TheRide
Ann Arbor Area Transportation Authority

Board of Directors Meeting Agenda

Meeting Date/Time: July 16, 2026 - 6:00pm – 8:30pm

Location: Riverside Arts Center, Ypsilanti (4th Floor) - Virtual via Zoom Passcode: 983308

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

Agenda Item	Info Type	Start Time	Details	Page #
1. OPENING ITEMS				
1.1 Approve Agenda	D	6:00	Mozak	
1.2 Public Comment	O	6:05		
1.3 General Announcements	O	6:15		
2. CONSENT AGENDA				
2.1 Board Meeting Minutes: June 18, 2026	D			3
2.2 Committee Meeting Summaries	D			9
2.3 FY27 Committee/Board Meeting Dates & Alternative Meeting Location Dates	D			16
3. EMERGENT ITEMS				
3.1 Closed Session (Pursuant to 8(c) of OMA)		6.15		
4. OWNERSHIP LINKAGE				
4.1 OLTF	O	6:45	Chang	Verbal
4.2 Ownership Linkage: Task Force or Committee	D	6:50	Mozak	18
5. MONITORING / DEVELOPMENT				
5.1 Governance Process Policies (3.0-3.5)	M	7:10	Mozak	21
6. POLICY				
6.1 Policy Language Discussion (if needed)	D	7:20	Mozak	
6.2 Policy Language Review 3.5.1.1	D		Mozak	Verbal
7. BOARD EDUCATION / DISCUSSION				
7.1 Local Funding Presentation **(PPT pg. 57)**	O	7:30	Reed	44
8. OPERATIONAL UPDATES				
8.1 Final Business Plan	O	8:00	Carpenter	Verbal
8.2 Draft Budget Preview **(PPT pg. 70)**	D	8:00	Reed	45
8.3 Legislative Updates	O	8:20	Pfeifer	Verbal
8.4 CEO Report	O		Carpenter	54
9. CLOSING ITEMS				
9.1 Action Item Recap	O	8:25	Holt	
9.2 Topics for Next Meeting Draft Budget Presentation Public Hearing RE: Budget FY26 Q3 Financial Report Policy Manual Mock-Up			August 20, 2026 6:00-8:30pm *Ann Arbor District Library*	
9.3 Public Comment	O	8:25		
9.4 Adjournment		8:30		

* 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?

2026 Work Plan

Policy Topics or Decisions	Status
1. Sustainability: Exec Limit or Ends?	In progress
2. OLTF	
3. (FYI: Millage decision likely in FY2027)	

Topics of Board Education

Education Topics
1. Local Funding: How it Works
2. *Millage Decision Prep* o *CEO Context (Timeline, LRP, recommendation)* o Post Pandemic Ridership Trends & *Utilization of Services* o *Owner Preferences: Taxes & Additional Services*
3. Fare Study Scope Presentation
4. Artificial Intelligence
5. Transit Service & Land Use Plan
6. Library of General Education Topics on Website
7. *CEO's new Ends Interpretations*

TheRide Ann Arbor Area Transportation Authority

Board of Directors Meeting Minutes

Meeting Date/Time: June 18, 2026 - 6:00pm – 8:30pm

Location: Ann Arbor District Library (4^{th} Floor) - Virtual via Zoom

Members Present: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), ,Travis Gonyou, Susan Pollay, Praveena Ramaswami, Georgia Valentine
Members Absent: Simi Barr (Excused), Rich Chang (Excused), Julie Grand (Excused)

Chairwoman Mozak called the meeting to order at 6:00pm

1. OPENING ITEMS

1.1 Approve Agenda

No additions or changes noted to the agenda.

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

No discussion on the motion.

All in favor of approving the agenda:

Mr. Mike Allemang: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to approve the agenda passed unanimously.

1.2 Public Comment

Delisa Brown – TWU representative shared an update on the status of negotiations and expressed concerns at the length of the process as they work toward a fair contract. She also expressed concerns related to millage funding usage and management salaries.

1.3 General Announcements

Chairwoman Mozak shared that the Board had a newly appointed Board member, Travis Gonyou and after brief introductions, she also noted that each Board member had a reference sheet at their seat to use at meetings.

Mr. Carpenter provided an update on recent public comment inquiries about real-time data challenges with route changes / detours for transit riders – staff are working on implementing new system upgrades that will allow for accurate real-time data. He also shared that staff are working on an upcoming fare study which should help address recent public comment questions about passenger fares.

2. CONSENT AGENDA

2.1 Board Meeting Minutes: May 21, 2026

2.2 Committee Meeting Summaries

2.3 Monitoring: Treatment of Staff (2.2)

2.4 Monitoring: Asset Protection (2.7)

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

No discussion on the motion.

All in favor of accepting the Consent Agenda:

Mr. Mike Allemang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the Consent Agenda passed unanimously.

3. EMERGENT ITEMS

3.1 Closed Session (Pursuant to 8(c), 8(d) of OMA)

Chairwoman Mozak took a roll call vote to go into Closed Session pursuant to 8(c) and 8(d) of the Open Meetings Act, the closed session is for strategy connected with the negotiation of a collective bargaining agreement and land purchase.

Vote to go into closed session (Yes/No response):

Mr. Mike Allemang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The Board unanimously voted to go into closed session at 6:10pm.

Vote to move out of closed session (Yes/No response):

Mr. Mike Allemang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The Board unanimously voted to move out of closed session at 8:02pm.

3.2 Strategic Land Purchase: YTC

Chairwoman Mozak noted that the recommended action for the YTC strategic land purchase is that the Board authorizes the CEO to execute all documents required to purchase land from the City of Ypsilanti for the new Ypsilanti Transit Center reconstruction project for $750,000.

Mr. Miller motioned to authorize the CEO to execute all documents required to purchase land from the City of Ypsilanti for construction of the new Ypsilanti Transit Center Reconstruction Project (the YTC Project), seconded by Ms. Valentine.

No discussion on the motion.

All in favor of authorizing the CEO to execute all documents required to purchase land from the City of Ypsilanti for construction of the new Ypsilanti Transit Center Reconstruction Project (the YTC Project).

Mr. Mike Allemang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to authorize the CEO to execute all documents required to purchase land from the City of Ypsilanti for construction of the new Ypsilanti Transit Center Reconstruction Project (the YTC Project), passed unanimously.

4. OWNERSHIP LINKAGE

4.1 OLTF Committee or Task Force

Chairwoman Mozak brought forth for discussion a recommendation to move the current OLTF task force into a more permanent structure by adding a new policy to create an OLTF Committee. This committee would be responsible for developing and recommending strategies for linking and building relationships with moral and legal owners.

Board members engaged in a lengthy discussion and while several were in support of a standing committee, others expressed concerns that a standing committee might impede the entire Board from input and engagement with moral and legal owners. The Board decided to table the discussion to the next meeting.

Due to time constraints, Chairwoman Mozak made a recommendation the agenda be amended with the following topics deferred to the July Board meeting:

Monitoring: Governance Process Policies (3.0-3.4)
Local Funding Presentation

Q2 Service Report will not be deferred, but any questions/comments can be referred to Mr. Carpenter.

Mr. Miller motioned to accept the amended changes to the agenda, seconded by Mr. Allemang.

No discussion on the motion.

All in favor of accepting the amended changes to the agenda:

Mr. Mike Allemang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the amended changes to the agenda passed unanimously.

5. MONITORING / DEVELOPMENT

5.1 Monitoring: Governance Process Policies

Deferred to July Board Meeting.

6. POLICY

6.1 Policy Language Discussion (if needed)

N/A

7. BOARD EDUCATION / DISCUSSION

7.1 Local Funding Presentation

Deferred to July Board Meeting.

8. OPERATIONAL UPDATES

8.1 FY2027 Budget Introduction

Ms. Reed provided the Board with an introductory presentation for the FY27 Operating and Capital Budget (Board packet, pg. 133). She outlined the budget process timeline and highlights with a preview of the FY27 Operating Budget and Capital Budget outlook and projections.

8.2 FY2026 Q2 Service Report

As noted in amended agenda, any questions / concerns about Q2 Service report can be referred to Mr. Carpenter.

8.3 Legislative Updates

Mr. Pfeifer had sent the Board an email with a brief update on legislative matters. No additional verbal updates.

8.4 CEO Report

No additional verbal updates beyond the report within the packet.

9. CLOSING ITEMS

9.1 Action Item Recap

- Treatment of Staff Monitoring Report: Accepted as (B)
- Asset Protection Monitoring Report: Accepted as (A)
- Add OLTF: Committee or Task Force to July Board agenda for further discussion
- Governance Process Policies (3.0-3.4) and Local Funding Presentation – deferred to July Board agenda
- Q2 Service report was reviewed by Service Committee, and any additional questions can be referred to Mr. Carpenter

9.2 Topics for Next Meeting

OLTF: Committee or Task Force
Draft Budget Preview
Business Plan
FY27 Committee/Board Meeting Dates
FY27 Proposed dates for Alt. Meeting Location

9.3 Public Comment

Diane Knibbs – representing First Presbyterian Church is requesting reduced fare passes for homeless people be made accessible at the Ypsilanti Library and Delonis Center

9.4 Adjournment

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

There was no discussion on the motion.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes
Mr. Travis Gonyou: Yes
Mr. Jesse Miller: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Ms. Georgia Valentine: Yes
Chairwoman Kathleen Mozak: Yes

Chairwoman Mozak adjourned the meeting at 9:08 pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, June 25, 2026, 3:00pm – 5:00pm

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

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

Location: REMOTE – Via Zoom

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

1. OPENING ITEMS

1.1 Agenda (Additions, Approval)

No additions or changes noted to the agenda – just a note that 2.2 was going to be an update from Chairwoman Mozak.

1.2 Communications

No new communications.

2. BOARD DEVELOPMENT

2.1 Recruitment / Training / Attendance

Chairwoman Mozak noted that all Board seats are now filled and training opportunities have been shared with newer Board members.

2.2 Ownership Linkage: Task Force or Committee

The committed discussed the OLTF spreadsheet that had been created by Mr. Chang – will be added as a discussion topic to Service and Finance Committees.

Chairwoman Mozak recapped the discussion from the June Board meeting - Board members expressed various concerns about an OLTF committee. The committee discussed the concerns and along with recommending twice yearly OLTF meetings. Chairwoman Mozak will update the issue brief to address the concerns and allow for additional Board member input.

2.3 FY27 Committee/Board Meeting Dates & Alternative Meeting Location Dates

Staff presented two options for FY27 Committee / Board meeting dates for the committee to discuss

The committee decided to move their monthly meetings from the 4th Thursday to 4th Monday. The alternative Board meeting location dates will be October, March and July in Ypsilanti. Staff will update the calendar and add it to the July Consent Agenda.

2.4 FY27 Board Budget

Ms. Reed shared an overview of the current Board budget and a preview of a recommendation for the FY27 budget for the Board. She noted that the recommended budget has remained the same at $35k as the current fiscal year as spending has remained consistent and under budget. The committee approved the recommendation and the committee noted that it would be helpful to the Board if Ms. Reed highlight the Board's budget at her August Budget presentation.

3. POLICY MONITORING & DEVELOPMENT

3.3 Policy Language Review 3.5.1.1

Chairwoman Mozak relayed policy language advice from Governance coach Sue Radwan where she advised keeping the word "soley" within the policy. The committee will recommend that the policy language remains the same (no language change).

4. EDUCATION

No education topics to discuss.

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 Negotiation Updates

Ms. Reed shared labor negotiation updates with the committee for discussion.

5.2 Ypsilanti Board Seats

Mr. Carpenter provided an update on the Ypsilanti City Council meeting for the YTC land sale and several additional amendment suggestions brought forth by city council members.

5.3 CEO Expense Report

Mr. Carpenter shared his current expense report for FY26. There was no committee discussion.

5.4 Legislative Updates

State budget discussions are still ongoing with news that the Speaker, Governor's Office and Senate have reached a framework of a budget. He also noted that Representative Morgan has put forth a bill related to auto-related sales tax going to CTF – staff will continue to monitor the status of this bill.

6. EMERGENT ITEMS

No emergent items.

7. CLOSING ITEMS

7.1 Committee Agendas

Service Committee – No changes noted to the agenda.

Finance Committee – No changes noted to the agenda.

Board Meeting – No changes noted to the agenda

7.2 Action Item Recap

- Chairwoman Mozak will update Ownership Linkage: Task Force or Committee issue brief for the July Board packet.
- Update FY27 Committee/Board meeting dates – Governance Committee will meet on the 4th Monday each month.
- Mr. Allemang will email Finance Committee for input on November 10th Finance Committee meeting date (Election Day)
- Policy Language Review 3.5.1.1 – recommend that no changes be made to the policy based on the Governance coach recommendation. This topic is on the July Board agenda (verbal update).

7.3 Topics for Next Meeting

Negotiations

Future:
Ownership Linkage Education
Governance Training Options
Vice Chair Succession Planning (Summer)

7.4 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 4:37pm.

Respectfully Submitted by Deborah Holt

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Ann Arbor Area Transportation Authority

Service Committee Meeting Notes

Meeting Date/Time: Tuesday, June 30, 2026, 3:00pm – 5:00pm

Members Present: Simi Barr (Chair), Rich Chang, Jesse Miller, Susan Pollay
Members Absent: Praveena Ramaswami (Excused)

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

Location: REMOTE – Via Zoom

Mr. Barr called the meeting to order at 3:04pm

1. OPENING ITEMS

1.1 Agenda (Additions, Approval)

Under Emergent Items – add 5.1 Washtenaw Bus lanes – no other additions or changes noted to the agenda.

1.2 Communications

Mr. Carpenter provided a brief update on additional details related to the YTC land purchase.

2. POLICY MONITORING & DEVELOPMENT

2.1 Environmental Sustainability: EL/Ends

Mr. Barr shared an update on the status of modifications to the Environmental Sustainability Policy. He is working with Mr. Carpenter and reviewing potential language changes which might include incorporating additional clarifying language. He plans to bring forth the recommendations at the August Service Committee meeting for committee consideration.

3. EDUCATION

None.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Final Business Plan & Draft Budget Preview

Mr. Carpenter provided updates on the status of finalizing the Business Plan – an updated version was shared with Board members to review.

Ms. Reed shared updates on the budget process / timeline. The finalization of the Business Plan helps guide incorporating initiatives within the budget. A more detailed budget plan with longer-term projections will be provided at upcoming Board meetings before the final budget presentation and approval at the September Board meeting.

4.2 Millage Recommendation

Mr. Carpenter introduced a millage recommendation at the prior Service Committee meeting and provided an additional month for committees to review and will bring before the entire Board for a decision later. The committee and staff discussed various aspects of the millage process and long-term growth and innovation.

4.3 Negotiation Update

Staff shared updates related to the negotiation process.

4.4 Legislative Update

Mr. Pfeifer shared a brief update on monitoring the state budget process and LBO funding with a projected budget expected to pass within the next few days. No new federal updates.

5. EMERGENT ITEMS

5.1 Washtenaw Bus Lanes

Committee members requested additional information related to planned MDOT projects on Washtenaw Avenue that would include transit lanes. Mr. Yang shared updated and noted that a final recommendation from MDOT has not yet been determined.

