

Board of Director's Meeting Agenda

Meeting Date/Time: June 18, 2020, 6:30-9:00pm

Location: REMOTE – Via Zoom

To join by computer: (You will be able to use your computer audio.)

1. Click on this link: [Zoom](#) (If you are using an iPad, you must download Zoom first.)
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301-715-8592 or 312-626-6799 or 929-205-6099 or 253-215-8782 or 346-248-7799 or 669-900- 6833
2. Enter the Webinar ID: 967 9643 1564

Meeting Chair: Eric Mahler

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5.4 Adjournment			

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

If additional policy development is desired:

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

Emergent Topics

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

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

Board of Director’s Meeting Summary

Meeting Date: May 21, 2020

Location: Remote

Board Member Attendees: Raymond Hess, Jesse Miller, Kyra Sims, Roger Hewitt, Kathleen Mozak-Betts, Richard Chang, Mike Allemang, Sue Gott, Ryan Hunter, Eric Mahler (Chair)

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, John Metzinger, Mike Blackston, Rosa-Maria Njuki, LaTasha Thompson

Meeting Chair: Eric Mahler

Chairman Eric Mahler called the meeting to order at 6:31pm.

1. OPENING ITEMS
<p>1.1 Approve Agenda Ms. Kathleen Mozak-Betts motioned to approve the agenda, seconded by Ms. Kyra Sims. In support of the motion: Mr. Mike Allemang: Yes Mr. Rich Chang: Yes Ms. Sue Gott: Yes Mr. Raymond Hess: Yes Mr. Roger Hewitt: Yes Mr. Ryan Hunter: Yes Mr. Jesse Miller: Yes Ms. Kathleen Mozak-Betts: Yes Ms. Kyra Sims: Yes Chairman Mahler: Yes</p> <p>The motion was approved unanimously.</p>
<p>1.2 Public Comment Mr. Jim Mogensen discussed Title VI with the Federal Transit Administration (FTA), mentioning that the FTA has guidance on their website outlining the analysis needed before service reductions become permanent.</p>
<p>1.3 General Announcements Chairman Mahler announced that the City Council and Mayor have reapproved both Mike Allemang and Kyra Sims for another term on the Board.</p>
2. CONSENT AGENDA
<p>2.1 Minutes Mr. Hess motioned to move the minutes into the record, seconded by Mr. Miller. In support of the motion: Mr. Allemang: Yes Mr. Chang: Yes Ms. Gott: Yes Mr. Hess: Yes</p>

Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion carried and the minutes were moved into the record.

3. EMERGENT BUSINESS

3.1 Coronavirus Update

3.1.1 Recovery Plan

CEO Matt Carpenter reminded the Board of the Recovery Plan that was brought to the Board at the April 16th Board Meeting. Since then, TheRide did implement a very difficult decision to reduce staffing costs via layoffs and the elimination of positions. He described that if there was silver lining, TheRide did manage to save many more jobs by changing how some services were delivered.

CEO Carpenter presented the unified COVID-19 Recovery Plan for the Board and public's consideration. He pointed out that the Pandemic Timeline Gantt chart in the document is on target thus far and illustrates some of the thinking behind TheRide's actions.

Mr. John Metzinger provided a description of TheRide's financial situation as it stands this week. He described the recent difficult decisions having been made with the long-term financial sustainability of TheRide as a key priority. The challenges are coming from a loss of fare and contract revenue and higher costs due to cleaning and sanitation and personal protective equipment, as well as higher personnel costs early in the pandemic response. Even in good times, staffing costs are TheRide's greatest expense, which is why it was necessary to reduce costs with layoffs. Mr. Metzinger explained the forecast chart in the Recovery Plan, which shows a range of financial projections to help discern a path forward. The plan is designed to return TheRide to something as close as possible to the normal financial position by the end of the pandemic recovery.

Mr. Metzinger reported that at the State Revenue Conference held last week it was stated that revenue is down by about \$3B, and impacts to the state budget are certain, but have not yet been made widely known. This will make the CARES Act funds critical, and it is being used within the limits of the law for eligible costs. To date, operating expenses to be reimbursed with CARES Act funds are up to \$1.2M. With tonight's authorization for a capital procurement for driver's barriers, TheRide will have already used about 10% of the CARES Act funds. That burn rate will slow down in July once the financial impact of staffing reduction is fully realized. He expressed that challenging times have led TheRide to make difficult but necessary decisions. It is anticipated that the financial performance will be near the path of the green line on the forecast chart and that this will be a financially sustainable position for TheRide.

CEO Carpenter reported that TheRide is planning to restore the services for the community in a way that is safe for staff and passengers and looks forward to welcoming all the riders back as the stay-at-home orders are gradually rolled back. He also wanted to note that TheRide will probably not be able to put everything back exactly the way it was, nor should they. Restoring exactly as it was will likely not be affordable for TheRide, and the world has changed considerably. He reminded the Board and public of pre-existing financial challenges for TheRide before the pandemic.

Bringing back service exactly as it was would be equivalent to bringing back those same financial challenges. TheRide will move forward in an incremental, negotiated, but slow way. Due to the pandemic, many expectations have been reset. TheRide will have a new direction, essentially to put them on sound financial footing going forward as service is restored. This will be discussed more with the Board and public over the next month or two. The intent is to have as much service up and running as possible, phased in, starting this August by phasing up about 60% of the fixed route service. Going forward through the rest of the year will be determined by the course of the pandemic and TheRide's financial situation. By 2021, TheRide hopes to be back up to what will be considered full services, which will probably not look exactly like the services TheRide had prior to the pandemic. Services will be brought back along the lines to which previous work has led. Paratransit will be phased back in along the lines of the consultant report which already has considerable citizen input through the LAC. Fixed route services are still in development, but TheRide looks forward to bringing those back to the extent they can afford.

CEO Carpenter pointed out in the report that it touches on some of the other auxiliary services that TheRide has and hopes to restart as well as the importance of restarting fare collection. It provides a general timeline of when these things may begin to start happening.

CEO Carpenter expressed that the COVID-10 Recovery Plan is very much a public document and TheRide is very interested in feedback from the Board and the general public. E-mails can be sent to TellUs@theride.org.

Mr. Hewitt asked if loss of local tax revenue was assumed in the forecast. Mr. Metzinger expressed that there has been no word from the County Treasurer about that just yet, but the forecast does include a 2% reduction in property tax.

Mr. Allemang asked when it is being assumed that the CARES Act funds run out. Mr. Metzinger explained that the current forecast shows that TheRide will use about \$8M to stop-gap deficits for 2020 and nearly that for 2021. That would put TheRide to the end of 2021 with about \$3M remaining in CARES Act funds. Between now and then, other uses for those dollars will certainly be apparent, especially as it relates to safety of the drivers and the public. If he had to guess, it would be sometime in late 2021 that CARES Act funds would run out.

Ms. Gott asked about contracts for consulting services or vendors that if frozen could open up opportunities to be reconfigured so that work could be done in-house. CEO Carpenter pointed out the decision to bring paratransit in-house, which allowed TheRide to retain 50 jobs that otherwise would have been eliminated. Also, many staff have been redeployed on cleaning duties.

Ms. Mozak-Betts asked what TheRide is allowed to spend the CARES Act funds on. Mr. Metzinger explained that the FTA (Federal Transit Administration) has made it very clear the CARES Act funds are available to cover lost fare revenue. TheRide can also recover the COVID-19 related costs which includes things like paid employee leave, PPE, cleaning and sanitation supplies and contracts and services. TheRide can even use it for additional employee overtime that is COVID-19 related. In essence, because TheRide is not collecting fares, the largest portion of this is likely going to go to stop-gap the deficits that are the result of the lack of fare collection.

Mr. Miller asked what the guiding philosophy behind increasing the fixed-route service is; what is the thought process around the allocation of resources. CEO Carpenter

indicated that there are a number of factors being juggled right now. Trying to anticipate the return of large number of riders for some of the busiest routes (Rt. 4, 5, or 6) might require more buses in order to maintain social distancing. At the same time, TheRide wants to restore services everywhere, not leave anyone without service. A need to provide better access to medical facilities has been recognized. Rt. 3 to St. Joseph Hospital in Ypsilanti had not run on Sundays before, but it is now going to. TheRide is also restrained by our resources (number of buses, number of drivers, amount of money and finance we have). TheRide is trying to find a way to balance all those things. Hopefully in the next couple of weeks there will be more details and specifics.

Ms. Gott expressed gratitude for the clarity demonstrated by CEO Carpenter and Mr. Metzinger's reports.

Lastly, the recommendation for expediting Board oversight of pandemic recovery suggestions made by CEO Carpenter via an additional issue brief sent earlier in the day to the Board was mentioned. Chairman Mahler asked the Board to review that for discussion at the next Board meeting or possibly at some of the Committee meetings in the coming weeks.

Mr. Hunter asked if any thought had been given toward a second wave of the pandemic and the effects that might have on the current timeline. CEO Carpenter noted that this has been anticipated. Mr. Smith and his staff have been working very hard to come up with contingency plans in addition to the August improvements. Should another lock down happen in the Fall, TheRide can fall back to the current level of service, referred to as Sunday Plus, and then be able to bounce back up again after that. TheRide is trying to husband resources in order to be flexible no matter what happens.

3.1.1.1 Pandemic Barrier (Budget Amendment)

CEO Carpenter walked the Board through the Issue Brief and Resolution authorizing funds for permanent pandemic barriers. These barriers would provide the same level of safety that is seen in retail stores today. There is a shield between the driver and riders as they are boarding. TheRide is requiring that riders wear masks, but if they do not have one, they do not deny them service. There is consideration being given to how to provide masks to riders in the future. He described having a physical barrier between the driver and riders as a reasonable step. The cost will be about \$800K, or a little less. The barriers are about \$6K a bus. The factories right now have about a 3-month lead time to build and deliver the barriers. CEO Carpenter pointed out that there is a risk of diminished air flow around the driver, but staff feels that solutions can be found to deal with that.

The Resolution asked for a budget authorization and allowance for CEO Carpenter to enter into a contract to purchase the barriers as soon as possible. Ms. Gott moved to support the resolution, seconded by Ms. Sims.

Mr. Miller asked if the drivers were in favor of the barriers. Mr. Smith reported that Delisa Brown, president of the union, told him that they were 100% in support of the barriers. Mr. Miller expressed his full support of the barriers.

Votes were taken in support of the resolution:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously. Below is the signed resolution.

Attachment 3 – Proposed Budget Amendment Resolution

Resolution 03/2020

AMENDMENT OF FY 2020 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 and capital budget for each fiscal year, and

WHEREAS, a capital budget with expenditures of \$17,987,928 was adopted for FY2020 by the Board in September 2019 (Resolution No. 06/2019), and

WHEREAS, the COVID-19 pandemic has created the need for social distancing in order to prevent viral spread, and shield doors for fixed-route buses can help increase the safety of bus operator and passengers, and the cost to purchase and install shield doors on the fleet will not exceed \$800,000, and

WHEREAS, the AAATA was awarded additional federal funding under the CARES Act as assistance to mitigate the impacts of the COVID-19 pandemic, and these funds will pay 100% share of the cost of shield doors, and

WHEREAS, amending the AAATA's 2020 capital budget will authorize the CEO to expend up to \$800,000 to install shield doors, and

WHEREAS, the declaration of a state of emergency by the Governor has prompted the CEO to declare this procurement to be emergency procurement under the terms of the AAATA Purchasing Manual section 2.5,

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves an amendment to the AAATA FY2020 Capital Budget as its general appropriations act to increase total expenses by \$800,000 to \$18,787,928, and that the Board of Directors hereby authorizes the CEO to enter into contracts for the procurement and installation of shield doors to reduce the spread of COVID-19.

Eric Mahler

Eric A. Mahler, Chair
May 21, 2020

Kyra Sims

Kyra Sims, Secretary
May 21, 2020

4. POLICY MONITORING & DEVELOPMENT

4.1 Committee Reports

4.1.1 Governance Committee

Chairman Mahler highlighted that the A2Zero plan was accepted but not adopted and that Matt Webb (former head of the RTA) resigned. He explained that Ben Stupka is taking Mr. Webb's place and 3-County Plan discussions may start back up again.

4.1.2 Finance Committee

Mr. Allemang highlighted discussion of the Recovery Plan, the Pandemic Barrier Proposal, the Q2 Financial Reported, and the Cash and Investment Monitoring Report. The Committee recommend approval of the Cash and Investment Monitoring Report. He reported that there was a good discussion about cash flow and the importance of reviewing the cash flow regularly at this time. He also noted that initial discussion was had in regard to developing a Board approved fare policy.

4.1.3 Service Committee

Mr. Hewitt reported that the Service Committee got an update from CEO Carpenter on the pandemic responses being made by TheRide and spent most of the time discussing the Construction Policy.

4.1.3.1 Construction Policy (Approval)

Mr. Hewitt led discussion on the importance of a construction policy being in place should infrastructure stimulus come from the federal government for shovel ready projects. He reported that the Service Committee does not have a unanimous decision on how to proceed with the two versions of the Construction Policy but seeks the Board's review of each with hopes of approving one. The difference between the two versions is that the second version eliminates policies 3, 4, and 5. He noted that the last time the Construction Policy was discussed at the Board level there were a number of issues raised with the policy preamble (i.e. what is considered a major renovation, what is "aesthetically displeasing"). CEO Carpenter provided an executive interpretation of that which the Board discussed first.

Ms. Sims expressed still having an issue with "aesthetically displeasing" but believes when a construction project presents itself that the Board can just agree with majority rule at that time. She noted that the CEO interpretation points are a good start. She asked from whom the determination of applicable legal expectation for environmental impact would come from. CEO Carpenter explained that the requirements from NEPA would have to be done, but the Board would decide at the beginning of the project if anything above those requirements should be done, and to what level. Ms. Sims expressed being happy with most of the language in the policy and the Board will just have to learn once the Board actually has to enforce it.

Chairman Mahler expressed not being in favor of “aesthetically displeasing”. He described the difficulty with trying to get consensus on anything having to do with design, especially when it comes to what is displeasing and what is not. Mr. Allemang agreed with Chairman Mahler. He expressed his willingness to going along with the majority.

Mr. Hess expressed not seeing what problem is being solved with the construction policy and that existing policies on the books would cover almost any scenario he could imagine that would require Board action.

Mr. Miller pointed out that the construction policy arose from a scenario where discussions like these were not had prior to being asked to approve a budget that included construction.

