Board of Directors Meeting Agenda

Meeting Date/Time: September 17, 2026 - 6:00pm – 8:30pm

Location: Ann Arbor District Library (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	6:20		
2. CONSENT AGENDA				
2.1 Board Meeting Minutes: August 20, 2026	D			3
2.2 Committee Meeting Summaries	D			9
3. OWNERSHIP LINKAGE				
3.1 OLTF	O	6:25	Chang	Verbal
4. POLICY MONITORING				
4.1 Budget Discussion & Approval		6:40	Carpenter	
4.1.1 Monitoring 2.4 (Budgeting)	M		Reed	16
4.1.2 FY2027 Budget Presentation & Approval	D		Reed	43
4.2 Labor Negotiations				
4.2.1 Closed Session (Pursuant to 8(c) of OMA)	D	7:00	Mozak	
4.2.2 Monitoring 2.3.6 – 2.3.8 (Labor Negotiations)	M		Carpenter	49
4.2.3 Collective Bargaining Agreement Approval	D		Carpenter	61
4.3 Policy Language Discussion (if needed)	D	7:30	Mozak	Verbal
5. OPERATIONAL UPDATES				
5.1 FY26 Q3 Service Report	O	7:35	Brooks	64
5.2 Legislative Updates	O	7:45	Pfeifer	Verbal
5.3 CEO Report	O	7:55	Carpenter	69
6. EMERGENT ITEMS				
6.1 Officer Elections (FY 27 – Starts October)	D	8:00	Mozak	
7. CLOSING ITEMS				
7.1 Action Item Recap	O	8:25	Holt	
7.2 Topics for Next Meeting Compensation & Benefits (2.3) Construction (2.10) Millage Recommendation (November)			October 15, 2026 6:00-8:30pm *Riverside Arts Center (Ypsilanti)*	
7.3 Public Comment	O	8:25		
7.4 Adjournment		8:30		

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

Budget Book pg.72

PPT pg.210

CBA pg. 139

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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* ○ *CEO Context (Timeline, LRP, recommendation)* ○ Post Pandemic Ridership Trends *& Utilization of Services* ○ *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*

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Board of Directors Meeting Minutes

Meeting Date/Time: August 20, 2026 - 6:00pm – 8:30pm

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

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

Chairwoman Mozak called the meeting to order at 6:01pm

1. OPENING ITEMS

1.1 Approve Agenda

No additions or changes noted to the agenda.

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

No discussion on the motion.

All in favor of approving the agenda:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The motion to approve the agenda passed unanimously.

1.2 Public Comment

No public commenters.

1.3 General Announcements

No general announcements.

2. CONSENT AGENDA

2.1 Board Meeting Minutes: July 16, 2026

2.2 Committee Meeting Summaries

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

No discussion on the motion.

All in favor of accepting the Consent Agenda:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the Consent Agenda passed unanimously.

3. EMERGENT ITEMS

3.1 Draft Budget Presentation

Chairwoman Mozak stated that in accordance with Budget Hearings of Local Government Act, local units are required to hold a public hearing on proposed budget.

Ms. Pollay motioned to suspend the regular board meeting and move into the public hearing, seconded by Mr. Barr.

There was no discussion on the motion.

All in favor of suspending the board meeting to move into the public hearing:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

There was a brief sidebar procedural discussion on the order of the public comment, and it was determined that it should be after the draft presentation. Board members agreed to vote to close out public comment and then vote to reopen it, after the draft budget presentation.

Chairwoman Mozak then requested a motion to close the public hearing and resume the regular board meeting for the draft budget presentation.

Ms. Grand motioned to close the public hearing and resume the regular board meeting, seconded by Mr. Gonyou.

There was no discussion on the motion.

All in favor of closing the public hearing and resuming the regular board meeting:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes

Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The motion to close the public hearing and resume the regular board meeting passed unanimously.

Ms. Reed presented the FY2027 draft balanced budget (Board packet, pg. 96) with $78.8M in Revenues and $78.1M in Expenses. Budget highlights include slight continued growth in ridership, stable state funding and increased property tax revenues, offsetting cost pressures. She provided an overview of the Capital Budget, which is fully funded to cover state of good repair, value added and expansion projects such as the YTC Project. She also outlined risks and opportunities, including state operating assistance, fuel price volatility, labor negotiations and federal funding reauthorizations.

She fielded questions from Board members which included impacts on fleet maintenance costs and fundings sources for capital projects.

The final budget will be presented at the September Board meeting for Board approval.

3.1.1 Public Hearing RE: Budget

Chairwoman Mozak stated that in accordance with Budget Hearings of Local Government Act, local units are required to hold a public hearing on proposed budget.

Ms. Ramaswami motioned to suspend the regular board meeting and move into the public hearing, seconded by Ms. Pollay.

There was no discussion on the motion.

All in favor of suspending the board meeting to move into the public hearing:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The motion to suspend the regular board meeting to move into the public hearing passed unanimously.

No public commenters.

Chairwoman Mozak requested a motion to close the public hearing and resume the regular board meeting.

Mr. Barr motioned to close the public hearing and resume the regular board meeting, seconded by. Ms. Pollay.

There was no discussion on the motion.

All in favor of closing the public hearing and resuming the regular board meeting:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The motion to close the public hearing and resume the regular board meeting passed unanimously.

3.2 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.

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

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The Board unanimously voted to go into closed session at 7:15pm.

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

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

The Board unanimously voted to move out of closed session at 8:39pm.

4. OWNERSHIP LINKAGE

4.1 OLTF

Mr. Chang shared that he is currently in the process of developing ownership linkage approach for board members to use while engaging with the community.

5. MONITORING / DEVELOPMENT

No monitoring / development discussion.

6. POLICY

6.1 Policy Manual Mock-Up

Mr. Carpenter introduced a draft version of the Board policy manual which is aimed at making the manual more user-friendly for new board members. The Governance Committee has provided initial feedback, and Board members are invited to provide further comments to the CEO. Any final changes to the policy manual will be Board approved before they are implemented.

6.2 Policy Language Discussion (if needed)

No policy language discussed.

7. BOARD EDUCATION / DISCUSSION

No Board education discussed.

8. OPERATIONAL UPDATES

8.1 FY26 Q3 Financial Report

Ms. Reed provided a brief summary of the FY26 Q3 Financial Report, highlighting the organization is on budget, revenues are currently stronger than budgeted and expenses are slightly under budget. The operating reserve balance is above target with no major changes being made to the investment strategy. The Finance Committee received and reviewed the report with no additional input.

8.2 Legislative Updates

Mr. Pfeifer shared legislative updates, noting the primary election results and upcoming changes to city leadership. He noted that on the federal side, a continuing resolution for the budget has not been passed and he has no reauthorization updates.

8.3 CEO Report

Mr. Carpenter shared updates from the annual MPTA conference that had taken place a few days prior to the Board meeting. An important highlight is the recent progress towards merging the two state transit associations which will strengthen the transit industry with a more unified messaging to legislators.

9. CLOSING ITEMS

9.1 Action Item Recap

- Review policy manual mock-up – feedback to be sent to Mr. Carpenter

9.2 Topics for Next Meeting

Budget Approval (September)
FY26Q3 Service Report
Financial Planning & Budgeting (2.4)
Officer Elections
Millage Recommendation (October)
OLTF: Task Force or Committee

9.3 Public Comment

No public commenters.

9.4 Adjournment

Mr. Chang motioned to adjourn the meeting, seconded by Ms. Ramaswami. There was no discussion on the motion.

All in favor of adjourning the meeting:

Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Travis Gonyou: Yes
Ms. Julie Grand: Yes
Ms. Susan Pollay: Yes
Ms. Praveena Ramaswami: Yes
Chairwoman Kathleen Mozak: Yes

Chairwoman Mozak adjourned the meeting at 8:55 pm.

Respectfully Submitted by Deborah Holt

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Ann Arbor Area Transportation Authority

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, August 27, 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.

1.2 Communications

Chairwoman Mozak shared that board members will be receiving business cards as they are doing more work with the public. She reminded committee members that September will be the last month for Governance Committee meeting on Thursdays, the meeting date will shift monthly. In July Matt asked the committee if the meetings could happen on the second Monday after the Board meeting to allow staff more time for preparation. She also shared updates on an invitation from APTA to participate on their Paratransit Task Force. The committee also discussed the upcoming APTA TRANSform Conference in October.

2. BOARD DEVELOPMENT

2.1 Recruitment / Training / Attendance

Chairwoman Mozak shared updates on a local resident interested in participating as a Board member if there is a future board opening. She also reminded committee members of the upcoming Policy Governance Boot Camp in October. Next month the committee will be reviewing quarterly board attendance.

2.2 OLTF & Linkage Opportunities

Mr. Chang shared that he and task force members will be planning discussions with legal owners regarding the upcoming millage recommendation.

The committee briefly discussed upcoming officer elections in September.

3. POLICY MONITORING & DEVELOPMENT

No policy monitoring or development discussion.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Budget Update

Ms. Reed shared a brief update related to board feedback/comments on the draft budget that was received at the August Board meeting. The final steps in the budget preparation are in process with final budget approval at the September Board meeting.

4.2 Construction Policy Monitoring

Mr. Carpenter shared that the monitoring schedule was updated a few years ago it was determined that the Construction policy monitoring report is at the discretion of the Governance Committee – he recommends it be monitored for this last year. Committee members agreed and staff will begin work on the monitoring report with a targeted completion in October.

4.3 Negotiation Updates

Mr. Carpenter shared updates on union negotiations.

4.4 Legislative Updates

Mr. Pfeifer shared no new legislative updates beyond what had been shared at the August Board meeting. The committee and staff discussed scheduling meetings with newly elected local officials.

5. EMERGENT ITEMS

5.1 Ypsilanti Board Seat Updates

Mr. Carpenter and the committee continued discussions from the previous month on a recent City of Ypsilanti resolution.

5.2 Election Day Fares

Mr. Carpenter shared information related to public interest in reduced/free election day fares – the committee and staff discussed challenges and potential concepts that might address the request equitably.

6. CLOSING ITEMS

6.1 Committee Agendas

Service Committee – Add Election Day Fares discussion under Emergent Items. Change Negotiation Update to Labor Update. No other changes noted to the agenda.

Finance Committee – Change Negotiation Update to Labor Update. No other changes noted to the agenda.

Board Meeting – Move millage recommendation to November. No other changes noted to the agenda.

6.2 Action Item Recap

- Add Election Day fares discussion under Emergent Items on Service Committee agenda
- Update Negotiation Updates to Labor Updates on Service & Finance Committee agendas
- OLTF discussion meeting – Kathleen, Rich & Matt – schedule in September

6.3 Topics for Next Meeting

Officer Election Results
Attendance / survey participation
Discuss Board Retreat

Future:
~~Ownership Linkage Education~~
Governance Training Options
Succession Planning (Summer)
POSA Update
OLTF: TF/Committee Language

6.4 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 4:28pm.

Respectfully Submitted by Deborah Holt

Service Committee Meeting Notes

Meeting Date/Time: Tuesday, September 1, 2026, 3:00pm – 5:00pm

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

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

Location: REMOTE – Via Zoom

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

1. OPENING ITEMS

1.1 Agenda (Additions, Approval)

Mr. Barr noted that several agenda items may need to be deferred due to time constraints – he needed to leave the meeting by 4:00pm. Mr. Chang will step in after he leaves.

1.2 Communications

No new communications.

2. POLICY MONITORING & DEVELOPMENT

2.2 Environmental Sustainability: EL/Ends

The committee discussed recommended proposals for amending the Ends policies and Environmental Sustainability policy language. A primary concern was that the language revisions might not address Board's concerns related to sustainability. Mr. Barr has several suggested revisions that he will share with committee members. The topic will continue at the next meeting in October.

3. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Budget Update

Ms. Reed provided a brief update on the FY27 budget process – she noted a slight decrease to LBO funding and adjustments with the capital reserve assumptions. She will be presenting the final budget recommendation at the September board meeting for final approval.

4.2 FY26 Q3 Service Report

Mr. Brooks shared the FY26 Q3 Service report with a note that fixed route ridership decreased by 4%, FlexRide ridership increased by 40% and Paratransit/GoldRide/Senior trips also slightly decreased. He shared that even with 26 route detours, on-time performance has remained stable at 80%. FlexRide fulfilled 97% of requests with added vehicles contributing to demand pressures.

Committee members have indicated that they would like to see industry standard makers on the data provided. The committee also discussed continued challenges with meeting the demands of FlexRide and the inclusion of additional target metrics within the report.

4.3 Labor Update

Mr. Carpenter shared updates on labor negotiations – the Union has ratified the tentative agreement and noted next steps in the process toward Board approval.

4.4 Legislative Update

Mr. Pfeifer provided update that Congress is expected to vote on a continuing resolution for the federal budget and no new updates out of Lansing.

4. EMERGENT ITEMS

4.1 Election Day Fares

Mr. Carpenter provided updates on proposals for Election Day fares for committee discussion. As requested by board members, the upcoming fare study will also include information on how other transit agencies have piloted programs with free / reduced / seasonal fare structures.

5. CLOSING ITEMS

5.1 Action Item Recap

- Mr. Barr will be sending committee members alternative Sustainability policy language revisions, and the committee will discuss it again in October.
- There are 2 monitoring reports for Board members to review / take surveys.
- Mr. Brooks / Mr. Carpenter will look at including additional performance metrics to the Service Report.

5.2 Topics for the Next Meeting

Construction (2.10)
Environmental Sustainability: EL/Ends

Future:
State Street Transit Signal Feedback
POSA Updates
Draft Fare Scope

5.3 Adjournment

Mr. Chang thanked the committee and staff and adjourned the meeting at 4:38pm.

Respectfully Submitted by Deborah Holt

TheRide
Ann Arbor Area Transportation Authority

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, September 8, 2026, 3:00pm – 5:00pm

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

Staff: Matt Carpenter, Dina Reed, Raymond Hess, Jeff Pfeifer, Rosa-Maria Kamau, Andy Huber, Deb Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:01 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

2.1 Financial Planning & Budgeting (2.4)

Ms. Reed shared an overview of the Financial Planning & Budgeting (2.4) monitoring report. All policies are compliant and Board survey responses were all favorable. Mr. Carpenter outlined the 2-step process for the Board to accept the Budget – it includes accepting the monitoring report and then voting to approve the budget.

Ms. Grand motioned to recommend the Board accept the monitoring report as (A) a reasonable interpretation for all policy items, seconded by Ms. Valentine with unanimous approval by the committee.

2.2 2.3.6 – 2.3.8 (Labor Negotiations)

Mr. Carpenter outlined the 2-step process for approving the tentative agreement – the Board will review / accept the monitoring report and then vote on the tentative agreement. He and the committee discussed a Board comment within the monitoring report survey that questioned the CEO's interpretation for policy 2.3.6.1.

Mr. Gonyou motioned to recommend the Board accept the monitoring report as (A) a reasonable interpretation for all policy items, seconded by Ms. Valentine with unanimous approval by the committee.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 FY27 Budget

Ms. Reed shared the draft budget, and the final version will be shared with the Board at their September Board meeting. She noted that she had received input from several Board members and will be responding to their questions. She also shared that state operating assistance had slightly decreased from initial forecasts, but the decrease was offset by a slight surplus in the operating budget. No changes were made with the capital budget.

The committee discussed several capital projects, funding projections and reserve pressures.

3.2 Labor Update

Mr. Carpenter provided an update on the status of contract negotiations noting that a tentative agreement was reached and TWU passed a ratification vote. The Board will receive information related to approving the negotiated contract at the September Board meeting.

3.3 POSA Update

Mr. Carpenter and the committee discussed updates related to a recent meeting with Pittsfield Township. Staff are reviewing POSA contracts for services to several local municipalities.

3.4 Legislative Update

Mr. Pfeifer shared a brief update – no new updates from the state level and at the federal level a continuing funding resolution was passed.

4. EMERGENT ITEMS

None.

5. CLOSING ITEMS

5.1 Action Item Recap

- The committee will recommend the Board accept Financial Planning & Budgeting (2.4) and 2.3.6 – 2.3.8 (Labor Negotiations) monitoring reports as (A) a reasonable interpretation for all policy items.
- Mr. Carpenter will confirm with the Chair if Financial Planning & Budgeting will go on the Consent Agenda.

5.2 Topics for Next Meeting

Compensation & Benefits (2.3)
POSA Updates

5.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:50 pm.

Respectfully Submitted by Deborah Holt

Agenda Item: 4.1.1

Monitoring Report:
Financial Planning / Budgeting (Policy 2.4)
Monitoring Period: October 2025 – September 2026

Finance Committee Meeting Review Date: 9/8/2026

Board of Directors Meeting Review Date: 9/17/2026

INFORMATION TYPE

Monitoring

RECOMMENDED ACTION(S)

That the Board review this monitoring report and consider accepting it as:

(A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.

(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.

(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
2. For policy items x.x.x – the interpretation is not reasonable
3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

The Finance Committee has recommended the Board approve as "A."

ISSUE SUMMARY

TheRide's Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO's interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board's written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

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

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

CEO's Signature | **Date**

August 28, 2026

BACKGROUND
Annual Board oversight of budget process via monitoring reports
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is: 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)
IMPACTS OF RECOMMENDED ACTION(S)
• Budgetary/Fiscal: Current staff budget process continues as is • Governance: Compliance with monitoring report requirements
ALTERNATIVE OPTION(S)
N/A
ATTACHMENTS
1. Monitoring report for Financial Planning / Budgeting (Policy 2.4) 2. FY 2027 Draft Budget Book 3. FY 2027 Corporate Business Plan link here. 4. FY 2025 Auditors Report link here.

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🟢 Fully Compliant 🟡 Partially Compliant 🔴 Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.4
Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:

Degree of Compliance

Compliant

Interpretation

Operational Definition

I interpret this policy to mean that the draft budget submitted alongside this monitoring report advances Ends policies and is compliant with the executive limitations provided below in this policy.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when

A. The agency clearly indicates how the budget promotes achievement of Ends policies and
B. Lower-level policies are compliant.

Rationale

This is reasonable because

A. Ends explicitly define what the agency must achieve. Establishing a clear connection between the proposed budget and the Ends policies ensures that the agency allocates financial resources to projects, initiatives, and operations that ultimately align with Board expectations.
B. Lower-level policies address the following requirement of this policy:
    - Deviation from Board's Ends priorities (2.4.2),
    - Derived from strategic multi-year plan (2,4,2, 2.4.4, 2.4.7), and
    - Risk fiscal jeopardy (2.4.1, 2.4.3, 2.4.5, 2.4.6, 2.4.7, 2.4.8).

Evidence

Source of Data: Proposed budget, ends policies and compliance of lower-level policies

Date of Data Review: 8/28/2026 as verified by DCEO, Finance and Administration.

Data:

A.

Policy	Budget provision (where applicable)
1.0: A robust transportation system that demonstrates value and efficient stewardship of resources	The budget provides a funding plan for services and Long-Range Plan initiatives, with multi-year operating and capital forecasts demonstrating value and efficient stewardship of resources (pgs. 40-46).
1.1: An integrated, multi-modal transportation ecosystem	The budget funds a family of connected services alongside fixed-route bus, including A-Ride, GoldRide, FlexRide, NightRide, and HolidayRide (pgs. 24-27).
1.2: An increasing proportion of residents, workers, and students use TheRide's services, and people are highly satisfied with them (1.2.1)	The budget maintains full current service levels and funds millage-supported servicesthat drive ridership growth (pgs. 8-13). Ridership trends and service performance are described on pgs. 24-29.
1.3: People experience no barriers to access and use of TheRide's services, including affordability (1.3.1), accessibility (1.3.2), and safety and reliability (1.3.3)	The budget allocates capital funding for bus stop accessibility improvements (pg. 45) in support of the agency's plan to increase accessibility, funds A-Ride paratransit for people with disabilities (pgs. 26-27),and maintains reduced fares for people with economic challenges (pgs. 54-55).
1.4: TheRide positively impacts the environment and carbon emissions are reduced	The budget sustains and expands environmentally sound transportation alternatives (pg. 5) and funds state-of-good-repair investments that keep the fleet operating efficiently (pgs. 50-52).
1.5: Residents recognize the positive contributions of public transportation to the area's quality of life	Voter approval of the August 2022 millage for expanded services, referenced throughout the budget (pgs. 14, 35-37), demonstrates community recognition of public transportation's contribution. The

	budget includes millage funding to sustain full service levels (pg. 10).

B. As demonstrated below, policies 2.4.1-2.4.8 are reported as compliant.

POLICY 2.4.1
Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."

Degree of Compliance

Compliant

Interpretation

Operational Definition:

I interpret this policy to be about elements in a recommended annual budget that could impact compliance with policy 2.5 (Financial Conditions and Activities) *in the future*. The Budget does not impact many elements of policy 2.5 directly, for example having policies and procedures, which are duties of staff. These issues will be addressed in the monitoring report for 2.5.

