TheRide
Ann Arbor Area Transportation Authority

Board of Director's Meeting Agenda

Meeting Date/Time: July 24, 2025 - 6:30pm – 9:00pm

Location: Riverside Arts Center, Ypsilanti (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, Praveena Ramaswami, 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: June 19, 2025	D			3
2.2 Committee Meeting Summaries	D			9
2.3 FY26 Committee/Board Meeting Dates & Alternative Meeting Location Dates	D			17
2.4 Board Administrative Budget	D			20
3. OWNERSHIP LINKAGE				
3.1 Ownership Linkage Task Force Updates	O	6:35	Chang	Verbal
4. MONITORING / DEVELOPMENT				
4.1 Board Meeting Run Time	O	6:40	Mozak	23
5. POLICY DEVELOPMENT				
6. BOARD EDUCATION / DISCUSSION				
6.1 Determining Reasonableness	O	7:00	Mozak / Radwan	27
7. OPERATIONAL UPDATES				
7.1 Business Plan	O	8:00	Carpenter	40
7.2 FY2026 Budget Preview	O	8:10	Reed	41
7.3 CEO Report & Legislative Updates	O	8:40	Carpenter / Pfeifer	49
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) Policy Development - Policy 3.2 Job Description BTC Authorizations Draft Budget Public Hearing RE: Budget FY25 Q3 Financial Report Future: State Funding (Education)			*Thursday, August 21, 2025* *Ann Arbor District Library - Downtown*	
9.3 Public Comment	O	8:55		
9.4 Adjournment				

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

If additional policy development is desired:

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

Emergent Topics

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

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

Board of Director's Meeting Minutes

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

Location: Ann Arbor District Library (4th Floor)

Virtual attendance available via Zoom

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

Members Absent: Susan Pollay (Excused)

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

Agenda Item
1. OPENING ITEMS

1.1 Approve Agenda

Chairwoman Mozak noted a change within the agenda - Mr. Yang will be presenting agenda item 7.3 instead of Mr. Hess. No other additions or changes noted to the agenda.

Mr. Miller motioned to approve the amended agenda, seconded by Mr. Chang.

No discussion on the motion.

All in favor of approving the amended agenda:

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

The motion to approve the agenda passed unanimously

1.2 Public Comment

Sam Rosewig, Assistant Dean for Washtenaw Technical Middle College thanked the agency the millage service expansions which have provided extended service for students attending evening classes. He expressed his gratitude for the assistance and cooperation with bulk monthly bus passes the school purchases for students who rely on public transportation to get to school.

Robert Pawlowski shared information on two upcoming community ride-along initiatives – between Ann Arbor and Ypsilanti, and Detroit - he has developed to assist with educating the community on local transit services. He extended an invitation for staff and board members to participate.

1.3 General Announcements

Chairwoman Mozak shared that the Ann Arbor City Council approved the appointment of a new Board member, Praveena Ramaswami. She will be attending the July Board meeting.

Chairwoman Mozak also acknowledged, on behalf of the Board, the significance of Juneteenth as a celebration of Black history and empowerment.

2. CONSENT AGENDA

2.1 Board Meeting Minutes: May 15, 2025

2.2 Committee Meeting Summaries

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

No discussion on the motion.

All in favor of accepting the Consent Agenda:

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

The motion to accept the Consent Agenda passed unanimously.

3. OWNERSHIP LINKAGE

3.1 Ownership Linkage Task Force Updates

Mr. Chang shared updates on ownership linkage meetings. The most recent was with Ann Arbor City Council member Dharma Akmon where they discussed coverage and ridership. He is planning an upcoming meeting with another Ann Arbor City Council member, Erica Briggs, along with a meeting with Ypsilanti Township representatives.

4. MONITORING

4.1 Governance Process Policies (3.5-3.8)

Chairwoman Mozak shared an overview of responses from the Governance Process Policies (3.5-3.8) board self-assessment survey taken by board members. She brought to attention a small error within the survey with wording for policy 3.5.2 and brought forward a recommendation of removing unnecessary language within policy 3.8.1.1. She suggested removing "*and candidates for membership*" as training is not offered for candidates for membership because the organization does not appoint board members.

Mr. Allemang motioned to remove the language of "and candidates for membership" in policy 3.8.1.1, seconded by Mr. Miller.

No discussion on the motion.

All in favor of removing the language of "and candidates for membership" in policy 3.8.1.1:

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

The motion to remove the language of "and candidates for membership" in policy 3.8.1.1 passed unanimously.

Staff will update the Board Policy Manual.

Board members also discussed the distinction between the Governance Committee and Executive Committee.

5. POLICY DEVELOPMENT

5.1 Policy Language Discussion (if needed)

No additional policy language discussion.

6. BOARD EDUCATION / DISCUSSION

7. OPERATIONAL UPDATES

7.1 Intro Draft Business Plan

Mr. Carpenter introduced the draft FY2026 Business Plan (Board packet, pg.85), outlining its role as a strategy and alignment tool. This version of the business plan includes a new SWOT analysis with reconfigured initiatives that emphasize financial risk and security. He shared how the plan prioritized Board Ends into high, medium and low categories, with institutional stability and service delivery as top priorities. The plan includes 42 initiatives organized into three categories with a focus on operations, security and technology. Board members discussed with Mr. Carpenter how high/medium/low priority categories might be reworded as the meaning could be misinterpreted. Board and staff input is encouraged with submissions due to Mr. Carpenter by July 14th. The final version of the Business Plan will be presented at the July Board meeting.

7.2 FY2026 Budget Introduction

Ms. Reed shared a presentation which outlined the current FY2026 Budget process and emphasized how it aligns with the Business Plan and Board Ends (Board packet, pg. 98). Budget assumptions include full-service levels and a potential decrease in state operating assistance. Highlights included risks of inflation and the potential impact on costs, along with the importance (and risks) of federal funding for capital projects.

Board members discussed the sustainability of the budget as revenue is not increasing at the same rate as expenses, and state and federal funding uncertainties.

Ms. Reed encouraged Board members to provide feedback on the presented budget assumptions and initiatives. She will provide a more detailed review at the July Board meeting. The balanced budget will be presented in September for Board approval.

7.3 YTC: Authorization for Next Steps

Mr. Yang presented information related to the Ypsilanti Transit Center project which has reached a major milestone in the development stage. The project is planned to total $23 million, with $7 million already secured and additional funding opportunities being pursued. Board authorization is needed to proceed with grant applications, detailed design and land acquisition.

MS. Grand motioned to 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), seconded by Mr. Miller.

No discussion on the motion.

All in favor to 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):

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

The motion to 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), passed unanimously.

7.4 FY2025 Q2 Service Report

Mr. Brooks presented the FY2025 Q2 Service Report. Highlights included a 16% increase in ridership, 20% decrease in fixed route complaints and 87% on-time performance for fixed routes. He noted the continued challenges for flex ride services with increased trip requests. Staff continue to work to improve efficiency and meet demand. Board members provided input on potential solutions, including adjusting ridership ones, limiting ride lengths and considering expanding fixed route services in certain areas.

7.5 CEO Report & Legislative Updates

Mr. Carpenter reported on the progress of the DGOC roof project, bus stop improvements, and the introduction of a new marketing campaign.

Mr. Pfeifer provided updates on a recent trip to Washington, DC to meet with federal and state representatives. The goal of the meetings was to emphasize the importance of maintaining or increasing transit funding levels.

Board members discussed the potential impacts of federal budget requests and the importance of earmark funding for security upgrades at the YTC.

8. EMERGENT ITEMS

9. CLOSING ITEMS

9.1 Action Item Recap

- Update 3.8.1.1 in the Board Policy Manual – a revised version will be sent to the Board.
- Update policy 3.7.2 wording in the survey.
- Internal Gantt chart for FY2025 Business Plan initiatives will be included in the next Business Plan Presentation.
- Discuss at Governance Committee how to reflect in monitoring reports when priorities have been adjusted.
- Discuss at Service Committee adjacent county transit service data as a future Board education topic.

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

9.3 Public Comment

Robert Pawlowski announced his departure from regular board attendance and thanked Board members for their mentorship and support over the years.

9.4 Adjournment

Ms. Valentine motioned to adjourn the meeting, seconded by Mr. Miller.

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
    Mr. Rich Chang: Yes
    Ms. Julie Grand: Yes
    Mr. Jesse Miller: Yes
    Ms. Georgia Valentine: Yes
    Chairwoman Kathleen Mozak: Yes

The motion to adjourn the meeting passed unanimously.

Chairwoman Mozak adjourned the meeting at 8:59pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, June 26, 2025 – 3:00 – 5:00pm

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

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

Kamau, Deb Holt

Location: REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 3:02pm

Agenda Item
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) Chairwoman Mozak noted that the order of agenda items 4.1 and 4.2 will switch. **1.2 Communications** Mr. Carpenter shared the upcoming dates he will be out of the office and Mr. Brooks will be the acting CEO during his absence.
2. BOARD DEVELOPMENT
2.1 Recruitment / Training / Attendance New member Praveena Ramaswami will be receiving on-boarding training mid-July and then introduced at the July Board meeting. Mr. Chang requested his information be included in on-boarding to connect with new board members about OLTF. **2.2 OLTF** Mr. Chang is coordinating a meeting with an Ann Arbor City Council member. A late July meeting is also being coordinated with Ypsilanti Township representatives. **2.3 Ends Development & Priorities** Committee members discussed the early development of planning a Board Ends Review Retreat with a preference for two (4) hour meetings on separate days. Chairwoman Mozak will be contacting the Policy Governance consultant for further guidance and planning. The discussion will continue at the next meeting.

2.4 FY26 Committee/Board Meeting Dates & Alternative Meeting Location Dates - draft

Committee approved dates presented and will make a recommendation for approval on the July Board meeting Consent Agenda. Staff will also contact Riverside Arts Center to reserve the proposed Ypsilanti location dates of January, April and July.

2.5 Board Budget (moved after 2.6)

Ms. Reed shared the current FY25 Board budget (in progress) and a draft FY26 budget. She noted that it had been reduced slightly as previous budgets had included funding for legislative work and much of that work had been covered under the CEO's budget. Committee members discussed the recommendation and agreed to recommend for approval on the July Board Meeting Consent Agenda.

2.6 Board Meeting Time Constraint Survey (moved before 2.5)

Committee members reviewed a survey sent to Board members to gather ideas on keeping track of meeting times.

Survey results showed that many Board members were in favor of an earlier start time for Board meetings. Staff were asked to determine the feasibility of a ½ hour earlier start time and will report back to the Governance Committee in July.

Board members also agreed that when monitoring report surveys receive 100% favorable results from a majority of respondents, the approval of the monitoring report will go on the Consent Agenda for approval. Further discussion on the survey results will be discussed at the July Board Meeting.

3. POLICY MONITORING & DEVELOPMENT

3.1 Governance Process Policies (3.0-3.4)

The committee reviewed the survey responses and some of the challenges with the revised answer options of Yes/No/No instances this reporting period. Overall board members provided positive input on the self-evaluation.

The committee members discussed creating a sub policy under policy *3.2 Board Job Description* to further outline expectations for member participation in task forces. Chairwoman Mozak will work on an issue brief for the July Board meeting.

The committee will also request the Board approve the Governance Committee reviews policy 3.3.3 language.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Draft Business Plan Discussion (moved after 4.2)

Mr. Carpenter shared that at upcoming committee meetings there will be an opportunity for additional questions and input on the draft Business Plan. The committee also discussed levels of prioritization that are guided by the Ends policies and the CEO's ability for operational flexibility.

Business Plan feedback is due by July 14th.

4.2 Budget Update (moved ahead of 4.1)

Mr. Carpenter shared that there were no significant updates to share with the budget process.

4.3 Legislative Updates

Mr. Pfeifer shared there has been very limited movement in the budget process at the state level, so no new updates.

4.4 A2 South Update

Mr. Carpenter shared updates on the proposed A2 South development project and potential impacts.

4.5 CEO Expense Report

The committee received Mr. Carpenter's quarterly expense report with no additional discussion.

5. EMERGENT ITEMS
6. CLOSING ITEMS

6.1 Committee Agendas

Service Committee – Add 3.2.1 – Service Report Baselines (Verbal discussion). No other changes to the agenda.

Finance Committee – No changes noted to the agenda.

Board Meeting – No changes noted to the agenda.

6.2 Action Item Recap

- Chairwoman Mozak will contact consultant Sue Radwan to discuss meeting options for Ends review in the fall.
- Staff will contact Riverside Arts Center to reserve space in January/April/July 2026.
- Chairwoman Mozak will provide an issue brief for a sub policy under Policy 3.2 Job Description to further outline participation expectations on task forces which will be added to the Board meeting agenda under policy language discussion
- Staff will review using automatic confirmations within JotForm surveys and update survey to reflect "Additional Comments" instead of "If you indicated yes, please provide examples."

6.3 Topics for Next Meeting
Guidance on Sustainability Policy
Ends Development & Priorities

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 4.59pm.