6. CLOSING ITEMS

6.1 Action Item Recap

- Environmental Sustainability: EL/Ends – recommendation
- LRT Plan Resolution / wording
- More info on pull cords on Novas

6.2 Topics for the Next Meeting

Environmental Sustainability: EL/Ends – recommendation

Future:
State Street Transit Signal Feedback
Fare Study
SMART free student ridership program

6.3 Adjournment

Mr. Barr thanked the committee and staff and adjourned the meeting at 4:20pm.

Respectfully Submitted by Deborah Holt

TheRide
Ann Arbor Area Transportation Authority

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, July 7, 2026, 3:00pm – 5:00pm

Members: Mike Allemang (Chair/Treasurer), Travis Gonyou, Julie Grand, Georgia Valentine

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

Location: REMOTE – Via Zoom

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

1. OPENING ITEMS

1.1 Agenda (Additions, Approval)

No changes or additions noted to the agenda.

1.2 Communications

No new communications.

2. POLICY MONITORING & DEVELOPMENT

None.

3. EDUCATION

None.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Final Business Plan

Mr. Carpenter thanked committee members and staff for their input and shared that the Business Plan has been finalized. He noted that many of the initiatives are multi-year projects so there weren't many changes in the plan from the prior year's version.

4.2 Draft Budget Preview

Ms. Reed shared updates on the annual budget process timeline and provided a high-level overview of revenue and expenses. LBO funding is projected to be stronger than initially expected and property taxes continue to positively grow. Inflation continues to impact material and fuel expenditures and there are projected increases to insurance. She and staff are reviewing initiatives and details will be included in the budget.

She fielded questions from committee members regarding potential negative budget impacts and funding challenges. She shared that budget planning is built conservatively with contingency options should challenges arise with funding resources. Committee members also discussed ridership, passenger fares, and the planned fare study.

Details with long-term projections will be provided at upcoming Board meetings before the final budget presentation and approval at the September Board meeting.

4.3 Millage Recommendation

Mr. Carpenter reviewed the millage recommendation which was introduced for discussion last month. He noted that a full board recommendation will be brought forth for consideration and public input. He fielded questions from committee members related to funding for large long-term capital planning / projects and overall transit support at the state and federal level. Committee feedback is encouraged and will be shared with the Governance Committee.

4.4 Negotiation Update

Mr. Carpenter and Ms. Reed shared updates with the ongoing negotiation process.

4.5 Legislative Update

Mr. Pfeifer provided an update on the recently passed state budget and positive LBO funding projections. The committee briefly discussed the overall impact to budget planning. No updates on the federal level.

5. EMERGENT ITEMS

None.

6. CLOSING ITEMS

6.1 Action Item Recap

- Feedback on the millage recommendation can be sent to Mr. Carpenter

6.2 Topics for Next Meeting

Budget Preview
FY26 Q3 Financial Report

6.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 4:39pm.

Respectfully Submitted by Deborah Holt

TheRide
Ann Arbor Area Transportation Authority

Agenda Item: 2.3

FY27 Board and Committee Meeting Dates & Alternative Board Meeting Location Dates

Meeting: Board of Directors

Meeting Date: July 16, 2026

INFORMATION TYPE

Decision Preparation

RECOMMENDED ACTION(S)

That the Board approve FY2027 Committee and Board meeting dates and times, along with alternative location meeting dates in Ypsilanti for October, March 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 onto the Consent Agenda for their review and approval.

In 2024, the Board requested that three Board meetings be held in Ypsilanti with the spring / summer dates coincided with community engagement events in Ypsilanti and the Ann Arbor Art Fair. Since then, the Board has held Board meetings in Ypsilanti three times a year.

ATTACHMENTS

1. FY27 Board and Committee Meeting Date Calendar

FY27 Board / Committee Meetings

October '26

S	M	T	W	T	F	S
		29	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 '26

S	M	T	W	T	F	S
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					

December '26

S	M	T	W	T	F	S
		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		

January '27

S	M	T	W	T	F	S
					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						

February '27

S	M	T	W	T	F	S
	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						

March '27

S	M	T	W	T	F	S
	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			

April '27

S	M	T	W	T	F	S
				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	

May '27

S	M	T	W	T	F	S
						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					

June '27

S	M	T	W	T	F	S
		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			

July '27

S	M	T	W	T	F	S
				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

August '27

S	M	T	W	T	F	S
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				

September '27

S	M	T	W	T	F	S
			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		

Service Committee
Finance Committee
Board Meeting
Governance Committee

Service Committee
Tuesday, 9/29/26 - 3-5pm **
Monday, 11/2/26 - 3-5pm**
Tuesday, 12/1/26 - 3-5pm
Tuesday, 1/12/27 - 3-5pm **
Tuesday, 2/2/27 - 3-5pm
Tuesday, 3/2/27 - 3-5pm
Tuesday, 3/30/27 - 3-5pm **
Tuesday, 5/4/27 - 3-5pm
Tuesday, 6/1/27 - 3-5pm
Tuesday, 6/29/27- 3-5pm **
Tuesday, 8/3/27 - 3-5pm
Tuesday, 8/31/27 - 3-5pm **

1st Tuesday unless noted **

Finance Committee
Tuesday, 10/6/26 - 3-5pm **
Tuesday, 11/10/26 - 3-5pm
Tuesday, 12/8/26 - 3-5pm
Thursday, 1/14/27 - 3-5pm **
Tuesday, 2/9/27 - 3-5pm
Tuesday, 3/9/27 - 3-5pm
Tuesday, 4/6/27 - 3-5pm **
Tuesday, 5/11/27 - 3-5pm
Tuesday, 6/8/27 - 3-5pm
Tuesday, 7/6/27 - 3-5pm **
Tuesday, 8/10/27 - 3-5pm
Tuesday, 9/7/27 - 3-5pm **

2nd Tuesday unless noted **

Board Meeting
Thursday, 10/15/26 - 6-8:30pm
Thursday, 11/19/26 - 6-8:30pm
Thursday, 12/17/26 - 6-8:30pm
Thursday, 1/21/27 - 6-8:30pm
Thursday, 2/18/27 - 6-8:30pm
Thursday, 3/18/27 - 6-8:30pm
Thursday, 4/15/27 - 6-8:30pm
Thursday, 5/20/27 - 6-8:30pm
Thursday, 6/17/27 - 6-8:30pm
Thursday, 7/15/27 - 6-8:30pm
Thursday, 8/19/27 - 6-8:30pm
Thursday, 9/16/27 - 6-8:30pm

3rd Thursday at AADL / Ann Arbor with October, March, July Meetings in Ypsilanti

Governance Committee
Monday, 10/19/26 - 3-5pm **
Monday, 11/23/26 - 3-5pm
Tuesday, 1/5/27 - 3-5pm **
Monday, 1/25/27 - 3-5pm
Monday, 2/22/27 - 3-5pm
Monday, 3/22/27 - 3-5pm
Monday, 4/19/27 - 3-5pm **
Monday, 5/24/27 - 3-5pm
Monday, 6/21/27 - 3-5pm **
Monday, 7/19/27 - 3-5pm **
Monday, 8/23/27 - 3-5pm
Monday, 9/20/27 - 3-5pm **

4th Monday unless noted **

Agenda Item: 4.2

Ownership Linkage: Task Force or Committee

Meeting: Board of Director's

Meeting Date: July 16, 2026

INFORMATION TYPE

Discussion and preparation for decision.

RECOMMENDED ACTION(S)

That the Board consider approving a new policy (3.7.6) to create an Ownership Linkage Committee (replacing the current Task Force), or assign Ownership Linkage directly to the Service Committee.

ISSUE SUMMARY

The Ownership Linkage Committee (or Service Committee) would be responsible for developing and recommending tactics for linking (i.e. building relationships) with Moral and Legal Owners, spearheading implementation of those tactics, advising the Board on changes to policy and reviewing monitoring reports.

BACKGROUND

The Board currently has an Ownership Linkage *Task Force* (OLTF) that was formed in 2024 to begin the work of connecting the Board to both the Legal and Moral Owners of the AAATA. The OLTF has done a fine job in connecting with and creating a regular cadence with the Legal Owners and will be continuing it's work to assess how best to connect with the Moral Owners. Under Board Policy 3.7 Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

The OLTF is not part of the permanent committee structure listed in Policy 3.7 which are as follows: Governance Committee, Service Committee, Finance Committee, Executive Committee and Audit Task Force. The importance of Board Linkage with Owners cannot be overstated. Understanding the needs of the people and the communities we serve is paramount to aiding the Board in matters involving our current and future policy decisions. The Chair is concerned that by not having a *permanent* Ownership Linkage Task Force or Committee, this important work may potentially be left unattended in the future.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

3.0 GLOBAL GOVERNANCE PROCESS: The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA) (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.

3.1 GOVERNING STYLE: The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on (a) the best interests of the entirety of the ownership and stewardship of the agency, (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of Board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity.

<u>3.2 BOARD JOB DESCRIPTION</u>: Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance. Accordingly, the Board has direct responsibility for: 3.2.1 The authoritative linkage between the ownership and the operational organization. 3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.

<u>3.7 BOARD COMMITTEE STRUCTURE</u> Committees are intended to expedite work of the Board so that monthly meetings can be efficient and as advisory bodies. The full Board retains all decision-making powers. Committees are, therefore, empowered to: • Conduct detailed reviews of monitoring reports, and recommend acceptance or rejection to the full Board, • Conduct reviews of policy language and make recommendations for changes to the full Board, • Receive preliminary Strategy Updates from the CEO, • Discuss Ends policies, and • Advise the Board. Standing committees are arranged by function and have formal responsibility for monitoring certain policies which have been grouped by theme (governance, financial, service) so the committees can emphasize those subjects.

Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

<u>3.6 BOARD COMMITTEE PRINCIPLES</u>

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to CEO.

Accordingly:

3.6.1 Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.

3.6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.

3.6.3 Board committees cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.

3.6.4 Other work groups will be used in an ad hoc capacity.

3.6.5 This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

IMPACTS OF RECOMMENDED ACTION(S)

- Budgetary/Fiscal: N/A
- Social: N/A
- Environmental: N/A
- Governance: Ensure that the task of Ownership Linkage continues to remain at the forefront of the Board's work.

ATTACHMENTS

1. Attachment 1: Proposed Policy 3.7.6 Ownership Linkage Committee
2. Attachment 2: Proposed Policy 3.7.6 Ownership Linkage Task Force

Attachment 1:

3.7.6 Ownership Linkage Committee

A. Products:
a. Develop strategies for the Board to increase connections with Moral and Legal Owners.
b. Spearheading implementation of approved linkage tactics (e.g. meetings with elected leaders, surveying, public open houses, etc...)
c. Reporting on Ownership feedback to the Board.
d. Assists Board by pre-vetting monitoring reports, as assigned.
e. Advise on possible changes to policy.
B. Membership: Appointed by Chair of Board (as per Bylaws).
C. Term: One year.

Attachment 2:

3.7.6 Ownership Linkage Task Force

A. Products:
a. Develop strategies for the Board to increase connections with Moral and Legal Owners.
b. Spearheading implementation of board approved linkage tactics (e.g. meetings with elected leaders, surveying, public open houses, etc...)
c. Reporting on Ownership feedback to the Board.
d. Advise on possible changes to policy.
B. Membership: Appointed by Chair of Board (as per Bylaws).
C. Term: One year.

Agenda Item: 5.1

Governance Process Policies
(Policies 3.0 - 3.4)

Meeting: Board of Directors

Meeting Date: July 16, 2026

RECOMMENDED ACTION(S):
Monitoring
BACKGROUND:
• This survey provides a platform for Board self-assessment on Policies 3.0-3.4 of the Governance Process Policies – as such, it does not include a monitoring report from the CEO. Each Board member is invited to participate in a survey gauging how well the Board complied with its set policies.
ATTACHMENTS:
1. Governance Process Policies 2. Governance Process Policies (3.0-3.4) Worksheet Results

3: GOVERNANCE PROCESS

These policies define the Board's job and expectations for how the Board will function.

3.0 GLOBAL GOVERNANCE PROCESS

The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA)

(a) achieves appropriate results for appropriate persons at an appropriate cost, and
(b) avoids unacceptable actions and situations.

3.1 GOVERNING STYLE

The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on

(a) the best interests of the entirety of the ownership and stewardship of the agency,
(b) outward vision rather than an internal preoccupation,
(c) encouragement of diversity in viewpoints,
(d) strategic leadership more than administrative detail,
(e) clear distinction of Board and chief executive roles,
(f) collective rather than individual decisions,
(g) future rather than past or present, and
(h) proactivity rather than reactivity.

On any issue, the Board must insure that all divergent views are considered in making decisions, yet may not require the CEO to act without majority approval from a quorum of the Board.

Accordingly:

3.1.1 The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.

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

3.1.3 The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

3.1.3.1 The Board will only allow itself to address a topic after it has answered these questions:

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

3.1.4 The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.

3.1.5 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.

3.1.6 Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.

3.1.7 The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.

3.1.8 The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.

3.2 BOARD JOB DESCRIPTION

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

Accordingly, the Board has direct responsibility for:

3.2.1 The authoritative linkage between the ownership and the operational organization.

3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.

3.2.2 Strategic leadership and vision of the organization through its policymaking.

3.2.3 Written governing policies that address the broadest levels of all organizational decisions and situations.

A. Ends*:* Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost).

B. Executive Limitations*:* Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

C. Governance Process*:* Specification of how the Board conceives, carries out and monitors its own task.

D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.

3.2.4 Assurance of successful organizational performance on Ends and Executive Limitations

3.2.5 Assurance of CEO performance includes evaluation of organizational performance on Ends and Executive Limitations.

3.2.6 Annual performance review and appropriate adjustment of CEO salary.

3.2.7 Approval of the annual budget developed and recommended by the CEO.

3.2.8 A contract with the CEO that will stipulate compensation, benefits and other terms and conditions for the CEO.

3.2.9 Approval of rider fare increases and millage rates assessed by the Authority.

3.2.10 Approval of real estate acquisition, encumbrance, or disposal.

3.2.11 Approval of collective bargaining goals and tentative collective bargaining agreements.

3.2.12 Approval of the use of funds from the Capital Reserve.

3.2.13 Participate in the procurement process of both General Legal Counsel and Auditing firm alongside staff. Be the definitive decision maker in the procurement of a Governance consultant.

3.3 BOARD CODE OF CONDUCT

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

3.3.1 Members must demonstrate loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as consumers.

3.3.2 Members must avoid conflicts of interest with respect to their legal duties of care and loyalty.

3.3.2.1 There will be no self-dealing or business by a member with the organization. Members will, each January, disclose in writing their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.

3.3.2.2 When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation by leaving the room.

3.3.2.3. Board members will not use their Board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates.

3.3.3 Board members may not attempt to exercise individual authority over the organization.

3.3.3.1 Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly authorized by the Board. While individual members should share their perspectives and advice with the CEO, they shall not give (or imply) direction to the CEO or any staff.

3.3.3.2 Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board positions.

3.3.3.3 Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members will not express individual judgments on performance of the CEO or other staff in an attempt to exert individual authority.

