TheRide
Ann Arbor Area Transportation Authority

Board of Director's Meeting Agenda

Meeting Date/Time: June 19, 2025 - 6:30pm – 9:00pm

Location: Ann Arbor District Library (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: May 15, 2025	D			3
2.2 Committee Meeting Summaries	D			9
3. OWNERSHIP LINKAGE				
3.1 Ownership Linkage Task Force Updates	O	6:35	Chang	Verbal
4. MONITORING				
4.1 Governance Process Policies (3.5-3.8)	M	6:40	Mozak	16
5. POLICY DEVELOPMENT				
5.1 Policy Language Discussion (if needed)	O		Mozak	Verbal
6. BOARD EDUCATION / DISCUSSION				
7. OPERATIONAL UPDATES Pg. 50 - Draft Business Plan				
7.1 Intro Draft Business Plan Pg. 85 - Business Plan PPT	O	7:10	Carpenter	25
7.2 FY2026 Budget Introduction Pg 98 - Budget PPT	O	7:40	Reed	27
7.3 YTC: Authorization for Next Steps	D	8:10	Hess	33
7.4 FY2025 Q2 Service Report	O	8:30	Brooks	39
7.5 CEO Report & Legislative Updates	O	8:45	Carpenter/ Pfeifer	45
8. EMERGENT ITEMS				
9. CLOSING ITEMS				
9.1 Action Item Recap	O	8:50	Holt	
9.2 Topics for Next Meeting Governance Process Policies (3.0-3.4) Business Plan Draft Budget Preview FY26 Committee/Bd Meeting Dates FY26 Proposed dates for Alt. Meeting location Future: State Funding (Education) Determining Reasonableness			Thursday, July 24, 2025 *Riverside Arts Center*	
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: May 15, 2025 - 6:30pm – 9:00pm

Location: Riverside Arts Center (4th Floor)

Virtual attendance available via Zoom

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

Members Absent: Rich Chang (Excused)

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

Agenda Item
1. OPENING ITEMS

1.1 Approve Agenda

No additions or changes noted to the agenda.

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

No discussion on the motion.

All in favor of approving the agenda:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to approve the agenda passed unanimously

1.2 Public Comment

No public comments.

1.3 General Announcements

Chairwoman Mozak congratulated Mr. Allemang after the City of Ann Arbor recently reappointed him to a 5-year term with the Board. She also shared that there has been no announcement yet about an appointment for the recent Board seat vacancy.

2. CONSENT AGENDA

2.1 Board Meeting Minutes April 17, 2025

2.2 Committee Meeting Summaries

Ms. Valentine motioned to accept the Consent Agenda, seconded by Mr. Allemang

No discussion on the motion.

All in favor of accepting the Consent Agenda:

    Mr. Mike Allemang: Yes
    Mr. Chris Allen: Yes
    Mr. Simi Barr: Yes
    Ms. Julie Grand: Yes
    Mr. Jesse Miller: Yes
    Ms. Susan Pollay: 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

Chairwoman Mozak provided a brief update on behalf of Mr. Chang: OLTF has been in communication with Ann Arbor City Council members Erica Briggs and Dharma Amon and are planning to meet in June.

4. MONITORING

4.1 Environmental Sustainability (2.11)

Mr. Carpenter presented the monitoring report for Environmental Sustainability (Policy 2.11) with highlights that this is the second year of monitoring and noted full compliance and 80% agreement from the Board survey.

Mr. Barr motioned to accept the Environmental Sustainability (2.11) monitoring report as (A) Compliant, seconded by Mr. Miller.

No discussion on the motion.

All in favor of accepting Environmental Sustainability (2.11) monitoring report as (A) Compliant:

    Mr. Mike Allemang: Yes
    Mr. Chris Allen: Yes
    Mr. Simi Barr: Yes
    Ms. Julie Grand: Yes
    Mr. Jesse Miller: Yes
    Ms. Susan Pollay: Yes
    Ms. Georgia Valentine: Yes
    Chairwoman Kathleen Mozak: Yes

The motion to accept the Environmental Sustainability (2.11) monitoring report as (A) Compliant, passed unanimously.

5. POLICY DEVELOPMENT

5.1 Policy Language Discussion (if needed)

Board members expressed a desire for more explicit policy language related to the parameters of emission scope – Governance Committee are slated to review the policy to determine if it is an End or an Executive Limitation. The emission scope discussion will be tabled until that determination has been made.

6. BOARD EDUCATION / DISCUSSION

7. OPERATIONAL UPDATES

7.1 YTC Update

Ms. Gretchen Johnson provided Ypsilanti Transit Center reconstruction updates (Board Packet, page 36) which included information on site development plans, public engagement opportunities, NEPA update and next steps in the development process.

She fielded several questions from Board members related to design concepts, security concerns, and the environmental review process.

7.2 BTC Update

Mr. Raymond Hess provided an update on the Blake Transit Center improvement project that had been included in the Board-approved capital plan. AAATA staff have been working with AAHC, City of Ann Arbor and the DDA to incorporate additional bus loading space with Y-Lot redevelopment planning. Policy 2.10.1 requires the CEO to request and receive Board authorization before proceeding with detailed facility design.

Ms. Pollay motioned to authorize the CEO to move forward with detailed design and engineering for the proposed BTC expansion pursuant to Policy 2.10.1, seconded by Mr. Barr.

No discussion on the motion.

All in favor of authorizing the CEO to move forward with detailed design and engineering for the proposed BTC expansion pursuant to Policy 2.10.1:

> Mr. Mike Allemang: Yes
> Mr. Chris Allen: Yes
> Mr. Simi Barr: Yes
> Ms. Julie Grand: Yes
> Mr. Jesse Miller: Yes
> Ms. Susan Pollay: Yes
> Ms. Georgia Valentine: Yes
> Chairwoman Kathleen Mozak: Yes

The motion to authorize the CEO to move forward with detailed design and engineering for the proposed BTC expansion pursuant to Policy 2.10.1 passed unanimously.

7.3 Capital Budget Amendment Proposal

Ms. Reed shared that in conjunction with the Board approval to move forward with detailed design and engineering for the BTC expansion projection, the Board also needed to approve a budget amendment. In accordance with Policy 2.5.5.1, the Board must approve additional funds for capital projects that have already been approved in the annual budget. Although the total overall cost of the BTC expansion project is not increasing, the Board needed to approve spending funds earlier than originally anticipated. 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.

Mr. Allemang motioned to approve the amendment to the FY2025 Capital Budget and allow for detailed design for Blake Transit Center improvements, seconded by Ms. Pollay

No discussion on the motion.

All in favor of approving the amendment to the FY2025 Capital Budget to modify BTC project expenses:

  Mr. Mike Allemang: Yes
  Mr. Chris Allen: Yes
  Mr. Simi Barr: Yes
  Ms. Julie Grand: Yes
  Mr. Jesse Miller: Yes
  Ms. Susan Pollay: Yes
  Ms. Georgia Valentine: Yes
  Chairwoman Kathleen Mozak: Yes

The motion to approve the amendment to the FY2025 Capital Budget to modify BTC project expenses passed unanimously.

A clerical error was noted in the final paragraph of the amendment resolution – staff will update the resolution and change "Attachment A" to "Attachment 2."

7.4 FY2025 Q2 Financial Report

Ms. Reed presented the FY25 Q2 Financial Report with revenues and expenses trending close to budget as planned. She noted that staff are monitoring subrecipient pass-throughs for expenditures are trending higher than anticipated – revenue is received from state or federal funding which matches the expense but is noted on the income statement. Assets continue to be strong with good interest rates on investments.

7.5 Budget Timeline Preview

Ms. Reed provided a brief timeline for the start of the budget planning season. She noted that the timeline and process has been consistent the past few years. The draft FY26 Budget will be presented at the August Board Meeting, and the final FY26 Budget approval will be at the September Board Meeting.

7.6 Legislative Updates

Mr. Pfeifer shared that he, Mr. Carpenter, Ms. Reed and Mr. Miller will be attending the upcoming APTA Legislative Conference in Washinton, DC and have plans to meet with several elected officials. The State budget process is still in progress and staff are monitoring plans for LDL funding.

7.7 CEO Report

Mr. Carpenter shared construction updates which include the roofing replacement project and the installation of a sidewalk at the DGOC facility. He also shared recent safety/security incidents and that staff are moving forward to hire a consultant to provide insight into improving security measures. The Low-No Grant process for funding obligations was also discussed as staff are waiting for final approval.

8. EMERGENT ITEMS

8.1 Board Meeting Run Time

Chairwoman Mozak shared that the Governance Committee was presenting several options for consideration to better improve the length of Board meetings.

- Increase meetings from 2.5 to 3 hours
- Add time markers to the agenda
- Speaking time constraints for Board members (i.e. 3 minutes per member / per agenda item)
- Videos of some reports/presentations ahead of Board meeting in place of in-person presentations
- Policy monitoring reports with 100% approval responses are moved to the Consent Agenda.

After a thorough discussion, Chairwoman Mozak requested staff create a survey to send to Board Members to determine which suggestions might move forward into practice. The topic will be discussed at the June Board meeting.

8.2 Approve CEO Contract

Chairwoman Mozak shared her appreciation for the Governance Committee's hard work with the organization's attorney and other agencies as they gathered information for the CEO contract negotiation. A draft agreement between Mr. Carpenter and the Governance Committee was agreed upon with a request for the Board to vote and approve before it is finalized.

Mr. Allemang motioned to approve the 5-year CEO Contract, seconded by Mr. Miller.

No discussion on the motion.

All in favor of approving the 5-year CEO Contract:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to approve the 5-year CEO Contract passed unanimously.

9. CLOSING ITEMS

9.1 Action Item Recap

- Environmental Sustainability Monitoring Report was accepted as (A) Compliant
- Governance Committee will be discussing Environmental Sustainability policy language and provide updates to the Board.
- The Budget Amendment resolution will be updated to correct "Attachment A" to "Attachment 2" wording.
- Staff will be working with the Chair to create a survey to send to Board members for Board meeting run time input.

9.2 Topics for Next Meeting
Governance Process Policies (3.5-3.8)
Intro to Draft Budget
Future:
Determining Reasonableness
State Funding (Education)

9.3 Public Comment

No public comment.

9.4 Adjournment

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

There was no discussion on the motion.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to adjourn the meeting passed unanimously.

Chairwoman Mozak adjourned the meeting at 8:10pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, May 22, 2025 – 3:00 – 5:00pm

Members Present: Kathleen Mozak (Chair), Mike Allemang

Members Absent: Rich Chang

Staff: Matt Carpenter, Dina Reed, 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) No changes or additions noted for the agenda. **1.2 Communications** Chairwoman Mozak shared of a recent engagement with Govern for Impact and potential opportunities to access other affiliates using Policy Governance.   She also attended a session through APTA which provided on-boarding and training for Board members.
2. BOARD DEVELOPMENT
2.1 Recruitment / Training / Attendance Chairwoman Mozak noted that the City of Ann Arbor is still considering candidates to fill the vacant Board position. She also shared that Sue Radwan would be attending the July Board meeting for education related to Reasonableness. Mr. Allemang shared he recently attended the Policy Governance Bootcamp along with other staff members. **2.2 Board Meeting Time Constraint – follow-up** A survey has been sent to Board members for their input on ideas for better time management with Board meetings. The committee determined they will review the survey responses and then share the feedback with the Board.

2.3 OLTF

No new updates.

2.4 Requirements for Meeting Minutes

The committee briefly discussed a suggestion that was raised at the Policy Governance Bootcamp related to the format of recording votes within meeting minutes – the committee determined the current process will continue as it complies with OMA.

3. POLICY MONITORING & DEVELOPMENT

3.1 Determining Reasonableness

The committee reviewed the updates and input given to the Governance Consultant, Sue Radwan. She will be providing education on the topic at the July Board meeting.

3.2 Governance Process Policies (3.5-3.8)

The committee reviewed the survey and noted overall positive responses from Board members. There were several questions raised within the survey that are open for discussion at the Board meeting. A language revision for 3.8.11 may be brought forth for Board consideration as the organization does not train candidates.

3.3 Guidance on Sustainability Policy

The Service Committee requested guidance on the policy and whether it belongs as an Ends policy or remains as an Executive Limitation. The committee is requesting the Service Committee draft the policy as an Ends policy – they will then review what that language and determine if the policy will be updated. Staff will send prior issue briefs related to the original creation of the Environmental Sustainability Policy.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Security Updates

Mr. Carpenter provided an update on recent security challenges and plans to hire a consultant to provide a security/safety review of the facilities.

4.2 Business Plan & Budget Updates

Mr. Carpenter shared an overview of the Budget process and creation of the Business Plan. He noted that he will be more explicitly outlining the Ends policies within the Business Plan.

Ms. Reed shared there that the early stages of the budget are on track. She will be sending Board budget information to Governance Committee members ahead of the June meeting and the topic will be added to the agenda. The committee discussed planning implications related to funding at the State level and impacts on budget projections.

4.3 Legislative Updates

Mr. Pfeifer shared that the State Senate had passed their version of a draft Budget, but the House has not yet passed one.

Mr. Pfeifer also provided an update from the recent trip to Washington DC for the APTA Legislative Conference. They met with representatives from Senators Slotkin and Peters and Representatives Dingell and Barrett's offices to discuss ideas for transportation reauthorizations.

5. EMERGENT ITEMS
6. CLOSING ITEMS

6.1 Committee Agendas

Service Committee – add Environmental Sustainability Policy Review (2.11), no other changes noted.
Finance Committee – add into to Draft Budget (4.2), no other changes noted.
Board of Directors – move Determining Reasonableness to "topics for next meeting," no other changes noted.

6.2 Action Item Recap

- Add Board Meeting Time Constraint survey results and Board Budget to June GC agenda – Ms. Reed will be sending information to GC members
- Follow up w/ Forest – when will On-Board survey / feedback will be finalized and ready to share w/ the board.
- Follow up w/ Sue Radwan – July Board meeting attendance
- Share with Service Committee the original issue briefs related to Environmental Sustainability policy – request the drafting as an Ends policy to be returned to GC
- Invite Sue Radwan to June or July Service Committee meeting to discuss Sustainability policy revisions

6.3 Topics for Next Meeting

Governance Process Policies (3.0-3.4)
Guidance on Sustainability Policy
CEO Expense Report
FY26 Committee/Bd Meeting Dates (Draft)
FY26 Proposed dates for Alt. Meeting location

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 4:36 pm.

Respectfully submitted by Deborah Holt

TheRide
Ann Arbor Area Transportation Authority

Service Committee Meeting Notes

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

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

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

Location: REMOTE – Via Zoom

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

Agenda Item
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) No additions or changes noted to the agenda. Ms. Pollay requested information on Express Route 104 to be included during the Service Report discussion or at the next Service Committee meeting. **1.2 Communications** No new communications.
2. POLICY MONITORING & DEVELOPMENT
3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 FY25 Q2 Service Report Mr. Brooks shared highlights of the FY25 Q2 Service Report. Fixed route boardings continue to increase, complaints have decreased and on time performance is 87%. He noted that currently 13 bus routes are experiencing detours so he anticipates that will impact complaints and on time arrivals in the next report. Flex Ride services experienced a challenging quarter with a 65% increase in overall trip requests which resulted in an increase in trip denials. Many of these denials occur over holiday weekends and staff are reviewing methods to ensure less last-minute cancellations and denials. The committee discussed the continuation of including D2A2 data ridership in the quarterly report. TheRide no longer has a contract for the service but will continue to include ridership data. The committee also discussed the inclusions of other adjacent services within quarterly service report The committee also discussed the continued growth in ridership and new initiatives and improvements that are being utilized to increase growth. Mr. Yang provided a brief update on the (new) 104 Express route – the first few months showed a weekly increase of 300 riders before plateauing. The route has maintained stable ridership through the last quarter.

3.2 Legislative Updates

Mr. Pfeifer provided updates from the May APTA Legislative Conference in Washington, DC. Several federal funding requests are under review.

The Michigan House is expected to pass a draft budget within the next month and progress continues to be monitored.

3.3 Hybrid Budget Approach

Mr. Carpenter shared an overview of a hybrid budget approach that is utilized during the annual budget development and approval process. This approach blends Policy Governance and elements of traditional budget processes which ends with the Board approval of the final budget.   He fielded questions from committee members related to the process and Board input.

The first draft of the Business Plan will be included in the June Board packet and be presented at the June Board meeting.

4. CLOSING ITEMS

4.1 Action Item Recap

- The committee requested an update / opportunity to visit U of M and learn more about their electric buses at U of M – Mr. Carpenter will reach out to the University.

- The committee requested staff look into the inclusion of ridership data for AirRide and other local adjacent services with future quarterly Service Reports.

- The committee requested updates on Express Route 104 ridership data and overall impacts from millage service increases.

4.2 Topics for the Next Meeting
Sustainability Policy Review

Future:
Environmental Sustainability Review
Determining Reasonableness

4.3 Adjournment

Mr. Barr thanked the committee and staff and adjourned the meeting at 4:24 pm.

Respectfully Submitted by Deborah Holt

TheRide
Ann Arbor Area Transportation Authority

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, June 10, 2025 - 3:00 – 5:00pm

Members: Mike Allemang (Chair/Treasurer), Chris Allen, Julie Grand, Georgia Valentine
Staff: Matt Carpenter, Dina Reed, Jeff Pfeifer, Rosa-Maria Kamau, 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 additions or changes noted to the agenda.   **1.2 Communications**   No new communications.
2. POLICY MONITORING & DEVELOPMENT
3. STRATEGY AND OPERATIONAL UPDATES
3.1 Hybrid Budget Approach   Mr. Carpenter presented information on the hybrid budget approach used for the annual budget development and approval process. This approach is a blending of Policy Governance and some elements of a traditional budget processes which leads to the Board approving a final budget in September. He fielded several questions from committee members related to the Board priorities and the budget process.   The first draft of the Business Plan will be presented at the June Board meeting.   **3.2 Intro to Draft Budget**   Ms. Reed provided an overview presentation introducing the budget development process. Staff are currently analyzing departmental budget requests, initial assumptions for the operating budget and capital budget development will begin mid-month and be shared in July. Potential impacts to revenue assumptions include higher than expected property tax revenue which may assist with offsetting lower estimations of state operating assistance and potential federal operating assistance changes. A presentation will be provided at the June Board meeting which will provide additional information on initial budget assumptions.

Ms. Reed also referenced the budget timeline and the next steps in the process. She fielded questions related to inflationary and funding impacts, security expenditures, and potential risks.

3.3 Legislative Updates

Mr. Pfeifer shared updates on the State Budget process and LBO funding recommendations. The state budget process will continue to be worked on over the summer.

In May, several staff and a board member attended the APTA Legislative Conference in Washington DC. The team were able to meet with several legislators with discussions focused on reauthorizations. Several funding requests are also in progress.

He also noted that the proposed federal public transit budget recommendations are favorable at this stage of the federal budget process.

4. CLOSING ITEMS

4.1 Action Item Recap

- The Business Plan will be sent out to the Board with the June Board Packet.

4.2 Topics for Next Meeting
Draft Budget Preview

Future Meeting:
Determining Reasonableness
Gas Tax information / update

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 4:35pm.

Respectfully Submitted by Deborah Holt

Governance Process Policies
(Policies 3.5 - 3.8)

Meeting: Board of Director's

Meeting Date: June 19, 2025

RECOMMENDED ACTION(S):
Monitoring

BACKGROUND:
• This survey provides a platform for Board self-assessment on Policies 3.5-3.8 of the Governance Process Policies – as such, it does not include a monitoring report from the CEO. Each Board member is invited to participate in a survey gauging how well the Board complied with its set policies.

ATTACHMENTS:
1. Governance Process Policies (3.5-3.8) Worksheet Results

WORKSHEET RESULTS:

Governance Process Policies (Policies 3.5-3.8)

Participants: (7) Board Members
Mike Allemang, Chris Allen, Simi Barr, Rich Chang,
Jesse Miller, Kathleen Mozak, Susan Pollay

Performance on reasonable interpretation and verifiable evidence		
		Please provide specific examples to support your response above.
Policy 3.5 CHIEF GOVERNANCE OFFICER ROLE The Chief Governance Officer (CGO), whom we call "Chair" assures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.	5 – Always 2 - Most of the Time	• On occasion another board member will, with consent, represent the board to outside parties, e.g. at city council meetings
Policy 3.5.1 The job result of the CGO is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.	7- Always	
Policy 3.5.1.1 Meeting discussion content will consist solely of issues that clearly belong to the Board to decide or to monitor according to Board policy.	1 – Always 6 - Most of the Time	• The board will dedicate time to discuss operational matters such as quarterly financials & service reports. • meeting discussions generally include items intended for board consideration • Impossible to do 100% of time • The board typically follows the agenda closely. On occasion, board discussion strays off topic.
Policy 3.5.1.2 Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.	2 – Always 4 - Most of the Time 1 - Some of the Time	• There have been a few times where conversation on a topic has gone astray. • Timely is subjective. • On occasion, the board goes on tangents.

Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

Policy 3.5.2 The authority of the CGO consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-CEO Linkage, with the exception of (a) employment or termination of a CEO and (b) where the Board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions in these policies.	6 - Always 1 - Most of the Time	• I don't understand the meaning of: "decisions that fall within topics covered by Board policies on Governance Process and Board-CEO Linkage". Also the CEO hire/fire exception, since there are many things that the CGO cannot do alone.
Policy 3.5.2.1 The CGO is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).	7 - Always	• Agendas are set and followed.
Policy 3.5.2.2 The CGO has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the CGO has no authority to supervise or direct the CEO.	7 - Always	• This wording is a bit confusing.
Policy 3.5.2.3 The CGO may represent the Board to outside parties in announcing Board-stated positions and in stating CGO decisions and interpretations within the area delegated to that role.	7 - Always	
Policy 3.5.2.4 The CGO may delegate this authority, but remains accountable for its use.	7 - Always	• The CGO did not delegate authority during this monitoring period.
Policy 3.6 **BOARD COMMITTEE PRINCPLES** Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to CEO.	5 – Always 2 – Most of the Time	

Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

Policy	Rating	Notes
Policy 3.6.1 Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.	6 – Always 1 – Most of the Time	• Over the last year the Board has delegated/tasked work to specific committees. This has proven beneficial in supporting the Board accomplish its work.
Policy 3.6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.	7 - Always	
Policy 3.6.3 Board committees cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.	7 - Always	
Policy 3.6.4 Other work groups will be used in an ad hoc capacity.	7 - Always	
Policy 3.6.5 This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.	7 - Always	

Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

3

Policy 3.7 **BOARD COMMITTEE** **STRUCTURE** Committees are intended to expedite work of the Board so that monthly meetings can be efficient and as advisory bodies. The full Board retains all decision-making powers. Committees are, therefore, empowered to: • Conduct detailed reviews of monitoring reports, and recommend acceptance or rejection to the full Board, • Conduct reviews of policy language and make recommendations for changes to the full Board, • Receive preliminary Strategy Updates from the CEO, • Discuss Ends policies, and • Advise the Board. Standing committees are arranged by function and have formal responsibility for monitoring certain policies which have been grouped by theme (governance, financial, service) so the committees can emphasize those subjects.	7 - Always	
Policy 3.7.1 Governance Committee A. Products: a. Plans Board annual agenda, retreat planning, etc. b. Monitors Governance policies and practices. Advise on possible changes to policy. c. CEO/Board relationship (annual evaluation, expenses, pay, etc).	7 - Always	

4

Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

d. Board Development & Self-Assessment (Recruitment, Orientation, Training, etc). e. Strategy Update (CEO seeks feedback) & Ends Discussion. f. Will have primary responsibility for monitoring governance-related Executive Limitations (Global Governance Process, Agenda Planning, Governing Style, Board Job Description, Board Member's Code of Conduct, Chair's Role, Board Committee Principles & Structure, Cost of Governance, Accountability of CEO, Monitoring CEO Performance). B. Membership: Chair of the Board, Chairs of other Committees. Chaired by Chair of Board. C. Term: One year		
Policy 3.7.2 Executive Committee A. Products: a. Limited emergency powers (Acting CEO Appointment, Urgent Purchases Only). b. Task-force appointments, one-off issues, Emergent Issues. c. Will have primary responsibility for monitoring Board-CEO delegation and other Executive Limitations (Global Board-Management Delegation, External Relations, Unity of Control, Delegation to CEO, Emergency CEO Succession). B. Membership: Elected Board Officers – Chair, Treasurer, Secretary. Chaired by Chair of Board. C. Term: One year.	4 – Always 2 – Most of the Time 1 - Never	• Some of these items are handled by the Governance Committee or occasionally by the CGO themselves (e.g. task-force appointments) • The Board has not needed to utilize the Executive Committee over this monitoring period. • Not aware it has ever done " monitoring Board-CEO delegation and other Executive Limitations (Global Board-Management Delegation, External Relations, Unity of Control, Delegation to CEO, Emergency CEO Succession" • We don't have a separate EC from the GC?

Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

Policy 3.7.3 Finance Committee A. Products: a. Assists Board by pre-vetting monitoring reports. Will have primary responsibility for monitoring finance-related Executive Limitations (Compensation & Benefits, Financial Planning/Budgeting, Financial Condition & Analysis, Investments, Asset Protection) b. Advise on possible changes to policy. c. Reviews quarterly Financial Reports. d. Strategy Update (CEO seeks feedback) & Ends Discussion. B. Membership: Appointed by Chair of Board (as per Bylaws). C. Term: One year.	7 - Always	
Policy 3.7.4 Service Committee A. Products: a. Assists Board by pre-vetting monitoring reports (See table for assigned policies). Advise on possible changes to policy. Will have primary responsibility for monitoring service and customer related Executive Limitations (Treatment of Riders, Treatment of Staff, Ends Focus of Contracts, Communication & Support). b. Reviews quarterly Customer Satisfaction Reports. c. Strategy Update (CEO seeks feedback) & Ends Discussion. B. Membership: Appointed by Chair of Board (as per Bylaws). C. Term: One year.	7 - Always	
Policy 3.7.5 Audit Task Force A. Products: a. Conduct annual Board audit of agency finances. B. Membership: Appointed by Chair of Board (as per Bylaws). Cannot include chair of Finance Committee. C. Term: One year.	7 - Always	• There was a successful Audit Task force during the monitoring period.

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Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

Policy 3.8 **COST OF GOVERNANCE** Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.	5 – Always 2 – Most of the Time	• The Board currently uses a Policy Governance contractor to provide guidance and support. Additionally, Board members are encouraged to attend PG Boot Camp and other trainings are offered. • A key aspect for new board members!
Policy 3.8.1 Board skills, methods, and supports will be sufficient to assure governing with excellence.	4 – Always 3 - Most of the Time	
Policy 3.8.1.1 Training and re-training will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.	3 – Always 3 - Most of the Time 1 - Some of the Time	• Opportunities are liberally available, though not necessarily liberally used • Have we ever trained candidates?
Policy 3.8.1.2 Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.	5 – Always 2 – Most of the Time	
Policy 3.8.1.2.1 Contracted auditing firms will be periodically rotated to maintain independence. Contracted auditors will serve no more than six consecutive years.	7 - Always	• Plante Moran was awarded a contract with the AAATA late Fall of 2024. • RFP process and interviews.
Policy 3.8.1.3 Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.	4 – Always 2 - Most of the Time 1 – Some of the Time	• The topic of efficient and effective ownership linkage is a matter of ongoing discussion. The inclusion of questions regarding ownership concerns in the biannual survey demonstrates progress regarding linkage with moral owners. • Over the monitoring period the OLTF completed a successful campaign to meet with local elected officials in Ypsilanti, Ypsilanti Twp and Ann Arbor. A regular cadance of meetings is planned to ensure the Board hears legal owner viewpoints and values. Last Fall, an on-board survey was

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Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

		conducted with riders on the fixed route buses and results were recently presented to the Board. This report provides moral ownership feedback and will help the Board when reviewing the Ends Policies later this year. The OLTF will be convening to strategize other ways to engage with the moral ownership.
Policy 3.8.2 Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.	6 – Always 1 - Most of the Time	• The Board has stayed within the parameters of it's budget for the FY.
Policy 3.8.3 The Board will develop its budget by June 30 each year to assure its inclusion in the overall budget.	7 - Always	• The Governance Committee reviews the previous years budget along with possible future expenditures and other financial considerations. With this information the GC develops a budget to recommend to the full Board for approval.

Additional context questions

1. ADDITIONAL CONTEXT ON OVERAL POLICY (OPTIONAL)

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

    15, 35, 35, 25, 20, 15, 30

8

Worksheet Results: Governance Process Policies (Policies 3.5-3.8)

FY26 Business Plan

Meeting: Board of Directors

Meeting Date: June 19, 2025

INFORMATION TYPE
Other

RECOMMENDED ACTION(S)
The CEO is seeking feedback from the Board on the latest Corporate Business Plan.

PRIOR RELEVANT BOARD ACTIONS & POLICIES
Policy 2.4 Planning/Budgeting

ISSUE SUMMARY

Each year, the annual budgeting process begins with the CEO seeking feedback on the FY2026 Corporate Business Plan. The Business Plan drives the forthcoming annual budget. The Business Plan is an important tool for alignment and transparency, helping to translate the Board's policy expectations for outcomes (Ends policies) into concrete, organized initiatives in a multi-year and strategic context.

The CEO will introduce the first draft of the Business Plan, lead discussions on important elements and changes, and ask the Board, the public and staff for initial feedback by July 14th. He will return with an updated Plan in July. Once finalized by the CEO, the Business Plan will be used as the basis for the annual recommended Budget. A Board decision on the Budget will need to happen in September.

Key highlights in this year's Business Plan include:
- Wholesale updates to strategic context in light of increased political, funding, and economic uncertainty,
- Explicit prioritization of the Board's Ends policies and corresponding reorganization of the Business Plan's goals from previous years,
- Responses to growing external financial uncertainty, but also preparing for a budget with _no_ recommended service or staff cuts, and _no_ fare changes,
- Continued focus on ridership growth, the long-range plan, and all major capital projects,
- New engagement in transit planning with outside partners both within and outside our service area,
- Continuation and re-labeling of environmental initiatives,
- A greater focus on costs while also continuing to advance important initiatives.

IMPACTS OF RECOMMENDED ACTION(S)

- Budgetary/Fiscal: The Business Plan is the foundation of the upcoming annual budget.
- Social: Illustrates progress towards Ends outcomes.
- Environmental: Illustrates progress towards Ends outcomes.
- Governance: CEO must present strategic workplan and recommended budget. Board approves annual budget.

ATTACHMENTS

1. Draft FY 2025 Corporate Business Plan (v1)

FY26 Budget Introduction

Meeting: Board of Directors

Meeting Date: June 19, 2025

INFORMATION TYPE:	
Decision Preparation	
RECOMMENDED ACTION(S):	
Receive for information an introduction to the operating and capital budget process for FY2026.	
ISSUE SUMMARY:	
This issue brief provides a primer to the FY2026 budget and the budget process. The Budget Introduction provides context for budget preparation and highlights initial assumptions for revenues and expenses with significant impacts on the budget. Further, it describes how the budget process ensures alignment with the Board's Ends, is compliant with state and federal requirements, and provides general industry (national and local) conditions that may impact budget assumptions. Additional information presented in July and August will provide more budget detail and be presented in the context of multi-year projections and opportunities and risks in the budget. This information is provided to ensure Board support for the recommended budget, presented for Board adoption in September.	
BACKGROUND:	
AAATA staff develop annual operating and capital budgets that further Board Ends within Executive Limitations and provides multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for each fiscal year before the fiscal year begins, which is 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 21st Board meeting. Final approval will be sought in September.	
PRIOR RELEVANT BOARD ACTIONS & POLICIES	
• 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.	
IMPACTS OF RECOMMENDED ACTION(S):	
• 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)	
ALTERNATIVE OPTION(S):	
Financial planning and budgeting are legally required, required by Board policy, and essential; there is no prudent alternative.	
ATTACHMENTS:	
1. FY2026 Budget Introduction 2. FY2026 Budget Timeline	

Attachment 1: FY2026 Budget Introduction

Introduction

The FY2026 Operating and Capital Budget (the Budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

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

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

Aligned with the Business Plan, the Budget provides funding to maintain transportation services to the communities we serve and provides for expansion of services, execution of the long-range plan and continuous process improvement. The Budget is a balanced budget that provides a plan for execution of the Board's Ends and the organization's highest priorities. Development of the Budget also considers impacts of economic and industry conditions and the impact on financial and operational plans. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and a five-year projection. The Budget supports the priorities and initiatives represented in the Business Plan.

Initial FY2026 Budget reviews and drafts provide assumptions of revenues and expenses needed to maintain current service levels (a base budget). The Budget Introduction does not include funding for new initiatives as decisions about priorities are still being evaluated. Approved initiatives will be recommended in the context of organizational priorities, available resources, and in the context of the Business Plan, as determined by staff evaluation and in consideration of Board discussions. Additional initiatives may be incorporated into future drafts of the budget, as funding allows.

Budget Overview

At this point in the budget development stage, staff are analyzing departmental budget requests and initial assumptions of the operating budget; this Budget Introduction discussion will be limited to information related to the operating budget. The Capital Budget development begins in mid-June and will be introduced for discussions beginning in July.
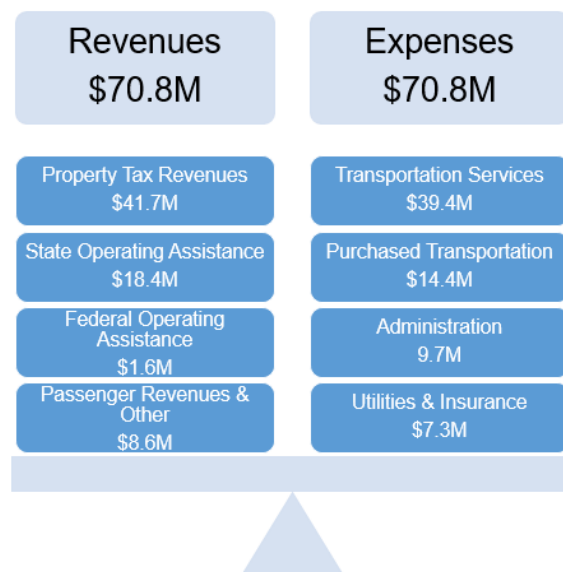
The budget will be balanced and provide funding to execute TheRide's highest priorities. Direct funding for transportation services makes up approximately 75 percent of total operating expenditures.

Initial Budget Highlights and Assumptions

The Budget Preview provides reasonably conservative assumptions to maintain current services and incorporates funding for service expansions approved by voters on August 2, 2022. Updated assumptions and funding for additional initiatives will be incorporated as the budget process continues.

The figure to the right provides an early glimpse of key revenues and expenses of the budget. Critical assumptions in the initial operating budget include:

- Operating full-service levels, based on full first year impacts of millage expansion of services
- More refined forecasting for property taxes and operating expenses, based on actuals from first year of millage operations
- Lower state operating assistance based on preliminary MDOT communications
- Annual inflation and insurance pressure
- Anticipates no fare changes
- Assumes no major increases in ridership
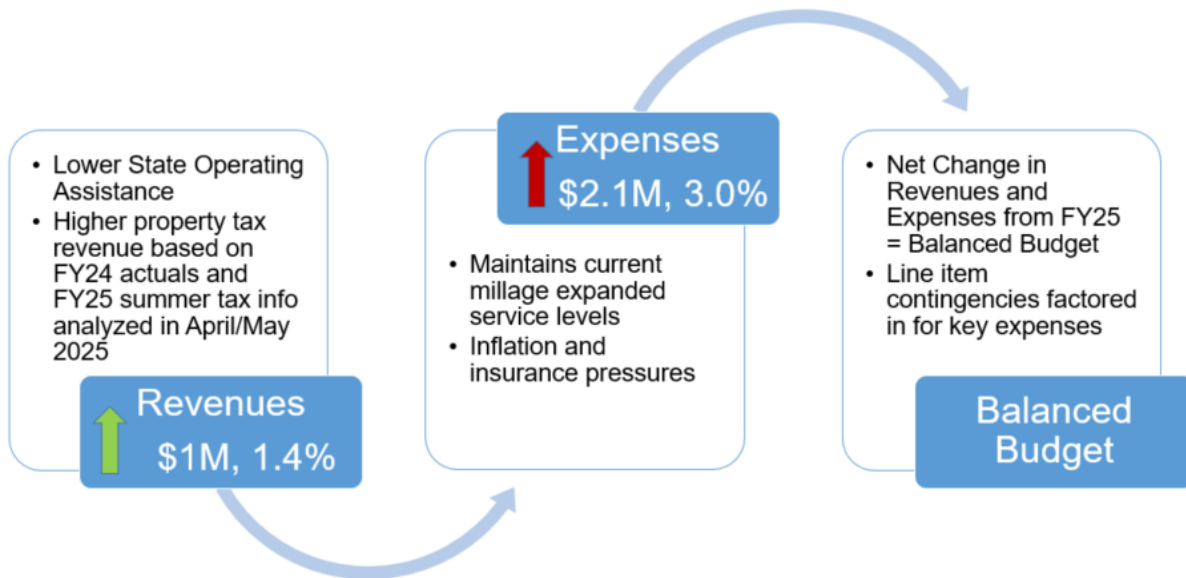- No reliance on capital funding for operations

Revenues $70.8M	Expenses $70.8M
Property Tax Revenues $41.7M	Transportation Services $39.4M
State Operating Assistance $18.4M	Purchased Transportation $14.4M
Federal Operating Assistance $1.6M	Administration 9.7M
Passenger Revenues & Other $8.6M	Utilities & Insurance $7.3M

The budget is "balanced" if revenues are equal to or exceed expenses. For FY2026, initial budget projections result in a balanced budget, with line-item contingencies factored in for key expenses.

Property tax revenues for FY2025 were budgeted conservatively at $37.5 million, as we hadn't yet collected our first season of property tax revenues of the new millage. Summer 2024 property tax revenues exceeded estimates and aligned closely with projections used during the 2022 millage campaign. Supported by refined forecasting from FY24 actuals and recent data from Washtenaw County, property tax revenues are now projected to be approximately $2.5 million higher than originally budgeted in FY25. Based on this updated information, the FY2026 property tax budget is being increased to reflect improved assumptions.

Since 1998, Michigan's State Operating Assistance program has covered at least 29% of eligible operating costs for local bus operations (we call this "LBO funding", or "State Operating Assistance" in the budget). For FY2026, the Michigan Department of Transportation (MDOT) has advised transit agencies to plan for a reduced reimbursement rate of approximately 26%, down from 29% in FY2025. Based on the current operating expense reduction this represents an estimated $2 million reduction in State Operating Assistance revenue. We will continue to monitor the state budget process, along with any information that MDOT provides, over the summer and make updates as is prudent and which avoid unnecessary risk. While this circumstance presents a challenge for AAATA, we are uniquely positioned among state transit agencies due to the strong level of support we receive from our community via property tax revenues. Property tax revenues are expected to help offset the reduction, ensuring service continuity and providing financial resilience. Should the State Operating Assistance rate return to historical levels, AAATA would regain more flexibility within its operating budget.

Preliminarily, FY2026 expenses are projected to be approximately 3% higher than the approved FY2025 budget. It is still early in the budget process and many assumptions leading into the budget process are yet to be reviewed and finalized, but this percentage is in line with historical operating expense projections over time.

- Lower State Operating Assistance
- Higher property tax revenue based on FY24 actuals and FY25 summer tax info analyzed in April/May 2025

Revenues
$1M, 1.4%

Expenses
$2.1M, 3.0%

- Maintains current millage expanded service levels
- Inflation and insurance pressures

- Net Change in Revenues and Expenses from FY25 = Balanced Budget
- Line item contingencies factored in for key expenses

Balanced Budget

In the initial phases of the budget process, FY2025 initiatives are removed from initial projections, assuming those projects are completed by the end of the current fiscal year. The preliminary budget for FY2026 is referred to as the "baseline" budget. Throughout June, the Finance Department will engage with departments to collect information, perform analysis, and review updated budget needs for maintaining "current service levels." These are defined as the expenses necessary to sustain existing, Board-approved services in a safe, efficient, and effective manner consistent with AAATA's core values. Departmental budgets represent fact-based recommendations developed by the staff who directly manage each area of operations. The Finance Department reviews and evaluates submissions to ensure that budgeted funds are allocated efficiently and aligned with organizational priorities.

The budget will be updated as staff recommendations are finalized. It is expected that revenues and expenses will change as more information is collected and reviewed. Key changes to assumptions and the budget will be provided in accordance with the budget timeline. The outlook for the budget is stable, and is supported by the existing millage, in place through FY2028.

Attachment 2: FY2026 Budget Timeline

<u>Figure 1: Budget Timeline</u>

1. Budget Introduction: Board of Directors Meeting June 19, 2025

An overview of the budget will be presented to introduce the strategic framework and key financial planning assumptions that guide its development. This introduction will also provide context on the external environment (political, economic, and intergovernmental) that is shaping the budget, and outline how these factors are being considered.

2. Preliminary Budget: Board of Directors Meeting, July 24, 2025

A more detailed draft of the budget, along with multi-year forecast, expanding on strategies and assumptions used in budgeting and financial planning to address the factors presented in the budget introduction.

3. Public Input Period: July 31, 2025—September 18, 2025

Federal regulations require a 30-day review and public input period for AAATA's capital program using Federal funds. Both the capital program and the operating budget will be available for public review and input starting July 31st, through budget adoption on September 18th.

4. Draft Budget Presentation: Board of Directors Meeting, August 21, 2025

The Board's budget inputs continue, and discussion will commence upon introduction of a draft budget by staff at Board Committees and the monthly Board of Directors meeting.

5. Public Hearing: Board of Directors Meeting, August 21, 2025

As required by state law, meaningful public input to the budget will be obtained through an official public hearing to run concurrent with the Board of Directors meeting.

6. Board Adoption: Board of Directors Meeting, September 18, 2025

Adoption of the FY2026 Operating and Capital Budget is required before any expenditures may be incurred on October 1, the first day of the new fiscal year.

YTC: Authorization for Next Steps

Meeting: Board of Directors

Meeting Date: June 19, 2025

INFORMATION TYPE
Decision

RECOMMENDED ACTION(S)

That the Board vote to authorize the CEO (by motion) to advance the next major steps of the project, including:
    A. Authorize the CEO to **submit grant applications** and funding requests as necessary to fund the project,
    B. Authorize the CEO to **begin detailed design/architecture and engineering,**
    C. Authorize the CEO to **enter land acquisition discussions** and **negotiate the acquisition of real estate** from the City of Ypsilanti (pending approval of Categorical Exclusion by FTA and final approval by the Board).

ISSUE SUMMARY

The CEO recommends that the Board grant him the authority to proceed with grant applications and funding requests, detailed design/architecture and engineering, and land acquisition negotiations for the redevelopment of the Ypsilanti Transit Center (YTC). The YTC is a top priority of the agency, and these steps are essential to keep the project moving forward.
 	
In May 2020, the Board approved policy **2.10 Construction** to control risks inherent in future construction projects. The policy sets out limitations on the CEO's authority, reserves decisions at certain key steps for the Board, and lays out the questions the Board wants answered before it grants its approval. The policy is intended to ensure that projects are well developed, key issues are clearly answered, and certain risks are addressed in early stages and before major commitments are made. The YTC is the first project to advance under this policy.
 	
Policy 2.10 requires the CEO to seek *explicit* Board approval *before* they can proceed with advanced stages of project development where the agency is committing significant resources or creating implicit commitments. Specifically, the CEO must receive Board approval before they:
    • **Submit applications for grants or outside funding** as this can raise political expectations,
    • **Proceed with detailed architecture or engineering** as these stages are more costly than earlier planning work,
    • **Conduct real-estate transactions** as land acquisition is a decision the Board has reserved for itself (policy 3.2.10) and carries significant opportunity and risk.
 	
The Board also articulated the questions it wants to see answered before it grants its approval for the issues above. Those questions require the CEO to present information on scope, need, funding, costs, risks, timelines, and other matters. If satisfactorily

answered, the Board should be comfortable granting approval to take the next steps in a construction project. Those questions and answers are provided in the attachment below.

BACKGROUND

The CEO is seeking Board authorization to advance the next major steps of the YTC project. There are three main elements of this request:

- **Funding** – submit grant applications and funding requests for property acquisition, design, and construction of the project;
- **Detailed Design/Architecture and Engineering** - staff anticipate conclusion of the NEPA phase of the project soon. To keep the project moving we need to transition to detailed design/ architecture and engineering;
- **Land Acquisition Negotiations** – upon completion of the NEPA phase of the project, staff desires to begin negotiations with the City of Ypsilanti on land acquisition needed for the project. While staff will negotiate the terms of the acquisition, the Board retains final authority to approve the decision (policy 3.2.10). The CEO will need to return to the Board with a recommended purchase agreement for final approval to make any real estate *purchase*, triggering another submission under policy 2.10.1.

The YTC project has reached a recommended schematic design for the new facility and surrounding site, which was released publicly for review and comment. Feedback from the public engagement period in April-May 2025 was largely positive, and staff feel that necessary modifications can be addressed in the next phases of design. 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 grant submission, land acquisition, detailed design development, construction documentation and administration, and construction delivery. Construction is still projected to begin in late 2026 or 2027, subject to funding. Opening could occur in 2028.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

Policy 2.10 (Construction) requires staff to receive Board authorization before submitting funding requests or grant applications, entering detailed architecture and engineering, or proceeding with real estate transactions.

Policy 3.2.10 (Real Estate Decisions) The Board has retained the final authority to make decisions on purchasing real estate.

The YTC project is included in TheRide 2045 Long-Range Plan, as well as numerous previous annual budgets approved by the Board. 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, April 17, 2025, and May 15, 2025, staff provided the Board of Directors updates on the YTC Project.