Respectfully Submitted by Deborah Holt

TheRide
Ann Arbor Area Transportation Authority

Service Committee Meeting Notes

Meeting Date/Time: July 1, 2025, 3:00pm – 5:00 pm

Members: Simi Barr (Interim Chair), Jesse Miller, Rich Chang
Members Absent: Susan Pollay (Excused)
Staff: George Brooks, Forest Yang, Jeff Pfeifer, Deb Holt
Guest: Sue Radwan

Location: REMOTE – Via Zoom

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

Agenda Item
1. OPENING ITEMS
1.1 Agenda (Additions, Approval)   No changes or additions noted to the agenda.   **1.2 Communications**   Staff and several Board members will be participating in 4th of July parades in Ypsilanti and Ann Arbor.
2. POLICY MONITORING & DEVELOPMENT
2.1 Environmental Sustainability (End vs. EL)   The Service Committee was tasked with reviewing the Environmental Sustainability policy. The policy was developed and monitored as an Executive Limitation when board members reviewed the monitoring report,   Consultant Sue Radwan shared that the committee should consider if they want the CEO and staff to achieve something about carbon neutrality (Ends policy) or if they want to define what would be imprudent or unethical for the CEO (Executive Limitation).   Committee members and the consultant discussed the merits and concerns of addressing environmental sustainability and carbon neutrality in both Ends and Executive Limitations. The committee agreed that Ms. Radwan would put together a preliminary example of an End to be reviewed at the August Service Committee meeting
3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 Draft Business Plan Discussion   Mr. Brooks reminded the committee that input on the draft Business Plan is encouraged and should be submitted by July 14th. Committee members discussed the focus on ridership within the Business Plan and expressed some concerns about the competing need for coverage expansion. They determined the topic may be revisited during the Ends review and Mr. Chang will share the discussion with the Governance Committee.

3.2 June Information Requests Responses (Battery Buses, Outside Ridership Figures, Ridership Discussion Format)

At the June Service Committee meeting, committee members requested additional data with the inclusion of adjacent transit agencies quarterly ridership data and information on U of M battery electric buses. Staff provided the requested information, and the committee reviewed and discussed.

The committee discussed no longer including D2A2 data in the quarterly service reports as the RTA is taking over data compilation – the committee will share with the Board that the data will no longer be included in quarterly reports going forward. The committee discussed the value of having ridership data from adjacent agencies but agreed it would not be required in quarterly reports.

The committee requested staff coordinate with U of M to schedule a time to look at their battery buses. Staff will work to facilitate a time.

3.3 Service Report Baselines

Mr. Chang provided feedback on the topic of including baseline metrics within the quarterly service reports.

3.4 Legislative Updates

Mr. Pfeifer shared a brief update that the State preliminary budgets have not yet been released.

3.5 A2 South Update

Mr. Yang provided an update on the proposed A2 South development project and potential impacts.

4. CLOSING ITEMS

4.1 Action Item Recap

- Ms. Radwan will be putting together a preliminary End for environmental sustainability – to be reviewed at the August Service Committee meeting.

- Staff will work to facilitate a time for a battery bus tour at U of M.

4.2 Topics for the Next Meeting
Environmental Sustainability – (draft) End policy
Service Report Baselines

Future:

4.3 Adjournment

Mr. Barr thanked the committee and staff and adjourned the meeting at 5:03pm.

Respectfully submitted by Deborah Holt

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, July 8, 2025 - 3:00 – 5:00pm

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

Staff: Dina Reed, Forest Yang, George Brooks, Jeff Pfeifer, Andy Huber, Deb Holt

Location: REMOTE – Via Zoom

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

Agenda Item
1. OPENING ITEMS
1.1 Agenda (Additions, Approval)   No changes noted to the agenda.   **1.2 Communications**   No communications.
2. POLICY MONITORING & DEVELOPMENT
3. STRATEGY AND OPERATIONAL UPDATES
3.1 Draft Business Plan Discussion   Ms. Reed shared that the development of the Business Plan is in progress and responses are due by July 14th. Committee members discussed Business Plan priorities and impacts with federal funding   **3.2 Draft Budget Discussion**   Ms. Reed provided an update on the FY 2026 budget development process with updates on the capital budget process and more detailed information assumptions. Projected operating revenues have an expected 1.3% increase from FY2025 due to property taxes and state operating assistance. Projected operating expenses have an expected 2.4% increase from FY2025 due to expected increases in salaries and wages along with higher insurance and miscellaneous expenses.   The committee discussed projected insurance increases and risk management, and ridership projections.

3.3 Legislative Updates

Mr. Pfeifer provided an update on the state budget planning which is still in flux. On the federal side he shared that several earmark requests are in committee review. He will continue to monitor and provide updates.

3.4 A2 South Update

Mr. Yang shared an updated on the A2 South development project and potential impacts.

4. CLOSING ITEMS

4.1 Action Item Recap

- FY26 Business Plan input is due to Mr. Carpenter by July 14th

4.2 Topics for Next Meeting
Budget Preview
FY25 Q3 Financial Report

Future Meeting:
Gas Tax information / update

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 4:11pm.

Respectfully submitted by Deborah Holt

FY26 Board and Committee Meeting Dates & Alternative Board Meeting Location Dates

Meeting: Board of Director's

Meeting Date: July 24, 2025

INFORMATION TYPE
Decision Preparation

RECOMMENDED ACTION(S)
That the Board approve FY 2026 committee and board meeting dates and times, and alternative location meeting dates in Ypsilanti for January, April and July.

ISSUE SUMMARY
The Governance Committee annually reviews upcoming fiscal year committee and board meeting dates and times, and alternative board meeting location dates. The proposed dates and times, and alternative board meeting location dates will then go before the Board on the Consent Agenda for their review and approval. In 2024, the Board requested that three Board meetings be held in Ypsilanti. The FY25 meetings in Ypsilanti were scheduled for January, May and July. The May Board meeting coincided with Ypsilanti Transit Center project community engagement and the July Board meeting was held to avoid Art Fair / downtown Ann Arbor activities traffic. Proposed FY26 alternative location Board meeting dates in Ypsilanti are January, April and July. To date there are no planned Ypsilanti public engagement dates for 2026, but the proposed months can be used as a guide. By holding the July Board meeting in Ypsilanti, Ann Arbor Art Fair is avoided.

ATTACHMENTS
1. FY26 Board and Committee Meeting Date Calendar

2025-2026   Board/Committee Meetings

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

November '25
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23	24	25	26	27	28	29
30						

December '25
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January '26
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25	26	27	28	29	30	31

February '26
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March '26
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29	30	31				

April '26
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May '26
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31						

June '26
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July '26
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26	27	28	29	30	31	

August '26
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23	24	25	26	27	28	29
30	31					

September '26
S	M	T	W	T	F	S
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20	21	22	23	24	25	26
27	28	29	30			

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

Service Committee	Finance Committee	Board Meeting	Governance Committee
Tuesday, 9/30/25 - 3-5pm **	Tuesday, 10/7/25 - 3-5pm	Thursday, 10/16/25 - 6:30-9pm	Thursday, 10/23/25 - 3-5pm
Tuesday, 11/4/25 - 3-5pm	Thursday, 11/13/25 - 3-5pm **	Thursday, 11/20/25 - 6:30-9pm	Thursday, 11/24/25 - 3-5pm **
Tuesday, 12/2/25 - 3-5pm	Tuesday, 12/9/25 - 3-5pm	Thursday, 12/18/25 - 6:30-9pm	Thursday, 12/29/25 - 3-5pm **
Tuesday, 1/6/26 - 3-5pm	Tuesday, 1/13/26 - 3-5pm	Thursday, 1/22/26 - 6:30-9pm **	Thursday, 1/29/26 - 3-5pm **
Tuesday, 2/3/26 - 3-5pm	Tuesday, 2/10/26 - 3-5pm	Thursday, 2/19/26 - 6:30-9pm	Thursday, 2/26/26 - 3-5pm
Tuesday, 3/3/26 - 3-5pm	Tuesday, 3/10/26 - 3-5pm	Thursday, 3/19/26 - 6:30-9pm	Thursday, 3/26/26 - 3-5pm
Tuesday, 3/31/26 - 3-5pm **	Tuesday, 4/7/26 - 3-5pm **	Thursday, 4/16/26 - 6:30-9pm	Thursday, 4/23/26 - 3-5pm
Tuesday, 5/5/26 - 3-5pm	Tuesday, 5/12/26 - 3-5pm	Thursday, 5/21/26 - 6:30-9pm	Thursday, 5/28/26 - 3-5pm
Tuesday, 6/2/26 - 3-5pm	Tuesday, 6/9/26 - 3-5pm	Thursday,6/18/26 - 6:30-9pm	Thursday, 6/25/26 - 3-5pm
Tuesday, 6/30/26 - 3-5pm **	Tuesday, 7/7/26 - 3-5pm **	Thursday, 7/16/26 - 6:30-9pm	Thursday, 7/23/26 - 3-5pm
Tuesday, 8/4/26 - 3-5pm	Tuesday, 8/11/26 - 3-5pm	Thursday, 8/20/26 - 6:30-9pm	Thursday, 8/27/26 - 3-5pm
Tuesday, 9/1/26 - 3-5pm	Tuesday, 9/8/26 - 3-5pm	Thursday, 9/17/26 - 6:30-9pm	Thursday, 9/24/26 - 3-5pm

*Meetings are 1st Tuesday otherwise noted ***

*Meetings are 2nd Tuesday otherwise noted ***

*Meetings are 3rd Thursday otherwise noted ***

*Meetings are 4th Thursday otherwise noted ***

FY2026 Cost of Governance Budget

Meeting: Board of Director's

Meeting Date: July 24, 2025

INFORMATION TYPE:
Decision Preparation

RECOMMENDED ACTION(S):
Receive as information historical budgets and actual operating expenses of governance expenses in preparation for developing the Cost of Governance Budget for FY2025.

PRIOR RELEVANT BOARD ACTIONS & POLICIES
• Governance Process: Policy 3.8 "…the Board will invest in its governance capacity" including policies 3.8.1 through 3.8.3.   • Executive Limitation: Policy 2.4.7 "…the CEO shall not cause, allow or fail to address budgeting that provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy."

ISSUE SUMMARY:
This issue brief presents a summary of historical budgeted and actual expenses as background information to prepare the Board in development of the budget for estimated costs of governance for the next fiscal year.

BACKGROUND:

In summary, board policies state that the CEO is responsible for ensuring that there are budgeted funds for the Board to maintain skills, methods and supports to be sufficient to assure governing with excellence and that the Board will develop its budget by June 30 each year to assure inclusion in the overall budget.

For several years the budget had been recommended by staff, based on historical budgeted trends, and accepted by the Board. In FY2025 the Governance Committee reviewed historical expense trends of governance costs (provided by staff) and evaluated the Board's work plan for the fiscal year and made assumptions for costs of governance, to develop the budget and ensure compliance with board policies.

Staff are providing, in Attachment 1, the historical budget and actual costs of governance expenses (Figure 1.1) and budget comparisons with a draft FY2026 budget for consideration (Table 1.2) intended to assist the Governance Committee in developing the FY2026 Cost of Governance budget. Attachment 2 shows the budget detail for the draft FY2026 budget for the Board's consideration. Cost of Governance expenses are budgeted in account 300-509-017, which is titled Board Governance & Training. As indicated in the Board's policy, Cost of Governance expenses are identified as costs for meetings, policy development, board member recruitment, and board member development expenses.

