

Board of Director's Meeting Agenda

Meeting Date/Time: May 15, 2025 - 6:30pm – 9:00pm

Location: Riverside Arts Center (4th Floor)

Virtual attendance available via [Zoom](#) Passcode: 983308

Members: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Julie Grand, Susan Pollay, Georgia Valentine

Agenda Item	Info Type	Start Time	Details	Page #
1. OPENING ITEMS				
1.1 Approve Agenda	D	6:30	Mozak	
1.2 Public Comment	O			
1.3 General Announcements	O			
2. CONSENT AGENDA				
2.1 Board Meeting Minutes April 17, 2025	D			3
2.2 Committee Meeting Summaries	D			8
3. OWNERSHIP LINKAGE				
3.1 Ownership Linkage Task Force Updates	O			Verbal
4. MONITORING				
4.1 Environmental Sustainability (2.11)	M		Carpenter	15
5. POLICY DEVELOPMENT				
5.1 Policy Language Discussion (if needed)	O		Mozak	Verbal
6. BOARD EDUCATION / DISCUSSION				
7. OPERATIONAL UPDATES				
7.1 YTC Update	O		Hess/Johnson	34
7.2 BTC Update	D		Hess/Johnson	43
7.3 Capital Budget Amendment Proposal	D		Reed	49
7.4 FY2025 Q2 Financial Report	O		Reed	53
7.5 Budget Timeline Preview	O		Reed	56
7.6 Legislative Updates	O		Pfeifer	Verbal
7.7 CEO Report	O		Carpenter	58
8. EMERGENT ITEMS				
8.1 Board Meeting Run Time	D		Mozak	63
8.2 Approve CEO Contract	D		Mozak	66
9. CLOSING ITEMS				
9.1 Action Item Recap	O		Holt	
9.2 Topics for Next Meeting Governance Process Policies (3.5-3.8) Intro to Draft Budget Future: Determining Reasonableness State Funding (Education)			Thursday, June 19, 2025 Ann Arbor District Library (Downtown)	
9.3 Public Comment	O	8:55		
9.4 Adjournment				

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

If additional policy development is desired:

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

Emergent Topics

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

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

Board of Director's Meeting Minutes

Meeting Date/Time: April 17, 2025 - 6:30pm – 9:00pm

Location: Ann Arbor District Library (4th Floor)

Members Present: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Simi Barr, Rich Chang, Julie Grand, Susan Pollay, Kyra Sims, Georgia Valentine

Members Absent: Chris Allen (Excused)

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

Agenda Item
1. OPENING ITEMS
1.1 Approve Agenda <p>Chairwoman Mozak requested 3 amendments to the agenda: the removal of agenda item 5.1 (due to no monitoring reports on the agenda) and the additions of 8.2 and 8.3.</p> <p>Mr. Chang motioned to approve the amended agenda, seconded by Ms. Grand.</p> <p>No discussion on the motion.</p> <p>All in favor of approving the amended agenda:</p> <p>Mr. Mike Allemang: Yes Mr. Simi Barr: Yes Mr. Rich Chang: Yes Ms. Julie Grand: Yes Mr. Jesse Miller: Yes Ms. Susan Pollay: Yes Ms. Kyra Sims: Yes Ms. Georgia Valentine: Yes Chairwoman Kathleen Mozak: Yes</p> <p>The motion to approve the amended agenda passed unanimously</p>
1.2 Public Comment <p>Robert Packard, a local transit user, shared his recent difficulty with an expired A-Ride card and the renewal process. He thanked staff for their assistance and requested the organization investigate implementing a reminder system for riders.</p> <p>Leesa Stanislovatis, the parent of an A-Ride user, shared the challenges her daughter has experienced with utilizing the service with frequently late pickups and missed rides. She requested a meeting to discuss specific incidents. Mr. Carpenter provided her with his email address to be in contact.</p>
1.3 General Announcements <p>Chairwoman Mozak shared that the Governance Committee had conversation about filling the position of Service Committee Chair for the remained of the fiscal year. They decided that Mr. Barr will be interim chair, and Mr. Chang will share duties as co-chair.</p>

2. CONSENT AGENDA

2.1 Board Meeting Minutes March 20, 2025

2.2 Committee Meeting Summaries

Mr. Miller motioned to accept the Consent Agenda, seconded by Mr. Barr.

No discussion on the motion.

All in favor of accepting the Consent Agenda:

Mr. Mike Allemang: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the Consent Agenda passed unanimously.

3. OWNERSHIP LINKAGE

3.1 Ownership Linkage Task Force Updates

Mr. Chang shared that the Planning/Innovation team has released the Service Standards Review and provided an online portal for a survey and public input at therideengage.org. He also shared of a recent meeting with City of Ann Arbor Mayor Taylor and that OLTF will be reaching out to council members involved in public transportation initiatives.

4. MONITORING

5. POLICY DEVELOPMENT

5.1 Policy Language Discussion (if needed)

Removed from the agenda

6. BOARD EDUCATION / DISCUSSION

6.1 On-Board Survey Results

Dr. Hugh Clark presented an overview of the October 2024 Passenger Survey results from fixed-route rider feedback ([Board packet, page 15](#)). The survey is conducted every two years to gather trends in demographics, trip purposes and customer satisfaction.

Dr. Clark and Board members discussed the methodology of the survey, sampling demographics and noted there were areas of limitation within the survey related to more detailed data.

6.2 YTC Update

Ms. Gretchen Johnson provided an update on the Ypsilanti Transit Center project ([Board Packet, pg. 36](#)) which included recommended design and preliminary site plans. The cost estimate is around \$19 million, excluding land acquisition and includes sustainability features. She also outlined next steps with a community engagement period running through May 23rd and ongoing collaboration with the City of Ypsilanti and other stakeholders.

Ms. Johnson fielded questions related to plans for a multi-purpose room within the facility, and how cost per square foot had been estimated. She will continue to provide updates to the Board at each stage of the planning process.

6.3 Transit Funding Part I

Ms. Reed presented the 1st in a series of board educational topics related to public transit funding ([Board Packet, pg. 60](#)). She provided an overview of the funding system, funding sources, and the process for receiving Federal transit funding. She discussed the difference between reauthorization and annual appropriations and outlined types of funding available through formula and discretionary funding.

She discussed with Board members the impacts of EV's on fuel taxes and the importance of continued fiscal management in planning projects and saving funding for larger projects.

6.4 Economic Climate & Agency Implications

Mr. Carpenter and Mr. Pfeifer provided updates on federal policy and economic climate and implications for the agency ([Board packet, pg. 68](#)). They discussed broader economic climate impacts from tariffs, inflation and national debt with an emphasis on the importance of managing costs and inflation effects on the agency's budget. They also discussed the potential impact of deregulation and the continued importance of advocating for transportation funding with industry trade groups.

7. OPERATIONAL UPDATES

7.1 Legislative Updates

Mr. Pfeifer provided an update on the state funding package and the process of the developing state budget. He and staff continue to engage with state legislators and federal advocacy partners to ensure the agency's funding needs are met.

7.2 CEO Report

There was no Board discussion on the CEO report.

8. EMERGENT ITEMS

8.1 CEO Contract Update

Chairwoman Mozak shared that the Governance Committee is working with Mr. Carpenter on his 5-year contract which will be renewed at the end of May. The contract will be available for Board members review

8.2 Meeting Length

Mr. Barr raised concerns about the length of Board meetings and suggested implementing measures to stick more precisely with the time limit. Board members provided input and ideas to better ensure the meetings don't exceed the time limit. One suggestion was to allocate time for each agenda item. Chairwoman Mozak agreed that the Governance Committee will discuss the recommendations and more thoroughly consider ways to manage meeting length more effectively.

8.3 Kyra Sims Appreciation / Recognition

The Board expressed appreciation for Ms. Sims as she finishes her Board term at the end of the month. Members thanked her for her significant contributions since joining the Board in 2017. Ms. Sims thanked board members and staff for their support and mentorship and expressed her confidence in the board's ability to continue the agency's progress.

9. CLOSING ITEMS

9.1 Action Item Recap

- Add meeting length discussion to Governance Committee agenda
- Upload PPT presentations for agenda items 6.3 and 6.4 to the online board packet

9.2 Topics for Next Meeting

Environmental Sustainability (2.11)

Governance Process Policies (3.5-3.8)

Q2 Financial Report

YTC Update

BTC Update

Future:

Determining Reasonableness

9.3 Public Comment

No public commenters.

9.4 Adjournment

Ms. Pollay motioned to adjourn the meeting, seconded by Ms. Sims.

There was no discussion on the motion.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Kyra Sims: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to adjourn the meeting passed unanimously.

Chairwoman Mozak adjourned the meeting at 9:11 pm

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, April 24, 2025 – 3:00 – 5:00pm

Members Present: Kathleen Mozak (Chair), Mike Allemang, Rich Chang

Staff: Matt Carpenter, Dina Reed, Forest Yang, Jeff Pfeifer, Rosa-Maria Kamau, Deb

Holt

Location: REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 3:00pm

Agenda Item
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) <p>Mr. Carpenter noted that he had updates to include with Mr. Pfeifer under agenda item 5.1. No other changes or additions were made.</p>
1.2 Communications <p>Chairwoman Mozak shared that Ms. Valentine will be joining the Finance Committee.</p>
2. BOARD DEVELOPMENT
2.1 Recruitment / Training / Attendance <p>Staff are monitoring the City of Ann Arbor City Council agendas for notification of a new Board member appointment. Chairwoman Mozak reminded the committee of the upcoming Policy Governance Bootcamp in May. The committee also discussed how to introduce monitoring reports / surveys when on-boarding new members.</p>
2.2 Board Meeting Time Constraint <p>At the April Board meeting, a board member raised the topic of meetings extending past 9pm and the Governance Committee was tasked with exploring ways in which to keep the meeting within the specified time frame. The committee reviewed Board meeting length and averages for meetings since 2019. They discussed an earlier start time, methods of keeping efficient time with agenda discussions and presentations, and what items might be added to the Consent Agenda. An issue brief will be added to the May Board meeting so the Board can consider options for going forward.</p>

2.3 OLTF

Mr. Chang had no new updates.

3. POLICY MONITORING & DEVELOPMENT

3.1 Determining Reasonableness

Governance consultant Sue Radwan joined the meeting to discuss Board questions related to her educational guidance for determining reasonableness. The guidance was requested by Board members who expressed concerns related to how they review monitoring reports. The committee discussed CEO interpretations and how the board can be guided to measure if CEO rationale aligns with policies.

The Governance Committee had added comments/input to Ms. Radwan's guidance which she will review, update and return. It will be included in the May Governance packet for discussion.

4. STRATEGY & OPERATIONAL UPDATES: CEO

5. EMERGENT ITEMS

5.1 Legislative Updates

Mr. Carpenter shared recent updates from the Department of Transportation related to Executive Orders.

Mr. Pfeifer shared updates on Congressional Directed Spending requests to Senator Slotkin and Representative Dingell. He continues to monitor the state budget process and will share updates when revenue estimates are released in May.

6. CLOSING ITEMS

6.1 Committee Agendas

Service Committee

- No changes notes.

Finance Committee

- No changes noted

Board Meeting

- Add Board Meeting Time Constraint as agenda item 8.1 an issue brief will be created. Change Approve CEO Contract to 8.2.
- "Time" column will be left blank for May agenda

6.2 Action Item Recap

- Board Meeting Time Constraint issue brief will be created for May Board meeting packet.
- Ms. Radwan will be reviewing input and updating her Guidance on Reasonableness documents by May 15th to be included in the Governance packet.

- Add Reasonableness Discussion Review to May Governance Committee agenda and added to July Board meeting with Ms. Radwan joining
- Staff will confirm that Service committee members will be in attendance

6.3 Topics for Next Meeting

Governance Process Policies (3.5-3.8)
Guidance on Sustainability Policy
Reviewing Guidance on Reasonableness

Future:

Advocacy & Regionalism, Governance Training
Options, Policy Manual Mock-Up

6.4 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 5:01pm.

Respectfully submitted by Deborah Holt

Service Committee Meeting Notes

Meeting Date/Time: April 29, 2025, 3:00pm – 5:00 pm

Members: Rich Chang (Interim Chair), Jesse Miller

Members Absent: - Simi Barr (Excused), Susan Pollay (Excused)

Staff: Matt Carpenter, Forest Yang, George Brooks, Jeff Pfeifer, Rosa-Maria Kamau, Deb Holt

Location: REMOTE – Via Zoom

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

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>No updates or changes noted for the agenda.</p> <p>1.2 Communications</p> <p>No new communications.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Environmental Sustainability Policy (2.11)</p> <p>Committee members discussed survey format and ways it might be more reader-friendly when robust comments are included and coloring the appropriate table cell as yellow when any of the rating values are less than 100%.</p> <p>They also discussed comments within the survey:</p> <p>2.11.1 – Comments indication the policy wording isn't clearly defined, and Board may consider a language review.</p> <p>2.11.2 – Discussed needing clarification regarding the first commented bullet item. Mr. Carpenter clarified that the "Paratransit Plan" covers all vehicles besides fixed-route buses.</p> <p>2.11.3 – Mr. Carpenter discussed how the organization might expand on city guidelines for waste disposals through a waste study. The committee concluded this will need more discussion within the board, especially around the "at what cost" component of policy governance.</p> <p>Overall, there is a suggestion that the policy wording be looked at which the board can decide on at the next board meeting.</p> <p>The committee and Mr. Carpenter also discussed priorities within the monitoring report and a long-term approach to sustainability measures. They agreed to recommend that the Board accept the monitoring report as "A."</p>

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.2 Legislative Updates

Mr. Carpenter shared updates related to two Executive Orders and potential impacts.

Mr. Pfeifer provided a brief update on recently submitted Congressional Directed Spending and upcoming plans for the APTA Legislative Conference in May. State budget planning continues to take place in Lansing.

4. CLOSING ITEMS

4.1 Action Item Recap

- The Service Committee will recommend to the Board that Environmental Sustainability monitoring report be accepted as (A).

4.2 Topics for the Next Meeting

Future:
Environmental Sustainability Review
Determining Reasonableness

4.3 Adjournment

Mr. Chang thanked the committee and staff and adjourned the meeting at 3:53 pm.

Respectfully Submitted by Deborah Holt

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, May 6, 2025 - 3:00 – 5:00pm

Members Present: Mike Allemang (Chair/Treasurer), Chris Allen, Julie Grand, Georgia Valentine

Staff: Matt Carpenter, Dina Reed, Forest Yang, Jeff Pfeifer, Andy Huber, Deb Holt

Location: REMOTE – Via Zoom

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

Agenda Item
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) No changes or additions to the agenda.
1.2 Communications Mr. Carpenter shared an overview of an upcoming Leadership seminar in June – he noted that there were additional spots available and Board members will be receiving an invitation to attend.
2. POLICY MONITORING & DEVELOPMENT
3. EDUCATION
4. STRATEGY AND OPERATIONAL UPDATES
4.1 FY2025 Q2 Financial Report Ms. Reed shared an overview of the FYQ2 Financial Report and positively noted that the organization is on budget with \$2.6M surplus of revenues over expenses. Expenses were \$1.2 M below budget due to vacant positions and favorable fuel prices. Revenues were \$1.4M higher in part because of an updated analysis of property tax revenue estimates. Assets are strong and reserve targets are being met. Ms. Reed fielded questions related to subrecipient purchased transportation spending, and investment planning and strategy. Longer-term investment options are being considered as staff review cash flow needs with capital planning.