Ms. Gott agreed with Mr. Miller. She expressed needing the opportunity to ensure good fiduciary stewardship when millions of dollars are going to be encumbered and ultimately spent; some of the information that would be helpful to know before seeking funding or entering into significant design commissions is not found elsewhere in Board’s policies.

Mr. Allemang expressed that guidance to the staff regarding construction was probably needed, but the current versions of the policy are too prescriptive, but he is still flexible.

Chairman Mahler agreed that the policy is very prescriptive and gives the Board the opportunity to micro-manage every construction project that comes in over the CEO. He expressed that the Board should be involved in the approval process, the budget monitoring process, and the over-run process, but not in every step of a construction project.

Mr. Hewitt expressed that policies 3, 4, and 5 are pretty prescriptive and suggested that there are other things that are not included in the policy that could be handled with the same level of detail but are not, such as the contract. He noted that there are already a number of existing policies that relate to funding and cross over on budget. He would support the version that removes policies 3, 4, and 5.

Ms. Gott noted that having been on the Board during the construction of the Blake Transit Center and appreciating the range of basis for design, the advantage of more detail is to establish a greater understanding by the Board. Because of the magnitude of dollars, the additional detail offers the Board the chance to have a greater level of understanding, which she thinks is the responsibility of a Board when talking about \$10-15M.

Mr. Hewitt moved that the Board enact the Construction Policy version 2, seconded by Mr. Hunter. Mr. Miller moved to remove “aesthetically pleasing” from version 2. Mr. Hewitt accepted that as a friendly amendment.

Chairman Mahler conducted a vote for the amended version 2:

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms.Gott: No

Mr. Hess: No

Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: No
Chairman Mahler: No

The motion passed 6 to 4. Version 2 with the removal of “aesthetically displeasing” was approved and added to the Board Policy Manual as follows:

2.12 CONSTRUCTION

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

Further, without limiting the scope of the above by the following list, the CEO shall not:

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

2.12.1.1 Request authorization to proceed with a project prior to providing information that demonstrates that such construction is fiscally responsible and aligned with achievement of the board’s Ends, and without providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:

- A. Definition of the project’s purpose and goals.
- B. Definition of the project’s key elements and rationale for their inclusion.
- C. Definition of the project’s strategic context, and contribution to advancing the board’s Ends or other policies.
- D. Explanation of the project’s priority relative to other capital needs.
- E. Estimates of the capital cost, ongoing operating and maintenance costs, and expected useful life associated with the project.
- F. Explanation of anticipated funding sources and financing mechanisms.
- G. Definition of risks associated with the project.
- H. Project timeline.
- I. Public involvement process.

2.12.1.2 Request authorization to proceed with a project without incorporating it into an annual budget or a budget amendment.

2.12.2 Expend funds on a construction project prior to having confirmed funding for that stage.

2.12.3 Proceed with construction that does not minimize inconvenience to the travelling public and those businesses and residences directly impacted to the extent that is reasonably practicable.

2.12.3.1 Proceed without providing timely and accurate information to the travelling public, residents and business owners.

2.12.3.2 Proceed with construction project or changes to the project that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation.

2.12.4 Allow the board to be unaware of political, residents' and businesses' issues related to the proposed construction.

2.12.5 Allow the board to be without regular reports on the project's implementation, including but not limited to:

- A. Changes to the anticipated cost of the project.
- B. Changes to the elements/scope of the project.
- C. Changes to scheduled completion, delays or impacts to timelines.
- D. Timely notice of possible cost overruns and planned action to reduce impact.

4.2 Monitoring Reports

4.2.1 Cash & Investments (Policy 2.6)

Mr. Metzinger walked the Board through the policy and monitoring report, which presents compliance. The Finance Committee recommended that the Board accept the report as compliant. There were no questions from the Board.

Mr. Allemang motioned that the Board accept the CEO as (A) in compliance, supported by Mr. Hewitt and Ms. Mozak-Betts.

In support of the motion:

Mr. Allemang: Yes
Mr. Chang: Yes
Ms. Gott: Yes
Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed unanimously.

4.3 CEO Contract

Chairman Mahler pointed out the highlights listed in the middle of the issue brief: Important highlights include, but are not limited to, the following:

- Five-year term
- \$185,000/year minimum; flexibility for financial reasons
- Delay of \$10,000.00 payment to deferred compensation until June 2021
- Redefining the mandatory resignation due to disability (7.3(d))
- Redefining "with cause" (7.3(f))
- Increase of separation payment of base salary from six months to twelve months
- Addition of supplemental disability insurance
- Mandatory arbitration of all employment-related legal claims

The Board had no questions.

Mr. Hewitt moved the CEO Contract into the record for approval, supported by Mr. Allemang.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

Chairman Mahler reported that CEO Carpenter did come to a tentative agreement with the Governance Committee on these very terms. He will accept officially when he signs it.

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 Q2 Service Report

Mr. Smith took the Board through the Q2 Service report. He expressed a lot of difficulty in creating this report because the shut down and cessation of normal services started at the very end of this quarter. Numbers that are reported as averages really would not be representative of what is going on. He summed up that with the fixed route services there is a 90% drop in the daily ridership and a 75% drop in ridership for paratransit. He noted that TheRide is still carrying 10% of the daily ridership which is around 2,000 trips a day on fixed route and about 150 trips a day on paratransit. TheRide is still carrying those essential workers and making those essential trips. He did not report on the rest of the metrix in written form mainly because those numbers would appear to be misleading.

Mr. Hewitt asked about the cost per revenue hour looking quite high. Mr. Smith explained the number may be a typo and that he would investigate it. Following the meeting, he notified the Board of the cost per revenue hour to be \$121.25. There was an error in calculating the number on the submitted reported, for which he apologized. He made mention in his follow-up that the hours dropped but expenses did not, and he does expect this number to rise for the next quarterly report.

5.2 Q2 Finance Report

Mr. Metzinger took the Board through the Q2 Finance Report. He started by thanking the AAATA finance staff who have been working extremely hard to streamline their processes in order to close out the financial periods in a more timely manner in order to get financial reports ready for the Finance Committee and the Board. He thanked LaTasha Thompson for her work on this.

This report showed TheRide's financial performance year to date through March 31st. Mr. Metzinger pointed out that for much of the financial period that is presented we were in normal times, pre-pandemic until late in this report. But the pandemic affects do show up even in the financials this quickly.

He reported that TheRide operated within the budget with a small surplus of \$20K of revenue after expenses. This surplus is off from the budgeted surplus of \$405K due to the lower fare revenue being collected after TheRide stopped collecting fares in mid-March. The quarter ended with a reserve balance of \$10.1M which left TheRide in a very strong position as it entered into the pandemic period. That amount of money is able to support 2.6 months of the

annual operating expense. The reserve has remained at or above the target of 2.5 months for 3 of the last 4 consecutive quarters. Unfortunately, quarter 3 financial results which will be presented in August are likely to show a drop in the reserve balance depending upon the application of the CARES Act funds and how that all plays out in response to the Coronavirus.

In terms of cash flow, Mr. Metzinger explained that cash flow was adequate to cover expenses. The second quarter ended with a balance of cash and investments at \$13.9M. That was slightly higher than the balance at second quarter end last year.

Mr. Miller asked for more depth on how the expenses were lower than budget. Mr. Metzinger explained that there were only about 2 weeks of financial activity during the pandemic reported. The expenses were lower than budgeted primarily due to savings from lower wages prior to the pandemic, lower fringe benefits, lower fuel costs, and also there were lower contract and service of another cost. Costs across the board were operating a little lower than normal before the pandemic hit.

5.3 CEO Report

CEO Carpenter made two additions to the report. With regard to the A2Zero project, he reported that Ann Arbor City Council did meet virtually earlier this week to discuss this as well as many other items. They postponed decision on formal adoption of the A2Zero plan until the next Council meeting in early June. There was no action but lots of discussion. CEO Carpenter expressed that most the media and public attention is on the virus and recovery. This one will get a little more political and media attention before it is finally done. There is definitely controversy about costs and benefits. He expressed not being able to tell which way it is going to go at this point.

CEO Carpenter reiterated his appreciation of staff and described AAATA as a great organization to be working with and all the team members have been doing incredible work under strange, bizarre conditions the last couple of months.

Ms. Mozak-Betts asked about the lack of AAATA attendance at the Transportation Commission meetings due to current lack of staff. She asked if a Board member should consider representing AAATA during this time or if it is fine the way it is. CEO Carpenter expressed it being relatively fine the way it is, though there might be a broader question about TheRide's participation in that Commission. Because TheRide was given a vote, it does affect their quorum decisions and perhaps they would appreciate having someone from TheRide's perspective. He reported that Board members have been on this Commission in the past with varying degrees of feelings of effectiveness. TheRide has communicated to the City that as soon as staff is available to be put back into the Commission, it is the hope to do so. The Commission has not suggested to CEO Carpenter that this is causing a serious problem.

Mr. Hess offered his perspective that if there are issues that come up pertaining to transit, he is pretty quick to communicate those back to CEO Carpenter. If there are questions that come up on issues that have been discussed at the AAATA Board public meetings, Mr. Hess will share just his knowledge of the Board meeting proceedings. He does not speak for the Board, but just of his knowledge of Board meeting proceedings. CEO Carpenter stated that aside from the couple of times that the Commission has requested information from AAATA and staff have made presentations in the past, most of the work of the Commission pertains to the non-motorized activities of the City and hasn't directly pertained to AAATA business yet. If there is something that needs TheRide's attention, staff will show up to the meeting.

Ms. Sims was the most recent Board member to serve on the Transportation Commission and expressed that the Commission does really important work, but she would agree with CEO Carpenter's comments. She noted that having Mr. Hess there to notify CEO Carpenter if there

are any issues that need AAATA's attention is a fine way to communicate and continue to interact with the Transportation Commission in the meantime. She noted that most of the discussions that affected TheRide were very operational and in those instances, staff members from TheRide were coming to the Transportation Commission to give presentations and provide more context. As a Board member, they were not talking much about strategy or long-term planning or anything that the Board is usually involved in, so she thinks it would be more appropriate to continue to have that communication with Mr. Hess, monitor the agendas and the minutes of the Transportation Commission, and then when staff capacity allows, reappoint a staff member to serve.

Mr. Miller pointed out that as businesses open back up, we may expect a lot more cars on the road in Ann Arbor. He wondered if TheRide was missing an opportunity to make the Transportation Commission aware of this issue and neglecting responsibility to allocate resources for public transportation in the wider recovery from the virus by not attending Transportation Commission meetings.

CEO Carpenter noted having preliminary discussions of this sort, like pop-up bus lanes, and what is realistic given the current political situations that are out there. He does not know that the Transportation Commission would necessarily make or break that decision but the broader point about anticipating what is going to happen when things reopen and trying to get ahead of that is very well taken. He has thought about asking major institutions to stagger their opening times and already has had one conversation with UofM. He thinks that this message would be more affective if coming from more than just TheRide, coming also from other institutional players. He hasn't had the time to figure out how to reach out and make that request, but he thinks the general idea of the City, TheRide, and perhaps the County issuing a suggestion or request like that makes a lot of sense. If there are tactical infrastructure things like that which can realistically be done, a pop-up bus lane certainly would be nice, but he thinks we are already running out of time though.

Mr. Hess reported that the City just launched on their website [A2gov.org/healthystreets](https://www.a2gov.org/healthystreets) a solicitation for ideas from the public on changes to the transportation infrastructure amid COVID-19. This is a tool where suggestions of this nature could be made.

Mr. Allemang supports CEO Carpenter or his staff not attending these meetings right now, particularly in light of what Mr. Hess had to say.

Mr. Allemang asked about the Y-Lot progress being made and what "pre-entitle" means. CEO Carpenter reported that the City has been moving forward from the Council direction to conduct some preliminary planning work on the Y-Lot and other properties. Pre-entitlement clarifies as much of the parameters about what the construction will be, what it will look like ahead of time so that when the project is bid or tendered and development firms decide whether or not they want to participate, as much of the uncertainty of the development has been ironed out as is possible. A lot of decisions will happen later, but so far this process has allowed them to move forward with public involvement on massing ideas. There was a presentation at a previous Board meeting showing some of the general renderings of a building on the Y-Lot, which included as one of the requirements a bus lane built in through the middle of the building on the ground floor up against the Blake Transit Center to give AAATA a second bus lane to create a transfer platform. The results of the public engagement and preliminary planning were brought forward to Council with a particular recommendation (which was the one seen at the AAATA Board meeting a few months ago), and the request to Council was to approve moving forward for pre-entitlement, nailing down as much of the specifics as they can at this stage, so that when it comes back to Council in early 2021, Council at that point will find the decisions there acceptable and can move forward finding a developer for the site and a lot of the uncertainty will have been removed from the process.

6. CLOSING ITEMS

6.1 Topics for Next Meeting: Asset Protection (2.8)

Ms. Gott asked that even if there is an interest to go to an in-person Board meeting in June, it might be helpful for anyone who is at high risk to be allowed the opportunity to link in virtually. CEO Carpenter reported that the Governor did extend an executive order to allow bodies like this to meet virtually through the end of June. If the executive order is allowed to lapse, the Board may not have that option any longer, but he will keep an eye on what the options will look like beyond June.

Ms. Mozak-Betts suggested if in-person meetings become necessary, perhaps the tables could be reconfigured so that social distancing can be observed.

6.2 Public Comment

Michelle Barney requested that Route 66 be added back to the fixed routes twice a week (one weekday and one weekend day) so that riders can get to Meijer, which was taken under consideration by staff.

Jim Mogensen spoke of his experience when AAATA staff tried to figure out how much the millage would be for the initial expansion. He described dynamics in the community and the need to figure out how to have proper lines of communication.

6.3 Adjournment

Mr. Hewitt motioned to adjourn, supported by Mr. Hess.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

It was unanimous to adjourn. Chairman Mahler adjourned the meeting at 8:45pm.