ATTACHMENTS:
1. Historical Budgeted and Actual Cost of Governance Expenses   2. FY2026 Cost of Governance Draft Budget Detail

Attachment 1
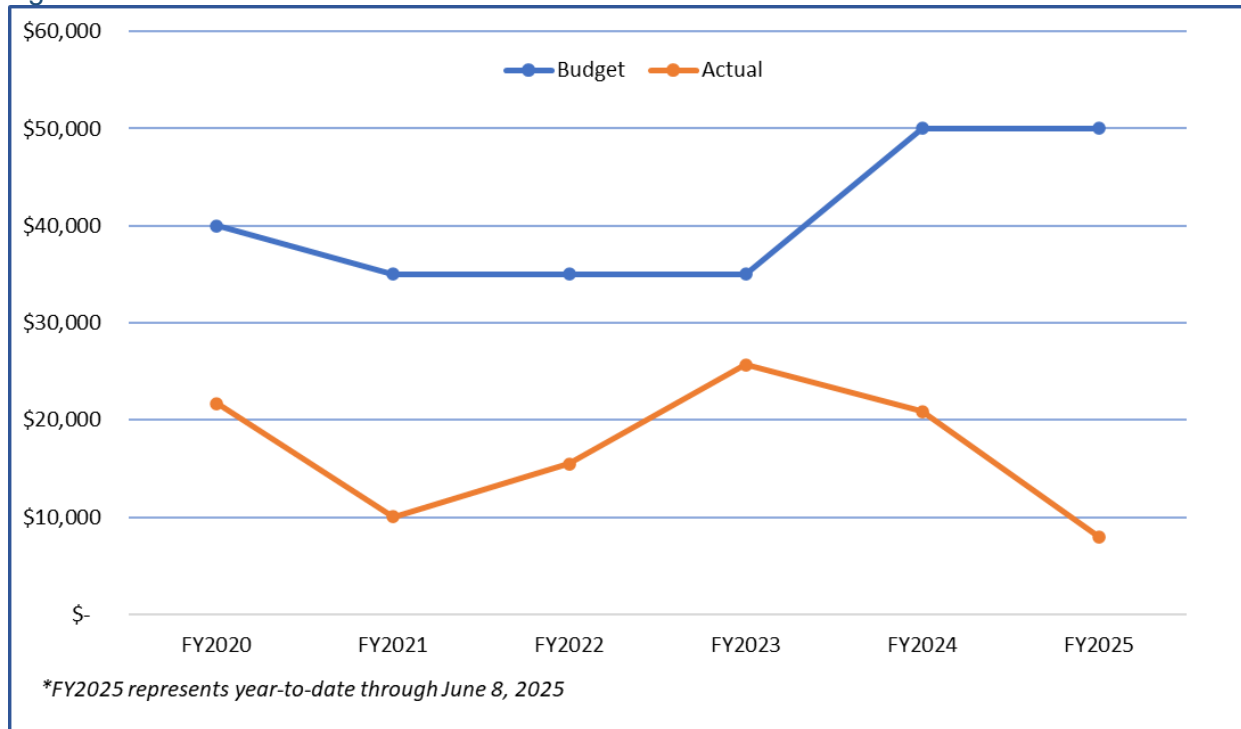## Historical Budgeted and Actual Cost of Governance Expenses

Figure 1.1

FY2025 represents year-to-date through June 8, 2025

Table 1.2

Costs of Governance Budget Comparison					
Type of Expense	**FY2023 Actual**	**FY2024 Actual**	**FY2025 Budget**	**FY2025* Actual**	**FY2026* Budget**
Board Training & Development	$ 3,101	$ 886	$ 14,500	$ 2,867	$ 14,500
Legislative Development	4,228	5,087	14,000	-	-
Governance Coaching	12,438	13,721	17,000	5,038	17,000
Board Recruitment	4,306	-	1,000	60	1,000
Other - Budget (to be allocated into specific projects for FY2026)			-	-	2,500
Other - Internal Board Meeting	107	-	-	-	-
Other - Board Reteat	-	-	1,000	-	-
Other - CEO Assessment	1,199	1,199	1,500	-	-
Other - CEO Compensation Study	-	-	1,000	-	-
Other - Professional Photos	300	-	-	-	-
Total	$ 25,680	$ 20,893	$ 50,000	$ 7,965	$ 35,000

*FY2025 represents year-to-date through June 8, 2025
*FY2026 represents a draft budget consistent with the FY2025 Budget

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Attachment 2
FY2026 Cost of Governance Draft Budget Detail

FY2026 Cost of Governance Detail

		Assumptions		Total
		Cost Per Unit	Quantity	
1.0	**Board Training & Development**			
1.1	Bootcamp - Registration	$ 500	3	$ 1,500
1.2	Bootcamp - Hotel, Travel Expenses	1,000	3	3,000
1.3	APTA Conference - Registration	1,250	2	2,500
1.4	APTA Conference - Hotel, Travel Expenses	2,500	2	5,000
1.5	Board Education Series - Webinars	500	2	1,000
1.6	Board Education Series - Presentations on Transit Topics	500	3	1,500
	Sub-Total, Board Training & Development			$ 14,500
2.0	**Governance Coaching**			
3.1	Consultant Coaching - Policy Development & Monitoring	$ 15,000	1	$ 15,000
3.2	Governance Consultant Coaching - Special Projects	2,000	1	2,000
	Sub-Total, Governance Coaching			17,000
3.0	**Board Recruitment**			
4.1	Board Member Recruitment	$ 1,000	1	$ 1,000
4.2	General Recruitment - Ongoing	-	0	-
	Sub-Total, Board Recruitment			$ 1,000
4.0	**Other**			
5.1	*TBD*		1	-
5.2	*TBD*		1	-
5.3	*TBD*		1	-
5.4	General Other	2,500	1	2,500
	Sub-Total, Other			$ 2,500
	Total Governance Expenses			$ 35,000

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Board Meeting Time Constraint Survey

Meeting: Board of Director's

Meeting Date: July 24, 2025

INFORMATION TYPE
Decision Preparation

ISSUE SUMMARY
At the April 17, 2025 Board Meeting, members expressed concerns at the length of time meetings were being extended past the 9pm meeting end time. The next month, the brought forth several options for consideration to improve meeting length. Board members were asked to provide their input on a survey to determine which suggestions might be incorporated into practice.

ATTACHMENTS
1. Board Meeting Time Constraint Survey

TheRide
Ann Arbor Area Transportation Authority

WORKSHEET RESULTS:

Board Meeting Time Constraint Survey

Participants: 9 Board Members
Michael Allemang, Chris Allen, Simi Barr, Rich Chang, Julie Grand, Jesse Miller,
Kathleen Mozak, Susan Pollay, Georgia Valentine

Change the meeting run time from 2.5 hours to 3 hours (6-9pm OR 6:30-9:30pm)	YES - 6	NO - 3
If you chose YES, please pick a start time:	6:00-9:00pm - 5	6:30-9:30pm - 1
Add time markers to Board agendas	YES - 8	NO - 1
Have speaking time limits for Board Members (i.e. 3 minutes per member / per agenda item)	YES - 1	NO - 8
Provide videos of some reports/presentations ahead of BoD Meeting in place of in-person presentation(s)	YES - 7	NO - 2
If you chose YES, can you think of any reports/presentations that you would NOT want in video format?	• No. I think having presentations in video format will allow board members to review before the meeting. We can then have either a significantly condensed presentation during the board meeting, to refresh the topic, and/or immediately enter discussion of the topic with staff. • New information and updates where we need to make a short-term decision	

Worksheet Results: Board Meeting Running Time Survey

Add policy monitoring reports with 100% approval response to the Consent Agenda (a Board member may still request an item be taken off the Consent Agenda for discussion)	YES - 8	NO - 1
If you chose YES, what majority of Board members' participation should be required if there is 100% approval for the monitoring report survey?	- Doesn't matter to me -- if someone didn't participate in the monitoring report survey, my assumption is that they didn't read the report and thus lose the ability to bring points up for discussion. Summary: my interpretation is that this is, "100% approval based on the monitoring report survey participants." 70% - What would normally be a quorum of the board. - Any number that shows 100% should be included in the Consent Agenda. If a board member decides that the participation percentage is too low for their comfort level, at that Board meeeting let him/her ask to remove the item from Consent and place it in the agenda. I'd prefer to do it this way than to establish an arbitrary percentage participation since most of the 100% responses are on non-controversial policy reports 6 participants. This allows for open positions, vacations, etc… - I'd say a simple majority is fine. Anyone can pull something off the consent agenda, if desired. 66.66% 60%	
Additional comments / suggestions:	- Thank you for taking the time to help improve time management at the monthly Board Meetings. - Now that the issue has been brought to our attention, I believe nearly all meetings could be run to fit within 2.5 hours. We were lax before because we weren't concerned about the time.	

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Worksheet Results: Board Meeting Running Time Survey

Additional comments continued …	• I chose the original board start time but an open to starting earlier at 6 if the Board chooses to go to a 3 hour run time. • I think we should move the start time of the meetings up to 6 PM, unless that presents significant issues for board members. I don't want the extension of the written meeting time, from 2.5 to 3 hours, to indicate we intend to extend the meetings in any way beyond what they are currently.

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Worksheet Results: Board Meeting Running Time Survey

Assessing Reasonableness of CEO Interpretations

Meeting: Board of Director's

Meeting Date: July 24, 2025

INFORMATION TYPE
Other

RECOMMENDED ACTION(S)
Discuss, etc.

ISSUE SUMMARY
When assessing a CEO's interpretation of board policy, the Board must apply the any responsible interpretation rule. Based on early Board uncertainty regarding this principle, the Governance Committee engaged Susan Radwan to provide education to the Board on the subject. She will be attending the meeting in person to present information and facilitate a discussion. Her presentation materials are attached.

PRIOR RELEVANT BOARD ACTIONS & POLICIES
All of policy chapter 4.0 – Board-Management Delegation…
4.3.3 - As long as the CEO uses any reasonable interpretation *of the Board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.*
4.4.3 - In every case, the Board will judge the reasonableness of the CEO's interpretation and whether data demonstrate accomplishment of the interpretation
4.4.4 - The standard for compliance shall be any reasonable CEO interpretation of the Board policy being monitored. The Board is the final arbiter of reasonableness, but will always judge with a "reasonable person" test rather than with an interpretation favored by Board members or by the Board as a whole.

ATTACHMENTS
1. Memo "What is a Reasonable Interpretation?" (Radwan)
2. Presentation "What is Any Reasonable Interpretation?" (Radwan)

What is a reasonable interpretation of a Board policy?

"Assurance of successful organizational performance on Ends and Executive Limitations" is in the Board's job description (3.2.4 and 3.2.5). Just like in a CEO performance appraisal, the big question is: Do we have a competent CEO? Evaluating a monitoring report is a function of ongoing CEO evaluation. That question should extend to the assessment of a monitoring report.

Policy 4.4.4 states, "The standard for compliance shall be any reasonable CEO interpretation of the Board policy being monitored. The board is the final artbiter of reasonableness, but will always judge with a "reasonable person" test rather than with an interpretation favored by Board members or by the Board as a whole. "

Elements of An Interpretation

The following <u>elements</u> should be included in an interpretation for the Board to assess its reasonableness:

1. (An operational definition) How we have operationalized this policy inside the organization underscored by:
2. A measure or standard that would demonstrate aligned performance with a defensible rationale for that measure or standard.
3. A level of achievement (a target) necessary to demonstrate compliance or achievement **for this reporting period** with rationale for the level of achievement chosen.

The rationale provided is intended to persuade the board as to why it should find the interpretation as reasonable. The rationale provides context for the measure or standard chosen to demonstrate performance.

Basis for Reasonableness

When board members assess a monitoring report, their frame of mind matters. The assessment should not be approached from a "check list" perspective or a "gotcha" opportunity looking for faulty thinking or nit-picking on minor points, but rather, "Does this interpretation demonstrate competent decision-making?" The reader of the report should approach it from a "generalist" lens rather than a "specialist" or activist lens. The reader should be assessing the degree of progress or compliance with the measurements identified. The reader should be assuming "good faith" in decision-making, but cognizant of confusing rationale or language that seems to obfuscate clear understanding. Overall, the reader should be considering, "Given the context of our organizational limitations, does the interpretation and the rationale make sense."

The board has an obligation to listen to concerns presented, however, Policy 3.1.2 states, "The board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values."

Questions to Discern Reasonableness

Is the interpretation complete? Were all values contained in the policy reasonably addressed?
Does the rationale for the choices presented make sense to me?
Does the measure or standard chosen demonstrate there is a system in place to create reliable/predictable results?
Are the projected results for the reporting period reasonable?
Does the evidence demonstrate compliance or achievement with the measure or standard identified for **this** reporting period?
Is the evidence or data provided verifiable? In other words, if I wanted to see the evidence that supports compliance, could I?

Explanation

The "any reasonable interpretation" standard exists to push the Board to clearly state their collective expectations proactively through written policy. If a CEO's stated definition and target are aligned with the goal of the written policy and making acceptable progress (i.e. reasonable), then ANY method of achieving those results should be accepted. Otherwise, the Board risks prescribing Means, or allowing individual preferences to circumvent board holism or the CEO's judgment. There is a natural temptation for board members to advocate for personal preferences. The ANY reasonable interpretation standard does NOT mean the Board's *intended* interpretation, or "*my* interpretation". The CEO may need to offer justification or rationale to provide context for the choices made. Objective, defensible rationale should assist in persuading the board of the reasonableness of the choices made.

Dissecting a CEO's written interpretation of a board's policy forces all parties to grapple with ambiguity, intent, group decisions, delegation, and accountability. For example, angst over a CEO's interpretation may suggest that some board members may have a differing assumption about the intent of the policy or want the agency to go in a new direction. The correct action here is for fellow board members to update the policy in question. A narrower policy will force a tighter CEO interpretation, while still allowing <u>any</u> reasonable interpretation. Accepting ANY reasonable interpretation forces the board out of a management mindset and into their group leadership role.

Finally, this standard is not carte blanche to do whatever the CEO wants – accountability for delegated authority remains through the monitoring performance against Board policy. But it does help to ensure that the CEO's professional judgment is respected while maintaining clear role delineation and accountability.

What Is
Any
Reasonable Interpretation?

Policy Governance's Four Philosophical Foundations

Empowerment that allows both the Board and CEO to do what they know best.
- Board – external environment—the informed agent of the ownership.
- CEO – internal environment – With clear and coherent delegated authority.

Servant-Leadership
- Board serves the collective ownership as a trustee AND never loses sight of the big picture.
- CEO serves the organization as a steward inside the delegated authority from the board.

Clarity of Group Values
- Board is a collective, representing the ownership collective.
- The Board clarifies its shared values, informed by ownership collective, and develops policy to document those shared values and assess performance to those documents values.

Accountability
- Both the Board and CEO are accountable to the established value system as defined in policy. Monitoring accountability to all policies is critical to assure a system of integrity.

Why **ANY** Reasonable Interpretation?

Focus on the value of *empowerment,* where both the board and the CEO are empowered to do what they know best.