4.2 Capital Budget Amendment

Ms. Reed shared to the committee that a capital budget amendment proposal will be presented at the May Board meeting. Staff are requesting the Board approve a change in the capital budget for the Blake Transit Center (BTC) project. This change will reflect an updated estimate for spending during FY2025 through an Amendment to the FY2025 Capital Budget (originally approved in September 2024). The project timeline has moved up, but the total project cost is the same.

4.3 Budget Timeline Preview

Ms. Reed shared a brief overview of the upcoming FY2026 budget process. Work on annual budget development begins in May and leads to the Board's final approval in September. She noted that the process has been consistent in the last few years.

4.4 Legislative Updates

Mr. Pfeifer shared updates related to recent Federal Executive Orders and the initial proposed federal budget that may have impacts on public transit funding. Budget conversations will continue in the upcoming months and staff will update the Board as new information is received.

He shared updates on Congressional Directed Spending requests to Senator Slotkin and Representative Dingell. The state budget process is underway as Local Bus Operating Funding impacts budget assumptions.

5 CLOSING ITEMS

5.1 Action Item Recap

No action items noted. Ms. Reed will be providing additional Capital Budget Amendment documentation for the Board meeting.

5.2 Topics for Next Meeting

Intro to Draft Budget

Future Meeting:

Determining Reasonableness

Gas Tax information / update

5.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:59pm.

Respectfully Submitted by Deborah Holt

Monitoring Report:
Environmental Sustainability (Policy 2.11)
Monitoring Period: Jan 2024- Dec 2024.

Service Committee Meeting Review Date: April 29th, 2025
Board of Directors Meeting Review Date: May 15th, 2025

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

other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

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

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

CEO's Signature








Date

4/15/2025

ATTACHMENTS

1. Monitoring report for Environmental Sustainability (Policy 2.11)

Table of Contents

POLICY TITLE: ENVIRONMENTAL SUSTAINABILITY	Page#	Compliance
2.11 The CEO will not cause or allow organizational practices or activities that are inconsistent with achieving environmental sustainability.		
Further, without limiting the scope of the above statement by the following list, the CEO shall not:	4	
2.11.1. Operate without measures to minimize, reduce, and eliminate emissions including greenhouse gasses and air pollutants.	5	
2.11.2. Allow organizational operations that are inconsistent with the achievement of carbon neutrality.	8	
2.11.3. Operate without processes that minimize material and energy consumption and provide for proper disposal of waste.	11	
2.11.4. Allow operations which do not minimize harmful local ecological impact.	13	



Fully Compliant



Partially Compliant



Not Compliant

Preliminary CEO Interpretations and Evidence

2.11 The CEO will not cause or allow organizational practices or activities that are inconsistent with achieving environmental sustainability.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that the agency will work towards reducing their carbon footprint, pollution and conserve resources to the extent possible without jeopardizing the fiscal health of the organization.

Measure/Standards & Achievement

The Board has fully defined sustainability in the policies below. Therefore, compliance with this policy will be achieved when all lower-level policies are compliant.

Rationale

This is reasonable because lower-level policies address all areas of environmental sustainability.

Evidence

Source of Data: Lower-level policies

Date of data review: 4/2/25 as verified by the Corporate Strategy and Performance Officer

Data

Lower-level policies are compliant; hence this policy is noted as compliant.

2.11.1. The CEO shall not...Operate without measures to minimize, reduce, and eliminate emissions including greenhouse gasses and air pollutants.

Degree of Compliance: Compliant

Interpretation

Operational definition

I interpret this policy to mean that the agency will establish interim targets and timelines to reduce and eventually eliminate greenhouse gases that are *directly* created by agency operations by 2045. Specifically, the agency will focus on methane, nitrous oxides and carbon dioxides. Carbon emissions are addressed in policy 2.11.2

Measure/Standards & Achievement

Compliance will be demonstrated when the following milestones for GHG emissions are met:

Monitoring year*	Milestones
2024	<ul style="list-style-type: none"> Complete zero-low emissions fleet propulsion study.
2025	<ul style="list-style-type: none"> Develop a reliable way of measuring emissions. Confirm baseline. Bus Fleet: Establish interim targets & timeline for reducing emissions from the large bus fleet. Preceded by technical studies.
2026	<ul style="list-style-type: none"> Facilities: Establish interim targets & timelines for reducing emissions from facilities. Preceded by technical studies.
2027	<ul style="list-style-type: none"> Paratransit: Establish interim targets & timelines for reducing emissions from paratransit buses and all other vehicles. Preceded by technical studies.
2045	<ul style="list-style-type: none"> Eliminate GHG emissions

*Timeline is dependent on adequate funding, staff capacity and timely technological advancement.

The use of these milestones to demonstrate compliance is temporary. Once studies are complete and all targets are established, compliance will be determined by using the tracking tool to demonstrate quantitative progress towards those targets. The tool primarily estimates emissions based on fossil fuel consumption.

A table illustrating the growing number of quantitative targets is below:

Monitoring year	GHG emission targets in tons		
	Fleet Targets	Facilities	Paratransit
2025 (baseline)	Baseline: Methane: 0.038 Nitrous oxides: 0.171	TBD, pending studies	TBD, pending studies
2030	-10% Methane: 0.034 Nitrous oxides: 0.154		
2035	-40% Methane: 0.023 Nitrous Oxides 0.102		
2040	-80% Methane: 0.008 Nitrous Oxides: 0.034		
2045	-100% Methane: 0 tons Nitrous Oxides: 0 tons		

*Projections are dependent on adequate funding, staff capacity and timely technological advancement.

Rationale

These definitions and interim milestones are reasonable because:

- A. Eliminating emissions is a long-term exercise with considerable risks and opportunity costs. It is reasonable to conduct technical studies that will help establish aggressive but realistic targets and timelines. Without such technical review, targets could become politically driven rather than policy driven. We are intentionally focusing on the outcome (emissions) as a means to demonstrate progress rather than staff activities.
- B. Once technical studies have informed the establishment of quantitative targets and timelines, demonstration of compliance will shift to using the emissions tracking tool to estimate progress toward those targets. Further study of targets is not anticipated.
- C. 2025: Having an in-house emissions tracking tool will allow us to track our progress over time. It also allows us to establish baseline data (2024). Establishing targets for the bus fleet first is reasonable as they are likely the largest source of emissions.
- D. 2026-2027: Having separate plans for each functional area is reasonable because they are technologically distinct and will require different solutions and likely different funding solutions. Having interim targets is reasonable because it will take many years to fully eliminate emissions, and progress will need to be demonstrated in the intervening period. Staggering the planning work over a few years is necessary due to staff capacity limits.
- E. 2045 is a reasonable target for final elimination of all emissions because, with 12–14-year lifespans, the bus fleet will likely be the last part of the agency to complete the transition. Our current plans sees the last hybrid buses (electric/diesel) purchased about 2031 and aging out of the fleet by 2045. We plan to replace diesel

buses, with hybrid, and then hydrogen fuel-cell buses. We believe all facilities and other vehicles can be transitioned within that timeframe.

- F. The agency tracks methane, carbon dioxide (policy 2.11.2) and nitrous oxides. This is reasonable because they make up 97% of all greenhouse emissions. Other greenhouse gases make up a smaller amount of overall emissions and are harder to track as they are based on more complex situations. For example, particulate emissions result from incomplete combustion, while hydrofluorocarbon (HFC) emissions stem from leaking refrigerants. Tracking these emissions would be cost-prohibitive and offer minimal benefit, as they contribute to about 3% of total emissions.

Evidence

Source of Data: Fuel consumption data and EPA emission factors.

Date of data review: 3/13/2025 as verified by the Corporate Strategy & Performance Officer, and Manager of Fleet.

Data

The two targets for 2025 are as follows.

1. **Emissions tracker.** The organization has developed its own in-house model for calculating GHG emissions based on EPA guidance.
2. **Bus fleet targets & timelines:** Targets and timelines for reducing GHG emissions from the bus fleet are provided in the table below. Facility and other fleet data will be added in future years.

	Emissions in tons		Target achieved Y/N
	Bus Target	Actual emissions	
2025 (baseline)	Methane: 0.038 Nitrous oxides: 0.171	Methane: 0.04 Nitrous oxide 0.171	Yes, baseline established
2030	Methane: 0.034 Nitrous Oxides 0.154	TBD	TBD
2035	Methane: 0.023 Nitrous Oxides 0.102	TBD	TBD
2040	Methane: 0.008 Nitrous Oxides 0.034	TBD	TBD
2045	Zero GHG emissions	TBD	TBD

*Projections are dependent on adequate funding, staff capacity and timely technological advancement.

2.11.2. The CEO shall not...Allow organizational operations that are inconsistent with the achievement of carbon neutrality.

Degree of Compliance: Compliant

Interpretation

Operational definition

I interpret this policy to mean that the agency will establish interim targets and timelines to reduce and eventually eliminate carbon emissions *directly* created by agency operations by 2045.

Measure/Standards & Achievement

Compliance will be demonstrated when the following milestones are met in the following timelines:

Monitoring year*	Milestones
2024	<ul style="list-style-type: none"> Complete zero-low emissions fleet propulsion study.
2025	<ul style="list-style-type: none"> Develop a reliable way of measuring carbon emissions. Confirm baseline. Bus Fleet: Establish interim targets & timeline for reducing carbon emissions from the large bus fleet. Preceded by technical studies.
2026	<ul style="list-style-type: none"> Facilities: Establish interim targets & timelines for reducing carbon emissions from facilities. Preceded by technical studies.
2027	<ul style="list-style-type: none"> Paratransit: Establish interim targets & timelines for reducing carbon emissions from paratransit buses and all other vehicles. Preceded by technical studies.
2045	<ul style="list-style-type: none"> Eliminate carbon emissions

*Timeline is dependent on adequate funding, staff capacity and timely technological advancement.

The use of these milestones to demonstrate compliance is temporary. Once studies are complete and targets are established, compliance will be determined by using the tracking tool to demonstrate quantitative progress towards those targets. The following table illustrates the growing number of quantitative targets:

Monitoring year*	Carbon emission targets		
	Fleet	Facilities	Paratransit
2025 (baseline)	8,462 tons	TBD, pending studies	TBD, pending studies
2030	7,616 tons (-10% from baseline)		
2035	5,077 tons (-40%)		
2040	1,692 tons (-80%)		
2045	0 tons (-100%)		

*Projections are dependent on adequate funding, staff capacity and timely technological advancement.

Rationale

These definitions and interim milestones are reasonable because:

- A. Eliminating emissions is a long-term exercise with considerable risks and opportunity costs. It is reasonable to conduct technical studies that will help establish aggressive but realistic targets and timelines. Without such technical review, targets could become politically driven rather than policy driven. We are intentionally focusing on the outcome (emissions) as a means to demonstrate progress rather than staff activities.
- B. Once technical studies have informed the establishment of quantitative targets and timelines, demonstration of compliance will shift to using the emissions tracking tool to estimate progress toward those targets. Further study of targets is not anticipated.
- C. 2025: Having an in-house emissions tracking tool will allow us to track our progress over time. It also allows us to establish baseline data (2024). Establishing targets for the bus fleet first is reasonable as they are likely the largest source of emissions.
- D. 2026-2027: Having separate plans for each functional area is reasonable because they are technologically distinct and will require different solutions and likely different funding solutions. Having interim targets is reasonable because it will take many years to fully eliminate emissions, and progress will need to be demonstrated in the intervening period. Staggering the planning work over a few years is necessary due to staff capacity limits.
- E. 2045 is a reasonable target for final elimination of all emissions because, with 12–14-year lifespans, the bus fleet will likely be the last element to complete the transition. Our current plan sees hybrid buses (electric/diesel) purchased about 2031 as aging out of the fleet by 2045. We plan to replace diesel buses, with hybrid, and then hydrogen fuel-cell buses. We believe all facilities and other vehicles can be transitioned within that timeframe.

Evidence

Source of Data: Fuel consumption data, EPA emission factors.

Date of data review: 3/13/2025 as verified by the Corporate Strategy & Performance Officer, Manager of Fleet and Manager of Facilities.

Data

The two targets for 2025 are as follows.

1. **Tracking emissions:** The organization has developed its own in-house model for calculating carbon dioxide emissions based on EPA guidance.
2. **Fleet emissions:** The results for 2025 baseline calculations and targets are provided below. Facility and other fleet data will be added in future years.

	Carbon emissions		Target achieved Y/N
	Bus Target	Actual emissions	
2025 (baseline)	8,462 tons	8,462	Yes, baseline established
2030	7,616 tons (-10%)	TBD	TBD
2035	5,077 tons (-40%)	TBD	TBD
2040	1,692 tons (-80%)	TBD	TBD
2045	0 tons (-100%)	TBD	TBD

*Projections are dependent on adequate funding, staff capacity and timely technological advancement.

2.11.3. The CEO shall not... Operate without processes that minimize material and energy consumption and provide for proper disposal of waste.

Degree of Compliance: Compliant

Interpretation

Operational definition

I interpret this policy to mean that the agency will 1) reduce material use and disposal to the lowest practical levels, 2) ensure material is disposed of according to relevant environmental regulations, and 3) energy use is reduced to the lowest practical level.

Measure/Standards, Achievement.

Compliance will be demonstrated when

- A. Waste is disposed of in accordance with city guidelines, and
- B. The following targets are met in the timeline below.

Monitoring Year	Targets
2027	<ul style="list-style-type: none"> • Energy consumption Establish interim targets, optimum operating thresholds & timelines for reducing energy consumption. Preceded by technical studies.
2028	<ul style="list-style-type: none"> • Waste and material: Establish interim targets, optimum operating thresholds & timelines for reducing waste and material. Preceded by technical studies.
2029-45	<ul style="list-style-type: none"> • Reduce waste, material, energy consumption in line with projections until a minimum operating threshold is achieved

Rationale

- A. Relying on city standards for disposal is reasonable as the city has protocols by which all kinds of waste (physical, biological, recyclable etc.,) should be properly disposed. Complying with those standards represents policy compliance.
- B. The agency will *always* need to consume some amount material and energy in order to deliver its mission. These consumables can be reduced to a minimum (defined by technology and affordability) beyond which further reductions will impact the organization's ability to deliver its mission. We expect to see initial reductions and then a plateau where additional reductions become cost-prohibitive until new technologies emerge, or additional resources appear. They will never reach zero. For example, we have already replaced most older light bulbs with LEDs, but those still require electricity. Establishing baseline consumption data and targets for future reductions will demonstrate progress toward the goal of the policy. Studies to help quantify current baselines and

realistic targets. Given the complexity and resources required, these studies are staggered.