Respectfully submitted by: Keith Everett Book

**ISSUE BRIEF: Delegation of Voting Rights to CEO’s Delegates,
Ann Arbor Transportation Commission**

Meeting: Board of Directors

Meeting Date: June 18, 2020

INFORMATION TYPE:
Decision Preparation
RECOMMENDED ACTION(S):
That, by motion or consent, the Board approve the following list of individuals as having authorization to vote on behalf of the AAATA at the Ann Arbor City Transportation Commission: Matt Carpenter, Bryan Smith, John Metzinger, Mary Boonin, and Chris Simmons.
ALTERNATIVE OPTION(S):
Defer.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
In 2019 the Board delegated attendance and voting on the Transportation Commission to the CEO, Matt Carpenter.
ISSUE SUMMARY:
Although the Board has delegated voting on the Commission to the CEO, and he has delegated it to other staff; the City is now requiring an additional confirmation to allow other staff to <u>vote</u> while on the Commission.
BACKGROUND:
In late 2019, the City informed the CEO that the City Attorney felt that it was not enough that the AAATA Board had delegated the Commission to the CEO and that the CEO in turn had delegated to staff. The Attorney’s Office felt that only <i>individuals</i> specified by the AAATA Board could <u>vote</u> on the Commission. This means the CEO can vote but his delegates cannot. Rather than spend time arguing the point, the CEO instead is asking the AAATA to update their original delegation to him to include a list of specific individuals who are authorized to vote. Ultimately, the Board’s delegation is still to the CEO. The proposed list includes Messrs. Carpenter and Smith, as well as several alternates should they ever be needed.
In May 2020, the CEO identified Bryan Smith as the new AAATA representative to the Commission.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: NA. Social: NA. Environmental: NA • Governance: Satisfying an approval an outside body requires the Board to make.
ATTACHMENTS:
NA

ISSUE BRIEF: Board Resolution for Supporting Black Lives

Meeting: Board of Directors

Meeting Date: June 18, 2020

INFORMATION TYPE:
Decision Preparation
RECOMMENDED ACTION(S):
Options include: Approve, Consider, Discuss
ISSUE SUMMARY:
Based on Board feedback, the Governance Committee drafted a Board Resolution for Supporting Black Lives.
BACKGROUND:
This is being brought forward in regard to the ongoing protests across the country.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none">• Social
ATTACHMENTS:
1. Board Resolution for Supporting Black Lives – Draft

Resolution 04/2020

Board Resolution for Supporting Black Lives

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

WHEREAS, the Board of Directors of the Ann Arbor Area Transportation Authority recognizes the deaths of George Floyd, Breonna Taylor and an unjustifiable number of others as crushing, avoidable and yet all too common tragedies;

WHEREAS, the Board of Directors recognizes that the systemic and normalized structural racism and over-policing of Black people in America has led to irreconcilable social, economic and legal consequences for Blacks and other people of color;

WHEREAS, in response to the current and historical disparate treatment of the Black community under the law and in the disbursements of equal opportunities in society, both a local and nationwide movement aimed at shining a light on these centuries-old maladies has begun;

WHEREAS, the Board of Directors of the Ann Arbor Area Transportation Authority supports the public demonstrations across America and here in our local communities to raise awareness of these inequities;

WHEREAS, the Board of Directors of the Ann Arbor Area Transportation Authority recognizes that any meaningful progress toward eliminating the endemic problems described herein must start with the institutions created to serve the public;

BE IT THEREFORE RESOLVED, the Board of Directors of the Ann Arbor Area Transportation Authority declares that the lives of its Black patrons, riders, owners, stakeholders and the citizens of our communities unshakably matter and is committed to: (a) the protection and safety of its riders and the public at all times in support of their rights, (b) prohibiting anyone from being discriminated against with respect to AAATA's services or with regard to employment by the AAATA and (c) partnering with our owners to educate ourselves and our communities to be the agent of this change and implementing the needed changes insofar as it has the authority to do so.

Eric Mahler, Chair
June 18, 2020

Kyra Sims, Secretary
June 18, 2020

Governance Committee Meeting Summary

Meeting Date/Time: June 2, 2020, 9:00-10:30am

Location: REMOTE – Via GoToMeeting

Meeting Chair: Eric Mahler

Committee Meeting Attendees: Mike Allemang, Roger Hewitt, Kyra Sims

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger

Chairman Eric Mahler called the meeting to order at 9:03 am.

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) CEO Carpenter requested to move the ITS System Update (Real Time Data) to section 3 of the agenda and add brief discussions of A2Zero and the AAATA Deputy CEO, Planning & Innovation position there as well. The agenda with these amendments was approved unanimously.
1.2 Communications None.
2. STRATEGY & OPERATIONAL UPDATES: CEO
2.1 Recovery Plan Updates CEO Carpenter remarked that the pandemic situation has been fairly stable since the latest Board meeting. He added that the state budget conference indicated the FY 2020 budget may not be too badly impacted but FY 2021 will be. However, there is no specific information about the budget from the state yet.
2.1.1 Financial Update CEO Carpenter and Mr. Metzinger reported that TheRide is financially sound at the moment.
2.1.2 Service Restoration Timeline & Process CEO Carpenter expressed the hope to have detailed service restoration plans and proposals finished shortly and rolled out. He noted pressure from the community to restart service and reported that TheRide is planning to ramp up to 60% of the original services as an interim step, which will be dependent upon the course of the pandemic. CEO Carpenter also mentioned that it appears like UofM is driving towards a full reopening in the Fall with many classes being remote and staggered. Mr. Smith reported that UofM will start parking enforcement on June 8 th around campus and then start parking enforcement on the surface lots on July 1st. TheRide does have a plan ready to go for starting shuttles back up from the Plymouth Rd. and Miller Rd. Park & Rides. It will be peak service run by the extra board (eboard) MCOs (the drivers that

Discussion Items

TheRide holds in reserve for call outs or extra service once all of the driving slots are taken). He also mentioned that eboard MCOs are currently cleaning and training for paratransit.

Mr. Smith expressed that an attempt was made to plan on the increase of people getting back to work and businesses re-opening when designing the 60% increase.

CEO Carpenter remarked that there is concern about everything restarting this Fall too early and pushing TheRide into a crowd problem. He noted that he may be sending out some sort of communique, possibly a press release to major institutions and following it up with personal phone calls strongly encouraging community leaders to lean towards being remote and staggering their start times to help flatten the rush hour curve.

Mr. Smith described the capacity of the buses for social distancing is between 15 and 20 riders, compared to a previously full bus of 60 riders.

Ms. Sims asked about testing the drivers at a higher rate. As front line workers, Mr. Smith described that they can get tested without symptoms. TheRide is also running the screening for anyone who reports to the office via questions and an infrared thermometer.

3. POLICY MONITORING & DEVELOPMENT

3.1 Monitoring Reports

3.1.1 Governing Style (Policy 3.1)

Regarding Policy 3.1.1, Chairman Mahler expressed that the Board could probably do better at thoughtfully raising policy issues, taking the initiative to notice gaps in policies without being prompted by staff.

Mr. Allemang expressed that the Board's perceptions and opinions appear to be widely different and pointed out that the level of familiarity with the policy could have a lot to do with the discrepancies.

Mr. Hewitt expressed that he would like the Board to be less reactive and more future-oriented. He described the creation process of a long-range plan to be piecemeal and not comprehensive so far. He remarked that the Ends policies may be too general and easily interpreted differently by Board members.

Ms. Sims expressed that big picture item discussions get lost due to a lack of time in Board meeting agendas.

Mr. Hewitt expressed that a remote retreat might be counterproductive. Ms. Sims agreed that waiting until the retreat can be done in person would be best. Mr. Mahler suggested the Board may explore how to further help newer Board members pull forward educationally.

Ms. Sims suggested spending more time on the monitoring reports at the Committee level. CEO Carpenter suggested putting the monitoring reports at the Board meeting in the Consent Agenda. Mr. Mahler noted that this might be something to discuss at the Board meeting.

CEO Carpenter also suggested putting future-oriented agenda items more to the

Discussion Items

top of the agenda. Mr. Mahler suggested that there is probably a hybrid approach.

Policy 3.1.3.1 – Chairman Mahler expressed that these do seem to be captured.

3.1.2 Board Committee Principles (Policy 3.6)

Chairman Mahler suggested that the Board adjust the language that currently indicates the Board Committees should not have direction dealings with the staff.

CEO Carpenter expressed that his asks of the Board for feedback and advice may be overdone at the moment and crowding out future-oriented discussions. He also commented that the current level of self-awareness and honesty shown in these reports is very good.

Mr. Allemang agreed that the 3.6 policy language should be revised and commented that the feedback and advice that is sought from the Board, especially in the Finance Committee, may be appropriate.

Mr. Hewitt expressed frustration that only 60% of the Board are participating in these monitoring reports.

Policy 3.6.4 – Chairman Mahler suggested deleting this policy. Mr. Allemang agreed that this policy is the complete opposite of how the Committees are currently structured. Mr. Hewitt and Ms. Sims agreed with that as well. CEO Carpenter cautioned that even though it may not seem necessary for the current Committees, the Board may want to keep it in for future Boards.

3.1.3 Board Committee Structure (Policy 3.7)

Chairman Mahler suggested eliminating the Executive Committee policy especially since there will likely not be a Treasurer in the future. Mr. Hewitt expressed that the current Governance Committee is essentially the Executive Committee. Mr. Allemang expressed that the By Laws only include the Governance Committee and perhaps the other 2 committees should be added to that. Chairman Mahler explained this was done intentionally so that committees are allowed but when changes occur, the Board does not have to change the By Laws.

CEO Carpenter pointed out that the Policy Manual holds the information on the rest of the committees.

3.1.4 Cost of Governance (3.8)

Policy 3.8.3 – CEO Carpenter noted that this policy is more of a placeholder for Board training. Rose Mercier is being used fairly frequently for current training.

Policy 3.8.1.3 – Chairman Mahler suggested that the Board will continue to work on this, considering the wide range of comments.

3.2 Committee Agendas

Service Committee Agenda:

Ms. Kathleen Mozak-Betts would like to add an LAC update to the Service Committee under emergent issues.

Discussion Items	
<p><u>Finance Committee Agenda:</u> Mr. Allemang expressed that he was not able to get to the 2.8 Monitoring Report survey and will do so today or tomorrow.</p> <p><u>Board Meeting Agenda:</u> Chairman Mahler will initiate a discussion of putting some monitoring reports into the Consent Agenda at Board meetings but will not formally add it to the Board meeting agenda.</p> <p>The Board may need to vote for re-approval of a specific AAATA staff member(s) to fulfill the role on the Ann Arbor Transportation Commission.</p>	
3.3 Other Governance Issues (as assigned)	
<p>3.3.1 Meeting Assessment (5/21) Chairman Mahler remarked that the feedback was all positive.</p>	
<p>3.3.2 ITS System Update (Real Time data) CEO Carpenter expressed challenges with the current system which may be nearing the end of its lifespan, even though it is only about 5 years old. The real time information does not work as well as Executive Team would like, so now may be the time to start talking about phasing it out and bringing in something new. He noted that he has the authority to wind down use of the current system, but the decision to purchase a new system lies with the Board.</p>	
<p>3.3.3 A2Zero CEO Carpenter announced that the A2Zero Carbon Neutrality Plan was approved by the City Council around 2am this morning, without modification.</p>	
<p>3.3.4 AAATA Deputy CEO, Planning & Innovation CEO Carpenter updated the Committee on the status of this role.</p>	
4. CLOSING ITEMS	
<p>4.1 Topics for Next Meeting CEO Expense Report Budget Recovery Plan Board Cost of Governance</p>	
<p>4.2 Adjournment Chairman Mahler adjourned the meeting at 10:28am</p>	

Respectfully submitted by: Keith Everett Book



Governance Committee Meeting Summary

Meeting Date/Time: June 9, 2020, 9:00-10:30am

Location: REMOTE – Via GoToMeeting

Meeting Chair: Eric Mahler

Committee Meeting Attendees: Mike Allemang, Roger Hewitt, Kyra Sims

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger

Chairman Eric Mahler called the meeting to order at 9:05 am.

Discussion Items

1. POLICY MONITORING & DEVELOPMENT

1.1 Board Resolution for Supporting Black Lives

Mr. Hewitt described a passionate Service Committee meeting which led to three possible courses of action:

1. The Governance Committee being asked to write a Board resolution for supporting black lives
2. Existing policies being reviewed regarding adequacy of non-discrimination language,
3. The possibility of additional Executive Limitation policies regarding use of AAATA buses and personnel.

Legal counsel had already been contacted regarding an official opinion regarding use of AAATA resources.

Chairman Mahler shared a draft Board Resolution for Supporting Black Lives for discussion.

Ms. Sims appreciates that the last paragraph ties into AAATA's Ends. She asked to make it consistent to say either "African Americans" or "Blacks" throughout, but supports the first draft. Mr. Hewitt expressed being quite comfortable with it, liking that it is broad and sticks to the AAATA values. Mr. Allemang pointed out the use of "persons of color" as well, regarding consistency of language. He suggested that there are many examples of injustice, so perhaps to mention George Floyd, Breonna Taylor, and then "many others".

Chairman Mahler will work on consistency of language.

CEO Carpenter suggested that Staff would appreciate the Board making a reference in the last paragraph to no tolerance of discrimination in the workplace. Mr. Hewitt agreed.

Following the discussion of a Resolution, a discussion of a related Executive Limitation ensued. The Committee agreed that receiving the legal opinion would inform future discussion and direction.

Chairman Mahler will reach back out to legal counsel. He will also clean up the resolution and re-circulate it for additional feedback. Mr. Allemang will discuss this

Discussion Items

matter in the Finance Committee meeting as well.

CEO Carpenter expressed that time should be taken to be very thoughtful about any policy that is written. Ms. Sims agreed that all policy writing should take the appropriate amount of time for consideration.

2. CLOSING ITEMS

2.1 Adjournment

Chairman Mahler adjourned the meeting at 10:10am.

Respectfully submitted by: Keith Everett Book

Finance Committee Meeting Summary

Meeting Date/Time: June 9, 2020, 3:00-5:00pm

Location: REMOTE – Via GoToMeeting

Meeting Chair: Mike Allemang

Committee Meeting Attendees: Kyra Sims, Rich Chang, Raymond Hess

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Rosa-Maria Njuki, Mike Blackston

Chairman Mike Allemang called the meeting to order at 3:04pm.

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) CEO Carpenter suggested starting with Policy Monitoring & Development and then moving on to Emergent Issues from there. Chairman Allemang added a discussion of the Board Resolution for Supporting Black Lives and Executive Limitation to Emergent Issues.
1.2 Communications None.
2. POLICY MONITORING & DEVELOPMENT
2.1 Fare Policy Development Part I CEO Carpenter walked the Committee through the Issue Brief, followed by a conversation starter presentation from Rose Mercier. Chairman Allemang asked how two Committees working on the policy in parallel might meld. CEO Carpenter noted that Rose Mercier is likely the best resource to bring that together. The following questions were discussed at length: <ul style="list-style-type: none"> • What would be an unacceptable situation to you if you saw it on the front page of the newspaper regarding TheRide and fares? • What would you think if a headline read that the future of transit is fare free? • When would it be imprudent to institute free fares? • What would be unethical or unacceptable about differentiated fares? • What if there is only an income-based discount on fares and no other, except what is federally required? • Should public transit pay for itself? Rose Mercier will work toward an initial rough draft of the policy for the next meeting after speaking with Chairman Mahler.
2.2 Monitoring: Asset Protection (Policy 2.8) CEO Carpenter expressed his hope to ask the Board to accept the policy as in compliance (A) or in compliance except where noted (B). He then opened up the discussion for questions from the Committee.