◦ The board understands and connects with the external environment, the CEO understands and connects with the capacities and culture of the internal environment.

Delegation implies empowerment.

◦ Authority flows down, accountability flows up.

◦ Through policy, the board delegates all operational choices (within the limits of policy) and empowers the CEO to use any reasonable interpretation of written policy to achieve results.

◦ In systems thinking, the principle of equifinality is at play around interpretation of policy.

The Challenge: How do you ensure that the CEO's professional judgment is respected while maintaining clear role delineation and accountability.

Equifinality

A concept that the same outcome can be achieved
through various and different paths or starting points.

Key aspects of equifinality:
- **Different pathways:** Different conditions, processes or methods can lead to the same final result.
- **Open systems:** Systems that interact with their environment.
- **Systems theory:** All elements of a system are interconnected and interdependent.
- **Beyond linear causality:** Challenges the idea that there is a single, direct cause for every outcome, suggesting that multiple factors can contribute to the same end state.

Elements of an Interpretation

(**An operational definition**) How we have operationalized this policy inside the organization underscored by:

- **A measure or standard** that would demonstrate aligned performance with a defensible rationale for that measure or standard.
- **A level of achievement** (a target) necessary to demonstrate compliance or achievement **for this reporting period** with rationale for the level of achievement chosen.
- **The rationale** provided is intended to persuade the board as to why it should find the interpretation as reasonable. The rationale provides context for the measure or standard chosen to demonstrate performance.

Basis for Reasonableness = Result, not Means

Does this interpretation demonstrate **competent decision-making**?

Use a "**generalist**" lens (as you represent the ownership perspective.)

Assess the degree of progress or compliance **with the measurements identified** in the interpretation.

Assume "good faith" in decision-making, but cognizant of confusing rationale or language that seems to obfuscate clear understanding.

"Given the context of our organizational limitations, does the interpretation and the rationale **make sense**."

Conclusion: If a CEO's stated definition and target are aligned with the goal of the written policy and making acceptable progress (i.e. reasonable), then ANY method of achieving those results should be accepted.

Questions to Discern Reasonableness

*Recognizing confusing rationale or
language that seems to obfuscate clear understanding*

Is the interpretation complete? Were all values contained in the policy reasonably addressed?

Does the measure or standard chosen demonstrate there is a system in place to create reliable/predictable results?

Are the projected results for the reporting period reasonable?

Does the rationale for the choices presented make sense to me?

Does the evidence demonstrate compliance or achievement with the measure or standard identified for this reporting period?

Is the evidence or data provided verifiable? In other words, if I wanted to see the evidence that supports compliance, could I?

Background Info
The 12 Natural Laws of Systems

THE BASIS FOR POLICY GOVERNANCE FRAMEWORK

6 Natural Laws for the whole system – Working ON the Organization

	NATURAL LAWS	ASSOCIATED BEST PRACTICES	POLICY GOVERNANCE APPLICATION
1.	Holism	Ask "What's your purpose?" (What's the why?)	Ends Policies
2.	Open System	Scan the environment regularly (Scan for implications)	Ownership Linkage and Review of Ends Content
3.	Boundaries	Collaborate across Boundaries (Seek win-win)	Empowerment of Board and CEO; Clear role delineation
4.	Input/Output	Use "Backwards Thinking (Begin with the End in Mind)	Begin with Board Ends, then operations develops the strategic and business plan
5.	Feedback (is a gift)	Encourage "gifts"	Monitoring; Communication & Support to the board policy
6.	Multiple Outcomes	Organizational and individual outcomes—WIIFM	Ends + Empowerment

Natural Laws and the Inner Workings
Working IN the Organization

	NATURAL LAWS	ASSOCIATED BEST PRACTICES	POLICY GOVERNANCE APPLICATIONS
7.	Empowerment	Empower the means (focus on ends)	Clear Role Delineation between Board and CEO
8.	Entropy	Build in booster Shots	Mandate for Board Orientation and Learning in Governing Style Policy
9.	Hierarchy	Flatten the Hierarchy	Delegation to the CEO
10.	Relationships	Recognize Relationships and Fit	Board Culture as a Collective
11.	Dynamic Equilibrium	Blast away the ruts	Annual Plan of Board Work
12.	Internal Elaboration	Create Clarity and Simplicity	Right size policies and monitoring schedule on occasion

FY2026 Business Plan

Meeting: Board of Director's

Meeting Date: July 24, 2025

INFORMATION TYPE
Other

RECOMMENDED ACTION(S)
That the Board receive information on the updated final Business Plan and provide any final feedback.

PRIOR RELEVANT BOARD ACTIONS & POLICIES
Policy 2.4 Planning/Budgeting

ISSUE SUMMARY
The Business Plan serves as a critical tool for organizational alignment and transparency, helping to translate the Board's policy expectations for outcomes (Ends policies) into clear, actionable initiatives in a multi-year and strategic context. At the June Board meeting, the CEO presented the FY2026 Business Plan and solicited input from Staff, the Board, and the Public. In response to received feedback, the following updates have been made: • Added the Transit App initiative, led by the RTA (Project #24) • Revised the framing of strategic priorities • Deferred the Youth Ridership Project by one year due to staffing constraints (Project #31) • Corrected typographical errors and refreshed one graphic The CEO thanks Board members for their feedback on the first version. Pending any final adjustments, he intends to finalize the Business Plan on July 25th so it may be used in the Budgeting process. Once finalized, the revised Plan will form the basis of the annual recommended Budget, scheduled for Board action in September.

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. Revised FY 2026 Corporate Business Plan

FY2026 Budget Preview

Meeting: Board of Directors

Meeting Date: July 24, 2025

INFORMATION TYPE:	
Decision Preparation	
RECOMMENDED ACTION(S):	
Receive for information a preview of the operating budget draft for FY2026, along with an update on the capital budget process.	
ISSUE SUMMARY:	
This Issue Brief provides a preview of the FY2026 budget before draft and recommended budgets will be presented to the Board in September. The budget preview is balanced, which means that revenues are sufficient to cover expenses without deficits during the fiscal year. Discussions in July, August and September will help ensure support for the recommended budget, which is to be presented for Board adoption in September.	
BACKGROUND:	
AAATA staff is developing the operating and capital budget to further Board Ends within Executive Limitations and provide transparency in financial planning in a multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and will be held at the August 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 to approve the annual budget (Policy 3.2.7)

ALTERNATIVE OPTION(S):

Financial planning and budgeting is legally required, required by Board policy, and essential; there is no prudent alternative.

ATTACHMENTS:

1. FY2026 Budget Preview
2. FY2026 Budget Timeline

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Attachment 1: FY2026 Budget Preview

Introduction

The FY2026 Operating 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 organization is committed to achieving The Board's Ends. Executive Limitations are the operational and risk boundaries provided to the CEO, within which, staff methods, decisions, and activities can be responsibly left to professional staff to lead and manage.

The Corporate Business Plan (the Business Plan) clarifies 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 the financial plan to maintain transportation services to the communities we serve. The Budget provides funding to accomplish the following:

- Excellence in Service Delivery and Customer Retention ➔ Operational, Financial and Administrative Excellence
- Attract New Riders and Increase Ridership ➔ Long-Term Infrastructure, Service Enhancements and Influence Demand for Transit
- Continuous Improvement ➔ Team and Staff Development, Internal Effectiveness & Efficiency, and Sustainability Planning

A large majority of funding in the Budget is for maintaining services, with additional funding to support growth 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 considers impacts of economic and industry conditions and impacts 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.

This presentation of the FY2026 Budget Preview illustrates initial assumptions of revenues and expenses needed to maintain current service levels (a base budget). The Budget Preview does not include additional 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 the Business Plan, as determined by staff evaluation and in consideration of Board discussions. Additional initiatives will be incorporated into the next draft of the budget, as funding allows.

The Budget Preview assumes full-service operations, reflecting the impact and data collected from this first complete year of expanded services funded by the higher millage rate passed in August 2022. It includes a substantive increase in property tax revenue based on actual receipts and more refined forecasting derived from historical analysis along with recent data from

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Washtenaw County. It also accounts for a substantial reduction in state operating assistance, based on early guidance from MDOT to public transit agencies in Michigan.

In summary, the Budget Preview provides reasonably conservative assumptions to maintain current services while taking into consideration important current year operational data and key exogenous factors. Updated assumptions and funding for additional initiatives will be incorporated as the budget process continues. The Budget will be updated as staff recommendations are finalized, and information will be provided to the Board in accordance with the budget timeline. The outlook for the budget is stable with funding from the existing millage, in place until 2028, and state and local governments, which are adequate to provide the Ann Arbor-Ypsilanti communities with planned levels of public transportation services.

FY2026 Operating Budget Preview

The emerging operating budget is balanced for FY2026. Figure 1 is a preview of revenues and expenses at this stage of the development process. Current estimates are shown in comparison to the approved FY2025 Budget for context. Note that the prior year budget is the Board-approved budget, which is fully developed and includes initiatives; the Budget Preview is still under development with further refinements of assumptions and incorporation of initiatives to be incorporated over the next couple of months. Multi-year projections will be provided when the Budget is more refined in the Draft Budget presentation in August.

Figure 1: FY2026 Operating Revenues and Expenses

	FY2025 Approved Budget	FY2026 Budget Preview	2026 vs. 2025 Changes	
			$	%
OPERATING REVENUES				
Passenger Revenue	$ 3,800,535	$ 4,118,392	$ 317,857	8.4%
Local Property Tax Revenue	37,494,802	41,647,533	4,152,731	11.1%
POSA & Other Governmental Partners	2,939,682	3,027,872	88,190	3.0%
State Operating Assistance	22,198,615	18,819,906	(3,378,710)	-15.2%
Federal Operating Assistance	-	-	-	0.0%
Other Federal Programs	1,446,166	1,577,500	131,334	9.1%
Advertising, Interest, and Other	1,909,143	1,496,680	(412,463)	-21.6%
TOTAL REVENUES	$ 69,788,943	$ 70,687,884	$ 898,940	1.3%
OPERATING EXPENSES				
Salaries, Wages and Benefits	$ 37,984,127	$ 38,894,464	$ 910,337	2.4%
Purchased Transportation	13,554,686	13,221,688	(332,998)	-2.5%
Diesel Fuel and Gasoline	3,417,000	3,417,000	-	0.0%
Materials and Supplies	4,259,770	4,371,296	111,526	2.6%
Contracted Services	4,956,685	5,040,348	83,663	1.7%
Utilities	929,800	1,018,500	88,700	9.5%
Casualty & Liability Insurance	2,121,050	2,607,604	486,554	22.9%
Other Expenses	1,493,453	1,788,519	295,066	19.8%
TOTAL EXPENSES	$ 68,716,571	$ 70,359,418	$ 1,642,848	2.4%
SURPLUS (DEFICIT)	$ 1,072,373	$ 328,465	$ (743,908)	30.6%
Operating Reserve Transfer	-	-		
Capital Reserve Transfer	-	-		
Operating Balance Transfer	$ 1,072,373	$ 328,465	$ (743,908)	-69.4%
OPERATING BALANCE	$ 20,476,878	$ 20,805,343	$ 328,465	1.6%

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Revenue Assumptions

Operating revenues are budgeted at **$70,687,884,** an **increase of 1.3%** compared to FY2025. While aggregate revenues are relatively steady, there are significant changes to AAATA's largest sources of revenue, property taxes and state operating assistance. Interest income assumptions have also been adjusted to better reflect changes in external economic conditions.

- **Local property tax revenues** are derived from property taxes collected from Ann Arbor, Ypsilanti, and Ypsilanti Township. Projections for FY2026 are based on a 4.7% average annual increase in assessed property values from 2014 to 2024 and a millage rate of 2.38 mills. The assumptions are supported by updated data from Washtenaw County received this spring, which shows a 5.3% increase in property assessments for the upcoming summer tax collection compared to FY2024.

  To improve projection accuracy, prior year gross assessments and billing data are reconciled with historic actuals and used as the base for assumptions and adjusted for changes in assessed property values to develop current Budget assumptions. Data is compiled from Washtenaw County, Ann Arbor, Ypsilanti, and Ypsilanti Township. All relevant deductions, including the Headlee Amendment rollback, and tax captures, such as those from the Ann Arbor Downtown Development Authority, have been factored into the revenue assumptions. Estimates are consistent with AAATA's L-4029 forms prepared for the summer 2025 tax collection.

  The FY2026 Budget Preview reflects a total increase of approximately $4.2 million, or 11.1%, over the FY2025 approved budget. Two key factors drive this significant increase. First, actual FY2024 receipts exceeded initial conservative estimates which were more closely aligned with projections used during the 2022 millage campaign. The FY2025 approved budget was intentionally somewhat conservative, as AAATA had not yet completed a full collection cycle under the increased millage rate and lacked sufficient data last summer to confidently support a higher projection. Based on refined forecasting and actual collection data, AAATA anticipates FY2026 property tax revenues to solidly support service continuity and financial resilience.

- **State Operating Assistance** is provided as a percentage of total eligible operating expenses for public transit agencies by the Michigan Department of Transportation (MDOT). For FY2026, MDOT has advised transit agencies to plan for a reduced reimbursement rate for State Operating Assistance, lowering it from 29.15% in FY2025 to approximately 26.04% for FY2026. Based on current budgeted operating expenses, this change represents an estimated $1.6 million decrease in revenue compared to FY2025 year-end projections.