IMPACTS OF RECOMMENDED ACTION(S)

- Budgetary/Fiscal: The total budget for the YTC project remains unchanged as of this time ($23.3 million). Board approval of future year expenses will be sought as part of the annual budget process.
- Social: The first public engagement period for the YTC project ran from April 22 – May 22, 2024. Another round of public engagement occurred 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. The preliminary designs include many features to reduce environmental impacts.
- Governance: Board authorization required by Policy 2.10 Construction (grant application and funding requests, detailed design and engineering, real estate transactions). Board has final authority for real estate purchase (3.2.10).

ALTERNATIVE OPTION(S)
Withold or defer authorization

ATTACHMENTS
1. Policy 2.10 Construction– Policy Requirements and Responses

Attachment 1: Policy 2.10 Construction – Policy Requirements and Responses

The Board's Construction policy (2.10) lays out the information the Board wants to see before authorizing grant applications, detailed design and engineering contracts, and real estate transactions. The CEO's interpretation then groups that information into categories. Those categories and the CEO's responses are seen below:

1. ***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*

    a. **Scope**: A new Ypsilanti Transit Center, replacing the current inadequate 1990s facility with a modern transit building, utilizing the current location and portions of the adjacent City-owned parking lot. The facility will be reoriented towards the corner of Pearl and Washington Streets, and the platform will surround the new facility, utilizing a new diagonal bus drive aisle.

    b. **Key Elements**:
        i. New transit center building with a front entrance at Pearl/Washington corner, with the new facility over three times larger than the current one.
        ii. New bus drive aisle with rear facility entrance that will nearly double the number of bus bays.
        iii. Enhanced waiting areas and amenities for passengers, staff, and drivers.

    iv.   Modern facility design to better serve current and future customers and expand and improve operations

    c. **Alignment with Ends**: This project advances the Board's Ends to provide accessible, reliable, and equitable public transportation (policy 1.1) by replacing an outdated facility that no longer meets current capacity and accessibility standards. This larger terminal will allow future increases in frequency of bus service (1.0). The new facility will improve passenger experience (1.4) for all riders (1.1.1-1.1.3, 1.3.1-1.3.3) and operational efficiency (1.0), supporting ridership growth (1.0) and community connectivity. A superior experience will help attract new passengers (1.0, 1.2.1), enhance the agency's public image, and will likely positively impact the downtown area (1.5). This project is one of the primary capital projects highlighted in TheRide 2045, the organization's long-range plan.

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

    a. **Prioritization Rationale**: Replacing the YTC has been an organizational goal for over 10 years and has been highlighted as the top capital priority in AAATA's business plan, annual budget, and capital plan for the last several years. The current 1990s facility has significant capacity constraints that limit comfort, useability, and service effectiveness. This project builds on the 2018 Needs Assessment, suggesting a long-standing recognition of this need.

    b. **10-Year Capital Plan Impact**: This project is identified in the 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 Blake Transit Center, which are budgeted for separately. There are outside grants intended for terminals such as this.

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

    a. **Major Milestones**:
        i.   June/July 2025: Complete Phase II Schematic Design and NEPA
        ii.   Summer 2025: Begin next design phase, discuss land purchase with City of Ypsilanti, pursue competitive grants
        iii.   Fall/Winter 2025-2026: Detailed design and engineering, site plan review, permitting
        iv.   2026/2027: Finalize design and engineering, begin construction
        v.   2028: Open new YTC

    b. **Operating Lifespan**: Typical 30-40 year lifespan for transit facilities.

4. ***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?*

   a. **Capital Costs**: The 10-Year Capital Plan currently identifies the Ypsilanti Transit Center project totaling $23,381,374. The actions in this request do not change the total project costs.

   b. **Funding Strategy**: The YTC project received $7 million in congressionally directed spending from Rep. Debbie Dingell in 2023. Staff will seek additional federal and state funding to the extent possible for current unfunded portions of the project and that any remaining funding is assumed to be locally funded with Capital Reserve Funds. We are specifically pursuing an FTA 5339 grant for Bus and Bus Facilities.

   c. **Operating Costs**: Operating costs are driven by staffing, maintenance, and utilities. As this facility will replace an existing one, many costs will not be new. For example, staffing costs should remain about the same as staff transfer to the new building. We do anticipate higher costs for snow clearing and utilities. These costs should not be a significant increase. The new facility is expected to have higher operational efficiency compared to the ageing 1990s facility. Total maintenance costs for the new facility will be determined in later phases of the planning and design process. Lifecycle replacements of facilities are anticipated to be paid for with federal formula funds (capital) and included in the state of good repair capital budget. 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.

   d. **Impact on Other Services:** No adverse impacts on other services are anticipated as part of this project. The project is expected to improve transit operations at the YTC and accommodate future growth.

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

   No risks are anticipated at this time. The Categorical Exclusion with Documentation report identifies mitigation measures if certain challenges are encountered on the project – for example how to handle or dispose of soils that may have naturally occurring heavy metals; or what procedures must be followed if archeological artifacts are found during site excavation. The detailed design and architecture phase of the project, if approved by the Board, includes development and maintenance of a risk register. This document will continuously monitor potential risks and mitigation strategies as the design progresses.

   Through ongoing discussions with the City and residents, we have not been made aware of any significant public or political reservations with the project.

However, we can never say that all risks have been eliminated. Even with all reasonable due diligence, it is common for unexpected issues to emerge as a project becomes more serious. As this will be the first major construction project in downtown in many years, there is little recent history to help identify unexpected developments.

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

Extensive public and stakeholder engagement has occurred throughout the course of the project. Public engagement conducted in April-May 2024 was focused on possible site layout and orientation. Feedback received during this engagement led to the current site programming and facility layout. Public engagement conducted in April-May 2025 was focused on updating the public and stakeholders on the latest concepts and demonstrate how past input influenced the current configuration. Each of these public engagement sessions included in-person public open house sessions, online surveys, social media posts, notices on buses and at the YTC, and presentations at public meetings including the AAAATA Board of Directors, the City of Ypsilanti City Council, the City of Ypsilanti Planning Commission, the City of Ypsilanti Historic District Commission, and the Ypsilanti Downtown Development Authority. Additionally, countless staff meetings have been held with different departments of TheRide and the City of Ypsilanti.

FY25 Q2 Service Report

Meeting: Board of Director's

Meeting Date: June 19, 2025

RECOMMENDED ACTION(S)
Receive as CEO Operational Update.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
• 2.11.1.5 CEO shall not…Let the Board be unaware of…operational… [and] customer satisfaction metrics… • Appendix A: Informational Reports schedule specifies quarterly Customer Satisfaction and Service Performance reports in Oct, Nov, Dec
ISSUE SUMMARY
In accordance with the Board's Policy Manual, I present the Quarterly Satisfaction and Service Report for the second quarter of FY2025. I certify that the information is true and complete, with exceptions noted, and I request that the Board accept this as an operational update. This report includes currently available and reportable data/targets for Fixed Route, A-Ride/Paratransit, VanRide, and FlexRide services. Ridership continues to show strong year-over-year growth, particularly on Fixed Route and A-Ride services, further demonstrating the public's increasing reliance on transit as a primary mode of transportation. Fixed Route On-Time Performance has remained stable, reinforcing our reputation as a reliable provider. One notable improvement in this quarter's data is a 20% reduction in complaints per 100,000 boardings, decreasing from 1.25 in Q2 of FY2024 to 1.00 in Q2 of FY2025. This decline in customer complaints indicates progress in service quality and responsiveness and may reflect both internal efforts to improve customer service and rider communication, as well as external factors such as system familiarity or schedule reliability. The data from Q2 FY2025 illustrates a transit system that continues to recover and adapt amid changing regional travel patterns. Our service delivery teams remain focused on meeting current demand while preparing for future service enhancements that support continued growth. We remain committed to providing high-quality, dependable service to our community and will continue monitoring key performance indicators and rider feedback as part of our ongoing effort to adapt to evolving mobility needs.
ATTACHMENTS
1. Highlights Brief 2. FY 2025 Q1 Service Report

TheRide

Ann Arbor Area Transportation Authority
Operations Report
For the Period Ended March 31, 2025

Q2 Service Report

January - March 2025

Fixed Route

Fixed Route Measure	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025 Q1	FY 2025 Q2	Q2 24 - Q2 25
Revenue Miles	881,700	898,466	942,466	987,825	1,007,165	14%
Revenue Hours	68,416	68,600	77,169	79,241	79,453	16%
Operational Cost	$9,388,530	$10,357,970	$13,702,830	$12,053,030	$11,436,180	22%
Boardings	1,201,786	1,090,795	1,288,645	1,395,485	1,394,619	16%
Boardings/Revenue Hour	17.6	15.9	16.7	17.6	17.6	0%
Cost/Revenue Hour	$137.23	$150.99	$177.57	$152.11	$143.94	5%
Cost/Boarding	$7.81	$9.50	$10.63	$8.64	$8.20	5%
On-time Performance	86%	82%	80%	82%	87%	1%
Collisions (New Metric)	NA	NA	NA	74	76	NA
Avg Miles Between Road Calls	32,862	23,751	20,438	24,440	22,107	-33%
Average Age of Fleet	8	7.2	7.2	8.5	7.93	-1%
Complaints/100,000 Boardings	1.25	1.01	1.63	1.15	1.00	-20%
Compliments/100,000 Boardings	3.4	1.6	1.3	1.4	2.5	-26%

Boardings increased by 16% compared to Q2 of FY24, highlighting sustained year-over-year growth and continued success in attracting new riders to the system.

Complaints per 100,000 Boardings for Q2 decreased compared to Q2 of FY24, supported by a notable increase in ridership. This reflects improved service reliability and growing public confidence in the Authority's transit operations.
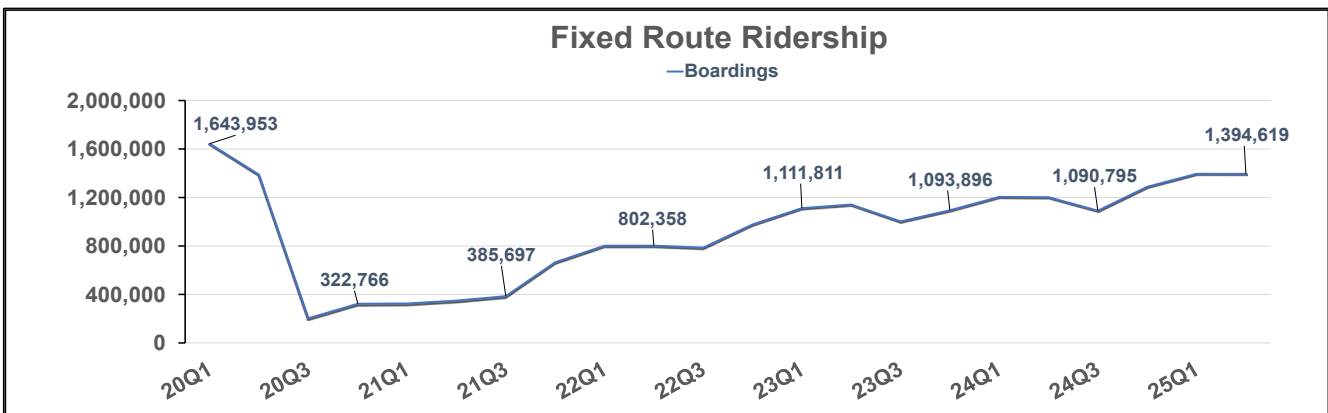
On-time Performance improved by 1% in Q2 compared to Q2 of FY24, reflecting steady operational focus despite the impacts of road construction season.

Preventable Accidents Injury/100,000 Miles Now Colllisions

Preventable accidents were previously defined as any incident that could have been avoided by a driver's actions. We are now also reporting on collisions to track how often our buses are involved in any collison.
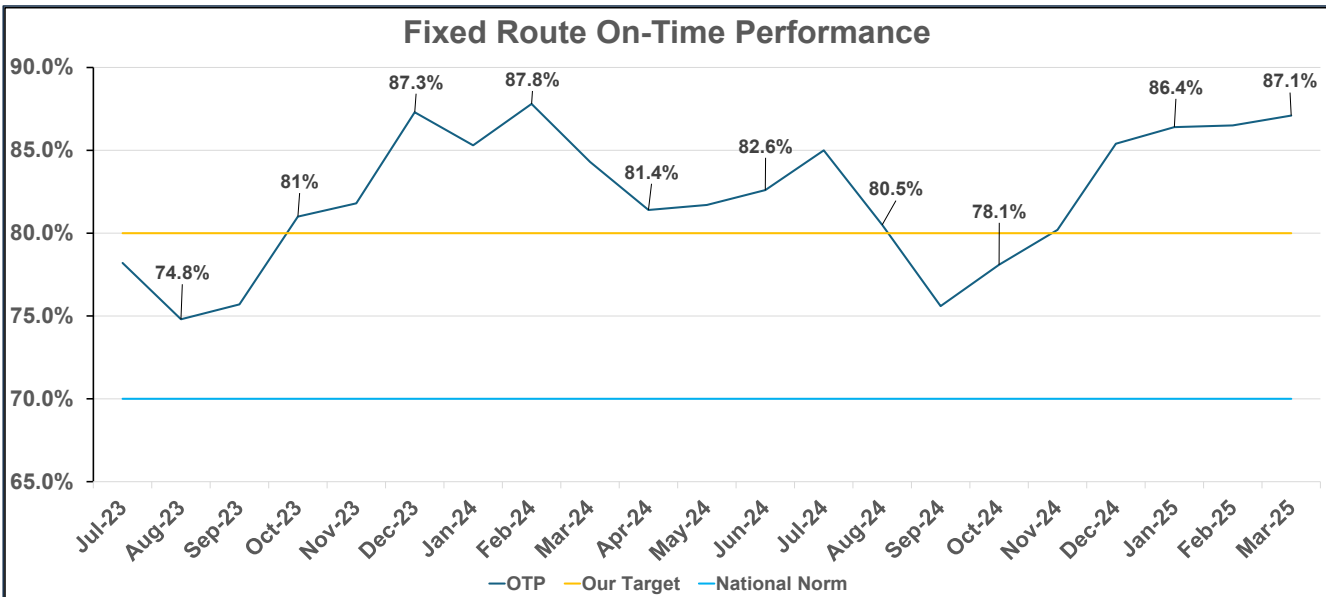
Fixed Route Ridership Comparison

Fixed Route Ridership
—Boardings

Data points labeled on chart: 1,643,953 (20Q1); 322,766; 385,697 (21Q3); 802,358; 1,111,811; 1,093,896; 1,090,795; 1,394,619 (25Q1)

TheRide

Ann Arbor Area Transportation Authority
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Q2 Service Report

January - March 2025

Fixed Route Cost Per Boarding

Cost/Boarding

Fixed Route On-Time Performance
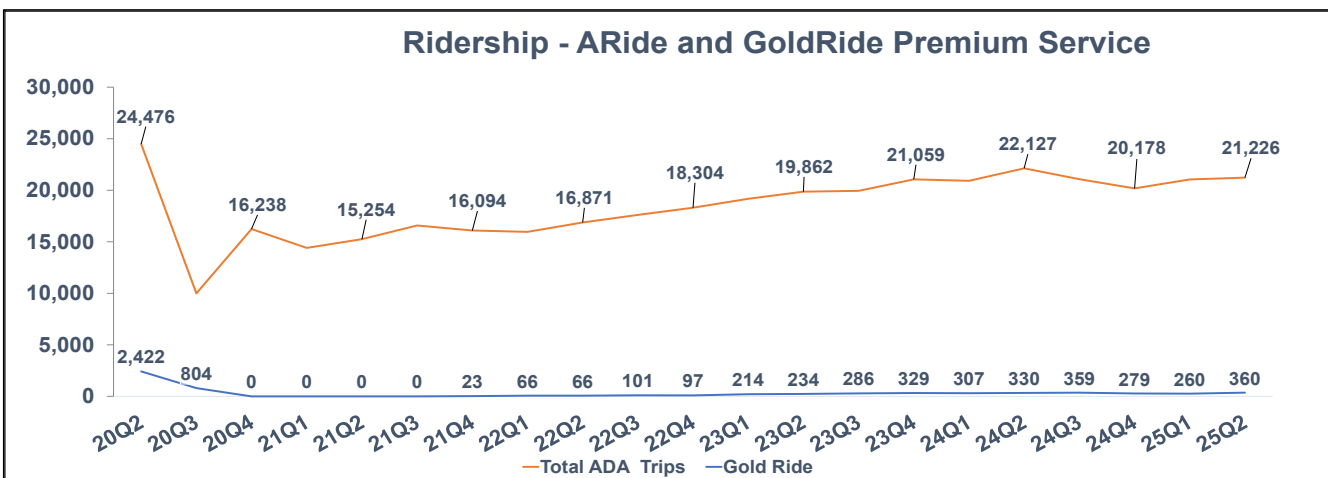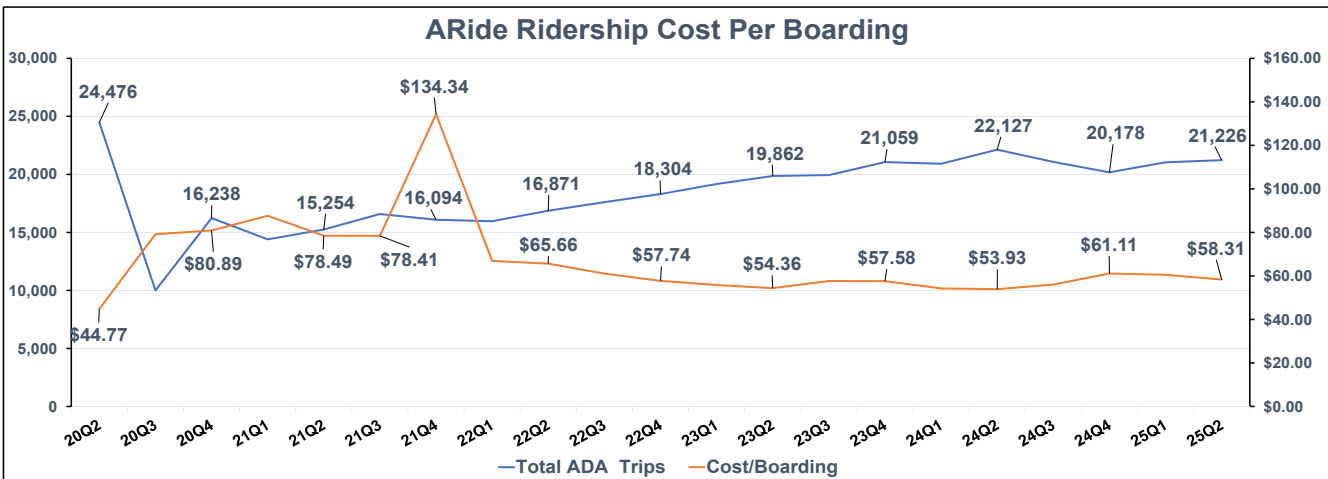

Fixed Route On-Time Performance

Q2 showed an improvement in Fixed Route On-Time Performance; however, Q3 may be negatively impacted by 13 routes currently on detour as we enter road construction season.

TheRide

Ann Arbor Area Transportation Authority
Operations Report
For the Period Ended March 31, 2025

Q2 Service Report

January - March 2025

Aride / Paratransit

ARide/Paratransit Measure	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025 Q1	FY 2025 Q2	Q2 24 - Q2 25
Revenue Miles	198,620	196,604	188,334	182,255	189,672	-5%
Revenue Hours	13,916	13,603	13,791	14,076	13,499	-3%
Operational Cost	$1,193,382	$1,180,821	$1,233,161	$1,232,389	$1,237,586	4%
Senior Trips	330	359	279	260	360	9%
Total ADA Trips	22,127	21,072	20,178	21,045	21,226	-4%
Cost/Revenue Hour	$85.75	$86.81	$89.42	$89.75	$91.68	7%
Boardings/Revenue Hour	1.61	1.58	1.46	1.48	1.57	-3%
Cost/Boarding	$53.93	$56.04	$61.11	$60.51	$58.31	8%
Ontime Performance with 30 Minute Service Window	98%	97%	98%	98%	96%	-2%
Complaints/100,000	49.7	75.9	42.8	33.3	18.8	-62%
Compliments/100,000	9.04	18.98	4.75	14.26	4.71	-48%
Trip Denials	0.00	2	2	3	2	NA
Total Trip Requests	22,457	21,433	20,459	21,308	21,588	-4%
Precentage Provided	100.00%	99.99%	99.99%	99.99%	99.99%	0%

Aride Ridership Cost Per Boarding

ARide Ridership Cost Per Boarding

Ridership - ARide and GoldRide Premium Service

TheRide

Ann Arbor Area Transportation Authority
Operations Report
For the Period Ended March 31, 2025

Q2 Service Report

January - March 2025

FlexRide

FlexRide	FY 2024	FY 2024	FY 2024	FY 2025	FY 2025	Q2 24 -
Measure	Q2	Q3	Q4	Q1	Q2	Q2 25
Operational Cost (Contractor)	$159,079	$161,265	$284,025	$278,295	$303,538	91%
Trips - East Service Area	2,219	2,163	2,361	2,618	4,751	114%
Trips - West Service Area	1,045	1,089	1,035	1,090	1,019	-2%
FlexRide - Late Night	2,490	2,475	2,881	3,062	4,305	73%
Cost/Boarding	$48.74	$49.59	$83.64	$75.05	$52.61	8%
Complaints	1	9	18	24	7	600%
Compliments	0	1	0	1	0	NA
Denials East	8	3	22	191	120	1400%
Denials West	5	2	11	32	16	NA
Denials Late Night/Holiday	24	41	244	162	151	529%
Boardings	5,754	5,727	6,277	6,770	10,075	75%
Trip Denials	37	46	277	385	287	676%
Total Trip Requests	3,301	3,298	3,673	4,093	6,057	83%
Percentage Provided	98.88%	98.61%	92.46%	90.59%	95.26%	-4%