Discussion Items

Chairman Allemang agreed generally with rewriting or deleting the policies that CEO Carpenter noted (policies 2.8.5.2 and 2.8.5.6) due to potentially unattainable evidence. Ms. Sims was in support of eliminating those two sub-policies, as was Mr. Chang.

Mr. Chang requested the history of the sub-policies. CEO Carpenter described that the sub-policies were added in 2017 by individual Board members that are no longer on the Board as a means of getting the policy manual approved. Mr. Hess agreed with deleting those two sub-policies.

Chairman Allemang will express the Committee's suggestion to eliminate the two sub-policies to the Board and declare the policy in compliance or compliant except where noted.

Mr. Chang addressed the security and safety of the network. Mr. Metzinger expressed that more formal training and testing of employees on phishing is being investigated.

3. EMERGENT ISSUES

3.1 Recovery Plan Updates

CEO Carpenter remarked that the pandemic recovery and financial situation has been fairly stable since the latest Board meeting. He warned that debates between the Governor and the federal government regarding the delay of a state budget package until there is a federal rescue package may mean a clear answer about the budget may not come until September. That may push the budget planning into a somewhat reactionary position. He is hopefully that the educated approximations will be close.

Mr. Metzinger noted that the Board can adopt a budget in September based upon what we know and then, as the year moves, come back to the Board with budget amendments as needed.

3.1.1 Financial Updates

Mr. Metzinger reported that TheRide continues to receive data from outside sources that seems to confirm the timeline and the economic impacts that has been forecasted in the Recovery Plan. One article in particular shows that local economists had said that recovery is likely to be a "v" shape with significant declines in employment and economic activity and then a rapid recovery occurring in mid-2021. That is consistent with the plan TheRide has laid forth. He expressed that it is good to see external confirmation of this approach. Another story indicates that epidemiologists are predicting that there could be a good likelihood of a second wave depending what people do and how they behave now that the state is opening up. That reinforces to TheRide to continue with social distancing occurring in daily lives and on transit as well, along with efforts to help flatten the rush hour curve.

Mr. Metzinger reported that budgeting is under way for 2021, expecting that there will be estimated declines in state operating assistance in 2021 of 33%. TheRide continues to rely on the CARES Act funding. Expenditures to date are \$1.2M with an average spend of \$12,000/day of CARES Act funds. Most of these costs were incurred early in the pandemic outbreak for employment leave and incentive pay that was paid through early May. He noted that there are many projects underway including the pandemic driver barriers, air purification systems, and the potential launch of a mobile ticketing system to promote cashless and contactless payments. More details of these projects will come to the Committee next month.

Lastly, Mr. Metzinger shared that TheRide's cashflow is strong this month at \$12.6M in cash and investments as of today. He pointed out that he is grateful that the CARES

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Act funds are available to TheRide as those have helped offset some of the higher costs being incurred right now.

3.1.2 Service Restoration Timeline & Process

Mr. Smith reported that the planning stages of restoring service over the summer using extra board operators has begun. TheRide is bringing back Park & Ride shuttles at peak hours starting June 15th. They will run from 6:00am – 9:00am and then again in the afternoon. The State St. Park & Ride shuttle is going to be operated to offset the demand as businesses open back up.

For August, Mr. Smith reported that operations is still finalizing what service TheRide will come back with while maintaining social distancing and working within a budget. The plan is almost ready to be released to the Board. It is a lot less service than is currently on the road when trying to focus on having routes with enough frequency where a 15-20 passenger capacity is the limit. He is hopeful that planning has come up with a good balance between service, affordability, and frequency. There will be more details at the next round of Committee meetings.

Chairman Allemang expressed appreciation of the reporting and course of action thus far.

3.2 Role of the Board in Current Protesting:

Chairman Allemang reported that there was a request from the Service Committee for a Board Resolution for Supporting Black Lives to be written by the Governance Committee and presented at the June Board meeting.

CEO Carpenter has sought legal counsel regarding TheRide's legal obligations during the crisis. The Governance Committee decided in an additional meeting this morning that there is a need for legal clarity before developing any Executive Limitation with regard to participation in emergency response.

CEO Carpenter expressed that the resolution is coming together quickly for the June Board meeting. Chairman Allemang commented that the resolution is a description of the Board's values against discrimination. He asked the Finance Committee to weigh in on this course of action taken thus far by the Service and Governance Committees.

Mr. Hess expressed that he would agree with the direction based on how it was described. He expressed the importance of making sure AAATA's ability to assist in legitimate emergency responses is not improperly limited by an Executive Limitation. Ms. Sims and Mr. Chang were in agreeance with Mr. Hess.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 ITS System Update (Real Time data)

CEO Carpenter expressed challenges with the current system which may be nearing the end of its lifecycle. The real time information does not work as well as Executive Team would like, so now may be the time to start talking about phasing it out and bringing in something new. He noted that he has the authority to wind down use of the current system, but the decision to purchase a new system lies with the Board. In preparation of the 2021 Budget, staff will be bringing a request of the Board to approve the start of replacing this technology

Mr. Allemang asked what it is that the current system is not delivering. CEO Carpenter expressed that there will be more detailed discussions of this soon. He stated

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generally that staff and provider may not have fully understood the needs of the system at the beginning of the project and made some scoping errors. A cross-functional project team will be formed to assess the technology needed to serve the riders. Mr. Metzinger shared that the range of possibility for full cost of a new system is \$3M-\$6M and would be funded through existing formula funds. \$2M is currently planned for budgeting for 2021, for a project that will take 2-3 years.

5. CLOSING ITEMS

5.1 Topics for Next Meeting
Draft Budget Preview
Executive Limitation
Fare Policy

5.2 Adjournment
Chairman Allemang adjourned the meeting at 5:06pm.

Respectfully submitted by: Keith Everett Book

Service Committee Meeting Summary

Meeting Date/Time: June 3, 2020, 3:00-5:00pm

Location: REMOTE – Via GoToMeeting

Meeting Chair: Roger Hewitt

Committee Meeting Attendees: Sue Gott, Kathleen Mozak-Betts, Jesse Miller

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Rosa-Maria Njuki

Chairman Roger Hewitt called the meeting to order at 3:00 pm.

Discussion Items
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval) Chairman Hewitt suggested moving the Fare Policy discussion right after Communications, followed by an LAC update, and then a discussion of the Board’s role in the protests currently happening around the country.</p> <p>With those amendments, the agenda was approved unanimously.</p>
<p>1.2 Communications None.</p>
2. POLICY MONITORING & DEVELOPMENT EMERGENT ISSUES
<p>2.1 Fare Policy Development Part I CEO Carpenter walked the Committee through the Issue Brief, followed by a conversation starter presentation from Rose Mercier.</p> <p>The following questions were discussed at length:</p> <ul style="list-style-type: none"> • What values about the prudence or ethics are relevant to fares and fare adjustments? • When would it be imprudent to institute free fares? • What would be unethical about differentiating fares?
<p>2.2 Monitoring: Emergency Succession (Policy 2.9) After a brief discussion, Chairman Hewitt announced that the Committee will bring Policy 2.9 to the Board with the suggestion to approve the CEO as “in compliance”.</p>
3. EMERGENT ISSUES
<p>3.1 LAC Update There have not been any LAC meetings during the pandemic. Ms. Mozak-Betts announced that she will temporarily be conducting LAC reporting to the Board. She would like to conduct a survey with the Board to see what they would like from the LAC. The Service Committee agreed that a survey would be supported by the Committee.</p>

Discussion Items

3.2 Role of the Board in Current Protesting:

There was unanimous support for a general board resolution being written by the Governance Committee. Chairman Hewitt will request a special Governance Committee meeting to write the resolution to be presented at the June Board meeting.

CEO Carpenter is seeking legal counsel regarding TheRide's legal obligations during crisis.

The potential for additional Executive Limitations policies were discussed.

3.3 Recovery Plan Updates

CEO Carpenter remarked that the pandemic recovery and financial situation has been fairly stable since the latest Board meeting. He added that the state budget conference indicated the TheRide may lose some capital funding but not operational funding in FY 2020. The FY 2021 budget is expected to have worse revenue losses. He warned that debates between the Governor and the federal government regarding the delay of a state budget package until there is a federal rescue package may mean a clear answer about the budget may not come until September.

3.3.1 Service Restoration Timeline & Process

CEO Carpenter expressed the hope to have detailed service restoration plans and proposals finished shortly and rolled out in the next few weeks. TheRide is planning to ramp up to 60% of the original services as an interim step.

Ms. Gott asked how compliant riders are with wearing masks. Mr. Smith and CEO Carpenter reported that it is not total compliance. CEO Carpenter discussed exploration of vending machines to dispense PPE or providing them otherwise to riders.

Mr. Miller asked if CEO Carpenter was in the opinion that our buses are safe if everyone wears a mask, to which CEO Carpenter responded that there has only been one confirmed case of COVID-19 among staff that he is aware of and he doesn't think that occurred in the workplace. He is not aware of the spread of infection among the workforce. He expressed a wish that all riders would wear masks, but it is really difficult to compel or force them to do so.

Mr. Miller asked if there is any threat of transit's proportion of state funding decreasing. CEO Carpenter expressed that if the funding formula has not been changed but the total amount of money is going down, then all would get proportionately less. He noted that there has been one attempt by County road associations primarily in rural areas to adjust the formula. He commented that the state budget will be under enormous pressure for FY 2021 and may require a lot of funding cuts to stay in the black. He suspects TheRide will lose some funding, but until it is known what the state's actual budget decision is, it is a guessing game.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 ITS System Update (Real Time data)

CEO Carpenter expressed challenges with the current system which may be nearing the end of its lifecycle. The real time information does not work as well as Executive Team would like, so now may be the time to start talking about phasing it out and

Discussion Items

bringing in something new. He noted that he has the authority to wind down use of the current system, but the decision to purchase a new system lies with the Board. Ms. Mozak-Betts expressed personal difficulties with this system and added appreciation for it being reviewed.

5. CLOSING ITEMS

5.1 Topics for Next Meeting
Draft Budget Preview

5.2 Adjournment
Ms. Gott motioned to adjourn, supported by Mr. Miller. Chairman Hewitt adjourned the meeting at 5:05pm.

Respectfully submitted by: Keith Everett Book

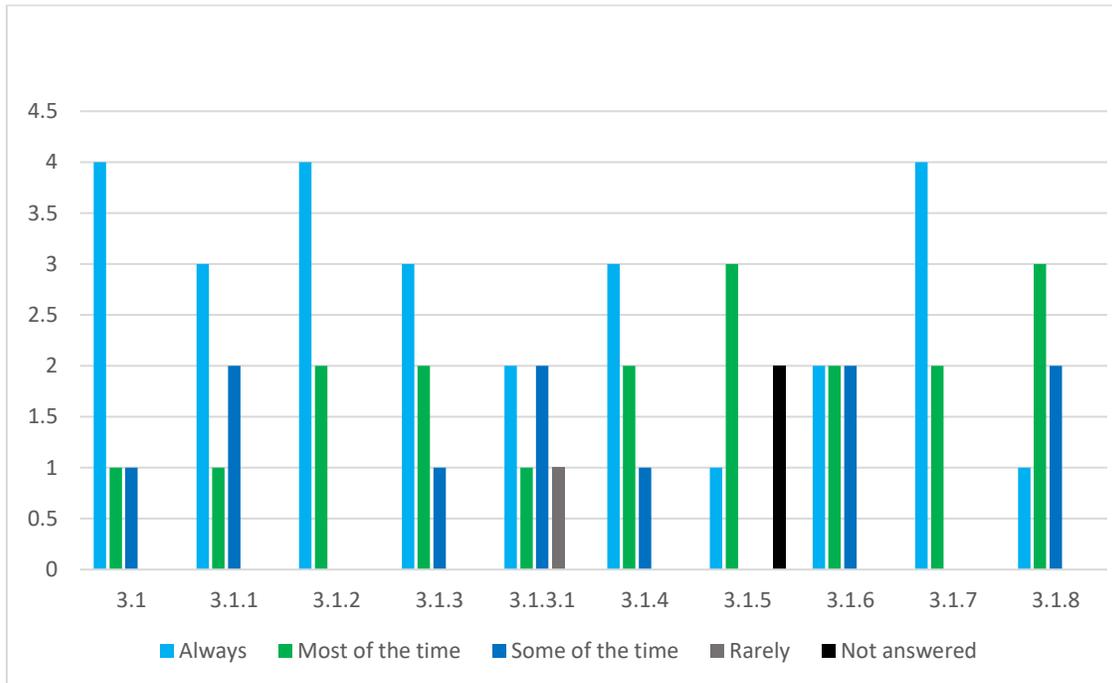
ISSUE BRIEF: Policy 3.1 Governing Style

Board Meeting Review Date: June 18, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Review Governance Policy feedback
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The board of directors has reviewed this governance policy and provided feedback on compliance.
ISSUE SUMMARY:
There were six board members who responded to this questionnaire. Their feedback is provided in this document. Generally, feedback provided is favorable to the Board style of governing.
IMPACTS OF RECOMMENDED ACTION(S):
Governance: Perform key Policy Governance process
ATTACHMENTS:
Governance Policy 3.1 Governing Style

COMPILATION REPORT:

3.1 Governing Style



6 Participants

COMMENTS	
Policy Number	Policy / Board Member Comments
3.1	<p>Policy: The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on</p> <ul style="list-style-type: none"> (a) the best interests of the entirety of the ownership and stewardship of the agency, (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity. On any issue, the Board must insure that all divergent views are considered in making decisions yet may not require the CEO to act without majority approval from a quorum of the Board.