  Further reductions in budgeted State Operating Assistance revenues in FY2026 are due to prior year budget assumptions that a larger share of expenses would be eligible, or qualify for reimbursement, via state operating assistance. Analysis of more current data and prior year-end calculations has improved projections of eligible expenses as defined by MDOT, but results in lower expected revenues.

  In total, State Operating Assistance revenues are now forecasted to decrease by approximately $3.4 million in FY2026, or 15.2%, compared to the FY2025 Budget. This decrease reflects both the lower reimbursement rate expected from MDOT and the change in AAATA's internal calculation of eligible expenses. Higher-than-expected property tax revenues will offset this shortfall both in this and next fiscal year though, mitigating the overall impact on AAATA's total revenues.

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AAATA will continue monitoring the state budget process and any updates from MDOT over the summer, adjusting as needed to reduce financial risk. While the change in the state reimbursement rate presents a challenge, AAATA remains in a strong position due to dedicated local support through property tax funding. It is notable that relative to other Michigan transit agencies, local funding puts AAATA in a much stronger position to weather these changes in the short-term. If the State Operating Assistance rate returns to historical levels, AAATA would gain additional flexibility within its operating budget.

- **Advertising, Interest and Other income** is primarily driven by changes in Interest income, which represents over 75% of this revenue category. **Interest income** is conservatively projected for FY2026. AAATA considers information provided by account managers at the Bank of Ann Arbor (BOAA), who provide expertise on interest rates fluctuations and trends, when determining budget assumptions. BOAA has shared that indicators are driving expectations that interest rates may decline significantly over the next year. Their assumptions reflect broader economic trends and likely federal policy shifts.

  As of May, AAATA has collected $1.85 million in interest income, already far exceeding the full-year FY2025 Budget. Despite this overperformance, the FY2026 Budget holds interest income at $1.4 million. This conservative stance reflects both the volatility of rate movements and AAATA's inability to influence them. Staff will continue tracking interest rate developments over the summer but does not anticipate increasing this projection unless economic conditions shift substantially.

  Advertising and other miscellaneous revenue, though a relatively small portion of the overall budget, have also been revised downward in the Budget to align more closely with actual trends. These sources remain less predictable than other revenues and are budgeted cautiously. Combined with the interest income forecast, the total reduction to this revenue line in the Budget is $412,463, or 21.6%.

- **Passenger Revenues** have been trending above budget for FY2025. Current year revenues are anticipated to come in 8.4% higher than approved in the FY2025 budget, so the Budget reflects this increase to continue into FY2026. Assumptions regarding ridership and fare revenues are still undergoing significant review and are expected to be updated throughout July and early August.

Expense Assumptions

Operating expenses are budgeted at **$70,359,418**, **2.4% higher** than FY2025. The changes in year-over-year expenses are primarily due to expected increases in salaries and wages, along with higher insurance and miscellaneous expenses, particularly employee development. Key expense assumptions are as follows:

- **Salaries, wages and benefits** in FY2026 assume that all positions are filled in line with AAATA's current staffing plan, with pay increases ranging from 3-6%, depending on employee classification. Salary changes are consistent with the negotiated CBA (Collective Bargaining Agreement) for union-represented employees, which expires at the end of March 2026. Assumptions related to wages and benefits remain under active review and will be updated throughout July and August, as current year projections are refined following the close of the third quarter.

- **Casualty and Liability Insurance** projections for FY2026 are based on midyear forecasting completed for FY2025, factoring in a 5% increase on the projection for this year. This line item is currently tracking significantly higher than the FY2025 budget due

to changes in coverage related to vehicle procurements and disposals, as well as the timing of those changes within the fiscal year. Renewal underwriting for AAATA's FY2026 insurance policies is currently in progress, and additional clarity is expected as that process concludes later in July. Initial assumptions are that Casualty and Liability Insurance is expected to be $486,554 higher than in the FY2025 approved budget, an increase of 22.9%.

- **Other Expenses** include expenses for employee uniforms, employee development and travel, equipment and parking lot rental, Board Governance, and write-offs. There are several factors to increases in this category. Uniform costs have risen due to inflationary pressures, Employee Development and Travel are higher as AAATA continues to invest in staff training and professional development across multiple departments, and Property Tax Write-Offs are increasing in proportion to the anticipated growth in property tax revenue for FY2026. Combined, these changes result in an increase of $295,066 from FY2025, or 19.8%.

- **Utilities** for FY2026 are budgeted to align with FY2025 actuals, which are currently trending above expectations as the summer approaches. Natural gas usage was higher than expected, largely due to colder weather this past winter compared to the previous year. Additional analysis will be conducted as part of the FY2025 year-end projection process, and any necessary adjustments to the Budget will be made after further analysis of actual expenses through the third quarter of the current fiscal year are finalized.

- **Deisel Fuel and Gasoline** costs in FY2025 are currently tracking well below budget, and initial assumptions for the fuel budget holds expenses flat. This approach provides a hedge against potential volatility in fuel prices and broader macroeconomic uncertainty over the coming year. Additional analysis will be conducted as part of the FY2025 year-end projection process, and any necessary adjustments to the Budget will be made after further analysis of actual expenses through the third quarter of the current fiscal year are finalized.

Contingent Budgets

There is still a fair amount of uncertainty regarding revenues and expenses, particularly the final reimbursement rate for state operating assistance to be decided on in the state budget. The FY2026 Budget proposal will continue to evolve based on emerging information prior to the final staff recommendation in September. The following revenues and expenses are likely to change:

- The final State Operating Assistance reimbursement rate, as approved in the state budget, may differ from the preliminary guidance provided by MDOT.
- Changes in interest rates or inflation from current assumptions could affect interest income, as well as costs for fuel, materials, and supplies.
- Union contract negotiations for a new Collective Bargaining Agreement (CBA) are scheduled for January, and any resulting changes may impact the fourth quarter of FY2026.
- Additional analysis is needed to improve forecasting for employee benefits, including workers' compensation, beyond simple trend-based projections.
- Additional funding will be added for priority initiatives outlined in the Corporate Business Plan, dependent on available resources.

The Capital Plan is currently under development and will be presented in August.

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

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Attachment 2: FY2026 Budget Timeline

Figure 2: Budget Timeline
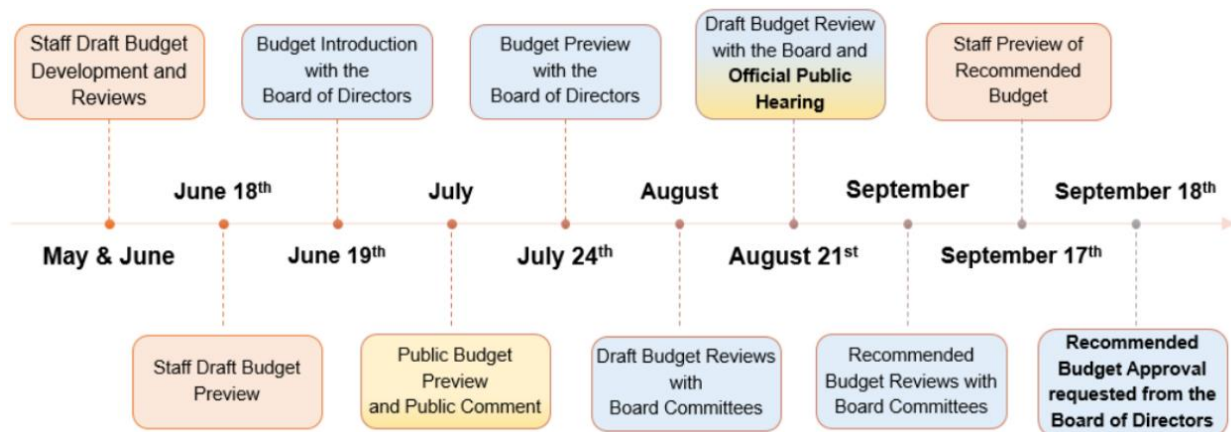
1. Budget Introduction: Board of Directors Meeting June 19, 2025

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. Budget Preview: 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 the 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.

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CEO Report

Meeting: Board of Directors

Meeting Date: July 24, 2025

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

YPSILANTI TRANSIT CENTER PLANNING
The Ypsilanti Transit Center project has received NEPA approval! On July 1, 2025, the project received a letter from FTA Region V that they have completed their final review of our documentation, and it meets the criteria for a categorical exclusion. This means that the project has cleared the federal environmental review process and can proceed as a federal undertaking. NEPA approval was one of the primary goals of this phase of the project, and the project team is excited to celebrate this accomplishment and start the next phases of design. This also means that negotiations for land acquisition can begin. In May, FTA also released a funding opportunity that the project team has long been targeting for the YTC project. Multiple departments within AAATA collaborated throughout June and early July to successfully apply on July 14, 2025. The authority may know as early as September if the project has been selected. AAATA staff are working with the consultant team to move into the next project phases seamlessly under a new contract later this month or early August. As is currently scoped, this will include land acquisition support, design development, procuring a construction manager to deliver the project, construction documentation, and construction administration. The project team will continue to engage stakeholders on the design, new facility operations, and temporary operations during construction – relying on them and a core group of users to help inform decisions.

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). TheRide is working closely with the project 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. AAHC and Related Midwest submitted their site plan application on June 18, 2025 and are awaiting comments from City staff. 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 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 Ave 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 Ave detailed design work has restarted so that construction can begin next spring, as well.

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

On June 5, 2025, the CEO authorized the final extension of the contract between AAATA and MV Contract Transportation, Inc. to provide Paratransit Demand Response Services – ADA Complementary ARide. The value of this extension is $5,750,000.

As approved in the FY2025 budget, on June 12, 2025, the CEO authorized a contract with HDR Michigan to conduct a Bus Facilities and Garage Study in the amount of $1,659,623.

OPERATIONAL UPDATES

AAATA TRADEMARK

TheRide received an update regarding our trademark applications. Our logos were published for opposition purposes in the July 1st edition of the *Official Gazette.* There will be a 30-day period in which any party may formally oppose the application based on likelihood of confusion, prior rights, or other grounds. If no oppositions are filed, the Certificate of Registration will be issued.

TRANSIT OPERATOR RECRUITMENT & SERVICE
AAATA currently has an operator count of 204, including 14 new hires in training. An MCO class graduated on 7/3, and graduations are set to take place on 7/25 and 8/8, with a new class posting to be issued soon.

LOCAL ADVISORY COMMITTEE (LAC)
The LAC has canceled their July and August Meetings and will reconvene in September.

ANN ARBOR CITY COUNCIL
AAATA will be presenting to the Ann Arbor City Council on Monday, August 18th.

TRANSPORTATION COMMISSION (ANN ARBOR)
The Commission met on July 16th and received updates on construction projects.

WATS POLICY COMMITTEE UPDATE
The July WATS Policy Committee meeting was canceled.

ROOF PROJECT AT DGOC

The Fleet Roof/HVAC Construction Project began on March 17th and is nearing completion. Only a small portion of the project remains. Metal for the project is expected to be delivered in late July and will take a week to complete, with only 4 roof drains remaining to be raised.

BUS STOP AMENITIES

Bus shelter power washing is 100% complete, with another round beginning at the BTC and YRC. Miller Park and Ride lot has also been sealed and re-striped.

LEGISLATIVE UPDATE

AAATA staff will provide an additional verbal update at the board meeting.

EMPLOYEE AND COMMUNITY ENGAGEMENT

MICHIGAN TRANSIT AGENCY PEER EXCHANGE

The Planning and Innovation team helped organize a peer exchange with The Rapid in Grand Rapids on June 27, 2025. The event was attended by staff from TheRide, SMART, DDOT, MTA Flint, CATA Lansing, and The Rapid. The group toured The Rapid's facilities and rode on their Silver Line and Laker Line Bus Rapid Transit corridors. Discussions focused on scheduling, operations, ridership, funding, capital projects, and project implementation.

COMMUNITY EVENTS

TheRide participated in the Ann Arbor and Ypsilanti 4th of July Parades. It was a great opportunity to be visible in the community as well as hand out some candy and TheRide swag items.

FREE RIDE WEEKENDS WITH LIBRARY CARDS

TheRide continues our partnership with the Ann Arbor District Library and Ypsilanti District Library, 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.

TheRide

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 a 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
- Strategic Outcomes (Ends)
- Executive Limitations (ELs)

Business Plan
- Strategic Planning
- Appropriate Initiatives

Execution
- 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]). The Board intends to review these policies in 2025/2026.

Prioritization of goals is a necessary step as organizations balance ambitious goals with limited resources. Leadership can choose to set priorities in advance or let them emerge as daily decisions are made. Prudence suggests that the Board and CEO proactively set clear areas of focus to guide effective and transparent decisions proactively

By adopting Ends policies, the Board has already set broad goals for the agency. The CEO has been empowered to use their professional judgment to establish *relative priority* of those goals. This year's Business Plan makes the CEO's approach in categorizing these goals more explicit. The CEO has grouped the Ends into categories for Core Services, Ridership Growth, Value Added.

