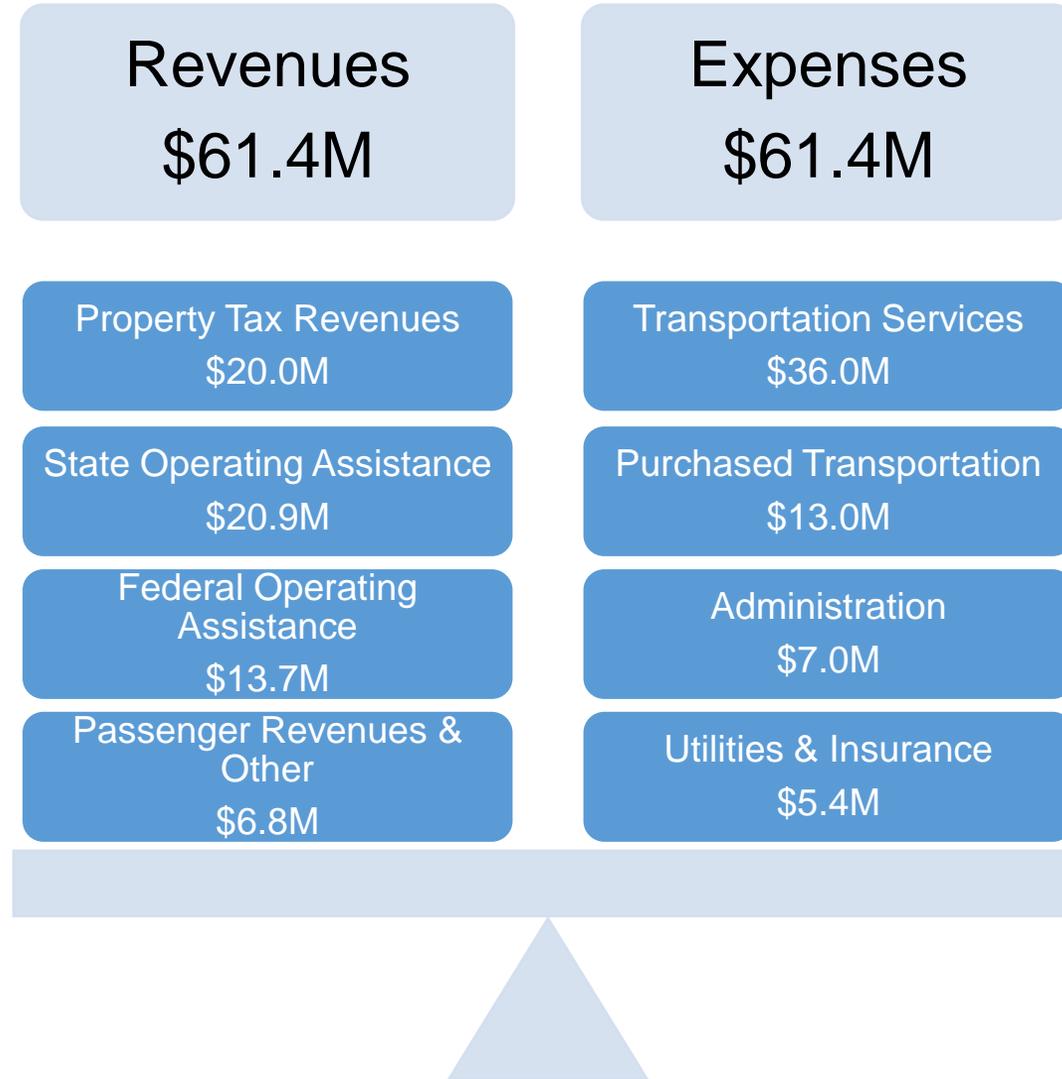
FY2024 Operating and Capital Budget Overview

- **\$61.4 million** for operations
- **\$26.4 million** in capital investments
- Utilizes remainder of federal pandemic relief funding
- Leverages one-time funding opportunities
- Presents 7-year operating budget projection
- Includes 10-year capital projects funding plan



Operating Budget

The FY2024 Operating Budget is Balanced



What are Operating Funds Spent On?