Measure/Standards & Level of Achievement

A. **Board decisions:** Recommendations pertaining to decisions the Board has reserved for itself (i.e., authorization of unbudgeted contracts over $250,000, use of the Capital Reserve, adjustments to tax rates or fares, real estate transactions, or creation of debt) are clearly noted.
B. **Decisions delegated to the CEO:** The recommended budget includes sufficient resources to hire an independent auditor.

Rationale

A. The Board has identified specific budget controls in policy 2.5. Ensuring these items are addressed in the budget maximizes compliance with 2.5.

B. In accordance with Policy 2.5.4, the CEO must not compromise the Board's audit. Therefore, the budget must allocate sufficient resources for an external auditor. The audit includes a comprehensive review of the financial conditions and activities delegated to the CEO under Policy 2.5.

Evidence

Source of Data: FY2027 Draft Operating and Capital Budget, Board meeting minutes, and the FY 2025 Audit.

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

A. The following decisions reserved for the Board under Policy 2.5 are addressed in the budget as follows:
   a. 2.5.6 Budgeted Contracts – Contracts over $250,000 are illustrated on page 53.
   b. 2.5.7 Capital Reserve Funds – There is no use of capital reserve funds in the FY2027 Budget. Use of the capital reserve forecasted in future years is outlined in the 10-Year Capital Plan, Figure 21, on page 44. It is also illustrated on page 48 in Figure 26, Projected Capital Reserve Activity.
   c. 2.5.9 Tax Rates – Tax rate adjustments approved by the Board in August 2022 are impacting the budget. The impact of the approved millage on revenues is described under "Local Property Taxes" (pages 36-37). There are no new recommended changes to Tax Rates requested to support the budget.
   d. 2.5.10 Real Estate Transactions – The capital budget includes the first year of construction funding for the Ypsilanti Transit Center (page 45). The land acquisition for that site, approved by the Board in June 2025 and budgeted in FY2026, may close in early FY2027 depending on timing. No other real estate transactions are proposed in the FY2027 Budget. Construction phases remain subject to formal Board approval.
   e. 2.5.11 Debt – As indicated in the capital plan (pages 43-44) there is no debt funding planned in the budget.

B. Elements of policy 2.5 delegated to the CEO are reviewed by an independent audit. Auditing Fees are provided as indicated in Figure 14: Contractual Services Summary (page 33). Sufficient funding is provided for external auditing fees in the budget. Based on recent audits and the current audit contract, audit expenses incurred in FY2027 are estimated to be $88,000 and are budgeted accordingly.

   Below is a description of how the auditing processes address the requirements of policy 2.5.

Policy description	FY 2025 Audit references
2.5.1: Financial controls meet generally accepted standards.	Reviewed and described in Note 1 of Audited Financial Statements beginning on page 23.
2.5.2 Federal and state funding is not jeopardized.	Reviewed and described in Notes 1 and 2 of Audited Financial Statements, Schedules of Expenditures of State and Federal Awards on pages 52-53, and the Single Audit Schedule of Findings and Questioned Costs.
2.5.3: Controls meet the Board appointed auditor's standards.	Reviewed and described on pages 2-3 of the Independent Auditor's Report.

2.5.4 Independent uncompromised audit.	Reviewed and confirmed in Independent Auditor's Report.
2.5.5 Expenditures are within overall Board-approved budget.	Reviewed and described in Management's Discussion and Analysis section of Audited Financial Statements.
2.5.6 Contracts of a value greater than $250,000.	Reviewed and described on pages 2-3 of the Independent Auditor's Report.
2.5.7 Use of Capital Reserve funds.	Reviewed and described in Management's Discussion and Analysis section of Audited Financial Statements
2.5.8 Reserve policy	Reviewed and described in Management's Discussion and Analysis section of Audited Financial Statements.
2.5.9 Tax rates	Reviewed and described in Note 10, Property Taxes, of the Notes to Financial Statements.
2.5.10 Real estate	Reviewed and described in Note 7, Capital Assets, of the Notes to Financial Statements.
2.5.11 Incurring debt	Reviewed and described in Management's Discussion and Analysis section of Audited Financial Statements.

POLICY 2.4.2
Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.

Degree of Compliance

Compliant

Interpretation

Operational Definition:

I interpret this policy to mean that each draft annual budget (and the expenditures therein) must be informed by a multi-year strategic plan that illustrates how the agency will align its resources to make progress toward achieving the Board's expectations (i.e., Ends and Executive Limitations).

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the CEO produces an annual Corporate Business Plan that together:

A. Uses the Board policies to guide agency goals/outcomes. *All* efforts are aligned towards these outcomes.
B. Provides a summation of the agency's current situation sufficient to establish a common understanding of the plan's starting point and key considerations that guide agency efforts to achieve Ends within set limitations.
C. Staff, community and the Board participate to provide input on the activities before they are adopted in the budget for funding.
D. Provides a multi-year framework for illustrating initiatives. Longer-term context can be provided, as necessary, in supplemental documents like a long-range plan.

Rationale

This is reasonable because

A. Aligning agency activities to Board policies indicates a deliberate focus of operational matters (delegated to the CEO) to accomplish Board's ends within set limitations.
B. A summary of the agency's current situation establishes a common understanding of the starting point, clarifies background, provides situational awareness, and focuses on key issues.
C. Providing staff, board and the public with the opportunity to review activities before they are funded ensures transparency of the organization's work before they are finalized/funded.

D. Multi-year timeframes provide context without under-representing lengthy projects whose costs are spread over time. Major anticipated business decisions are addressed, directly or indirectly, through the Business Plan and Budget documents. All expenditures are addressed in each annual budget.

Evidence

Source of Data: Corporate Business Plan FY2027 (the business plan), FY2027 Draft Operating and Capital Budget (the budget), TheRide2045 (long-range plan)

Date of Data Review: 8/28/2026 as verified by Corporate Strategy & Performance Officer

Data:

A. The Board's Ends policies, adopted in January 2026, are presented in Appendix A of the Business Plan (pg. 29). The CEO's prioritization of those policies is presented in Section 2.1 (pgs. 4-5). All recommended initiatives are cross-referenced to illustrate which Board policy (Ends or Executive Limitation) they are intended to advance (pgs. 8-24).
B. The Business Plan provides historical background on ridership trends in Appendix D (pg. 33) in part to focus attention on this key output. The SWOT analysis on pg. 6 provides a current analysis highlighting agency strengths and weaknesses, threats and opportunities.
C. The Business Plan provides ways to give input and feedback on the plan (pg. 2 and Section 5, pg. 28).

The Business Plan provides a multi-year initiative plan in Gantt chart format on page 25.

POLICY 2.4.3
Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Degree of Compliance

Compliant

Interpretation

Operational definition:

I interpret this policy to mean that the FY2027 Budget will provide transparent estimates and defensible assumptions based on historical trends and future projections. And that there will be a clear separation of revenues and expenses, capital and operational items, and cashflows.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the annual draft budget includes

A. All anticipated revenue estimates by source,
B. All anticipated expense estimates by general category or project as appropriate,
C. Operating budget is separate from the capital budget,
D. Anticipated cash flow projections (annually) for the current year and the next five years based on operating and capital budget requirements,
E. Any assumptions that significantly influence budget planning.

Rationale

This interpretation is reasonable as the policy unambiguously requires provision of those items.

A.-D. Having all anticipated revenues, expenses, and cashflow displayed in the budget is a reasonable level of achievement as it shows available financial resources and how resources are allocated to further the Board's Ends.

E. There are many assumptions that guide budget projections. Some are routine or based on best practices. Highlighting assumptions that result in significant budget changes from prior years e.g., anticipated expenses due to service expansion, allows the Board to focus on the strategic context of operational matters. Additionally, historical context and explanation of assumptions provide the opportunity for the Board to assess reasonableness of projections.

Evidence

Source of Data: FY2027 Draft Operating and Capital Budget

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

A. Revenue Estimates – Pages 40-41 provide estimates of 7-year operating revenues by category and page 44 provides 10-year capital expenses by project.
B. Cost Estimates – Pages 40-41 provide estimates of 7-year operating expenses by category with historical context and page 44 provides 10-year capital expenses by project.
C. Operating and Capital budgets are separated (see pages 39 and 43)
D. Cash Flow Projections – Page 47, Figure 24, provides projected cash balances at each September from FY2024 through FY2033. Cash flow is based on operating and capital budget revenue and expense projections as presented in the budget.
E. Assumptions – Pages 28 through 38 and 50 through 52 provide operating and capital budget assumptions, respectively.

The Budget is attached to this monitoring report for reference.

POLICY 2.4.4
Is unclear about long-term funding needs and growth projections.

Degree of Compliance

Compliant

Interpretation

Operational Definition:

I interpret this policy to mean that the proposed budget will account for ridership growth projections, address associated impacts e.g., infrastructure expansion, and identify corresponding funding sources.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the annual budget clearly outlines five-to-ten-year financial assumptions for:

A. Maintaining operation of existing services,
B. Maintaining assets (per Board policy and FTA requirements),
C. Mitigating against foreseeable risk,
D. Implementing expansion plans (i.e., TheRide2045, the long-range plan), and
E. Changes in ridership (i.e., passenger demand).

Rationale

This is reasonable because it accounts for the main elements of funding needs i.e., maintaining existing services and equipment, risk, service expansion, and growing demand for services.

Evidence

Source of Data: FY2027 Draft Operating and Capital Budget

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

A. Page 10 of the budget states that FY2027 includes full, millage-supported service levels for the entire year. Pages 40-41 demonstrate that there is no reduction in funding for operations, and that the increased levels of funding for expanded services cover expenses through FY2029.

B. Page 44 of the budget, Figure 21, demonstrates that there is funding for maintaining assets through capital funding in the "State of Good Repair" section for the projection period (10 years).
C. The projections included on pages 40-41 of the budget include average annual inflationary increases of at least 3% per year. Some areas of the budget include additional inflationary adjustments based on historical trends that may be higher than 3%, such as different types of insurance costs.
D. Expansion plans are included in the budget as follows:
    a. Millage services provided in FY2027 and through the projection period are described in the operating budget on pages 8-13. Increased funding to support initiatives is demonstrated in the projections on pages 40-41. Operating costs supporting the longer-term service changes, such as Bus Rapid Transit (BRT), are beyond the current millage cycle and are not included in the projections as funding has not been approved and will not be implemented until funding becomes available.
    b. Longer term expansion plans are described in the Executive Summary (pgs. 10-12) and in the capital project descriptions (pgs. 50-52). Increased funding to support capital initiatives are provided in the capital budget and projections on pages 43-46.
E. Changes in ridership are described in the budget on pages 24 through 29.

POLICY 2.4.5 Causes deficit spending.

Degree of Compliance

Compliant

Interpretation

Operational Definition:

I Interpret this policy to mean that the agency will propose a balanced budget.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget demonstrates that:

A. Projected costs do not exceed reasonable forecasts of revenues,
B. Any unsecured revenue sources, such as aspirational or competitive capital grants, are clearly identified,
C. Operating and Capital reserves are maintained at appropriate levels, and
D. Maintenance is not deferred.

Rationale

This is reasonable because,

A. While multi-year forecasts are included in the budget for context, the Board only approves one year of budget at a time. Projections of future deficits do not cause immediate deficit spending. A balanced budget is also in compliance with State law.
B. Forecasting future deficits may be necessary to represent the agency's circumstances honestly and transparently.
C. Stipulating the reserves must be maintained eliminates the option of drawing down those reserves to temporarily increase spending beyond what revenues could support longer-term.
D. Requiring timely maintenance of assets avoids underfunding these important activities in the current year, effectively eliminating the risk of postponing critical needs for short-term expenses that would likely result in spending beyond what revenues can support longer-term.

Evidence

Source of Data: FY2027 Draft Operating and Capital Budget

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

A. On page 39, Figure 17 demonstrates that the FY2027 Operating Budget is balanced. On page 43 of the budget, Figure 20 demonstrates that the FY2027 Capital Budget is balanced. Operating costs are projected to be covered through FY2029 due to the approved millage. The FY2027 capital budget is fully funded with no use of capital reserves; planned use of the Local Capital Reserve in future years is illustrated in Figure 26 on page 48.
B. On page 44, Figure 21 shows anticipated funding sources for expansion projects, some of which are aspirational in nature as they are unfunded later in the projection period.
C. On pages 47-48, descriptions of required operating and planned capital reserves are provided, along with multi-year projections demonstrating reserve requirements are met through the projection period. Additional compliance with operating reserve requirements is described on pages 22-23.

Maintenance of assets is budgeted in several areas of the operating and capital budget. In the operating budget on page 32, the description of Fuel, Materials, and Supplies assumptions demonstrate consistent funding for materials and supplies needed to maintain vehicles and other assets. Additionally, in Figure 14, contracted services are maintained in the operating budget. Finally, fleet and facilities maintenance staff are fully funded in the operating budget at levels consistent with the current fiscal year. In the capital budget on page 44, Figure 21 illustrates consistent funding for maintaining "State of Good Repair" of assets in FY2027 and through the projection period.

POLICY 2.4.6
Does not provide for adequate reserves.

Degree of Compliance

Compliant

Interpretation

Operational Definition:

I interpret this policy to mean that the proposed budget will include sufficient operational and capital reserves. Further, I interpret 'sufficient' to mean that identified reserves are capable of sustaining agency operations and funding capital initiatives throughout the budget year.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget provides for:

A. An operating reserve with funding equivalent to at least 2.0 months of operating costs.
B. A Worker's Compensation Insurance Reserve with at least $500,000 is available to pay for claims costs beyond what is anticipated in the budget in any given fiscal year.
C. A Capital Reserve (of whatever amount is available) intended to help pay for the local match in competitive federal grant applications, or for other capital expenses.

Rationale

This is reasonable because:

A. An **operating reserve** is prudent because it provides an easily accessible amount of funding to ensure agency operations do not have to shut down in the event normal funding mechanisms are temporarily interrupted. Unpredictable circumstances beyond the agency's control such as cyberattacks, federal government shutdowns or paperwork errors can disrupt normal cash flow and impact paychecks and fuel purchases. A reserve provides an emergency buffer against such interruptions.

TheRide expresses the reserve in terms of a dollar amount (balance) and the number of months of operations it can support. The Government Finance Officers Association (GFOA) recommends that reserve balances in the public sector should be able to support at least 2 months of operations. The operating reserve balance at the end of each September must be enough to meet this requirement for the upcoming fiscal year beginning the following month in October. TheRide's operating reserve meets the 2.0-month target based on FY2027 budgeted expenses, as illustrated in Figure 25 of the budget (page 48).

B. The **Worker's Compensation Insurance Reserve** is an important part of the agency's approach to being self-insured, which is more cost-effective than paying high insurance premiums. The level of $500,000 has been historically adequate.

C. A **Vehicle Damage Reserve** is another important part of the agency's approach to being self-insured for repairing damaged vehicles, which is more cost-effective than paying high insurance premiums. The level of $1,000,000 is adequate based on costs to repair and replace vehicles.

D. A **capital reserve** is a valuable tool for setting aside one-time surplus funds to help provide the local match for competitive grants. The agency has a board-approved long-range plan with many capital projects supported by various grant sources. In this context, a capital reserve is a prudent tool to ensure the successful completion of these projects, even if there's an unexpected disruption to those funding sources. It also demonstrates the agency's ability to complete large-scale projects with or without outside funding, which boosts the confidence of external funders that committed dollars will be effectively used.

The adequacy of the amount of funding in the capital reserve is entirely dependent on available resources. Saving for future growth is the last priority after maintaining existing assets and services. Presently, the agency does not have a permanent funding source for the capital reserve.

Evidence

Source of Data: FY2027 Draft Operating and Capital Budget

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

A. Operating Reserves – As indicated on page 48, Figure 25 illustrates the Operating Reserve Balance will meet the reserve target through the projection period.
B. Worker's Compensation Insurance Reserve – As described on page 23, the reserve is fully funded.
C. Vehicle Damage Reserve – As described on page 23, the reserve is fully funded.
D. Capital Reserve – As illustrated in Figure 26 on page 48 of the budget, there is no anticipated contribution to the Capital Reserve in FY2027, and no capital reserve funds are budgeted for use in FY2027.

POLICY 2.4.7
Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Degree of Compliance

Compliant

Interpretation

Operational definition:

I interpret this policy to mean that the proposed budget includes sufficient funding for the Board to carry out its work in a manner compliant with its governing policies (3.0).

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget incorporates a budget for Board activities. This board budget is reviewed by the Governance Committee prior to budget adoption.

Rationale

This is reasonable because cost of governance is one of the Governance Committee's primary responsibilities per policy 3.7.1 and policy 3.8.3 specifically requires inclusion of the board budget in the overall budget each year.

Evidence

Source of Data: FY2027 Draft Operating and Capital Budget

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

Cost of Governance is addressed on page 34 of the budget and notes that $35,000 is allocated for Board activities. The details of the board budget were reviewed by the Governance Committee at its meeting on June 25, 2026.

POLICY 2.4.8
Funds ongoing operations via debt or creates unfunded future obligations.

Degree of Compliance

Compliant

Interpretation

Operational definition

I interpret this policy to mean that the budget presented will not jeopardize the agency's future. Further I interpret it to mean that the CEO can recommend that the Board approve debt as long as there is a revenue source to pay for it, for example revenue bonds paid for by a supplemental millage.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when:

A. The draft annual budget does not require the Board to approve debt to maintain existing levels of public services or assets for the upcoming year,
B. Any one-time revenues are not used to create permanent ongoing expenses, and
C. The draft annual budget does not forecast operating deficits.

Rationale

This is reasonable because:

A. The draft annual budget covers both operating and capital expenses, and the absence of a request to authorize debt is evidence of spending discipline,
B. Creating ongoing expenses with temporary funding would create an unfunded future obligation, and

The credible projections required in earlier policies illustrate the future implications of immediate spending decisions.

Evidence

Source of Data: FY 2027 Draft Operating and Capital Budget

Date of Data Review: 8/28/2026 as verified by the Deputy CEO, Finance and Administration

Data:

A. Debt – As indicated under Liabilities on the Statements of Net Position in the FY 2025 Audit (page 16), AAATA has no debt.

B. One-Time Revenues – As indicated on pages 40-41 of the budget, the CEO has not created new obligations for AAATA that cannot be funded with reasonably foreseeable revenues. All increased expenses related to service expansions are funded with the August 2022 millage, began in Summer 2024 and are funded through the projection period.
C. Operating Deficits – As indicated on page 39 of the budget, there is no projected deficit in FY2027.

POLICY TRENDLINES

Policies	FY 24	FY 25	FY 26
2.4	3	3	3
2.4.1	3	3	3
2.4.2	3	3	3
2.4.3	3	3	3
2.4.4	3	3	3
2.4.5	3	3	3
2.4.6	3	3	3
2.4.7	3	3	3
2.4.8	3	3	3

LEGEND	
(red)	Policy is not compliant
(orange)	Policy is partially compliant
(green)	Policy is compliant

Guidance on Determining "Reasonableness" of CEO Interpretations

Are the interpretations reasonable?
An interpretation is reasonable if the following are provided,
1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

Is evidence verifiable?
Evidence is verifiable if there is
1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.
Following the Board's review and discussion with the CEO, the Board finds that the CEO:

(A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.

(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.

(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
2. For policy items x.x.x – the interpretation is not reasonable
3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

Board Notes: (If Applicable)

WORKSHEET RESULTS

Financial Planning / Budgeting (Policy 2.4)

Participants: (7) Board Members
Mike Allemang, Simi Barr, Rich Chang, Julie Grand, Kathleen Mozak,
Susan Pollay, Georgia Valentine

Performance on reasonable interpretation and verifiable evidence

Policy 2.4
Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.1
Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.2
Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.3
Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.4
Is unclear about long-term funding needs and growth projections.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.5
Causes deficit spending.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.6
Does not provide for adequate reserves.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.7
Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.4.8
Funds ongoing operations via debt or creates unfunded future obligations

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Additional context questions

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

   No – (7)

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

   N/A – (7)

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

   No – (7)

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

   35, 15, 20, 9, 8, 30, 5

TheRide
Ann Arbor Area Transportation Authority

Agenda Item: 4.1.2

FY2027 Recommended Budget

Meeting: Board of Directors

Meeting Date: September 17, 2026

INFORMATION TYPE

Decision Preparation

RECOMMENDED ACTION(S)

Receive for information a draft of the Recommended Operating and Capital Budget for FY2027.

ISSUE SUMMARY

This Issue Brief accompanies the Recommended FY2027 Operating and Capital Budget in the Board packet and summarizes the changes since the draft budget presented at the August 20, 2026 public hearing. To maintain operations for FY2027, beginning October 1, 2026, budget approval is required at the September 17, 2026 Board meeting.

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 our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and was held at the August 20, 2026 Board meeting. Authorization of the recommended budget is sought this month.

The draft of the Recommended Budget is balanced, which means that revenues are sufficient to cover expenses without deficits during the fiscal year and through the projection period.