Core Service Priorities

Ridership Growth Priorities

Value Added Priorities

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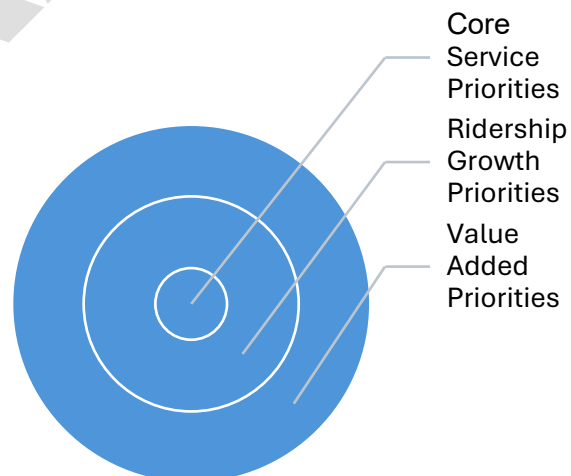
[1] The full Ends policies can be found in the appendix and the Board's Policy Manual.

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

A. Core Service Priorities
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.

B. Ridership Growth Priorities
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.

C. Value Added Priorities
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. Since adoption of this policy, TheRide has won a $25 million grant to begin purchasing **(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 core priorities.

b. **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. Since adoption of this End policy TheRide created the D2A2 program and re-established high-frequency public transit with Metro Detroit for the first time since 1984.

The CEO wants to emphasize that this relative prioritization is *loose and flexible*; the Business Plan tries to advance *every* Ends goal at least somewhat each year, while rotating attention to pursuing the best opportunities as they arise. 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 may shift attention to other opportunities.

In addition to the Ends, the Board's Executive Limitations policies create additional requirements that the CEO must meet. Managerial prudence also requires the CEO to consider internal capacity-building activities (e.g., staff and team development, technology upgrades, .) that are necessary because they indirectly facilitate the agency's ability to comply with the Board's policies. Thus, the Business Plan includes initiatives that directly address Ends, Executive Limitations, and internal development opportunities and needs.

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 1: 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
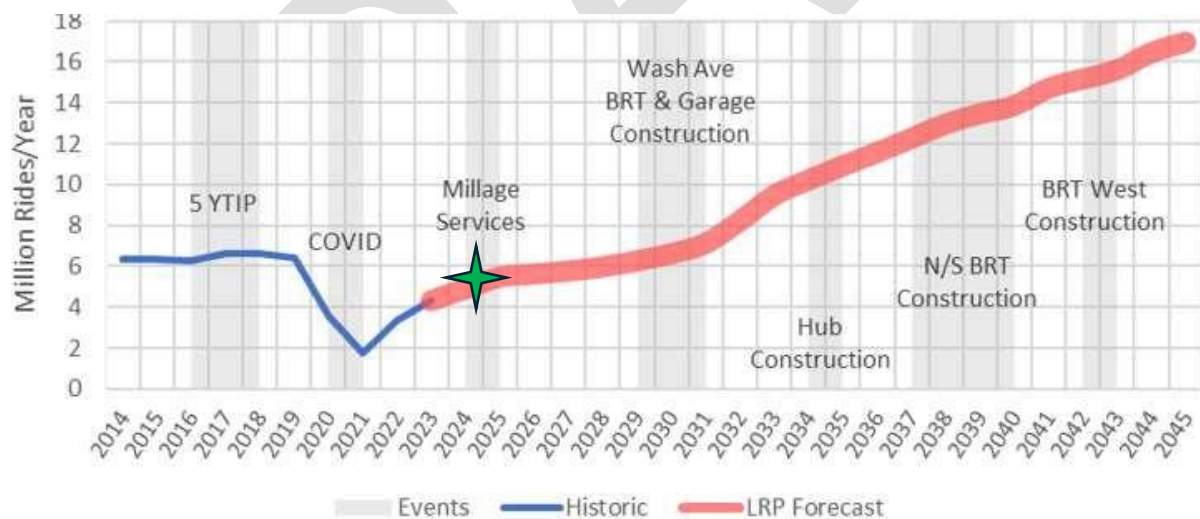
1.4 Strategic Context & Conclusions

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 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 continue to be the core priority, we will continue to advance Board policies through numerous initiatives, realistically accounting for organization's capacity to handle workloads.

3. Strategic Goals & Initiatives

To respond to the established goals and new circumstances described above, TheRide's Executive Team (CEO & Deputy CEOs) have adjusted our Business Plan and its strategic direction. Our updates strategic goals (below) advance the Board's Ends and Executive Limitation policies, account for changes in our environment, and incorporate prudent internal improvements that will help enable success. It puts increased 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. All initiatives will be organized under one of the strategic goals and sub goals below:

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. 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.

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.

Implementation & Budget Implications

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.
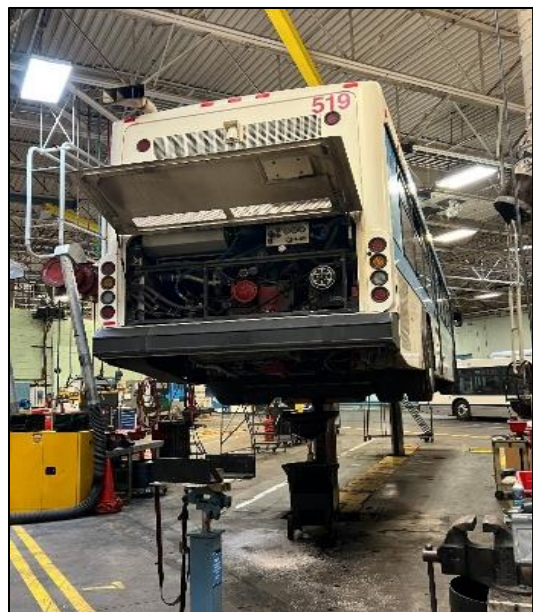
3. Security Review

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, 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. The replacement will leverage cutting-edge technology to enhance functionality and ensure a seamless implementation process Status: Planning for the new technology will begin in 2025 and installation is expected in 2027.
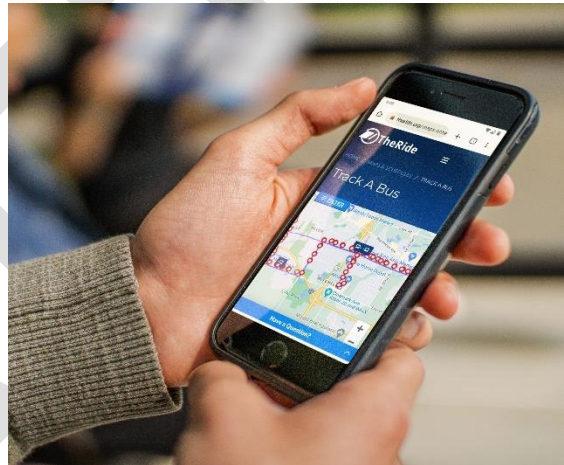
9. Transit Signal Priority

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.
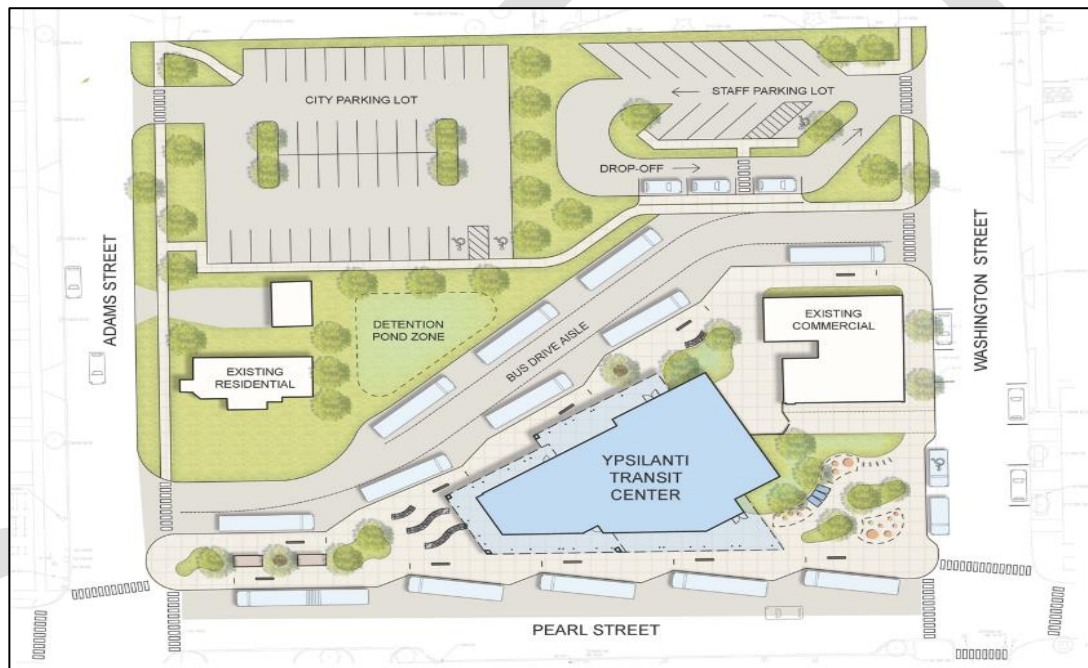
16. Blake Transit Center Design, Funding

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

BUS   BUS   BUS   BUS

Bus + service lane

Parking structure

S. Fourth Ave.

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.
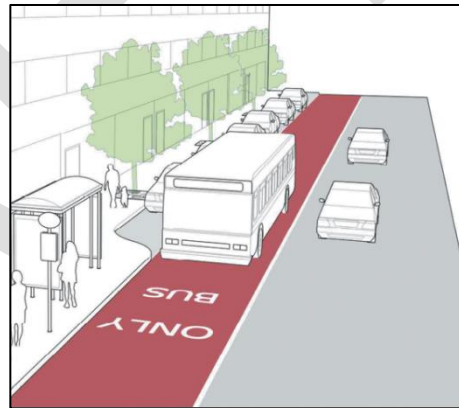
21. Regional Park and Ride Plan

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. Transit App (RTA project)

RTA-funded Operating: 2026-2028. Goals: 1.0,1.4,1.5

In partnership with TheRide, the RTA is piloting a mobile application aimed at helping users in the region to navigate transportation options across various systems and modes more efficiently. Status: The pilot will begin in FY26

25. 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.

26. 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.

27. 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.

28. 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.
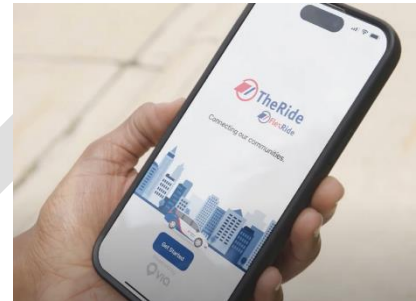
C. Influence Demand for Transit

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.

29. 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.

30. 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.

31. Youth Ridership Opportunities

Operating. 2027-2028. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. 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.

41. 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.

42. 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.

43. 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 2: List of projects and initiatives