	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • We have incorporated this into all deliberations. • I don't think we are doing very well on (b), (d), (g), and (h) • The Board is regularly reminded of good governance through the policy governance model • See detailed comments below.
3.1.1	<p>Policy: The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Could do better. We end up having the staff suggest the path and following their lead too often. • I think we mostly react to staff initiatives. • The recent update to the Ends statements is testament to the Board initiating policy. • Board not always initiator; Matt prods us quite a bit.
3.1.2	<p>Policy: The Board will encourage a diversity of viewpoints and work to ensure all views are heard. The Board may use the expertise of individual members to enhance the ability of the Board as a body. However, the Board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • All voices are heard on important issues and, up until recently, we have managed to have a good group of outside speakers. • I think we have made a lot of progress on this, but we are not completely there yet. • Input from Board members is given, heard, and respected by fellow Board members • We're pretty good at this. Members generally not reluctant to speak out.
3.1.3	<p>Policy: The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I think the Board gives appropriate deliberation on our policies and whether we should modify, add, or delete. • We have established good long-term policies, but we are focused on the short-term, primarily because of the pandemic. • As was stated above, the update Ends statements are germane. Additionally, the Board's input on the Long-Range Plan was also relevant to long term impacts of the organization. • We're generally good at focusing on policies, not means.

3.1.3.1	<p>Policy: The Board will only allow itself to address a topic after it has answered these questions:</p> <ol style="list-style-type: none"> 1. What is the nature of the issue? Is the issue within the scope of the agency? 2. What is the value that drives the concern? 3. Whose issue is this? Is it the Board's or the CEO's? 4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I cannot say for certain we always ask these precise questions, but the deliberation reaches the same place. • I don't think we go through this process as thoroughly as we should. I am thinking of the Construction Policy specifically. • This is generally true. The recent policy development for construction project represents a divergence since existing policies seem to address this. • This is in every committee agenda packet, but it's rarely (maybe never) looked at.
3.1.4	<p>Policy: The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I believe we have done this, but progress has been stopped by the pandemic. • Recent staffing changes within the planning functions of the organization could represent a long-term planning deficiency. • We have recently updated our ends policy. • We've given a lot of attention to discussing/revising ends during last year.
3.1.5	<p>Policy: The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I haven't been a part of the board long enough to judge/gauge this. • I think the discipline of the Board is documented and I am impressed with how we hold ourselves accountable. • I think most of the Board members are doing a good job on this policy. • There is a strong record of attendance and participation among Board members.
3.1.6	<p>Policy: Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.</p>

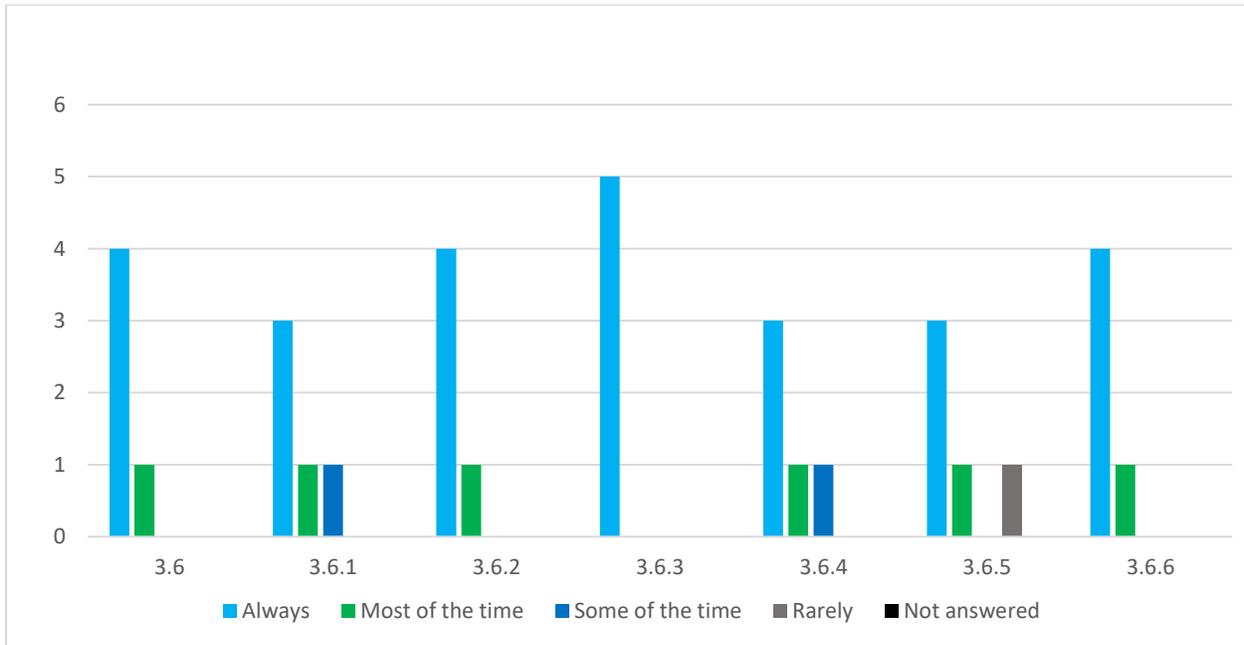
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Board orientation improvement could be better but just has not been a focus recently. • I think we have done a good job of implementing this policy over the last year. • There was discussion about topic deep dives among the Board. The pandemic put this issue on hold, for good reason. • The governance committee (not the board) has spent a fair amount of time on this, but most of the work was done by Matt.
3.1.7	<p>Policy: The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Not aware of this being an issue in recent memory. • I think the Board complies with this, but not as quickly as we would like. • I see no evidence that the Board hasn't fulfilled its governance commitments • We've improved a lot on this over the last few years.
3.1.8	<p>Policy: The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • This has dropped off lately, and when we have had it, we have not had anywhere close to full Board participation. This is certainly an area for improvement. • The pandemic has slowed the schedule. • The Board and staff have mutually agreed that monitoring reports might not follow historic schedules due to the pandemic. • We need to strive to improve in this area. Timeliness and full board participation needs to improve, and I include myself in this. • We pay a lot of attention to this, although the timing does slip due to higher priorities.

ISSUE BRIEF: Policy 3.6 Board Committee Principles

Board Meeting Review Date: June 18, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Review Governance Policy feedback
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The board of directors has reviewed this governance policy and provided feedback on compliance.
ISSUE SUMMARY:
There were five respondents to this questionnaire with an overall favorable compliance response to Board Committee Principles.
IMPACTS OF RECOMMENDED ACTION(S):
Governance: Perform key Policy Governance process
ATTACHMENTS:
Governance Policy 3.6 Board Committee Principles

COMPILATION REPORT: 3.6 Board Committee Principles



5 Participants

COMMENTS	
Policy Number	Policy / Board Member Comments
3.6	<p>Policy: Board committees, when used, will be assigned so as to reinforce the wholeness of the Board’s job and so as never to interfere with delegation from Board to CEO.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> Standing agenda items of committee reports to the Board reinforce the wholeness of the Board’s job I think the Service Committee has been very careful in following this policy. The Governance Committee has also been very good in referring questions to the entire Board. Committees are functioning very well. See detailed comments below.

COMMENTS	
Policy Number	Policy / Board Member Comments
3.6.1	<p>Policy: Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board’s broader focus, Board committees will normally not have direct dealings with current staff operations.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • I have not witnessed that any of the Committees (or the Board) meddle with staff operations. • The both the Service and Governance Committees are kept well informed about staff operations, but I can’t think of an example of a committee involving itself in staff operations. • We certainly have used the committees to advise the CEO. We may want to revisit whether we keep the language – it would be difficult to have Board members not give reflections to the staff and it is something the CEO has even encouraged. • A lot of advice is given in committee meetings.
3.6.2	<p>Policy: Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • There is no evidence in the past year that a Board Committee has spoken for the Board. • The both the Service and Governance Committee discuss issues extensively, but all decisions go to the full Board. • Committees have certainly given direct feedback, which is valuable on many monitoring and policy issues, but formal action is always reserved for the full Board. • I’ve never seen committee speak/act for the board.
3.6.3	<p>Policy: Board committees cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • I have not witnessed that any of the Committees (or the Board) meddle with staff operations. • The CEO is very good at keeping the Service and Governance Committees informed, he has never asked, nor has a committee given approval for executive action. • Not aware of a committee usurping the full Board to attempt to give formal direction to the CEO. I know that individual Board members have tried to influence the CEO and staff, but the CEO is good about reminding the Board he has the right to reject that advice. • I’ve not seen this being violated.
3.6.4	<p>Policy: Board committees are to avoid over-identification with organizational parts rather than the whole.</p>



COMMENTS	
Policy Number	Policy / Board Member Comments
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I have not witnessed that any of the Committees (or the Board) mettle with staff operations. • I think there is a natural tendency to focus on the parts of an organization that most interests an individual. However, I haven't seen this done to the detriment of the whole. • "Over-identification" is probably too vague and ambiguous to be of much use here. The idea might be there, but it should be stated more clearly and specifically. • It seems the service and finance committees were organized to identify with organizational parts. Is this "over-identification"?
3.6.5	<p>Policy: Other work groups will be used in an ad hoc capacity.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • The only work group that comes to mind is the audit task force and it seems to function appropriately. • The Audit Committee is the only ad hoc group I can recall. • Ends, ownership linkage and others.
3.6.6	<p>Policy: This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I am not sure in what instance a CEO would form a committee? • Does not seem applicable over the course of the past year. • I believe this policy as only been applied to Board groups. • Standing committees were approved by board. Ad hoc groups – not so.



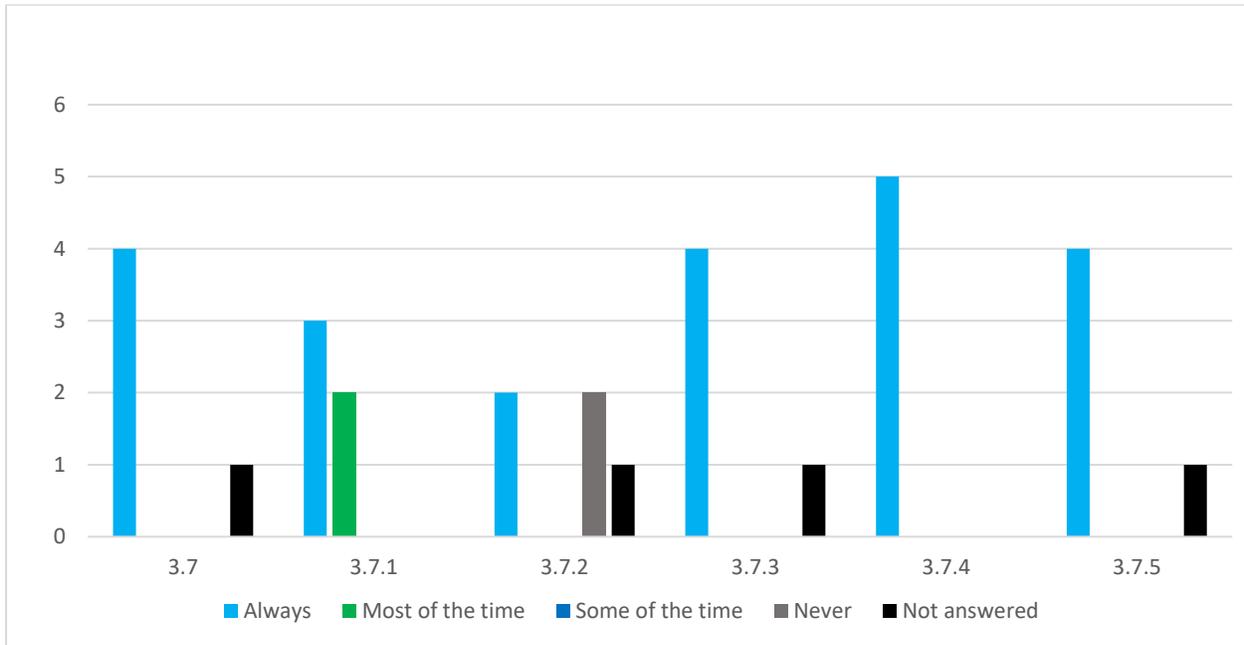
ISSUE BRIEF: Policy 3.7 Board Committee Structure

Board Meeting Review Date: June 18, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Review Governance Policy feedback
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The board of directors has reviewed this governance policy and provided feedback on compliance.
ISSUE SUMMARY:
There were five respondents to this questionnaire with an overall favorable compliance response to the monitored governance policy. There were questions by Board members concerning the Executive Committee.
IMPACTS OF RECOMMENDED ACTION(S):
Governance: Perform key Policy Governance process
ATTACHMENTS:
Governance Policy 3.7 Board Committee Structure

COMPILATION REPORT:

3.7 Board Committee Structure



5 Participants

COMMENTS	
Policy Number	Policy / Board Member Comments
3.7	<p>Policy: Committees are intended to expedite work of the Board so that monthly meetings can be efficient and as advisory bodies. The full Board retains all decision-making powers. Committees are, therefore, empowered to:</p> <ul style="list-style-type: none"> Conduct detailed reviews of monitoring reports, and recommend acceptance or rejection to the full Board, Conduct reviews of policy language and make recommendations for changes to the full Board, Receive preliminary Strategy Updates from the CEO, Discuss Ends policies, and Advise the Board. <p>Standing committees are arranged by function and have formal responsibility for monitoring certain policies which have been grouped by theme (governance, financial, service) so the committees can emphasize those subjects.</p>

COMMENTS	
Policy Number	Policy / Board Member Comments
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I think the committees are working exceptionally well and fulfilling their mission in accordance with this policy. • The Committees I am on are performing these duties • The Committees explore the topics in detail which allows for thoughtful deliberation at the Board meeting.
3.7.1	<p>Policy: Governance Committee</p> <p>A. Products:</p> <ol style="list-style-type: none"> Plans Board annual agenda, retreat planning, etc. Monitors Governance policies and practices. Advise on possible changes to policy. CEO/Board relationship (annual evaluation, expenses, pay, etc.). Board Development & Self-Assessment (Recruitment, Orientation, Training, etc.). Strategy Update (CEO seeks feedback) & Ends Discussion. Will have primary responsibility for monitoring governance-related Executive Limitations (Global Governance Process, Agenda Planning, Governing Style, Board Job Description, Board Member's Code of Conduct, Chair's Role, Board Committee Principles & Structure, Cost of Governance, Accountability of CEO, Monitoring CEO Performance). <p>B. Membership: Chair of the Board, Chairs of other Committees. Chaired by Chair of Board.</p> <p>C. Term: One year.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • The Governance Committee has addressed all of these areas but could do some of them better, namely (d) and (f). • Our agendas and actions follow the Products listed above. • The Governance Committee always fulfills its duties.
3.7.2	<p>Policy: Executive Committee</p> <p>A. Products:</p> <ol style="list-style-type: none"> Limited emergency powers (Acting CEO Appointment, Urgent Purchases Only). Task-force appointments, one-off issues, Emergent Issues. Will have primary responsibility for monitoring Board-CEO delegation and other Executive Limitations (Global Board-Management Delegation, External Relations, Unity of Control, Delegation to CEO, Emergency CEO Succession). <p>B. Membership: Elected Board Officers – Chair, Treasurer, Secretary. Chaired by Chair of Board.</p> <p>C. Term: One year</p>