People:
Operations,
Maintenance
& Customer
Service



Purchased Transportation



Facilities: Operations & Maintenance



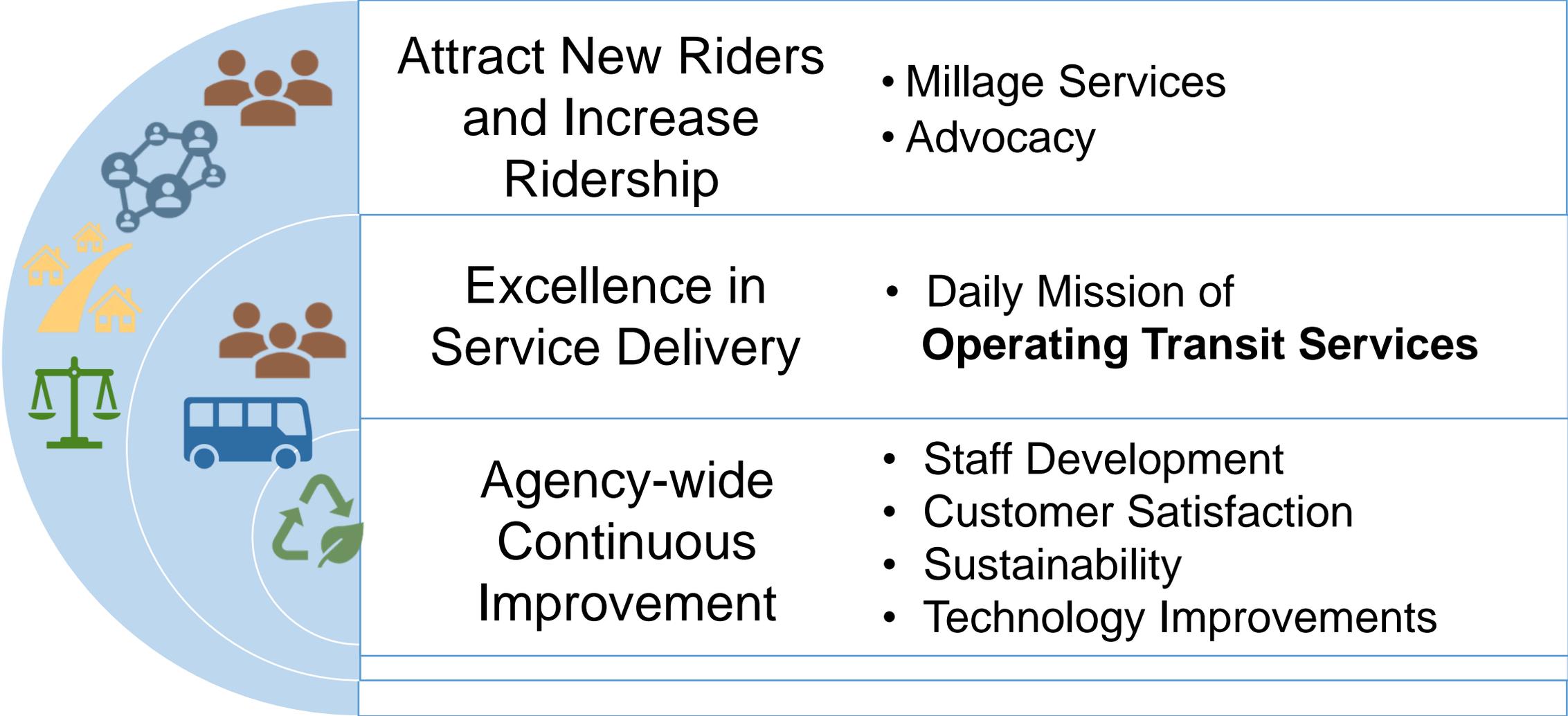