		Projects	Applicable Policies	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	1.0-1.5	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
		2. Maintain State of Good Repair	1.4, 2.2.1, 2.4.3, 2.7.3	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
		3. Security Review	1.0., 2.2.,2.7	X	X																			
		4. Bus Service Review	1.1, 1.4, 2.1	X	X				X				X	X					X	X				X
		5. Bus Stop Accessibility Improvements	1.1.2, 1.4			X	X	X	X	X														
		6. FTA Compliance Reviews (Title VI and Triennial review)	1.0-1.5	X						X			X	X					X		X			X
		7. Fare Strategy Update	1.1.1, 2.1.4, 2.4.1, 1.4	X	X																			
		8. Information Technology Systems Replacement Plan	1.1, 2.1.2	X	X	X																		
		9. Transit Signal Priority	1.2.1, 1.4	X	X																			
	B. Financial & Administration Excellence	10. Exploring Efficiencies (New)	2.0, 2.4, 2.7	X	X																			
		11. Labor Negotiations	2.2, 2.3.6	X	X									X	X									X
		12. Funding Applications for Ypsilanti & Ann Arbor Bus Terminals	1.0, 2.0	X	X	X	X	X																
		13. Federal Surface Transportation Reauthorization	1.0, 2.0, 2.4, 2.5.2, 2.7	X																				
		14. Long Range Plan Review & Millage Preparation(New)	2.4, 2.9.1, 3.2.9.																					
Attract New Riders & Increase Ridership	**A. Long-Term Infrastructure for Ridership Growth**	15. Ypsilanti Transit Center	1.1, 1.4, 1.5, 2.5.2, 2.10.		P&D	Constr.	Constr.																	
		16. Blake Transit Center	1.0, 1.4, 1.5, 2.5.2, 2.10		P&D	Constr.	Constr.																	
		17. Bus Garage	1.0, 2.4.2, 2.4.3, 2.10			P&D	P&D	Constr.	Constr.	Constr.														
		18. Bus Rapid Transit	1.0-1.5, 2.4, 2.10	Washenaw East BRT P&D			Constr.	Constr.	Constr.	North-South BRT P&D				Constr.	Constr.	Constr.	Constr.							
		#18. Continued	1.0-1.5, 2.4, 2.10													Washenaw West BRT P&D				Constr.	Constr.	Constr.		
		19. Transit Hubs and Priority Infrastructure Development	1.0, 2.10			P&D	Constr.	Constr.		P&D	Constr.	Constr.		P&D	Constr.	Constr.								
	B. Service Enhancements	20. Bus Lane & Transit Priority Master Plan	1.0, 1.4, 2.10	X	X																			
		21. Regional Park and Ride Plan	1.0-1.5	X	X																			
		22. Wayne County Millage Input (New)	1.3.4	X	X																			
		23. Assist with Community Needs Assessment (New)	1.5	X	X																			
		24. Transit App Pilot (RTA project)	1.0, 1.4,1.5	X	X																			
		25. Express Bus Pilot on North-South Corridor	1.0-1.5			X	X	X																
		26. Priority Transit Routes	1.0-1.5											X	X									
		27. Off-Peak Service Enhancements	1.1,1.3, 1.4, 1.5			X	X																	
		28. On-Demand Coverage Enhancements	1.1,1.3, 1.5			X	X																	
	C. Influence Demand for Transit	29. Monitor & Refine Marketing/Advertising	1.0.	X																				
		30. Rider Segmentation Study	1.0, 2.0, 2.1			X	X																	
		31. Youth Ridership Opportunities	1.0.			X	X																	
		32. Transit-Oriented Development Guidelines	1.0,2.0,2.1				X	X																
Continuous Improvement	**A. Team & Staff Development**	33. Staffing Needs Review	2.0, 2.1	X																				
		34. Supporting Governance Excellence	2.9	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	B. Internal Effectiveness & Efficiency	35. Technology upgrades	1.0, 2.5.6	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
		36. POSA Agreement Review	1.0, 2.5.7			X																		
		37. Bus Maintenance Program Review (New)	2.5, 2.7			X	X																	
		38. Football Service Review	1.0, 2.0			X	X																	
	C. Sustainability Planning	39. Step 1: Reduce Emissions from Bus Fleet	2.11, 2.5.7	X	X	X	X	X	X															
		40. Step 2: Study Options for Facility Improvement	2.10,2.11,2.4		X	Next steps TBD																		
		41. Step 3: Study Options for Support Fleet and A-Ride	2.11, 2.4			X	Next steps TBD																	
		42. Step 4: Study Options to Reduce Consumption (Procurement Process Review)	2.9.1F, 2.5.2, 2.11				X	Next steps TBD																
		43. Step 4: Study Options to Reduce Waste (Disposal Process Review)	2.11.3					X	Next steps TBD															
Other Major Events		1. RTA Millage Opportunity				X				X				X			X		X		X		X	
		2. AAATA Millage									X											X			
		3. Presidential Election					X				X				X				X				X	

Legend:

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

Note: LRP projects are subject to timeline updates

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 3: 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

History
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.
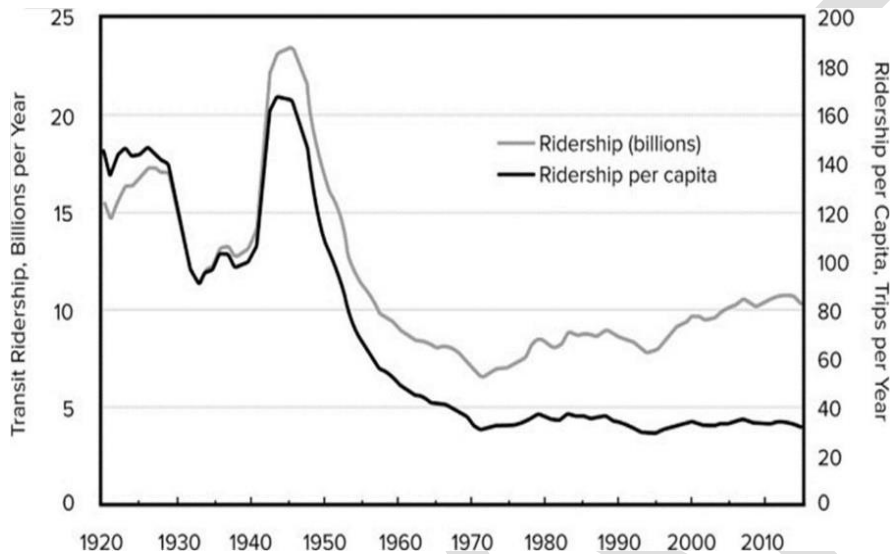
Figure 3: US National Transit Ridership

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 4:Transit Network 2045
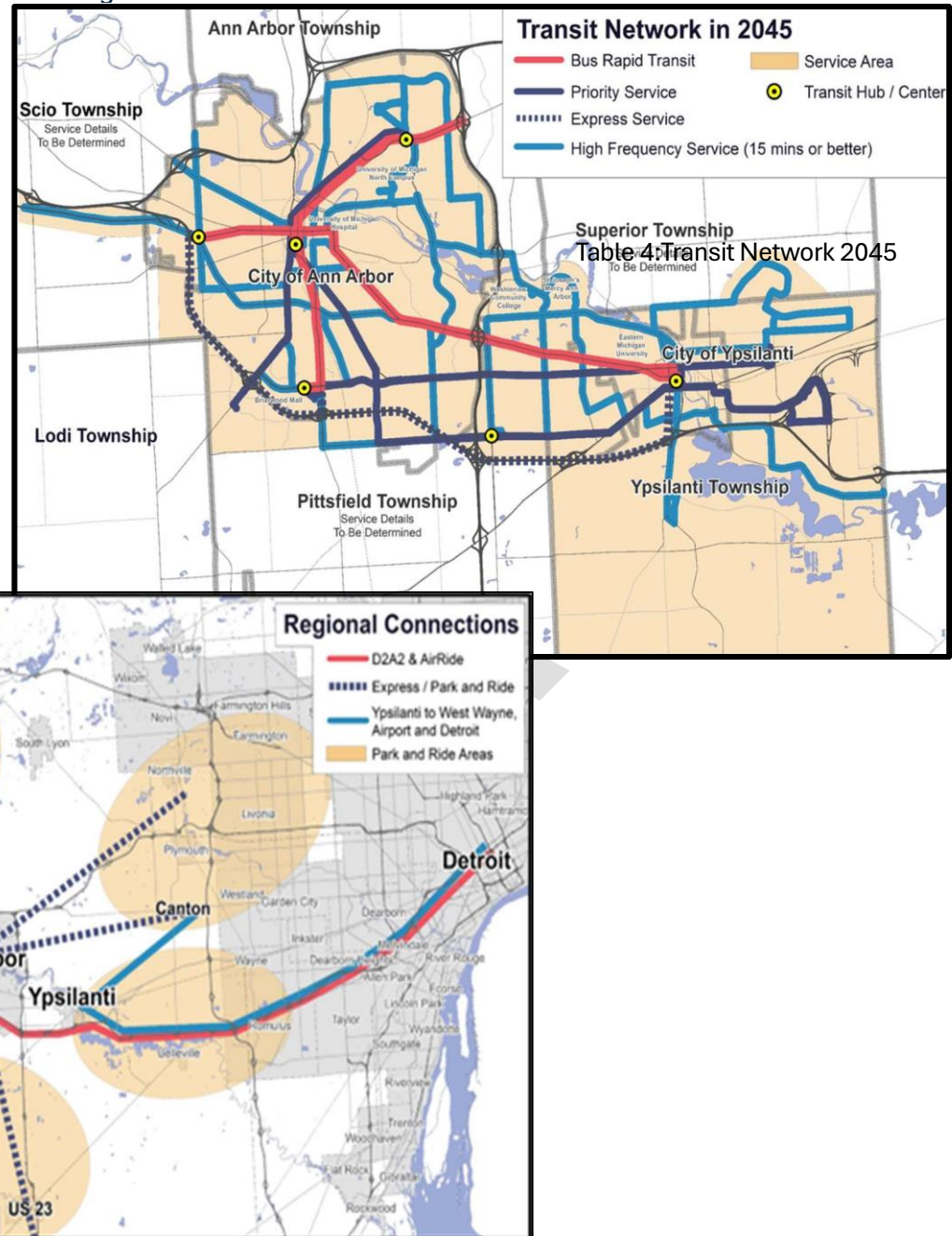
Budget Preview

FY2026 Operating & Capital Budget

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

Agenda

- Budget Introduction
  - Budget Timeline
  - Alignment with Board's Ends
  - Budget Highlights
- FY 2026 Operating and Capital Budget Preview
  - FY2026 Operating Budget
  - Operating Budget Key Assumptions
  - FY2026 Capital Budget Introduction
  - Conclusions

FY 2026
Operating and Capital
Budget Preview

Advancing the Board's Ends through Alignment

Board Strategic Goals

- Business Outcomes (Ends Policies)
- Executive Limitations on Actions (EL Policies)

→

Business Plan

- Long Range Plan
- Values & Principles
- Specific Proposals

→

Execution

- Annual Budget
- Transportation Services
- Projects

The Budget is Aligned with Business Plan Priorities

Excellence in Service Delivery & Customer Retention

- Operational Excellence
- Financial & Administrative Excellence

Attract New Riders and Increase Ridership

- Long-Term Infrastructure for Ridership Growth
- Service Enhancements
- Influence for Demand Transit

Continuous Improvement

- Team & Staff Development
- Internal Effectiveness & Efficiency
- Sustainability Planning

FY2026 Budget Timeline

Staff Draft Budget Development and Reviews

Budget Introduction with the Board of Directors

Official Public Comment Period Open

Draft Budget Review with the Board and Official Public Hearing

Staff Preview of Recommended Budget

June 18th

July 24th

August

September

September 18th

May & June

June 19th

July 31

August 21st

September 17th

Staff Draft Budget Preview

Budget Preview with the Board of Directors

Draft Budget Reviews with Board Committees

Recommended Budget Reviews with Board Committees

Recommended Budget Approval requested from the Board of Directors

FY 2026 Operating Budget

Budget Preview Summary

Operating Full Service Levels

Full Year of Millage Services

Lower State Operating Assistance

Budget is Balanced

Capital Projects are Funded

TheRide

The FY2026 Operating Budget is Balanced

Revenues $70.7M

Expenses $70.4M

Property Taxes and LBO are 85% of the revenues

Direct funding for transportation is more than 75% of the budget

Revenues	Expenses
Property Tax Revenues $41.7M	Transportation Services $40.0M
State Operating Assistance $18.8M	Purchased Transportation $13.2M
Passenger Revenues & Other $8.6M	Administration $9.7M
Other Federal Operating Support $1.6M	Utilities & Insurance $7.5M

Primary Revenue Sources Have Solidified

HISTORICAL OPERATING REVENUES BY CATEGORY

Legend:
- Local Property Taxes
- Passenger Fares
- Purchase of Services
- State Operating Assistance
- Federal Operating Assistance
- Other Federal Operating
- Advertising, Interest & Other
- CARES/CRRSAA/ARP

State Operating Assistance is ~26% of Expenses

State Funding

LBO Funding and Budget Percentages by Fiscal Year

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

ANN ARBOR AREA TRANSPORTATION AUTHORITY

Property Tax Revenue Assumptions

Property Taxable Values x Millage Rates − Rollbacks, Captures, Uncollectible Accounts and Fees = Property Tax Revenues, $41.7M

Service Enhancements Increased Expenses

HISTORICAL OPERATING EXPENSES BY CATEGORY

Legend: Salaries, Wages & Benefits · Purchased Transportation · Fuel, Materials & Supplies · Contractual Services · Other

Key Changes in the FY2026 Operating Budget

Compared to FY2025 Approved Budget

- Lower State Operating Assistance
- Higher Property Tax Revenues

Revenues
$1M, 1.3%

Expenses
$1.6M, 2.4%

- Maintains millage-driven service level expansion
- Inflation and insurance pressures