COMMENTS	
Policy Number	Policy / Board Member Comments
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Have not had any Executive Committee meetings. First, we do not have a Treasurer. We also have not had a need to have a meeting. We might want to revisit if this committee should still exist. • N/A • Is this a trick question? I believe there is no executive committee. Therefore, Policy 3.7.2 should be deleted.
3.7.3	<p>Policy: Finance Committee</p> <p>A. Products:</p> <ol style="list-style-type: none"> Assists Board by pre-vetting monitoring reports. Will have primary responsibility for monitoring finance-related Executive Limitations (Compensation & Benefits, Financial Planning/Budgeting, Financial Condition & Analysis, Investments, Asset Protection) Advise on possible changes to policy. Reviews quarterly Financial Reports. Strategy Update (CEO seeks feedback) & Ends Discussion. <p>B. Membership: Appointed by Chair of Board (as per Bylaws).</p> <p>C. Term: One year.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • N/A • The Finance Committee always fulfills its duties
3.7.4	<p>Policy: Service Committee</p> <p>A. Products:</p> <ol style="list-style-type: none"> Assists Board by pre-vetting monitoring reports (See table for assigned policies). Advise on possible changes to policy. Will have primary responsibility for monitoring service and customer related Executive Limitations (Treatment of Riders, Treatment of Staff, Ends Focus of Contracts, Communication & Support). Reviews quarterly Customer Satisfaction Reports. Strategy Update (CEO seeks feedback) & Ends Discussion. <p>B. Membership: Appointed by Chair of Board (as per Bylaws).</p> <p>C. Term: One year.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Our agendas and meeting focus on the above Products. • The Service Committee always fulfills its duties.
3.7.5	<p>Policy: Audit Task Force</p> <p>A. Products:</p> <ol style="list-style-type: none"> Conduct annual Board audit of agency finances. <p>B. Membership: Appointed by Chair of Board (as per Bylaws). Cannot include chair of Finance Committee.</p> <p>C. Term: One year.</p>



COMMENTS	
Policy Number	Policy / Board Member Comments
	<p>The only Board committees are those which are set forth in this policy or the Bylaws (Governance Committee). Unless otherwise stated, a committee ceases to exist as soon as its task is complete.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • Need better Board participation with this. • N/A • The audit was conducted in a timely matter this year and reviewed by the Audit Task Force.

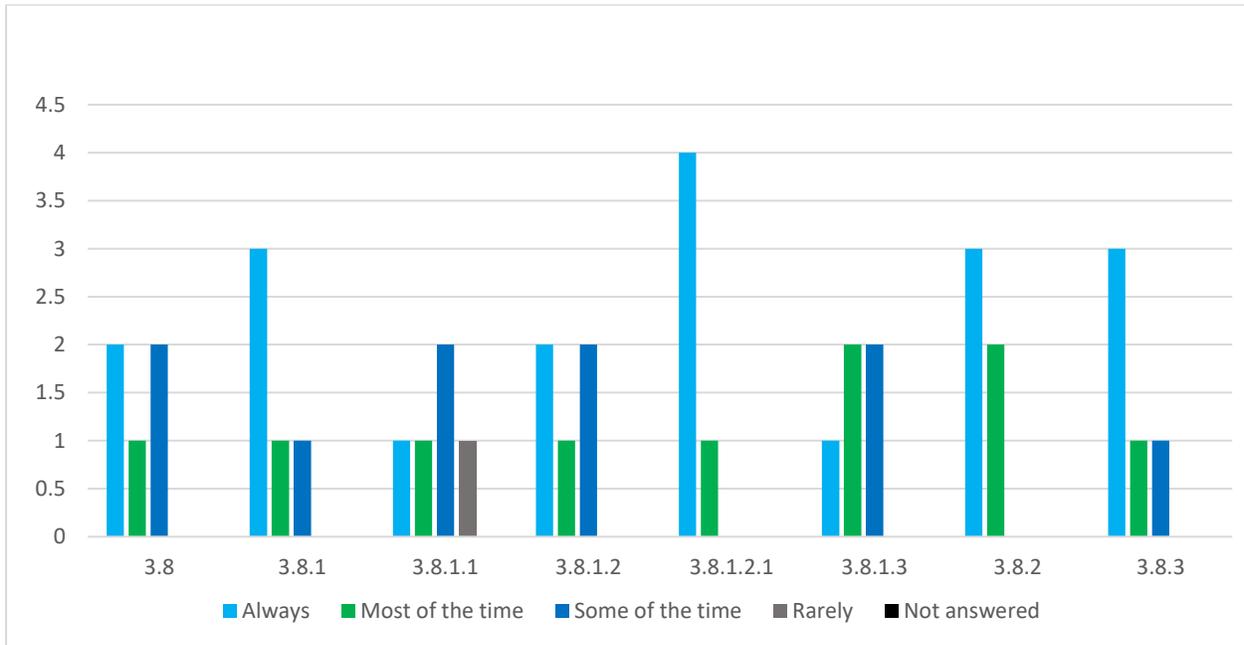


ISSUE BRIEF: Policy 3.8 Cost of Governance

Board Meeting Review Date: June 18, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Review Governance Policy feedback
PRIOR RELEVANT BOARD ACTIONS & POLICIES
The board of directors has reviewed this governance policy and provided feedback on compliance.
ISSUE SUMMARY:
There were five respondents to this questionnaire with an overall favorable compliance response to the monitored governance policy. There were a few questions surrounding the proactiveness and participation of board members in trainings.
IMPACTS OF RECOMMENDED ACTION(S):
Governance: Perform key Policy Governance process
ATTACHMENTS:
Governance Policy 3.8 Cost of Governance

COMPILATION REPORT: 3.8 Cost of Governance



5 Participants

COMMENTS	
Policy Number	Policy / Board Member Comments
3.8	<p>Policy: Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • I believe that the board has met this policy in that we have board funds allocated to training, • Regular counsel is sought on policy governance issues. • We have certainly put a lot of time and effort into learning and implementing Policy Governance • We make resources available, but Board members do not take advantage very often. We have had to make governance education available at Board retreats and committee meetings. • See detailed ratings and comments below.

COMMENTS	
Policy Number	Policy / Board Member Comments
3.8.1	<p>Policy: Board skills, methods, and supports will be sufficient to assure governing with excellence.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • While board members may be at different levels of proficiency with Policy Governance, as a board we make each other stronger to govern with excellence. • Again, we have put a lot of effort into this. Especially, the extensive use of Rose Mercier's expertise. • The Board membership represents a diverse set of skills and perspectives to assure excellent governance. • Even two years after we first formally adopted policy governance, we still struggle with the meaning of policy governance, but I think the Board has fully adopted it and makes a conscious effort to abide by it and keep itself well-informed and resourced. • Board education at some board meetings. Some additional help from Rose Mercier
3.8.1.1	<p>Policy: Training and re-training will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • New board members attend seminars with Rose Mercier to immerse themselves in Policy Governance and opportunities for ongoing training and seminars are made available. • Understandably, previous discussions about Board training have been suspended due to the effects of the pandemic. • We could probably do a better job of this, but the time demands on a volunteer Board limit how much of this can reasonably be done. • Board members rarely are proactive in taking training or re-training, but if we place the training in meetings Board members will participate. • Certainly not "liberally". Not sure what board orientation has happened. Occasional opportunities Matt sends us about seminars.
3.8.1.2	<p>Policy: Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.</p> <p>Board Member Comments:</p> <ul style="list-style-type: none"> • The fiscal audit is completed on schedule. • We certainly do an outside Audit, but it would be good to explore other outside monitoring assistance to reduce the time demands on the Board. • Monitoring is overall going well. We are still trying to find the right balance between a complete monitoring report and too much detail to the point it is inefficient. • In addition to legally required audit, occasional input from Rose Mercier.
3.8.1.2.1	<p>Policy: Contracted auditing firms will be periodically rotated to maintain independence. Contracted auditors will serve no more than six consecutive years.</p>



COMMENTS	
Policy Number	Policy / Board Member Comments
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Auditing firms are chosen through a procurement process • We just this last fiscal year changed to a new auditing firm. • We recently selected new auditors, but I'm not sure if the prior firm served for 6 years or less.
3.8.1.3	<p>Policy: Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • Monthly board meetings with time for public comment, as well as public forums, and reports from staff on rider satisfaction are some of the ways we engage with our owners. • We could always do more, but the Board has engaged political leaders, attended town halls, and used its meetings to stay engaged with the public. • Staff typically handles outreach. Legal owner and moral owner interactions tend to be fairly infrequent. • We have made efforts to reach out to our legal owners, but politics and the pandemic have limited this. We are having a difficult time determining how to reach out to our huge number of moral owners. • We've done some ownership linkage, but not a lot.
3.8.2	<p>Policy: Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • The budget is reviewed yearly, and adjustments are made accordingly. • The pandemic has shown a keen ability of the agency to keep the agency fiscally sound and keep service running during an unprecedentedly difficult time. • Everything I have seen indicates that we have been very prudent and effective with our governance costs. • Our budgeting process is effective.
3.8.3	<p>Policy: The Board will develop its budget by June 30 each year to assure its inclusion in the overall budget.</p>
	<p>Board Member Comments:</p> <ul style="list-style-type: none"> • I am unsure of my memory from last June and whether this was met. I am unsure of my memory from last June and whether this was met. • This budget was developed on time this year. • I believe we have been doing this. • Rating reflects the fact that Matt, not the board, suggests the level of board expenditures.



ISSUE BRIEF:
Monitoring Report 2.9 Emergency Succession

Service Committee Review Date: June 3, 2020

Board Meeting Review Date: June 18, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
<p>Board considers accepting this monitoring report in June as either level:</p> <ul style="list-style-type: none"> • A – Is in compliance OR • B – In compliance, except for item(s) noted
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, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> <p>I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p>
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> <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)
IMPACTS OF RECOMMENDED ACTION(S):
Governance: Perform key Policy Governance process
ATTACHMENTS:
1. Policy Monitoring Report for Policy 2.9 Emergency Succession

Table of Contents

POLICY TITLE: EXECUTIVE LIMITATION POLICY 2.9	Page #	Compliance
2.9. In order to protect the Board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executive who are sufficiently familiar with Board and CEO issues and process to be able to temporarily assume the duties of CEO.	3	●

● Fully Compliant
 ● Partially Compliant
 ● Non-Compliant

CEO Interpretations and Evidence

EXECUTIVE LIMITATIONS POLICY 2.9:

In order to protect the Board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executives who are sufficiently familiar with Board and CEO issues and processes to be able to temporarily assume the duties of CEO.

Degree of Compliance: Compliant

EXECUTIVE LIMITATIONS POLICY 2.9: Interpretation

Compliance will be demonstrated when there are one or two senior staff members that could temporarily function as CEO for the AAATA if the CEO position is suddenly vacant, for example due to illness, death, disability, etc. These individuals must be able to maintain all key AAATA functions without my guidance including:

- Leadership of organization's operations and administration
- Working knowledge of board policies, processes, and staff obligations

I further interpret this policy to mean that while the CEO is required to maintain a state of readiness, the Board retains the right to appoint anyone as acting CEO should the CEO not be available. The CEO can appoint an acting CEO for planned absences (e.g. vacations, minor illness, being out of town, etc.)

EXECUTIVE LIMITATIONS POLICY 2.9: Evidence

There are three Deputy CEO positions. The deputies work closely together, with the CEO and the Board in part to be able to step into the CEO's role should the need arise. The three positions are:

- Deputy CEO of Operations
- Deputy CEO of Finance and Administration
- Deputy CEO of Planning and Innovation

During this monitoring period, these three positions have been filled except one (Planning) which was vacant for part of the period. There have always been at least two positions filled.

Each of the deputies has sufficient professional qualifications to lead the organization. As AAATA's Executive Team, the CEO and deputies meet regularly to discuss the organization's business and ensure that we are collectively well informed and well prepared. They are familiar with all department managers and their responsibilities. They all attend board meetings and have all received training in Policy Governance.

Monitoring Policy 2.9 Emergency Succession

Guidance on Determining “Reasonableness” of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO’s interpretation is “reasonable”:

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed...

Defensible measures and standards are those that:

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
- *Are relevant and conceptually aligned with the policy criteria and the board’s policy set.*
- *Represent an appropriate level of fulfillment within the scope of the policy.*

- *“What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2”.* International Policy Governance Association. June 11, 2016. Available on the IPGA website.

Board’s conclusion on monitoring report

The Finance Committee has received and reviewed the CEO’s Monitoring Report references above. Following the Finance Committee’s review and discussion with the CEO, the committee makes the following conclusions:

Executive Limitations Report (select one)

The Finance Committee finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is *not* in compliance or is *not* making reasonable progress toward compliance
- E. Cannot be determined

Service Committee notes: (If applicable)

ISSUE BRIEF:
Monitoring Report for Policy 2.8 Asset Protection

Finance Committee Review Date: June 9, 2020

Board Meeting Review Date: June 18, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
<p>Board reviews this monitoring report and completes the survey provided in this link by June 1st, 2020.</p> <p>Board considers accepting this monitoring report in June and accepts it as either level:</p> <ul style="list-style-type: none"> • A – In compliance • B – In compliance, except for item(s) noted,
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, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> <p>I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p>
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> <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)
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Governance: Perform key Policy Governance process
ATTACHMENTS:
<ol style="list-style-type: none"> 1. Policy Monitoring Report for Policy 2.8 Asset Protection

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POLICY TITLE: ASSET PROTECTION:	Page #	Compliance
2.8 The CEO will not cause, allow, or fail to address circumstances in which corporate assets are to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	3	
2.8.1. Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.	4	
2.8.2 Operate without ensuring appropriate risk management. A. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance. B. Fail to proactively anticipate the financial requirements needed to maintain assets. C. Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud, or malfeasance.	6	
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2.8.5.3 Allowing third-party advertising that violates stated agency guidelines for community standards.	13	
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Compliant



Partially Compliant

Preliminary CEO Interpretations and Evidence

EXECUTIVE LIMITATIONS POLICY 2.8:

The CEO will not cause, allow, or fail to address circumstances in which corporate assets are to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Degree of Compliance: Partial Compliance

EXECUTIVE LIMITATIONS POLICY 2.8: Interpretation

Compliance with policies 2.8.1- 2.8.5 constitutes compliance with 2.8.