FlexRide services have experienced a **68.5% increase** in overall trip requests since Via began operating the service in late August. In Q2 of FY2025, there were **10,075 total trip requests**, compared to **5,980 total trip requests** in Q2 of FY2024. While 287 trip denials were recorded—accounting for **2.8%** of total requests—this figure is not ideal but remains relatively low. Notably, the majority of these denials originated from the FlexRide Holiday service.
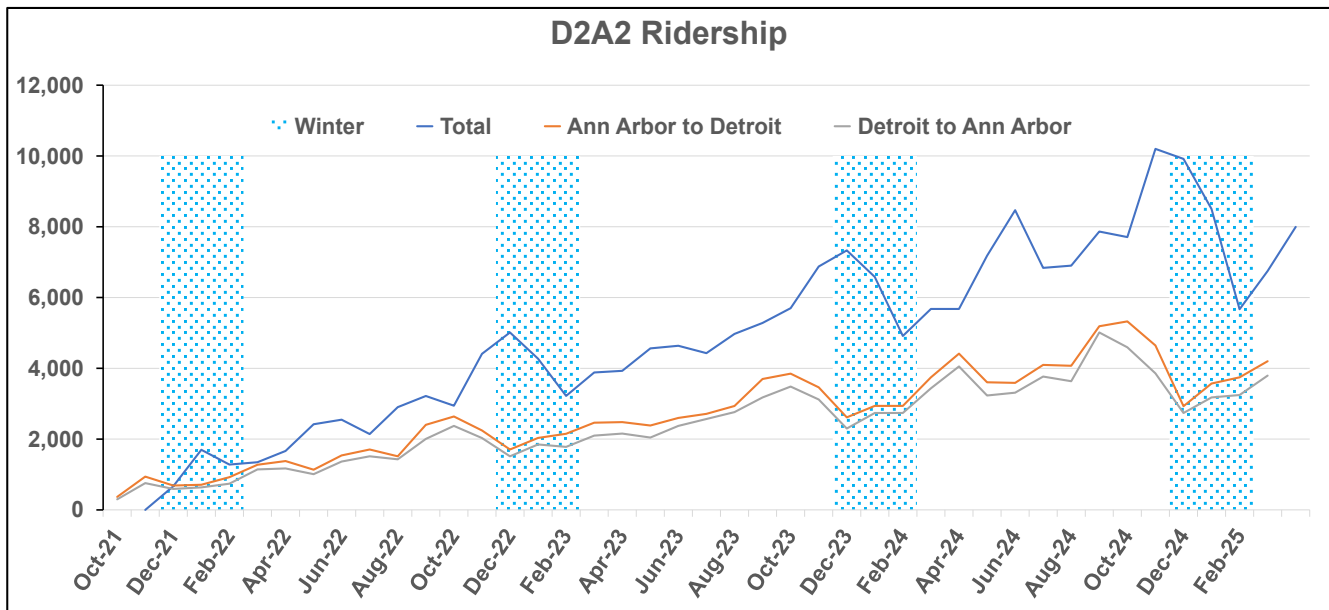

FlexRide Ridership
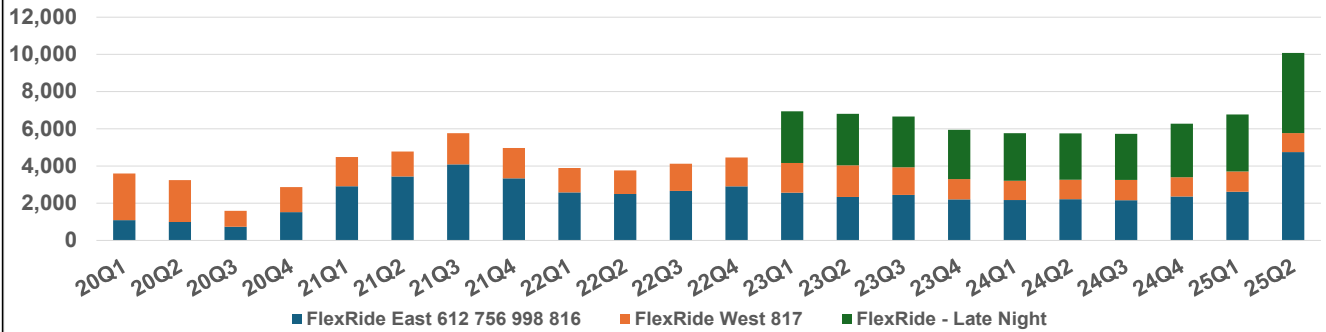
Legend: FlexRide East 612 756 998 816 | FlexRide West 817 | FlexRide - Late Night

Vanpool

Vanpool	FY 2024	FY 2024	FY 2024	FY 2025	FY 2025	Q2 24 -
Measure	Q2	Q3	Q4	Q1	Q2	Q2 25
Number of Vanpools at End of Quarter	104	122	108	112	120	15%
Number of Rider Trips Taken	46,860	44,060	46,854	47,781	54,942	17%
Avg Fuel Cost to Rider	$58.87	$63.56	$66.64	$55.46	$53.60	-9%
Avg Monthly Rider Miles	178,106	180,014	194,526	196,555	205,922	16%
Federal Subsidy/Rider Trip	$3.58	$3.14	$3.68	$3.67	$3.32	-7%
Rider Miles/Gallon	27.24	27.29	29.67	18.12	28.06	3%

Number of Vanpools at End of Quarter

Legend: Number of Vanpools at End of Quarter

TheRide

Ann Arbor Area Transportation Authority
Operations Report
For the Period Ended March 31, 2025

Q2 Service Report

January - March 2025

D2A2 Ridership
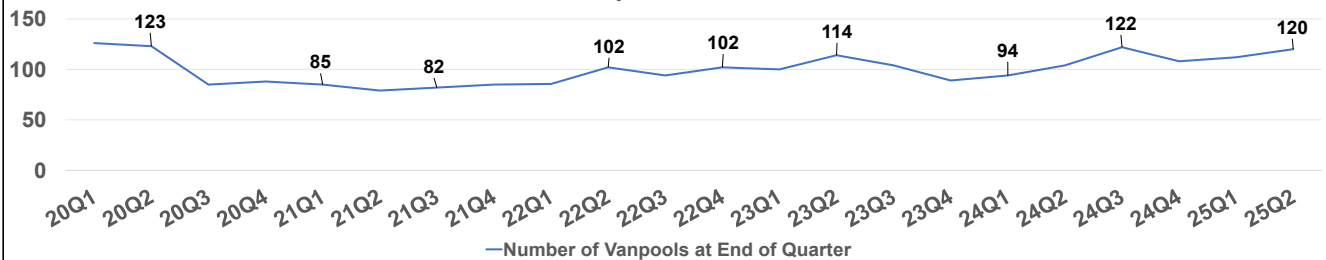
Winter is included to illustrate the seasonal impact of weather on ridership.

CEO Report

Meeting: Board of Directors

Meeting Date: June 19, 2025

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

YPSILANTI TRANSIT CENTER PLANNING
The second round of public engagement during this phase of the project concluded May 23, 2025. Feedback was largely positive, and necessary modifications can be addressed in the next phases of design. 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 complete 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 was 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 early as July. As is currently scoped, this will include land acquisition, design development, procuring a construction manager to deliver the project, construction documentation, and construction administration.

BLAKE TRANSIT CENTER EXPANSION
TheRide continues to work with the Ann Arbor Housing Commission (AAHC) and their codeveloper (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 be submitted with the transit-focused site plan for 350 S. Fifth. For the housing site plan, the project team held community engagement on June 4, 2025, ahead of their scheduled site plan application submittal on June 18. Staff from TheRide participated, and the team shared an early concept of transit improvements. No major concerns over the housing or transit designs were voiced by those who joined the engagement. The transit-focused site plan will likely be submitted later this

fall or winter. The AAHC would ideally like to start construction of the housing tower 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. The 4th Avenue detailed design work will likely restart this summer.

MICHIGAN TRANSIT AGENCY PEER EXCHANGE

The Planning and Innovation team has led the organization of meetings with other regional transit agencies in an effort to share best practices. The events are attended by TheRide, SMART, DDOT, MTA Flint, CATA, The Rapid, and TARTA. The first peer exchange was hosted in Detroit by DDOT in September 2024. The second event will be hosted in Grand Rapids by The Rapid on Juney 27, 2025. Topics of discussion range from scheduling to capital projects, among other topics.

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

In the budget year FY2022, a contract for Unarmed Security Guard Services was approved and a contract with American Guard Services (AGS) was executed. The contract term was for one-year plus 4 one-year options.

In FY2025, the contract with AGS was not extended. Therefore, on May 29, 2025, the CEO authorized a new contract with JHoman dba Lagarda Security. The contract term is for one-year plus 4 one-year options, The base-year value of the new contract is $926,740 and will be included in the recommended FY2026 budget.

OPERATIONAL UPDATES

TRANSIT OPERATOR RECRUITMENT & SERVICE

AAATA currently has an operator count of 193. The current MCO class began on May 27th, and another class is set to begin on June 17th. Recruitment and training efforts remain active and ongoing, with an additional class projected to begin on July 1.

OPERATIONS EMPLOYEE MILESTONES

Congratulations to Francis Borzo, who recently achieved 46 years of service with TheRide and Bill Fowler, who just reached 34 years of service. Additional milestones in Operations include Frank Chrzanowski and Chris Glenn with 15 years, Katriena Hatter, Judy Roberson, Anthony Nonis and Thomas Byrne with 10 years.

LOCAL ADVISORY COMMITTEE (LAC)

The LAC met on May 8th and received regular updates from AAATA staff and Board Chair Kathleen Mozak. The LAC meetings for July and August have been canceled.

ANN ARBOR CITY COUNCIL

AAATA will be presenting to the Ann Arbor City Council on Monday, June 16th.

TRANSPORTATION COMMISSION (ANN ARBOR)
The commission met on May 21st, where the City of Ann Arbor Comprehensive Land Use Plan was discussed. The next meeting is set for June 18th.

WATS POLICY COMMITTEE UPDATE
The May WATS Policy Committee meeting was canceled. The next meeting is set for June 18th.

ROOF PROJECT AT DGOC
The Fleet Roof/HVAC Construction Project began on March 17th and progress continues with the project being 90% complete. Division 7 is scheduled to finish work on the lower roof next week, weather permitting.

HVAC 6-10-25 2

Roof 6-10-25 2
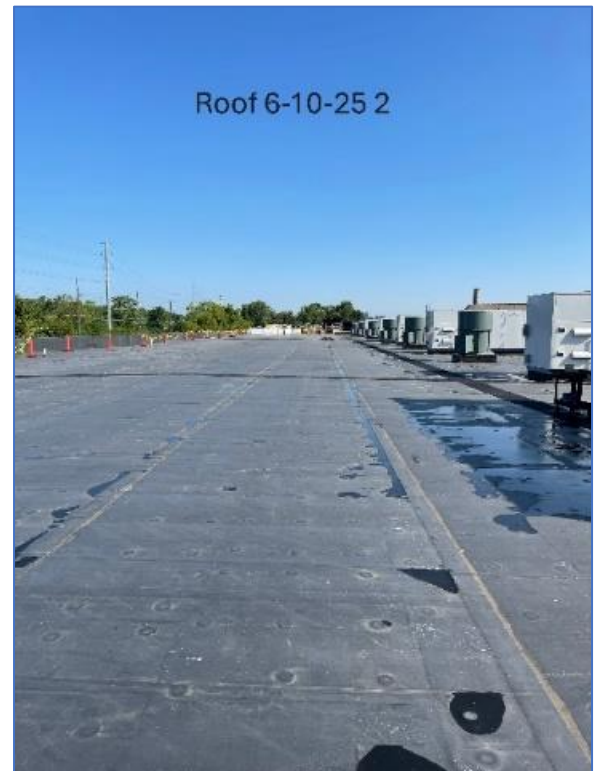
BUS STOP AMENITIES

TheRide's facilities team is moving forward with FY25 bus stop amenities installations – approximately 36 stops will receive concrete pads and lead walks this year.

LEGISLATIVE UPDATE

APTA LEGISLATIVE CONFERENCE
AAATA Staff and AAATA Board Member Jesse Miller attended the APTA Legislative Conference in Washington DC May 18-20. Meetings were held with Sen. Peters, Sen. Slotkin, Rep. Dingell, Rep. Barrett, and Rep. McClain's offices. A wide range of items were discussed,

including introductions, YTC updates, as well as ideas for Reauthorization ideas. AAATA staff will provide an additional verbal update at the board meeting.

EMPLOYEE AND COMMUNITY ENGAGEMENT

COMMUTER CHALLENGE
TheRide and getDowntown program's annual month-long Commuter Challenge ended on May 31. The Challenge was run 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. The Challenge saw 644 people participate, and over 12,000 sustainable trips were logged. Additionally, there were 329 first time participants to the Challenge. Congratulations to U-M ADVANCE Program, U-M Office of Campus Sustainability, Mathematical Reviews, and U-M Center for Academic Innovation for winning the workplace challenge.

COMMUNITY EVENTS
TheRide participated in the opening weekend of A2Summer Streets on Sunday, June 8. Staff from TheRide brought a bus and hosted a "Get to know the bus" event, allowing riders and potential new riders to get on board and learn how to ride.

FREE RIDE WEEKENDS WITH LIBRARY CARDS

TheRide, in partnership with the Ann Arbor District Library and Ypsilanti District Library, is once again offering free ride weekends with your valid library card. Every Saturday and Sunday from June 14 – August 24, riders can show their driver their valid library card when boarding the bus and ride for free as part of the AADL Summer Game and YDL Summer Challenge.

MARKETING UPDATE

In late July, TheRide will be launching a marketing campaign focused on increasing ridership; maintaining existing riders and attracting new riders. The campaign will focus on the community ownership perspective, while homing in on individualized needs as well. Below is an example of part of the campaign focusing on "It's your money," while showing the benefit of using public transit with a cost savings focus. What would you do with an extra $650 a month you'd save by taking the bus?

FY 2026
Corporate
Business Plan

Table of Contents

Table of Figures

1. Executive Summary

TheRide's strategic circumstances have changed. Before the pandemic we were focused on internal improvements, and the external environment was favorable and stable. Today in 2025 the circumstances have reversed; internally we have never been stronger, but our external environment has become chaotic and unpredictable. Political conflict is roiling our largest fundings partners, the state and federal governments, and there is the potential for funding cuts or macroeconomic disruptions. In addition, security needs and ridership growth continue to be important.

In order to best pursue the Board's strategic goals (Ends policies), our Executive Team (CEO and Deputy CEOs) have fully updated our annual Corporate Business Plan with a new assessment of our strategic situation, updated initiatives, and have begun repositioning the agency for an less certain future.

The FY2026 Corporate Business Plan outlines initiatives for the next twenty years. Most of these initiatives are the same from FY2025, but with greater emphasis on economic uncertainty and risk management. The Business Plan provides an opportunity for the Board, staff, and the public to have a dialogue about *priorities* before the budgeting process adds details. **Everyone is invited to provide feedback on these initial proposals and help build a better Business Plan.** The finalized Business Plan forms the foundation for building the detailed budget that staff recommends to the Board later in the year. Looking forward, we expect to continue to provide all the same services in the coming year, with no fare increase, and no changes to staffing levels. We also intend to continue to advance numerous capital projects as outlined in the long-range plan, TheRide2045.

Initiatives and projects into the three categories:
1. **Excellence in Service Delivery & Customer Retention**
2. **Attract New Riders & Increase Ridership**
3. **Continuous Improvement**

This Business Plan is a DRAFT piece shared with staff, the Board, and the public, to provide an opportunity to review projects, and provide feedback before this work is incorporated in the budget. Feedback on any of the initiatives in this document, can be sent to tellus@theride.org.

2. Strategic Planning & Alignment

At TheRide our Board of Director sets the direction through written policies[1]. The CEO then creates an annual Corporate Business Plan to organize and align the agency's limited resources in order to achieve the Board's goals. As a public document, it allows transparency into the agency's thinking, priorities, plans and projects. TheRide's goals-setting and strategy development process is outlined in the figure below, with full details in the appendix.

Board's Goals		Business Plan		Execution
• Strategic Outcomes (Ends) • Executive Limitations (ELs)	→	• Strategic Planning • Appropriate Initiatives	→	• Annual Budget • Project implementation

2.1 Corporate Goals & Priorities

The Board of Directors defined the goals the CEO is to achieve (i.e., Ends Policies[1]). These are the same policies the Board has used for several years, and an update is anticipated in 2025/2026.

To date, the Board has implicitly allowed the CEO to use their professional judgment to prioritize these goals. Prioritization always happens whether consciously or not. Organizations can do a few things well or many things poorly, and prioritization is the difference. This year's Business Plan makes the CEO's prioritization explicit. The following pages document how the CEO ranks the Board's Ends.

The CEO wants to emphasize that this ranking is *loose and flexible*; the Business Plan tries to advance *every* goal at least somewhat each year, while rotating attention to pursuing the best opportunities as they arise. All of the Board's strategic priorities (i.e., Ends Policies) are important but they cannot each receive staffs' full attention at the same time. With limited resources, organizations must prioritize their goals to focus their attention and make progress.

When we know all our goals, we can be constructively opportunistic and take the greatest advantage that circumstances present to us. For example, in FY2025 there were major efforts around reducing bus emissions. Those efforts were successful and now require focus on implementation. With less funding available in FY2026, we will shift attention to other opportunities.

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[1] The full Ends policies can be found in the appendix.

The CEO's prioritization of the Board's Ends Policies are illustrated below.

1. **High - Institutional Stability, Existing Services & Transit-Dependent Customers**
   Maintaining institutional stability, existing services, and infrastructure, to ensure service for existing customers and vulnerable populations.
   a. **Institutional Stability** – The agency must continue to be able to deliver results.
      i. **Public Support (1.5)** – Public and political support, not necessarily from special interests. Competence and social mission.
      ii. **Value and Efficient Stewardship (1.0)** - With limited resources we must be cost-effective to create the greatest value for the largest number of people.

   b. **Excellence in Service Delivery & Social Mission Populations** – Our product must be high-quality: If we cannot retain riders, there is little point in making the effort to attract new ones. This also directly benefits the transit-dependent populations identified in the Ends. Most of our staff, resources, and energy (90%+) goes towards delivering daily services.
      i. **Serving Low-Income Residents (1.1.1)** - Residents who cannot afford to drive.
      ii. **Serving Others who Cannot Drive (1.1.2)** - People with disabilities, seniors, youth and non-English speakers, especially those who rely on transit due to income.
      iii. **Economic: Workers, Students, Shopping, etc. (1.3, 1.3.1 & 1.3.2)**– Workers and students. Allows social/economic mobility and access to personal betterment, especially those who rely on transit due to limitations (see above).
      iv. **Customer Satisfaction and Feeling of Safety (1.4 & 1.1.3)** - Descriptive qualities of an attractive transit service, not outcomes themselves.
      v. **Equitable & Full Participation (1.1)** – Important but hard to define. Largely demonstrated by existing services for transit dependent. (Asking the board to unpack both in 2025.

2. **Mid – Attracting new Riders**
   Attracting new riders through service/infrastructure expansion or increasing demand via policy. Longer-term goals or less control.
   a. **Increasing Ridership (1.0)** – Means either increasing trips by the poor (difficult) or attracting people from cars (difficult).
   b. **Attracting Car Users to Transit (1.2.1)** – Key to many social goals (e.g., increased density, fewer cars, etc.). Difficult due to preferences for cars. Increased frequency is key. Have other means to travel so lower priority than transit dependent.
   c. **Reducing Pollution (1.2)** – Attractive drivers out of cars is the primary means for transit to reduce emissions. Reducing our own emissions also fits here.
   d. **Supportive Public Policy (1.2.3)** – Advocating for transit-supporting local, state and federal decisions.
   e. **Land Development (1.2.2)** –An example of public policy (1.2.3 and 1.2.1). Related to frequency. Advocacy item.
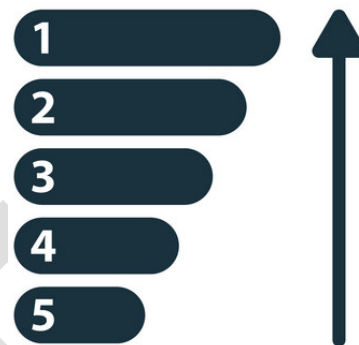
3. **Low – Agency emissions, visitors, Metro Detroit**
While important and board-directed, these value-added improvements have complications that make them lower priorities. Pursued, if they do not detract from other goals.

   a. **Agency emissions (EL 2.11**) – Worth noting as it may become an Ends policy. Our own pollution footprint is relatively small, technology is expensive and unproven, and expanding ridership holds more impact. Pursued as resources permit.

   b. **(Recreational) Visitors (1.3.3)** - By definition, non-residents from outside our taxing area. If TheRide's goals for outside commuters (work & school) are addressed under 1.3.1 and 1.3.2, and 1.1 (social goals) only applies to *residents*, then only visitors' recreation trips are left. Non-essential travel for non-residents that do not contribute property taxes seems like it should be a lower priority. While we do a lot of this, it is incidental to our higher priorities.

   c. **Connections with Metro Detroit (1.3.4)** – TheRide's Ends focus is *within* "the Ann Arbor-Ypsilanti Area" which is also our taxing jurisdiction. Travel to/from metro Detroit is technically the purview of the RTA, whose taxing area covers all of Washtenaw County and metro Detroit. TheRide's role here is likely proactive advocacy.

Table 1:Priority of Ends Policies

Policy #	High	Mid	Low
1.0 Grow ridership, value & stewardship	X	X	
1.1 Equitable access & full participation	X		
1.1.1 Affordability for low-income	X		
1.1.2 Accessibility for all abilities, ages, languages	X		
1.1.3 Prospective riders feel safe	X		
1.2 Positive environmental impact		X	
1.2.1 Chosen over the car		X	
1.2.2 Support compact land development		X	
1.2.3 Outside policy is supportive		X	
1.3 Positive economic impact	X		
1.3.1 Workers use transit	X		
1.3.2 Students use transit	X		
1.3.3 Visitors use transit			X
1.3.4 Connect with Metro Detroit			X
1.4 High customer satisfaction	X		
1.5 All residents recognize transit's contribution	X		

2.2 SWOT

Our next step is for our Executive Team to update our understanding of the context in which we operate. This is done through a SWOT table (Strengths, Weaknesses, Opportunities, Threats) below.

Table 2: SWOT Table

|	FAVORABLE	UNFAVORABLE
INTERNAL	**Strengths: Favorable Internal Factors** -Strong financial position and (relatively) stable funding. No pension, infrastructure liabilities. Funded reserves. -Board and Executive leadership aligned. Clear direction, accountability. Can make hard decisions. -Ability to prioritize, make trade-offs & stay focused. -Clear vision with the Long-Range plan. -Strong staff team and capable workforce. -Strong services, potential for ridership growth. -Growing ability to influence outside decisions. -Ability to increase capacity through staff development.	**Weaknesses: Unfavorable Internal Factors** -Cannot expand fleet or services until garage space expands. -Inadequate funding for all of Long-Range Plan (garage, terminals, BRT) -Organization's capacity limits & large workload require careful prioritization, staggering activities, & trade-offs. -Staff training programs under-developed. Skills gaps limit capacity. -Oversight of passthrough grantees. -Deployment of new technologies. Outdated legacy systems.
EXTERNAL	**Opportunities: Favorable External Factors** -Good reputation and strong community support. -Under-tapped rider markets: UM enrollment/population growth, schools, bulk fares, LRP projects, bus lanes, park n ride, etc. (work ongoing) -Transit-friendly plans & policies have the potential to support agency's mission. -Availability of competitive grants for capital projects. -New technologies can improve customer experience and productivity. -Ample passenger capacity in off-peak hours - could increase ridership without increasing costs. -Strong state and national advocates (MPTA, APTA). -New directions for customer marketing -Opportunities for cost-efficiencies to explore.	**Challenges/Threats: Unfavorable External Factors** -Uncertainty of federal & state funding; direct cuts or cascading impacts of cuts in other sectors. -Economic uncertainties: inflation, tariff disruptions, recession, debt. -Security at terminals. -Unmet social issues spill into transit spaces. -Work-from-home, e-commerce undermine demand for transit (nationwide). -Local funding restricted to 5-year property tax millages (property taxes are overused). -Outside agendas may distract from core opportunities. -Road control, e.g., Bike vs. Bus lanes may influence how people choose to travel. -Growing expectations exceed resources (Federal downloading, local desires, internal opportunities). -Labor market challenges and costs. Labor expectations (TBD).