Evidence

Source of Data: Waste management records

Date of data review: 3/13/2025 by Manager of Facilities

Data

During the monitoring period there were no records indicating that any guidelines for waste disposal were violated. Disposal was done in-line with regulations and guidelines.

2.11.4: The CEO shall not...Allow operations which do not minimize harmful local ecological impact.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that agency operations will be conducted in a way that maintains biodiversity of the immediate non-human environment near transit operations. More specifically, to ensure that water runs off and fluid discharges are contained and cleaned up per legal requirements.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when:

- A) A review of records by the State (occurs every three years) finds zero unresolved violations of the Storm Water Pollution Prevention Plan.
- B) Annual reviews of monthly, quarterly, and annual inspection records for the underground tank systems demonstrate that there are no signs of leaks, and that any issues are resolved, and sufficient to pass periodic State inspections with no unresolved violation.
- C) Construction activities include appropriate steps to minimize fluid impacts and comply with relevant laws. Outside approvals for planned new facilities confirm that 1) the plans conform to all existing environmental laws particularly regarding water runoff, and 2) cost/benefit assessments are made for additional mitigations (decisions are made on a case-by-case basis and depending on affordability).
- D) Procedures, training, and equipment are in place to respond to any fluid leak from a vehicle, whether in the garage or on the road.

Rationale:

- A) The focus on water and fluid discharges is reasonable because these are the primary ways in which facilities and vehicles could harm the immediate environment. Highest risk. Gaseous emissions are addressed in other policies.
- B) Absence of unresolved violations of the Storm Water Pollution Prevention Plan is a reasonable measure because it covers proper management of all surface fluid runoff and discharges (gas, diesel, and water) at the garage property (2700 S Industrial Hwy). The Plan and its contents are required by State law because the facility has a retention pond. State agencies conduct periodic inspections against engineering standards. The three-year period is reasonable because the garage facility does not change much, and inspectors review records since the previous inspection so violations can be retroactive. All other facilities are hooked up to sewer systems and are addressed by leaks from bus fuel tanks.

- C) Inspection of records of underground tanks is reasonable because these are engineering standards required by State law which are periodically checked by State agents. The records include daily monitoring of sensors that continuously monitor the tanks for signs of leaks.
- D) Construction activities require additional measures that are outlined in codes.
- E) Being prepared allows the agency to respond accordingly should any leak happen. Fuel tanks, like any other mechanism, can fail unexpectedly.

Evidence

Source of Data: State review feedback, storm water plans, agency inspection records, YTC records, compliance with building codes

Date of data review: 03/22/2025 as verified by the Facilities Manager and the DCEO, Planning

Data

- A. The last Storm Water Pollution Prevention Plan state review was conducted in Feb 2022 and there were no records of unresolved violations. The next is expected in 2025.
- B. A review of facility inspections indicates that underground tanks were in compliance with State guidelines -including being leak-free.
- C. During the monitoring period, plans for the new YTC building included a review of environmental factors. Options will be discussed starting May 2025.
- D. During the monitoring period staff was trained and adequate equipment was available to respond to any potential vehicle leakages.

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?

An interpretation is reasonable if the following are provided,

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

Is evidence verifiable?

Evidence is verifiable if there is.

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

CEO Notes: (If Applicable)

WORKSHEET RESULTS:

Environmental Sustainability (Policy 2.11)

Participants: 8 Board Members

Michael Allemang, Chris Allen, Simi Barr, Rich Chang, Julie Grand,
Jesse Miller, Kathleen Mozak, Susan Pollay

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	If you stated NO, or have other comments, kindly provide additional context
Policy 2.11 The CEO will not cause or allow organizational practices or activities that are inconsistent with achieving environmental sustainability. Further, without limiting the scope of the above statement by the following list, the CEO shall not:	100%	88%	<ul style="list-style-type: none"> Even though almost everything is in the future, I believe the CEO is being reasonable in his interpretations. It's very hard to judge whether the timelines are reasonable though. Evidence provided is limited to a statement that "all lower level policies are compliant". I understand the rationale but I'm not sure all lower level policies are compliant.
Policy 2.11.1 Operate without measures to minimize, reduce, and eliminate emissions including greenhouse gasses and air pollutants.	100%	100%	<ul style="list-style-type: none"> Please be more clear with what "directly created by agency operations" means. From conversations we've had, we've talked about including the emissions associated with our purchased electricity and future hydrogen fuel, these would be Scope 2 emissions. As seen below, Scope 1 emissions are often referred to as Direct Emissions, so

			<p>the wording of this is unclear. From Google: Scope 1 Emissions: Direct Emissions: These are greenhouse gas emissions that originate from sources owned or controlled by the company. Example: Emissions from burning fuel in vehicles, boilers, or furnaces. Scope 2 Emissions: Indirect Emissions: These are emissions caused by the purchase of electricity, heat, steam, or cooling from external sources. Example: Emissions from generating electricity purchased by the company.</p> <ul style="list-style-type: none"> The benefit of adding the measure/standards & achievement section was on full display for this policy. It was helpful to see how we can agree that this is compliant for this year and what we can expect for future years.
<p>Policy 2.11.2 Allow organizational operations that are inconsistent with the achievement of carbon neutrality.</p>	88%	100%	<ul style="list-style-type: none"> It feels incomplete to solely mention fleet emissions. Shouldn't the response also provide content about organizational operations - e.g. an example could be, does TheRide purchase electricity from DTE that is produced by renewable and non-polluting energy sources including wind & solar? Another example could be (if it exists) TheRide's participation in programs

			<p>encouraging employee commuting that lessens emissions, including encouraging car pooling and transit, etc.</p> <ul style="list-style-type: none"> I did have a question around 'fleet' coverage. The 2025 target is in reference to the Large Bus Fleet (per the definition in 2.11.2). It looks like according to 2.11.2 the 2027 Paratransit plan is where non-large bus vehicles (e.g. small vehicles, pool mini vans, and other vehicles) fall into the plan? Can we get clarification/confirmation on this?
Policy 2.11.3 Operate without processes that minimize material and energy consumption and provide for proper disposal of waste.	100%	88%	<ul style="list-style-type: none"> I presume ciity guidelines for waste disposal only covers HOW waste is disposed. I presume there will be quantity measurements for material usage and waste developed in the future. Waste disposal is mentioned, but it's not clear how compliance is met minimizing material and energy consumption other pointing to establishing targets in the future.
Policy 2.11.4 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.	100%	100%	

Additional context questions

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

NO – 8

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

N/A - 8

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

NO – 5

- While I believe all of these interpretations to be reasonable, I do think there is more that we can do as a board to reduce waste.

YES – 3

- We may need to amend our policies around emissions to be more clear as to which emissions we want eliminated. Suggested rewording: The CEO shall not...Operate without measures to minimize, reduce, and eliminate SCOPE 1 AND 2 emissions including greenhouse gasses and air pollutants.
- Perhaps the policy should reflect it's long-term nature.
- Do we need to consider how vendors affect this? For example, we use Via and I think they supply the vehicles for our service? They could operate the vehicles without proper smog protection (I'm not saying that they are) and cancel out any environmental gains we have with our vehicles. I think for our vendor agreements we have various requirements -- is environmental impact one of them?

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

15, 30, 45, 15, 25, 27, 25, 15

YTC Reconstruction Project Update

Meeting: Board of Directors

Meeting Date: May 15, 2025

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
Receive for information – update on the YTC Reconstruction project, including a preliminary summary of the public engagement feedback.
ALTERNATIVE OPTION(S)
N/A
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>The Ypsilanti Transit Center Reconstruction capital project is included in TheRide 2045 Long-Range Plan, as well as numerous previous annual budgets approved by the Board.</p> <p>On September 19, 2024, the Board of Directors approved a FY 2025 budget that includes \$1.24 million for the YTC planning, architecture, and engineering. On May 16, 2024, July 18, 2024, and April 17, 2025, staff provided the Board of Directors updates on the YTC Reconstruction Project.</p>
ISSUE SUMMARY
<p>The YTC redevelopment project has reached a recommended schematic design for the new YTC facility and surrounding site, which has been released publicly for review and comment. The project team conducted the public drop-in meeting on May 8 at the YTC. Staff also held an internal listening session, gathered online and emailed comments, and continues to reach out to stakeholders. Initial feedback has been very positive, and staff will provide an update on the public engagement. We invite the Board and the public to review the recommended designs and provide feedback by May 23:</p> <ul style="list-style-type: none"> • Visit TheRideYTC.org to review information at an online open house and to provide your feedback • Write a letter: Ann Arbor Area Transportation Authority, Attn: YTC Feedback, 2700 S. Industrial Highway, Ann Arbor, MI 48104 • Call: 734-794-1882 • Email: YTCInfo@TheRide.org <p>Staff will also present updates on the NEPA/environmental review process with FTA and the next steps of the project regarding design and project delivery.</p>
BACKGROUND
<p>The Ypsilanti Transit Center project, which is a part of TheRide's 2045 Long-Range Plan, focuses on constructing a new transit center in Ypsilanti to serve the greater Ann Arbor-Ypsilanti area. The proposed new transit center in Ypsilanti would address needs for the growing community including a larger building, more efficient internal and external layout, additional amenities, security enhancements and a greater number of bus bay</p>

spaces. The current YTC facility is located on the southwest corner of the Pearl, Washington, Adams Streets block, with six sawtooth bus bays located along Pearl Street. Washington Street is also used for layovers and stand-by.

Since October 2023, the consultant team has worked with AAATA staff, other stakeholders, and the public to develop conceptual layouts and site programming for the new Ypsilanti Transit Center. The site concept presented to the Board in July 2024 became the final recommended option in August 2024. The concept continues to go through significant refinement and the environmental review process, but the project is coming into focus. Ongoing work includes:

- **NEPA/Environmental Review:** After receiving a determination in April 2024 that the class of action for the YTC will be a Categorical Exclusion with Documentation, design work coupled with extensive technical analysis was used to develop the report. The latest draft of this report was transmitted in May 2025 and is still under review by the Federal Transit Administration (FTA) and other review agencies, such as the State Historic Preservation Office (SHPO). The project team continues to address questions that arise from the reviewing agencies with the hope that final clearance is received in the coming months.
- **Design and Public Engagement:** While awaiting further comment on the environmental documentation, work continues to refine the site layout and architectural features of the new YTC building. Another round of public engagement is ongoing from April 17-May 23, 2025 to share the latest concepts. This also affords staff the opportunity to demonstrate how past feedback has been incorporated into the current layout and design. Additional meetings are scheduled with the City of Ypsilanti City Council and other local boards and commissions to show the latest concepts and provide a project update.
- **Timeline and Next Phases:** Lastly, AAATA staff wants to be well positioned to transition to the next phases of the project upon approval of the Categorical Exclusion with Documentation. The next phases of the project include final schematic design, detailed design development, construction documentation and administration, and construction delivery methodologies. Construction is still projected to begin in late 2026 or 2027 subject to funding.

IMPACTS OF RECOMMENDED ACTION(S)

- **Budgetary/Fiscal:** The planning and construction of the new Ypsilanti Transit Center has been included in AAATA's 10-year capital plan as part of the FY 2025 budget.
- **Social:** The first public engagement period for the YTC project ran from April 22 – May 22, 2024. Another round of public engagement is currently open from April 17 – May 23, 2025.
- **Environmental:** The FTA has recommended a Categorical Exclusion with Documentation for the NEPA class of action, and the impact will be documented through the ongoing review process.
- **Governance:** N/A

ATTACHMENTS

1. Ypsilanti Transit Center Reconstruction: – Board of Directors (presentation)



1

Overview

- Brief Recap
- Engagement
- NEPA Update
- Next Steps

The image shows the Ypsilanti Transit Center under reconstruction. A tall, dark wooden signpost in the foreground displays 'ROUTES 3' and '45' and 'NO PARKING BUS STOP: AUTHORIZED VEHICLES ONLY'. In the background, the transit center building with a blue roof and a small tower is visible, along with a bus and people waiting on the sidewalk.

TheRide
ANN ARBOR AREA TRANSPORTATION AUTHORITY

2

Brief Recap



ANN ARBOR AREA TRANSPORTATION AUTHORITY

3

3

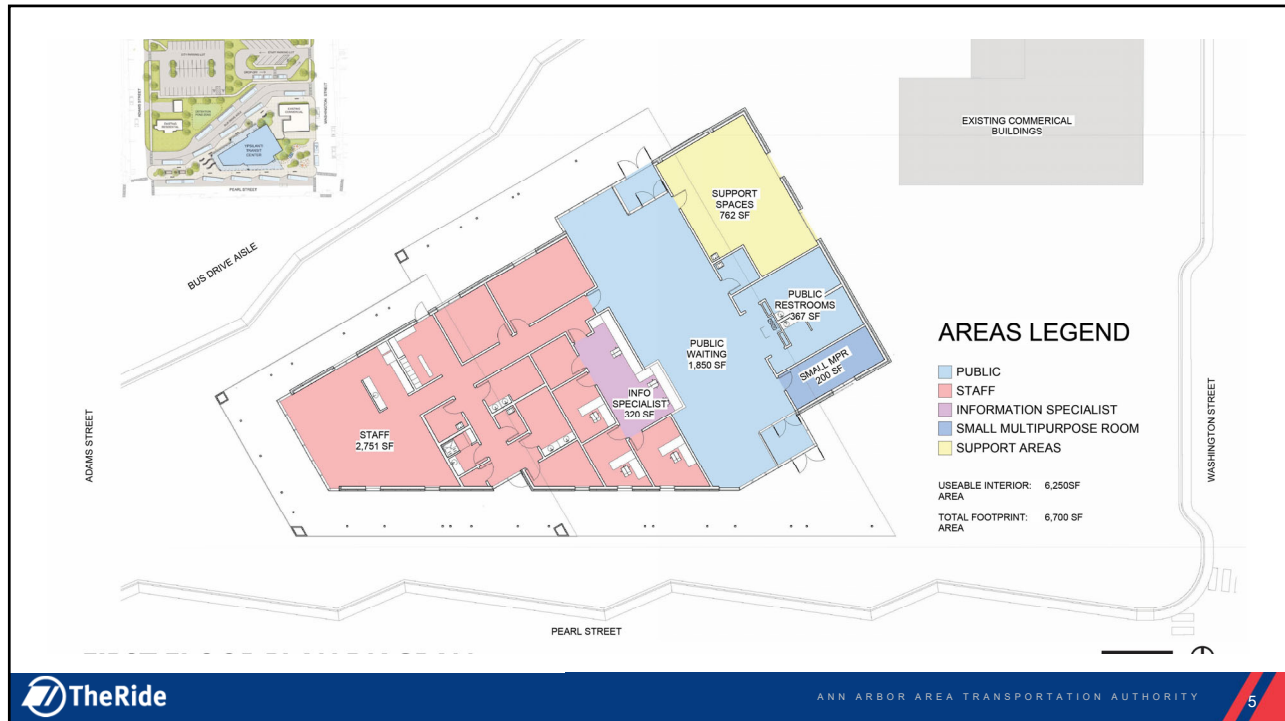
****All plans and designs are subject to change.****



ANN ARBOR AREA TRANSPORTATION AUTHORITY

4

4



5



6

Engagement



ANN ARBOR AREA TRANSPORTATION AUTHORITY

7

7

Scheduled Engagement

- Online Open House 4/17-5/23
- Internal Listening Session 4/22
- AAATA Board Presentation 4/17
- Public Meeting at the YTC 5/8
- Ypsi Historic District Commission 5/13
- Ypsi DDA 5/15
- AAATA Board Presentation 5/15
- Ypsi City Council 5/20
- Ypsi Planning Commission 5/21



ANN ARBOR AREA TRANSPORTATION AUTHORITY

7

8

NEPA Update



ANN ARBOR AREA TRANSPORTATION AUTHORITY

9

9

NEPA Update



- April 2024 – NEPA officially begins
- August 2024 – Draft CE with documentation shared with FTA
- October 2024 – Additional soil and archeological testing
- December 2024 – Updated draft CE shared with FTA
- April 2025 – SHPO determines no adverse impact
- May 2025 – Transmitted final draft CE to FTA for legal sufficiency review



ANN ARBOR AREA TRANSPORTATION AUTHORITY

10

10

Next Steps



ANN ARBOR AREA TRANSPORTATION AUTHORITY

11

11

Next Steps

- Address comments from public engagement
- Begin next phases of design
- Continue to pursue funding opportunities
- Continue to collaborate closely with project partners
- Develop project delivery and implementation strategy



****All plans and designs are subject to change.****



ANN ARBOR AREA TRANSPORTATION AUTHORITY

12

12



Thank You!