Notes:

1. Liquid financial assets are managed in compliance with policy 2.6: Cash and Investments.
2. This policy is noted as partially compliant due to policy 2.8.5.6 which is currently noted as partially compliant.

EXECUTIVE LIMITATIONS POLICY 2.8: Evidence

The data to follow, taken cumulatively, demonstrates compliance with this global provision.

EXECUTIVE LIMITATIONS POLICY 2.8.1:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.1: Interpretation

Compliance with this policy will be demonstrated when the AAATA carries property and liability insurance (private or self-insured) necessary to:

1. Provide full replacement costs for vehicles, buildings, liquid assets, etc.
2. Provide cost-effective coverage for liability, including casualty, theft/embezzlement.
3. Indemnify staff and Board members.

Adequate coverage will mean that losses will not jeopardize the financial integrity of the agency, services to the communication can be restored in a reasonable period of time without undue financial hardship for the agency. For board members and staff, adequate insurance means that they will be indemnified and free of personal liability for decisions made when pursuing their duties in good faith.

EXECUTIVE LIMITATIONS POLICY 2.1.1: Evidence

During the monitoring period staff have confirmed the insurance parameters, below, were in place. We judge the level of coverage to be adequate based on advice from our broker and our professional experience. AAATA’s Risk Management Team has met with the broker to review claims and the adequacy of coverage (this meeting occurs annually during budget preparation). The table below illustrates coverage levels and open claims.

Financial Risks	Coverage Limits	Claims on File Total Incurred (as of March 2020)
1. Replacement of Vehicles and Buildings		
a. Automobile (Vehicles): full replacement for losses within 2700 facility (terminal fire and catastrophic loss)	\$50,000,000 (Adequate to replace all buses and support vehicles.)	\$0
b. Property: full replacement for building, business personal property, disasters (e.g. earthquake, flood, data systems, tools)	\$26,310,300 Building \$4,576,000 Business Personal Property \$360,000 Extra Expense \$25,000,000 Earthquake \$2,500,000 Flood	\$0

	\$2,139,000 Data Systems \$660,000 Tools	
2. Liabilities		
a. General Liability (Each Occurrence, General Aggregate)	\$2,000,000	\$0
b. General Liability (Personal & Advertising Injury, Products/Completed Operations Aggregate, Damage to Premises Rented)	\$1,000,000	\$0
c. Umbrella Lead Liability (General Aggregate, Products/Completed Operations Aggregate, Personal & Advertising Injury)	\$4,000,000	\$0
d. Employee Benefits Liability	\$300,000	\$0
e. Public Officials Liability	\$2,000,000	\$0
f. Each Employee Liability Limit	\$1,000,000	\$0
g. Umbrella Excess Liability	\$10,000,000	\$0
h. Automobile (Comprehensive and Collision)	\$1,000,000	\$928,263*
i. Crime	\$500,000	\$0
j. Fiduciary (Each Loss, Each Policy Period)	\$4,000,000	\$0
k. Premises Pollution Legal Liability (Per Pollution Condition Limit, Per Pollution Aggregate)	\$2,000,000	\$0
3. Worker's Compensation		
a. Worker's Compensation	Self-Insured (\$450,000 Retention)	\$33,108
b. Worker's Compensation Excess (Aggregate Limit)	\$5,000,000	\$216,554

Detailed records supporting all of the above evidence are available for Board inspection upon request.

EXECUTIVE LIMITATIONS POLICY 2.8.2

Operate without ensuring appropriate risk management.

- A. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.
- B. Fail to proactively anticipate the financial requirements needed to maintain assets.
- C. Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud, or malfeasance.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.2: Interpretation

Compliance with this policy will be demonstrated when:

- A. All facilities, vehicles, and durable equipment are managed in a manner that maximizes the value of the asset over its lifespan, ensures safety; and minimizes the risks of premature failure, replacement, or excessively costly operation. Because they are the greatest potential risk, all buses and facilities will be managed with appropriate preventative maintenance practices.
- B. AAATA has a rolling 10-year capital plan that addresses major purchases and anticipates comprehensive lifecycle costs to keep assets in a state of good repair or plan for their replacement.
- C. Appropriate loss-control practices are in place to minimize the risks of theft, wrongful or criminal deception (fraud), or wrongdoing (malfeasance). Consistent with federal law (2 CFR Part 200.302) the AAATA's internal controls will comply with *Standards for Internal Control for the Federal Government* issued by the Comptroller of the U.S. and the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

EXECUTIVE LIMITATIONS POLICY 2.8.2: Evidence

AAATA has taken the following proactive steps to reduce the potential for loss or damage to physical assets:

- Buses and facilities do have documented preventative maintenance plans which are available for Board inspection upon request. The Federal Transit Administration (FTA) recently sampled the AAATA's records for maintenance and made the following conclusion on page 19 of the 2018 Triennial Review:

7. Maintenance

Basic Requirement: Recipients must keep federally funded vehicles, equipment, and facilities in good operating condition. Recipients must keep Americans with Disabilities Act (ADA) accessibility features on all vehicles, equipment, and facilities in good operating order.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Maintenance.

- TheRide has set a useful life of 12 years for its fixed route buses. To ensure an even distribution of cash flow for bus replacements, the average age is set at a target range of 5-7 years. The table below shows that our fixed route buses were within target for the period being monitored.

	Useful Bus Life	Target Fleet Average Age	Actual Average Age	Status
Fixed-Route Bus Fleet	12 years	5-7 years old	6.125 years old	Within target

- Capital costs for implementing preventative maintenance and replacement programs can be seen in the adopted 2020 Budget overview (p. 19, 24) listed as Capital Expenses: State of Good Repair. \$11.8 million is budgeted for FY2020 for bus replacements, facilities rehabilitations, IT hardware and software, bus capital repairs, A&E, and other equipment. Narratives provide further explanations on p. 25. The 10-year program for ongoing capital investment is provided on p. 26.
- The CEO adopted a new Internal Control System in FY2019, and training was provided for all administrative staff to ensure compliance with the loss control requirements of this policy. It describes fraud and its characteristics, identifies each employee's responsibility to report fraud, and describes the procedures required to report and investigate fraud, theft, or malfeasance. Other key policies and procedures include the Ethics Policy within the Purchasing Manual, with annual disclosure of conflicts of interest by Board members, Senior Management, and Executive Staff. There were no reports of theft, fraud, or malfeasance during the monitoring period.

EXECUTIVE LIMITATIONS POLICY 2.8.3:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.3: Interpretation

Compliance with this policy will be demonstrated when the AAATA has put reasonable risk-management processes in place to minimize the expose to being found legally responsible for damages.

To be liable means to be accountable or legally responsible for financial damages in the case of loss or injury. The nature of transportation operations means there is always exposure to certain risks of being genuinely liable. Therefore, I interpret that unreasonable exposure to liability would be to allow activities to occur without appropriate risk management, voluntarily accepting legal responsibility or excessive risk for something the agency should not be responsible for or operating without adequate liability insurance (see policy 2.8.1).

EXECUTIVE LIMITATIONS POLICY 2.8.3: Evidence

- AAATA has an internal risk management team comprised of the Deputy CEO Operations, Deputy CEO Finance and Administration, Manager of Human Resources, Manager of Finance, Safety Officer, and the Safety and Training Coordinator. This team meets regularly with representatives from Marsh, our insurance broker, and our insurance providers to review claims and manage risks. This group participates in ongoing reviews to ensure that exposures to liabilities are mitigated and are reasonable.
 - As evidence of the results of risk management efforts, no court judgements resulting from liability claims were made against the AAATA during the monitoring period.
- Contracts that assign legal responsibilities and risks are carefully reviewed by internal staff, corporation counsel, and when necessary, the insurance broker, to avoid the voluntary acceptance of inappropriate risks.
- AAATA has adequate liability coverage as determined by the work of the risk management team and our insurance broker. Details are provided in the evidence presented for policy 2.8.1.

EXECUTIVE LIMITATIONS POLICY 2.8.4:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.4: Interpretation

Compliance with this policy will be demonstrated when the AAATA's paper records and electronic files are kept in secure environments that minimize exposure to unauthorized access, theft, fire, or water damage; and back-ups of critical files are kept.

EXECUTIVE LIMITATIONS POLICY 2.8.4: Evidence

Loss/Damage Prevention: Files on the computer network are backed up nightly to redundant servers located in separate locations. Cabinets for maintaining personnel records are fire/water proofed, and locked when not in use.

Unauthorized Access: Proper controls are in place to prevent unauthorized access to records and files.

- **Data and Infrastructure Safety:** All agency computer equipment are kept up-to date, and data on laptops is encrypted. Real-time monitoring for viruses, malware and other threats are on all server and endpoint equipment, with redundant anti-virus software installed on our server infrastructure. There was an external security assessment conducted in 2017 and another one is scheduled for this Fall. Further improvements that have been made include required use of 16-character network passwords, and implementation of two-factor authentication for external/remote access to the network. There have been no known breaches of the AAATA's electronic records during the monitoring period.
- **Applicant/Rider Information.** Documents identified as Protected Personal Information (PPI) and/or Protected Health Information (PHI) are stored with restricted access in locked file cabinets and secure network locations. Further, the Record Retention Procedure (Internal Control System) limits access only to authorized persons and assigns recordkeeping accountabilities. There have been no known breaches of this information during the monitoring period.
- **Safety Policies:** AAATA implemented new IT Policies in 2019 for the acceptable use of technology systems, handling of confidential data, passwords, email, physical security, remote access, data retention, guest access, third party access, and wireless access.
- **Financial:** Access to the accounting system is controlled by the Manager of Finance and the IT Manager. During the annual financial audit, auditors confirm that access controls are correctly implemented. There were no reports of any problems in this area in the FY2019 audit, nor in prior years.

EXECUTIVE LIMITATIONS POLICY 2.8.5:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.5: Interpretation

Compliance with this policy during the monitoring period will be demonstrated when there are no *legitimate* public controversies suggesting mismanagement of the AAATA, and there is compliance with the other policies in this section.

EXECUTIVE LIMITATIONS POLICY 2.8.5: Evidence

The CEO is not aware of any public controversy during the monitoring period that suggested mismanagement of the AAATA or that damaged public confidence in the agency. There were no newspaper articles criticizing the AAATA, or public or political petitions to the Board.

Compliance with the following policies further demonstrates compliance with this policy.

EXECUTIVE LIMITATIONS POLICY 2.8.5.1:

Operating the organization in a manner that jeopardizes grantor relationships.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.5.1: Interpretation

Compliance with this policy will be demonstrated when the AAATA meets expectations set forth by the Federal Transit Administration, the Michigan Department of Transportation, or other funders, that apply to the AAATA upon receipt or use of funds.

EXECUTIVE LIMITATIONS POLICY 2.8.5.1: Evidence

Evidence of compliance for this sub-policy is primarily provided via outside audits and assessments by the AAATA auditors, the Federal Transit Administration (FTA), and the Michigan Department of Transportation. The AAATA does not receive grant funding from any other body besides the Federal and State governments.

Federal Compliance: In 2018 the FTA conducted a Triennial Review and found no problems with the AAATA's internal control or business decisions that would jeopardize federal funding. Review is available for inspection upon request. The CEO and CFO are not aware of any failures of AAATA to comply with requirements which would place such grants at risk. In addition, the AAATA's FY2019 audit assessed compliance with federal grant regulations (p. 47) and found that: *In our opinion, Ann Arbor Area Transportation Authority complied, in all material respects, with the types of compliance requirements ... that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.*

State Compliance: Grant agreements from the Michigan Department of Transportation were fully awarded and executed during the monitoring period and for the current fiscal year. MDOT has not indicated any concern with the AAATA's compliance with State grants; all state grants are intact and there are no known risks resulting from noncompliance for these grants. Grant agreements with MDOT are available for inspection upon Board request.

Detailed records supporting all of the above evidence are available for Board inspection upon request.

EXECUTIVE LIMITATIONS POLICY 2.8.5.2:

Ignoring the social, environmental, and economic implications of major decisions.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.5.2: Interpretation

Compliance with this policy will be demonstrated when a formal decision regarding switching from diesel propulsion for buses to any alternative propulsion (e.g. electric, natural gas, etc.) is based upon a transparent accounting of emission reductions, financial impacts, and implications for passengers and the community at large. This interpretation is reasonable because bus propulsion is the largest future decision where a detailed assessment of social, environmental, and economic impacts will be necessary. While other Means decisions are made with similar concerns in mind, they are not “major” and do not require such a large effort to demonstrate the legitimacy of the process and final decision.

EXECUTIVE LIMITATIONS POLICY 2.8.5.2: Evidence

No formal decision regarding the potential for alternative propulsion technologies was made or considered during the monitoring period. The AAATA continue da FY 2018 decision to purchase clean-diesel buses. A study of bus propulsion is scheduled for FY 2022 in the FY2019 and FY2020 budgets and Business Plans.

EXECUTIVE LIMITATIONS POLICY 2.8.5.3:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.5.3: Interpretation

Compliance with this policy will be demonstrated when the AAATA has and consistently enforces an administrative policy that restricts third-party advertising appropriately in order to protect AAATA's image and reputation.

EXECUTIVE LIMITATIONS POLICY 2.8.5.3: Evidence

The AAATA has an administrative Advertising Policy (see below). All third-party advertising must meet the Policy. There were no legal challenges to the policy during the monitoring period. The CEO is not aware of any instance or accusation of inconsistent enforcement.

AAATA Advertising Policy, 2014

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

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

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

EXECUTIVE LIMITATIONS POLICY 2.8.5.4 & 2.8.5.5:

Hiring a former Board member as an agency employee or supplier within one year of that member's departure from the Board.

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.8.5.4 & 2.8.5.5: Interpretation

This policy is unambiguous.

EXECUTIVE LIMITATIONS POLICY 2.8.5.4 & 2.8.5.5: Evidence

In concert with the Managers of Human Resources and Purchasing, we state that during the monitoring period the AAATA did not hire a current or former board member, or current or former elected officials as staff, and there were no such people on staff. Nor did any current or former board members or elected officials own any of the suppliers we engaged for goods or services.

EXECUTIVE LIMITATIONS POLICY 2.8.5.6:

Ignoring exploration for innovation or opportunities that open capacity for the organization.

Degree of Compliance: Compliance Unknown

EXECUTIVE LIMITATIONS POLICY 2.8.5.6: Interpretation

Compliance with this policy will be demonstrated when ideas for new approaches (Means) are given an appropriate level of genuine consideration, to the satisfaction of the CEO or their delegate.