Supplies: Fuel & Tires



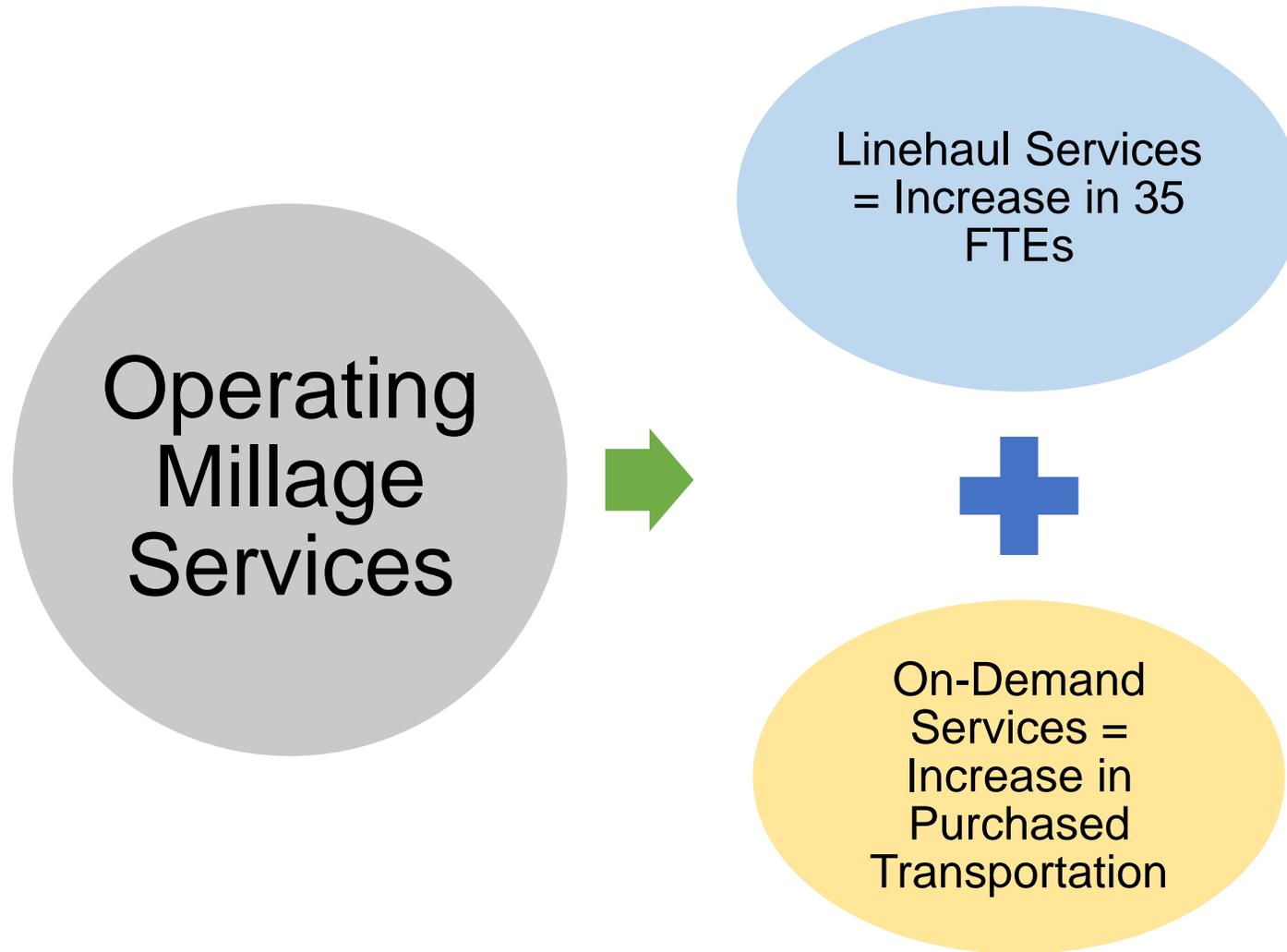
Safety Services
and Supplies



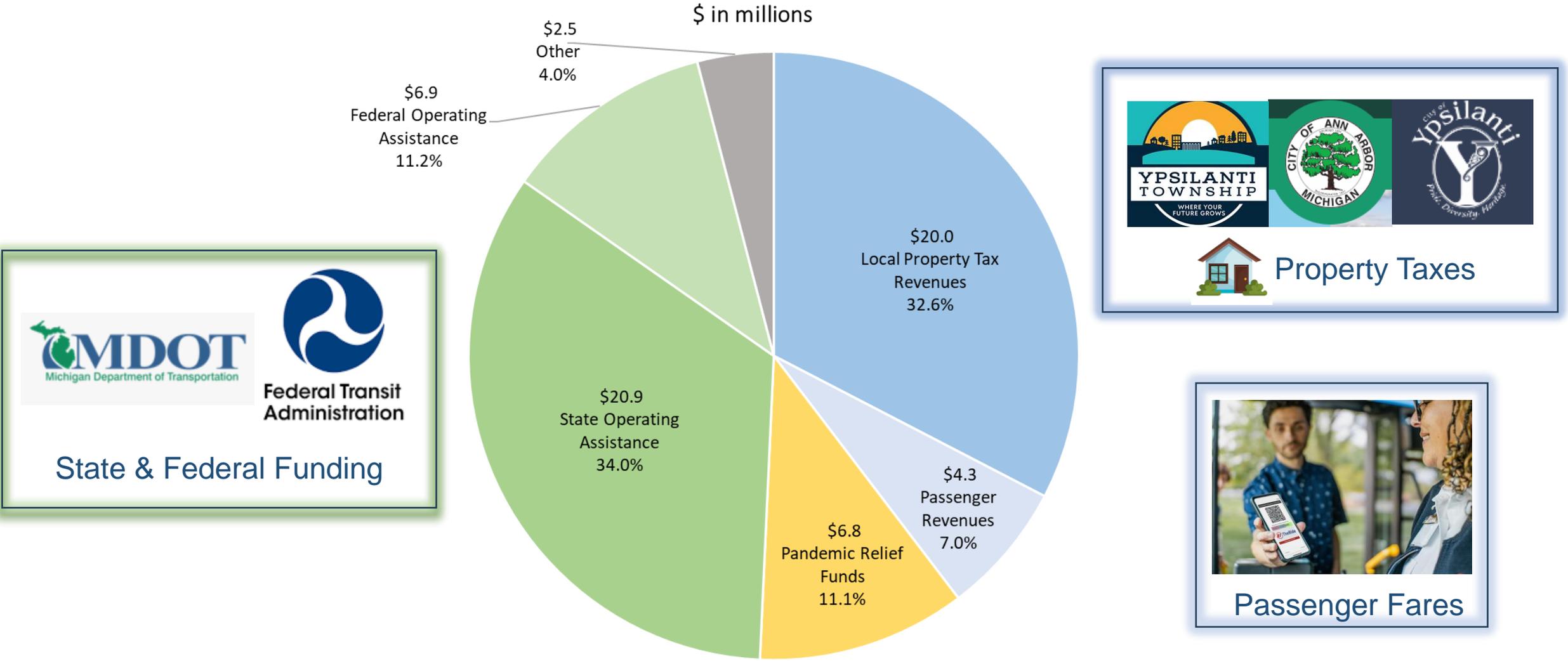
The Budget Provides Funding for Initiatives