3.3.4 Members shall conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other Board members, staff or members of the public.

3.3.5 Members will respect the confidentiality appropriate to issues of a sensitive nature.

3.3.6 Members will be properly prepared for Board deliberation.

3.3.7 Members will support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.

3.3.8 Members will follow the rule of "no surprises" and shall keep the CGO and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.

3.3.9 When serving on other Boards, members remain accountable to the AAATA Board for their actions and statements regarding transit-related issues.

3.4 AGENDA PLANNING

To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda cycle which:

(a) completes a re-exploration of Ends Policies annually,

(b) continually improves Board performance through Board education and enriched input and deliberation, and

(c) re-examines for relevance the underlying values that support existing policy.

3.4.1 The cycle will conclude each year so that administrative planning, strategic planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long term Ends.

3.4.2 The cycle will start with the Board's development of its agenda for the next year.

A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.

B. Governance education, and education related to Ends determination, (e.g. presentations by researchers, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.

3.4.3 Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.

3.4.4 CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

3.4.5 A Board member may recommend or request an item for Board discussion by submitting the item to the CGO no later than two days before the Board meeting.

3.4.6 Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such

3.4.7 CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.

3.4.8 Individual meeting agendas will generally follow the format below:

1) **Opening Items**
    a. Approve Agenda
    b. Public Comment
    c. General Announcements
2) **Consent Items**
    a. Approval of Minutes
    b. Mandatory Approvals
3) **Policy Monitoring and Development**
    a. Policy Monitoring
    b. Other Board Reports & Ownership Linkages
    c. Board's Annual Plan of Work Item & Ends Policies
4) **Strategy and Operational Updates**
5) **Board Development**
    a. Governance Policy Monitoring
    b. Board Education
6) **Emergent Business**
7) **Closing Items**
    a. Topics for Next Meetings
    b. Public Comment
    c. Board Assessment of Meeting
    d. Adjournment

WORKSHEET RESULTS

Governance Process (Policies 3.0-3.4)

Participants: (8) Board Members
Mike Allemang, Simi Barr, Rich Chang, Julie Grand,
Jesse Miller, Kathleen Mozak, Susan Pollay, Georgia Valentine

Performance on reasonable interpretation and verifiable evidence

Policy 3.0 Global Governance Process
The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA)
(a) achieves appropriate results for appropriate persons at an appropriate cost, and
(b) avoids unacceptable actions and situations.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period - 2

If you indicated YES, please provide examples: N/A

Policy 3.1
The Board will govern lawfully, observing the principles of the policy governance, with an emphasis on
- (a) the best interests of the entirety of the ownership and stewardship of the agency,
- (b) outward vision rather than an internal preoccupation,
- (c) encouragement of diversity in viewpoints,
- (d) strategic leadership more than administrative detail,
- (e) clear distinction of Board and chief executive roles,
- (f) collective rather than individual decisions,
- (g) future rather than past or present, and
- (h) proactivity rather than reactivity.

On any issue, the Board must insure that all divergent views are considered in making decisions, yet may not require the CEO to act without majority approval from a quorum of the Board.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period - 2

If you indicated YES, please provide examples:

- Comment: I believe we could be spending more time on the future rather than past/present.

Policy 3.1.1
The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period - 2

If you indicated YES, please provide examples: N/A

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

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period - 2

If you indicated YES, please provide examples: N/A

Policy 3.1.3
The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period - 2

If you indicated YES, please provide examples:

- We do have challenges of what is considered "broad"

Policy 3.1.3.1
The Board will only allow itself to address a topic after it has answered these questions:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value that drives the concern?

3. Whose issue is this? Is it the Board's or the CEO's?
4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 2 Yes - 1

If you indicated YES, please provide examples:

- "Only" is a very powerful word. I believe #4 is not thought of very much.
- In general, we do our best to adhere to this rubric.

Policy 3.1.4
The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- The Board completed a thorough review of ENDs policies, with guidance from the governance consultant, earlier this year to ensure alignment with its owners and the long-range demands of the AAATA.

Policy 3.1.5
The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 2 Yes - 1

If you indicated YES, please provide examples:

- This is a volunteer board with a lot of tasks/responsibilities/time commitment. As a result, board meetings/committee meeting/monitoring reports are going to be missed. Due to how board seats are assigned, there really isn't a way for us to "discipline." I think we should consider removing this policy?

Policy 3.1.6
Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

3.1.7
The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.1.8
The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- The Board monitors the 3.0 G.P.P.s and the 4.0 Board-Management Delegation policies once a year.

Policy 3.2 Board Job Description
Specific job outputs of the Board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.
Accordingly, the Board has direct responsibility for:

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 1 Yes - 1

If you indicated YES, please provide examples:

- Clicking 'yes' as a way of indicating this as an incomplete statement

Policy 3.2.1
The authoritative linkage between the ownership and the operational organization.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 1 Yes - 1

If you indicated YES, please provide examples:

- The Board's Ownership Linkage Committee/Taskforce is still being developed. Initial meetings have been held with a couple elected ownership representatives, but the outcome of those meetings isn't clear. Plus, the role of Board members not on the committee hasn't been established.

- The Board has successfully created a working cadance of meetings with the 3 legal municipalities as defined in the Articles of Incorporation. Now, work is beginning on how to best understand moral ownership values beyond the Board interacting situationally with the public or at public comment during board meetings.

Policy 3.2.1.1
Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 1 Yes - 1

Worksheet Results: Governance Process (Policies 3.5-3.9)

If you indicated YES, please provide examples:

- See above. The board has not yet established "effective ambassadorship and coordinated advocacy" with member municipalities.

Policy 3.2.2
Strategic leadership and vision of the organization through its policymaking.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.2.3
Written governing policies that address the broadest levels of all organizational decisions and situations.

A. Ends: Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost).
B. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
C. Governance Process: Specification of how the Board conceives, carries out and monitors its own task.
D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.2.4
Assurance of successful organizational performance on Ends and Executive Limitations.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.2.5
Assurance of CEO performance includes evaluation of organizational performance on Ends and Executive Limitations.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.2.6
Annual performance review and appropriate adjustment of CEO salary.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.2.7
Approval of the annual budget developed and recommended by the CEO.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- AAATA's annual budget for FY2026 was successfully adopted last September.

Policy 3.2.8
A contract with the CEO that will stipulate compensation, benefits and other terms and conditions for the CEO.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- A 5 year contract with the CEO was successfully negotiated and completed in the Spring of 2025.

Worksheet Results: Governance Process (Policies 3.5-3.9)

Policy 3.2.9
Approval of rider fare increases and millage rates assessed by the Authority.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 4 No instances this monitoring period – 4

If you indicated YES, please provide examples: N/A

Policy 3.2.10
Approval of real estate acquisition, encumbrance, or disposal.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 3

If you indicated YES, please provide examples: N/A

Policy 3.2.11
Approval of collective bargaining goals and tentative collective bargaining agreements.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.2.12
Approval of the use of funds from the Capital Reserve.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 3

If you indicated YES, please provide examples: N/A

Policy 3.2.13
Participate in the procurement process of both General Legal Counsel and Auditing firm alongside staff. Be the definitive decision maker in the procurement of a Governance consultant.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3 Board Conduct
The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.1
Members must demonstrate loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as consumers.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.2
Members must avoid conflicts of interest with respect to their legal duties of care and loyalty.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.2.1
There will be no self-dealing or business by a member with the organization. Members will, each January, disclose in writing their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.2.2
When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation by leaving the room.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 3

If you indicated YES, please provide examples: N/A

Policy 3.3.2.3
Board members will not use their Board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.3
Board members may not attempt to exercise individual authority over the organization.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.3.1
Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly authorized by the Board. While individual members should share their perspectives and advice with the CEO, they shall not give (or imply) direction to the CEO or any staff.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.3.2
Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board positions.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.3.3
Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members will not express individual judgments on performance of the CEO or other staff in an attempt to exert individual authority.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.4
Members shall conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other Board members, staff or members of the public.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.5
Members will respect the confidentiality appropriate to issues of a sensitive nature.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.6
Members will be properly prepared for Board deliberation.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- Comment: This is difficult to judge, especially if board members don't talk in meetings very much.
- This is a tough one. We are a volunteer board and there is a lot of info continually in motion with this organization, and well, "life." So, there are times when members are not able to prepare as much as we'd like to for meetings/decisions. Might be worthwhile to debate whether we should modify the wording to something like, "Members will apply best effort to be properly prepared for Board deliberation and decisions."

Policy 3.3.7
Members will support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.8
Members will follow the rule of "no surprises" and shall keep the CGO and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.3.9
When serving on other Boards, members remain accountable to the AAATA Board for their actions and statements regarding transit-related issues.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.4 Agenda Planning
To accomplish its job products with a governance style consistent with Board policies, the Board will follow an annual agenda cycle which:

(a) completes a re-exploration of Ends Policies annually,
(b) continually improves Board performance through Board education and enriched input and deliberation, and
(c) re-examines for relevance the underlying values that support existing policy.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.4.1
The cycle will conclude each year so that administrative planning, strategic planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long term Ends.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 2 Yes - 1

If you indicated YES, please provide examples:

- I don't recall that this has been formally done.

Policy 3.4.2
The cycle will start with the Board's development of its agenda for the next year.

A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
B. Governance education, and education related to Ends determination, (e.g. presentations by researchers, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 5 No instances this monitoring period – 2 Yes - 1

If you indicated YES, please provide examples:

- I don't believe this was done in the first quarter.

Policy 3.4.3
Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.4.4
CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- How would we know/decide if direct inspection monitoring or third party monitoring are required? We get the evidence and rationale as provided by the CEO. Would we decide that during policy development, or monitoring?

Policy 3.4.5
A Board member may recommend or request an item for Board discussion by submitting the item to the CGO no later than two days before the Board meeting.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples:

- I am sure we have submitted items at the time of the board meeting, however...

Policy 3.4.6
Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 2

If you indicated YES, please provide examples: N/A

Policy 3.4.7
CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 1 Yes - 1

If you indicated YES, please provide examples:

- We discussed CEO remuneration in May, not June. Perhaps the policy could be adjusted to allow some flexibility.

Policy 3.4.8
Individual meeting agendas will generally follow the format below:

1) Opening Items
    a. Approve Agenda
    b. Public Comment
    c. General Announcements
2) Consent Items
    a. Approval of Minutes
    b. Mandatory Approvals
3) Policy Monitoring and Development
    a. Policy Monitoring
    b. Other Board Reports & Ownership Linkages
    c. Board's Annual Plan of Work Item & Ends Policies
4) Strategy and Operational Updates
5) Board Development
    a. Governance Policy Monitoring
    b. Board Education
6) Emergent Business
7) Closing Items
    a. Topics for Next Meetings
    b. Public Comment
    c. Board Assessment of Meeting
    d. Adjournment

Are you aware of any instances during this period when the Board did not adhere to this policy?	No – 6 No instances this monitoring period – 1 Yes - 1

If you indicated YES, please provide examples: N/A

Additional context questions

1. Additional context on overall policy (optional)

- Might be worthwhile to explore eliminating: 3.1.5
  and modifying: 3.3.6
  and being reminded of "broad" from: 3.1.3

2. Approximately how many minutes did it take you to fill out this form?

45, 20, 35, 25, 20, 45, 20, 30

Agenda Item: 7.1

Local Funding for Transit

Meeting: Board of Directors Meeting

Meeting Date: July 16, 2026

INFORMATION TYPE

Other

RECOMMENDED ACTION(S)

Receive for Information.

ISSUE SUMMARY

Per the Board's request, staff is presenting background information on transit funding. Staff is providing a series of educational discussions in Board meetings regarding Federal, State and Local funding that are critical to the financial stability of AAATA and to achieving the Board's Ends.

The information is intended to provide context for the potential impacts of Federal, State and Local legislative and regulatory changes that are beyond the control of the agency but are likely to have financial impacts on the agency.

In April 2025 and November 2025, staff provided high-level information related to Federal and State funding, respectively. For this Board meeting, staff will provide a high-level overview of transit funding sources and provide information for a more detailed discussion related to Local funding sources. While transit funding discussions will continue through the normal course of discussions with the Board, the Local discussion is last portion of the planned transit funding background sessions. The presentation will include a brief closing summary of Federal, State and Local transit funding to close out the education series.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

2.5 Financial Conditions and Activities: With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy… the CEO shall not:

2.5.2 Operate in a manner that would jeopardize federal and state funding…

2.7 Asset Protection: The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

ATTACHMENTS

To be provided at the Board meeting.

Agenda Item: 8.2

FY2027 Budget Preview

Meeting: Board of Directors

Meeting Date: July 16, 2026

INFORMATION TYPE

Decision Preparation

RECOMMENDED ACTION(S)

Receive for information a preview of the draft operating budget for FY2027, along with an update on the capital budget process.

ISSUE SUMMARY

This Issue Brief provides a preview of the draft FY2027 budget before a recommended budget is presented to the Board in September. The budget is balanced, which means that revenues are sufficient to cover expenses without a deficit during the fiscal year. Discussions and information provided in July, August, and September are intended to ensure support for the recommended budget, which is to be presented for Board adoption in September.

BACKGROUND

AAATA staff developed this draft FY2027 operating and capital budget that furthers Board Ends within Executive Limitations and provides multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for the 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 20th Board meeting. Final approval will be sought in September.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

- Governance Process: Policy 3.2.7 "…the Board has direct responsibility to create…approval of the annual budget developed and recommended by the CEO."
- Executive Limitation: Policy 2.4 Financial Planning/Budgeting

IMPACTS OF RECOMMENDED ACTION(S)

- Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7.
- Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy.
- Governance: The Board is responsible for approving the annual budget (Policy 3.2.7)

ALTERNATIVE OPTION(S)

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

ATTACHMENTS

1. FY2027 Budget Preview
2. FY2027 Budget Timeline

Attachment 1: FY2027 Budget Preview

Introduction

The FY2027 Operating and Capital Budget (the Budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

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

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

Aligned with the Business Plan, the Budget provides funding to maintain transportation services to the communities TheRide serves and provides for expansion of services, execution of the Long-Range Plan, and continuous process improvement. A large majority of funding in the Budget is for maintaining services, with additional funding to support implementation of the Long-Range Plan and continuous process improvement.

The Budget is a balanced budget that provides a plan for execution of the Board's Ends and the organization's highest priorities. Development of the Budget also considers the impacts of economic and industry conditions on financial and operational plans. Financial assumptions are reasonably conservative and are provided in the context of TheRide's approach to addressing opportunities and risks for the current year and a five-year projection. The Budget also supports the priorities and initiatives represented in the Business Plan.

This presentation of the FY2027 Preliminary Budget (the Budget Preview) illustrates initial assumptions of revenues and expenses needed to maintain current service levels (a base budget). The Budget Preview does not include funding for new initiatives, as decisions about priorities are still being evaluated. Approved initiatives will be recommended in the context of organizational priorities, available resources, and 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 data collected since the expansion of services funded by the higher millage rate approved by voters in August 2022. It includes continued growth in property tax revenue based on actual receipts and refined forecasting derived from historical analysis along with recent data from Washtenaw County. It also reflects the State Operating Assistance reimbursement rate recommended by MDOT for the coming year.