1.3 Ridership Trends

Ridership is perhaps the most important measure of performance for a transit system. TheRide's ridership continues to grow after the COVID pandemic (see below) albeit in part because of increased services and higher costs.

We are mirroring national trends and on track based on forecasts for ridership made in 2022. However, work-from-home and e-commerce trends are clearly here to stay as evidenced by unusually high downtown commercial vacancy rates. Ridership levels in most cities have not yet reached pre-pandemic levels due to changes in the demand for travel. Commuting 5 days a week requires consistent habits. Less frequent or sporadic commuting encourages sprawl and use of personal cars, working against transit use. TheRide, like many agencies, has increased off-peak services to attract new markets beyond downtown/student commuters although those markets also continue to be important. In effect, US society has become even more deconcentrated, reducing one of mass transit's competitive advantages – lower-cost access in congested environments. The industry is not so much *recovering* as it is *rebuilding* ridership from a new starting point.

The figure below illustrates projected ridership from the Long-Range Plan. Milestones and major initiatives are also illustrated. This forecast is aggressive but also realistic. The green star illustrates the most recent annual ridership levels.

Figure 1: Ridership Projection (2022) and FY 2024
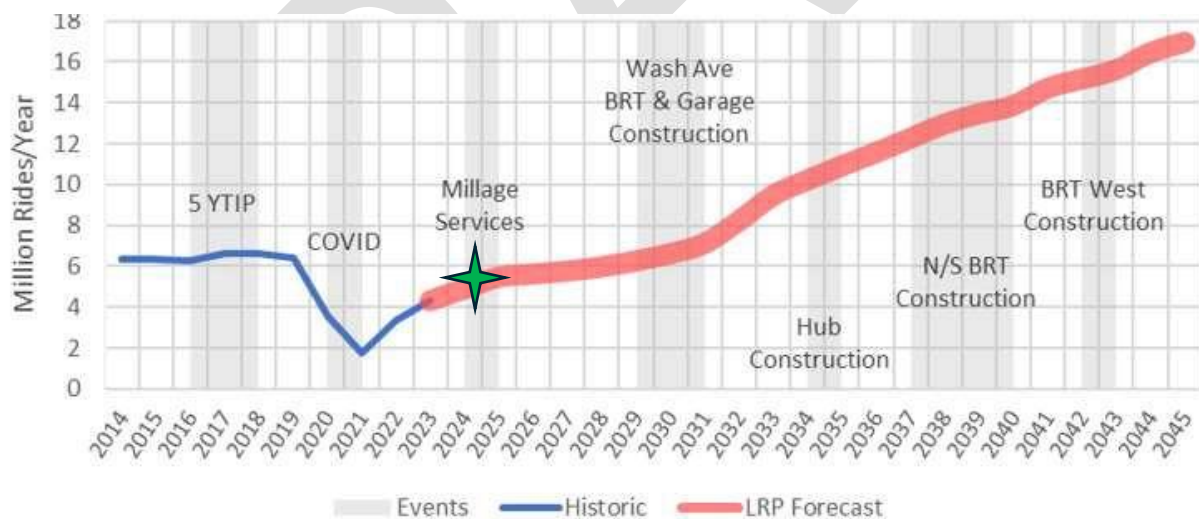
1.4 Strategic Context & Conclusions

This section offers conclusions and key observations about TheRide's strategic position and the reposition necessary to continue to be successful.

- **A New Reality:** TheRide's strategic situation has changed. Before the pandemic we

were focused on internal improvement while the external environment was favorable and stable. Today in 2025 the circumstances are reversed; internally we have never been stronger, but our external environment has become chaotic and unpredictable. Political conflict is roiling our largest fundings partners, the state and federal governments, with the potential for funding cuts or macroeconomic disruptions. Risks are increasing, forcing us to be clearer on our priorities and prepare for a world with less resources. For reasons beyond our control the future is much less certain.

- **Relative Financial Stability:** Across the nation many transit systems are facing dire financial circumstances that will come to a head in 2025/2026. TheRide is not among them. Due to sound fiscal management, we are not facing immediate financial challenges, although external challenges still loom.
- **Economic Uncertainty:** Through 2030, there is an increase in macroeconomic uncertainty due to political decisions. Of particular concern are federal and state funding, inflation, a recession, the next 5-year federal transportation funding bill, and the implications of the federal debt. While we do *not* face to immediate fiscal cliff in FY2026, out of an abundance of caution, TheRide will begin putting greater emphasis on cost-effectiveness, value, and cost control. We will continue to work to advance key priorities, but with greater concern for being able to sustain basics services in the longer term.
- **State and Federal Funding Uncertainty:** In mid-2025 the State will finalize its annual budget which will have important implications for TheRide's operating budget. In later 2025 the US federal government will begin negotiations on the next 5-year surface transportation funding bill, a cornerstone of transit funding nationwide.
- **Rebuilding Ridership:** Changes in the demand for travel (i.e. work-from-home and e-commerce) have changed the markets for mass transit. To the greatest extent possible without jeopardizing existing riders and services, TheRide will continue to pursue attracting new riders to the fixed-route service.
- **Maintain Focus on Ends and LRP:** TheRide's goals (Ends) and major strategies and tactics have not changed in the previous year, although the CEO's prioritization of the Board's End policies provides additional transparency. The Board may update their Ends in the coming year.
- **Safety & Security:** Recent security incidents have emphasized the importance of ensuring that customers feel safe when considering transportation options. This has become a high priority.
- **Social Goals:** TheRide will continue to pursue goals such as full participation in society and environmental action. However, shifting federal and state requirements and funding are creating uncertainty and making commitments difficult.
- **Prioritization & Organizational Capacity:** Numerous projects were completed or begun in 2025, and all earlier projects will continue in development. However, given limited organizational capacity, the Executive Team has limited the number of new projects and rescheduled several to reduce pressure on staff. While daily operations will continue to be the highest priority, we will continue to advance our numerous change initiatives, although we need to be realistic about what the workload the organization can handle.

3. Projects & Initiatives: Repositioning for Continuity

To respond to the new strategic circumstances described above, TheRide's Executive Team (CEO & Deputy CEOs) have adjusted our Business Plan to put greater emphasis on identifying priorities, preserving existing services, and exploring financial options, while still pursuing pursuit of the Board's goals (Ends) and the long-range plan projects. The projects and initiatives outlined below cover the next 20+ years and illustrate the key steps TheRide will take to advance the Board's goals. The initiatives reflect the CEO's prioritization of the Board's goals, the agency's environment, and available resources. All initiatives are organized into one of three categories:

1. **Excellence in Service Delivery & Customer Retention**
   A. **Operational Excellence**
   B. **Financial & Administrative Excellence**
2. **Attract New Riders and Increase Ridership.**
   A. **Long-Term Infrastructure for Ridership Growth**
   B. **Service Enhancements**
   C. **Influence Demand for Transit**
3. **Continuous Improvement**
   A. **Team and Staff Development**
   B. **Internal Effectiveness & Efficiency**
   C. **Sustainability Planning**

The following Work Plan lists major initiatives, changes, and activities that will advance the Board's stated goals. These projects have been developed using the planning tools found in the appendix.

Mission Focus & Project Types
Every initiative should be advancing a Board goal or policy. In addition, there is a certain amount of work required by law, outside regulators or funders, or the realities of maintaining an organization and team healthy enough to continue advancing the agency's mission. Each project below references the key Board policies they advance. To learn how initiatives are vetted and selected, please consult the appendices.

Capital projects include expenses for fixed equipment, buildings, vehicles, equipment, durable goods etc., as well as the staff time needed to implement those projects. This category includes large projects such as zero-emissions propulsion systems and bus rapid transit services, as well as small items like computer hardware and desks. **Operating** expenses are everything else that is not capital, such as staff time (salaries and benefits), fuel, insurance, training, rentals, contracted services, legal fees, etc. Projects are categorized by their primary expense.

Timelines & Perspective
All the recommended projects are laid out in a multi-year sequence as seen in the Gantt chart at the end of the section. It should be noted that all timelines are tentative and are dependent on funding, staff capacity and in other cases, collaboration with external stakeholders. This multi-year approach is necessary because 1) TheRide does not have the resources to advance every important project at the same time, 2) some work must naturally come before others, and 3)

many of our infrastructure projects are complex and will take years to develop and implement.

<u>Implementation & Budget Implications</u>
The projects in this business plan provide 20 years of context. However, the business plan presented in September is only a one-year budget (FY25). Below is the consolidated Work Plan.

List of projects and initiatives (page #)

A brief description of the above projects is provided in the respective pages below.

3.1 Excellence in Service Delivery & Customer Retention

Retaining customers is essential. We will work to ensure that anyone who uses our services comes away with a satisfying experience, and a willingness to use our services again, and maybe tell a friend. The initiatives in this section are focused on TheRide's quality of service.

A. Operational Excellence

To retain existing customers, TheRide has to provide and maintain a service of excellence.

1. Daily Service Delivery

Operating: Perpetual. Goal: 1.0-1.5
Although this Business Plan focuses on change initiatives, TheRide is primarily a service-delivery organization. Each weekday we provide about 1,200 bus trips, carry about 20,000 passenger trips. We operate or partner on six different services. We employ just under 300 staff that require recruitment, training, and support. We operate from five facilities that require upkeep and rehabilitation.

- *Daily service delivery consumes 99% of our annual operating budget.*
- *70% of our capital budgets are used to maintain and replace the vehicles, facilities and equipment we already have.*
- *95% of our collective staff time is spent delivering daily services and making improvements, small and large, too numerous to list.*

This would be enough for many organizations, but we also develop and execute plans for the future. This paragraph serves to remind us that delivering daily services to our customers is our highest priority and requires the bulk of our attention. Status: Ongoing.

2. Maintain State-of-Good-Repair

Capital. Ongoing. Goals: 1.4, 2.2.1, 2.4.3, 2.7.3

Safe, well-maintained, and efficiently managed equipment is essential for a capital-heavy industry like public transit. TheRide's services require 103 buses, 22 auxiliary vehicles, five facilities, a network of communication technology, computer equipment, and many other items. Routine maintenance and replacements are addressed in the annual budget. Overlooking maintenance on equipment increases long-term costs and may lead to a violation of FTA asset management compliance regulations. Status: Ongoing.

3. Security Review

Operating: 2025-2026. Goal: 1.0, 2.2, 2.7
In FY2025 TheRide began a review of security needs, processes and resources. We expect that work to continue into FY2026 as we adjust security measures. The review will provide greater understanding and a blueprint for how to increase safety and perceptions of personal security for customers and staff. Status: Initiated.

4. Bus Service Review

Operations. 2025- 2026. Goals: 1.1., 1.4., 2.1
TheRide is reviewing existing services to increase customer satisfaction, improve service reliability and cost-effectiveness, and address operational issues. Recommended plans for services changes will be developed for short-and medium-term implementation. Major reviews will happen every five years. Status: Initiated.

5. Bus Stop Accessibility Improvements

Capital. 2020-2033. Goals: 1.1.2, 1.4.
Focused on improving accessibility for people with disabilities, TheRide is working on improving bus stop infrastructure such as concrete lead walks (sidewalk-to-curb paths), shelters, benches, and other amenities. TheRide targets to make 30 to 40 bus stops near sidewalks accessible each year, pending funding and issuance of permits. Our goal is to make all eligible bus stops near sidewalks wheelchair accessible (i.e., lead walk) by 2033. Status: On schedule.

6. FTA Compliance Reviews (Triennial review and Title VI review)

2026-2027. Goals 1.1.1, 1.1.2, 2.5.2, 2.7
FTA requires all direct and primary recipients to document their compliance with Department of Transportations (DOT) Title VI regulations by submitting a Title VI Program once every three years. By the end of 2026, AAATA is due to submit its next Title VI Program to FTA. The updated program will incorporate all the requirements listed within the FTA Circular C 4702.1B for all fixed-route transit providers that operate 50 or more fixed-route vehicles in peak service in an urbanized area with a population of 200,000 or more. AAATA's Title VI Program ensures that minority, limited English populations (LEP), and low-income populations are considered in all aspects of service planning, community outreach and service delivery. Status: Begins 2026.

Additionally, The FTA performs a triennial review every three years, auditing all areas of transit agency compliance, including financial management, operational performance, civil rights regulations, and other regulatory adherence. Compliance indicates that the agency meets federal funding guidelines which are critical to maintain federal funding for transit capital assets and projects required for delivering services. The FTA conducted a review in FY2025, and the next review is scheduled for FY2028. Status: Next review scheduled for 2028.

7. Fare Strategy Update

Operating. 2026-2027. Goal: 1.1.1., 2.1.4., 2.4.1.,1.4
To better attract and retain customers, TheRide will conduct a study to review passenger fare policies by evaluating the impact of post-pandemic trends on ridership and market needs on pricing to update the fare structure. The study will inform decisions on improving fare collection systems, expanding real-time information and integrating with local providers and addressing first and last mile solutions. The last fare study was completed in 2018, with an update to that study completed in 2021, providing some foundational work to be incorporated into this project. This work is expected to begin in FY 2026. Status: Study scoping expected late FY2025. Study initiation in 2026.

8. Passenger Information Systems Replacement Plan

Capital. 2025-2027. Goal: 1.1, 2.1.2
TheRide's current real-time information and vehicle location technologies will reach the end of their financial lifespan in 2026. To incorporate the latest advances and ensure smooth implementation. Status: Planning for the new technology will begin in 2025 and installation is expected in 2027.
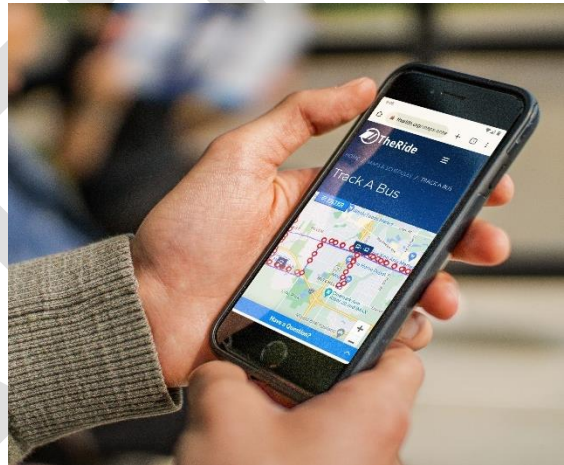
9. Transit Signal Priority

Capital. 2024-2026 Goal: 1.2.1., 1.4
This ongoing project will work to increase automatic, real-time coordination between buses and traffic signals with the goal of allowing buses to pass through green signals more frequently when they are significantly behind schedule. The primary goal for this project is to improve bus on-time performance. This will make services more reliable and better able to retain riders. Phase One covering Route 4 in Ann Arbor is expected to be operational by mid-2026. Status: Ongoing

B. Financial & Administrative Excellence

Successful sourcing of funds will be critical in the implementation of initiatives that lead to exceptional customer service, plan and execution financially sustainable options and improve critical infrastructure. The projects in this section will focus on funding the initiatives in the FY25 Budget.

10. Exploring Efficiencies (New)

Operating & Capital: 2025-2030. Goals: 2.0, 2.4, 2.7.
Given rising uncertainty regarding the stability of state and federal funding, Executive Team will begin reviewing opportunities to control costs, reduce expenditure, and ensure all investments are adding commensurate value. This will include in-house and contracted expenses, as well as service and program design and service delivery. Status: Initiated.

11. Labor Negotiations

Operating. 2025-2026. Goals: 2.3.6, 2.2.
TheRide's labor contract with our sole union (TWU 171) expires in early 2026. Preparations will ramp up as negotiations approach. Our agency's largest cost is for salaries and benefits, of which costs for under our collective bargaining agreement account for 28% of those costs. Our contract negotiations will formally begin in January 2026, and the current contract will expire in March 2026. Preparation activities will intensify through FY 2026 to ensure management and Board expectations are aligned prior to bargaining. Status: Initiated.

12. Funding Applications for Ypsilanti & Ann Arbor Bus Terminals

Operating: Ongoing. Goals. 2.0., 2.4.1., 2.4.4
In FY2025 TheRide will submit capital funding requests for the Ypsilanti Transit Center (YTC) from both earmarking and competitive grant programs. We may learn the outcomes in FY2026, perhaps by November 2025. If successful, fundraising for YTC construction could be advanced or even completed. The remaining funding required for the YTC is within the scope of the targeted Bus and Bus Facilities grant. We will also continue to pursue grant funds for the Blake Transit Center and 4th Avenue improvements in Ann Arbor.

Later in FY2026 (March-July 2026) we may have other opportunities to submit requests. If so, our intent is to either pursue additional funding for terminals (if needed) or subsequent capital priorities such as additional low-emissions vehicles, facilities, or other equipment. We do not expect to be able to submit competitive grant applications for a garage or BRT for a few more years until planning work is more advanced.

As often happens, when other opportunities for outside funding emerge, TheRide will work to advance proposals that are needed and have a higher probability of success. We do not pursue all opportunities due to incompatibility, poor likelihood of success, or staff capacity. Status: Ongoing.

13. Federal Surface Transportation Reauthorization

Operating: 2025-2026. Goals: 1.0, 2.0, 2.4, 2.5.2, 2.7.
Every five years the US government updates its funding levels for transit, highways, and other surface modes. Funding levels set here will affect TheRide from 2026-2031 and can directly increase or decrease capital funds available. It is also an opportunity to revisit various requirements that have been attached to those funds. TheRide will work to educate decision makers about the needs and opportunities in public transit directly and via industry trade associations. Status: Initiated.

14. Long-Range Plan Review & Millage Preparation(New)

Operational: 2026. Goals: All Ends, 3.2.9 & 2.9.1.

The long-range plan, TheRide2045, was approved by the Board in 2022 after considerable public input. Since then, there has been important progress (e.g., YTC, BTC,). Staff will conduct a 4th-year check-in to determine if any adjustments may be warranted in light of changes in travel behavior, inflation, changes in state and federal funding and broader economic uncertainty. This will include discussions with the Board about the timing, content and rate for the next millage anticipated in 2027. Status: Begins 2026.

3.2 Attract New Riders & Increase Ridership

The initiatives below are focused on improving the services we offer and infrastructure for transit and attracting more riders to use our services.

A. Long-Term Infrastructure For Ridership Growth

Expanding and rebuilding key pieces of infrastructure will be key for improving services, maintaining satisfaction, and attracting new riders. Infrastructure development can be frustratingly slow. However, ensuring sound project selection and development saves money and time by avoiding less-effective initiatives or having to re-do planning work. A 'critical path's sequence of major projects is illustrated and described below:

Figure 2 Critical Path for Infrastructure

15. Ypsilanti Transit Center Planning, Design, Land Acquisition, Funding

Capital. 2024-2027. Goal: 1.1, 1.4, 1.5, 2.5.2, 2.10.
Having made significant progress through the planning process in 2025, this project will continue in 2026. Conceptual planning and NEPA clearance will finish in 2025, and TheRide will embark on the next phases of the project, including detailed design and engineering. TheRide will also submit a grant opportunity in hopes of securing more capital funding for the project. Status: On schedule.

In FY2026, TheRide will embark on the next stages of this project including detailed architecture, engineering work, and securing an additional $19 million in capital funding for construction. Land acquisition discussions will begin. *Discussions on land acquisition will become serious.* Staff will seek Board approvals for key steps. This project includes planning, development, and construction of a new transit center in the City of Ypsilanti and is expected to open in FY 2028. Status: Ongoing.
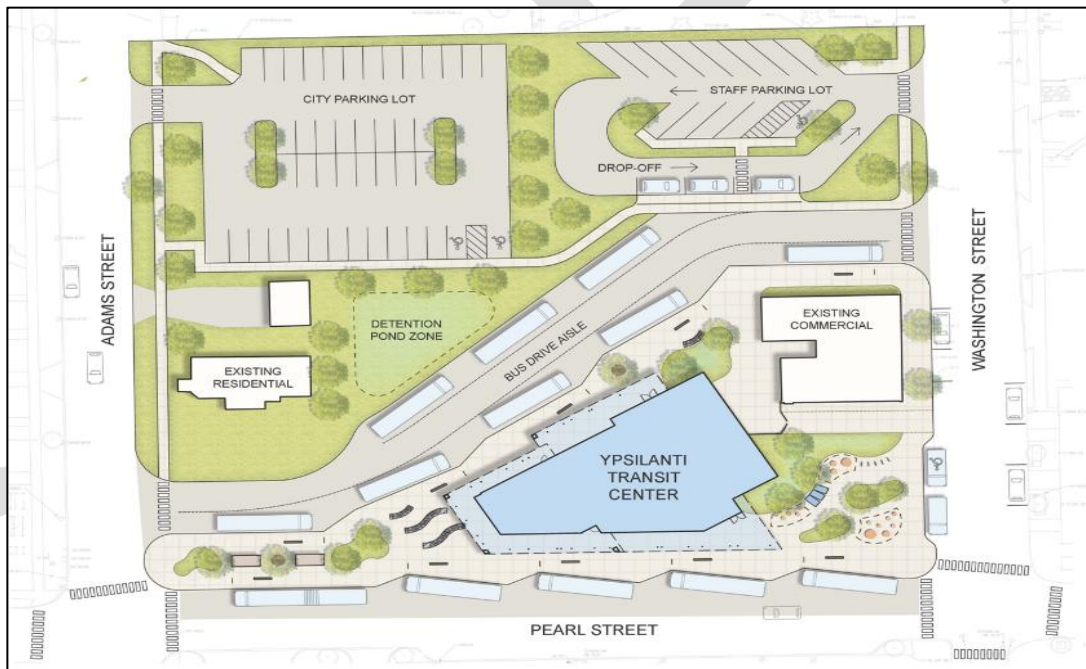
16. Blake Transit Center Design, Funding

Capital. 2022-2028. Goals: 1.0, 1.4, 1.5, 2.5.2, 2.10.
Staff will continue working with local partners on their projects to redevelop the YMCA lot adjacent to the BTC (Ann Arbor Housing Commission), and 4th Avenue (DDA). In late 2025 and 2026, NEPA clearance and detailed design will commence and conclude. Site plan approvals for the BTC may conclude in FY 2026. Construction of 4th Ave is expected to begin in 2026 while construction at the BTC will likely not start until FY 2027 to align with construction of the housing tower. Discussion on cost-sharing arrangements and TheRide's financial commitments has begun, and these agreements need to be finalized in FY 2026. Staff will seek Board approvals for key steps. TheRide intends to

nearly double its service hours by 2045. The transit centers must be designed to efficiently accommodate increased service. BTC expansion and redesign is expected to be completed by FY 2028. Status: Detailed design work beginning.