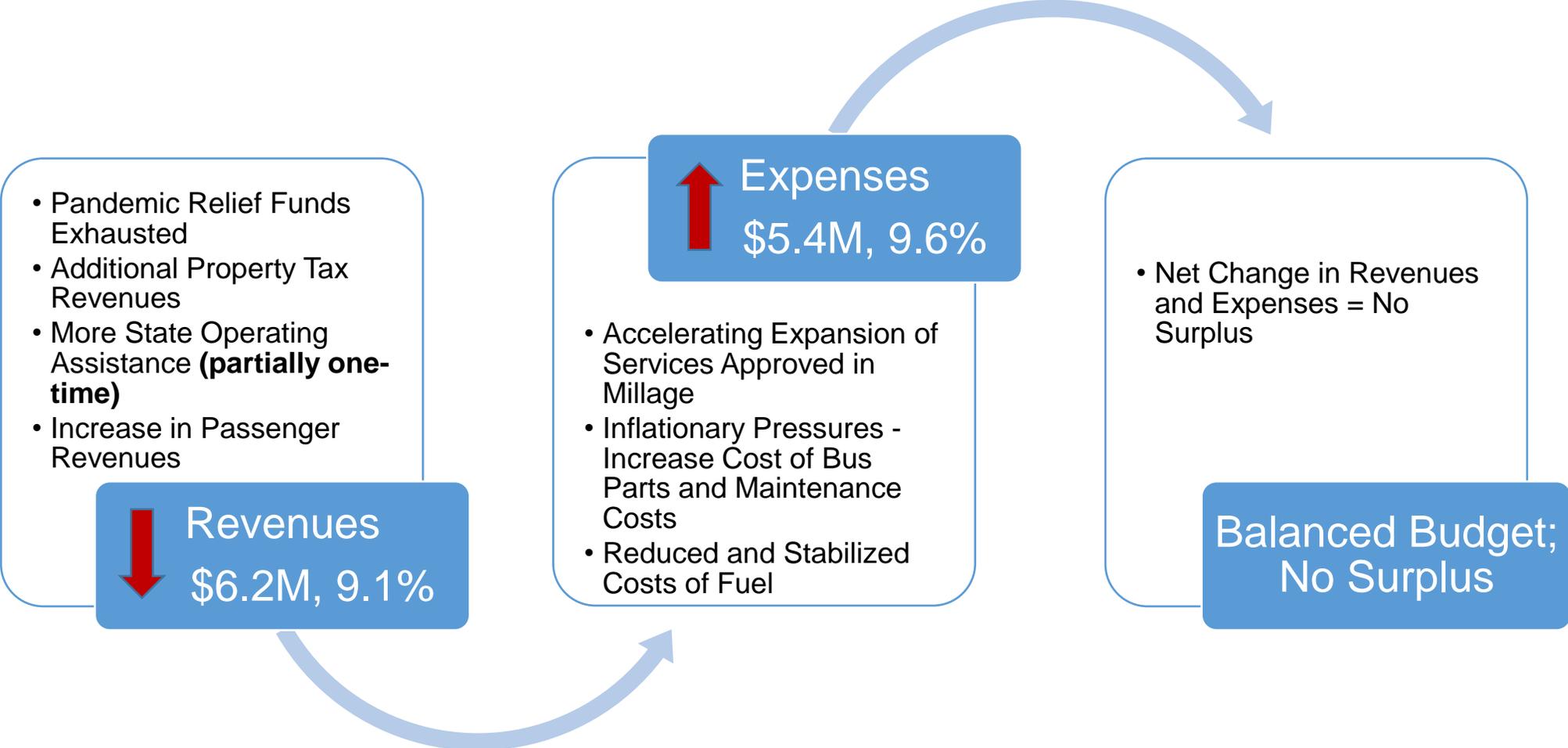
Key Impacts of Millage Services in the Budget