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 Draft Recommended Operating and Capital Budget Updates
2. Resolution 2/2026: Adoption of the FY2027 Operating and Capital Budget

Attachment 1

FY2027 Recommended Budget Updates

Since presentation of the Draft FY2027 Operating and Capital Budget (the draft budget) to the Board on August 20, 2026, several activities and budget refinements have occurred. With reference to additional review and consideration of the budget and budget assumptions, the following activities have transpired:

- Public engagement outreach and opportunities for public comment,
- Information provided to Board members as well as process updates and open communication regarding budget items at committee meetings,
- Operating and capital budget staff review, and updates based on:
  - Detailed analysis and review of budget assumptions,
  - Current industry information and state and federal funding updates,
  - Monitoring of external factors that influence budget assumptions, and
- Thorough review of the budget resolution.

Public Comments

Opportunities for public comment regarding the FY2027 Draft and Recommended Operating and Capital Budgets have been solicited and encouraged in several ways:

- Official and informal public notices of opportunities to review the budget and encourage public comment (newspaper, press release, social media and web site),
- Opportunities for comment at two public Board meetings, and
- Posting the budget online and providing a hard copy available for public inspection at the front desk at the operations center, as publicized.

To date, there have been no objections from any source (telephone, email or in person) by the public.

The final opportunity for public comment will be at the Board meeting on September 17, 2026.

Summary of Revisions: Draft Budget to the Draft Recommended Budget

The Recommended Operating Budget (the budget) is a balanced budget with sufficient revenues to cover budgeted expenditures. The following are updates to the budget compared to the draft budget presented at the August Board meeting.

Operating Budget Updates

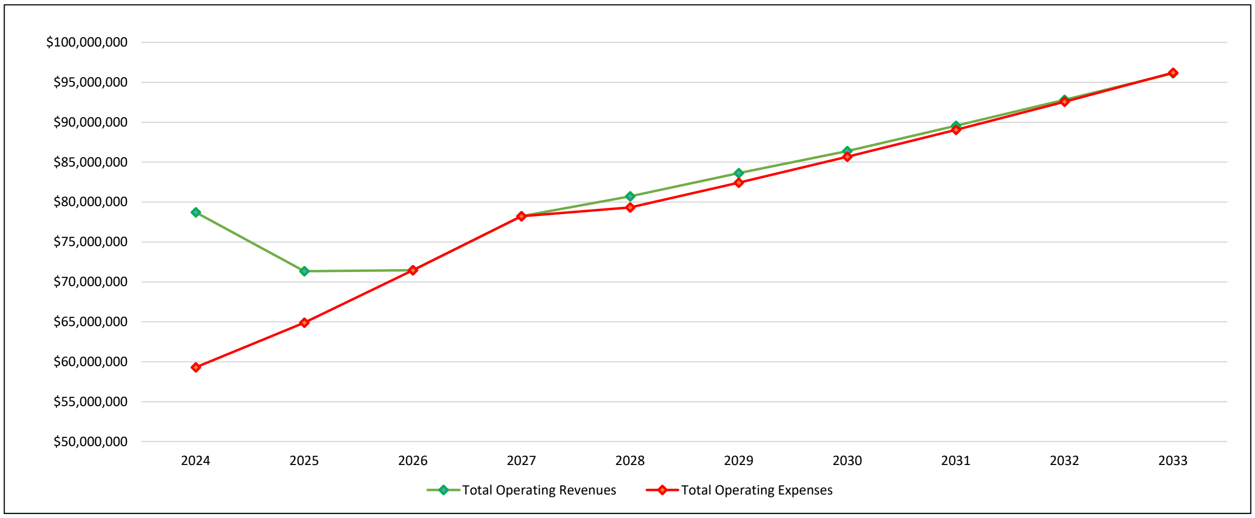
Revenues and expenses are budgeted at **$78,226,909**, which is an increase in expenses from the draft budget of $143,506, or 0.2%, and a decrease in revenues of $611,549, or 0.8%. The draft budget carried a surplus of $755,055. The recommended budget is balanced with no surplus or deficit.

One notable change in Operating Revenues is a reduction to State Operating Assistance (LBO) projections of approximately $600K due to an estimated reduction in the MDOT LBO percentage rate. While the final FY2027 formula rate is not yet published, recently passed state millages indicate that transit expenses not factored into the current published rates are likely to increase and could result in a lower percentage rate for transit agencies.

For Operating Expenses, the only adjustments were refinements to more closely align budgeted expenses with the most current information available and updated cost trending. There were no changes to budgeting strategy or significant impacts to future projections.

The Operating Budget remains balanced as projected in the Draft FY2027 Budget. While assumptions for the projection period continue to be refined, total operating revenues are projected to slightly exceed expenses through FY2032, with the margin narrowing each year. By FY2033 the projection is roughly break-even. Projections will be continuously monitored throughout each fiscal year to ensure spending is managed within available revenues through this millage period (in place through summer 2028) and to plan for the next five-year millage cycle, which will begin in 2029. Figure 1 illustrates this narrative.

Figure 1: Current Projection of Revenues and Expenses (7 years)



Capital Budget Updates

The Recommended Capital Budget for FY2027 is **$46,605,326**, up $1,132,740 from the draft budget of $45,472,586, or 2.5%. The remaining nine years of the 10-year capital plan, FY2028-FY2036, total **$474,298,323.** While there are no significant changes compared to what was presented in the draft capital plan, minor updates are described here.

While total costs of **Expansion** projects did not change, anticipated annual costs for different phases of the projects were refined and updated between budget years causing the FY2027 budget to increase by approximately $740K. Timing of project completion for expansion projects have not changed.

For **Value Added** projects, costs increased in FY2027 by approximately $400K from the draft budget to restore estimates for projects that were planned to be completed in FY2026 but will be completed in the next fiscal year.

For more detailed information on the Capital Budget, please refer to Figure 21 on page 45 of the attached budget document.

FY2027 Recommended Budget Summary

The FY2027 Recommended Operating Budget is provided in Figure 2 below and illustrates the changes described earlier in the Issue Brief. For your convenience, the draft budget presented on August 20th is included in the table and labeled accordingly.

Figure 2: FY2027 Operating Budget Detail (with prior year and prior version comparisons)

TheRide
FY2027 Operating Budget

	FY2026 Approved Budget	FY2027 Draft Budget	FY2027 Recommended Budget	2027 Recommended vs. 2026 Approved $	%
OPERATING REVENUES					
Passenger Revenue	$ 4,138,392	$ 3,995,030	$ 3,995,030	$ (143,362)	-3.5%
Local Property Tax Revenue	41,647,533	44,369,124	44,369,124	2,721,591	6.5%
Contract Revenues - POSAs & Passthroughs	3,060,136	3,173,085	3,173,085	112,949	3.7%
State Operating Assistance	19,015,038	23,672,320	23,060,771	4,045,733	21.3%
Other Federal Programs	1,970,057	1,322,057	1,322,057	(648,000)	-32.9%
Advertising, Interest, and Other	1,645,911	2,306,843	2,306,842	660,931	40.2%
TOTAL REVENUES	$ 71,477,067	$ 78,838,459	$ 78,226,909	$ 6,749,842	9.4%
OPERATING EXPENSES					
Salaries, Wages and Benefits	$ 39,656,741	$ 42,828,982	$ 42,859,863	$ 3,203,122	8.1%
Purchased Transportation	13,902,463	13,979,866	13,979,866	77,403	0.6%
Diesel Fuel and Gasoline	2,878,389	3,906,900	3,906,900	1,028,511	35.7%
Materials and Supplies	4,190,622	5,029,664	5,079,664	889,043	21.2%
Contracted Services	5,885,173	6,993,102	7,045,727	1,160,553	19.7%
Utilities	1,018,500	983,972	983,972	(34,528)	-3.4%
Casualty & Liability Insurance	2,184,370	2,269,744	2,269,744	85,375	3.9%
Other Expenses	1,760,809	2,091,173	2,101,173	340,363	19.3%
TOTAL EXPENSES	$ 71,477,067	$ 78,083,404	$ 78,226,909	$ 6,749,842	9.4%
SURPLUS (DEFICIT)	$ -	$ 755,055	$ -	$ -	

The FY2027 Draft Recommended Capital Budget is presented in Figure 3 below and illustrates the FY2027 budget in the context of the full 10-year capital plan at a high level, including sources of funding.

Figure 3: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2027 Budget	FY2028-FY2036
State of Good Repair	$21,042,670	$186,747,915
Value Added	3,335,930	20,312,535
Expansion	22,226,726	267,237,873
TOTAL EXPENSES	**$46,605,326**	**$474,298,323**
FUNDING SOURCES	**FY2027 Budget**	**FY2028-FY2036**
State & Federal Grants	36,542,826	$227,946,774
Congressionally Directed Spending	10,062,500	-
Local Capital Reserve	-	26,445,189
Unidentified Funding	-	219,906,360
TOTAL REVENUE	**46,605,326**	**$474,298,323**
UNIDENTIFIED FUNDING PORTION	**FY2027 Budget**	**FY2028-FY2036**
Unidentified Funding %	**0%**	**46%**

Attachment 2

Resolution 2/2026

APPROVAL OF FY2027 OPERATING AND CAPITAL BUDGET
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ANN ARBOR AREA TRANSPORTATION AUTHORITY

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2027 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2027 to the Federal Transit Administration (FTA) as part of the annual application for FY2027 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2027 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2027 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2027 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **$78,226,909** for operations, and
- **$46,605,326** for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2026-FY2029 Transportation Improvement Program, of which FY2027 and beyond are subject to amendment in future years.

______________________________ ______________________________

Kathleen M. Mozak, Chair | Jesse Miller, Secretary

______________________________ ______________________________

Date | Date

Agenda Item: 4.2.2

Monitoring Report:
2.3.6 - 2.3.8 (Labor Negotiations)
Monitoring Period: October 1, 2026 – August 31, 2026

Finance Committee Meeting Review Date: September 8, 2026
Board of Directors Meeting Review Date: September 17, 2026

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
That the Board review this monitoring report and consider accepting it as: (A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations. (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.is making reasonable progress towards compliance. (C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance The Finance Committee has recommended Board approval as "A."
PRIOR RELEVANT BOARD ACTIONS & POLICIES
Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is: 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)

ISSUE SUMMARY
TheRide's Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO's interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board's written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing. Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in October and is being submitted early. The monitoring period for this report is October 1, 2025 – August 31, 2026. I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance. **CEO's Signature** **Date** September 1, 2026
ATTACHMENTS
1. Monitoring report for 2.3.6 -2.3.8 (Labor Negotiations)

Table of Contents

Fully Compliant   Partially Compliant   Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.3.6 Formally initiate bargaining of a new collective agreement prior to the board having established goals for the negotiation.

Degree of Compliance

Compliant

Interpretation

Operational Definition

I interpret this policy to mean that it is the Board's role to set goals and general parameters for collective bargaining, and the CEO will not cause negotiations to begin before they have done so.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when meeting minutes and dates from a board meetings and negotiation meetings reflect that the Board reached agreement on bargaining goals prior to formal commencement of collective bargaining.

Rationale

This interpretation is reasonable as the sequence of dates of the two events will confirm compliance with this policy.

NOTE: Compliance elements (Interpretation and evidence) of this policy and its sub policies will only go into the details permissible by the Open Meetings Act given that most of these discussions happened in closed session.

Evidence

Source of Data: CEO Records

Date of Data Review: 9/28/2026 as verified by CEO

CEO notes from the AAATA board meeting on December 18, 2026 record that consensus on collective bargaining goals was achieved in a Closed Session meeting on that date. Negotiations began on February 12, 2026.

POLICY 2.3.6.1
Let the board be without material that supports an informed deliberation about goals for negotiations, including but not limited to, clearly articulated information in the following areas:

- Finance
- Operations
- Relevant transit industry data, geographic comparators, trends in terms and conditions of employment

Degree of Compliance

Compliant

Interpretation

I interpret this policy to mean that the CEO is to provide a recommendation regarding goals to the Board with supporting material.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when staff provide a recommendation for goals to the Board for their consideration. Recommended objectives will be supported by financial information and context (e.g. long-term affordability, compliance with policy 2.3, etc.), operational information and context (e.g. management rights, legal considerations, service delivery considerations, etc.) and relevant industry context (e.g. trends in the transit industry or peers, and local marketplace, etc.).

Rationale

This interpretation is reasonable because it provides the Board with the CEO's best professional advice while ensuring the final decision remains with them. The supporting information outlines the type of context that will be most useful but does not limit the CEO or Board from requiring additional information.

Providing broad goals (as opposed to strict requirements) is appropriate since a Board cannot legally dictate terms in a labor negotiation, and because staff will need to be allowed flexibility and adequate authority to bargain in good faith.

Evidence

Source of Data: Board meeting minutes and Closed Session presentation material

Date of Data Review: 9/28/2026 as verified by CEO

Data: A review of approved meeting minutes confirms that the Board went into Closed Sessions to discuss labor negotiations strategies on 9/18/2025, 10/16/2025, 11/20/2025, 12/18/2025, 1/22/2026, 2/19/2026, 3/19/2026, 4/16/2026, 5/21/2026, 6/18/2026, 7/16/2026, and 8/20/2026. During those meetings, staff provided financial, operation and relevant industry information to help the Board make an informed decision. Recommendations on negotiations goals were introduced in October 2025 and discussed through December, where the Board reached consensus on goals.

TheRide
Ann Arbor Area Transportation Authority

POLICY 2.3.7
Let the board be uninformed of the current status of labor negotiations including, but not limited to, changes in the anticipated timeline for tentative agreement.

Degree of Compliance

Compliant

Interpretation

Operational Definition

I interpret this policy to mean that staff will provide status updates at regular board meetings, or by other means as needed, to ensure board members remain aware of significant development and changes to timelines and items identified in 2.3.6 above.

Measure/Standards & Achievement

Compliance will be accomplished when staff provides at least monthly updates to the Board during closed sessions concerning the progress of the negotiations and any anticipated changes to the previously discussed process expectations to include timelines.

Rationale

This is reasonable because it addresses any deviations from expectations, emergent concerns about reaching a TA (tentative agreement), and especially any developments that would jeopardize successful approval of a contract. Additionally, this would ensure a regular cadence of information that is focused on the most important aspects of negotiations (as opposed to minutia). Closed sessions are appropriate as such discussions are permitted under the Open Meetings Act.

Evidence

Source of Data: Board meeting minutes and CEO email records

Date of Data Review: 9/28/2026 as verified by CEO

Data:

A review of approved meeting minutes confirms that the Board went into Closed Sessions to discuss labor negotiations strategies on 9/18/2025, 10/16/2025, 11/20/2025, 12/18/2025, 1/22/2026, 2/19/2026, 3/19/2026, 4/16/2026, 5/21/2026, 6/18/2026, 7/16/2026, and 8/20/2026. During those meetings staff provided general updates on the status of negotiations, and implications for the timelines. A review of presentation material provided by the CEO confirms the presentations included this information.

In addition, the CEO provided written updates via email on 4/22, 4/23, 4/24/20, 5/14, 6/8, 7/31, 8/6, 8/13, and 8/20/2026.

POLICY 2.3.8
Request approval of a tentative collective agreement from the final bargaining phases without providing information that demonstrates how the proposed agreement:
- Aligns with Board-established goals for negotiations.
- Supports the Board's policies.

Degree of Compliance

Compliant

Interpretation

Operational Definition
I interpret this policy to mean that after union ratification of a Tentative Agreement (TA), the CEO will seek Board approval of the TA. When they present the recommended TA, they will provide information demonstrating to what degree the Board's negotiating goals were accomplished and why, and how the TA helps advance the Board's Ends and ensures compliance with Executive Limitations.

Measure/Standards & Achievement
Compliance with this policy will be demonstrated when a formal tentative agreement (TA) between the AAATA and a union is presented to the Board for approval along with the required supporting information. The presented material must summarize how:

A. The TA compares with the goals established by consensus as part of policy 2.3.6 above, and
B. Information about how the TA impacts compliance with Ends and Executive Limitations policies. Evidence will be in the form of a written briefing and action item included in a board meeting packet or other communication channels.

Rationale
The interpretation is reasonable because the policy is unambiguous, and the interpretation provides what the policy requires

Evidence

Source of Data: CEO email records

Date of Data Review: 9/1/2026 as verified by CEO

Data:

A review of email records found that the CEO sent the Board a preliminary request (8/31/26) to approve the ratified TA at the September 17, 2026 Board meeting, and included the information required in this policy.

Guidance on Determining “Reasonableness” of CEO

Are the interpretations reasonable?
An interpretation is reasonable if the following are provided,
1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

Is evidence verifiable?
Evidence is verifiable if there is
1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

CEO Notes

The best timing of this report is in question. In the first use of this policy (2022), the report was delivered months after the Board had approved the TA. This now seems out of sequence. I have adjusted my interpretation of 2.3.8 to permit the delivery of the request for the Board to approve a TA to include a request made by email. This would provide the documented evidence of compliance in advance of actual approval of the TA, thereby allowing the Board to accept the monitoring report and then vote on the TA, a procedure similar to other policies.

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.
Following the Board's review and discussion with the CEO, the Board finds that the CEO:

(A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.

(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.

(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
2. For policy items x.x.x – the interpretation is not reasonable
3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

Board Notes: (If Applicable)

WORKSHEET RESULTS

2.3.6 - 2.3.8 (Labor Negotiations)

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 2.3.6
Formally initiate bargaining of a new collective agreement prior to the board having established goals for the negotiations.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.3.6.1
Let the board be without material that supports an informed deliberation about goals for negotiations, including but not limited to, clearly articulated information in the following areas:

- Finance
- Operations
- Relevant transit industry data, geographic comparators, trends in terms and conditions of employment

Percent of Board members that find the interpretation reasonable	**88%**
Percent of Board members that find the evidence verifiable	**100%**

If you stated NO, kindly provide additional context:

- I don't see the interpretation aligned with the policy. Policy indicates the board should get information that will help inform the goals of negotiation, while the interpretation indicate the CEO proves a recommendation, these are different things. I know the CEO recommendation was at least partly rooted in this information, but I see a difference between the policy and interpretation.

Policy 2.3.7
Let the board be uninformed of the current status of labor negotiations including, but not limited to, changes in the anticipated timeline for tentative agreement.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verificable	**100%**

If you stated NO, kindly provide additional context: N/A

Policy 2.3.8
Request approval of a tentative collective agreement from the final bargaining phases without providing information that demonstrates how the proposed agreement:

- Aligns with Board-established goals for negotiations.
- Supports the Board's policies.

Percent of Board members that find the interpretation reasonable	**100%**
Percent of Board members that find the evidence verificable	**100%**

If you stated NO, kindly provide additional context: N/A

Additional context questions

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

   NO – (8)

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

   N/A – (8)

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

   NO – (8)

   - The Board may wish to consider updating the policy monitoring schedule to align the monitoring report due date of these policies with union contract negotiations.

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

   10, 15, 8, 8, 5, 15, 10, 7

Agenda Item: 4.2.3

2026-2030 Collective Bargaining Agreement with TWU Local 171

Meeting: Board of Directors

Meeting Date: September 17, 2026

INFORMATION TYPE

Decision

RECOMMENDED ACTION(S)

Approve the attached resolution for the tentative labor agreement negotiated between AAATA and TWU Local 171.

ISSUE SUMMARY

Board approval is the final step in adopting a new labor contract.

A tentative agreement (TA) with TWU 171 was reached on August 13, 2026. Union members ratified the TA on August 31, 2026 with 80% of members in support. The remaining step is for this Board to approve the attached Resolution.

The Board previously established policies 2.3.6-2.3.8 which lay out the requirements for labor negotiations. In a September monitoring survey, 100% of responding board members review information provided by staff and agreed that those policies had been followed. The Finance Committee has recommended adoption of this monitoring report as fully compliant and indicated that all policy requirements were met. Board members previously received background information on potential goals for negotiations and rationales, requested background information, periodic updates, future financial implications, and finally the content of the TA and changes and the business arguments for approval.

Per Board policy 3.2.11 the Board must approve tentative collective bargaining agreements. Per the Bylaws (Art III, Sec 6) an affirmative vote of 60% of currently serving members is required for Board approval. With ten current members, at least six votes will be required for approval.

BACKGROUND

The Transport Workers Union Local 171 has represented most operational and maintenance employees of AAATA since the 1980s. The parties have operated under negotiated collective bargaining agreements since that time. The current contract expired March 31, 2026.

The AAATA and the Transport Workers Union Local 171 entered good faith bargaining February 12, 2026 and reached a full tentative agreement on August 13, 2026. Ratification by TWU members occurred on August 31st.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

The Board approved policies 2.3.6-2.3.8 to guide labor negotiation on June 17, 2021. The agency first used these policies in negotiations the following year, with the Board approving a contract in March 2022.

IMPACTS OF RECOMMENDED ACTION(S)

- **Economic**: The tentative contract is affordable through 2026 according to financial forecasts.
- **Social**: Ensures services for riders continue; demonstrates fairness and equity to employees providing that service; exhibits fiscal responsibility with taxpayer/fare payer dollars
- **Environmental**: NA
- **Governance**: Advances the Ends and complies with (and helps ensure continued compliance with) policies 2.1, 2.2, 2.3, 2.4, and 2.7.