I define “innovative” to mean novel or new, and workable (i.e. is viable and produces results that are worth the investment of resources such as time, money, energy, opportunity costs, etc.). Given that innovation often involves higher risks, such risks must be acceptable.

EXECUTIVE LIMITATIONS POLICY 2.8.5.6: Evidence

No evidence provided. This policy is so broad that the CEO cannot imagine how to provide satisfactory or compelling evidence of compliance, aside from attempting to document every staff decision which would paralyze the organization.

CEO Notes

The CEO is asking the Board to delete policies 2.8.5.2 and 2.8.5.6. The CEO believes that the policies themselves may be inherently unworkable as written:

1. On reflection, the CEO believes that these policies may actually be Means **prescriptions** rather than **proscriptions**. In spite of the negative wording they seem to require certain activities, rather than prohibiting unacceptable outcomes. Means prescriptions are not acceptable under Policy Governance.
2. The CEO has not been able to write satisfying **interpretation** for either policy. As written, the policies are so broad as to seem to apply to every staff decision. The requirements are so general (innovation, social impacts, etc.) that the CEO cannot see how to offer an operational definition that could cover so many situations without becoming very vague. Such vagueness makes accountability difficult and opens a door for continuing arguments about the interpretation. Alternately, limiting the scope via the interpretations (see 2.8.5.2) produces a very narrow focus where documentation of a decision is feasible and possibly warranted, but arguably defeats the written blanket intent of the policy. The CEO cannot see how to write an interpretation that would be truly reasonable given the present wording of the policies.
3. The CEO cannot see how to present convincing **evidence** for such broad policies affecting so many decisions (see 2.8.5.6). The work required to document even a fraction of staff decisions would paralyze the organization.
4. These policies also have little to do with the broader point of 2.8.5 regarding the public image or credibility of the AAATA.
5. These policies pre-date the Ends policies. Now that we have Ends policies that follow a triple-bottom line, the value of Executive Limitation 2.8.5.2 is not clear.

Monitoring Policy 2.8 Asset Protection

Guidance on Determining “Reasonableness” of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO’s interpretation is “reasonable”:

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed...

Defensible measures and standards are those that:

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
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- *Represent an appropriate level of fulfillment within the scope of the policy.*

- *“What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2”.* International Policy Governance Association. June 11, 2016. Available on the IPGA website.

Board’s conclusion on monitoring report

The Board has received and reviewed the CEO’s Monitoring Report references above. Following the Board’s review and discussion with the CEO, the Board makes the following conclusions:

Executive Limitations Report (select one)

The Board finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is *not* in compliance or is *not* making reasonable progress toward compliance
- E. Cannot be determined.

Board notes: (If applicable)

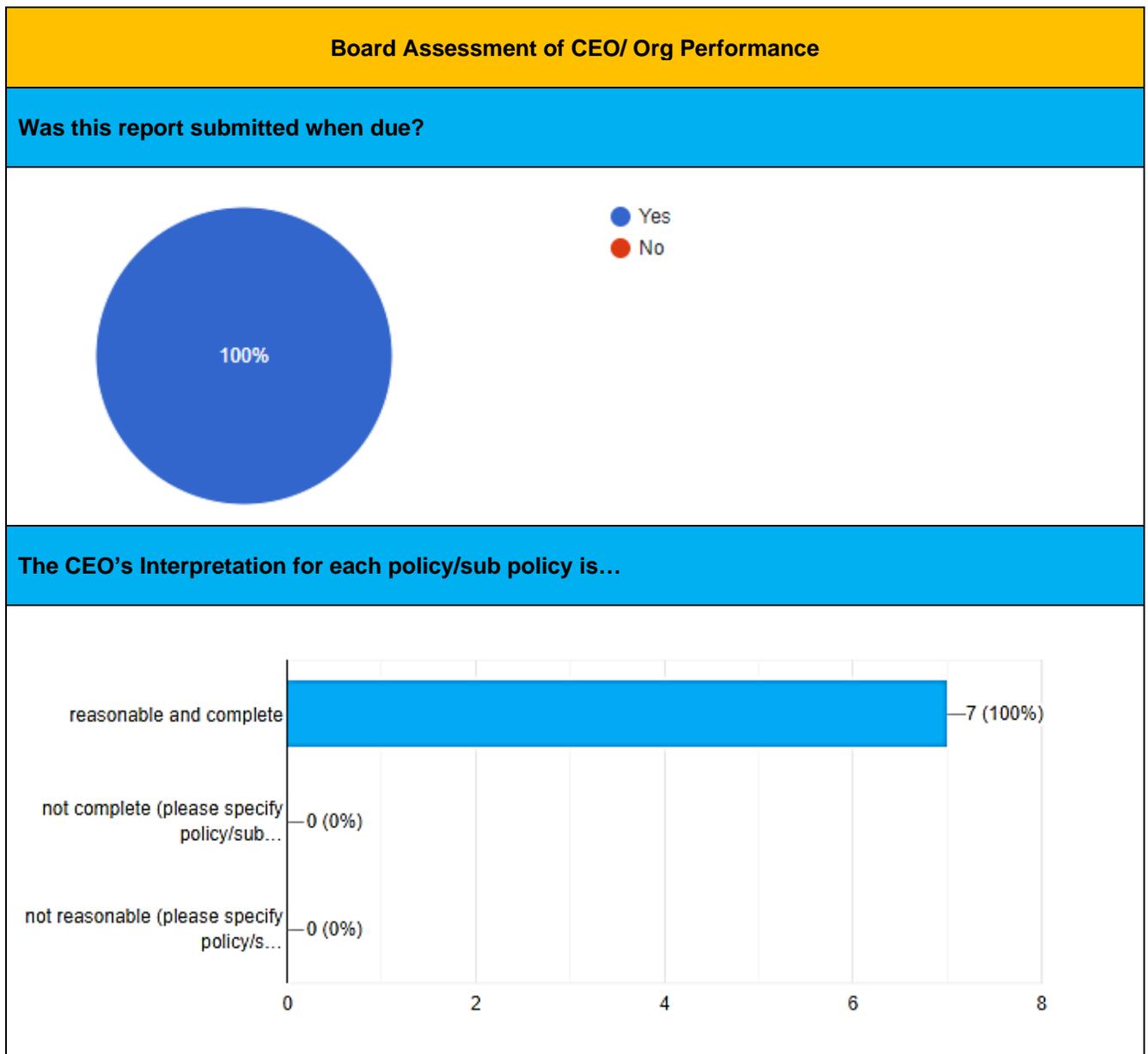
Survey Results: Monitoring Report 2.8 Asset Protection

Finance Committee Review Date: June 9, 2020

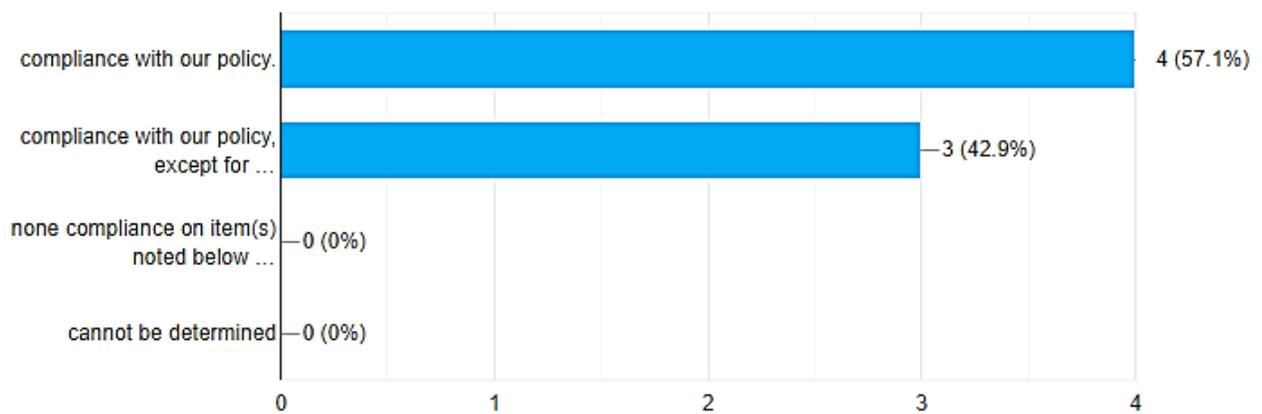
Board Meeting Review Date: June 18, 2020

Survey Participants: 7 Board Members

Note: Each bullet represents a comment by a different board member.



The CEO's evidence and data shows...



Items not in Compliance (if any)

- 2.8.5.2 and 2.8.5.6

Optional: Potential Policy Development

Is there any area associated with this policy that concerns you that is not clearly addressed in existing policy? What is the value that drives your concern?

- For section 2.8.4, I have a couple questions: 1) in regard to breaches it basically says there haven't been any, as far as we know. I don't know what real-time, proactive monitoring and alerting systems are in place to allow for that conclusion? Do we only know if a nefarious hacker lets us know or are there systems that monitor logs for intrusions (as an example)? In general, yes, this is compliant since we have not had any issues, but I am of the opinion that we need more details around this. 2) I think part of the process should include a 3rd-party audit and pen-test performed at a regular cadence (e.g. once a year or twice a year). Security breaches can be extremely hurtful and costly -- especially when systems are held for ransom (those scenarios are drastically on the rise).
- While I agree with CEO's determination of compliance, I am concerned about some of the long-term implications on 2.8.5.1 (grantor relationships), 2.8.5.2 (implications of decisions), and 2.8.5.6. (innovation) with limited staff, especially in the planning department. We must deal with the crisis at hand; but we must also look to the future of the organization. The value that drives my concern is planning itself and the value it brings to an organization.
- No
- No. Other assets are addressed in other policies (personnel, cash, and reserves, etc.)
- I agree with Matt's note regarding the difficulty of interpreting 2.8.5.2 and 2.8.5.6. I do believe these policies are now adequately covered in our updated Ends.

What policy language would you like to see incorporated to address your worry?

- The CEO will ensure systems are in place for proactive and real-time monitoring and alerting of security issues 2) The CEO will ensure regular security audits by a 3rd party vendor are performed and passed
- No policy language changes are needed at this time.
- N/A

Optional: Comments for the CEO

Commendations on this topic:

- I believe the CEO's request to delete these policies is premature. I understand he is struggling to provide evidence. However, Rose has stressed on several occasions that that it is not the boards job to write policy with the sole consideration of how the CEO will interpret and provide evidence. These policies were included and are important. With that being said, a deep dive on these policies seems prudent. especially with the advent of the new ends policies.
- The CEO and the organization has done a commendable job of being thoughtful about the impacts of COVID-19 to the organization.

Potential Improvement

- I think the IT security section needs a bit more meat to it, especially since we are heavily reliant on IT for back-office, front-office, and bus operations.
- I agree that 2.8.5.2 and 2.8.5.6 should be eliminated for the reasons stated.

Comments on the report itself

- I do not have a problem with the CEOs recommendations of removing 2.8.5.2 and 2.8.5.6 and having them be incorporated in a different manner.
- I would like to pass on comments at this time but may elect to revisit at a later time.
- I found the report thorough and well presented
- Fully compliant
- Clearly a lot of time and effort on the report. Explained very well.

ISSUE BRIEF: CEO Report

Meeting: Board of Directors

Meeting Date: June 18, 2020

INFORMATION TYPE:

Other

OPERATIONAL & PROJECT UPDATES

- **COVID-19 FORECASTS**

External sources are confirming the timelines and economic impacts that have been forecasted in TheRide's Recovery Plan. Epidemiologists say Michigan is likely to experience a second wave of COVID-19 infections later this year, the severity of which depends upon human behavior. This underscores the importance of continued diligence to ensure social distancing and preventive measures.

University of Michigan economists have predicted a "V" shaped recovery with hard and fast economic declines this year, followed by a rapid upward recovery occurring next year. Other economists are predicting a "check" shaped recovery. Major assumptions rest of likelihood of rebound infections and federal bail outs to state governments. FY 2020 budget impacts at the state level may become clearer the week of June 15th. It is not clear when the FY 2021 budget will be finalized.

- **FY2021 AAATA BUDGET**

The CFO and Finance staff are drafting the FY2021 budget based upon the assumptions from financial forecasting made over the last several months. The first draft will anticipate steep cuts to state funding and will be presented to the Board in July. The budget is certainly going to evolve before adoption in September, and may need to be amended next year if the state's budget adoption is delayed

- **FARE COLLETION**

Planning continues for restoring fare collection. While no date has been established, staff have begun assessing the potential for a mobile ticketing pilot project to help make fare payment even more sanitary and convenient.

- **REGIONAL TRANSIT AUTHORITY**

The AAATA met with County and RTA officials to continue discussions about the process for updating transit plans for Washtenaw County. The next time the RTA can go to the voters is November 2022.

- **A2ZERO**

The City of Ann Arbor approved the A2Zero plan. Discussions regarding next steps will start June 12. The plan provides no funding.

- **WATS POLICY COMMITTEE UPDATE**

There was no May WATS Policy Committee meeting.

- **TRANSPORTATION COMMISSION**

No staff attended the most recent Commission meeting. Bryan Smith will begin representing the AAATA at the Commission. The City Attorney has asked the Board to identify each individual allowed to vote on behalf of the AAATA.

- **AAATA RECRUITMENT**

We continue to seek to hire a Manager of Bus Operations to replace Ron Copeland who, after 45 years is retiring at the end of July.

- **FACILITIES SERVICES DPT & OFFICE ISSUES**

Our facilities crew is catching up on regular seasonal maintenance that was delayed by pandemic. As well as regular maintenance and improvements, efforts also continue to modify work and public spaces to allow social distancing and physical barriers whenever possible. The new Dispatch Center is nearing completion. Office staff are expected to continue to work from home at least until July 13th.

- **FLEET SERVICES DPT**

Our Fleet Services team has installed protective barriers for drivers and created a prototype plexiglass passenger divider to create additional physical barriers among riders. We are currently considering whether to outfit the fleet with this solution to improve passenger safety and confidence in TheRide. We are very proud of the ingenuity and creative problem solving by Fleet Services. It is well thought out, skillfully executed, and offers professional appearance.

- **TRANSPORTATION DPT**

Temporary park and ride shuttles are to begin operating on June 15th. Coordination with Finance to determine the safest way to return to collecting fares is underway. Plans to reopen the front desk at the DGOC, YTC, and BTC are also underway and require new procedures that protect the health and safety of employees and customers.