Where Does Operating Money Come From?



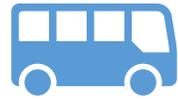
Changes Between 2023 and 2024 Budget



Capital Budget

The FY2024 Capital Budget is Balanced

FY2024 Capital Budget is \$26.4M



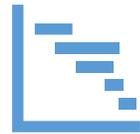
State of Good Repair
\$22.5M, 85.1%



Value Added
\$1.4M, 5.5%



Expansion of Services
\$2.5M, 9.3%



Research & Development
\$25K, 0.1%

Capital Funding for Maintaining State of Good Repair

Maintaining & Improving Facilities

Ypsilanti Transit Center



Operations Center Roof & HVAC Replacement



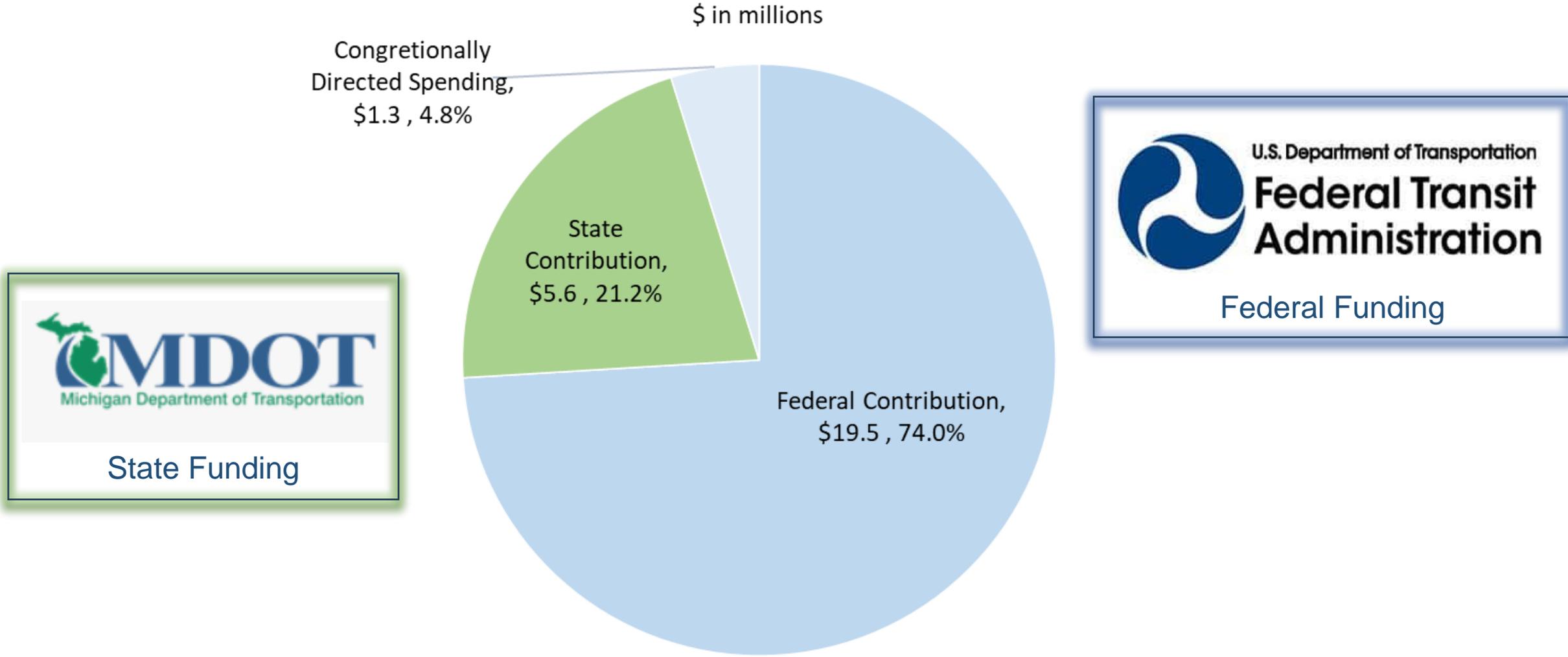
Blake Transit Center



Maintaining the Fleet



Where Does Capital Money Come From?