Please Visit TheRideYTC.org

Email: YTCinfo@theride.org
Call: (734) 794-1882



 TheRide

ANN ARBOR AREA TRANSPORTATION AUTHORITY

13

Blake Transit Center Detailed Design Authorization

Meeting: Board of Directors

Meeting Date: May 15, 2025

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
That the Board authorizes the CEO to move forward with detailed design and engineering for the proposed BTC expansion as described below.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Board policy 2.10.1 requires the CEO to receive Board authorization before proceeding into detailed facility design. The policy also lays out the information the Board wants to see when considering such a request.
ISSUE SUMMARY
<p>Staff are seeking Board authorization to begin detailed design and engineering for the Blake Transit Center (BTC) improvement project included in the Board-approved capital plan. There are two main elements to this larger work:</p> <ul style="list-style-type: none"> • BTC Platform: The improvements to the BTC platform and new bus loading lane are being coordinated with the Ann Arbor Housing Commission (AAHC) which will build an affordable housing tower on the property to the south of the BTC (Y-Lot). • 4th Avenue: Additionally, improvements to the bus bays along Fourth Ave are being coordinated with the Downtown Development Authority (DDA) and City of Ann Arbor which have a programmed road reconfiguration project. <p>The CEO recommends that TheRide proceed with detailed design and engineering as well as submission of a site plan application. This may be the only opportunity to expand the BTC for the foreseeable future. If approved, the project would advance the Board-approved long-range plan, TheRide2045, providing meaningful benefits for riders and increasing opportunities for ridership growth.</p> <p>A complementary budget amendment follows this agenda item. The budget is not increasing.</p>
BACKGROUND
<p>The BTC project has been part of the capital plan for many years and operational capacity is somewhat constrained with limited space to accommodate future growth. Addressing operational challenges will improve operational safety, efficiency and customer experience.</p> <p>In 2018 Ann Arbor City Council directed City staff to evaluate the redevelopment of 350 S Fifth (Y-Lot) as affordable housing. AAATA staff have been working with the AAHC, the City of Ann Arbor, and the DDA to incorporate additional bus loading space into the</p>

design concept. In April 2022, City Council approved the rezoning of the property to a Planned Unit Development (PUD) including a bus lane adjacent to the BTC. After a co-developer was selected in 2024, the initial design concept was revised a few times and now the project team is in the process of submitting a site plan application.

The detailed design of the larger project includes two main elements:

- **BTC Platform:** The draft site plan includes an off-street bus loading lane to replace current on-street bus stops, so passenger loading will occur on the expanded main platform. This will reduce the walking distance for customers transferring between buses and improve overall bus operations by replacing more buses along the main platform. The platform expansion of the BTC must be coordinated very closely with the adjacent housing development project to ensure compatibility (site grading/elevations, ingress/egress, utilities, etc.).
- **4th Avenue:** As part of the DDA's people-friendly streets project, the proposed improvements on Fourth Avenue include additional bus loading spaces, a designated pedestrian crossing, wider sidewalks, and other traffic management measures. Together, these two projects will improve overall safety for pedestrians, transit customers, and bus operations while adding capacity for future transit growth in the downtown area. Coordination between AAATA and the DDA is similarly important because the placement of shelters and canopies must be closely coordinated with the Fourth Avenue reconfiguration project to ensure compatibility.

The AAATA's partners have been treating us fairly and now is the natural time for cost-sharing arrangements. The Housing Commission requests AAATA to cover the planning, design and construction of the transit elements of the project – namely the proposed platform expansion, the bus lane, and transit rider amenities. Similarly, the DDA requests AAATA to cover a portion of the planning, design and construction for the Fourth Avenue improvement project as they relate the transit improvement – specifically the canopies/shelters, transit rider amenities, and dedicated bus loading zones along Fourth Avenue. AAATA staff feel these are reasonable requests as these costs are directly created by the transit infrastructure being planned.

IMPACTS OF RECOMMENDED ACTION(S)

- **Budgetary/Fiscal:** The total budget for BTC improvement project remains unchanged as of this time. As project design progresses, cost estimates will be updated accordingly and approval will be sought as part of the annual budget process.
- **Social:** This project will provide improved service experiences at the BTC and increase overall capacity to accommodate ridership growth.
- **Environmental:** Potential to attract drivers away from their cars with superior service.
- **Governance:** Board authorization required by policy 2.10.

ALTERNATIVE OPTION(S)

Decline to advance the Blake Transit Center improvement project.

ATTACHMENTS

1. Policy 2.10.1 Required Information About
2. Attachment 2: Preliminary Site Plan (For Reference)

Attachment 1: Policy 2.10.1 Required Information

The Board's Construction policy (2.10.1) lays out the information the Board wants to see before authorizing a contract for detailed design or engineering contracts. The CEO's interpretation then groups that information into the categories. Those categories and the CEO's responses are seen below:

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

The CEO is requesting authorization to move forward with detailed design and engineering of improvements to the BTC (not construction).

- TheRide would partner with the AAHC on the BTC platform expansion and new bus loading lane located on the south side of the BTC.
- TheRide would partner with the DDA on the reconfiguration of Fourth Avenue and the associated shelters and transit amenities included in that project.

The purpose is to preserve the current bus-bay capacity of the BTC, create a better central platform, accommodate future growth, and enhance customer experience, thereby advancing our priorities such as increasing ridership and implementing TheRide LRP.

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

The timeline for improvements to the BTC is largely driven by the risk of losing access to an adjacent property, and the opportunity to coordinate projects led by other agencies. If the AAHC property is developed without us, we may lose any future chance to expand the BTC platform.

The AAHC, in partnership with a private co-developer, is advancing construction of the 350 South Fifth Avenue site (Y-Lot) for affordable housing. The DDA is advancing the reconfiguration of Fourth Avenue in response to the affordable housing development. The AAATA has no control over the urgency to advance these developments.

This project is identified in the AAATA's 10-Year Capital Plan (FY2025 Budget, page 43). Based on the current funding plan, this project would not jeopardize funding for any other capital projects such as the Ypsilanti Transit Center, which are budgeted for separately.

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

The timeline for the project is still somewhat tentative as it is dependent upon the affordable housing development and road reconfiguration project. Currently, detailed design is expected to be completed in early 2026. Construction could begin in summer 2026 as part of the AAHC and DDA projects.

Fiscal Responsibility - What are the anticipated capital and operating costs during the life of the project? How will the capital and operating costs of the projects be paid for during the lifespan of the project? What assumptions are made regarding outside grant funding, funding from the Capital Reserve, or local millage funds? How would the approval of this project impact the agency's ability to maintain existing services and infrastructure, or afford other projects?

The additional costs of these improvements will be primarily capital expenses, with little additional operating costs (mostly shelter maintenance, cleaning, etc).

- **Capital:** The 10-Year Capital Plan currently identifies the Blake Transit Center improvements totaling \$5,331,164 between FY2025 and FY2028. The actions surrounding this request do not change any of these total project costs nor do they affect the total capital plan budget.

Part of the work includes federal environmental (NEPA) clearance for these improvements, which is required to use federal funds for this project. The funding plan for the project is to use federal and state funding to the greatest extent possible, with the possibility of supplementing funding with our capital reserve (TBD). The AAATA has sufficient funds in the capital reserve to fund this project if necessary.

All transit amenities would be the responsibility of the AAATA to install and maintain – namely, the BTC transit platform and any shelters, canopies, or benches that are installed for our customers. Routine replacements of original capital elements are anticipated to be paid for with federal formula funds and included in the state of good repair capital budget.

- **Operating:** With no additional staff, operating costs will be limited to marginal investments in maintenance, cleaning, and electricity. Total costs will be determined in later phases of the planning and design process. Cost for the AAATA would be included in future operating budgets and be paid with millage funds. However, these additional costs are expected to be marginal and affordable. The bus loading lane between the BTC and the affordable housing development will be used by both the AAATA and solid waste services. As such there may be a joint use agreement and shared maintenance responsibility with another agency, but that is to be determined.

As cost estimates for maintenance and capital replacement become more defined they will be presented in context of overall impacts to operating and capital cost projections during the annual budgeting process.

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

If federal funds are to be used, the AAATA will need to clear NEPA. Based on preliminary discussions with FTA, a categorical exclusion with minimal documentation would be expected. Since the area is already highly disturbed and transit service currently exists, no major adverse impacts are expected.

AAATA staff has also received preliminary direction from City of Ann Arbor Planning staff that site plan approval may be required for the platform expansion. However, since transit is considered an essential service and the Planning Commission has already signaled integration of transit as part of the affordable housing development, the review process is not expected to

be met with resistance. AAATA staff will continue to work with review agency staff to mitigate any risks and be responsive to raised concerns.

Though the AAATA has limited control of timelines, economic viability, and final delivery of these projects led by the AAHC and the DDA, both partners have been very supportive and committed to a collaborative approach. Additionally, the AAATA has designated project manager and owners' consultants to ensure successful delivery of these projects.

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

The AAHC conducted extensive outreach in 2019-2021 on the site concept and layout, which included the accommodation of bus service behind their building. Additionally, the DDA held public engagement on the Fourth Avenue reconfiguration project in 2023 to gather feedback, including the transit upgrades. AAATA staff participated in and acted as a resource during these engagement activities. The City of Ann Arbor may require an additional community engagement event during the site plan process. The AAHC and DDA will lead these efforts.

GROUND FLOOR PLAN

Existing DTE Elec Equip
transformer to remain

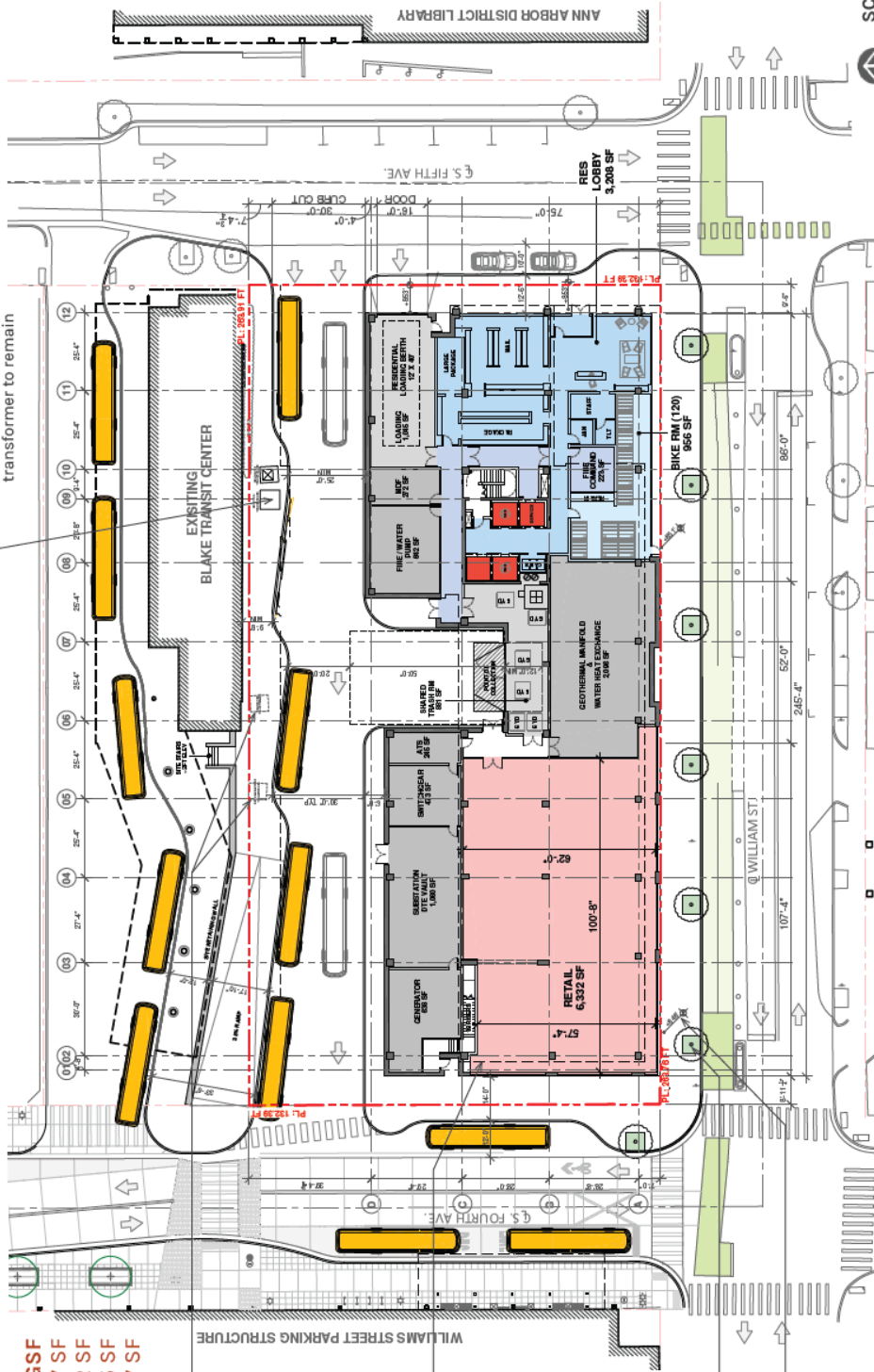
Existing DTE Elec
transformers to be removed

Extent of Tower, above

New Street Trees per
UDC 5.20.10

Elevations at ground floor entries vary, align to existing conditions.