SITE PLAN
350 S. FIFTH AVENUE

Bus platform expansion (Conceptual level design underway)

Bench
Planter around transformer

Blake Transit Center

Existing electrical box

Parking structure

S. Fourth Ave.

BUS   BUS   BUS   BUS

Bus + service lane

350 S. Fifth Ave.

Loading

S. Fifth Ave.

Ann Arbor District Library

4th Ave. Streetscape

William Street Bikeway

Curbed planter with canopy trees

E. William Street

Bike hoops
Street lights

NORTH

17. Bus Garage Planning Studies (Initial)

Capital. 2025-2029. Goals: 1.0, 2.4.2, 2.4.3, 2.10.
Before TheRide can increase the frequency of bus service, it will need to increase its garage capacity to house and maintain a larger bus fleet. Planning work will clarify the needs and requirements, identify and evaluate suitable locations, develop conceptual designs, and gain appropriate federal environmental approval (NEPA). The new garage is anticipated to increase fleet capacity by100 buses. It will also be critical in supporting high-capacity buses (articulated buses) and the transition to zero-emissions vehicles with respect to different charging/refueling and maintenance requirements. The new bus garage is expected to begin operations in FY 2031. Status: Initiated in mid-2025.

18. Bus Rapid Transit Planning Studies (Initial)

Capital: 2026-2031 (Wash Ave E), 2032-2040 (Wash Ave W), 2036-2041 (North-South).
Goals: 1.0-1.5, 2.4, 2.10.
Bus rapid transit (BRT) is the centerpiece of the long-range plan and spine of the future transit network. Two BRT lines will span the service area. The Washtenaw BRT will run between downtown Ypsilanti and Maple/Jackson in Ann Arbor, spanning the service area from east to west and is expected to be completed by 2031 (Phase I). The north-south BRT will run in Ann Arbor between Plymouth/US-23 and Eisenhower/State, spanning the service area from north to south and is expected to be completed in FY 2040 and the BRT from BTC to Maple/Jackson is expected to be completed in FY 2042.This timeline may change depending on partnership opportunities with MDOT and the local municipalities. Status: Project timing deferred due to staff capacity and uncertainty regarding federal infrastructure funding.

19. Transit Hubs and Priority Infrastructure Development

Capital. 2027-2030, 2032-2035, 2037-2040. Goal: 1.0, 2.10.

Four transit hubs will be developed outside of the downtown cores to facilitate better connectivity between peripheral areas that have high demand, are projected to have significant growth in demand, and are located at logical connection points between numerous routes. The four hubs are located as follow:

- State & Eisenhower area (2027-2030)
- Jackson & Maple area (2032-2035)
- Carpenter & Ellsworth area (2032-2035)
- Nixon & Plymouth area (2037-2040)

Status: Begins 2027.

B. Service Enhancements

20. Bus Lane & Transit Priority Master Plan

Operating. 2024-2039 Goals: 1.0, 1.4, 2.10

With the University of Michigan and other partners, explore the potential to create a unified proposal for bus lanes in the City of Ann Arbor. Advocate with road-owners (municipalities, MDOT) to allow bus lanes at key bottlenecks. Fully dedicated bus lanes will require the collaboration of the municipal, County and State partners in changing the streetscape. Ann Arbor's first bus lane, on State Street, will open fall of 2025. TheRide will continue working with stakeholders to add more bus lanes / queue jump lanes at other choke points prior to the full implementation of the high- frequency network in 2039. Status: Project initiated.
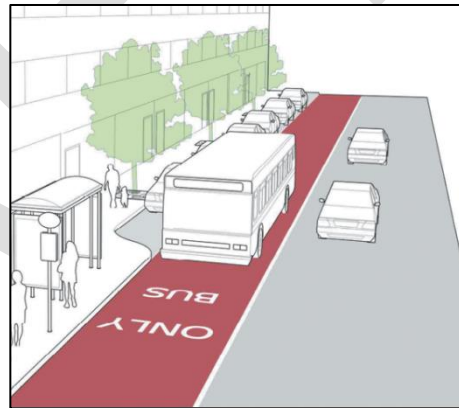
21. Regional Park and Ride Plan

Capital. 2025-2026. Goals: 1.0-1.5

In early 2025, TheRide recruited the UM, City of Ann Arbor, and DDA to be partners in a study to plan the distant 'second ring' of park n ride lots outside of the Ann Arbor freeway ring. The work will continue into 2026. We hope to finalize a general plan, identify lot locations, bus staging areas, services plans, costs, pilot projects, and create a shovel-ready proposal. Although this has the potential to improve labor mobility, equity, and environmental impacts at a large scale, it is challenging because it covers geographies well beyond TheRide taxing jurisdiction. A key goal is to arrive at a cost-sharing arrangement with outside partners offset operating costs (TheRide will not use local property tax dollars to fund services for outside residents). If successful and depending on details, pilot services could start in 2027/2028. Status: Project initiated.

22. Wayne County Millage Input (New)

Operating: 2025-2026. Goals: 1.3.4.
In 2024, Wayne County sought and received legislative changes to Act 196 that will allow them to run a countywide millage, tentatively scheduled for November 2026. Wayne County sought input from TheRide on the potential for additional intra-county services. We will provide initial thoughts back to the County (based on the long-range plan). They will be conducting public engagement throughout 2025. We expect more discussions during FY2026 but are not aware of the County's specific plans. Status: Deadline of December 2025.

23. Assist with Community Needs Assessment (New)

Operating: 2025-2027. Goals: 1.3.3
In recent years grassroots groups and nonprofits in parts of Washtenaw County outside of TheRide's service area have begun raising the unmet need for transit services in these rural areas. This includes travel within those areas and to/from TheRide's area. Although TheRide has no jurisdiction in these areas, when approached with requests for advice and assistance, we endeavored to be good neighbors and provided some suggestions about how these rural interests might proceed. Those outside groups are now attempting to gather support to conduct a preliminary Needs Assessment. TheRide will continue to advise these outside groups as their work proceeds. Status: Partners are submitting grant application.

24. Express Bus Pilot on North-South Corridor

Operating. 2028. Goal: 1.0-1.5
An express route from the Eisenhower/State area to the Plymouth Road Park and Ride lot is expected to be introduced in FY 2028 with the intent of building momentum for the north-south BRT. Status: Planning begins FY2027.

25. Priority Transit Routes

Operating. 2026-2028., 2031-2033. Goal: 1.0-1.5.
Priority routes are intended to provide higher-frequency service to high-demand areas and facilitate faster trips for longer passenger trips not well covered by the planned BRT routes. The priority routes will have service frequencies ranging from 15 to 20 minutes during peak periods and will be enhanced by transit-priority features (e.g., queue jumpers, signal priority, etc.) Planning for the Main /Plymouth and Packard-Ellsworth Priority routes is expected to begin in FY 2026. The service is expected to begin in FY 2028. Planning for Packard-Eisenhower Priority route is expected to begin in FY 2031. Status: Planning begins 2027.

26. Off-Peak Service Enhancements

Operating. 2028. Goal: 1.1, 1.3, 1.4, 1.5.To make transit a desirable transportation option, TheRide intends to provide more reliable and attractive services during the entire service period (i.e., all services during the day and night, weekday and weekends will have a reasonable level of service). Status: Planning begins FY2027.

27. On-Demand Coverage Enhancements

Operating. 2029 Goal: 1.1, 1.3, 1.5.
TheRide will increase On-Demand Service resources with the aim of expanding coverage and reducing wait times. Status: Planning begins FY2027.
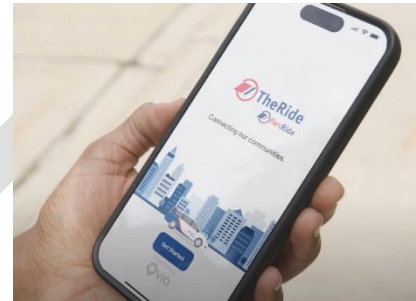
C. Influence Demand for Transit

The focus here is to attract more people to the services that already exist, and not to incur new operational costs to fill the seats we already have.

28. Monitor & Refine Marketing/Advertising

Operating: 2026+. Goal: 1.0
With a new advertising campaign focused on attracting new customers debuting in FY2026, staff will monitor the first full year of this retail-oriented approach and make adjustments as warranted. Status: New marketing campaign released June 2025.

29. Rider Segmentation Study

Operating. 2025-2026. Goal: 1.0, 2.0, 2.1
Understanding the needs of current and potential customers will be critical in informing service design. In 2025 staff began work to quantify various ridership groups for the purpose of targeting ridership and marketing initiatives. The agency will continue work to refine our understanding of the number, size and forecasts for various demographics and customer groups. This foundational information will help staff to focus on groups most likely to help increase ridership and select future tactics likely to be effective. Initial work should conclude in 2025 and inform future decisions. Status: Study initiated.

30. Youth Ridership Opportunities

Operating. 2026-2027. Goal:1.0, 1.1.2

In this internal review, staff will explore the potential to develop a youth-pass program and promote TheRide's fixed-route services. This may be a constructive way to increase ridership during off-peak periods (i.e., outside weekday rush hours) while minimizing costs, and also increasing access to opportunities for youth and families throughout the area and even increasing the labor pool for local employers. This assessment will inform future decisions. Status: Begin 2026.

31. Transit-Oriented Development Guidelines (New)

Operating: 2028. Goal: 1.4,

Land development concepts like smart growth or transit-oriented development are examples of transit-supportive policies that some municipalities in our area are considering. However, given competing priorities, the pro-transit elements of these ideas can sometimes be under-emphasized or compromised. There is an opportunity for TheRide to proactively develop guidance for municipalities about how land development concepts are best used to support transit. We will explore developing tools to encourage the best aspects of transit-supportive land development. Status: Begins 2028.

3.3 Continuous Improvement

Internal improvement projects directly improve the agency's capacity to efficiently provide a service of excellence.

A. Team and Staff Development

TheRide is an agency and an institution but is also a team. The staff are key to identifying and implementing opportunities for the future. We will continue to invest in our staff through various training opportunities (easier post pandemic), work to engage and inspire staff, and improve cross- department collaboration. An essential pre-condition is the ability to fully fill in key vacant positions.

32. Staff Needs Review

Operating: 2026+. Goal: 2.0, 2.2.1.

Continue to invest in staff development through on-site, virtual and remote training opportunities. This includes leadership, supervisory, change management, and team building opportunities, conferences, skill-specific training, and personal development plans. Status: Initiated.

33. Supporting Governance Excellence

Operating: 2025+. Goal: 2.9.

TheRide's Board of Directors sets direction and provides fiduciary oversight for the

organization and CEO. The Board has its own Annual Plan of Work which is separate from this Business Plan. Staff do have a role in supporting the Board. This year we are itemizing staff-time for supporting Board activities such as updating Ends Policies, Ownership Linkage, and providing education on funding, land use connections, and AI. We also will continue to facilitate board training opportunities. Status: Ongoing.

B. Internal Effectiveness Reviews

TheRide staff are always reviewing internal processes and procedures to find improvements or efficiencies. Such reviews typically inform later operational changes, decisions, or budget recommendations. Each year a few key subjects receive more formal attention.

34. IT Technology Upgrades

Operating:2025+ Goals: Supports all policies
The agency has developed a multi-year plan for IT hardware and software replacements and upgrades needed to maintain and improve effectiveness and efficiency of the technology systems that support transportation services and administrative work. Prioritization of technology replacements considers hardware lifecycles to maximize the agency's investments in major systems. Improvements are generally planned in conjunction with lifecycle replacements. New technologies and other improvements are incorporated into the multi-year plan as part of an annual review process with the Technology Advisory Committee (TAC) and are prioritized based on alignment with the Board's Ends and available resources and funding. Active projects in the next three years include replacement of passenger information systems and farebox replacement. Status: Ongoing.

35. POSA Agreement Review

Operating. 2025-2026: Goals: 1.0., 2.5.6
The agency has provided services to jurisdictions outside our taxing area for many decades via Purchase of Service Agreements (POSA) contracts with the municipal governments. Similar to contracted services, these POSAs allow nearby communities to pay for a lower level of transit service and not use the AAATA taxing powers. At present, the agency has POSAs with Pittsfield Twp, Superior Twp, and Scio Twp. Staff will review all of these contracts in context with each other and assess how these should continue. Status: Begins 2026.

36. Bus Maintenance Program Review (New)

Operating: 2026. Goal: 2.5, 2.7.
Bus maintenance is an essential, behind-the-scenes function for any transit agency. TheRide's maintenance department is performing at a high level and will conduct a consultant review to identify the next set of improvements to further increase cost-effectiveness and internal customer satisfaction. Status: Begins FY2026.

37. Football Service Review

Operating. 2027-2028 Goals: 1.0., 2.0
Increased urgency due to the emergence of music concerts at UM stadium and requests to expand shuttle services. Financial implications are not clear. An internal review of the agency's participation in helping crowds arrive at and leave Michigan Stadium for UM football games or other events. This will be done to confirm regulatory compliance, economic impacts, fairness, and ridership generation potential. Status: Begins 2027.

C. Sustainability Planning

As part of our strategic goals, TheRide is working to reduce and eventually eliminate emissions from its operations.

38. Step 1: Reduce Emissions from Bus Fleet

Capital. 2026-2030. Goals: 2.11., 2.5.7
Our greatest source of emissions is from our bus fleet, so this is where we have focused initial efforts. In 2023-2024 a plan focused on hydrogen and hybrids was adopted and $25 million was secured. As of this printing, the FTA has not yet given TheRide final access to the grant funds and, consequently, the project remains paused. When it resumes *procurement, delivery, commissioning, introduction, and operations of these new technologies will represent a significant level of effort for staff with steep learning curves for several years*. Especially important will be providing adequate training for mechanics and bus operators so that the new technologies are as successful as possible. This represents the greatest opportunity for TheRide to reduce emissions. Status: Paused and awaiting federal release of funds.

Hybrids have emerged as a bridging strategy, a reliable interim technology to be used until a viable path to buses that produce no emissions is clear.

39. Step 2: Study Options for Facility Improvements

Operating. 2025-2026. Goal: 2.10, 2.11, 2.4.
In 2025 staff began a consultant led study of the potential and costs for reducing emissions produced by powering our main garage and park and ride lots. The study will look at solar, wind and geothermal options, as well as car charges for park n ride lots. Results of the work will be fed into the ongoing garage study to help determine if the cost

of retrofitting the existing garage are cost-prohibitive, or if it makes financial sense to upgrade the existing facility. If a new garage is to be built, it might make more sense to abandon the existing garage than spend large sums to retrofit it. This study will also assess the potential and costs for installing car chargers to allow non-bus vehicles to be converted to battery-electric propulsion systems. This information will be fed into the following study on support vehicles and ARide buses. Finally, it will generate cost estimates for chargers at two park n ride lots, although MDOT will still not allow commercial activity in their rights of way. Status: Study initiated.

40. Step 3: Study Options for Support Fleet and A-Ride

Operating. 2027. Goal: 2.11, 2.4.
This work will study the potential to eliminate emissions from all non-large bus vehicles owned or used by TheRide. This includes staff cars and vans, work trucks, ARide buses, and contracted buses (e/g/ FlexRide). It will focus on the potential for hybrids as a bridging technology, and whether battery electric and hydrogen options are better long term. These studies will inform us of the next steps. Status: Begins 2027.

41. Step 4: Study Options to Reduce Consumption (Procurement Process Review)

Operating: 2028. Goal: 2.91.5.F, 2.5.2.,2.11,
The agency purchases numerous goods and services. This project will work to integrate environmental and carbon neutrality goals into the overall procurement process. Status: Begins 2028.

42. Step 5: Study Options to Reduce Waste (Disposal Process Review)

Operating 2029 Goal 2.11.3
The agency will conduct a review of the waste disposal processes in order to identify opportunities for waste reduction. This will primarily cover mechanical fluids and hazardous waste. This work is expected to start in FY2029. Status: Begins 2029.

Table 3: List of projects and initiatives

Goal Area	Category	Projects	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Excellence in Service Delivery & Customer Retention	A. Operational Excellence	1. Daily Service Delivery	■	■																			■
		2. Maintain State of Good Repair	■	■																			■
		3. Security Review	■	■																			
		4. Bus Service Review	■	■				■	■				■	■				■	■			■	■
		5. Bus Stop Accessibility Improvements	■	■	■																		
		6. FTA Compliance Reviews (Title VI and Triennial review)	■	■		■	■		■	■		■	■		■	■		■	■		■	■	
		7. Fare Strategy Update	■	■	■																		
		8. Information Technology Systems Replacement Plan	■	■	■																		
		9. Transit Signal Priority	■	■	■																		
	B. Financial & Administration Excellence	10. Exploring Efficiencies (New)		■	■	■	■	■															
		11. Labor Negotiations	■	■					■				■	■				■					■
		12. Funding Applications for Ypsilanti & Ann Arbor Bus Terminals			■	■																	
		13. Federal Surface Transportation Reauthorization	■																				
		14. Long Range Plan Review & Millage Preparation(New)		■																			
Attract New Riders & Increase Ridership	A. Long-Term Infrastructure for Ridership Growth	15. Ypsilanti Transit Center			P&D	Constr.	Constr.																
		16. Blake Transit Center			P&D	Constr.	Constr.																
		17. Bus Garage			P&D	P&D	P&D	Constr.	Constr.														
		18. Bus Rapid Transit			Washtenaw East BRT P&D			Constr.		Constr.	North-South BRT P&D			Constr.		Constr.							
		#18. Continued														Washtenaw West BRT P&D			Constr.		Constr.		
		19. Transit Hubs and Priority Infrastructure Development				P&D	Constr.	Constr.			P&D	Constr.	Constr.			P&D	Constr.	Constr.					
	B. Service Enhancements	20. Bus Lane & Transit Priority Master Plan	■	■																			
		21. Regional Park and Ride Plan	■	■	■																		
		22. Wayne County Millage Input (New)	■	■																			
		23. Assist with Community Needs Assessment (New)	■	■	■																		
		24. Express Bus Pilot on North-South Corridor			■	■																	
		25. Priority Transit Routes			■	■				■	■												
		26. Off-Peak Service Enhancements			■	■																	
		27. On-Demand Coverage Enhancements			■	■																	
	C. Influence Demand for Transit	28. Monitor & Refine Marketing/Advertising	■	■																			
		29. Rider Segmentation Study		■	■																		
		30. Youth Ridership Opportunities		■	■																		
		31. Transit-Oriented Development Guidelines			■	■																	
Continuous Improvement	A. Team & Staff Development	32. Staffing Needs Review	■	■																			
		33. Supporting Governance Excellence	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	B. Internal Effectiveness & Efficiency	34. Technology upgrades	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
		35. POSA Agreement Review	■	■																			
		36. Bus Maintenance Program Review (New)	■	■	■																		
		37. Football Service Review		■	■																		
	C. Sustainability Planning	38. Step 1: Reduce Emissions from Bus Fleet	■	■	■	■	■	■															
		39. Step 2: Study Options for Facility Improvement	■	■	Next steps TBD																		
		40. Step 3: Study Options for Support Fleet and A-Ride		■	Next steps TBD																		
		41. Step 4: Study Options to Reduce Consumption (Procurement Process Review)			■	Next steps TBD																	
		42. Step 4: Study Options to Reduce Waste (Disposal Process Review)				■	Next steps TBD																
Other Major Events		1. RTA Millage Opportunity		■		■		■		■		■		■		■		■		■		■	
		2. AAATA Millage			■					■					■						■		
		3. Presidential Election		■				■				■				■				■			

Legend:

	Item
■ (blue)	Non-LRP Project Timeline
■ (purple)	LRP Project Timeline
P&D	Planning & Design (LRP project)
(purple)	Implementation (LRP project)
Constr.	Construction (LRP project)
■ (black)	Occurrence of Major Events

4. Next Steps

The Business Plan is the first part of an annual process of **aligning** expenditures to best achieve the Board's goals. The Business Plan allows staff, the public and the Board of Directors to review and discuss the largest component of the

upcoming budget in a transparent a n d conceptual way. Once the CEO feels they have received the advice and feedback they need, staff begin to prepare the detailed recommended budget confident that most major questions have hopefully been asked, answered, and accommodated. Hopefully, this will allow the later discussion and approval of the budget to become a routine confirmation of decisions that have already been discussed.

> The Business Plan allows staff, the public and the Board of Directors to review and discuss the strategic direction of the upcoming budget in a transparent conceptual way.
> (without all the financial details)

The Board through policy has outlined its expectations of the budget and strategic planning process which includes:

1. The CEO and staff present a recommended budget. The Board deliberates and approves the final budget (policy 3.2.7).
2. Policy Governance delegates almost all operational decisions to the professional staff intentionally so that the Board can focus its attention on the Outcomes. (policy 4.0)
3. The Board gives instruction with one voice via written policy when describing (in advance) how a budget should be prepared, most of which are described in policy 2.4: Financial Planning and Budgeting. Key expectations from the Board include:
   a. All budget items must be focused on advancing the Ends or complying with other policies.
   b. Staff cannot recommend a budget that risks fiscal jeopardy, causes deficit spending, or funds ongoing operations via debt or unclear means. (Policy 2.4., 2.5)
   c. The staff's recommended budget must include: a strategic multi-year context, projections of revenues and expenses, separation of operation and capital expenses, clear long-term funding needs, and clear assumptions.
   d. Staff present a high-level budget to help focus on the key strategic decisions. Since Means are already delegated to the CEO (policy 4.3.3), a line-item budget is not presented. *Please let us know if granular details are required.*
   e. Several other Executive Limitation policies affect the structure and content of the budget, for example by requiring staff be kept safe (2.2), construction projects be clearly defined (2.10), financial activities be correct (2.5), assets maintained (2.7.3), public input (2.7.5.5), and that risks be addressed prudently (2.0) and clearly (2.9.1.5).

When the recommended budget is presented for approval (September) the Board also receives a Monitoring Report for policy 2.4: Financial Planning and Budgeting. Acceptance of the monitoring report suggests compliance with the Board's expectations, after which the Budget is generally approved. However, the Board does have the ability, by vote, to change any element

of the recommended budget. The Business Planning process is an attempt to learn of any significant concerns with the emerging budget so that changes can be incorporated early on.

Budget planning will take place in June through August. During this period, a draft budget will be developed, and discussions will be held at staff and Board level to improve it. The final budget will be ready for Board approval at the last Board meeting of the current fiscal year, which is in September.

TheRide staff generally present a high-level budget to focus discussion on major decisions and strategy. We do not generally present line-item budgets, especially since Means are already delegated to the CEO and staff (policy 4.3.3). If Board members or the public have questions about granular expenditures or specific operational decisions, we hope they will be raised early in the process so they can be addressed early.

Performance Monitoring

To assess the effectiveness of initiatives in the Corporate Business Plan and their alignment to the needs of our communities through set Board policies, TheRide uses a two-tier method of monitoring progress and operational performance:

Monitoring Reports – The Board requires that the CEO report on compliance with every Policy. Monitoring Reports provide detailed interpretations of Board policies and evidence of compliance. These reports are provided at least annually and more frequently at the Board's request.

Operational Reports – The CEO and staff provide a variety of detailed reports on specific aspects of TheRide's internal workings.

Quarterly financial reports provide information on the financial health of the authority. Quarterly service reports provide specific performance measures on operations.