Protect Capital Reserve for Transportation Projects

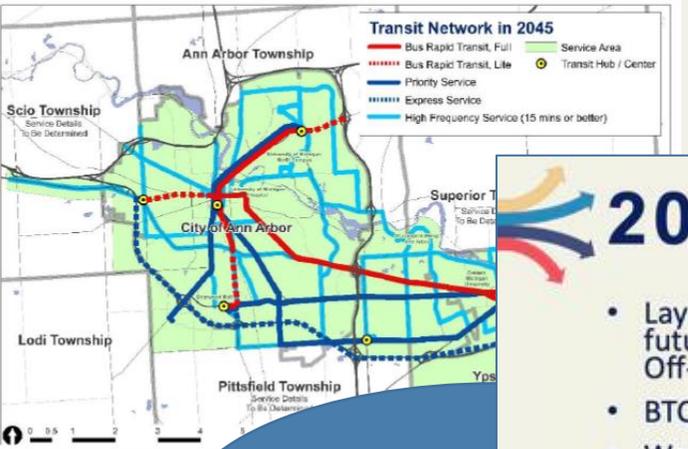
(\$ in thousands)	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Capital Reserve Funding <i>(from Operating Surplus)</i>	\$ 11,939	\$ 10,876	\$ 8,266	\$ -	\$ 1,475	\$ 1,072	\$ 812	\$ 406	\$ 52	\$ 34,898
Capital Expenditures	-	-	-	-	1,700	2,033	16,363	8,753	6,049	34,898
Remaining Capital Reserve	\$ 11,939	\$ 22,814	\$ 31,080	\$ 31,080	\$ 30,856	\$ 29,895	\$ 14,344	\$ 5,997	\$ -	\$ -

- \$58.8 million of pandemic relief funds are expected to be utilized through FY2024 to recover:
 - Loss of passenger fares
 - Pandemic-related costs
- Estimated \$34.9 million of local funds will be dedicated to the capital reserve for capital projects directly supporting transportation services in our communities

Projects Planned in TheRide 2045 are in the Capital Plan

TheRide 2045

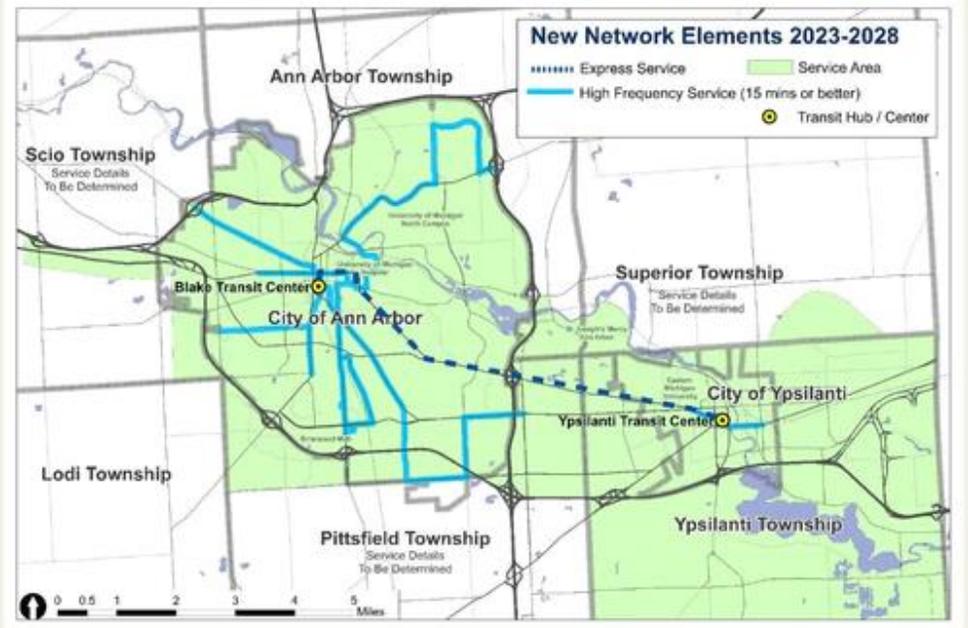
- Transformation of entire transit system
- Bus Rapid Transit forms the backbone
- Other main corridors are served by Express and Priority Service
- High-frequency routes across the service area
- New transit hubs at key locations:
 - Briarwood Mall
 - Jackson & Maple
 - Carpenter & Ellsworth
 - Nixon & Plymouth