Retail: est +848ft
Res Lobby: est +853ft
Loading/Services: est +853ft



FY2025 Capital Budget Amendment Proposal

Meeting: Board of Directors Meeting
Meeting Date: May 15, 2025

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Approve Resolution 02/2025 (attached) to amend the FY2025 Capital Budget and allow for detailed design for BTC improvements.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Policy 2.5.5.1 states that the CEO shall not allow cost overruns on capital projects.
ISSUE SUMMARY:
<p>The interpretation of Board Policy 2.5.5.1 states that if we need to spend more money on any capital project than is approved by the Board in annual budgets, then we must obtain Board approval. <u>Although the total cost of this project is not increasing, we are seeking approval to spend funds earlier than originally anticipated.</u></p> <ul style="list-style-type: none"> • Amendment Details: Staff requests that the Board approve a change in the FY2025 capital budget for the Blake Transit Center (BTC) project to reflect an updated estimate for spending during FY2025 through an Amendment to the FY2025 Capital Budget (originally approved in September 2024). The total project cost remains estimated to be \$5.2 million. • Accelerated Scope: Initially this project was anticipated to use only local funding; however, we recently learned that AAATA may be able to use Federal funding for transit-related expansions and improvements. Using Federal funding introduces additional planning steps (primarily to initiate NEPA review, which is required to use Federal funds) that were not originally planned for the project. These additional steps are driving the need for the amendment. The estimated cost for this work in FY2025 is \$220,000. • Amendment Benefits: The proposed amended budget is needed to align the planning and design work for the BTC Project with the project timeline updated by the Ann Arbor Housing Commission (AAHC) and Downtown Development Authority (DDA). Aligning the overall project timeline minimizes the disruption of the project and cost to AAATA since bidding and construction would occur simultaneously. The potential to use federal funds may reduce reliance on the local capital reserve. • Overall Budget Neutral: Additionally, the proposed amended budget decreases planned expenditures for the Transit Priorities Project by \$220,000 to offset the increase needed for the BTC Project in FY2025. The actual costs for budgeted items within that project are favorable compared to the budget, decreasing the

amount needed for the overall project. The adjustment to this project does not reduce the scope of the project but total costs are projected to be less than budgeted, and the proposed amendment reflects that change.

In summary, the proposed amendment is to increase the budget for the BTC planning work for FY2025 from \$100,000 to \$320,000. The Transit Priorities Project for FY2025 will decrease from \$2,413,800 to \$2,193,800. Any future changes in the total project cost would be recommended as part of the annual budgeting process and in the context of the entire capital budget, accompanied by updated financial projections.

BACKGROUND:

The BTC project has been part of the capital plan for many years and operational capacity is somewhat constrained with limited space to accommodate future growth. Addressing operational challenges will improve operational safety, efficiency and customer experience.

Additional project background can be found in the preceding agenda item briefing material.

IMPACTS OF RECOMMENDED ACTION(S):

- **Budgetary/Fiscal:** The BTC project cost for FY2025 only will increase from \$100,000 to \$320,000; the total project cost will remain \$5.2 million. The Transit Priorities Project for FY2025 will decrease from \$2,413,800 to \$2,193,800.
- **Governance:** The Board alone has the authority to amend the budget and approve capital projects.

ATTACHMENTS:

1. Resolution #02/2025 – Amendment of FY2025 Capital Budget Amendment (Recommended Action)
2. Illustrated amendment in the capital budget

Attachment 1

Resolution 02/2025

AMENDMENT OF FY 2025 CAPITAL BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget for each fiscal year, and

WHEREAS, on September 19, 2024, the Board adopted the FY2025 Budget by resolution (Attachment 2, Resolution No. 03/2024), and

WHEREAS, AAATA intends to increase capital expenses in FY2025 for the Blake Transit Center Project by \$220,000, and

WHEREAS, AAATA intends to decrease capital expenses in FY2025 for the Transit Priorities Project by \$220,000, and

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves an amendment to the FY2025 Capital Budget to modify project expenses (Attachment A).

Kathleen M. Mozak, Chair
May 15, 2025

Jesse Miller, Secretary
May 15, 2025

Attachment 2

ILLUSTRATED AMENDMENT OF FY 2025 CAPITAL BUDGET

(\$ in thousands)

Category		Project Description	FY2025 Approved Budget	FY2025 Amended Budget	Variance
STATE OF GOOD REPAIR		Vehicles	\$ 8,435,890	\$ 8,435,890	\$ -
		Equipment	1,360,000	1,360,000	-
		Existing Facilities	12,359,150	12,359,150	-
		Information Technology	2,161,759	2,161,759	-
		Category Total	24,316,799	24,316,799	-
VALUE ADDED		Bus Stop Improvements	402,000	402,000	-
		Facilities Parking Lot Renovation	895,000	895,000	-
		Transit Priorities	2,413,800	2,193,800	(220,000)
		Low & Zero-Emission	1,743,697	1,743,697	-
		Category Total	5,454,497	5,234,497	(220,000)
RESEARCH & DEVELOPMENT		Emergent R&D	25,000	25,000	-
		Category Total	25,000	25,000	-
EXPANSION	Ypsilanti Transit Center	Land Acquisition	1,000,000	1,000,000	-
		Planning, NEPA, & Design	1,240,000	1,240,000	-
		Construction	-	-	-
		YTC Subtotal	2,240,000	2,240,000	-
	Blake Transit Center	Planning, NEPA, & Design	100,000	320,000	220,000
		Construction	-	-	-
		BTC Subtotal	100,000	320,000	220,000
	Bus Rapid Transit	Planning, NEPA, & Design	500,000	500,000	-
		Construction & Vehicles	-	-	-
		BRT Subtotal	500,000	500,000	-
	Bus Maintenance & Storage Facility	Land Acquisition	-	-	-
		Planning, NEPA, & Design	1,200,000	1,200,000	-
		Construction	-	-	-
		Garage Subtotal	1,200,000	1,200,000	-
	Information Technology	New Fare Technology	-	-	-
		Customer Experience Technology	100,000	100,000	-
		First and Last Mile Solutions	80,000	80,000	-
		Operational Innovations	350,000	350,000	-
		Information Technology Subtotal	530,000	530,000	-
		Transit Hubs	500,000	500,000	-
		Additional Vehicles for Service Expansion	-	-	-
	Category Total	5,070,000	5,290,000	220,000	
EXPENSE TOTAL			\$ 34,866,296	\$ 34,866,296	\$ -

Funding Sources	FY2025 Approved Budget	FY2025 Amended Budget	Variance
FORECASTED:			
5307 Federal + State Match	\$ 24,282,511	\$ 24,282,511	\$ -
5339 Federal + State Match	4,049,728	4,049,728	-
CMAQ Federal + State Match	4,033,257	4,033,257	-
5310 Federal + State Match	-	-	-
STBG Flex Federal + State Match	377,000	377,000	-
State Initiatives (TSP)	883,800	883,800	-
Congressionally Directed Spending	1,240,000	1,240,000	-
Local Capital Reserve	-	-	-
UNIDENTIFIED:			
Other	-	-	-
REVENUE TOTAL	\$ 34,866,296	\$ 34,866,296	\$ -

FY2025 Q2 Financial Statement

Meeting: Board of Directors

Meeting Date: May 15, 2025

INFORMATION TYPE
Other – Financial Update
RECOMMENDED ACTION(S)
Receive for information
ISSUE SUMMARY
Staff presents the First Quarter Financial Statement with currently available and reportable financial information for the period ending March 31, 2025.
BACKGROUND
<p>Financial highlights from the second quarter year-to-date (October 2024 to March 2025) include:</p> <ul style="list-style-type: none"> • TheRide operated within the budget through the second quarter of the year. • There is currently a \$2.6 million surplus of revenues over expenses at the end of the second quarter. • Through Q2, expenses were \$1.2 million below budget, driven primarily by vacant positions and favorable fuel prices compared to budget. Subrecipient purchased transportation continued to exceed budget due to capital costs applied to pass-through grants expiring before fiscal year end. Staff are assessing options to manage these costs similar to how AAATA manages its own vehicle purchases without increasing AAATA's liability risk. Related grant revenue will offset the overrun by year-end, but if alternative accounting treatments prove unworkable, the variance to the Board-approved expense budget could require action. • Revenues were \$1.4 million higher than budget. Property tax revenue estimates were updated based on analysis done by staff, boosting income through Q2 in anticipation of higher receipts than budgeted in Q4. The deficit of state operating assistance to budget was offset by stronger-than-anticipated investment income, passenger fares, and contract revenues. • The projected balances for the three board-approved reserves are as follows: operating reserve at \$12.9 million or 2.5 months, based on second quarter expenses, capital reserve of \$33.3 million, and insurance reserve at \$0.5 million. • \$58.7 million in Federal pandemic relief revenue (CARES, ARP, CRRSAA) were used by the end of FY2024 by TheRide to support operations. No additional pandemic relief revenue is budgeted or expected • Cash flow was adequate to cover expenses; Q2 2025 ended at \$64.4 million in cash and investments.
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: Demonstrates financial performance for the reporting period • Governance: Supports Board in financial oversight/fiduciary responsibility
ATTACHMENTS
1. FY2025 Q2 Financial Statements (Income Statement and Balance Sheet)



Ann Arbor Area Transportation Authority

Income Statement

For the Period Ended March 31, 2025

Q2 Financial Statement

Revenue and Expense (Budget to Actual)

(\$ in thousands)

BLACK = FAVORABLE

RED = UNFAVORABLE

REVENUES	Actual Quarter 1	Actual Quarter 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Budgeted YTD	Budget Variance	
							\$	%
Fares and Contracts	\$1,848	\$1,841	-	-	\$3,689	\$3,370	\$319	9.5%
Local Property Taxes	9,374	10,804	-	-	20,178	18,747	1,430	7.6%
State Operating Assistance	4,894	4,923	-	-	9,817	11,099	(1,283)	-11.6%
Federal Operating Assistance	397	333	-	-	730	399	331	83.0%
Other Revenues	791	766	-	-	1,557	955	602	63.1%
Total Operating Revenues	\$17,304	\$18,667	\$0	\$0	\$35,970	\$34,570	\$1,400	4.0%
EXPENSES								
Salaries, Wages, Benefits	\$8,819	\$8,297	-	-	\$17,117	\$18,055	\$938	5.2%
Purchased Transportation	3,918	3,336	-	-	7,254	6,777	(477)	-7.0%
Fuel, Material, Supplies	1,671	1,658	-	-	3,329	3,838	510	13.3%
Purchased Services	1,079	1,178	-	-	2,257	2,478	221	8.9%
Other Expenses	1,024	1,198	-	-	2,221	2,272	51	2.2%
Total Operating Expenses	\$16,511	\$15,666	\$0	\$0	\$32,178	\$33,421	\$1,243	3.7%
Surplus (Deficit)	\$792	\$3,000	\$0	\$0	\$3,793	\$1,149	\$2,644	
Capital Reserve Transfer	-	-	-	-	-	-	-	
Operating Reserve Transfer	-	-	-	-	-	-	-	
OPERATING BALANCE	\$792	\$3,000	\$0	\$0	\$3,793	\$1,149		



TheRide has a \$2.6mm surplus in FY25 at the end of the second quarter.



Revenues were \$1.4 million higher than budget. Property tax revenue estimates were updated based on analysis done by staff, boosting income through Q2 in anticipation of higher receipts than budgeted in Q4. The deficit of state operating assistance to budget was offset by stronger-than-anticipated investment income, passenger fares, and contract revenues.



Expenses were \$1.2 million below budget, driven primarily by vacant positions and favorable fuel prices compared to budget. Subrecipient purchased transportation continued to exceed budget due to capital costs applied to pass-through grants expiring before fiscal year end. Staff are assessing options to manage these costs similar to how AAATA manages its own vehicle purchases without increasing AAATA's liability risk. Related grant revenue will offset the overrun by year-end, but if alternative accounting treatments prove unworkable, the variance to the Board-approved expense budget could require action.

Federal Pandemic Relief Utilization

Expenditures from \$58.7 million in Federal Pandemic Relief funding as of **March 31, 2025**, for eligible COVID-19-related costs :

Capital Expenditures \$ -
 Operating Expenditures \$ 58,744,987
TOTAL EXPENDITURES \$58,744,987

Federal Pandemic
 Funds Remaining to Draw: \$ -

YTD Revenue and Expense By Mode

(\$ in thousands)

	Fixed Route	Demand Response	Other Demand Response	Non-Urban	VanRide	
	Fixed Route Bus	A-Ride	FlexRide, GoldRide, NightRide	WAVE, Peoples Express	VanRide, Ride Sharing	TOTAL
DIRECT REVENUE						
Fare Revenue	\$1,869	\$94	\$57	\$72	\$0	\$2,092
Contract Revenues	739	-	62	754	-	1,555
Advertising, Interest, Other	1,599	-	-	-	-	1,599
Federal Operating	-	-	-	678	52	730
State Operating	7,767	1,039	263	625	123	9,817
Total Direct Revenue	\$11,974	\$1,133	\$381	\$2,129	\$175	\$15,793
TOTAL EXPENSE						
Salaries, Wages, Benefits	\$16,209	\$700	\$63	\$99	\$46	\$17,117
Purchased Transportation	-	2,991	1,136	2,600	527	7,254
Fuel, Materials, Supplies	2,938	391	-	-	-	3,329
Contracted Services	2,142	81	-	34	-	2,257
Other Expenses	2,110	50	26	28	6	2,221
Total Operating Expense	\$23,399	\$4,213	\$1,225	\$2,761	\$580	\$32,178
Surplus (Deficit) from OPS	(\$11,425)	(\$3,079)	(\$844)	(\$632)	(\$405)	(\$16,385)
ALLOCATED REVENUE						
Local Property Taxes	\$15,688	\$3,079	\$844	\$161	\$405	\$20,178
Federal Pandemic Relief Funds	-	-	-	-	-	0
SURPLUS (DEFICIT):	\$4,263	\$0	\$0	(\$470)	\$0	\$3,793



Ann Arbor Area Transportation Authority

Balance Sheet

For the Period Ended March 31, 2025

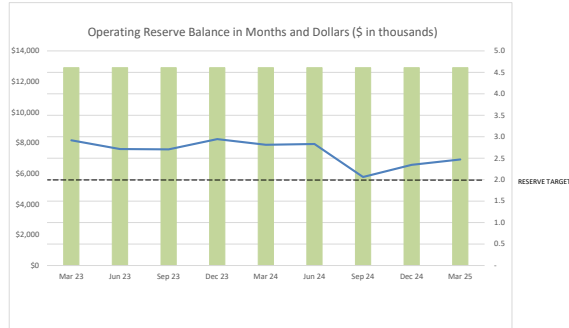
Q2 Financial Statement

Balance Sheet and Reserve

\$ in thousands, with Prior Year comparison.