Monthly CEO updates provide information on specific projects at the public Board meetings. These updates most often include status updates of the projects identified in this Business Plan. All of these reports and status updates are available on TheRide.org website.

5. Feedback & Input

The CEO encourages and welcomes feedback on the Business Plan to help further focus agency efforts, and to expedite the upcoming annual budgeting process.

Feedback on any of the initiatives in this document, can be sent to tellus@theride.org.

6. Appendices

These appendices provide more information about staff's process for identifying and proposing initiatives and projects that are best suited to advancing the Board's goals and also addresses any questions that may have come up during the Corporate Business Planning process.

Appendix A: Strategic Planning Process

1. Board's Vision/Goals (Ends Policies)

Below are the Boards Ends Policies:

Table 4: Ends Policies

These policies define the purpose of the Ann Arbor Area Transportation Authority, what results are to be achieved, for whom, and at what cost. Although sections and subsections are numbered, the numbering is not intended to indicate the importance or weight of the underlying section, unless otherwise stated.

The Board establishes its Ends policies within its Vision for public transportation:

A robust public transportation system that adapts to the area's evolving needs, environment, and quality of life.

1. AAATA exists so that an increasing proportion of residents, workers and visitors in the Ann Arbor

Ypsilanti Area utilize public transportation options that contribute to the Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

1.1 Residents in the area have equitable access to public transportation services that enable full participation in society.

1.1.1 People with economic challenges have affordable public transportation options.

1.1.2 People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.

1.2 Public transportation positively impacts our environment.

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

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

1.2.3 Relevant public policy is transit supportive.

1.3 Public transportation positively impacts the economic prosperity of the area.

1.3.1 Public transportation facilitates labor mobility.

1.3.2 Students can access education opportunities without need of a personal vehicle.

1.3.3 Visitors use public transportation in the area.

1.3.4 Public transportation connects the area to the Metro Detroit region.

1.4 Passengers are highly satisfied with public transportation services.

1.5 Residents of the area recognize the positive contributions of public transportation to the area's quality of life.

In addition to advancing the Board's goals, the CEO and staff must comply with the Board expectations regarding administrative and operational decisions (i.e., Executive Limitations policies). These policies ensure transparency, reporting, and fiduciary oversight by the Board. Examples of key Executive Limitations policies include:

- Ensure passengers and customers are well treated.
- Ensure staff are well treated and that TheRide is an attractive employer.
- Ensure that the Board, riders, and the public have opportunities to shape the future direction of the agency.
- Ensure transparency and accountability.
- Maintain the financial health of the organization. Do not risk fiscal jeopardy.

- Maintain assets of the organization in good condition.
- Compliance with all applicable laws. (Numerous other local, state, and federal laws also enable and constrain what TheRide can do.)

Within these expectations, staff are to use their professional judgment to recommend the best ways to achieve the Board's strategic goals.

2. Strategic Alignment Tools

Strategic planning has three main pieces: an envisioned future state, a sound understanding of the current situation, and a plan for how to get from the current state to the desired future state. The Long-Range Plan has done extensive work to define these three states. Let us look at each piece separately.

Envisioning a Future State: TheRide's future state is defined in the Board's End policies, feedback from the Communities we serve and staff insight. Having consensus on a clear, defined future state gives TheRide a target toward which it can align its efforts, judge options, and measure progress. The full Ends Policies are provided below.

Understanding Current Status: A shared understanding of the current situation and context allows TheRide to take steady aim at the targeted future. The current state of the organization is organized into strengths, weaknesses, opportunities and threats/challenges and that information is detailed in the SWOT analysis table on the next page. To determine the position of the agency in relation to the external environment i.e., political, economic, social, technological, legal, and environmental (PESTLE) aspects, a PESTLE analysis was conducted, and the details documented in this section of the appendix. The results in these two analyses are updated annually during each Business Planning process to reveal areas that the agency is performing well, and where new capabilities and capacities need to be acquired.

Filling in the gap: A gap analysis identifies opportunities and gaps between the current state and the desired future. It informs on the key drivers for change and the order of prioritizing agency initiatives.
Based on that insight, a strategic action plan is developed to bridge the gap between the current and the desired state. The work done during the Long-Range Planning process has been instrumental in addressing major gaps.

3. SWOT Analysis

TheRide's SWOT table and analysis are found in section 2.2.

Appendix B: Evaluating Potential Initiatives: Key Criteria

The Board's policies outline desired outcomes/goals and operational expectations. It is up to the CEO and staff to recommend initiatives, projects, and expenditures that will make progress in achieving the goals identified by the Board. Staff seek public and stakeholder input, as well as advice from the Board, as they develop these recommendations. To be effective stewards of resources, TheRide evaluates initiatives by considering questions such as:

1. **Goal Alignment:** Does the initiative help to advance the Board's desired outcomes (e.g., ridership growth; social, environmental, economic sustainability; customer satisfaction, etc.)? Is it in line with our values and business principles? Does it mesh with what we do, for whom and at what cost? Are we proactively advancing our own goals, or just reacting to outside demands/agenda? Is the idea more appropriate for another organization?

2. **Impacts & Benefits:** What benefit does the proposal create and for whom? Has success been clearly defined, or will it be hard to determine?

3. **Viability**: Is the proposal likely to reach its stated goals? Can it economically reach the scale our agency would need? How much effort will be required to produce results? How have similar ideas fared in the past?

4. **Cost-Effectiveness & Tradeoffs:** Are *realistic* assessments of lifecycle costs available? Is the benefit potentially worth the investment of limited resources? How important is this compared with our other needs? Can we afford it? Would approval create additional future precedents or costs?

5. **Risks:** Have risks such as financial, safety, liability, organization capacity, etc. been clearly and realistically identified? What risks does the initiative pose now or in the future? Are the risks acceptable? Could it create problematic precedents? Could it over-extend our limited resources? Are there any risks being over or undervalued to influence the decision? Conversely, what is the risk of _not_ pursuing?

6. **Alternatives:** Are there other ways of achieving similar results with lower costs or risks? If options are too limited, can the assumptions be revisited to change the parameters?

7. **Capacity:** Does TheRide have the expertise or resources to pursue the initiative now or in the future? Are we over-extending our staff or financial resources?

8. **Sequence and Readiness:** How ready is the initiative to proceed? Do other steps logically need to come first? Is there a risk of proceeding too soon? What are the impacts of deferral?

Appendix C: Ridership History

<u>History</u>

Transit ridership peaked in the U.S. during World War II and then declined rapidly as cars, freeways, urban decline, and suburban sprawl became common. National trends began to level off in the early 21st century as cities began to regain population. However, the overall American preference for cars and the individual mobility they provided had become deeply rooted.
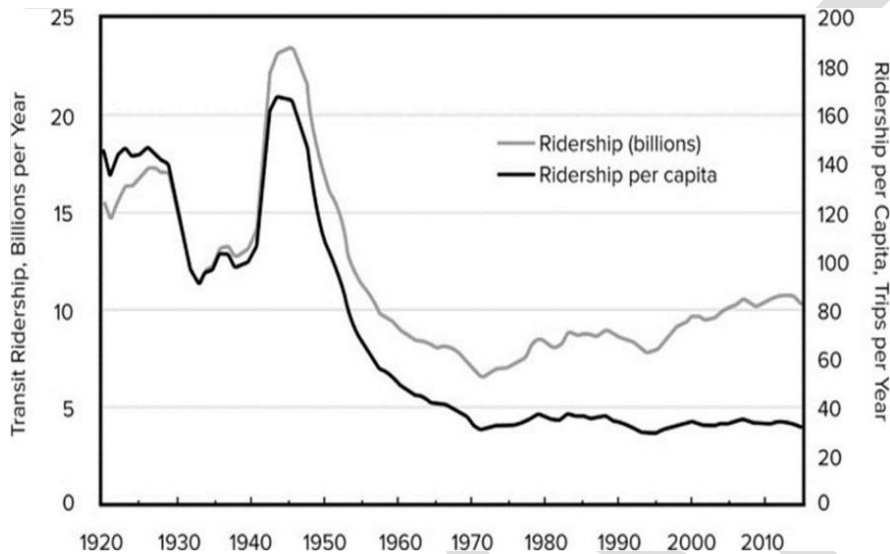
Figure 3: US National Transit Ridership

Subsidies for cars are deeply entrenched (e.g., free parking, low gas taxes, road construction policies, etc.) and have already reshaped American cities. Meanwhile, funding and public support for transit is relatively modest and far from enough to approach, for example, European levels of transit service.

To grow ridership TheRide has engaged staff, members of the public, the Board and transit users to better understand community needs and design TheRide with these needs in mind.

TheRide2045 or the Long-Range Plan is the result of these conversations and is the Board approved blueprint of how services will be improved, and infrastructure expanded to achieve Board goals. The graphics below indicate what can be expected of TheRide by 2045.

Figure 4: Transit Network 2045

Table 5: Transit Network 2045
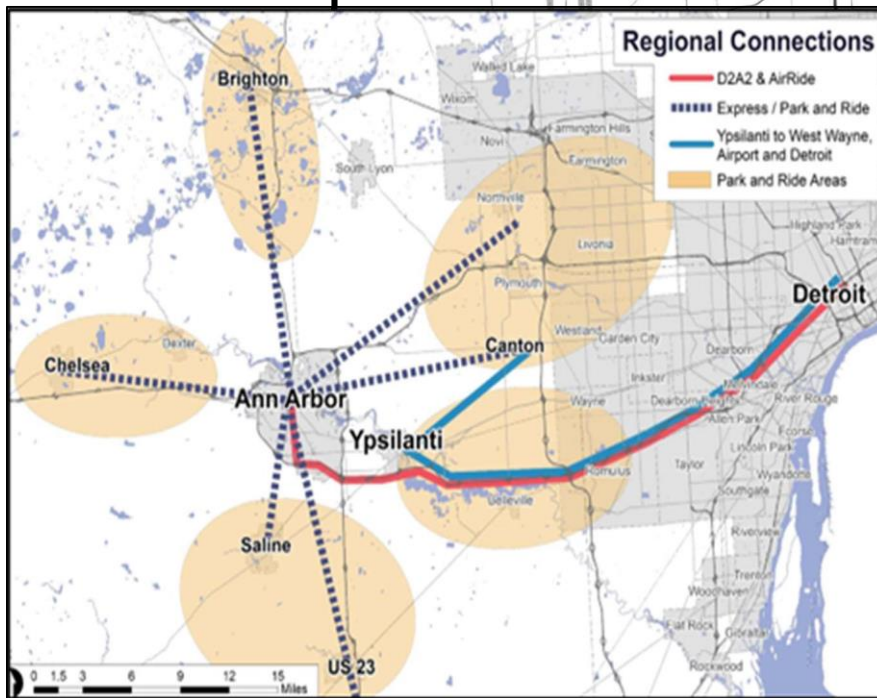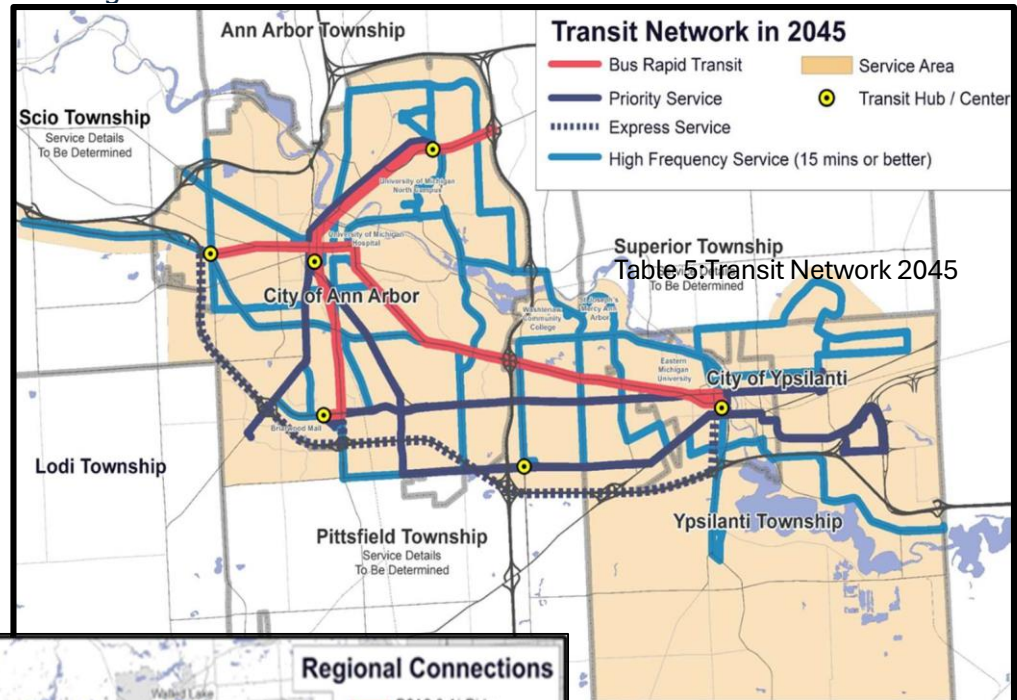
Draft Business Plan (FY2026)

Matt Carpenter, CEO

Agenda

Purpose

- To help Board members provide feedback on draft Business Plan

Agenda

- Overview of DRAFT Business Plan
- Highlight Key Elements/Changes
- Discussion & Feedback

Business Plan

- Strategy and Alignment tool

- Translates policies into concrete actions

- Drives forthcoming budget

- Improves transparency

- Feedback welcome: (Tellus@theride.org)

1. Updated Strategic Context (p.7-9)

- Internal: well-positioned, clear goals

- External: Unpredictable (fed & state), security

- Response:
  - New evaluation of environment
  - Reconfigured Business Plan
  - Still advancing Ends, projects, Long-range plan
  - More emphasis on priorities & finances, risks
  - More emphasis on security
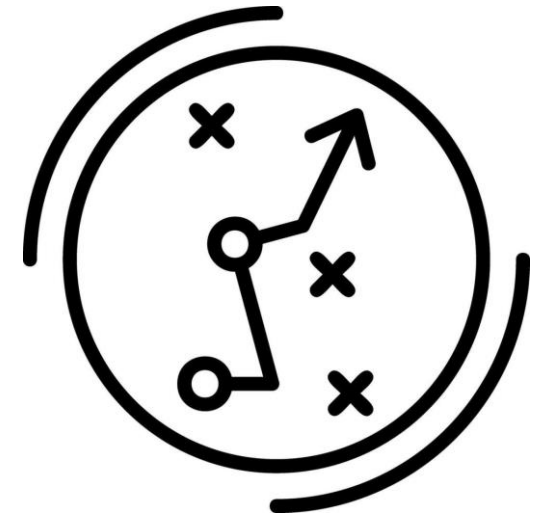
2: Further Prioritization of Ends (p.5)

- Board sets goals (Ends policies)
  - What the Results should be, For whom, and At what cost.
- Further prioritization is required
  - Resources allocation
  - Team organization, delegation and speed
  - Transparency and accountability
  - It will happen by default…
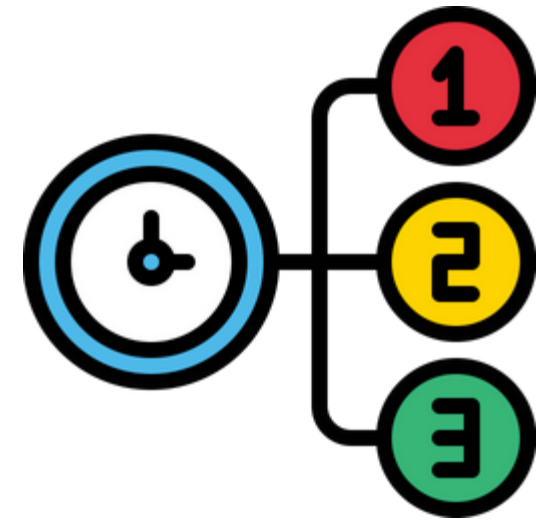
2: Further Prioritization of Ends (p.5)

Policy Governacne

- Board can prioritize its Ends, or require of CEO
- If they don't, prioritization is *deferred* to CEO

Practice

- Feedback will easier if priorities are clear
- Board will be updating Ends, may chose to prioritize for themselves
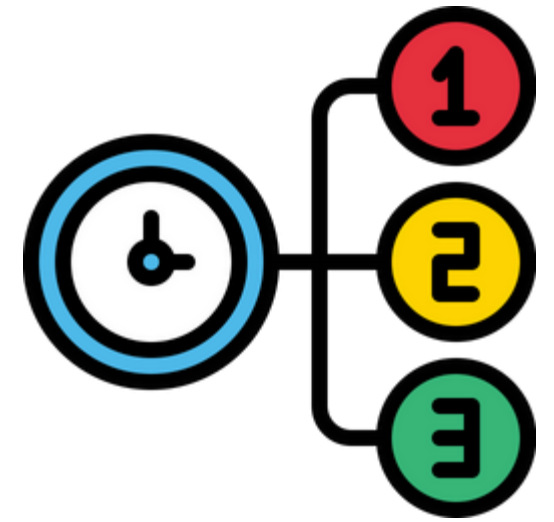
2: Further Prioritization of Ends (p.5)

- Adaptable, all are in-progress

- **High**
  - Institutional stability, Excellence in Service Delivery, transit-dependent populations
- **Mid**
  - Attracting New Riders & related, public policy
- **Low**
  - Emissions, visitors, Metro Detroit
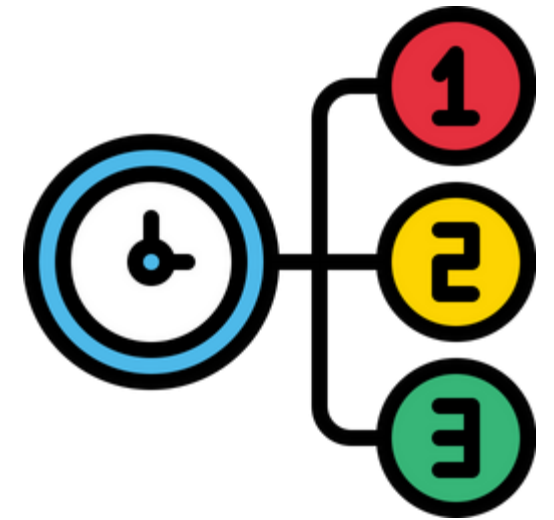
3. Initiatives (p. 11)

- Three categories, 42 initiatives
    1. Excellence in Service Delivery & Customer Retention
    2. Attract Riders & Increase Ridership
    3. Continuous (Internal) Improvement
- Drives recommended budget
- Facilitates feedback on tangible progress towards abstract goals

3. Initiatives (p.11)

- Greater emphasis on daily operations, maintaining capital [#1, 2]
- Security Review [3]
- More focus on key technology systems (fares, real-time info) [7, 8]
- Exploring Efficiencies [10]
- Labor Negotiations [11]
- Federal funding Reauthorization [13]
- Long-Range Plan Review & Millage Preparation [14]
- Bus Lane and Park n Ride P lanning [20, 21]
- Regional Input (Wash Co, Wayne Co) [22, 23]
- Relabeled Environmental Programs [36-41]

		Projects	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Excellence in Service Delivery & Customer Retention	**A. Operational Excellence**	1. Daily Service Delivery	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
		2. Maintain State of Good Repair	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
		3. Security Review	■	■																			
		4. Bus Service Review	■	■				■					■	■					■	■			■
		5. Bus Stop Accessibility Improvements	■	■	■	■																	
		6. FTA Compliance Reviews (Title VI and Triennial review)	■	■	■				■		■			■		■			■			■	
		7. Fare Strategy Update	■	■																			
		8. Information Technology Systems Replacement Plan	■	■																			
		9. Transit Signal Priority	■	■																			
	B. Financial & Administration Excellence	10. Exploring Efficiencies (New)	■	■	■	■	■																
		11. Labor Negotiations	■	■				■	■			■	■				■	■			■	■	
		12. Funding Applications for Ypsilanti & Ann Arbor Bus Terminals	■	■	■	■																	
		13. Federal Surface Transportation Reauthorization	■																				
		14. Long Range Plan Review & Millage Preparation(New)																					
Attract New Riders & Increase Ridership	**A. Long-Term Infrastructure for Ridership Growth**	15. Ypsilanti Transit Center			P&D	Constr.																	
		16. Blake Transit Center			P&D	Constr.																	
		17. Bus Garage			P&D	P&D	Constr.	Constr.															
		18. Bus Rapid Transit			Washtenaw East BRT P&D	Constr.	Constr.			North-South BRT P&D			Constr.										
		#18. Continued															Washtenaw West BRT P&D		Constr.				
		19. Transit Hubs and Priority Infrastructure Development			P&D	Constr.			P&D	Constr.			P&D	Constr.									
	B. Service Enhancements	20. Bus Lane & Transit Priority Master Plan	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■						
		21. Regional Park and Ride Plan	■	■																			
		22. Wayne County Millage Input (New)	■	■																			
		23. Assist with Community Needs Assessment (New)	■	■	■																		
		24. Express Bus Pilot on North-South Corridor			■	■	■																
		25. Priority Transit Routes			■	■	■			■	■	■											
		26. Off-Peak Service Enhancements			■	■	■																
		27. On-Demand Coverage Enhancements			■	■	■																
	C. Influence Demand for Transit	28. Monitor & Refine Marketing/Advertising	■	■																			
		29. Rider Segmentation Study	■	■																			
		30. Youth Ridership Opportunities	■	■	■																		
		31. Transit-Oriented Development Guidelines				■																	
Continuous Improvement	**A. Team & Staff Development**	32. Staffing Needs Review	■	■																			
		33. Supporting Governance Excellence	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	B. Internal Effectiveness & Efficiency	34. Technology upgrades	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
		35. POSA Agreement Review		■																			
		36. Bus Maintenance Program Review (New)		■																			
		37. Football Service Review			■	■																	
	C. Sustainability Planning	38. Step 1: Reduce Emissions from Bus Fleet	■	■	■	■	■																
		39. Step 2: Study Options for Facility Improvement	■	Next steps TBD																			
		40. Step 3: Study Options for Support Fleet and A-Ride		■	Next steps TBD																		
		41. Step 4: Study Options to Reduce Consumption (Procurement Process Review)			■	Next steps TBD																	
		42. Step 4: Study Options to Reduce Waste (Disposal Process Review)			■	Next steps TBD																	
Other Major Events		1. RTA Millage Opportunity		■		■		■		■		■		■		■		■		■		■	
		2. AAATA Millage		■						■						■					■		
		3. Presidential Election			■					■					■			■					

Closing

- Business Plan is an alignment tool and feedback is welcome

- External environment is trickier

- More emphasis on risk/financials & security

- Still advancing all Board goals (Ends Policies)

- Further prioritizing the Ends (new)

- Numerous initiatives, timeline provided

Feedback: Help Guide TheRide!