FY2024 - Planning, NEPA & Design for Bus Rapid Transit and Bus Garage

2023-2028

- Laying the groundwork for future stages while increasing Off-peak service
- BTC and YTC upgrades
- Washtenaw express pilot
- Better off-peak service
 - 30-minute minimum frequencies during the daytime
 - Longer hours of operation
 - NightRide expansion and enhancement
- Improved accessibility for fixed route with better integration with A-Ride
- Planning and design for
 - New bus garage
 - BRT and transit priority



Conclusion

Budget Opportunities and Risks

Opportunities

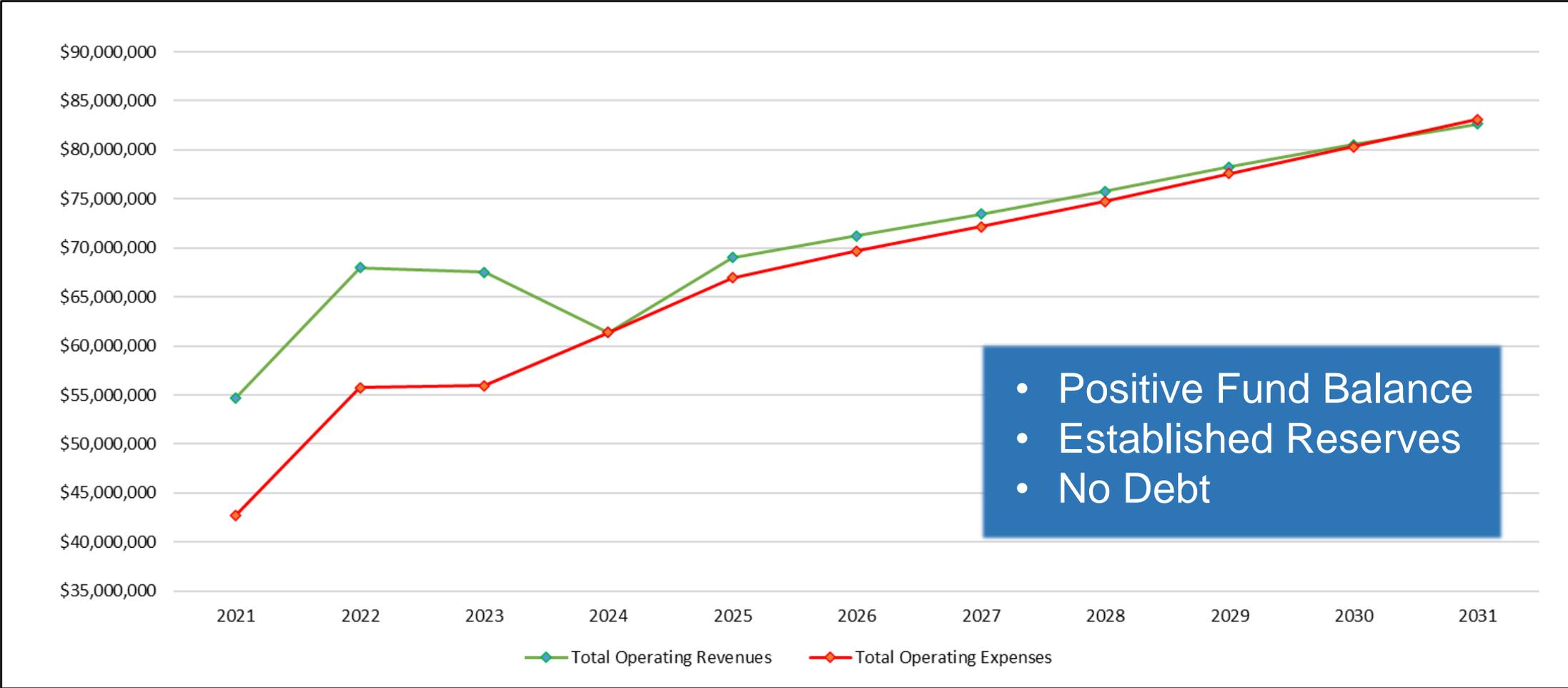
- Continuing Service to Communities
- Accelerating Millage Services
- Approved Millage through 2028
- Approved TheRide 2045 Plan