In summary, the Budget Preview provides reasonably conservative assumptions to maintain current services while taking into consideration important current-year operational data and key external 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 and is supported by the existing millage, in place through FY2028, as well as the use of federal funds to provide and expand critical transportation services.

FY2027 Operating Budget Preview

The emerging operating budget is essentially balanced for FY2027, with revenues modestly exceeding expenses. The Budget Preview of revenues and expenses presented below provides a preview of the Budget at this initial stage of the development process and is compared to the approved FY2026 Budget. Holding a modest surplus is a prudent position at this stage of the process, before approved initiatives are evaluated and incorporated, and it reflects a conservative posture in the revenue forecast. Limited line-item contingencies are included for key expenses.

<u>Figure 1: FY2027 Operating Revenues and Expenses</u>

TheRide
FY2027 Operating Budget

	FY2026 Approved Budget	FY2027 Budget Preview	2027 Draft vs. 2026 Approved $	2027 Draft vs. 2026 Approved %
OPERATING REVENUES				
Passenger Revenue	$ 4,138,392	$ 4,000,371	$ (138,021)	-3.3%
Local Property Tax Revenue	41,647,533	44,369,124	2,721,591	6.5%
POSA & Other Governmental Partners	3,060,136	3,268,623	208,488	6.8%
State Operating Assistance	19,015,038	21,777,764	2,762,726	14.5%
Other Federal Programs	1,970,057	1,595,875	(374,182)	-19.0%
Advertising, Interest, and Other	1,645,911	2,296,888	650,976	39.6%
TOTAL REVENUES	**$ 71,477,067**	**$ 77,308,645**	**$ 5,831,578**	**8.2%**
OPERATING EXPENSES				
Salaries, Wages and Benefits	$ 39,656,741	$ 42,221,031	$ 2,564,290	6.5%
Purchased Transportation	13,902,463	13,156,092	(746,371)	-5.4%
Diesel Fuel and Gasoline	2,878,389	3,700,000	821,611	28.5%
Materials and Supplies	4,190,622	5,059,509	868,888	20.7%
Contracted Services	5,885,173	6,739,718	854,545	14.5%
Utilities	1,018,500	983,972	(34,528)	-3.4%
Casualty & Liability Insurance	2,184,370	2,186,420	2,050	0.1%
Other Expenses	1,760,809	1,905,509	144,699	8.2%
TOTAL EXPENSES	**$ 71,477,067**	**$ 75,952,252**	**$ 4,475,185**	**6.3%**
SURPLUS (DEFICIT)	**$ -**	**$ 1,356,393**	**$ 1,356,393**	

<u>Revenue Assumptions</u>

Operating revenues are budgeted at $77.3 million, an increase of **8.2%**, or approximately $5.8 million, over the approved FY2026 budget. Growth is concentrated in TheRide's two largest revenue sources, property taxes and state operating assistance, both of which increase in FY2027. Investment income also rises relative to the FY2026 budget, reflecting the current interest-rate environment, while passenger fare revenue is held close to recent actual collections.

- **Local property tax revenue** is TheRide's largest funding source and is budgeted at $44.4 million in FY2027, an increase of approximately $2.7 million, or 6.5%, over the approved FY2026 budget. The projection is based on the two millages. First, the current voter-approved millage rate of 2.38 mills, unchanged since voters approved the current millage in August 2022, applied to taxable values in the three taxing jurisdictions of Ann Arbor, Ypsilanti, and Ypsilanti Township. The second is statutory millages from the cities of Ann Arbor and Ypsilanti of 2.5 and 0.9789 mills respectively.

Assessed taxable values are forecasted to grow by roughly 4.6% from 2026 to 2027, but the budget variance from FY2026 to FY2027 is slighter higher due to higher than projected assessed values for this fiscal year. All relevant deductions, including the Headlee rollback and tax captures such as those from the Downtown Development Authority, are factored into the forecast using data compiled from Washtenaw County.

- **State Operating Assistance** is budgeted at $21.8 million in FY2027, an increase of approximately $2.8 million, or 14.5%, over the approved FY2026 budget. Since 1998, Michigan's State Operating Assistance program, also known as LBO funding, has reimbursed at or above 29% of eligible operating costs for local bus service. For FY2027, TheRide is budgeting the planning rate recommended by the Michigan Department of Transportation (MDOT) of 28.09%, applied to a larger base of eligible expenses.

  The FY2026 budget was built on a more conservative planning rate, so the FY2027 increase reflects both the higher recommended rate and growth in eligible costs. Because nearly all of TheRide's expenses are eligible and the budget base is large, small movements in the reimbursement rate have a significant effect on this revenue line. Staff will continue to monitor the state budget process over the summer and adjust as more information becomes available. TheRide remains in a strong position relative to other Michigan transit agencies because of the dedicated local property tax support approved by voters.

- The "**Advertising, Interest, and Other**" revenue category is budgeted at $2.3 million in FY2027, an increase of approximately $651,000, or 39.6%, over the approved FY2026 budget. The increase is driven primarily by investment income, which continues to benefit from the current interest-rate environment. This income is budgeted conservatively relative to recent collections, recognizing that rates can move quickly and are outside TheRide's control. The increase in budgeted investment/interest income partially offsets higher fuel costs caused by the exogenous shock of international conflict, providing a natural hedge related to economic inflation.

- Revenue from **purchase-of-service agreements** and other governmental partners is budgeted at $3.3 million, an increase of approximately $208,000, or 6.8%, over the approved FY2026 budget. Agreements reflected in the budget refer to services provided to communities and partners outside of the service area that request service from TheRide. It includes Pittsfield, Scio and Superior Townships. Passthrough revenues, which net to zero with related expenses, for services provided by subrecipients WAVE and People's Express are also included in this category. Purchase-of-service agreement revenues are adjusted for standard inflationary impacts and any service level changes that generate additional revenue.

- **Passenger fare revenues** are budgeted at $4.0 million in FY2027, a decrease of approximately $138,000, or 3.3%, from the approved FY2026 budget. The budget assumes no change in fare prices and aligns fare revenue with recent ridership and collection trends across TheRide's services. Assumptions regarding ridership and fares remain under review and may be updated later in the budget process.

- **Other federal programs** are budgeted at $1.6 million in FY2027, a decrease of approximately $374,000, or 19.0%, from the approved FY2026 budget. The change reflects a conservative estimate of federal operating funds and a reduction in pass-through funding for regional partners related to non-recurring capital expenditures in FY2026. Staff will refine this estimate as federal and state award information is confirmed.

Expense Assumptions

Operating expenses are budgeted at $75.95 million, an increase of **6.3%**, or approximately $4.5 million, over the approved FY2026 budget. Year-over-year growth is driven primarily by inflationary pressure in health care, fuel, and vehicle parts, consistent with the assumptions presented in the June budget introduction. An increase of this size in a year without a service expansion is unusual, and staff are still reviewing each major category as part of budget development. Current key expense assumptions are as follows:

- **Salaries, wages, and benefits** are budgeted at $42.2 million, an increase of approximately $2.6 million, or 6.5%, over the approved FY2026 budget. The budget is consistent with TheRide's current staffing plan and a standard wage increase. Health insurance is the primary driver of increases in benefit costs. Union contract negotiations are ongoing, so wage and benefit assumptions for a large share of the workforce will depend on the outcome of the negotiated agreement, and no settlement is reflected in this draft of the budget.

- **Purchased transportation** is budgeted at $13.2 million, a decrease of approximately $746,000, or 5.4%, from the approved FY2026 budget. The decrease in expense reflects alignment with current demand trends, which are lower than what was anticipated in FY2026. Reduced demand for VanRide and regular FlexRide services is partially offset by substantive growth in NightRide and HolidayRide. A-Ride demand also plays a role in this forecast. Ridership has been declining slightly during FY2026, and the decline is more substantive when measured against the growth assumed in the FY2026 budget.

- **Diesel fuel and gasoline** are budgeted at $3.7 million, an increase of approximately $822,000, or 28.5%, over the approved FY2026 budget. Consumption is forecasted to be flat with FY26 due to no service changes. The estimated cost per gallon is pegged to the change in rates by quarter forecasted in the Short-Term Energy Outlook from the U.S. EIA, Energy Information Administration, which has current fuel prices as the peak of a trend downward through the rest of calendar year 2026 into 2027. The average rate per gallon in FY2026 thus far is $2.71/gallon, with recent months continuing to pull it higher, and is budgeted to be $3.61/gallon in FY2027.

- **Materials and supplies** are budgeted at $5.1 million, an increase of approximately $869,000, or 20.7%. The increase in materials and supplies is concentrated in vehicle repair parts, where an aging fleet and continued inflation and tariff pressure on parts are raising costs. Staff continue to review parts and maintenance needs as year-end projections are finalized.

- **Contracted services** are budgeted at $6.7 million, an increase of approximately $855,000, or 14.5%, over the approved FY2026 budget. The increase predominantly reflects higher contracted maintenance to support necessary repairs to vehicles in TheRide's fleet.

- **Casualty and liability insurance** is budgeted at $2.2 million, essentially unchanged from the approved FY2026 budget. Renewal underwriting for TheRide's FY2027 policies is in progress, and this line will be updated as renewal results are finalized later in the summer. Preliminary insurance reviews indicate these costs are not likely to change significantly.

- **Other operating expenses** are budgeted at $1.9 million, an increase of approximately $145,000, or 8.2%. A majority of the costs in other operating expenses are allocated to: employee development & appreciation, conferences, media costs, write-offs plus bad debt, and uniforms.

  The increase in these costs reflects general inflation and is still preliminary. Additional review will be done prior to the next draft of the FY2027 budget.

Contingent Budgets

There is still a fair amount of uncertainty regarding revenues and expenses, and the FY2027 budget will continue to change before a recommended budget is presented to the Board for adoption. The following items are among those most likely to change:

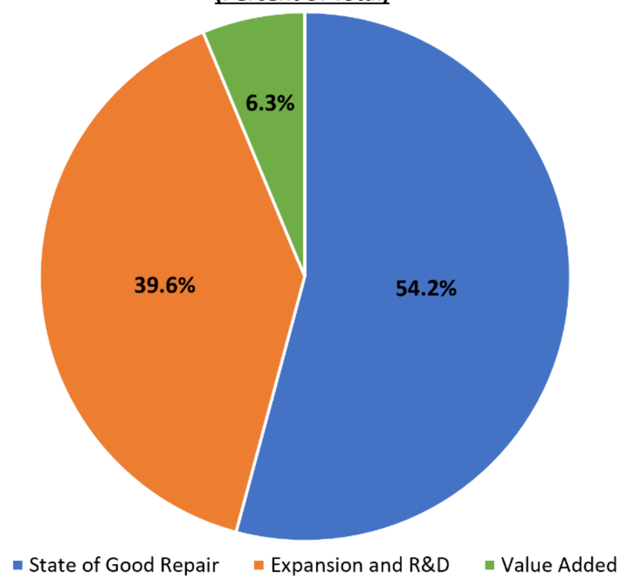
- The final State Operating Assistance reimbursement rate, as approved in the state budget, may differ from the planning rate recommended by MDOT.
- Changes in interest rates or inflation from current assumptions could affect investment income as well as costs for fuel, materials, and supplies.
- Union contract negotiations for a new Collective Bargaining Agreement are ongoing, and the outcome will affect wage and benefit assumptions for a large share of the workforce. It is unknown if a contract will be reached prior to the budget recommendation in September.
- Health insurance renewal costs will be refined as updated information becomes available, and staff will continue to strengthen forecasting for employee benefits.
- Additional funding will be evaluated for priority initiatives outlined in the Corporate Business Plan, dependent on available resources.

Capital Budget

Work is also underway on the capital budget. Every year, TheRide produces a rolling 10-year capital plan to prioritize and schedule anticipated major capital expenses, which preliminarily totals to $470.2 million, with $36.6 million programed in FY2027. Capital expenditures are assets with an initial cost of more than $5,000 and a useful life greater than one year, such as buses, facilities, equipment, and technology. While the 10-year plan provides long term context, the Board authorizes only one year of capital expenditures at a time, and the remaining years are planning estimates. The annual capital budget is developed from this plan, aligns with the Board approved Long-Range Plan, and supports the asset condition targets in TheRide's Transit Asset Management Plan.

The capital plan is prepared and presented by category and project level line item. State of Good Repair projects generally receive the highest priority for funding because maintaining current assets is required to provide transportation services, and FTA regulations require federally funded agencies to maintain assets at specific condition levels to continue receiving federal funding. Value Added projects are typically the second highest priority because enhancing current services and improving existing operations is necessary for maintaining existing ridership and increasing efficiencies to maintain fiscal responsibility. Expansion projects are often the third highest priority because expanding or increasing services typically requires significantly more funding than is available through traditional funding sources and creates future operating commitments that must be planned in advance. A small allowance for emergent research and development is also maintained.

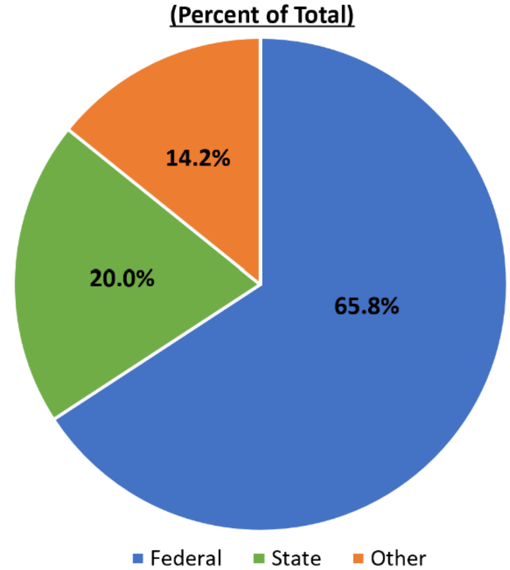
Figure 2: Forecasted FY2027 Capital Costs by Category (Percent of Total)



The preliminary FY2027 capital program reflects the upcoming year of the rolling 10-year plan presented during the last budget cycle, updated for staff's current working recommendations. Staff will continue to refine this program as the recommended FY2027 capital budget is developed. Because projects are planned well in advance of purchase, significant changes from this preview to the recommended budget normally represent changes in timing rather than savings or unexpected costs. Figure 2 illustrates the composition of forecasted FY2027 capital costs by category.

The capital program is funded through a combination of federal, state, and local sources. Federal formula grants, primarily Section 5307 urbanized area funding and Section 5339 bus and bus facilities funding, are the foundation of the program. These are supplemented by competitive and discretionary awards. Most federally funded projects carry an 80 percent federal share, with the required match provided through state Comprehensive Transportation Fund capital assistance. Figure 3 illustrates the anticipated funding sources for the FY2027 capital program.