	Q1 2025 12/31/2024	Q2 2024 3/31/2024	Q2 2025 3/31/2025
ASSETS			
Cash	\$52,985	\$32,110	\$45,074
Investments	19,091	18,417	19,319
Other Current Assets	20,645	19,124	26,542
Capital Assets	39,748	38,355	38,951
Total Assets	132,469	108,006	129,886
LIABILITIES	11,852	3,561	6,811
TOTAL NET POSITION	\$120,617	\$104,445	\$123,076

RESERVES:	Balances		
Capital	\$33,260	\$33,260	\$33,260
Insurance	\$500	\$500	\$500
Operating	\$12,905	\$12,905	\$12,905
Months in Operating Reserve	2.3	2.9	2.5



Statement of Cash Flows (\$ in thousands)

Historical Cash Flows	FY 2023		FY 2024		FY 2025	
	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Beginning Balance:	\$28,626	\$29,403	\$44,678	\$34,082	\$41,961	\$41,537
Cash Flow from Operations	573	25,604	(5,186)	3,153	(205)	12,832
Cash Flow from Capital	324	(3,163)	(5,510)	4,349	(166)	55
Cash Flow from Investments	(120)	(7,166)	100	377	(53)	206
Cash Flow:	\$777	\$15,275	(\$10,596)	\$7,879	(\$424)	\$13,093
Ending Balance:	\$29,403	\$44,678	\$34,082	\$41,961	\$41,537	\$54,630

Q2 cash flow was negative at \$7.7 million

The Statement of Cash Flows summarizes the amount of cash and cash equivalents entering and leaving AAATA during the reporting period. It measures how AAATA generates cash to fund its operating, capital, and investing needs. Typically negative cash flow is normal for all quarters except the 4th quarter, when property tax receipts generate positive cash flow. In FY25, cash outflow from operating in Q1-3 will be higher than in prior years, due to the shift away from pandemic relief funding, received quarterly, to larger property tax receipts, received only during the 4th quarter.

Investments Summary

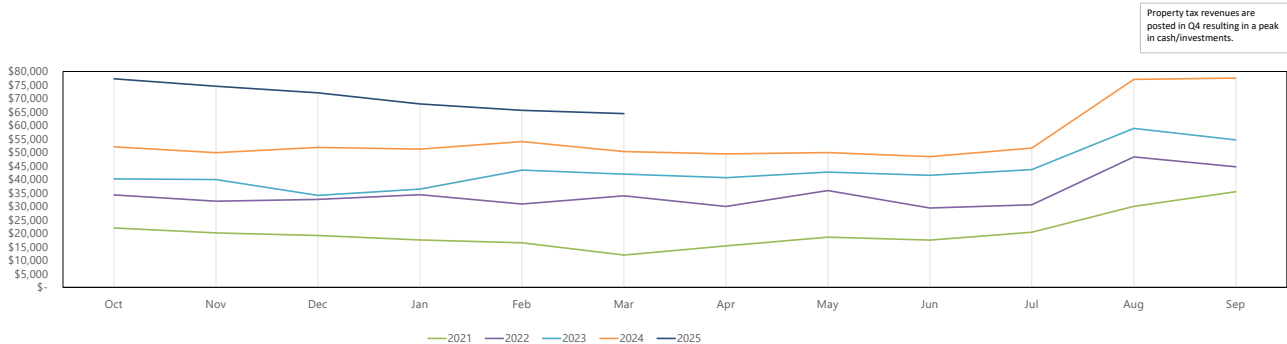
(\$ in thousands)

Investment Instrument	Date of Maturity	Interest Rate	Value on 12/31/2024	Transactions	Value on 3/31/2025
U.S. Treasury Bills	2/20/2025	4.09%	1,300	(1,300)	0
U.S. Agency Bond	2/24/2025	3.75%	200	(200)	0
U.S. Agency Bond	3/28/2025	2.84%	2,500	(2,500)	0
U.S. Agency Bond	3/28/2025	3.11%	2,000	(2,000)	0
U.S. Agency Bond	8/8/2025	4.10%	1,400	(1,400)	0
U.S. Agency Bond	6/27/2025	3.27%	2,000	0	2,000
U.S. Agency Bond	1/22/2026	4.13%	750	0	750
U.S. Treasury Notes	3/13/2026	4.08%	0	1,000	1,000
U.S. Treasury Notes	3/31/2026	4.07%	0	2,500	2,500
U.S. Treasury Notes	4/24/2026	4.08%	0	1,000	1,000
U.S. Agency Bond	2/3/2027	4.23%	250	0	250
U.S. Treasury Notes	5/15/2027	4.14%	1,000	0	1,000
U.S. Treasury Notes	10/31/2027	4.11%	750	0	750
U.S. Agency Bond	11/1/2027	4.04%	2,500	0	2,500
U.S. Treasury Notes	11/15/2027	4.14%	2,200	0	2,200
U.S. Agency Bond	12/27/2027	4.25%	2,200	0	2,200
U.S. Treasury Notes	1/31/2028	4.27%	0	1,500	1,500
U.S. Treasury Notes	2/24/2028	4.25%	0	1,400	1,400
Money Market Funds	N/A	4.22%	230	178	408
Mark-to-Market Adjustment			(190)	0	(139)
Total Investments:			\$19,091	\$178	\$19,319

FY2025 YTD Investment Gain (\$ in thousands): \$366

U.S. Treasury Bills, Notes, & Agency Bonds are short term bonds (several months to 10 years) backed by the Treasury Department of the U.S. Government. The rates shown for the current investments represent the gross yield-to-maturity rates (before the annual fee of .28%). An FDIC-insured cash sweep account or accounts that have balances above the FDIC insurance threshold are used for day-to-day working capital.

Cash and Investments History



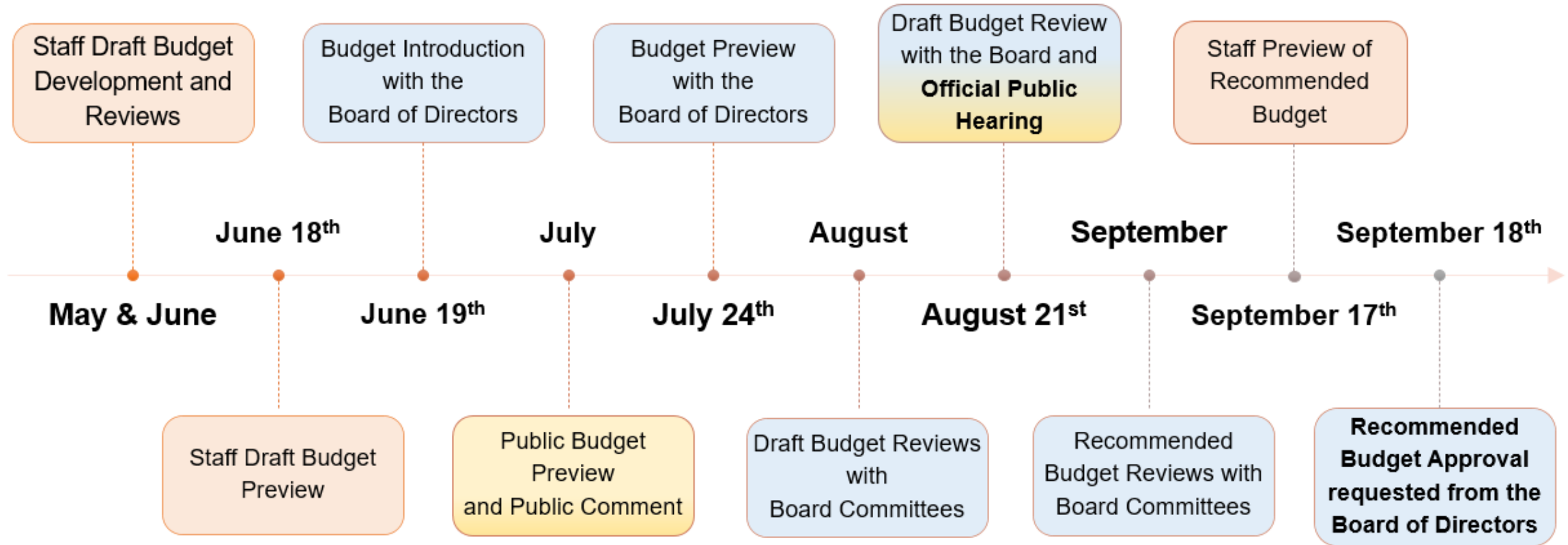
FY2026 Budget Process Timeline

Finance Committee Meeting: May 6, 2025

Board of Director's Meeting: May 15, 2025

INFORMATION TYPE:
Decision Preparation
RECOMMENDED ACTION(S):
Receive for information a timeline for the operating and capital budget process for FY2026.
ALTERNATIVE OPTION(S):
Financial planning and budgeting are required legally and by Board policy and essential for financial management; there is no prudent alternative.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO." Executive Limitation: Policy 2.4 Financial Planning/Budgeting
ISSUE SUMMARY:
This issue brief presents a timeline for the FY 2025 budget process which will lead into the presentation of a budget for Board adoption in September.
BACKGROUND:
<p>Adoption of the annual budget furthers Board Ends within Executive Limitations and provides multi-year context. Staff developed the FY2026 operating and capital budget timeline to communicate key budget development dates, stakeholder engagement opportunities and outline the Board's participation in the budget process in preparation for requested approval in September.</p> <p>The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and will be held at the August Board meeting. Final approval will be sought in September.</p>
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7. Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy. Governance: The Board is responsible for approving the annual budget (Policy 3.2.7)
ATTACHMENTS:
1. FY2026 Budget Timeline

FY2026 Budget *Draft* Timeline



CEO Report

Meeting: Board of Directors

Meeting Date: May 15, 2025

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

YPSILANTI TRANSIT CENTER PLANNING

Public engagement for the YTC is April 17-May 23, 2025, and aims to inform stakeholders and the community on the facility design and function, the general footprint and floor plan, and the initial plan for the surrounding site. A draft conceptual rendering of the YTC facility is available to the public during the engagement period. Schematic Design will continue as the team gathers feedback during engagement, with the goal of moving into the next phase of design in late spring or early summer. The project team has been engaging employees throughout the organization – relying on them and a core group of users to help inform decisions. The environmental review process continues, and the technical work and written documentation are complete for the Categorical Exclusion with Documentation. The Section 106 consultation process is also nearing completion with the Michigan State Historic Preservation Office (SHPO) finding no adverse historical impact if certain conditions for monitoring archeological discoveries during construction are met. A third draft of the CE has been transmitted to FTA for final technical and legal reviews of the documents. The timeline for finishing the environmental documentation is still uncertain, but the project team is hoping to complete it in the coming month(s) as the project moves into the next phase of design. AAATA staff are working with the consultant team to move into the next project phases seamlessly under a new contract. As currently scoped, this will include final schematic design, design development, construction documentation, and construction administration. Project delivery methods for construction are also under consideration.

BLAKE TRANSIT CENTER EXPANSION

TheRide continues to work with the Ann Arbor Housing Commission (AAHC) and their co-developer (Related Midwest) on the joint development of the old Y-Lot site adjacent to the BTC (350 S. Fifth). AAHC and Related Midwest are working quickly to develop a site plan for the project, and TheRide is working closely with their architects on the design of the transit platform expansion and other transit amenities around the site.

Given the complexity and highly different needs for the transit portion of the project, TheRide and AAHC will submit two site plans for the property – one primarily for the housing development and one that focuses on the transit portion only. Modifications to TheRide's existing platform will be necessary to accommodate the expansion and these will likely be submitted with the transit-focused site plan for 350 S. Fifth. The team is working closely with

City staff, DTE, the DDA, and other stakeholders to ensure that the design meets all codes and regulations. The AAHC would ideally like to start construction in spring 2026, though this may be dependent on what environmental review process is required.

A separate study led by the DDA to redesign 4th Avenue from Liberty St. to William St. is ongoing. This project aims to create a more pedestrian- and transit-friendly street. The project team is working closely with the 350 S. Fifth development team so that both the housing project and 4th Avenue timelines and final designs are well coordinated.

ANN ARBOR DRAFT COMPREHENSIVE LAND USE PLAN

The City of Ann Arbor released a draft of the [new comprehensive plan titled "A2 for All."](#) The City aspires to "forge a new affordable, sustainable, and equitable vision of the City's future." Transit, especially as it relates to different land uses, density, equity, and access, are mentioned dozens of times throughout the plan. Transit is most prominently featured in Strategy 9.2 – Align transit service with land development (p86). AAATA staff are encouraged to see support for transit in the plan and the complimentary land uses which will be beneficial to our service. We submitted a few minor comments on the plan to City staff to clarify alignment with TheRide 2045.

EXECUTION OF CONTRACTS OVER \$250K (Policy 2.9.1.5.D)

There were no contract executions over \$250k to report.

OPERATIONAL UPDATES

TRANSIT OPERATOR RECRUITMENT & SERVICE

AAATA currently has an operator count of 198. Two upcoming MCO classes are expected May 27th and June 10th with 5-8 individuals respectively.

As of April 27th, TheRide celebrated 10-year anniversaries of several of its MCOs: Billy Domako, Elaine Richardson, Marcus Johnson, and Craig Kimball. MCO Alvin Phelan celebrates 35 years with TheRide on May 21st.

LOCAL ADVISORY COMMITTEE (LAC)

The LAC met on April 8th and received updates from the Planning and Innovation team regarding bus stops and received a federal funding update from the Public Affairs and Community Engagement department. A board report was shared by AAATA CEO, Matt Carpenter, along with service updates.

POLICY GOVERNANCE BOOTCAMP

Several members of the AAATA Board and staff were able to attend special governance training May 8-9, held in Ann Arbor for the first time ever.

ANN ARBOR CITY COUNCIL

AAATA will be presenting to the Ann Arbor City Council on Monday, June 16th. There was no presentation this previous month.

TRANSPORTATION COMMISSION (ANN ARBOR)

The commission met on April 16th where recommendations for the City Council Policy Agenda were discussed and approved and the FY25 Budget was discussed. The City of Ann Arbor presented updates on the Nixon Road Project.

WATS POLICY COMMITTEE UPDATE

The April 2025 WATS policy meeting was held on April 16th, where proposed amendments and modifications to the FY25 Transportation Improvement Program were approved. WATS staff additionally shared there is uncertainty regarding funds in FY26 and beyond, particularly discretionary funds, and that updates will be shared when new information is available.

ROOF PROJECT AT DGOC

The Fleet Roof/HVAC Construction Project began on March 17th and will continue through July 2025. Due to the recent bad weather, the project has experienced some delays. Progress is expected to accelerate moving forward. The overall project will continue into the summer months.



EMPLOYEE AND COMMUNITY ENGAGEMENT

BIG AWARDS

100 Best Fleets in the Americas Award, NAFA Fleet Management Association: AAATA received an Honorable Mention as a Finalist for the 100 Best Fleets 2025 NAFA Award out of 1,600 submissions.

Golden Wrench Award, Fleet Services: In March 2025, Travis Schmidt and Jimmy Cooper of Fleet were awarded the Golden Wrench Award. This award highlights maintenance professionals that achieved outstanding results in Standard Repair Times, Safety, Bay Cleanliness, and PPE.