ATTACHMENTS

1. Contract Resolution 3/2026: Signing of Contract Between Ann Arbor Area Transportation Authority and Transport Workers Union, Local 171
2. Agreement between Ann Arbor Area Transportation Authority and Local 171 of Transport Workers Union: September 17, 2026 through June 30, 2030

Resolution 3/2026

SIGNING OF CONTRACT BETWEEN
ANN ARBOR AREA TRANSPORTATION AUTHORITY
AND
TRANSPORT WORKERS UNION, LOCAL 171

WHEREAS, the collective bargaining agreement ("labor contract") between the Ann Arbor Area Transportation Authority ("TheRide") and the Transport Workers Union, Local 171 ("TWU 171") expired on March 31, 2026, and

WHEREAS, the TheRide and the TWU 171 successfully negotiated a tentative agreement for a new four-year labor contract effective from September 17, 2026 through June 30, 2030, and

WHEREAS, the TWU 171 members ratified this TA on August 31, 2026, and

WHEREAS, per Board policy 3.2.11, the Board of Directors must approve any collective bargaining agreements.

NOW THEREFORE, **BE IT RESOLVED** that the AAATA Board of Directors approves and accepts the tentative labor contract (attached), and authorizes the Chair of the Board, the Board Secretary, and Chief Executive Officer to sign the agreement with the TWU 171.

______________________________	______________________________
Kathleen M. Mozak, Chair	Jesse Miller, Secretary
______________________________	______________________________
Date	Date

Agenda Item: 5.1

FY2026 Q3 Service Report

Meeting: Board of Directors Meeting

Date: September 17, 2026

INFORMATION TYPE

Other

RECOMMENDED ACTION(S)

Receive as CEO Operational Update.

ISSUE SUMMARY

Revised Reporting:
We are enhancing our reporting framework to provide deeper insight into operational performance. By benchmarking current results against established targets and year-over-year comparisons (Q3 FY2026 vs. Q3 FY2025), we aim to better demonstrate both accountability to our goals and the momentum of our annual growth. **We welcome Board member feedback on these reporting enhancements.**

Each mode is organized into two distinct sections: (1) brief highlights for a high-level performance summary, and (2) detailed charts showcasing granular performance metrics.

Q3 2026 Highlights

- Fixed Route ridership decreased 4% year over year, while FlexRide ridership grew 40%; Paratransit saw a marginal 2% decline and GoldRide/Senior trips also decreased.
- Fixed Route on-time performance fell to 80% amid spring construction and downtown detours, while Paratransit continued to exceed its 95% on-time target.
- FlexRide fulfilled 97% of ride requests even as trip requests rose 106% year over year; total denials fell 17% quarter-over-quarter as added vehicles helped ease demand pressure.
- The Vanpool program's consolidation resulted in modest declines in active vanpools, ridership, and average passenger miles amid budget-related staffing adjustments.

In accordance with the Board's Policy Manual, I present this Quarterly Satisfaction and Service Performance Report for the third quarter of FY2026. I certify that the information provided is true and complete, with any exceptions noted, and respectfully request that the Board accept this as an operational update.

ATTACHMENTS

1. FY 2026 Q3 Service Report

TheRide
Ann Arbor Area Transportation Authority

Operations Report

For the period ending June 31st

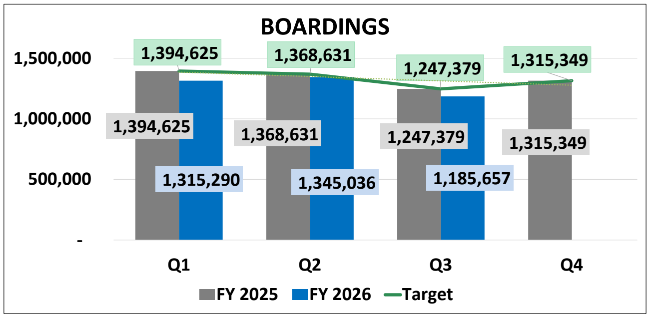
Q3 Service Report

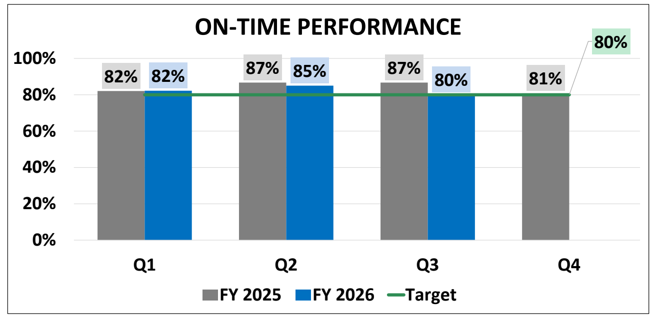
From April to June 2026

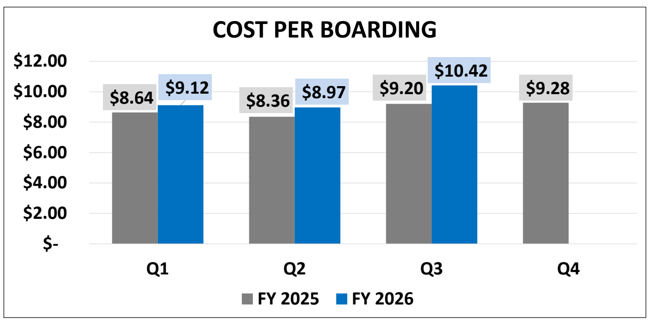
Fixed Route

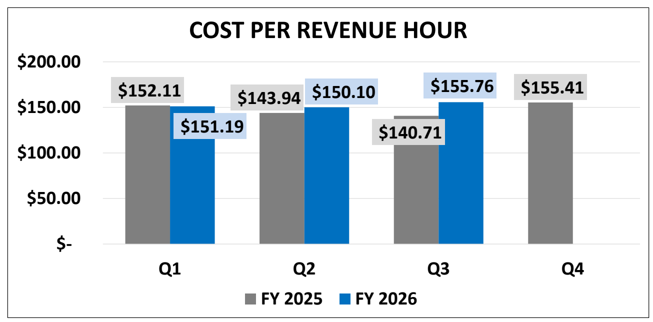
Ridership dropped 4% year over year. With the temporary BTC relocation, a decline was anticipated, and the FY26 target was set to maintain FY25 ridership (0% growth). On-time performance fell to 80%, driven by spring construction and downtown detours. Collisions per 100K miles rose to 11, reflecting tighter conditions on Fifth and Washington. Operating costs remained within budget, while passenger complaints edging higher amid service adjustments.

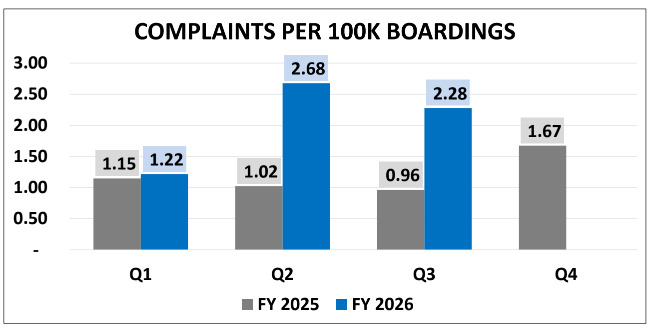
Note: Operating cost and revenue hour targets are based on FY26 Budget projections.

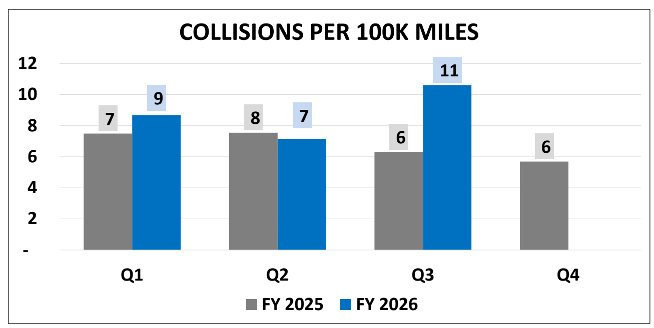


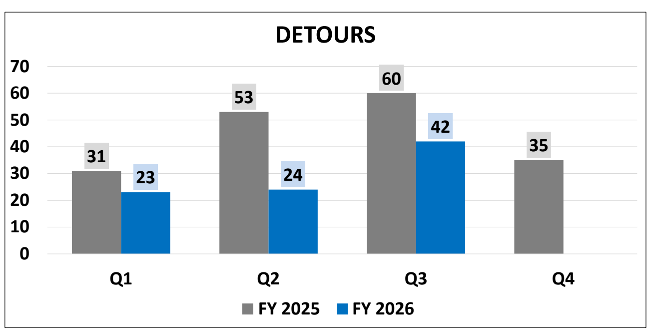












Ann Arbor Area Transportation Authority

Operations Report

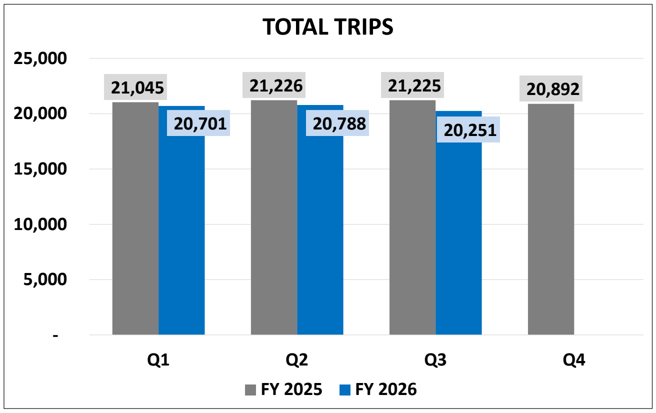
For the period ending June 31st

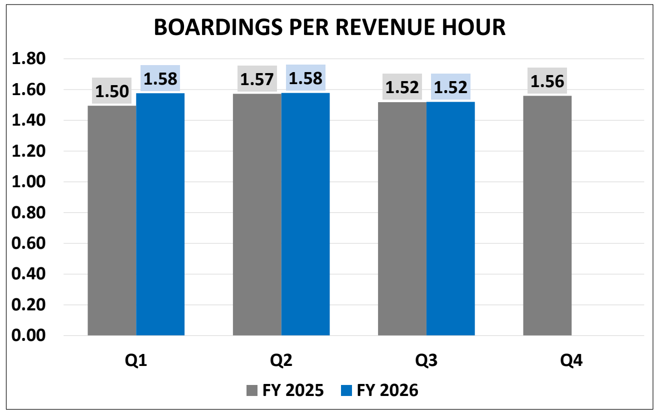
Q3 Service Report

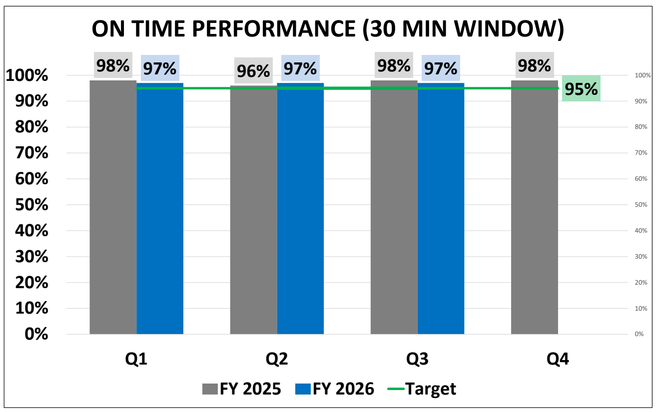
From April to June 2026

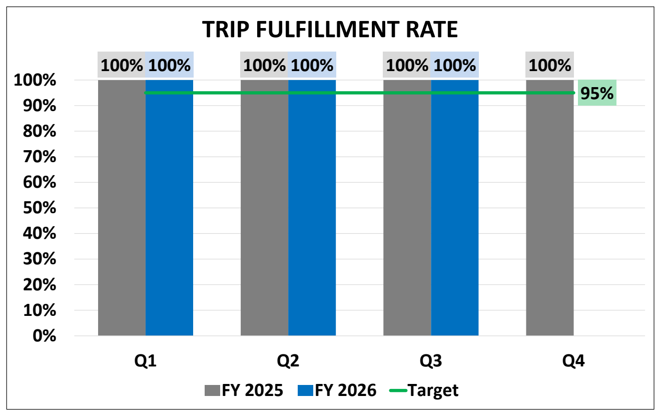
ARide / Paratransit (MV)

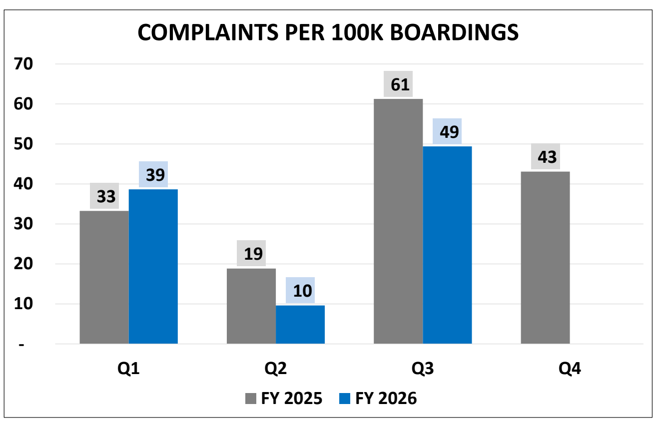
Paratransit ridership saw a marginal 2% decline, generally mirroring the seasonal ridership trends seen in Fixed Route. Operational efficiency improved slightly, as evidenced by a modest increase in boardings per revenue hour. On-time performance remained strong, consistently exceeding the 95% target. All requested trips were fulfilled, and complaints per 100K boardings trended favorably against FY2025 in most quarters.

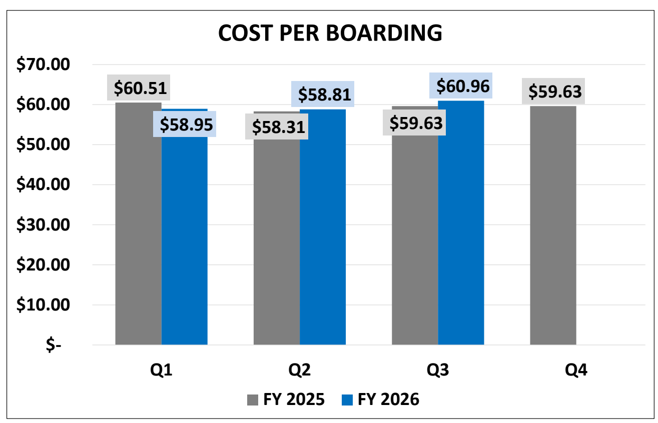






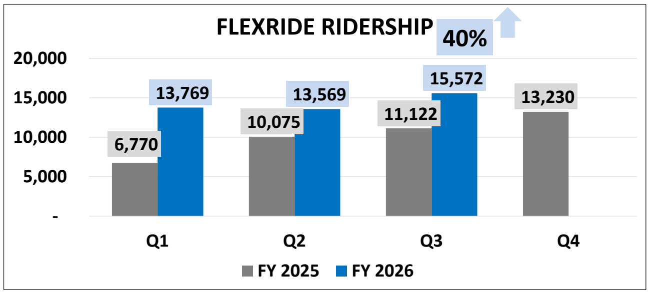


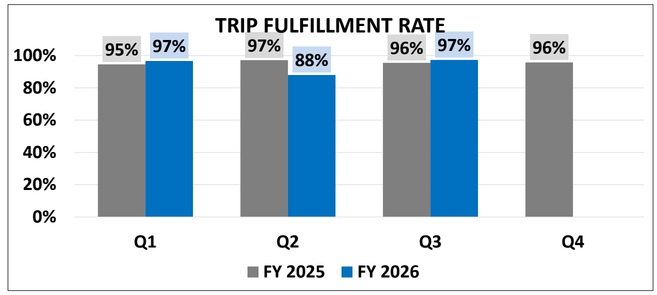


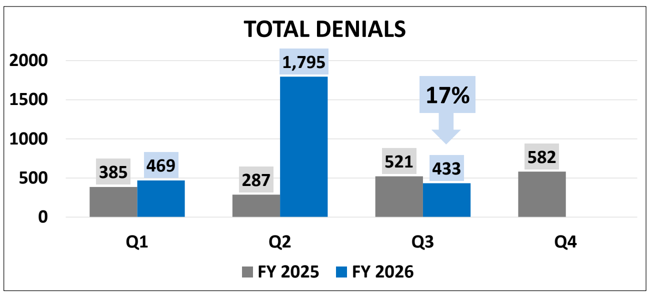


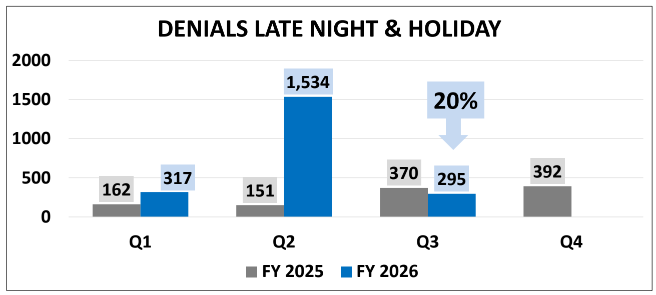
FlexRide (Via)

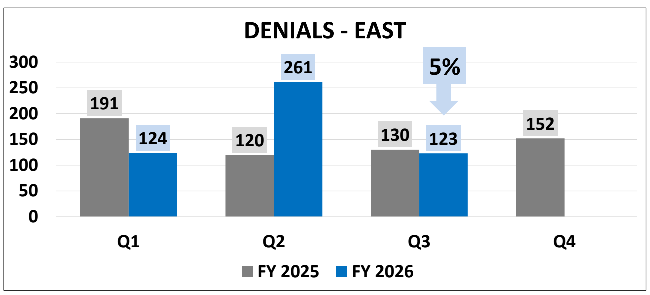
The FlexRide App's intuitive scheduling process and low cost drove a 40% increase in ridership year over year. Trip requests rose 106% (see below), and while the fleet grew from 8 to 12 vehicles, demand has outpaced capacity, driving up denials, particularly during Late Night/Holiday service, which covers a larger area than FlexRide East. Total denials fell 17% quarter-over-quarter as the added vehicles helped ease demand pressure, dropping back below FY2025 Q3 levels. FlexRide West is no longer operational.