Figure 3: Anticipated FY2027 Capital Funding Sources (Percent of Total)

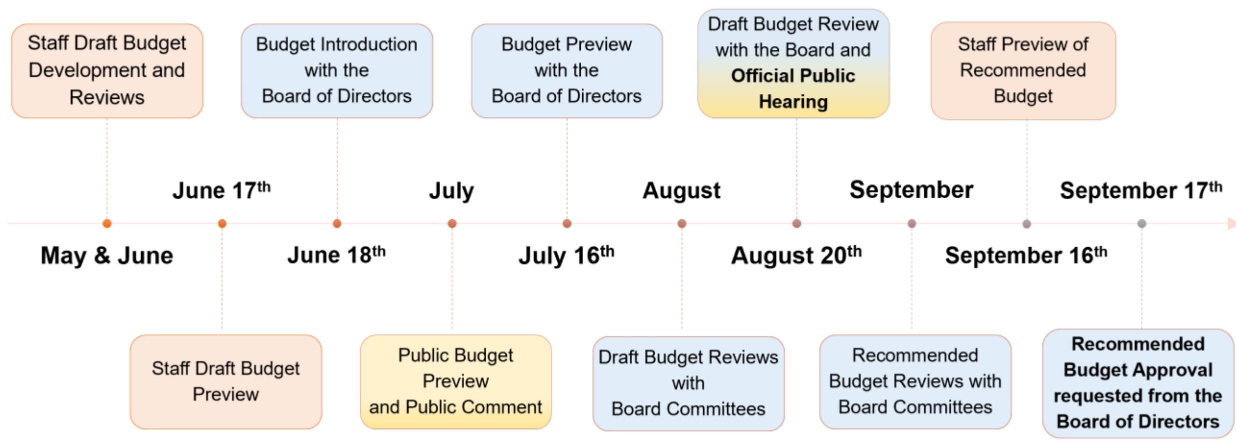


The capital budget will be updated as staff recommendations are finalized, and projects and associated costs are expected to change as more information is collected and reviewed. Capital initiatives recommended by the Executive Team are not yet included and will be added in the next version of this budget. Key changes to assumptions and the budget will be provided in accordance with the budget timeline. The outlook for the capital budget is stable, and it is supported by formula fund grants, discretionary grants, and the capital reserve, if approved by the Board.

Budgets presented during the budget cycle represent staff's best financial projections using the economic information available from industry, local, state, and federal sources. Additional information provided throughout the budget process will include multi-year projections, cash flows, and capital reserve projections, in alignment with the Business Plan and the Board's Ends.

Attachment 2: FY2027 Budget Timeline

Figure 4: Budget Timeline



1. Budget Introduction: Board of Directors Meeting, June 18, 2026

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 16, 2026

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, 2026 to September 17, 2026

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 17th.

4. Draft Budget Presentation: Board of Directors Meeting, August 20, 2026

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

5. Public Hearing: Board of Directors Meeting, August 20, 2026

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

6. Board Adoption: Board of Directors Meeting, September 17, 2026

Adoption of the FY2027 Operating and Capital Budget is required before any expenditures may be incurred on October 1, 2026, the first day of the new fiscal year.

Agenda Item: 8.4

CEO Report

Meeting: Board of Directors

Meeting Date: July 16, 2026

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

BLAKE TRANSIT CENTER RELOCATION & EXPANSION

The BTC is fully closed to the public and bus operations for the duration of nearby road construction, which is ideally scheduled to end in November 2026. Fourth Ave construction is progressing on schedule thus far, though the canopy installation timeline is still unfolding. Shelters were recently installed along Fifth & Washington, and additional passenger amenity enhancements are forthcoming this summer. AAATA's usual fall schedule will make some modifications to schedules and operations at Fifth & Washington, but boarding locations and most other infrastructure will remain the same.

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). Construction of the housing tower will begin this summer, likely late July. Modifications to TheRide's existing BTC platform will be necessary to accommodate the housing development and approved concept of the new platform. The next steps of design and site planning for the existing platform and planned expansion are underway, and an environmental review is progressing. The transit elements of the development will not be under construction until FY2028 or later.

YPSILANTI TRANSIT CENTER PLANNING

The Ypsilanti City Council approved the sale of the needed parcels for the new YTC, and closing efforts are underway. AAATA will purchase two parcels of the parking lot adjacent to the existing YTC. We thank City of Ypsilanti City Council and staff for their wonderful support of this project. Staff continue to move forward on design of the new YTC. In June, the Historic District Commission considered our application complete for demolition of the existing YTC, and staff will return to the HDC in July with more information and discussion. Staff also have a construction manager (CM) under contract, so value engineering and construction phasing discussions will begin immediately. The construction timeline and costs will become clearer as these pieces of the project fall into place.

DEDICATED BUS LANES & BUS RAPID TRANSIT

MDOT has released the final draft Environmental Assessment for improvements to US-23 from I-94 to Earhart Rd. MDOT is taking public comment on the document until August 3, 2026 and two public hearings are scheduled on July 17, 2026 at the Pittsfield Branch of the Ann Arbor

District Library. The draft final recommendation for the US-23 and Washtenaw Ave (aka M-17) interchange calls for enough width under the bridge to accommodate future dedicated transit lanes along Washtenaw Ave. However, the Preferred Alternative is not expected to install transit-only lanes, queue jump lanes or transit signal priority (TSP) along Washtenaw Ave unless funded by other means due to the lack of funding in MDOT's budget. More information can be found online at: https://www.michigan.gov/mdot/projects-studies/studies/traffic-and-environmental-linkages-studies/us-23-improvement-project-study-ann-arbor

INFRASTRUCTURE PROJECTS AUTHORITY FUND (IPAF)
AAATA successfully submitted two grant applications under the state's new IPAF, which were submitted on 6/30. The two submissions relate to funding a BRT study on Washtenaw Avenue, as well as electronic fare validators.

OPERATIONAL UPDATES

FARE STUDY
Staff work continues to develop the initial draft scope for the study of fares and fare collection technology. Once an initial draft is ready, it will be shared with the Board for feedback. After then, the scope will be finalized and a consultant hired. Once a final report is delivered, the CEO may need to make recommendations (if any) to the Board for their consideration, federal Title VI studies may need to be conducted, and a final decision made. AAATA remains in the early stages of the fare study, however, staff and board members have been in contact with constituents who have requested free fares for unhoused individuals.

PUBLIC COMMENT FOLLOW-UP
Staff and Board member Valentine met with Ypsilanti Township residents and elected officials to provide information on FlexRide boundaries.

REAL-TIME PASSENGER INFORMATION AND DETOURS
Staff continue to evaluate how existing technologies might be able to provide better real-time information that reflects long-term detours.

BUS OPERATOR COUNT/MCO CLASSES
AAATA's current operator count is 199, with the most recent class of 8 set to graduate on July 24th. Operator refresher training will begin on July 27th, and run for three weeks.

LOCAL ADVISORY COMMITTEE (LAC)
The LAC meetings have been cancelled for July and August. They will be reconvened on September 8th, 2026.

ANN ARBOR CITY COUNCIL
AAATA provided an operational update to the Ann Arbor City Council on June 15th, focusing on the temporary closure and relocation of the downtown Ann Arbor transit center.

TRANSPORTATION COMMISSION (ANN ARBOR)
The Commission met and received briefings on ongoing redesign work for Packard (State-Main) and North University Ave (State-Fletcher). Early conceptual plans are considering a bus lane on N University.

WATS POLICY COMMITTEE UPDATE
The WATS Policy Committee met and approved the agency budget, audit and latest TIP update.

EMPLOYEE RECOGNITION & COMMUNITY ENGAGEMENT

EMPLOYEE ANNIVERSARIES
On July 1st, TheRide celebrated the retirement of Parts Supervisor, Al Smith, after 42 years with AAATA.

FOURTH OF JULY PARADES
TheRide participated in the Ann Arbor (left) and Ypsilanti (right) 4th of July Parades. A group of staff and family members walked in each parade along with a bus handing out candy and TheRide swag to the public.

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

As approved in the FY2026 budget, on June 12, 2026, the CEO authorized an agreement with MV Transportation, Inc., to provide Paratransit Demand Response Services. The estimated value of award for these services for the first year is $5,698,446. If all option years are exercised, the total estimate of award for all base years and option years is $43,665,993.

Transit Funding Continued: Local Funding Discussion

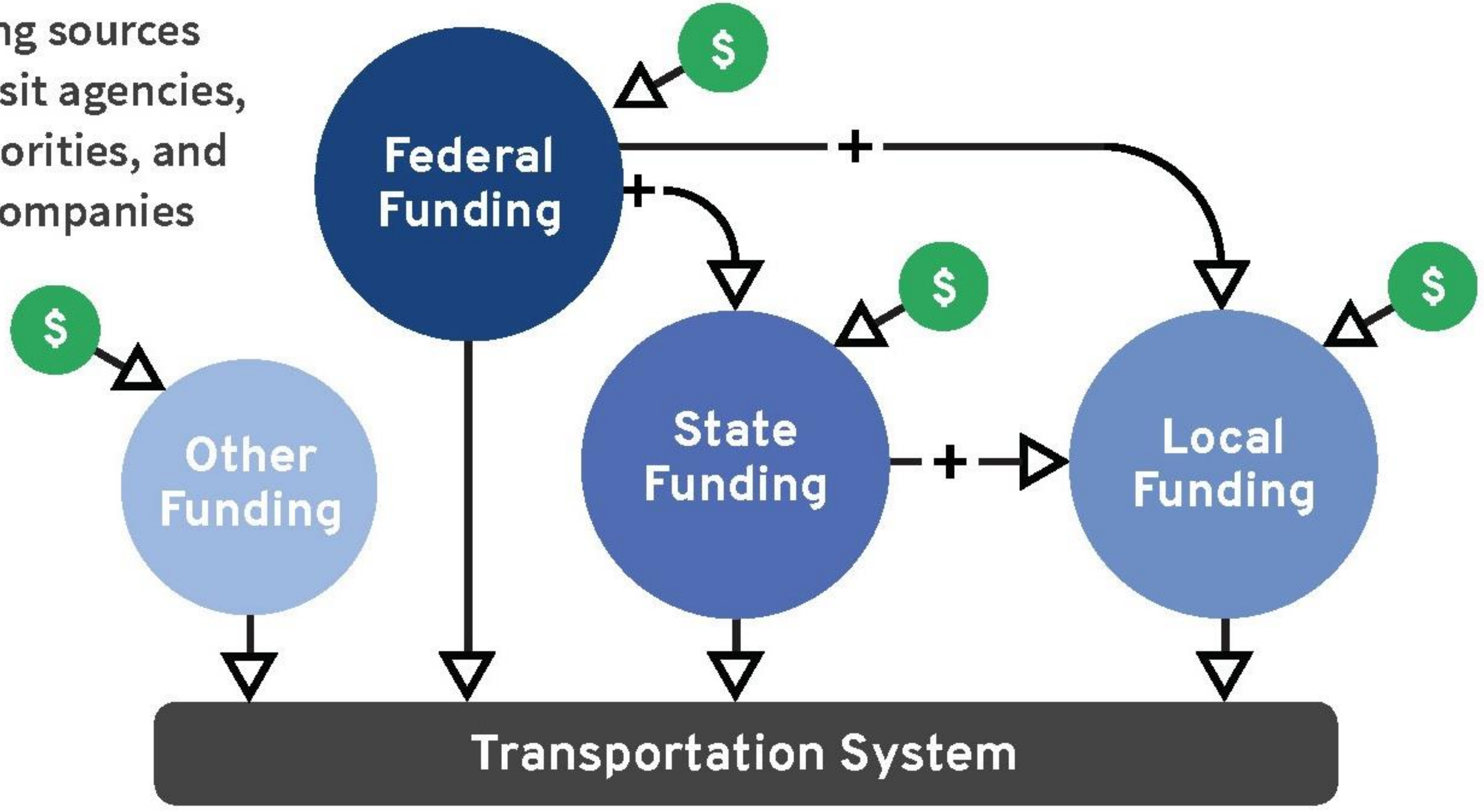
July 16, 2026

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

Public Transit Funding Overview

Funding Transportation

Other funding sources include transit agencies, airport authorities, and freight rail companies



What is “Local Funding”?

Different definitions. Different purposes.

TRANSIT AGENCY VIEW

When transit agencies talk about “local funding,” they usually mean ALL non-federal dollars that support transit operations and service.

LOCAL TRANSIT FUNDING INCLUDES:

- **Property Tax Millages**
  Voter-approved local taxes
- **Local General Fund Support**
  City, Township, County contributions
- **Municipal & County Contributions**
  Direct local government support
- **Fare Revenue**
  Passenger fares and passes
- **State Operating Assistance (MDOT/CTF)**
  State transit operating funds
- **State Capital Funding**
  State grants for vehicles, facilities, etc.

Used for understanding total resources that support service and the budget.

FTA MATCHING FUND DEFINITION

For FTA grant programs, “local funding” refers only to certain non-federal resources that are eligible to meet the local match requirement.

ELIGIBLE LOCAL MATCH INCLUDES:

- **Property Tax Millages**
  Voter-approved local taxes
- **Local General Fund Support**
  City, Township, County contributions
- **Municipal & County Contributions**
  Direct local government support
- **Fare Revenue***
  Passenger fares and passes
  **Subject to FTA limits and eligibility rules*
- **State Operating Assistance (MDOT/CTF)**
  Generally NOT considered local match
- **State Capital Funding**
  NOT considered local match

Used to meet FTA grant requirements and demonstrate local commitment.

TheRide's Local Funding Summary

LOCALLY DERIVED *raised here*	**FLOWS TO US** *raised elsewhere*
Property tax millage	State operating assistance (LBO)
Passenger fares	State capital match
Local agreements (POSAs, U-M/MRide)	Federal grants (mostly capital)

~70% of operating revenue is locally derived

Two Kinds of Millages Fund TheRide

Both are local property tax, but one comes through the cities and one TheRide takes to the voters.

STATUTORY (CHARTER) MILLAGES

Levied by the cities, ongoing

- Written into the city charters of Ann Arbor & Ypsilanti
- The cities levy them; the revenue passes to TheRide
- Ongoing, no renewal vote
- Subject to Headlee Reduction (reduces annual levy)

Ann Arbor 2.5 mills (1.92 levied) · Ypsilanti 0.98 (0.86 levied)
Basis: Ann Arbor City Charter §8.18, since 1973 · Ypsilanti PA 298

AAATA MILLAGE

Up to 5 years for each approved millage

- TheRide (the Authority) places the proposed millage on the ballot
- Across Ann Arbor, Ypsilanti & Ypsilanti Township
- 5-year term, renewed by voters
- Subject to Headlee Reduction (reduces annual levy)

2.38 mills (2.36 levied), all three communities
Basis: Act 55 of 1963 · approved 8/2/2022, expires 8/2028

Statutory: ~40% of property taxes | **Voter-approved: ~60% of property taxes**

The majority of TheRide's largest local source relies on a millage the community must renew roughly every five years.

Property Taxes – From Millages to Revenues

- Voter-approved millages are largest source of locally-derived revenues (58.3%)
- Captures, TIFs, and Fees are kept by municipalities before TheRide revenue distribution

Gross levy = 100% *(taxable value × millage rate(s) × Headlee; statutory + expansion millages)*

Gross levy is reduced by:

DDA captures ~3% · Brownfield ~1% · Collection fees ~1%

~95% of the gross levy *currently* reaches TheRide

Millage Risks:

- Captures, TIFs and fees are growing and will erode the power of funding to TheRide.
- The current millage is authorized through FY2028.