Pride and Precision Award, Fleet Services: In March 2025, Richard Arms of Fleet was awarded the Pride and Precision Award for outstanding results in Standard Repair Times, Safety, AOR Cleanliness, and PPE.

BIGGEST LOSER CHALLENGE

TheRide recently wrapped up its Biggest Loser Challenge with a total of 36 employee participants. The top three winners were announced on May 2nd with a small celebration with refreshments in the Driver's Lounge at 2700.



PRE-SCHOOL FIELD TRIP

On April 22nd and 23rd, First United Methodist Church Pre-School in Ann Arbor visited the Blake Transit Center for a field trip. About 45 students were able to tour the facility led by Mobility Services Coordinator, Sarina Pankey, meet drivers, and ride a bus.



COMMUTER CHALLENGE

TheRide and getDowntown program kicked off the annual month-long Commuter Challenge on May 1st. The Commuter Challenges runs from May 1-31 in partnership with the City of Ann Arbor and Ann Arbor DDA and encourages community members to choose sustainable transportation (such as walking, biking, carpooling, vanpooling, and using public transit) for travel to and from work. As of May 8, 447 participants have recorded sustainable commutes, with over 50 businesses registered in the greater Ann Arbor area.

Board Meeting Run Times

Meeting: Board of Director's

Meeting Date: May 15, 2025

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
<p>That the Board consider the following options and come to a mutual agreement on how to effectively move forward.</p> <ul style="list-style-type: none"> • Change the meeting run time from 2.5 hours to 3 hours to more realistically portray the time needed to effectively lead the organization. There are 2 options to accomplish this. One way is to begin the meeting at 6 pm and run to 9 pm. The other option is to maintain the 6:30 pm start time and end at 9:30 pm • Place realistic time markers for each agenda item on the agenda. By having time expectations set it may help the meeting run more effectively. • Place time constraints on Board member speaking times. ie: 3 minutes per member per agenda item. • Possibly having some reports/presentations to the Board in video format to view in preparation of the BoD meeting in place of in person reports/presentations • Policy Monitoring Reports that achieve an approval response of 100% be placed on the consent agenda. Remembering that a Board member may request an item be pulled out of the consent agenda for discussion.
BACKGROUND
<p>At the April 17th BoD meeting, Mr. Simi Barr raised a concern that the BoD meetings do not adhere to the posted runtime on the Board agenda of 6:30 pm – 9 pm. The Board had a short discussion about this concern and tasked the Governance Committee to consider how the meetings might be structured in a way that conforms to the posted run time. Reviewing the history of BoD meetings from Fy19 to present reveals that out of 73 meetings, 47 meetings ran over an average of 24.9 minutes and 26 meetings were on time.</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>3.0 GLOBAL GOVERNANCE PROCESS The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA)</p> <ul style="list-style-type: none"> (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations. <p>3.1 GOVERNING STYLE 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) encouragement of diversity in viewpoints,

(f) collective rather than individual decisions,

3.1.2 The Board will encourage a diversity of viewpoints and work to ensure all views are heard. The Board may use the expertise of individual members to enhance the ability of the Board as a body. However, the Board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values.

3.2 BOARD JOB DESCRIPTION Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

3.3.6 Members will be properly prepared for Board deliberation.

IMPACTS OF RECOMMENDED ACTION(S)

There are several options in the recommended actions that the Board may wish to implement to help the Board achieve its desire for a 2.5 hour run time. In addition, the Board also needs to consider that we are responsible for conducting and monitoring the vital services the AAATA provides and understand that we may need to run over from time to time to complete vital business.

- Budgetary/Fiscal: N/A
- Social: N/A
- Environmental: N/A
- GovernanceL Board Meeting Run Time

ATTACHMENTS

1. Board Meeting and Run Time History for FY19 to the present

Board Meeting Run Times Fact Sheet for 6.5 FY's

FY19 11/12 meetings **4 on time**

7 after 9 pm with an average of **22.7** minutes over

FY20 12 meetings **5 on time**

7 after 9 pm with an average of **18.1** minutes over

FY21 12 meetings **4 on time**

8 after 9 pm with an average of **19.6** minutes over

FY22 10/12 meetings **4 on time**

6 after 9 pm with an average of **33.5** minutes over

FY23 11/12 meetings **5 on time**

6 after 9 pm with an average of **36.5** minutes over

FY24 12 meetings **3 on time**

9 after 9 pm with an average of **25.5** minutes over

FY25 5/6 meetings **1 on time**

4 after 9 pm with an average of **19** minutes over

Over those 7 years there were 73 BoD meetings

26 on time

47 after 9 pm with an average of 24.9 minutes over

CEO Employment Agreement

Meeting: Board of Directors

Meeting Date: May 15, 2025

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
Approve CEO Employment Agreement (Attached).
ISSUE SUMMARY
Chief Executive Officer Matt Carpenter's contract expires on May 31, 2025. The Governance Committee has reached a tentative agreement with Mr. Carpenter and both parties recommendation of the tentative agreement for Board approval.
BACKGROUND
<p>Matt Carpenter began his tenure as Chief Executive Officer (CEO) with the Ann Arbor Area Transportation Authority on June 1, 2015 and signed a five-year contract effective the same date. A subsequent Employment Agreement was signed May 21, 2020 effective June 1, 2020 through May 31, 2025.</p> <p>In 2024 the Governance Committee, on behalf of the Board, began engaging Mr. Carpenter in negotiations to reach a new Agreement to retain Mr. Carpenter as CEO. The Governance Committee and Mr. Carpenter have reached a tentative agreement that is included as an attachment with this packet.</p> <p>Important highlights include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Five-year term • Continue at current salary with flexibility for significant loss of funding • Increase of deferred compensation to begin June 1, 2025 • A new "For Good Reason Clause" (7.3) • Definition of Employee cooperation after termination (7.9) • Addition of supplemental disability plan (6.5) to severance (8.2)
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Policies 4.0, 4.2, 4.3, 4.4
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: CEO compensation is budgeted for in current fiscal budget • Social: N/A • Environmental: N/A • Governance: N/A
ATTACHMENTS
1. Draft CEO Employment Agreement, 2025

AGREEMENT

**Between
Matthew Carpenter
And**

**The Ann Arbor Area Transportation Authority Board of Directors for
Employment as the Authority's Chief Executive Officer**

This Agreement is made and entered into by and between the Ann Arbor Area Transportation Authority (hereinafter referred to as "AAATA"), through its Board of Directors (hereinafter referred to as the "Board"), and Matthew Carpenter (hereinafter sometimes referred to as the "Employee"). The AAATA and Employee are each a Party and collectively are the Parties.

WHEREAS, the Board is empowered by Act 55 of the Public Acts of Michigan of 1963 to appoint an executive staff person of the AAATA, and

WHEREAS, the Board initially appointed Employee as the Chief Executive Officer of the AAATA (hereinafter referred to as "CEO") effective June 1, 2015, and the Parties entered into an Employment Agreement effective June 1, 2015 through May 31, 2020, and a subsequent Employment Agreement effective June 1, 2020 through May 31, 2025; and

WHEREAS, the CEO's performance evaluations have been positive each year, and

WHEREAS, the Board is desirous of continuing Employee's employment as CEO, and

WHEREAS, Employee is desirous of continuing his employment as CEO, and

WHEREAS, the Parties have determined that it would be mutually beneficial to enter into a new employment agreement setting forth the agreements and understandings that provide the terms and conditions under which Matthew Carpenter will serve as the CEO of AAATA,

NOW, THEREFORE, in consideration of the mutual covenants and promises, which the parties set forth below, the Board and Matthew Carpenter agree as follows:

ARTICLE I APPOINTMENT OF MATTHEW CARPENTER

- 1.1. The Board hereby re-appoints Employee as the Chief Executive Officer of the AAATA, and Employee hereby accepts such re-appointment upon the terms and conditions below.

ARTICLE II CEO RESPONSIBILITIES

- 2.1. The Board agrees to employ Matthew Carpenter as CEO of AAATA.
- 2.2. Employee shall have, and agrees to perform in good faith, the duties and responsibilities of CEO as outlined in Board policies, resolutions, motions, and other documents (e.g., Policy Manual, Non-Union Employee Handbook, performance review documents) as issued by the Board. As such, Employee shall work to achieve the objectives of the organization and comply with expectations of the Board, provide general supervision and management of the affairs of the AAATA, assist the Board in conducting its oversight role, and shall perform such other legally permissible and proper duties and functions as may be required from time to time by the Board.

ARTICLE III CONDITIONS OF EMPLOYMENT

- 3.1. Employee shall faithfully perform his duties to the best of his ability in accordance with the highest professional and ethical standards, and shall comply with all general rules, policies, and regulations established by the Board or required by law.
- 3.2. Employee shall devote his full time, energies, and abilities to the performance of the duties and responsibilities of CEO and shall not engage in any activities or employment that conflict with, or interfere with, the performance of this Agreement.
- 3.3. Employee shall not engage in any activity which is or may become a conflict of interest or conflict of loyalty, is prohibited by contract, or which may create an incompatibility of office under applicable law and regulations. The Employee shall complete such disclosure forms as may be required by law or by the Board.
- 3.4. The Employee may, from time to time and with approval from the Board, which approval will not be unreasonably withheld, participate in governance boards, teaching engagements or peer advisory activities and receive compensation for same from the entity with whom he participated. Such activities must not negatively impact the CEO's obligations to the Board or the AAATA.
- 3.5. Employee acknowledges that the duties of his position may require an average of more than forty (40) hours per week, and that some day-to-day hours may vary significantly. Employee's position is exempt from the overtime provisions of state and federal law and his salary covers all hours worked in a workweek. Employee will be expected to maintain a full-time work schedule including working extra hours as needed to fulfill the job responsibilities.

ARTICLE IV TERM OF EMPLOYMENT

- 4.1. This Agreement shall be effective June 1, 2025 (the "Effective Date"), and shall continue until May 31, 2030 (the "Term"), unless terminated as provided for elsewhere in this

Agreement. This Agreement may be extended at any time during its term by mutual agreement of the Board and Employee.

- 4.2. No less than ten (10) months prior to the expiration of this Agreement, the Board and Employee shall meet to begin discussing the renewal of this Agreement, the process and timeline for renewal, and any changes the parties may wish to mutually make or negotiate with respect to its terms and conditions.
- 4.3. Should the Board choose to not renew the Agreement, the Board will provide the Employee with written notification of same not less than six (6) months before the end of the term.

ARTICLE V SALARY AND COMPENSATION

- 5.1. As compensation to Employee for the services rendered to the AAATA during the term of this Agreement, Employee shall be paid a base annual salary of \$241,060.83, payable in accordance with the AAATA's regular payroll procedures, and subject to customary and mandatory withholdings.
- 5.2. During the term of the Agreement, Employee will be eligible for additional increase to base salary, and bonuses in such amounts as the Board may approve based on a performance evaluation to be conducted at least once a year in accordance with this Agreement. Notwithstanding the above, the Board may reduce Employee's salary due to significant loss of funding.

ARTICLE VI BENEFITS

- 6.1. Except as provided otherwise by this Agreement, the AAATA shall provide Employee the same benefits and privileges as those provided to other AAATA non-union represented employees, as they may be amended from time to time.
- 6.2. As used herein, the term "benefits" shall include, but is not limited to: holidays, sick leave, vacation, retirement plan contributions, deferred compensation, health insurance, vision insurance, dental insurance, health care savings plan contributions, short and long term disability insurance, life insurance, flexible benefits plan, and tuition reimbursement.
- 6.3. The Employee will be provided with 20 days of vacation annually to be accumulated in the same manner as other non-union employees. Employee will not be allowed to accumulate more than the amount of annual vacation to which he is entitled, and any excess unused vacation will be forfeited each September 30 unless the Board grants an exception to this limitation or adopts a policy allowing Employee to convert all or part of his unused vacation.
- 6.4. The AAATA will pay a minimum of \$23,000.00 annually to a deferred compensation vehicle established for Employee by the AAATA. Payments will be made on a bi-weekly prorated basis beginning in June 2025.

- 6.5. Employee will be offered the opportunity to enroll/continue in a supplement disability plan at no extra cost to the employee.

ARTICLE VII TERMINATION/SUSPENSION

- 7.1. Regardless of any other provision in this Agreement, Employee understands and acknowledges that the position of CEO is an “At-Will” position which is exempt from accruing or receiving property rights, other than set forth in this Agreement, and that the Employee serves at the pleasure and at the will of the Board.
- 7.2. Nothing within this Agreement shall prevent, limit, or otherwise interfere with the right of the Board to terminate this Agreement and Employee’s employment, with or without cause at any time, subject to Employee’s contract rights hereunder, except to the extent prohibited by state or federal law.
- 7.3. This Agreement and Employee’s employment may be terminated as follows:
- (a) By mutual agreement and upon such terms and conditions as agreed to in writing by Employee and the Board;
 - (b) By resignation of Employee;
 - (c) If Employee is disabled. When used herein “Disability” means the inability of Employee to perform the essential functions of his position, with or without a reasonable accommodation, by reason of a physical or mental impairment that has lasted for at least sixty (60) consecutive days, or ninety (90) days within a one hundred and twenty (120) day period. If the parties do not agree that Employee is disabled, the determination will be made by the Board in consultation with an independent physician retained by the AAATA (the “Physician”). For purposes of making a determination as to whether a Disability exists, at the AAATA’s request, Employee agrees to make himself available and to cooperate in a reasonable examination by the Physician and to authorize the disclosure and release to the Board of medical records related to such examination and the determination of whether a Disability exists. The determination of Disability made by the Physician shall be final and conclusive for all purposes of the Agreement.
 - (d) By the death of Employee.
 - (e) By the Board for cause. When used herein, “Cause” is defined as the following:
 - (i) Theft, dishonesty, fraud, embezzlement, bribery, harassment, falsification of AAATA records or conduct amounting to a conflict of interest by Employee.

- (ii) Employee's engagement in acts which would constitute grounds for discipline up to dismissal of any non-union employee by the AAATA under policies in existence at the time of the act.
 - (iii) Engagement by Employee in inappropriate conduct that could cause harm to the public reputation or standing of the AAATA or which could impair Employee's public credibility, standing with employees and/or ability to lead the organization.
 - (iv) The consumption or possession of alcohol, or drugs classified as illegal under state or federal law, or Employee having his ability to perform his job duties affected by such consumption, any of which occur while performing his job duties.
 - (v) Refusal to follow a lawful directive of the Board.
 - (vi) The material failure of Employee to perform his duties under this Agreement to the satisfaction of the Board after sixty (60) days' written notice and an opportunity to cure;
- (f) By the Board without cause.
- (g) By Employee for Good Reason.
- (i) For purposes of this Agreement, "*Good Reason*" means the occurrence of any of the following without consent of Employee: (A) any material reduction in Employee's Base Salary; (B) any material breach by the Employer of this Agreement; (C) any material reduction in the status, position or responsibilities of Employee; (D) the long-term assignment of duties to Employee that are materially below the level of Employee's position and responsibilities described in this Agreement based upon the staffing level and industry of the Employer; or (E) the Employer requiring Employee to be principally based at any office or location other than the AAATA's principal administrative offices.
 - (ii) Notwithstanding the foregoing, Good Reason shall not exist if (1) Employee fails to give the Employer written notice of Employee's intention to terminate employment with the Employer for Good Reason within thirty (30) calendar days following Employee's first knowledge of any such occurrence, which notice shall identify in reasonable detail the basis therefore, (2) within thirty (30) calendar days of receipt of notice ('Cure Period'), the Employer remedies the occurrence alleged to constitute Good Reason, or (3) Employer fails to timely remedy the occurrence alleged to constitute Good Reason and Employee has not separated from service within thirty (30) calendar days following expiration of the Cure Period.