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

Balanced Budget
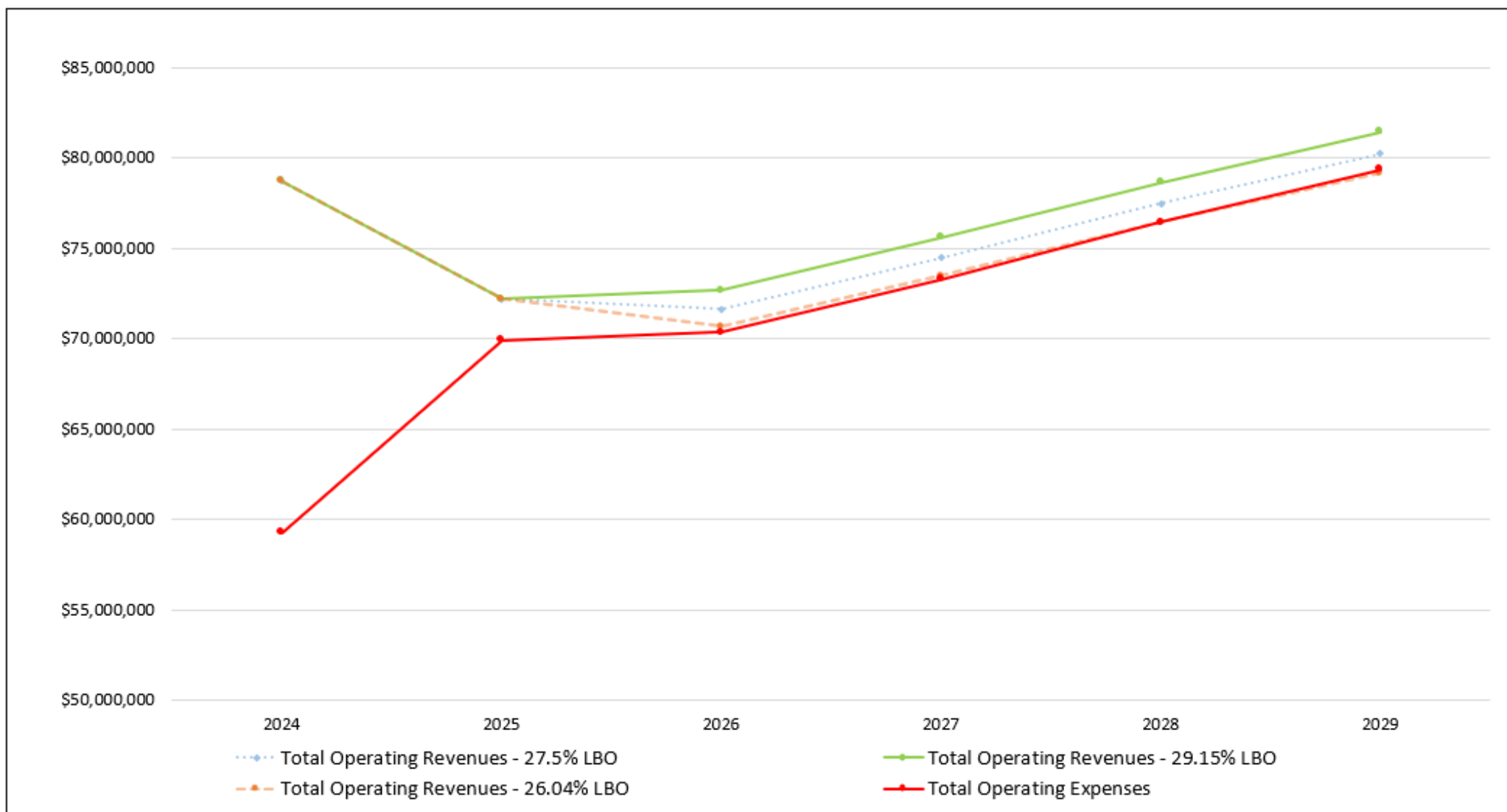
Budget Opportunities and Risks

Opportunities
- Maintaining Services to Communities
- Executing on the LRP
- Approved Millage through 2028
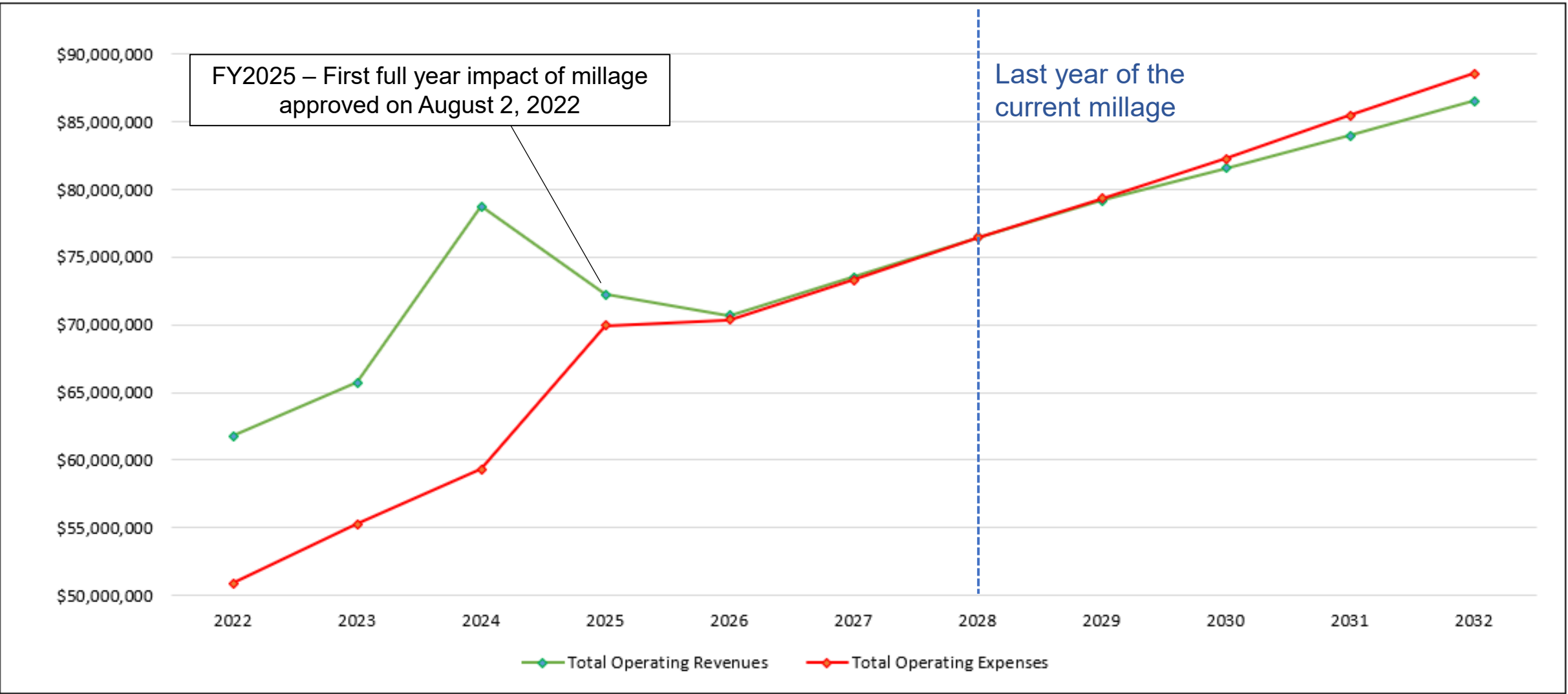- Funded Reserves
- No Debt

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

State Operating Assistance – LBO % Scenarios

Financial Outlook is Stable Through End of Current Millage Period

FY2025 – First full year impact of millage approved on August 2, 2022

Last year of the current millage

Total Operating Revenues — Total Operating Expenses

TheRide

ANN ARBOR AREA TRANSPORTATION AUTHORITY

FY 2026 Capital Budget Introduction

Capital Budget Programs and Funding

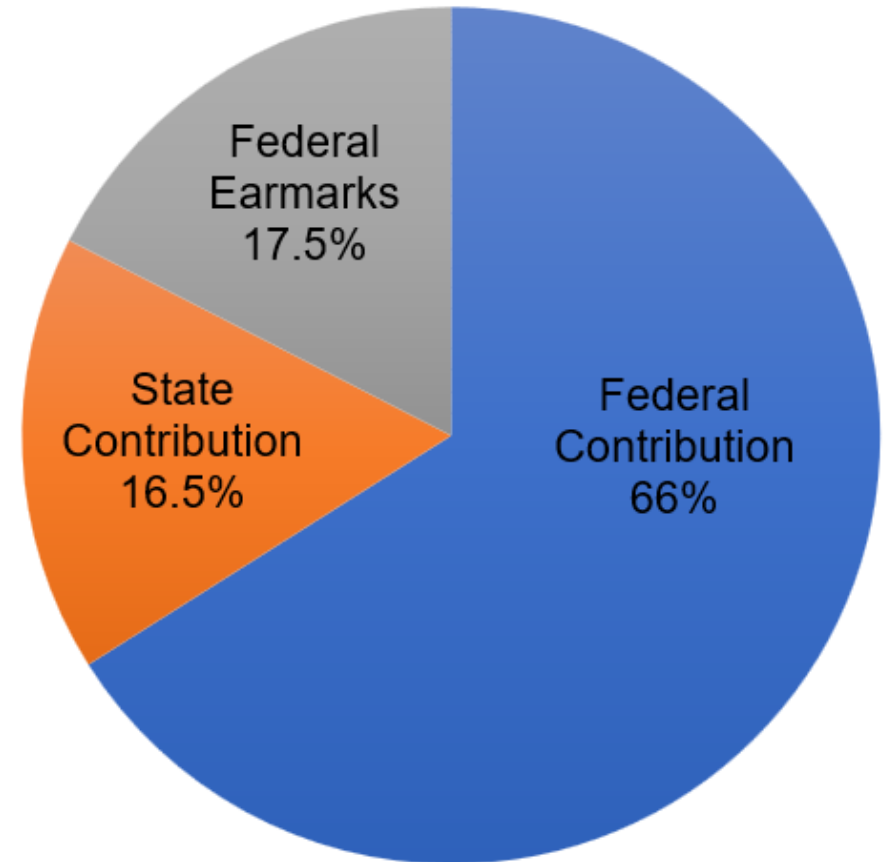## FY2026 Capital Programs

State of Good Repair
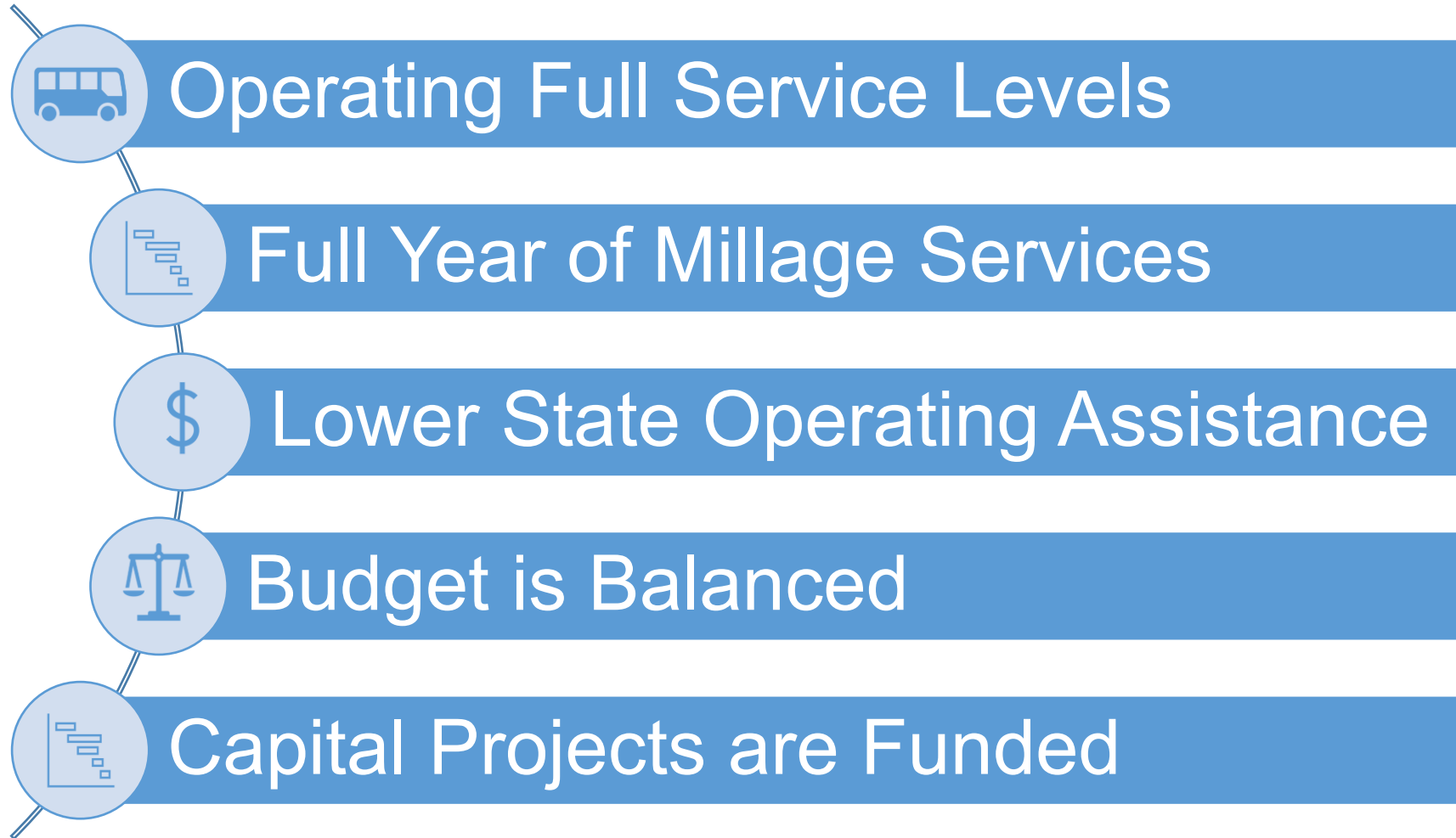42.2%

Value Added
9.1%

Expansion of Services
48.6%

Research & Development
0.1%

Estimated FY2026 Budget Funding Sources

Federal Earmarks 17.5%

State Contribution 16.5%

Federal Contribution 66%

Budget Preview Summary

- Operating Full Service Levels
- Full Year of Millage Services
- Lower State Operating Assistance
- Budget is Balanced
- Capital Projects are Funded

Thank You

Questions/Discussion

For Additional Questions, please contact:

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