Fare Revenues (5.8% of Revenue)

PARTNER FARES

Program / Agreement	Description
UofM Transit Fares	Discounted or subsidized transit passes provided through the University of Michigan's parking and transportation program.
Downtown Development Authority Go!Pass	DDA/City of Ann Arbor employer- or organization-sponsored transit pass program.
EMU Passes	Transit pass agreement with Eastern Michigan University for students, faculty, or staff.
Ann Arbor Schools Yearly Pass	Annual transit pass program for Ann Arbor Public Schools students and employees.
Nightride DDA	Funding partnership supporting late-night transit services within the downtown district.

CASH FARES

Program / Agreement	Description
Cash	Standard single-ride fares paid with cash onboard vehicles.
EZFare Mobile Tickets	Digital fare payments purchased through mobile applications.
Tokens	Fare payments collected through transit tokens.
Passes	Standard, discounted, or reduced-fare unlimited or multi-use transit passes.
A-Ride Tickets & Passes	Prepaid ticket sales for transit services.
FlexRide/NightRide	Fare revenue generated through on demand shared ride services.
GoldRide	Fare revenue generated through shared ride services for seniors 65 and over.
WAVE	Fare revenue associated with WAVE transit services.
People's Express	Fare revenue generated through People's Express transportation programs.

SUMMARY

Transit funding is diversified through a combination of partner agreements and passenger fare programs. Educational institutions, employers, local governments, and riders all contribute to sustaining and expanding mobility services throughout the community.

Local Agreements & Contracts (4.3% of Revenue)

BY CATEGORY

POSA CONTRACTS

Program / Agreement
Scio Township
Superior Township
Pittsfield Township

PASS-THROUGH CONTRACTS

Program / Agreement
Non-urban WAVE
Non-urban People's Express

SUMMARY

Local agreements and service contracts diversify transit funding by leveraging partnerships with educational institutions, employers, local governments, downtown authorities, and neighboring transit providers.

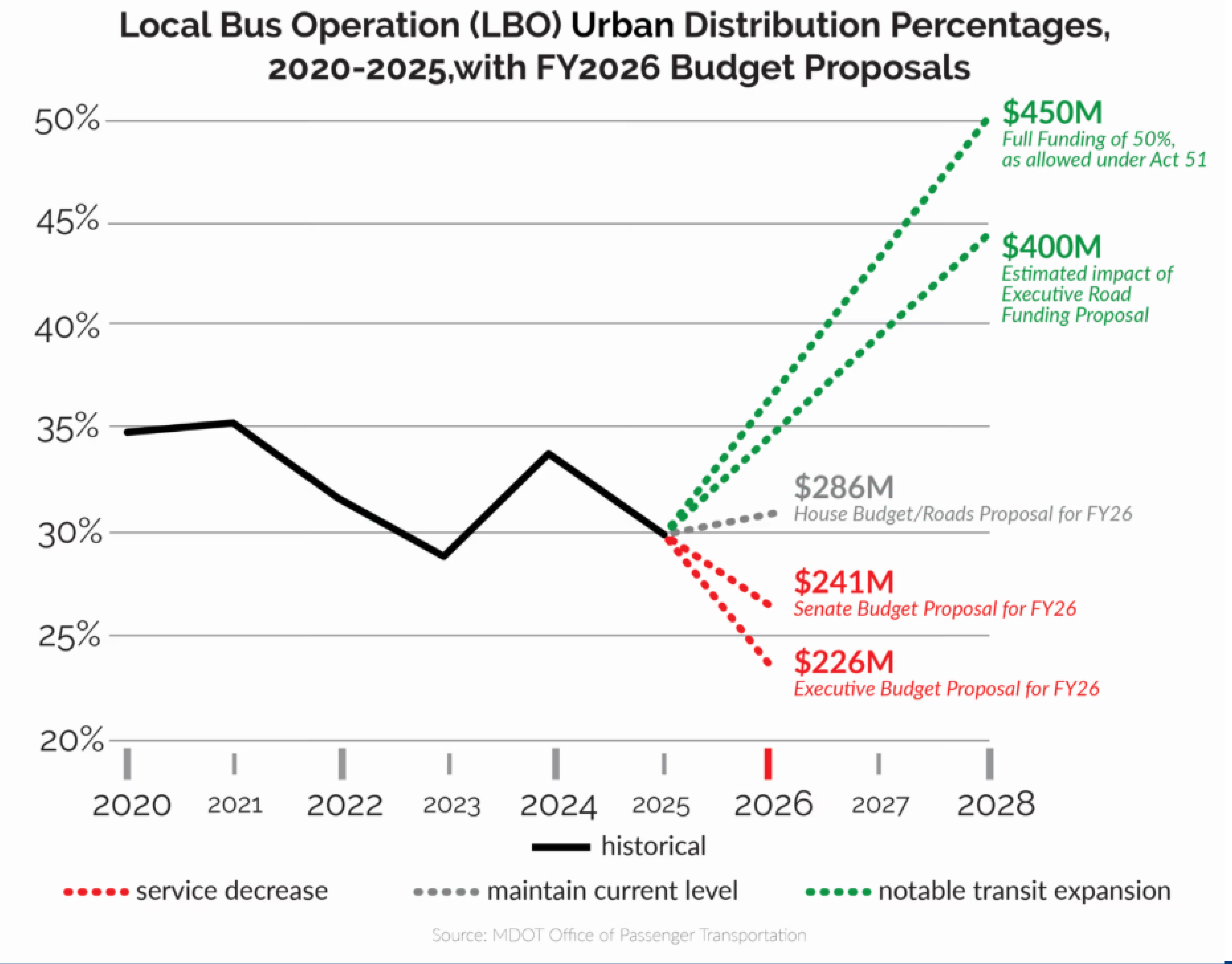
Recap for State Operating Assistance

CTF Administered by
MDOT
Office of Passenger Transportation (OPT)

Local Bus Operating Assistance
(a.k.a. LBO/State Operating Assistance/Formula)

Up to 60% Eligible - Urbanized & Nonurban areas <100,000 population

Up to 50% Eligible - Urbanized & Nonurban areas >100,000 population



LBO – MDOT to TheRide (26.6% of Revenue)

LBO Dollars

Local Bus Operator (LBO) Dollars

÷

Transit Agency Eligible Expenses

Transit Agency Eligible Expenses

=

LBO Percentage

LBO Percentage

LBO Percentage = LBO Dollars ÷ Transit Agency Eligible Expenses

Michigan Local Bus Operating (LBO) Funding

Estimated Statewide Eligible Expenses – Past 10 Years*

Fiscal Year (October – September)	LBO Appropriation (Millions)	Urban Budget Rate (Max 50%)	Nonurban Budget Rate (Max 60%)	Estimated Statewide Eligible Expenses* (Millions)
2026 (Est.)	$271.6	29.43%	34.85%	~$845
2025	$246.8	29.15%	34.51%	~$768
2024	$261.8	33.86%	40.30%	~$706
2023	$201.8	29.20%	34.58%	~$630
2022	$196.8	29.51%	34.99%	~$614
2021	$196.8	31.60%	37.54%	~$573

How Estimated: Estimated statewide eligible expenses were calculated by dividing the LBO Appropriation by the midpoint of the Urban and Nonurban Budget Rates (a proxy for the statewide average reimbursement percentage). *Actual totals will vary based on the statewide mix of urban vs. nonurban eligible expenses.*

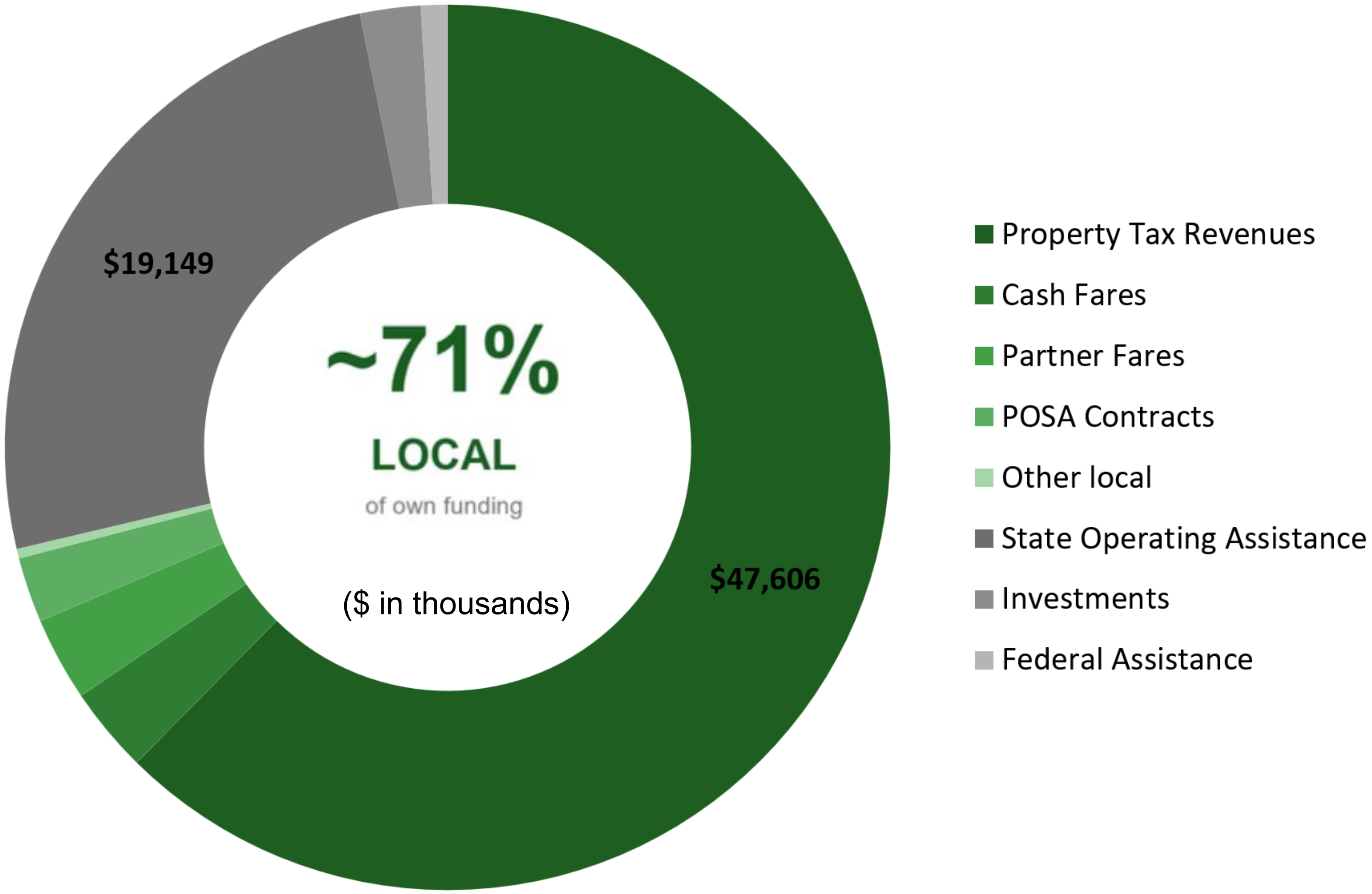
Michigan does not publish a single statewide table of total eligible expenses. The most accurate, auditable totals come from MDOT's annual OAR data.

Data Source:
- MDOT Formula Distribution Percentage Tables (FY 2021–FY 2026)
- MDOT Annual Public Transportation Fact Books
- MDOT Operating Assistance Reports (OARs) submitted by transit agencies

MDOT Michigan Department of Transportation

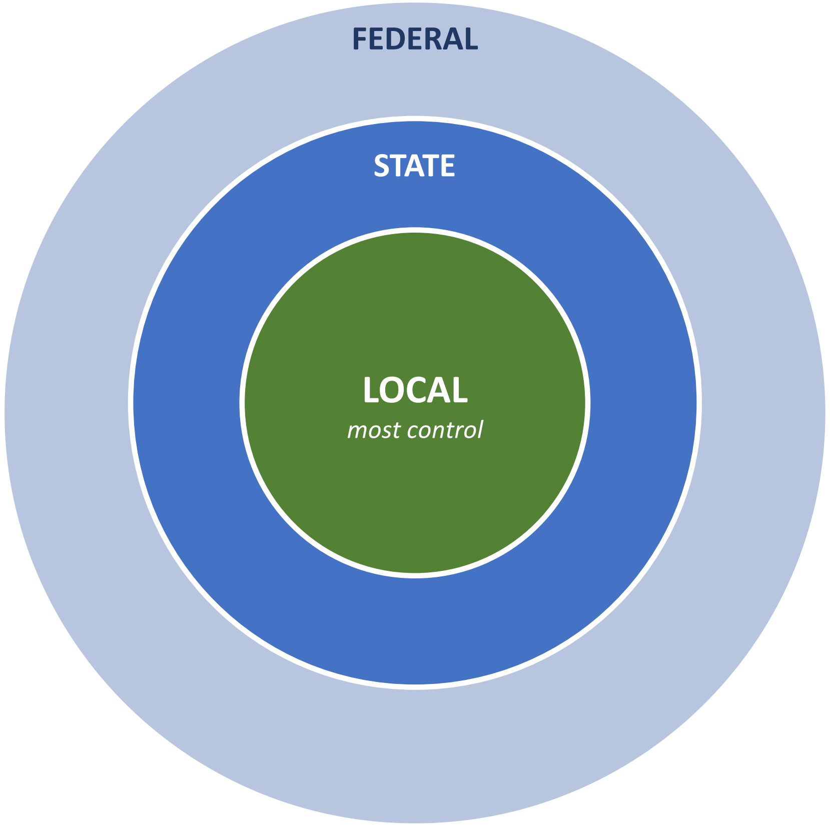
* Estimated using midpoint of Urban and Nonurban Budget Rates. Appropriations and rates from MDOT Formula Distribution Percentage tables. FY 2026 appropriation is estimated.

FY2026 Summary of Local Revenue Sources



Summary of Federal State & Local Funding

The closer a dollar's source, the more the community controls it.



LOCAL
Raised here · most control · ~70% of operating

STATE
Lansing · operating + capital match

FEDERAL
Washington · mostly capital · least control

Local sits at the center: higher stability rests on the dollars we have more direct influence with.

Closing Remarks & Questions

Thank You!