7.4. A vote on a resolution by the Board to terminate this Agreement and Employee's employment will only be made in an open public session. Discussions prior to a decision

to terminate this Agreement and Employee's employment may take place in closed session consistent with the Michigan Open Meetings Act. Prior to a vote on any termination resolution, the Employee will be provided with at least thirty (30) days prior notice, a written statement of reasons for the resolution, and will be provided with an opportunity to appear before the Board in both a confidential and public setting.

- 7.5. The Employee shall be provided with the opportunity to choose to resign his office instead of being terminated. In such an event, the public announcement shall state that Employee has resigned.
- 7.6. Nothing within this Agreement shall prevent, limit, or otherwise interfere with the right of Employee to resign at any time from his position; provided, however, that Employee shall give the Board written notice at least sixty (60) days prior to the effective date of such resignation (except as otherwise noted above).
- 7.7. Regardless of the reason for Employee's termination, for a period of one (1) year after such termination, Employee agrees not to disrupt relations or business of the Board by soliciting employees to terminate their employment with the AAATA. Upon termination of this Agreement and Employee's employment, Employee shall return to the Board Chair all AAATA property including without limitation, all keys, key cards, access cards, identification cards, credit cards, electronic equipment, computers, cell phones, and all passwords or passcodes necessary to enable the AAATA to access all information which Employee password or passcode protected on any of the AAATA equipment, network or systems, and all data, studies, reports and other documents prepared by or in possession of or under control of Employee or related to the AAATA shall be furnished to and become the property of the Board without restriction or limitation on their use.
- 7.8. The Board may suspend the Employee with full pay and benefits by the affirmative vote of a majority of the Board of Directors. The Employee will be provided with a written statement of reasons for the suspension, and will be provided with an opportunity to appear before the Board.
- 7.9. Employee agrees to cooperate with respect to matters for which Employee was involved in, responsible for, or had knowledge of, including responding to inquiries and requests for information, and participating in telephone and/or video conferences, and in-person meetings, for up to one year after termination. AAATA agrees that the timing of Employee's cooperation will take into consideration Employee's job-search efforts, employment or consulting commitments, or events beyond Employee's control. AAATA shall reimburse Employee his reasonable out-of-pocket expenses incurred in conjunction with providing assistance pursuant to this Section, consistent with AAATA's business travel and expense policies.

ARTICLE VIII COMPENSATION AFTER TERMINATION

- 8.1. If this Agreement and Employee's employment are terminated by the Board for a reason set forth in Section 7.3(a) – (e), Employee shall not be entitled to Severance Benefits

(Section 8.2 (a)-(d), and the AAATA shall have no further obligation under this Agreement except to pay Employee through Employee's termination date and to provide benefits to Employee to which other salaried AAATA employees would be entitled to upon termination of employment.

- 8.2. If Employee is terminated without cause pursuant to Section 7.3(f), or if Employee terminates employment for Good Reason pursuant to Section 7.3(g), in addition to that which Employee would be entitled under Section 8.1, Employee shall receive Severance Benefits that shall consist of the following:
- (a) The equivalent of Employee's annual salary at termination for twelve (12) months, less applicable taxes and withholding ("Severance Pay");
 - (b) An amount equal to six (6) times the average monthly contribution of what the AAATA would have contributed on behalf of Employee to AAATA's deferred compensation and pension programs less applicable taxes ("Deferred Compensation Stipend"); and
 - (c) An amount equal to the value of six months of AAATA's normal contribution to Employee's health insurance plan for the tier of coverage and individuals selected as of the date of separation, or if no coverage is selected, the amount available to other AAATA management employees who waive health insurance coverage, less applicable taxes ("Insurance Stipend").
 - (d) An amount equal to the value of six months of AAATA normal contributions to any supplemental disability plan (6.5) for the tier of coverage as of the date of separation ("SDP Stipend"). Employee shall receive the total amount of Severance Pay in one lump sum due on the first administratively feasible-payroll date following the effective date of an Agreement and Release signed by the Parties. Employee shall receive the Deferred Compensation, Insurance Stipend, and SDP Stipend in a single lump sum payment, payable on the date the-severance payment is made.
- 8.3. As a condition to the payment of Severance Benefits. Employee shall deliver to the Board a signed Agreement and Release, in the form prescribed by the Board (and not thereafter exercise any right Employee has to revoke his execution of said Agreement and Release), holding AAATA and the Board harmless and releasing AAATA, the Board, and their officers, agents, attorneys and employees, past and present, from any and all liability relative to the Employee's employment, including termination of this Agreement and his employment. The Agreement and Release will be provided within two weeks by the Board to the Employee following notice of termination.

ARTICLE IX PERFORMANCE REVIEWS, EVALUATIONS AND COMPENSATION ADJUSTMENTS

- 9.1. The Board shall review and evaluate the performance of Employee at least once annually based upon criteria developed by the Board in consultation with the Employee. Such

criteria must be developed and made available to the Employee prior to the beginning of the period covered by the evaluation.

- 9.2. Employee's reviews and performance evaluations shall be conducted annually unless otherwise agreed to by the Board and Employee.
- 9.3. The Board agrees to consider increasing the base salary and/or other benefits of Employee, in such amounts and to such an extent as the Board may determine that it is desirable to do so, on the basis of annual salary and performance reviews.
- 9.4. Employee's annual compensation, including any one-time bonus payments for exceptional performance, may be adjusted at the discretion of the Board at an official Board meeting.
- 9.5. Employee will be provided with an opportunity to correct any unsatisfactory performance.

ARTICLE X EXPENSES

- 10.1. The AAATA shall pay for or reimburse Employee for reasonable and necessary business expenses of the Employee, as determined by the Board, incurred in the performance of the duties and responsibilities set out in this Agreement, and in accordance with AAATA policy.
- 10.2. Reasonable expenses include business-related travel, accommodations, conferences, meals and tips, mileage, and professional development. The Employee will seek cost-effective and practical means of fulfilling his duties. On a quarterly basis, Employee shall report his expenses to the Board.

Expenses that will not generally be eligible for payment or reimbursement include, but are not limited to, the following:

- Personal expenses not directly related to AAATA business.
- Unnecessarily costly or luxurious expenses that could suggest an excessive personal benefit such as first-class travel, luxury accommodations, or high-end meals.
- Personal items and gifts.
- Wine, beer, liquor, or other alcoholic spirits.
- Entertainment costs such as movies, concerts, athletic events, etc.
- Expenses of family members or friends.
- Personal phone calls.
- Social club dues.
- Non-business related club dues.
- Any expenses requiring pre-approval that were not pre-approved.

- 10.3. In accordance with Board policy, AAATA shall pay reasonable professional dues and subscriptions of Employee for his participation in international, national, regional, state, and local associations, and organizations deemed by the Board as appropriate for his continued professional development and/or for the benefit of AAATA.
- 10.4. The Board shall pay the full cost of any fidelity or other bonds required of or for Employee pursuant to any law, ordinance, or Board policy.

ARTICLE XI INDEMNIFICATION

- 11.1. The Board shall defend, hold harmless and indemnify Employee against and from any and all claims, legal or administrative actions or demands, consistent with the provisions of law, including actions for equitable relief whether groundless or otherwise, including attorney's fees and costs, arising from any act or omission either alleged or real, which occur or occurred during his employment as CEO of AAATA, and which are within the scope of the CEO's employment and performance of his duties as CEO, so long as Employee acted in good faith and in a manner reasonably believed not to be opposed to AAATA's interests.
- 11.2. The Board may compromise and settle any claim or suit and pay the amount of any settlement or judgment rendered thereon, together with attorney's fees associated therewith. Employee shall cooperate fully with counsel representing the AAATA in the defense, compromise, or settlement of any claims, actions, or demands for which Board defends, holds him harmless, or indemnifies him.
- 11.3. Any unreasonable failure by Employee to provide complete and accurate information or to cooperate with counsel representing the AAATA shall be cause for the Board to deny or withdraw its obligation to defend, hold harmless and/or indemnify Employee under this Article.
- 11.4. The Board and Employee acknowledge and agree that even though the Board may proceed to handle a claim, action or demand against Employee, the Board reserves the right not to indemnify, or to recover costs of indemnification, if it is determined that the Employee's actions did not satisfy the standards of this Article.
- 11.5. The obligations of this Article shall survive the termination of this Agreement however terminated.

ARTICLE XII DISPUTE RESOLUTION, JURISDICTION, VENUE AND GOVERNING LAW

- 12.1. With the exception of disputes arising under Section 7.7, and claims related to unemployment compensation and worker's disability compensation benefits, disputes arising out of Employee's employment, including claims arising under federal or state law, shall be submitted to binding arbitration for resolution. The party invoking Article 12 (the "Moving Party") shall provide the other party (the "Non-Moving Party") with a Notice of Dispute, setting forth the nature and factual basis of the dispute and the relief sought, said notice to be provided within ninety (90) days of the events giving rise to the

dispute (the “Notice Period”), otherwise the right to arbitration is waived. Within the Notice Period, the Moving Party shall meet in good faith with the Non-Moving Party in an attempt to resolve said dispute. If the parties are unable to resolve the dispute and are unable to agree upon an arbitrator within thirty (30) days of the Notice of Dispute, then a neutral and impartial arbitrator shall be appointed in accordance with the Employment Arbitration Rules of the American Arbitration Association (the “AAA”) in effect at the time it is invoked. Provided, however, if the Moving Party does not submit a demand for arbitration to the AAA within forty-five (45) days of the Notice of Dispute, the Moving Party will have waived its right to arbitration. Unless otherwise agreed to by the Parties, or in conflict with Section 12.2. the AAA arbitration rules shall apply.

- 12.2. The arbitrator will hear the evidence presented and render a written decision within thirty (30) calendar days from the date of the conclusion of all hearings or submission of briefs, whichever is later. The arbitrator shall not have jurisdiction to subtract from or modify any of the terms of this Agreement or any written amendments hereof, or to specify the terms of a new Agreement, or to substitute her/his discretion for that of the parties. The arbitrator shall have the authority to rule on dispositive motions, including a motion to dismiss and/or summary judgment brought by either party and shall have the authority to compel adequate discovery for the resolution of the dispute (including subpoena power).

The arbitrator shall apply the same substantive law and have the authority to provide the same remedies that would apply if the claims were brought in a court of law. All filing and administrative fees and other such costs related to the arbitration shall be paid by the AAATA. All other costs, including attorneys’ fees, (unless allowed by the arbitrator) shall be borne by the party incurring the costs. The decision of the arbitrator shall be final, conclusive, and binding upon both parties and the parties agree that they shall have no recourse to the arbitrator's decision. Judgment upon an award rendered by an arbitrator may be entered in and enforced by any court having jurisdiction, subject to any appeal rights provided by law.

- 12.3. For disputes arising out of Section 7.7, the Board and Employee hereby irrevocably submit to the jurisdiction of the state courts located in Washtenaw County or the U.S. District Court for the Eastern District of Michigan, and irrevocably agree that venue for any such dispute shall be exclusively in the state courts located in Washtenaw County or in the U.S. District Court for the Eastern District of Michigan.
- 12.4. This Agreement shall be construed by and controlled under the laws of the State of Michigan.

ARTICLE XIII SEVERABILITY

- 13.1. If any provision or any portion hereof contained in this Agreement is held to be unconstitutional, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other provision, but this Agreement shall be reformed and construed so as to render it enforceable under applicable law insofar as possible consistent with the

intent of the Parties.

ARTICLE XIV ENTIRE AGREEMENT

- 14.1. Employee and the Board acknowledge and agree that this Agreement constitutes their final understanding and agreement with respect to the subject matter hereof, and supersedes all prior or contemporaneous negotiations, promises, covenants, agreements, including the June 2020 - May 2025 Employment Agreement or representations concerning all matters directly or indirectly, or collaterally related to the subject matter of this Agreement.
- 14.2. Employee and the Board acknowledge, understand, and agree that nothing within this Agreement can be modified, amended, or revoked except by and with the express written consent of both Employee and the Board.

ARTICLE XV WAIVER

- 15.1. No waiver by either Party of any breach of this Agreement shall be a waiver of any preceding or succeeding breach.

ARTICLE XVI ASSIGNMENT

- 16.1. This Agreement is not assignable by either the Board or Employee. Any assignment by either party shall be void.

ARTICLE XVII ACKNOWLEDGEMENT

- 17.1. Employee hereby acknowledges that he was provided with this Agreement prior to its execution, and that he had the time and opportunity to review this Agreement and provide comment prior to his execution of this Agreement. Employee agrees that he has had an opportunity to consult with an attorney of his choice on the terms and conditions of this Agreement and has had an opportunity to clarify any terms and conditions which were not understood by him. Employee further acknowledges that he has read this Agreement; and by his signature below acknowledges that he fully understands and agrees to the contents, terms, and conditions of this Agreement.

ARTICLE XVIII NOTICES

- 18.1. Any notices required by this Agreement shall be in writing and either given in person or by first class mail with the postage prepaid and addressed as follows:

TO THE BOARD: Chair of the Board

Ann Arbor Area Transportation Authority
2700 South Industrial Highway
Ann Arbor, Michigan 48104
United States

TO EMPLOYEE: Matthew Carpenter
[To address on file with AAATA]

Changes of addresses of either party shall be relayed to the other party within ten (10) days of such changes becoming effective.

ARTICLE XIX COUNTERPARTS

- 19.1. This Agreement shall be executed simultaneously in three counterparts and each shall be deemed an original, but all of which together shall constitute one and the same instrument.

ARTICLE XX SURVIVAL OF CERTAIN OBLIGATIONS

- 20.1. The provisions in Article VII, Section 7.7, Article VIII, Sections 8.2 and 8.3, Article XI, Sections 11.1 – 11.5, and Article XII, 12.1 – 12.4, of this Agreement shall survive the expiration of the Agreement or its earlier termination under any provision of the Agreement.

IN WITNESS WHEREOF, The Board has caused this Agreement to be signed and executed in its behalf by its Chairperson, duly attested, and executed by Matthew Carpenter this _____ day of _____, 2025.

Matthew Carpenter

Kathleen M. Mozak

Chair, Board of Directors of the Ann Arbor Area Transportation Authority

ATTEST:

Jesse Miller

Board Secretary, Board of Directors of the Ann Arbor Area Transportation Authority