- Feedback is welcome any time

- Deadline for next version: July 14th

- Email: Tellus@theride.org

- Letter:
  CEO's Office
  2700 S. Industrial Hwy
  Ann Arbor, MI 48105
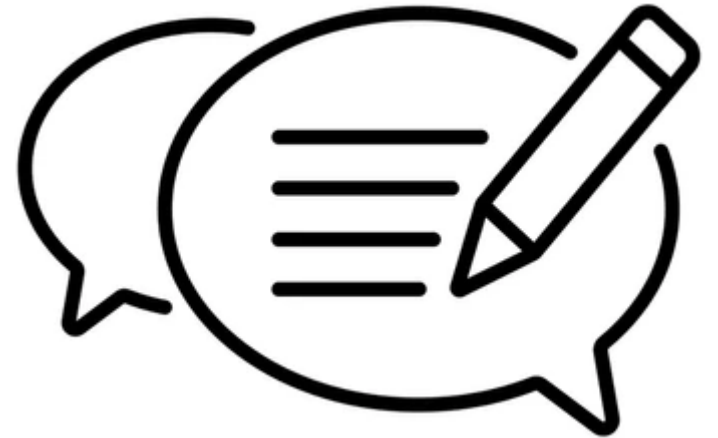
Draft Business Plan (FY2026)

Matt Carpenter, CEO

Budget Preview
FY2026 Operating Budget

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

Agenda

- Budget Introduction
  - Alignment with Board's Ends
  - Budget Timeline
  - Budget Highlights
- FY 2026 Operating Budget Preview

Advancing the Board's Ends through Alignment

Board Strategic Goals

- Business Outcomes (Ends)
- Limitations on Actions (ELs)

→

Business Plan

- Long Range Plan
- Values & Principles
- Specific proposals

→

Execution

- Annual Budget
- Project implementation

The Budget Advances Board "Ends"

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

1.1 Residents/
1.4 Passengers

Equitable access and Passengers are Highly satisfied

1.2 Environment

Positively Impacts Environment

1.3 Economic Prosperity

Positively Impacts Economic Prosperity

1.5 Residents

Positively Impacts Area's Quality of Life

1.0 Fiscal Responsibility

Efficient Stewardship and Value for Money

The Budget is Aligned with Business Plan Priorities

The Corporate Business Plan provides an opportunity for the Board, staff, and the public to have a dialogue about *priorities* before a budget to fund projects is developed.
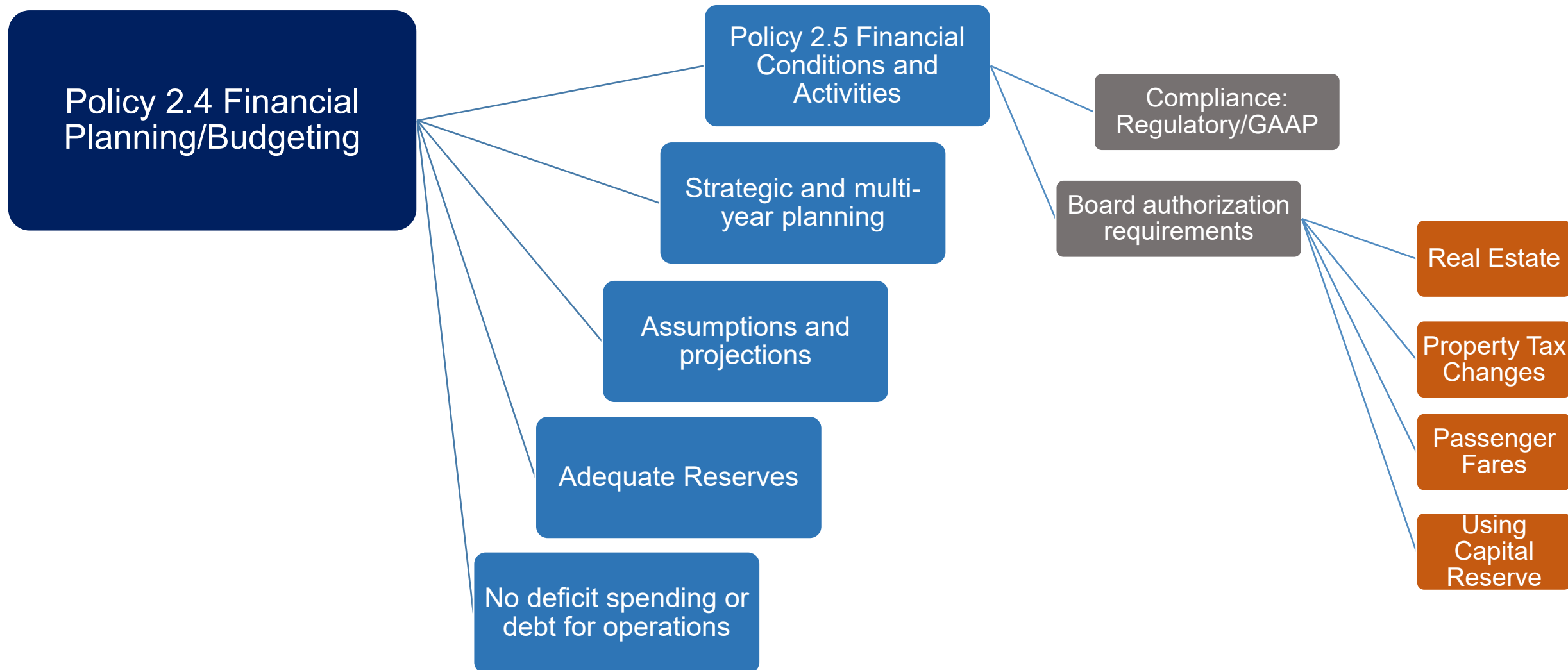
Excellence in Service Delivery & Customer Retention

Attract New Riders & Increase Ridership

Agency-wide Continuous Improvement

The Budget Follows Policies and Board's Ends

FY2026 Budget Timeline

Staff Draft Budget Development and Reviews

Budget Introduction with the Board of Directors

Budget Preview with the Board of Directors

Draft Budget Review with the Board and **Official Public Hearing**

Staff Preview of Recommended Budget

June 18th · July · August · September · September 18th

May & June · June 19th · July 24th · August 21st · September 17th

Staff Draft Budget Preview

Public Budget Preview and Public Comment

Draft Budget Reviews with Board Committees

Recommended Budget Reviews with Board Committees

Recommended Budget Approval requested from the Board of Directors

TheRide

Budget Preview Highlights

- Operating Full-Service Levels
- Full Year of Millage Services
- Lower State Operating Assistance
- Budget is Balanced
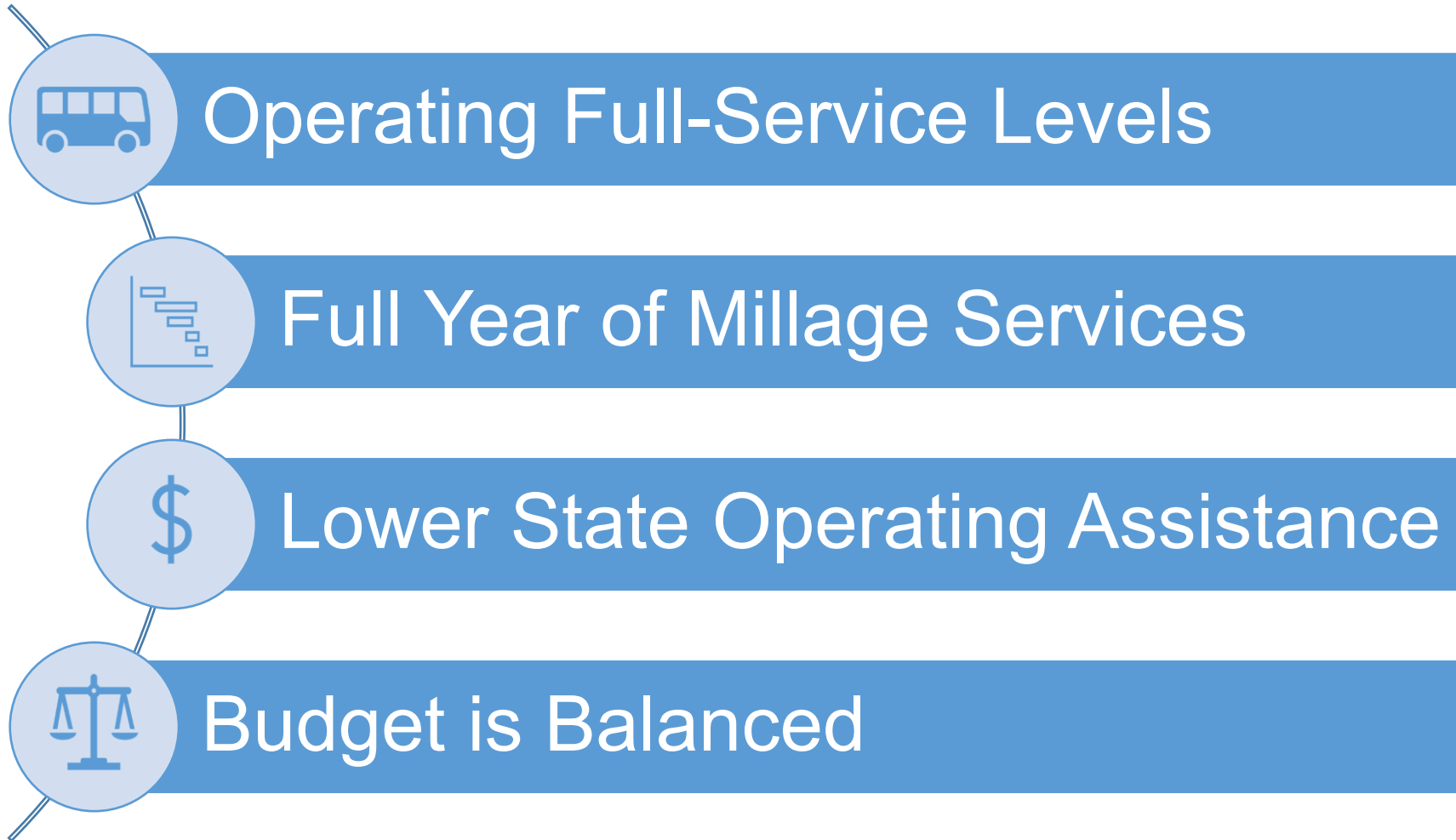
Key Changes in the FY2026 Operating Budget

- Lower State Operating Assistance
- Higher property tax revenue

Revenues
$1M, 1.4%

Expenses
$2.1M, 3.0%

- Maintains current millage expanded service levels
- Inflation and insurance pressures

- Net Change in Revenues and Expenses from FY25 = Balanced Budget

Balanced Budget

TheRide

ANN ARBOR AREA TRANSPORTATION AUTHORITY
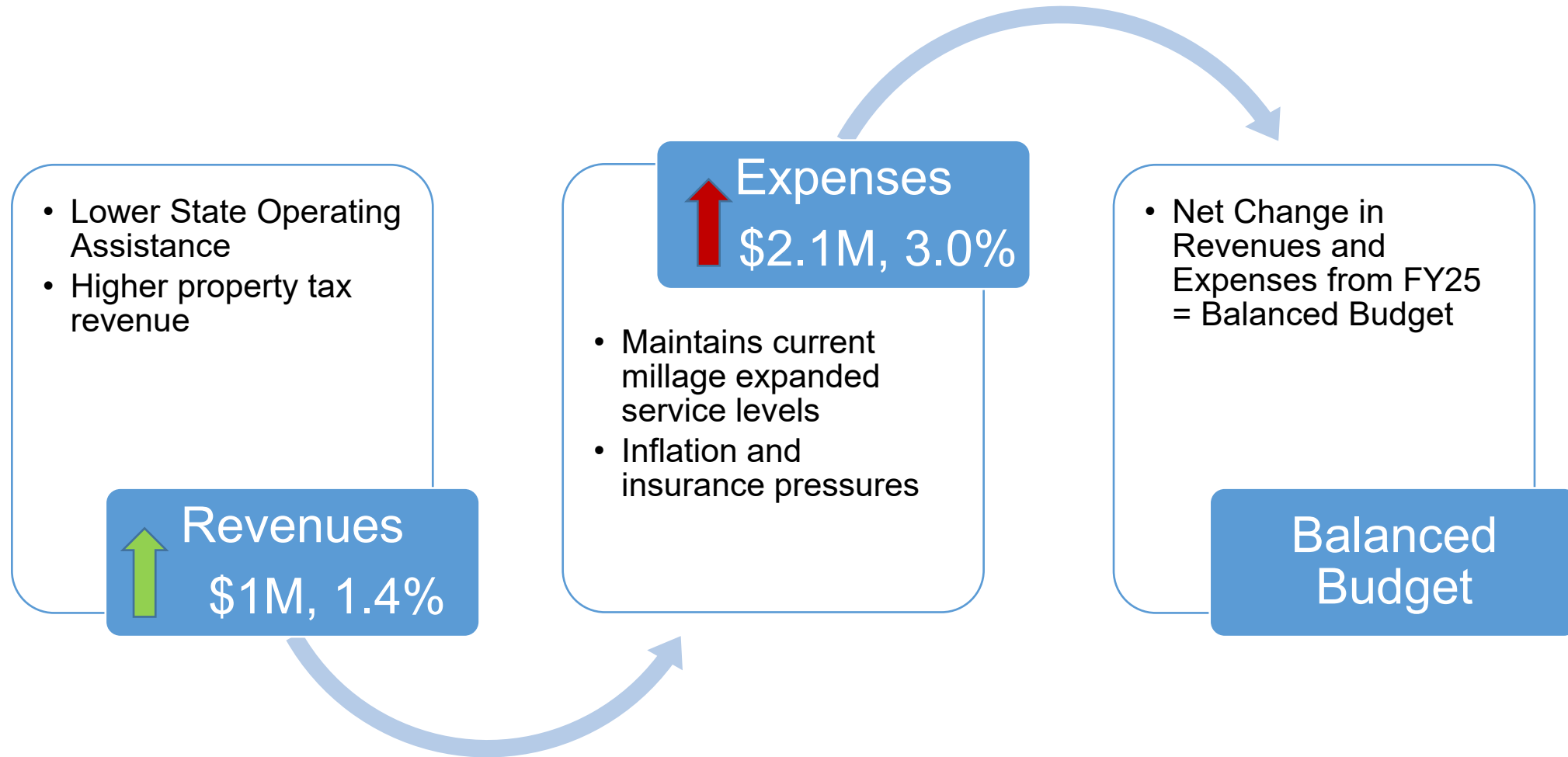
The FY2026 Operating Budget is Balanced

Revenues $70.8M	Expenses $70.8M
Property Tax Revenues $41.7M	Transportation Services $39.4M
State Operating Assistance $18.9M	Purchased Transportation $14.4M
Passenger Revenues & Other $8.6M	Administration 9.7M
Federal Operating Assistance $1.6M	Utilities & Insurance $7.3M

Property Taxes and LBO are 85% of the revenues

Direct funding for transportation is more than 75% of the budget
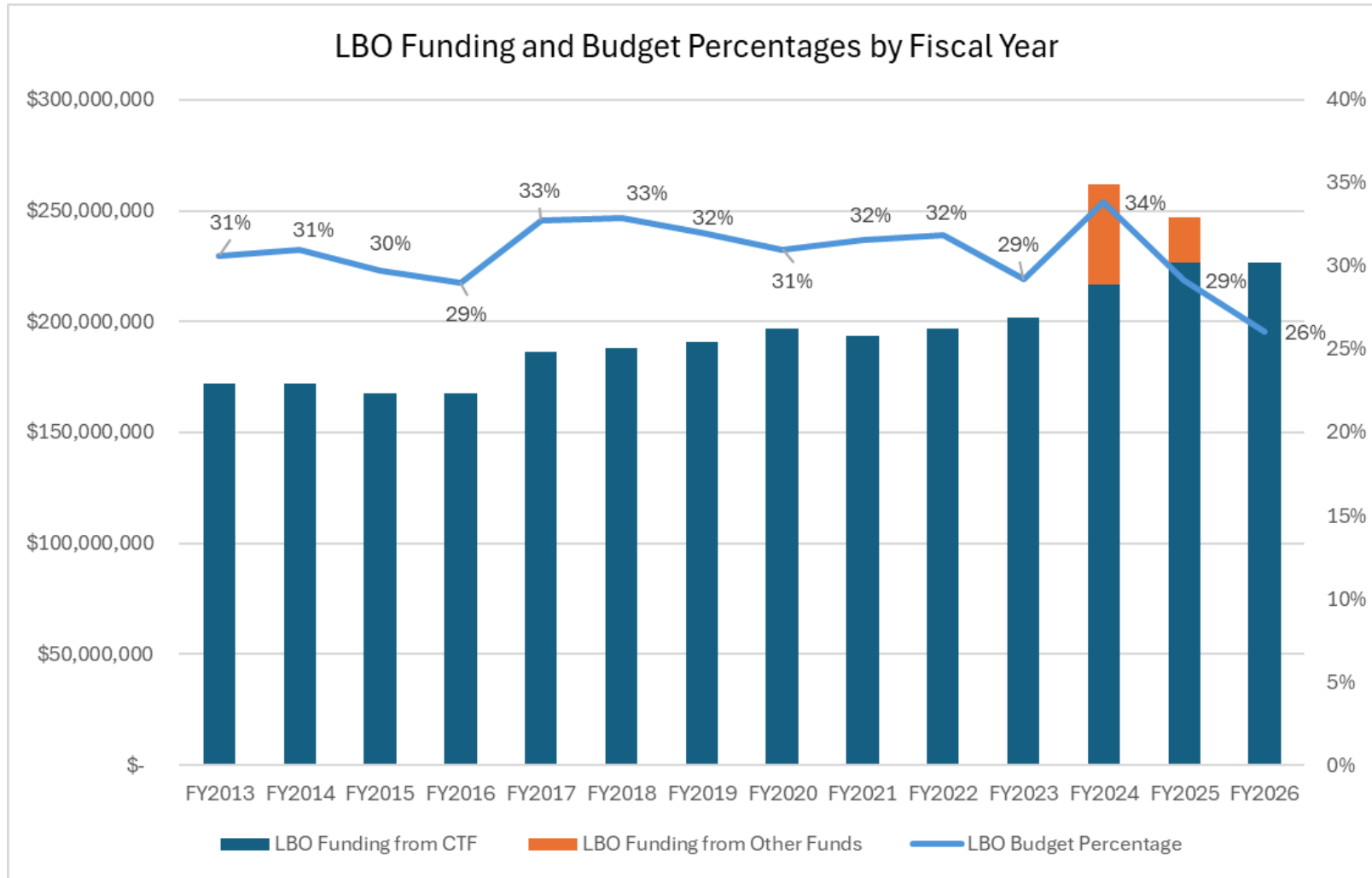
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Budget Opportunities and Risks

Opportunities

- Continuing Service to Communities
- Executing on the LRP
- Approved Millage through 2028
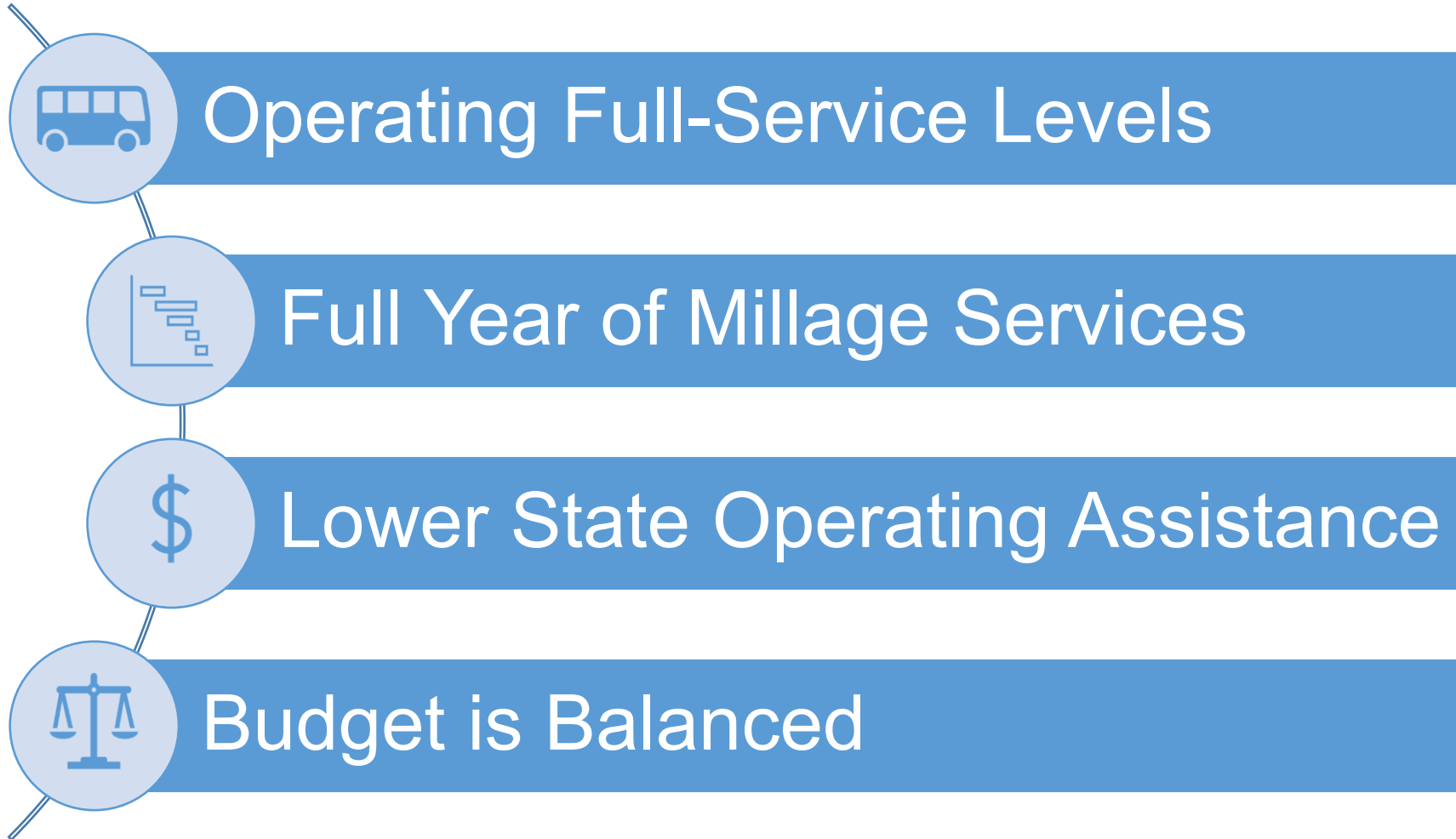- Funded Reserves, No Debt

Risks

- State LBO Funding
- Economic Uncertainty & Effects on Cost of Goods
- Labor Negotiations
- Cost Inflation – Capital Impact
- Federal Funding for Capital

LBO Funding ~30% of Operating Budget

State Funding

LBO Funding and Budget Percentages by Fiscal Year

Note: LBO = Linehaul Bus Operating; CTF = Comprehensive Transportation Fund

Conclusion

- Operating Full-Service Levels
- Full Year of Millage Services
- Lower State Operating Assistance
- Budget is Balanced

Thank You

Questions/Discussion

For Additional Questions, please contact:

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