Risks

- Cost Inflation and Volatility
- State and Federal Funding
- Ridership Recovery
- Staffing
- Phasing of Millage Initiatives

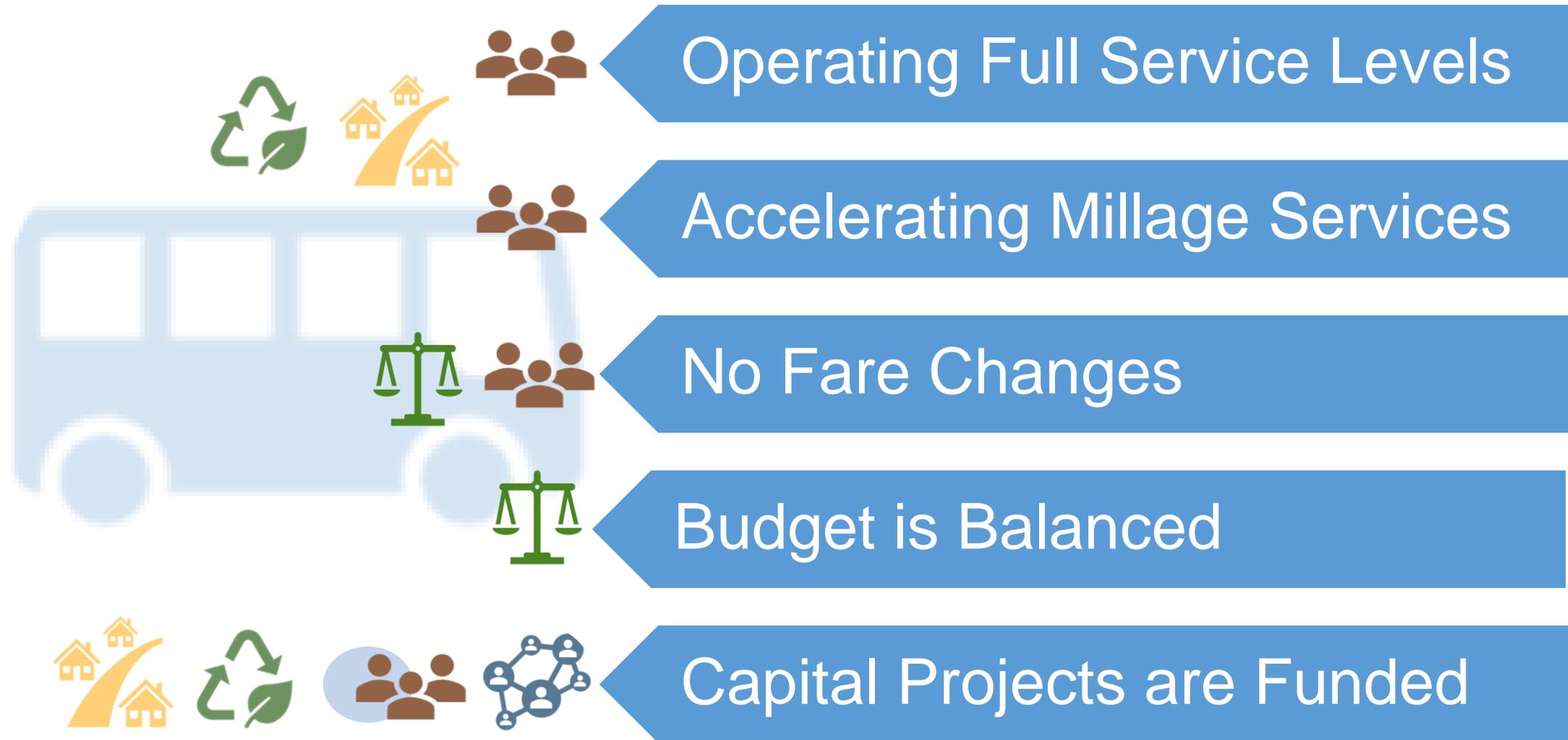
Stable Financial Projection

FY2021 to FY2031 Operating Budget Revenues and Expenses



- Positive Fund Balance
- Established Reserves
- No Debt

Conclusion: FY2024 Key Budget Accomplishments





Performance

[About](#)[Leadership](#)[News](#)[Events](#)[Projects](#)

TheRide values transparent business practices. That's why we make financial and service performance information available to the public.



[Business Plan & Budget](#)

TheRide's corporate business plan and annual budgets are planning tools to help align our work with expectations from the Board of Directors. Take a look at our business plan and annual budgets for current and previous years.



[Financial Performance](#)

Thank You

Questions/Discussion