Budget Preview

FY2027 Operating and Capital Budget

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

Agenda

- Budget Introduction
  - Budget Alignment
  - Budget Timeline
  - Budget Preview Highlights
- FY2027 Operating Budget Preview
  - Balanced Budget and Revenue Sources
  - Key Changes: Fuel and Purchased Transportation
- Capital Budget Outlook
  - Project Priorities and Funding
- Multi-Year Outlook and Conclusion

Advancing the Board’s Ends through Alignment

Board Strategic Goals → **Business Plan** → **Execution**

Board Strategic Goals

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

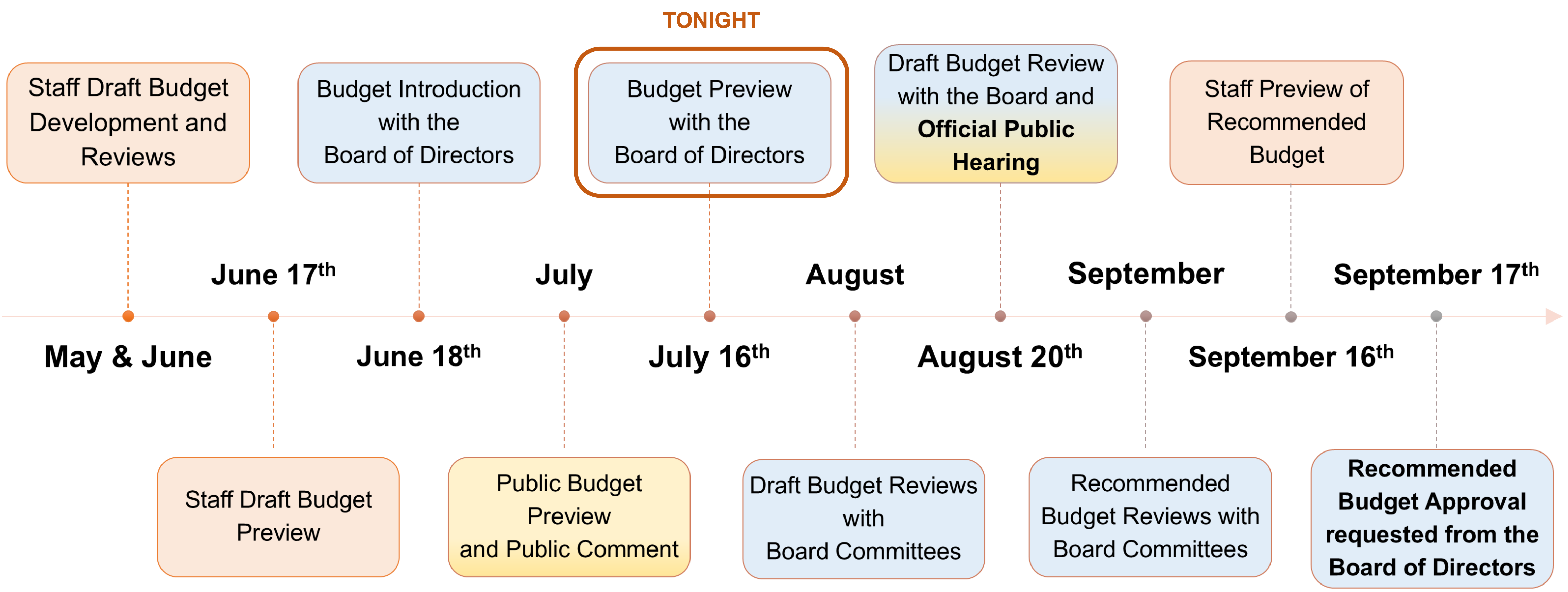
Business Plan

- Long Range Plan
- Values & Principles
- Specific Proposals

Execution

- Annual Budget
- Transportation Services
- Projects

FY2027 Budget Timeline



Budget Preview Highlights

- Operating Full Service Levels
- No Fare Changes
- Managing Cost Pressures
- Budget is Balanced

Preliminary FY2027 Operating Budget is Balanced

Property Taxes and LBO are over 85% of the revenues

Revenues
$77.3M

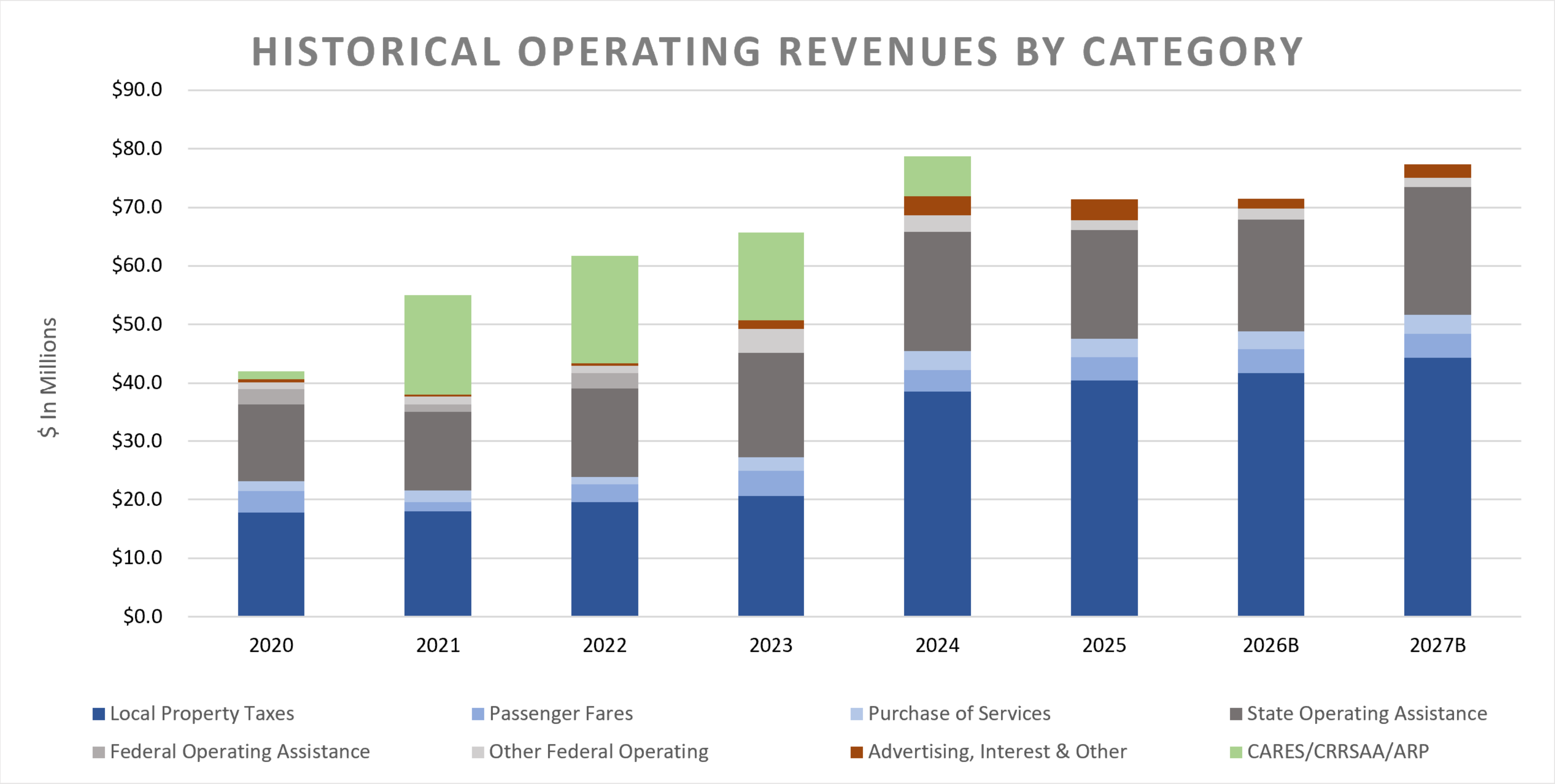
- Property Tax Revenues $44.4M
- State Operating Assistance $21.8M
- Passenger Revenues & Other $9.6M
- Federal Operating Assistance $1.6M

Expenses
$76.0M

- Transportation Services $44.5M
- Purchased Transportation $13.2M
- Administration $10.7M
- Utilities & Insurance $7.5M

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

Primary Revenue Sources Are Stable



85%+

of FY2027 revenues from Property Taxes and State Operating Assistance

94%

of FY2027 revenue **growth** comes from these two sources

3rd

consecutive year of budgeted revenues keeping pace with expenses without federal operating assistance

Property Tax Revenue Assumptions

Taxable Values x 2.38 Mills (unchanged) - **Uncollectible Accounts, Fees, and Captures** = **Estimated Property Tax Revenues $44.4M**

4.6% Increase in Annual Assessments

Assumption based on historical trends

Less $2 Million

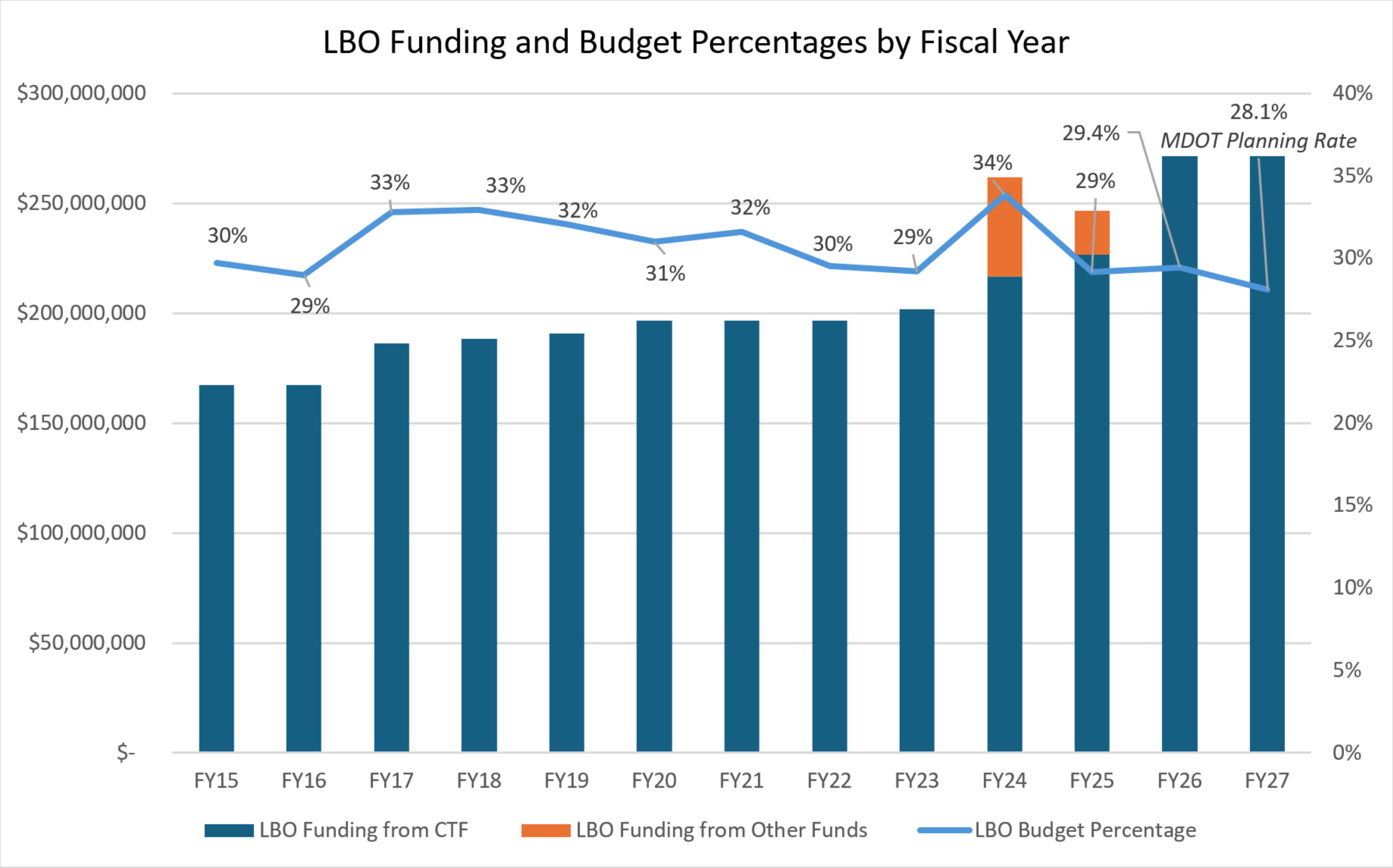
Of tax captures, exemptions and fees deducted, included amended DDA capture model

~4.0% YOY Growth Forecasted

Compared to FY26 revenue projections based on preliminary data from Washtenaw County