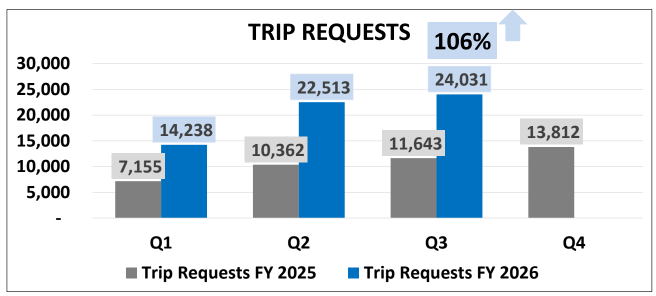


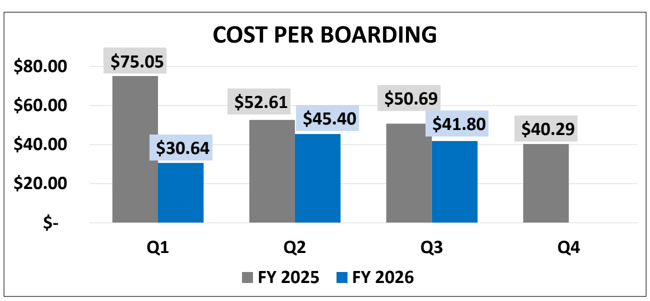


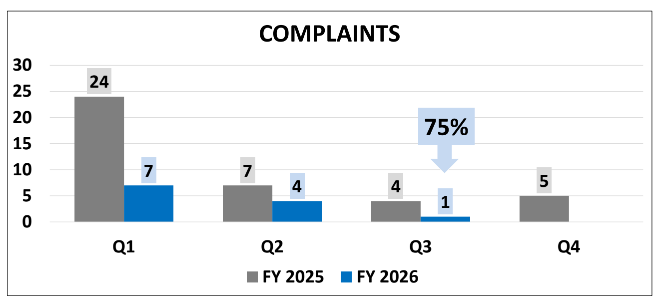


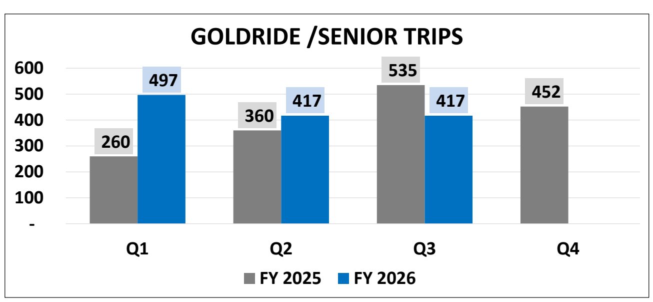






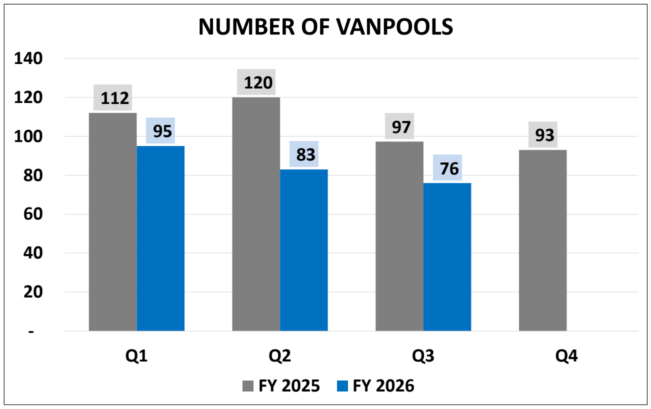


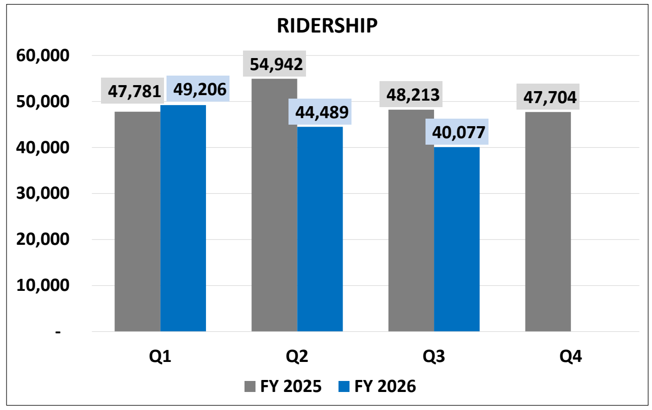


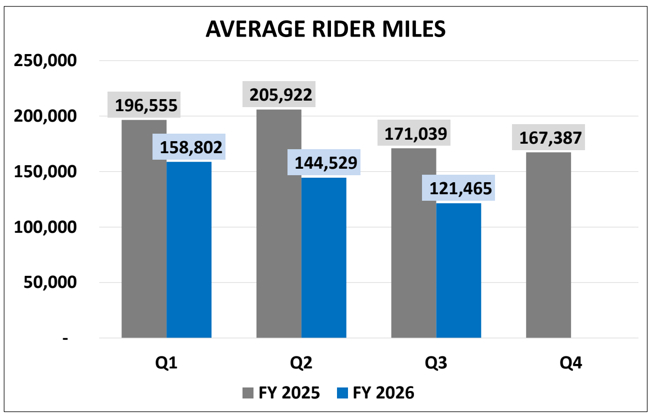


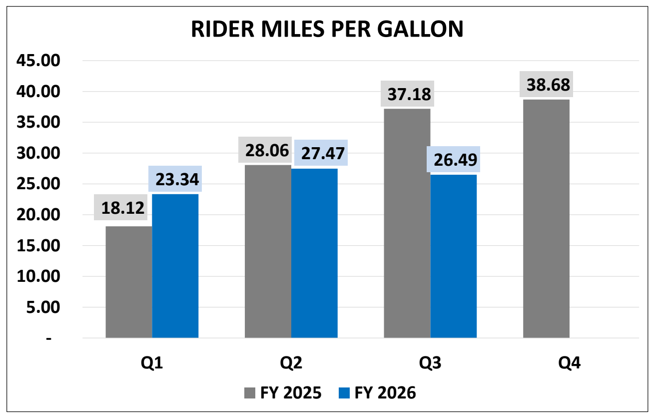
Vanpool

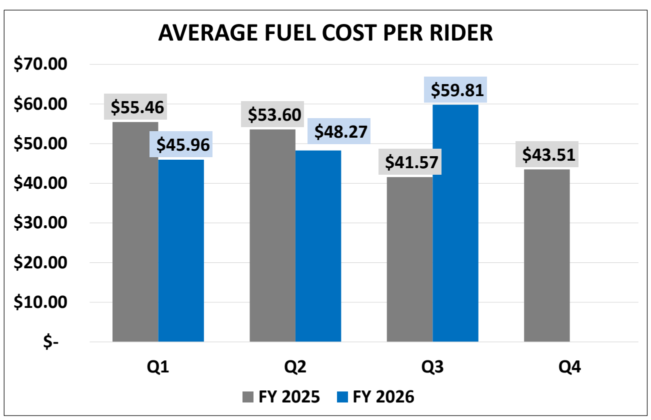
The VA recently consolidated its vanpool operations to improve efficiency. As anticipated, the transition resulted in modest declines in active vanpools, ridership, and average passenger miles. The VA continues to promote vanpool demand while adjusting to budget-related staffing reductions. Additional performance data will be needed to fully assess the impact of the consolidation.

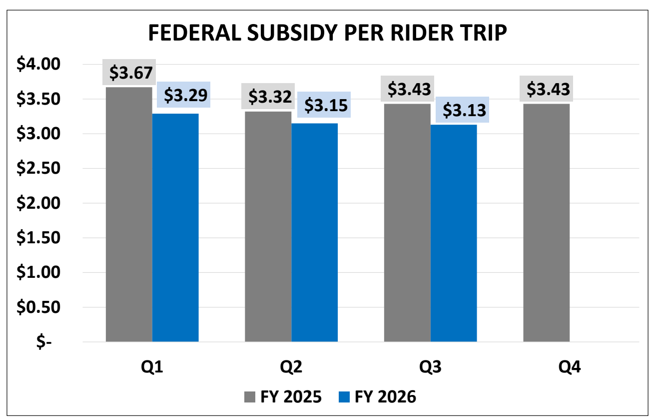












Agenda Item: 5.3

CEO Report

Meeting: Board of Director's

Meeting Date: September 17, 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 currently scheduled to end in December 2026. Fourth Ave construction is progressing on schedule thus far, though the canopy installation timeline will become clearer in October. AAATA's usual fall schedule made some modifications to schedules and operations at Fifth & Washington, but boarding locations and most other infrastructure remained the same. Thus far, Operations under the fall schedule at the temporary location are going well.

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 on the site began in early August and is expected to last at least through 2028. 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

Staff continue their efforts to finalize property acquisition on the two parking lot parcels adjacent to the existing YTC that AAATA will purchase for the new YTC. AAATA hopes to finalize the sale in the next couple of months. Staff also continue to move forward on design, hoping to reach around 60% design in October, and permitting of the new YTC. Staff and the consultants took a tour of Downtown Ypsilanti and Depot Town with City of Ypsilanti staff to help with project context and materiality, which is extremely helpful information for the permitting. Staff are working with a construction manager (CM) to look at cost estimates for the latest design and construction phasing.

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.

PUBLIC COMMENT FOLLOW-UP
Staff continue to communicate with members of the public as well as Washtenaw County regarding election fares and transportation for the unhoused.

BUS OPERATOR COUNT/MCO CLASSES
AAATA's current operator count is 206, with the most recent class of 9 operators having begun training on August 18th. Interviews for the next operator class will start the week of September 14th.

LOCAL ADVISORY COMMITTEE (LAC)
The LAC meeting for August was cancelled. They met on September 8th and discussed board report and service updates.

ANN ARBOR CITY COUNCIL
CEO Matt Carpenter provided operational updates to the Ann Arbor City Council on September 8th.

TRANSPORTATION COMMISSION (ANN ARBOR)
The August Transportation Commission meeting was cancelled.

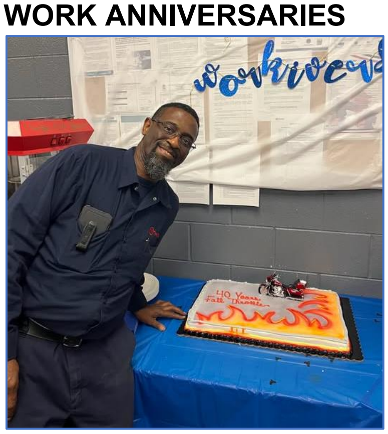
WATS POLICY COMMITTEE UPDATE
The August WATS Policy Committee meeting was cancelled.

EMPLOYEE RECOGNITION & COMMUNITY ENGAGEMENT

MICHIGAN PUBLIC TRANSIT ASSOCIATION

Several AAATA staff attended the MPTA Annual Conference at Crystal Mountain in August, where they connected with transit agencies from across the state and discussed key issues facing public transportation in Michigan. TheRide was awarded two awards at the Conference, including one for outstanding communications for the Blake Transit Center closure.

WORK ANNIVERSARIES



TheRide recently recognized Paint & Body Technician Keith Williams's 40th work anniversary.

SCHOOL REGISTRATION VISITS

In mid-August, TheRide staff visited several local AAPS high schools and YCS Middle School for their registration days. Staff shared information about fares and routes to incoming students and families.

WCC FALL WELCOME DAY

AAATA staff attended Washtenaw Community College's Welcome Day event on September 9th, where they engaged with existing and prospective student riders.

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

As approved in the FY2026 budget, on August 31, 2026, the CEO authorized a contract with Cummins, Inc. (DBA Cummins Sales and Service) for the purchase of engines for a base of one (1) year with four (4) additional one-year options. The contract has a Not to exceed amount of $2,900,000 through the base year of the contract.

TheRide

OPERATING & CAPITAL BUDGET

Recommended Budget

Fiscal Year 2027

2027

Growing

for the

Future

ANN ARBOR AREA TRANSPORTATION AUTHORITY

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

This Budget presentation is an award winning document which reflects the commitment of the Board of Directors and staff to meeting the highest principles of governmental budgeting. TheRide’s budget consistently satisfies nationally recognized guidelines for effective budget presentation, including how the document serves as a policy document, a financial plan, an operations guide, and a communication device. TheRide was presented the Distinguished Budget Award for its *Operating and Capital Budgets* for four consecutive years, which is a significant achievement. Although the award was not pursued this fiscal year, all elements and criteria that earned this award are still present in this FY2027 Budget document. New GFOA requirements are being evaluated for incorporation into future budget documents. We anticipate applying for this award again in the near future.

Reader's Guide

In addition to introductory information about TheRide and a letter from the CEO and CFO, this document contains six sections describing the FY2027 (2027) Recommended Operating and Capital Budgets:

- **About TheRide** and **Letter from the CEO and CFO** provide information about the agency and an introduction to the budget document.
- The **Executive Summary** provides a high-level summary of the budget.
- The **Introduction** will orient the reader to the overall direction, strategic goals, and executive limitations established by TheRide's Board, as well as the budgeting schedule and process.
- The **State of TheRide** establishes financial context, discusses the challenges, opportunities, and priorities for developing the budget, and presents ridership performance.
- The **2027 Budget** summarizes the operating and capital budgets for FY2027 and presents financial forecasts for subsequent years.
- **Impacts of the 2027 Budget** discusses how the budget will affect the fund balance and the reserve, as well as the impact of capital investments upon the operating budget.
- The **Appendices** include details on initiatives and capital projects, anticipated contracts, fare schedule, additional financial tables, a grant funding primer, recommended Board resolution for adoption, and a glossary.

This document includes multi-year forecasting. Although financial information is presented for years beyond 2027, it is important to note that forecasted years are provided *only for context,* do not represent a commitment, and are expected to change. Each year, the Ann Arbor Area Transportation Authority Board of Directors (the Board) adopts the budget for a single year rather than a multi-year budget. The operating budget must be balanced (revenues must meet or exceed expenses) and total budgeted expenses are approved by the Board. As necessary, budget amendments may be brought to the Board for consideration during any fiscal year.

Detailed information throughout this budget document is provided for context, information, and transparency in budgeting. Budget approval, as indicated in the *Adopting Resolution in Appendix 8.6*, is for total operating and capital expenditures.

Table of Contents

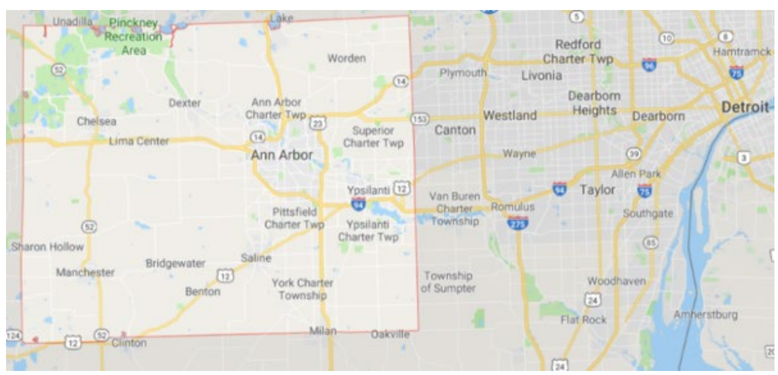
1. About TheRide

The Ann Arbor Area Transportation Authority (AAATA, or TheRide) was chartered in 1969 by the City of Ann Arbor, Michigan, as a not-for-profit unit of local government. The City of Ypsilanti and Ypsilanti Township were added as charter members to the authority in 2013.

TheRide operates public transportation services for the greater Ann Arbor-Ypsilanti area, enabling the area's residents to reach their destinations at a reasonable cost, and offers the region efficient, environmentally sound transportation alternatives.

The service area is home to the University of Michigan, Eastern Michigan University, and Washtenaw Community College. The region's economy is driven by education, medical, and technology sectors, as well as the area's proximity to Detroit.

Ann Arbor is the county seat for Washtenaw County, which includes the Cities of Ann Arbor and Ypsilanti, and Ypsilanti Township, which primarily make up TheRide's service area. The service area covers 146 square miles with a population of approximately 275,000 people. TheRide delivered approximately 450,000 hours of revenue service, drove more than 7.3 million revenue miles, and carried nearly 5.7 million passenger trips on transit services in FY2025, as reported to the National Transit Database.



Washtenaw County, Michigan

TheRide operates fixed-route buses, A-Ride paratransit services, FlexRide on-demand service, ridesharing, van pools, and other services.

TheRide operates from three facilities. The Dawn Gabay Operations Center (DGOC) is the headquarters, and houses administration offices, a maintenance facility, and a bus garage. Passenger terminals are in downtown Ann Arbor (Blake Transit Center) and Ypsilanti (Ypsilanti Transit Center) and include customer service centers.

Board of Directors

Kathleen Mozak, Chair

Michael Allemang, Treasurer

Jesse Miller, Secretary

Travis Gonyou, Board Member

Simi Barr, Board Member

Rich Chang, Board Member

Julie Grand, Board Member

Susan Pollay, Board Member

Georgia Valentine, Board Member

Praveena Ramaswami, Board Member

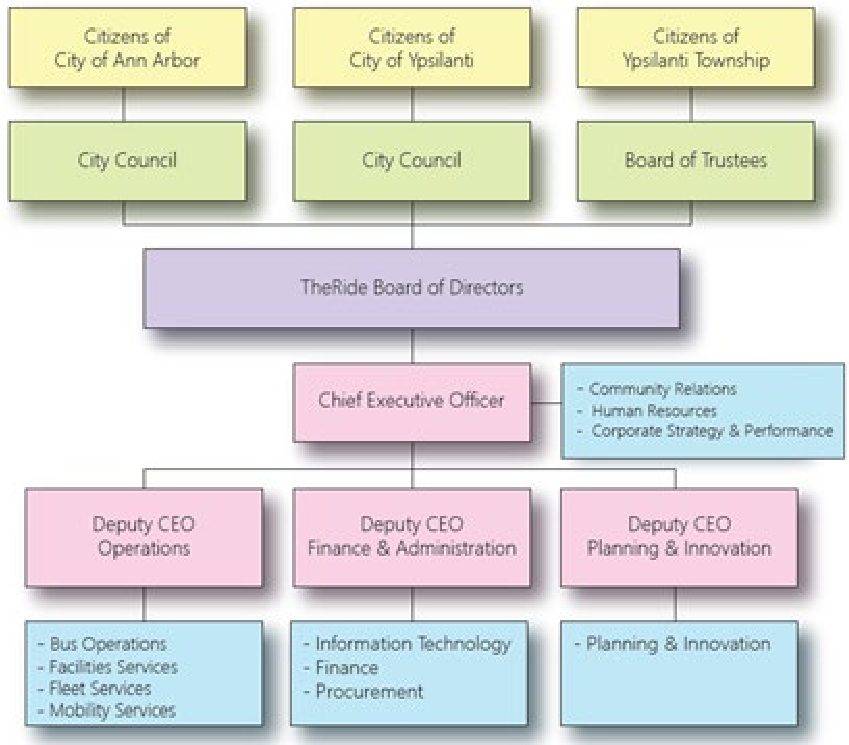
Executive Team

Matt Carpenter, Chief Executive Officer

Dina Reed, Deputy CEO, Finance & Administration

George Brooks, Deputy CEO, Operations

Forest Yang, Deputy CEO, Planning & Innovation



Senior Management Staff

Mike Blackston, Manager of Information Technology

Ronald Carr, Manager of Human Resources

Raymond Hess, Manager of Project Mgmt. & Delivery

Andy Huber, Manager of Finance

Rosa-Maria Kamau, Corporate Strategy & Performance

Troy Lundquist, Manager of Fleet Services

Jeff Pfiefer, Manager, Public Affairs/Community Relations

Gail Roose, Manager of Facilities Services

Yvette Washington, Manager of Bus Operations

Robert Williams, Manager of Mobility Services

Michelle Whitlow, Manager of Procurement & DBE Liaison

2027

Building Our Future

2. Letter from the CEO and CFO

TheRide

Dawn Gabay Operations Center
2700 S. Industrial Highway
Ann Arbor, MI 48104

734-973-6500 **Phone**
734-973-6338 **Fax**
TheRide.org **Online**

September 17, 2026

On behalf of the Executive and Management teams at the Ann Arbor Area Transportation Authority (TheRide), we are pleased to submit the Recommended FY2027 Operating and Capital Budgets (the budget) for consideration and adoption by the Board of Directors on September 17, 2026.

In FY2027, TheRide will continue delivering the full range of services our community relies on while advancing the strategic priorities in our Corporate Business Plan: excellence in service delivery and customer retention, attracting new riders, and continuous improvement. The budget maintains current service levels, holds fares unchanged, and carries forward the major capital investments outlined in our Long-Range Plan. It reflects reasonably conservative financial assumptions and positions the agency to remain financially stable while we prepare for strategic work ahead.

The budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and Board Governance Policies. The Board has delegated to the Chief Executive Officer (CEO) the responsibility to prepare a balanced budget which achieves the Board's objectives ("Ends") and avoids deficit spending and fiscal jeopardy. The budget achieves both requirements while positioning TheRide to continue providing excellent service to our communities and constituents.

Matt Carpenter
Chief Executive Officer

Dina Reed
Deputy CEO, Finance & Administration

3. Executive Summary

The FY2027 Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish the Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the Board's stated goal 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.

While the Board's Ends inform *what* the agency is to accomplish, Executive Limitations provide the framework for *how* the agency operates. The CEO and staff must comply with the Board expectations regarding administrative and operational decisions (i.e., Executive Limitations policies). These policies ensure transparency, reporting, and fiduciary oversight by the Board. Examples of key Executive Limitations policies include:

- Ensure passengers and customers are well treated
- Ensure staff are well treated and that TheRide is an attractive employer
- Ensure that the Board, riders, and the public have opportunities to shape the future direction of the agency
- Ensure transparency and accountability
- Maintain the financial health of the organization
- Does not risk fiscal jeopardy
- Maintain assets of the organization in good condition
- Compliance with all applicable laws (numerous local, state, and federal laws enable and constrain what TheRide can do)

TheRide's strategic circumstances have changed. Before the pandemic, our focus was on internal improvements within a stable external environment. Today our internal operations are stronger, but the external environment is less predictable. Political conflict at the state and federal levels creates risk for our largest funding partners, along with the potential for funding cuts or macroeconomic disruption. Ridership growth and security remain high priorities. Growing ridership is what the Board's Ends ask of us, and safe, secure service is what keeps current riders and attracts new ones.

To advance the Board's Ends, the Executive Team (CEO and Deputy CEOs) updated the Corporate Business Plan (the business plan) with a revised assessment of our strategic situation, refreshed initiatives, and preparation for a less certain future. The FY2027 Corporate Business Plan outlines initiatives for the next twenty years, with some projects carried forward from FY2026. The updated business plan assumes more economic uncertainty over the next few years and places greater emphasis on risk management. The plan also gives the Board, staff, and the public an opportunity to discuss priorities before the budget process adds further detail. We expect to maintain all current services in FY2027, with no fare increases, and to continue advancing capital projects identified in the long-range plan, TheRide2045.

The business plan informs strategic objectives and outlines what will be achieved within the operating and capital plans. The annual budget provides funding to support the following organizational objectives:

- Excellence in Service Delivery & Customer Retention
- Attract New Riders & Increase Ridership
- Continuous Improvement

The Recommended Budget shows the revenue and expense assumptions needed to maintain current services and fund initiatives that advance the Board's Ends. The assumptions are reasonably conservative and are presented alongside future projections, consistent with the budget materials already reviewed by the Finance Committee and Board during the FY2027 cycle. The outlook for the budget is stable, supported by the existing millage, in place through the summer of 2028.

The Operating Budget

Operating Budget Initiatives

Prioritization is necessary when organizations balance ambitious goals with limited resources. Leadership can set priorities in advance or allow them to emerge through daily decisions. Prudence suggests that the Board and CEO set clear areas of focus to guide effective and transparent decisions.

This year's Business Plan states the CEO's categories explicitly. The Ends are grouped into Core Services, Ridership Growth, and Value Added. The recommended budget maintains existing services while preserving capacity to fund Board priorities as they are finalized through adoption.

a. **Institutional Stability** - The agency must continue to be able to deliver results.

   i. **Public Support (1.5)** – Public and political support, not necessarily from special interests. Competence and social mission

   ii. **Value and Efficient Stewardship (1.0)** - With limited resources we must be cost-effective to create the greatest value for the largest number of people

b. **Excellence in Service Delivery & Social Mission Populations** – Our mission starts with the daily rider experience, where over 90 percent of our resources support reliable service. Sustaining high-quality experience for current riders is the most effective way to expand our reach and our impact on the community. Retaining riders is the foundation for attracting new ones.

   i. Serving Low-Income Residents (1.3.1) - People who are not able to drive, occasionally or at all, due to income limitations

   ii. Serving All People Irrespective of Limitations (1.3.2) - People with disabilities, impairments, seniors, minors, youth, non-English speakers, and visitors

   iii. Economic: Workers, Students, Residents (1.2) - Every worker, student, or resident we serve achieves social and economic mobility for personal betterment

   iv. Customer Satisfaction and Feelings of Safety (1.3.3, 1.2.1) - Descriptive qualities of an attractive transit service, not outcomes themselves

The budget also provides funding for Ridership Growth Priorities. These priorities address growth and system advancement to increase our reach and ridership (1.2): expanding services and infrastructure, building on policy-driven demand, and integrating our service area with a broader range of mobility options. The specific execution of most ridership growth efforts is outlined in the Long-Range Plan.

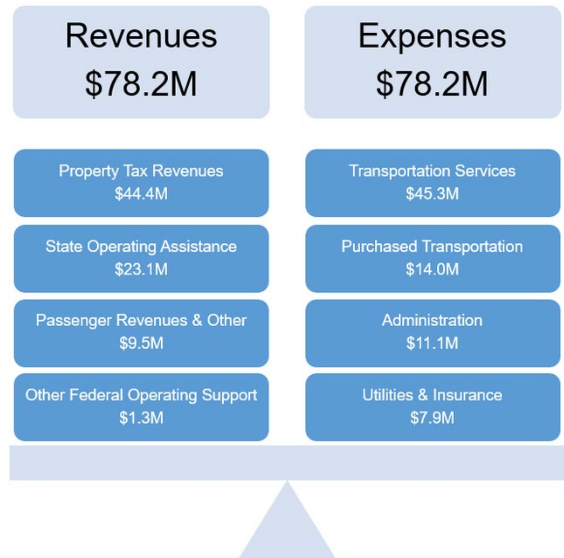
Initiatives are approved in the context of organizational priorities and available resources, and they align with the business plan.

Operating Budget Summary

This balanced budget funds TheRide's highest priorities. Direct funding for transportation services makes up over 75 percent of total expenses.

Key assumptions include:

- Full current service levels maintained, consistent with the FY2027 Business Plan transition year
- Property tax revenues at the voted 2.38 mills applied to updated taxable values, with the millage in place through the summer of 2028
- Higher State Operating Assistance based on MDOT's preliminary FY2027 distribution rate
- Inflationary impacts
- No fare changes
- Ridership consistent with FY2026 levels
- No reliance on federal formula funding for operations



The budget is balanced when revenues are equal to or greater than expenses. The FY2027 budget is balanced.

The Capital Budget

Capital Budget Initiatives

The largest costs in the FY2027 capital budget are construction of the Ypsilanti Transit Center, redesign of the Blake Transit Center, planning for a new bus garage and bus rapid transit, and continued investment to keep the fleet and facilities in a state of good repair.

a. Ypsilanti Transit Center Construction (Business Plan initiative 12) - Construction of the new transit center begins in FY2027, the largest single capital investment in the budget at $15.4 million, supported by dedicated federal awards including Congressionally Directed Spending and Section 5339 discretionary funds.
b. Blake Transit Center Construction (Business Plan initiative 13) - The Blake Transit Center platform must be redesigned to efficiently accommodate the loss of bus bay capacity on Fourth and Fifth Avenues and future service expansion. FY2027 funding continues design and early site work.
c. Bus Garage Planning Studies (Business Plan initiative 14) - With the operational expansions planned through the Long-Range Plan, TheRide continues assessing the need for expanded storage and maintenance capacity to accommodate expanded service and fleet requirements.
d. Bus Rapid Transit Planning Studies (Business Plan initiative 15) - The Washtenaw Avenue corridor carries the highest and most continuous ridership between downtown Ann Arbor and downtown Ypsilanti. FY2027 funds continue analysis and early design toward a bus rapid transit service.

The budget provides for capital costs and investments necessary to maintain the existing facilities, fleet, and other assets owned by TheRide. Keeping existing assets in a state-of-good-repair is a federal requirement and helps avoid over-spending on new projects or a backlog of deferred maintenance (see Board policy 2.7.3 regarding asset protection). The following initiatives aimed at **excellence in service delivery** are being implemented throughout the next fiscal year and are funded in the budget:

a. Vehicle Replacements (1.4, 2.4.3, 2.7.3) – To maintain service levels and avoid additional maintenance costs, TheRide plans to replace large transit buses, cutaway buses, mobility fleet and support vehicles through the LRP lifecycle.
b. Equipment Replacements (1.4, 2.4.3, 2.7.3) – TheRide replaces major bus components, including engines, transmissions, hybrid drives, batteries and seats, when mileage, oil analysis and maintenance records show that continued repair costs more than replacement, keeping the fleet in a good state of repair.
c. Existing Facilities (1.4, 2.2.1, 2.4.3, 2.7.3) – Improvements to existing facilities center on the Dawn Gabay Operations Center: general facility rehabilitation, renovation of the administration interior, a tire storage carousel and wheel alignment system for the maintenance shop, and ergonomic improvements for staff.

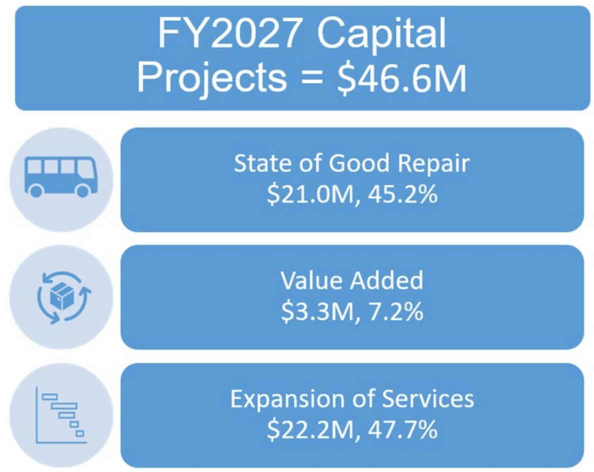
The budget provides for capital costs and investments necessary to upgrade and improve technology systems, clean propulsion, and basic infrastructure. Initiatives focus on opportunities to execute various internal improvements to systems, processes, or technology designed to improve TheRide's internal performance. The budget also includes improvements to the riders' environment, such as bus stops and bus lanes. The following initiatives aimed at **continuous improvement** are being implemented throughout the next fiscal year and are funded in the budget:

a. Information Technology (IT): (1.4, 2.0, 2.7) – Technology improvements include replacements and improvements of major systems required to support transportation services. IT needs are strategically planned for several years at a time and are based on evaluations of systems and software for current and future needs.
b. Bus Stop Improvements: (1.1.2, 1.4) – Focused on improving accessibility for people with disabilities, TheRide is working on improving bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities. Pending funding and issuance of permits, TheRide targets to make 30 to 40 bus stops near sidewalks accessible each year.
c. Bus Lane Improvements: (1.0, 1.4, 2.10) – Pending funding and collaboration with stakeholders, TheRide intends to create and improve bus lanes to make transit more attractive and efficient relative to other modes. Fully dedicated bus lanes will require collaboration with municipal, County, and State partners on changes to the streetscape.

Capital Budget Summary

This balanced budget provides funding to execute on TheRide's highest priorities. A majority of the capital budget is focused on improvements and redevelopment of TheRide's two passenger terminals and transit facilities, along with state of good repair for buses and facilities. Highlights of the capital budget are:

- Planning, NEPA, design and acquisition for the Ypsilanti Transit Center, design services for the Blake Transit Center, and the first year of construction for the Ypsilanti Transit Center
- Replacement buses and support vehicles needed to provide services and comply with the Transit Asset Management (TAM) Plan
- Administration office improvements and ongoing facility maintenance at Dawn Gabay Operations Center
- Facility planning, design, and site recommendations for a future bus maintenance and storage facility

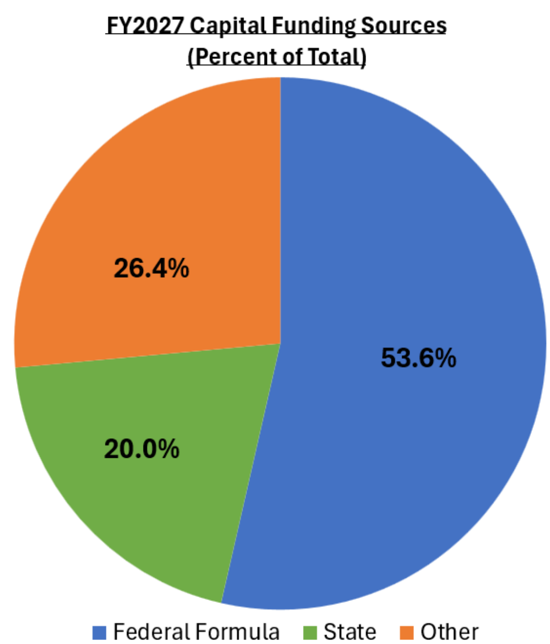


- Planning and design for future Bus Rapid Transit (BRT) services on Washtenaw Corridor

Additional descriptions of expansion and value-added projects are described in the Capital Budget Initiatives section.

The capital budget is fully funded for FY2027 with no use of capital reserves. Federal formula grants, primarily Section 5307 urbanized area and Section 5339 bus and bus facilities grants fund 53.6 percent of budgeted expenses. The required state match, provided through the Comprehensive Transportation Fund, funds 20.0 percent of budgeted expenses.

Other funding of 26.4 percent of the capital budget includes Congressionally Directed Spending (formerly known as earmarks) and Section 5339 discretionary grants dedicated to design and construction of the new Ypsilanti Transit Center.



The Budget Recap

The FY2027 Budget was developed through the spring and summer of 2026, and budget objectives are consistent with the budget introduction in June, the budget preview in July, the draft budget presented at the August 20, 2026 public hearing, and the quarterly financial reports presented to the Board. Operating revenues equal operating expenses at $78,226,909, and the budget is balanced. Key budget risks outlined below will be monitored throughout the fiscal year and managed within the approved budget.

- State Operating Assistance is budgeted to increase over FY2026 at MDOT's preliminary FY2027 urban Local Bus Operating (LBO) distribution rate of 29.9393%, with deliberate conservatism applied to the line. MDOT's final FY2027 rate is not yet published, and the final reimbursement percentage could differ from the assumption in this budget.
- Costs for the first year of the new union Collective Bargaining Agreement (CBA) are reflected in the salaries and wages budget.
- Changes in interest rates or inflation from current assumptions could affect interest income, as well as costs for fuel, materials, and supplies.

A positive fund balance with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2027 will bolster the organization against the risks of uncertainty ahead. The audited FY2025 financial statements confirm this position. The following are key strengths that may mitigate risks:

- No known risks of service reductions or lay-offs in 2027
- Capacity to operate within the budget and available resources
- Operating reserve funds at or above target levels
- Established capital, operating, and insurance reserves
- No indebtedness or significant liabilities
- No significant legacy costs, such as unfunded pension liabilities
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022

The FY2027 Budget provides a comprehensive plan for delivering the full range of services our community relies on while advancing the following strategic priorities in our Corporate Business Plan: excellence in service delivery and customer retention, attracting new riders, and continuous improvement.

4. Introduction

Budget Introduction

The Board of Directors sets the agency's strategic direction and parameters through formal written policies. The organization is committed to achieving The Board's strategic goals (Ends policies). They also set parameters and risk boundaries provided for the CEO, within which staff methods, decisions, and activities can be responsibly left to professional staff to lead and manage (Executive Limitation policies).

Policy 2.4, Financial Planning/Budgeting (provided below), prescribes the limitations that are required to follow when budgeting.

2.4 FINANCIAL PLANNING/BUDGETING

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:

2.4.1	Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
2.4.2	Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.
2.4.3	Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
2.4.4	Is unclear about long-term funding needs and growth projections.
2.4.5	Causes deficit spending.
2.4.6	Does not provide for adequate reserves.
2.4.7	Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.
2.4.8	Funds ongoing operations via debt or creates unfunded future obligations.

Before approving the final budget, the Board will first consider a monitoring report and whether these policy parameters for the budget have been met.

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 (the 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 Business Plan clarifies strategic goals (Ends policies) and outlines how it will achieve them. It serves as a framework for collaboration among the Board, staff, and the public, creating an opportunity to discuss priorities, initiatives and projects before the detailed budgeting process begins. The Business Plan becomes the foundation and 10-year capital projections for context and prudent financial planning.

Aligned with the Business Plan, the budget provides the financial plan to maintain transportation services to the communities we serve. The Budget provides funding to accomplish the following:

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

A large majority of funding in the Budget is for maintaining services, with additional funding to support growth and continuous process improvement.

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

The Budget assumes full-service operations, reflecting the impact and data collected from the second full year of expanded services funded by the higher millage rate passed in August 2022. It includes a substantive increase in property tax revenue based on actual receipts and more refined forecasting derived from historical analysis along with recent data from Washtenaw County. It also accounts for an increase in State Operating Assistance, based on guidance from MDOT to public transit agencies in Michigan.

The budget is the financial roadmap for the fiscal year and aligns financial resources to achieve the Board's goals. While the business plan focuses on the big picture, the budget allocates financial resources to ensure plans have the resources to be achieved. Development of the budget considers impacts of economic and industry conditions and the impact on financial and operational plans. Initiatives in the business plan and the budget are evaluated and prioritized to maximize financial and operational resources.

This presentation of the FY2027 Budget illustrates assumptions of revenues and expenses needed to provide transportation services to the communities we serve and includes funding for initiatives prioritized in the Corporate Business Plan. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current and six-year operating and ten-year capital projections.

In summary, the budget provides reasonably conservative assumptions to maintain current services and fund initiatives important to advance the Boards Ends. The FY2027 Budget incorporates these elements comprehensively and is shared in the context of future projections. The outlook for the budget is stable, and is supported by the new millage, in place through the summer of 2028.

As with previous budgets and noted above, the budget is guided by a strategic business plan which outlines the strategic priorities. This plan is aligned with the Board of Directors' expectations: increasing ridership, excellence in service delivery, and continuous improvement (See *Board's Ends Policies,* in the Board Policy Manual).

The budget presents a balanced financial plan to maintain transportation services. Highlights of the FY2027 Recommended Operating and Capital Budget, with the governing Board policy numbers in parentheses, are:

- Overall operating expenses are $78,226,909, and capital investments are $46,605,326
- Addresses the long-term financial picture by presenting a 7-year operating plan (1.0, 2.4)
- Addresses the long-term financial picture of capital projects by presenting a 10-year capital plan (1.4, 2.4.3, 2.7.3)
- Funds the priorities from the Corporate Business Plan (1.0, 1.2, 1.3, 1.5)
- Presents a 10-year capital plan, and programs federal and state funding for major projects in FY2027 (2.4, 2.7):
    - Design work for both the Ypsilanti and Blake Transit Centers (1.2, 1.3.3, 1.4)
    - Final Design, Planning and the first year of Construction for the Ypsilanti Transit Center (1.2, 1.3.3, 1.4)
    - Replacement and rehabilitation of fixed-route buses (1.4, 2.7.3)
    - Capital maintenance for Dawn Gabay Operations Center (1.4, 2.2.1, 2.7.3)
    - Development and deployment of Intelligent Transportation System (ITS) replacement (1.4, 2.0, 2.7)

Corporate Strategic Plans

The FY2027 Budget is the funding plan for achievement of goals established by TheRide's Board of Directors. Corporate strategic planning establishes the programs and initiatives to help the organization achieve these Ends. As of mid-2026, key focus areas are ridership growth, funding stability, and macroeconomic disruptions. Transit agencies like TheRide are now focusing on service adjustments to meet evolving needs, while also addressing challenges in recruiting and retaining essential staff. TheRide continues to support and cultivate a strong internal team ready to meet agency needs and serve the Ann Arbor area. Local support in the community and from the state remains robust. The budget includes funding for the full schedule of transportation services, and initiatives referenced in the FY2027 Corporate Business Plan.

Financial Executive Limitations Policies

TheRide's Board of Directors controls and directs the organization with approved policies. The Board Policy Manual is available on TheRide's website. Many of the policies have direct impacts on shaping the annual budget. For example, the Board has set clear limitations upon Financial Planning and Budgeting

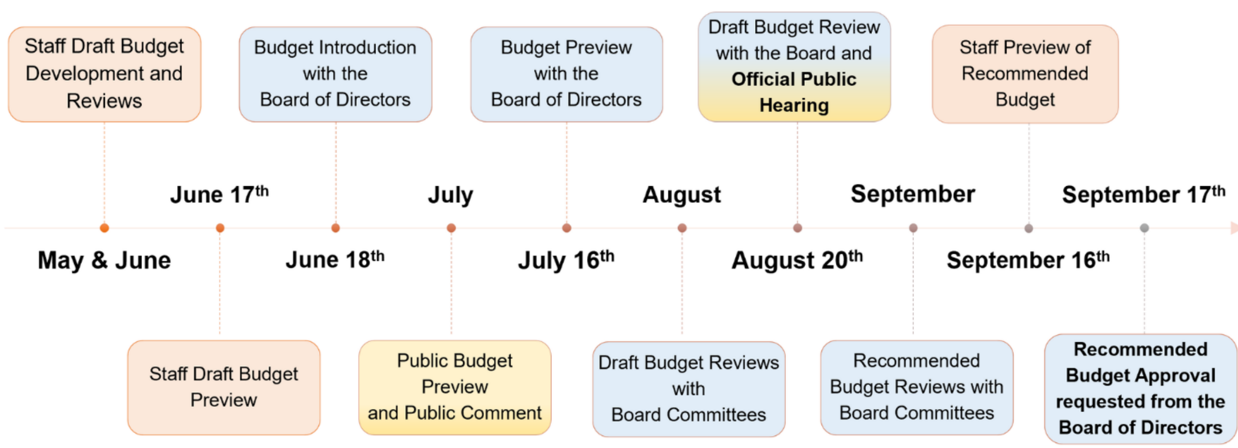
(Policy 2.4), Financial Conditions and Activities (Policy 2.5), Cash and Investments (Policy 2.6), Compensation and Benefits (Policy 2.3), and Asset Protection (Policy 2.7).

These policies require financial planning and budgeting to align with the Board's Ends, be developed using sound financial practices, and incorporate strategic and multi-year planning. The Board's policies require practices that meet Generally Accepted Accounting Principles (GAAP), comply with federal, state, and local laws, describe practices for handling cash and investments, and require Board authorization for adjusting passenger fares, property tax rates, or buying or selling real estate. Other Board policies guide treatment of the public and employee relations.

Budget Process and Timeline

The budget process is a collaborative process that includes interactive communication with staff, stakeholders, the public and the Board. Public review and comment opportunities provide transparency of the process and the budget and are valuable opportunities to listen to our stakeholders. As such, communications to the public exceed minimum federal and state budgeting requirements. The timeline for review and adoption of the budget is shown on the following page.

Figure 1 Budget Timeline:



- **May/June/July:** Development of the baseline budget, defined as financial resources required to provide transportation services as scheduled for the fiscal year and in alignment with Board policies. The budget is developed in context of current economic conditions, operations and business plans. The process includes many activities, such as evaluating budget performance and projections with department managers, reviewing staffing levels, analyzing impacts of current collective bargaining agreements, reviewing asset maintenance plans, analyzing historical trends of key drivers, and forecasting revenues and expenses.

- **August/September:** A draft operating and capital budget with a multi-year forecast was provided at Board meetings and committee meetings. The operating budget preview was made available for public review starting August 1st and will remain accessible through budget adoption on September 17, 2026.

- **August:** A draft budget was provided to the Board of Directors at the August 20, 2026 meeting. The public input period began in August, and the official public hearing, as required by state law, was held during that meeting.

- **September:** The Board receives the Recommended Budget for approval at the September 17, 2026 Board meeting. The Michigan Uniform Budgeting and Accounting Act of 1968 requires Board adoption prior to incurring any expenditures on October 1, the first day of the new fiscal year.