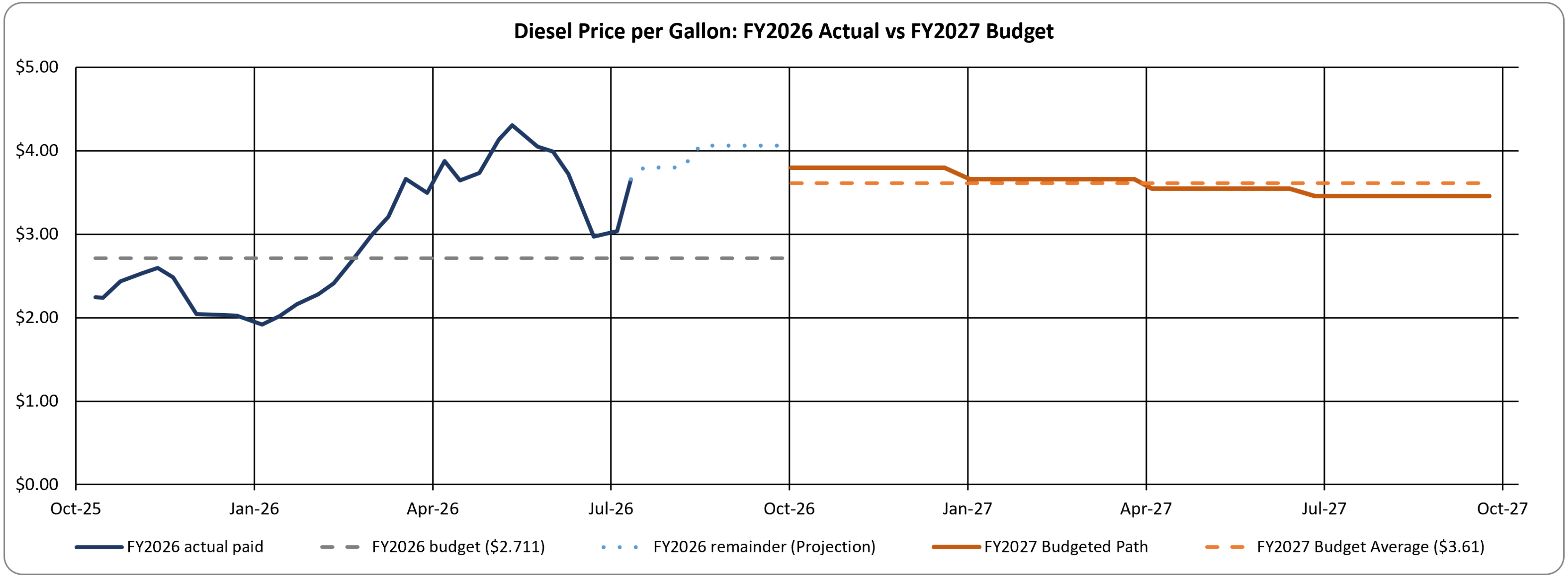
State Funding

LBO Funding ~28% of Operating Budget



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

Fuel Prices and the FY2027 Budget

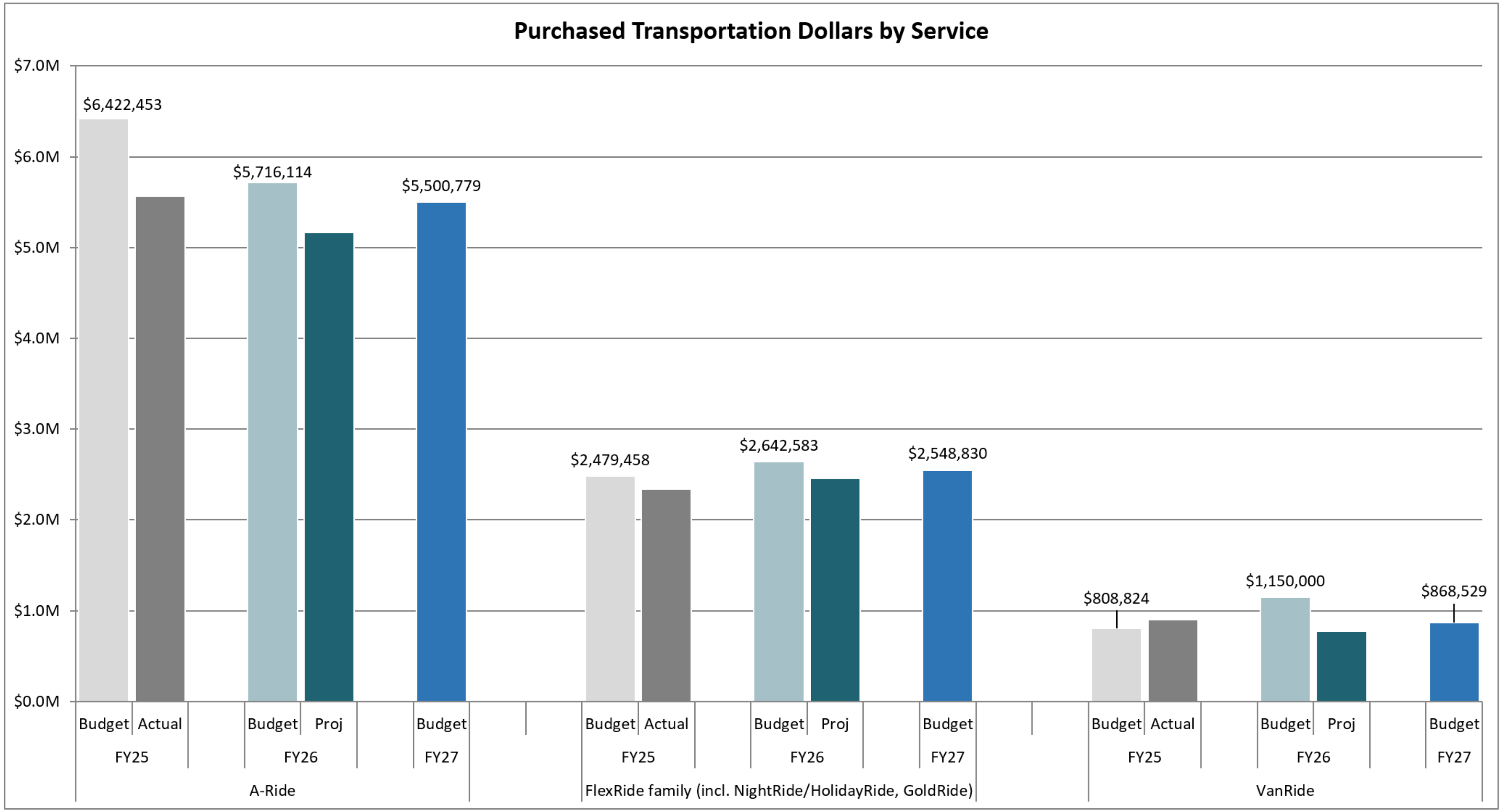


$3.66
last price paid per gallon (July 14, 2026)

$3.61
FY2027 budgeted average per gallon

$91K
annual cost impact of each $0.10 per gallon

Purchased Transportation Costs are Decreasing



$13.2M

FY2027 purchased transportation budget, down $746k (5.4%) from FY2026 budget. Funding follows demonstrated demand across all services. Subject to change after Q3 ridership data is available.

$98.08

Current FY2027 budgeted cost per hour for A-Ride and FlexRide.

~$750k

FY2027 decrease in purchased transportation budget from FY2026

Key Changes in the FY2027 Operating Budget

- Property Tax Revenues higher reflecting sustained growth
- State Operating Assistance returns to historical percentage level
- Interest/Investment Income Budgeted Higher to Support Fuel

Revenues

$5.8M, 8.2%

Expenses

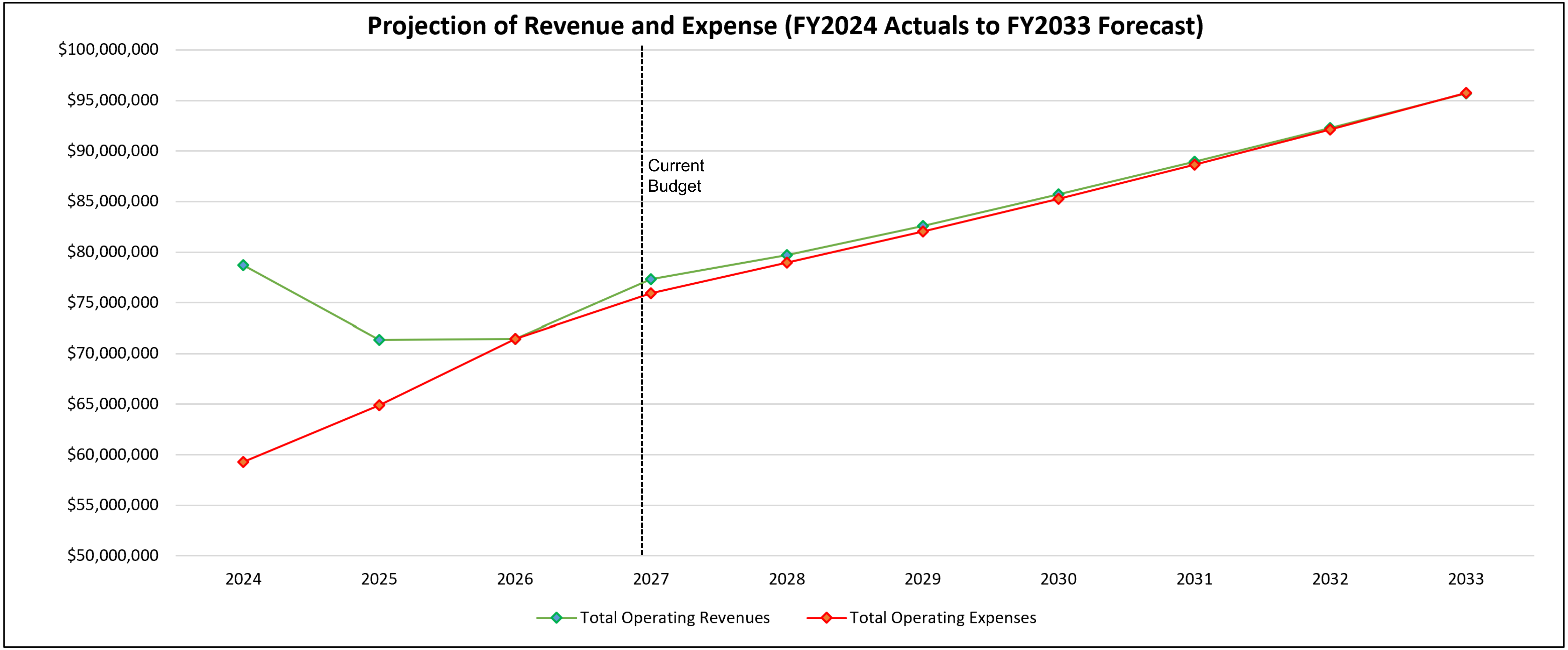
$4.5M, 6.3%

- High health insurance premiums increase anticipated
- Volatile fuel prices
- Materials and Repair Parts – Tarriff and inflation pressure
- Contracted maintenance services for necessary fleet repairs

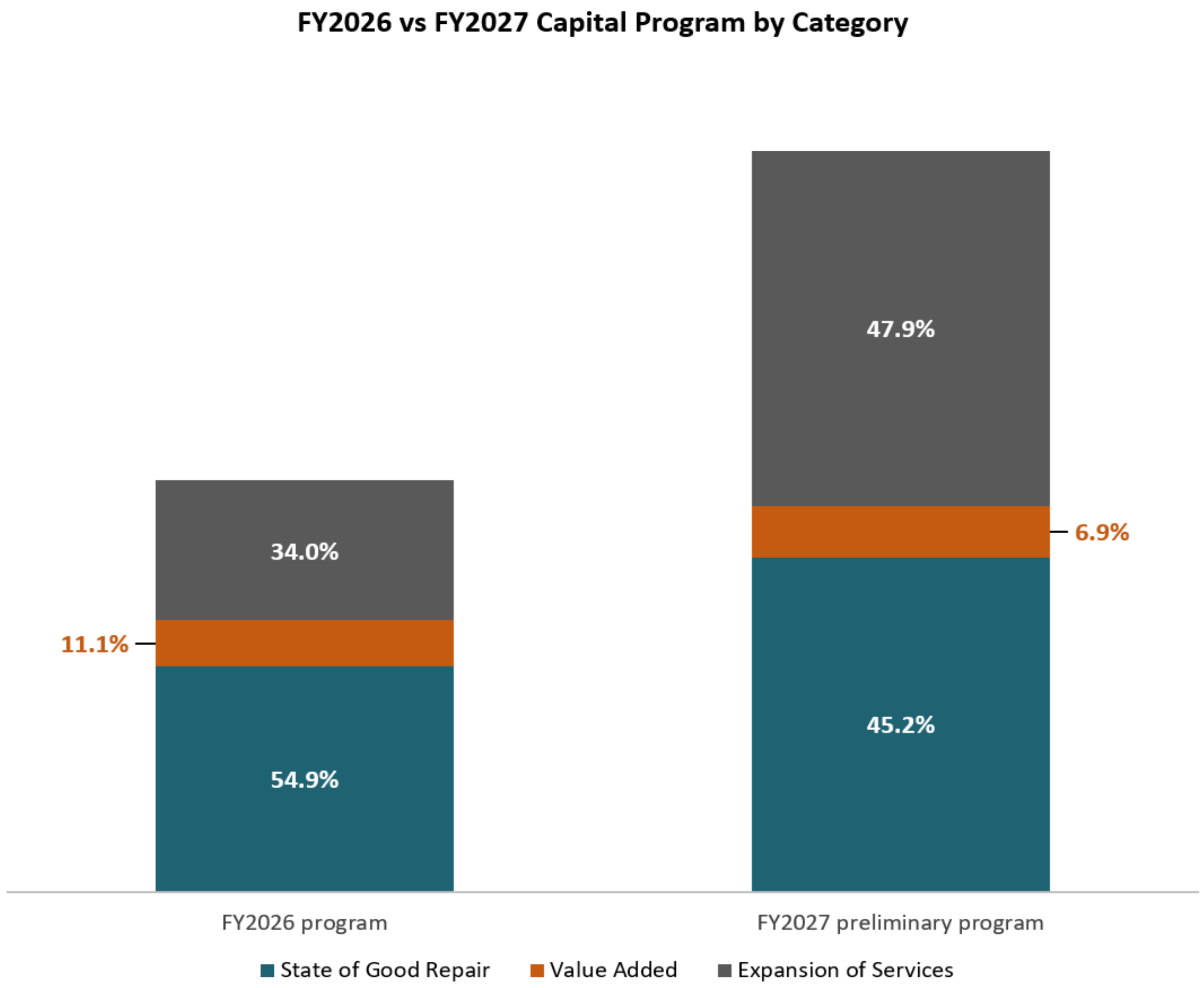
- Net Change in Revenues and Expenses = Small Surplus for Operating Reserve

Balanced Budget; ~$1.4M Surplus

Financial Outlook is Stable



Capital Investment Grows in FY2027



Expansion of Services

+157%

YTC construction, deferred in FY2026, phases fully into FY2027 with dedicated funding attached.

State of Good Repair

+46%

ITS modernization project causing increase.

Value Added

+1%

Holds its FY2026 investment level.

Capital Budget: Funding

$44.9 Million

In funding to support the preliminary version of the FY2027 capital budget.

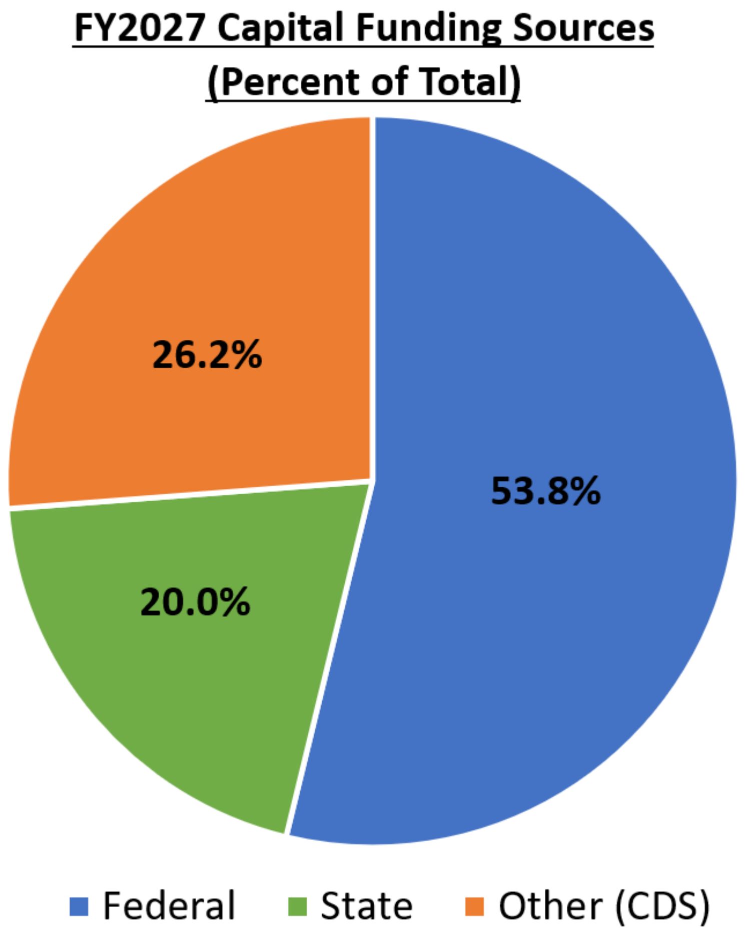
The YTC expansion project has additional project funding provided through competitive grants and congressionally directed spending (CDS)

0%

Of local capital reserve used to support FY27 capital budget

80/20

Every dollar of FY2027 capital cost is shared: federal awards pay 80 cents, the state of Michigan covers 20 cents



Budget Opportunities and Risks

Opportunities

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

Risks

- LBO Distribution Rate Pending from MDOT
- Fuel Price Volatility
- Labor Negotiations (CBA) Underway
- Health Insurance Renewal Pending

Budget Preview Highlights

- Operating Full Service Levels
- No Fare Changes
- Managing Cost Pressures
- Budget is Balanced

Thank You

Questions/Discussion

For Additional Questions, please contact:

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