- **October:** Fiscal Year 2027 will begin October 1, 2026, with the newly adopted budget.

5. The State of TheRide

Financial Condition

TheRide is financially stable and is expected to remain so through FY2027 and for the duration of the approved millage. The current fiscal year is tracking favorably against budget, consistent with the quarterly financial reports presented to the Finance Committee. The reserve balance remains strong, as property tax revenue supports ongoing operations and service expansion. While future impacts of regulatory changes and political shifts remain uncertain, financial strengths include:

- No known risks of service cuts or lay-offs in FY2027
- Continuing to operate within the budget and available resources
- Operating reserve funds at or above target levels
- Established capital, operating, and insurance reserves
- No indebtedness or significant liabilities
- No significant legacy costs, such as unfunded pension liabilities
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022

The agency's financial statements continue to show a strong position, confirmed by another successful independent audit for FY2025. The FY2027 budget preserves that financial position and continues the practices that produced it.

Fund Description, Structure, and Balances

TheRide operates with cash and investment asset accounts, through which operating, capital, and investing transactions flow during the fiscal year. The term *fund balance* is used to describe the net position of the general fund as calculated by GAAP. It is illustrated in the net assets portion of the balance sheet on the financial statement, also often referred to as equity. The fund balance represents the accumulated annual surpluses or deficits over the lifetime of the agency, inclusive of all reserves designated within it by the Board of Directors.

When liabilities are high and the fund balance is low, the cash and investment accounts used day to day are supported by debt, unearned revenue, and other obligations yet to be paid. This balance sheet condition can lead to financial instability, reduced flexibility, and a limited ability to use available funding sources.

TheRide currently maintains a positive fund balance coupled with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2027. This will bolster the organization against liquidity issues, budget cuts, and other risks that could jeopardize the organization's ability to carry out its mission. The effect of the FY2027 Operating Budget on the fund balance is discussed in the Impacts of the 2027 Budget, Section 7, on page 48.

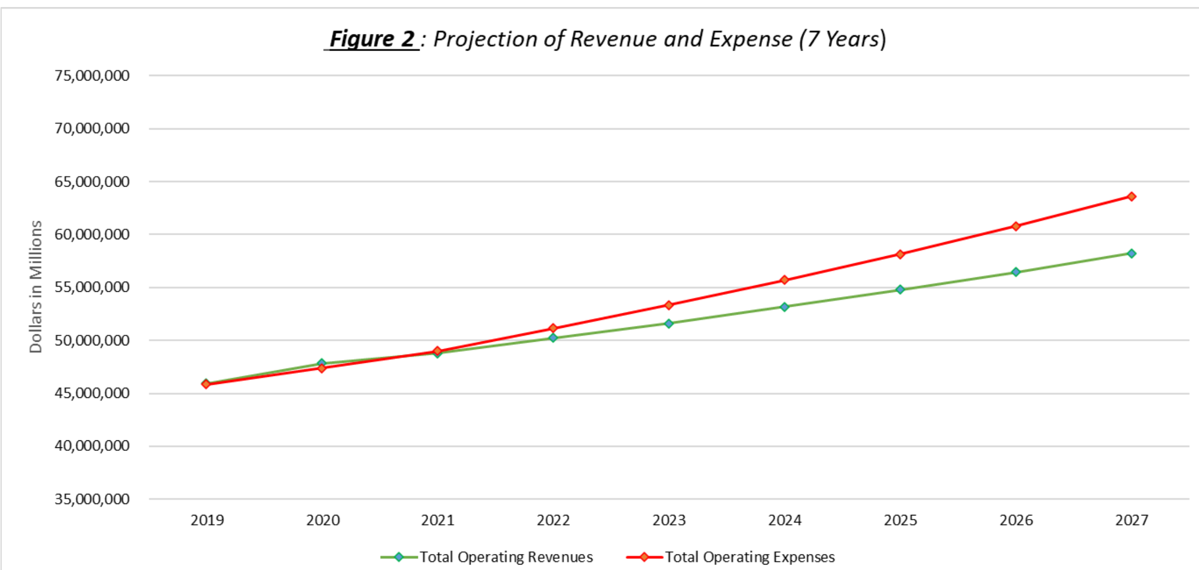
Current Millage Provides Longer-Term Financial Stability

Before the pandemic, TheRide faced financial challenges. In 2019, budget forecasting showed deficits starting in FY2021 because expenses were growing faster than revenues. Audited financials from 2015-2019 revealed that costs grew on average 6.1% annually, while revenue growth averaged 4.8%. This audited data demonstrated that the property tax millage which funded service expansion in 2014 was insufficient to cover expansion costs as indicated in the Five-Year Transportation Improvement Plan (5YTIP). In effect, TheRide was operating beyond its means.

Previous budgets were balanced by using federal formula funding, which is intended primarily for capital investments, to support operations. Federal formula funding is the agency's primary source of available capital funding to maintain assets in a state of good repair, meet federal requirements, and invest in other capital projects. Using this funding for operations reduces the funding available to purchase new buses, maintain and improve facilities, and invest in other capital and expansion projects. Even with federal formula funds used for operations, projections in 2019 showed operating deficits growing from $190,000 in FY2021, or 0.4% of budgeted expenses, to more than $5.4 million in FY2027, or 8.5% of total costs. The projections showed that TheRide needed another solution to address the structural deficit, and that federal formula funding could not sustain ongoing operations.

Figure 2 below illustrates the gap in revenues and expenses through FY2027, as projected in 2019.

Figure 2: Former Projection of Revenues and Expenses (from 2019)



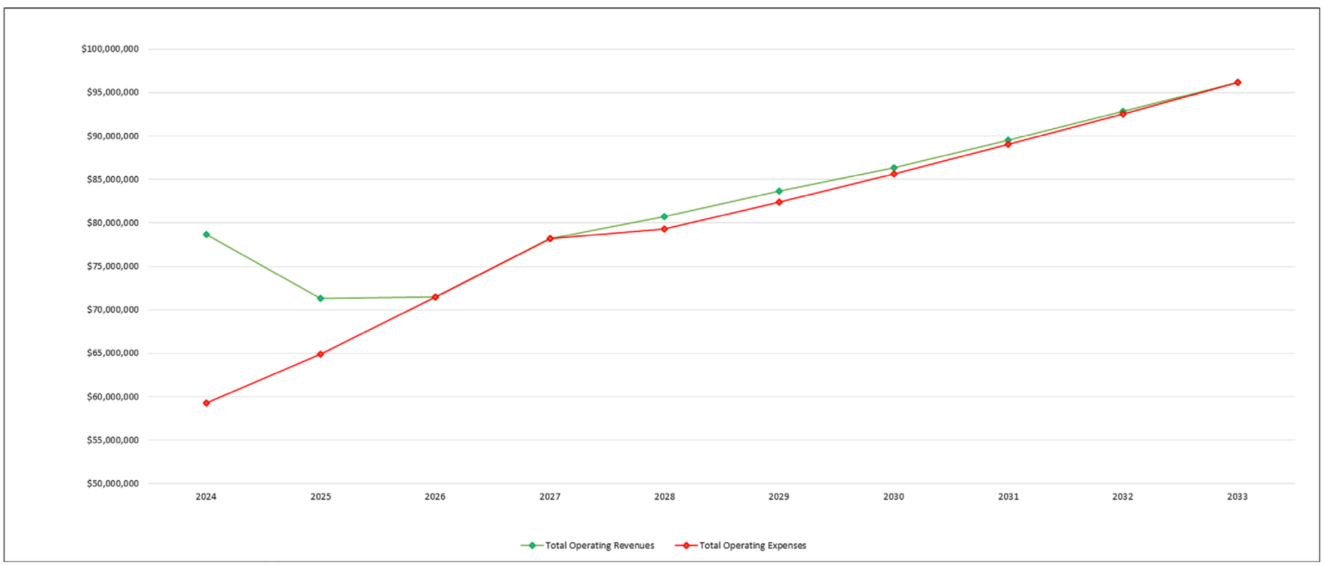
In early FY2020, cost control measures were under way. When the pandemic emerged, TheRide's financial situation became more precarious, and immediate cost saving measures were needed, including service suspensions and layoffs affecting 42 employees. Those pandemic-related changes, together with federal relief funding, provided immediate relief for FY2021, and in FY2022 TheRide returned to full service. The remaining federal relief funding renewed financial stability and provided funding for a balanced budget through FY2024. These actions delayed the pre-existing structural deficit from 2021 to 2024, and they did not resolve it. One-time federal funding provided short-term relief. It could not sustain ongoing operating costs.

The need to refocus on the structural deficit became more urgent as the 2018 property tax millage approached its scheduled expiration in 2023. As the emergency phase of the pandemic stabilized, TheRide prioritized recovery and future service needs. Work on the long-range plan accelerated, and staff developed new projections for key operating drivers and budget impacts.

With a vision for future service and continued transparency about operating budget projections, staff developed a millage proposal to address both needs. The Board and voters in our communities supported the proposal, which was approved on August 2, 2022. The millage proposal funded the structural deficit, re-established federal capital funding that had been supplementing the operating budget and provided funding for the first phase of the long-range plan, which improves service to our communities.

This achievement changed TheRide's financial position. The projection of revenues and expenses, for the first time in years, showed that TheRide had secured funding to improve transportation services and support commitments to our communities. The new millage began in 2024 and funds fiscal years 2025 through 2029. Expanded services began in August 2024 and continue today. As shown in Figure 3, TheRide is expected to provide services as promised and maintain financial stability throughout the seven-year projection period to fiscal year 2033.

<u>Figure 3: Current Projection of Revenues and Expenses (FY2024 to FY2033)</u>



The FY2027 budget is balanced at zero. Total operating revenues are projected to exceed expenses through FY2032, with the margin narrowing each year as costs increase. By FY2033 the projection is roughly break-even. State Operating Assistance is budgeted at MDOT's preliminary FY2027 urban Local Bus Operating distribution rate with deliberate conservatism applied to the line. Growth in local property tax revenue, supported by the millage and rising assessed values, provides the durable base for stability at the voter-approved 2.38 mills, as reduced annually by the Headlee rollback. The millage is in place through the summer of 2028, and the next five-year millage cycle begins in 2029. Continued funding for the services it supports beyond that point will depend on voter approval of a renewal.

Throughout the forecast period, expenses are expected to grow with inflation in wages, healthcare, fuel, and parts, and with the full-year cost of millage-funded service. Revenues are anticipated to stay ahead of expenses through the 2028 tax levy horizon, consistent with Board policy. Funding for any additional services not currently provided or stipulated in the current millage proposal, and funding for current service levels beyond 2028, will need to be addressed through future millage renewals or other funding sources.

We have delivered results in recent years, and that success carries a responsibility to provide the services promised and manage public resources prudently. Financial stability will be maintained through effective financial controls, disciplined stewardship of organizational resources, and decisions consistent with Board policies.

Financial Opportunities

TheRide's budget for fiscal year 2027 will ensure the continued delivery of high-quality services, demonstrate careful stewardship, and provide transparency of future challenges with the seven-year budget forecast. Development of the budget was guided by the following principles:

- Compliance with budgeting policies recommended by the Board of Directors to ensure financial stability
- Budget for the priorities outlined in the Corporate Business Plan
- Support safe operation of transportation services
- Maximize value provided to passengers and taxpayers
- Ensure funding for stable operations
- Ensure TheRide's assets are maintained in a state of good repair
- Support future expansion efforts
- Fund continuous improvements that improve the quality of services and efficiencies

Ensuring adequate operating reserves and the capital investment focus for TheRide's assets are priorities which warrant additional brief discussion, as follows.

Ensuring Adequate Operating Reserves

Reserves are an important part of a healthy budget. They buffer the agency from unexpected costs and disruptions to revenues. Without adequate reserves, the agency risks insolvency from changes beyond our control or from emergencies such as extreme economic conditions, sudden ridership losses, or a global pandemic.

Board Policies (2.4.6, 2.5.8) require budgeting to provide reserves adequate to cover near-term operating expenses. Through Board adoption, TheRide established the following reserves:

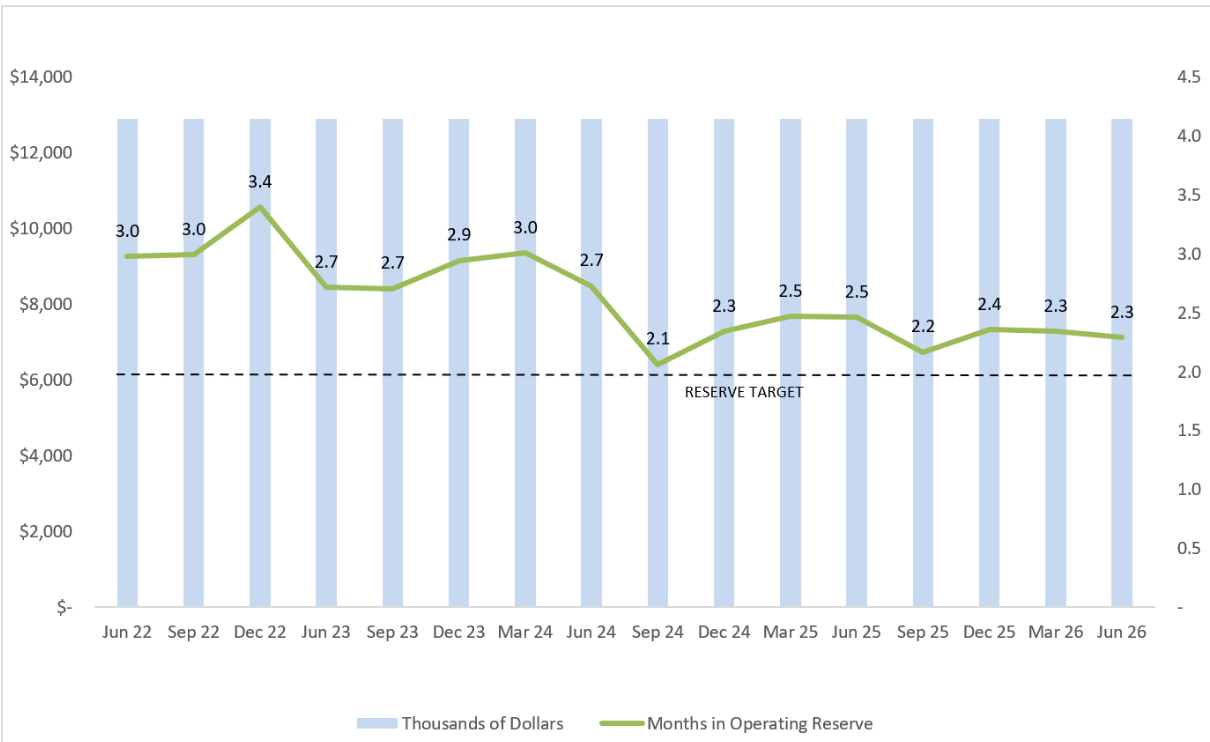
- Operating reserve, with a target of 2.0 months of operating cash, aligned with GFOA guidance
- Capital reserve, which requires Board approval before funds are used (Board Policies 2.5.7, 3.2.12)
- Worker's compensation insurance reserve of $500,000
- Vehicle damage reserve of $1,000,000

Operating Reserve

Up through FY2024, the operating reserve had a target level of 2.5 months of operating cash. Starting in FY2025, given the level of fund balance, the CEO and CFO determined that a less conservative stance was warranted and aligned the operating reserve target with GFOA best practices at 2.0 months. Several factors, including a structural deficit, contributed to the initial position that AAATA should maintain operating reserves of 2.5 months for many years. With the August 2022 millage and prudent use of pandemic relief funds, AAATA has gained financial stability by eliminating the structural deficit and establishing adequate reserves.

Due to the pandemic and associated federal relief funds, the operating reserve cash position improved in FY2021 and remains strong, as shown in Figure 4 below. Operating reserve projections are included in Impacts of 2027 Budget, Section 7, on page 48.

Figure 4: Historical Operating Reserve Balances in Months and Dollars ($ in thousands)



Worker's Compensation Insurance Reserve

The worker's compensation insurance reserve was created to fund claims and manage budget risk. The reserve is fully funded.

Vehicle Damage Reserve

The vehicle damage reserve was established at the start of FY2026 in lieu of physical damage insurance that was expensed annually but never used in practice. The reserve is funded at $1,000,000, sized to replace one large bus in the event of a total loss. The vehicle damage reserve is fully funded.

Capital Investment Focus

Our capital plans balance maintaining current assets with investments in future expansions. The FY2027 budget includes funding for facility improvements and state of good repair needs for vehicles, equipment, and other assets. In alignment with federal regulations, the Transit Asset Management (TAM) Plan helps ensure assets are in good condition and ready to support TheRide's services. While TheRide's fleet and equipment are in a good state of repair overall, facility renovations are a focus of the 2027 capital budget. These improvements include the redevelopment and construction of enhanced facilities at the Ypsilanti and Blake Transit Centers. Capital budgeting also includes resources for a bus maintenance and storage facility, bus stop improvements, and a new bus rapid transit line.

TheRide's Transportation Services and Ridership

In addition to a strong fixed-route bus service, TheRide provides a diverse array of services. Demand response services are undergoing a period of expansion and change in response to technological advances and changes in planning approaches. FlexRide has been used to replace low-demand fixed routes resulting in improved service quality and cost efficiency.

Steps are also being taken to improve cost efficiency and service quality for A-Ride, GoldRide demand response, and FlexRide demand response (now serving late night and holiday service), which are less cost-efficient compared to fixed-route services.

Within the strong overall performance, various opportunities for improvement were identified. Some changes are being addressed currently, some will be addressed over the next few years, and additional improvements will be considered over the longer term. Service changes are guided by our approved long-range plan, TheRide 2045.

In this section, current services, recent changes to current services, and corresponding ridership activity are discussed. Ridership is an indicator of the success of our services. As indicated in the Board's Ends, AAATA exists so that an increasing proportion of residents, workers, and visitors in the service area utilize public transportation options (Board Policy 1.0). Ridership is tracked and measured to gauge how frequently our services are used and to understand the value of those services to stakeholders. Ridership projections are developed by analyzing historical trends, evaluating impacts of service changes, considering local and national trends, and aligning with long-term projections. Ridership is a key driver used to estimate passenger fare revenues and other revenues and expenses, as described in the key budget assumptions for operating revenues and operating expenses in Section 6, 2027 Budget, of this document on page 28.

The following are descriptions of current services offered at TheRide, explanations of service changes and improvements, and ridership assumptions impacting the budget.

Fixed-Route Services and Ridership

Fixed-route public transportation services are regularly scheduled transportation available to the general public and are provided according to published schedules along designated published routes with specified stopping points for boarding and alighting passengers. Fixed-route bus service operated by TheRide includes bus routes in Ann Arbor, Ypsilanti, and nearby townships as shown on the System Map.

Fixed-route ridership represents approximately 97% of all ridership for services offered by TheRide and is the most common comparison metric for mid-sized and large public transportation agencies. Because fixed-route service makes up most ridership, it is also the primary driver for budget projections of total passenger fare revenues.

Ridership growth peaked in 2018-2019, then dramatically declined in early 2020 when coronavirus emerged in mid-March. Ridership losses were then sudden and severe, dropping by nearly 90%, and many fixed-route services were suspended due to lower demand and public safety. Services were gradually restored to full-service levels in August 2021.

As shown in Figure 5 below and Figure 6 on the following page, monthly fixed-route ridership trends turned mixed during FY2026 after a strong first year of expansion-driven growth. Ridership has run below the pace assumed in the FY2026 budget. The FY2027 operating budget reflects conservative assumptions, planning for ridership to hold near current levels rather than assuming continued growth.

Figure 5: Annual Fixed Route Ridership

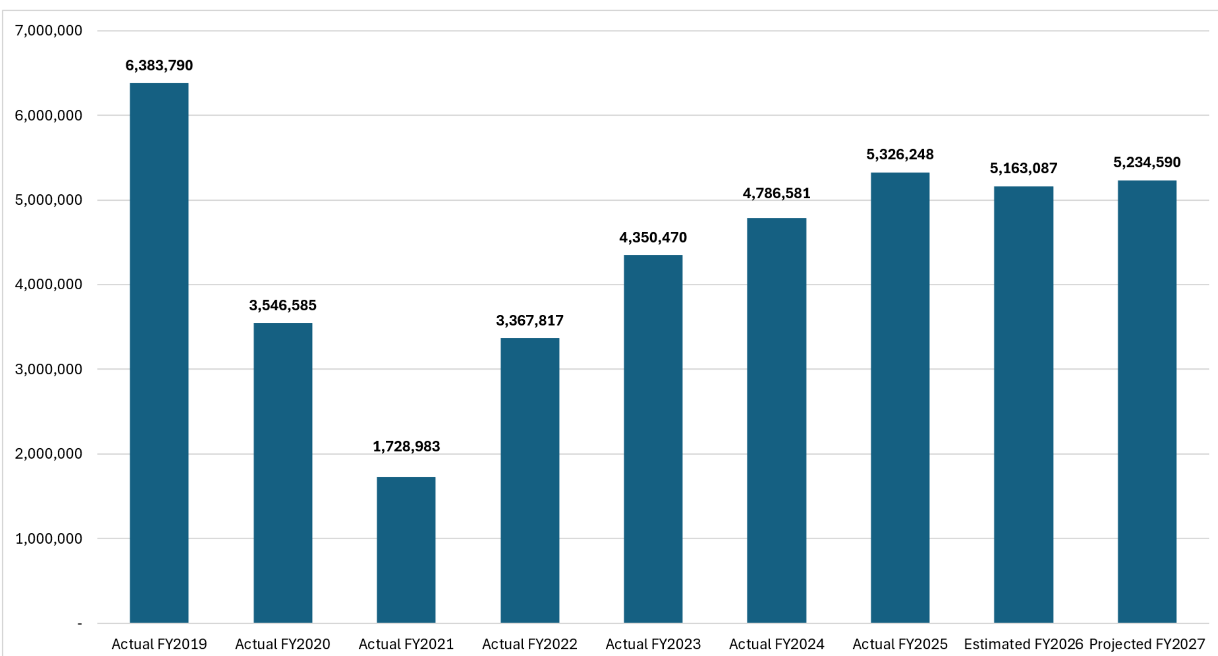
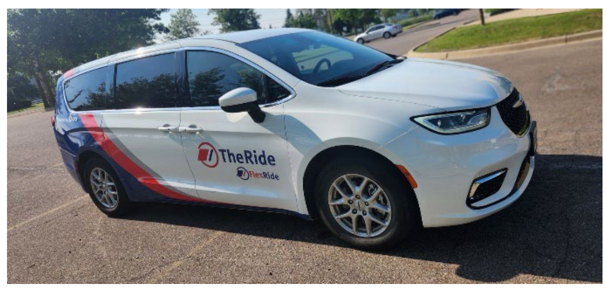


Figure 6: Monthly Fixed Route Ridership

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul*	Aug*	Sep*
FY2025	556,838	467,172	370,615	449,790	454,952	463,889	488,656	400,318	358,405	377,551	426,247	511,551
FY2026	524,348	432,899	358,043	424,441	445,282	475,313	462,982	369,438	353,237	362,051	408,748	490,550

**Projected for FY2026*

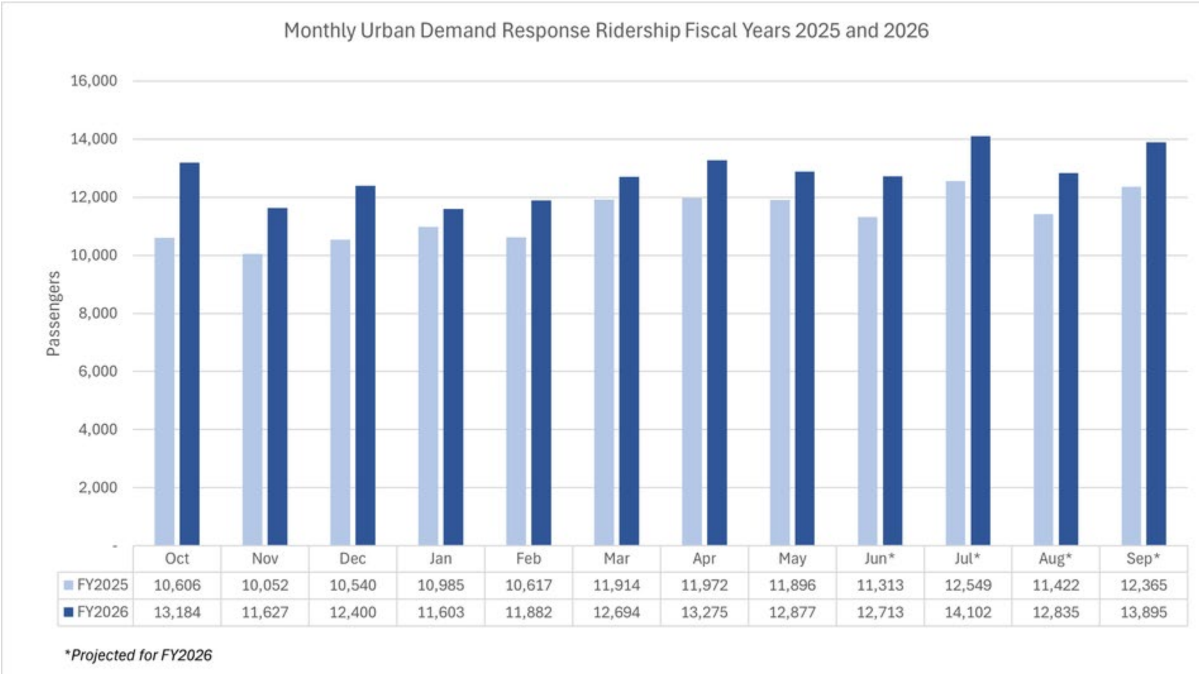
Urban Demand Response Services and Ridership



Demand response services are services where passenger trips are generated by calls from passengers requesting specific transportation trip services from TheRide. TheRide provides a range of accessible, flexible, on-demand services, including A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Total ridership for urban demand response services is running 10% to 15% higher year-over-year in FY2026, continuing the growth trend that began with the FY2025 service expansion, when ridership rose 13% over FY2024 (131,656 passengers, up from 116,372). The growth is concentrated in NightRide and HolidayRide, where ridership has gone up considerably year-over-year. A-Ride ridership, by comparison, is roughly flat. A comparison of total ridership for all demand response services combined is illustrated in Figure 7 on the following page.

Figure 7: Urban Demand Response Ridership



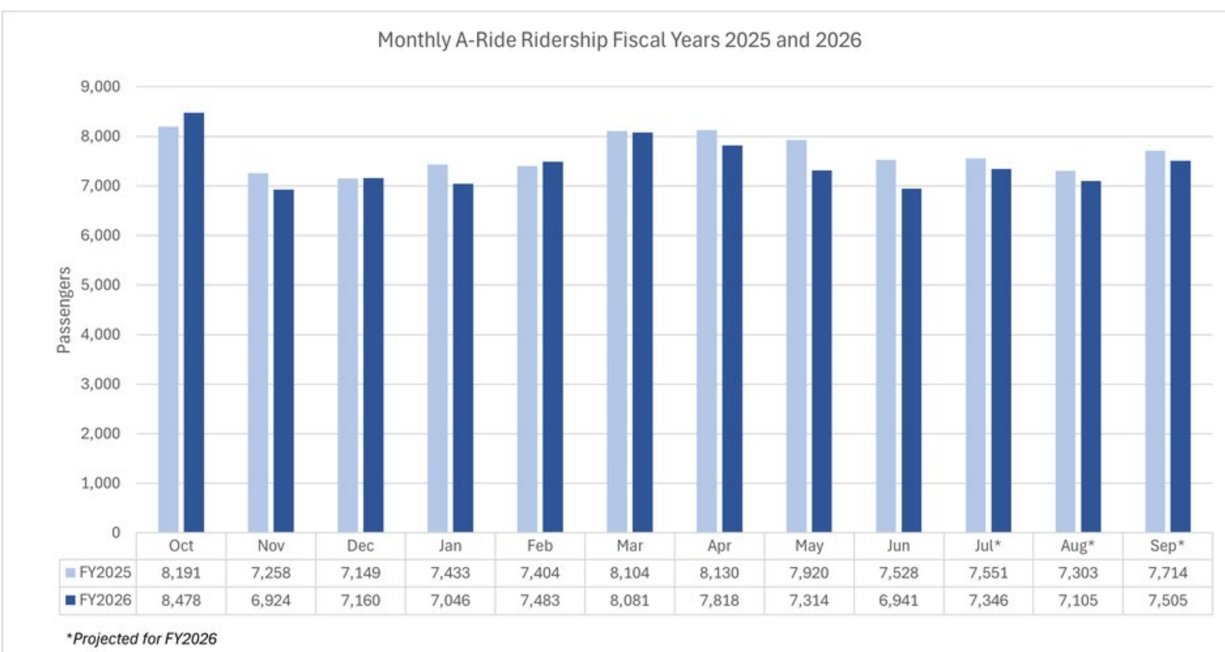
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun*	Jul*	Aug*	Sep*
FY2025	10,606	10,052	10,540	10,985	10,617	11,914	11,972	11,896	11,313	12,549	11,422	12,365
FY2026	13,184	11,627	12,400	11,603	11,882	12,694	13,275	12,877	12,713	14,102	12,835	13,895

Projected for FY2026

A-Ride Services and Ridership

A-Ride is a shared, reservation-based accessible service. This service provides quality transportation for persons with disabilities. A-Ride provides origin-to-destination, curb-to-curb, and door-to-door service and operates during fixed-route service hours. A-Ride trips are provided in accessible lift-equipped buses. A-Ride is a paratransit service, available for people with disabilities who are unable to use fixed-route services. A-Ride services exceed the minimum requirements for a fixed-route public transportation agency to provide ADA complementary paratransit services to ADA eligible individuals. A-Ride ridership has remained roughly flat through FY2026, in contrast to the strong growth in TheRide's microtransit services.

Figure 8: A-Ride Ridership



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul*	Aug*	Sep*
FY2025	8,191	7,258	7,149	7,433	7,404	8,104	8,130	7,920	7,528	7,551	7,303	7,714
FY2026	8,478	6,924	7,160	7,046	7,483	8,081	7,818	7,314	6,941	7,346	7,105	7,505

Projected for FY2026

6. 2027 Budget

Budget in Brief

TheRide enters FY2027 in sound financial position, with the structural deficit of the late 2010s resolved by the August 2022 millage. The current millage is in place through the summer of 2028. TheRide carries no debt and no unfunded pension liabilities. Reserves are fully funded with the operating reserve at or above its target of 2.0 months of operating expenses and no planned use of the capital reserve in FY2027. Capital reserves are projected to be used to leverage federal and state funding for expansion projects beginning in FY2029. No federal formula funds are used to support operations, allowing all eligible operating expenses to earn state operating assistance and all federal funding capacity remaining available for capital spending (buses, facilities, technology, etc.)

The FY2027 Recommended Operating Budget is balanced at $78.2 million in operating revenues and expenses, with property taxes and state operating assistance providing most of that revenue. State operating assistance is budgeted at $23.1 million, conservatively below MDOT's preliminary FY2027 published rate. Interest income is budgeted at $2.2 million, based on current rate trends, and has been providing a natural hedge against fuel and parts inflation. Interest revenue projections are assumed to step down as rates normalize in subsequent years. Fares are unchanged from FY2026. The budget funds full service levels for the third year of millage-supported expansion, with conservative ridership assumptions for fixed-route service and sufficient capacity to meet demand in A-Ride, FlexRide, NightRide and HolidayRide. It funds 338 full-time equivalent positions, four more than FY2026, and includes estimates based on the Collective Bargaining Agreement (CBA) ratified on August 31, 2026. The budget includes funding for a comprehensive fare study, an update to the long-range plan (TheRide 2045), and studies to improve maintenance processes in Fleet Services. Studies will inform assumptions for future financial planning. Operating revenues are projected to slightly exceed expenses through FY2032, with the margin narrowing each year as costs rise, and the projection is roughly break-even by FY2033.

The FY2027 capital program is $46.6 million, fully funded with no use of the capital reserve. The Ypsilanti Transit Center is the largest project with $15.4 million to spend in FY2027, which includes the remaining design work and the first season of construction. The $5.5 million replacement of the system behind real-time arrival information and fleet/operations management with an updated intelligent transportation system is the largest technology project in the program.

Budget Overview

The following section outlines the FY2027 Operating and Capital Budget (the budget) in detail. The initiatives outlined in this budget help advance the priorities identified in the ***Corporate Business Plan***. This budget also provides multi-year forecasts and context.

Highlights of the FY2027 Budget include:

- Full services for fixed-route and paratransit services
- Third full year of millage-supported expanded services
- Property taxes and State Operating Assistance (LBO) represent 86% of operating revenues
- Higher State Operating Assistance based on MDOT's preliminary FY2027 distribution rate
- Anticipates no fare changes
- Balanced operating and capital budgets

In addition, the FY2027 budget continues to advance capital initiatives already underway in recent years. The FY2027 capital program totals $46,605,326 and includes:

- Replacement and rehabilitation of fixed-route buses and support fleet
- Planning, design and land acquisition for the Ypsilanti Transit Center and design work for the Blake Transit Center
- Commencement of construction for the Ypsilanti Transit Center
- Deployment and implementation of the Intelligent Transportation System (ITS) replacement
- Additional Value Added facilities projects at Dawn Gabay Operations Center

Operations Overview

In FY2027, TheRide will maintain full, millage-supported service levels for the entire year. The organization remains focused on serving existing riders while continuing to build ridership on the network expanded in FY2025. The FY2027 budget takes a conservative approach to ridership growth, reflecting the mixed ridership trends experienced during FY2026, and prioritizes stable, reliable service.

The following tables present vehicle revenue hours (hours in service) and ridership, with comparisons between FY2025 actual performance and projections for 2026 and 2027, which are the basis for assumptions in the budget.

Figure 9: Projected Vehicle Revenue Service Hours

Service Hours	Actual FY2025	Projected FY2026	Budget FY2027	% Change (2027 vs. 2026)
Local Fixed Route	320,255	319,213	318,392	-0.3%
Urban Demand Response	79,633	81,834	82,073	0.3%
Total Service Hours	**399,888**	**401,047**	**400,465**	**-0.1%**

Note: Urban Demand Response includes A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Figure 10: Projected Ridership

Ridership	Actual FY2025	Projected FY2026	Budget FY2027	% Change (2027 vs. 2026)
Local Fixed Route	5,326,248	5,163,087	5,234,590	1.4%
Urban Demand Response	135,587	152,512	156,522	2.6%
Total Passenger Trips	**5,461,835**	**5,315,599**	**5,391,112**	**1.4%**

Note: Urban Demand Response includes A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Operating Budget

The following tables and charts show the elements of the FY2027 Operating Budget. FY2026 is tracking favorably against budget. In FY2027, operating revenues total $78,226,909, up 9.4% from the FY2026 budget. Operating expenses total $78,226,909, up 9.4% from the FY2026 adopted budget of $71,477,067. Expense growth reflects full-year millage-supported service levels and cost increases across wages and benefits, repair parts and contracted maintenance services, and fuel.

Operating revenues are 9.4% higher than the FY2026 budget, driven by growth in both major funding sources. Property tax revenue is budgeted at $44,369,124, up 6.5%, anchored to the 2026 county tax rolls under the 2.38 mill levy authorized through the summer of 2028. State Operating Assistance is budgeted at $23,060,771, of which $21,101,629 is the urban Local Bus Operating allocation, budgeted with deliberate conservatism below MDOT's preliminary 29.9393% distribution rate for FY2027. Fares are budgeted at $3,995,030 with no fare increase.

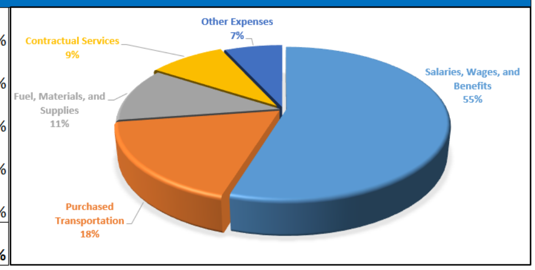
The FY2027 budget is balanced at zero, with revenues equal to expenses. No surplus is transferred to TheRide's reserves or fund balance during the fiscal year. Further details of operating budget expenses and revenues, as well as multi-year comparisons, are highlighted in this section of the budget document.

Operating Expenses

As illustrated in Figure 11, FY2027 Operating Expenses are budgeted at $78.2 million, 9.4% higher than FY2026.

Figure 11: FY2027 Operating Expenses (with FY2026 Comparison)

Operating Expenses	FY2026	FY2027	Change $	Change %
Salaries, Wages, and Benefits	$ 39,656,741	$ 42,859,863	$ 3,203,122	8.1%
Purchased Transportation	13,902,463	13,979,866	77,403	0.6%
Fuel, Materials, and Supplies	7,069,011	8,986,564	1,917,554	27.1%
Contractual Services	5,885,173	7,045,727	1,160,553	19.7%
Other Expenses	4,963,679	5,354,889	391,210	7.9%
Total Operating Expenses	**$ 71,477,067**	**$ 78,226,909**	**$ 6,749,842**	**9.4%**



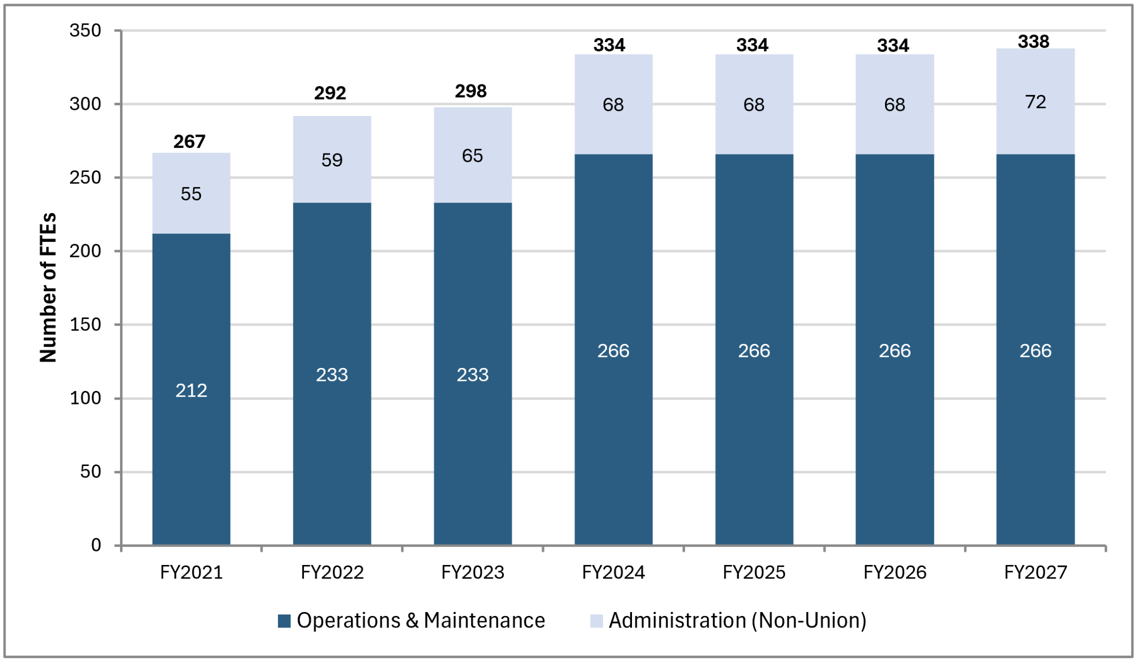
Descriptions of expenses and key budget assumptions are as follows:

Expense growth in FY2027 reflects full-year millage-supported service levels and cost increases in wages, healthcare, and purchased transportation, offset in part by higher State Operating Assistance distribution and property taxes.

- *Salaries and wages* reflect planned staffing levels for the next fiscal year, including costs for the first year of the new union CBA. Pension costs move with wages at the 9 percent defined contribution rate. Health insurance is budgeted from employee benefits renewal information received. Other fringe benefit lines were adjusted based on year-to-date actual trends from FY2026.

  Figure 12 on the following page illustrates full-time employee staffing levels from FY2021 through FY2027. FY2027 budgeted staffing remains at full-year funded levels for all millage-supported positions. Staffing levels can change from time to time as the agency reviews and adjusts how resources should be prioritized to gain efficiencies and improve resource alignment to effectively achieve organizational objectives. Positions are reviewed annually by the Executive Team, including new position requests which are evaluated through the budget initiative process and reviewed in context of multi-year projections to maintain fiscal accountability. Approved changes are incorporated into the budget as funds allow. For FY2027, four additional positions are being added to the budget to support both operational sustainability (2 positions, one for fleet services and one for operations training) and technology improvements (2 positions for the deployment plus ongoing maintenance of technology investments on the horizon). The Recommended Budget allocates funding for positions as illustrated in Figure 12, including associated benefits.

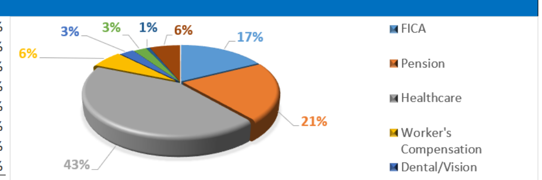
Figure 12: Full-Time Employee (FTE) Staffing Levels FY2021 to FY2027



- *Employee benefits* costs are estimated based on historical actual costs and adjusted for anticipated inflationary rates. Figure 13 provides a comparison of the detailed employee benefits expenses and key assumptions. Total employee benefits are increasing by 7.7% over the FY2026 budget, driven by healthcare, along with the pension and payroll tax costs that move with wages. Workers compensation is budgeted 4.2% below its FY2026 level, and other fringe benefit lines were adjusted based on further analysis of year-to-date actuals from the current fiscal year. Assumptions and explanations for the key drivers are provided below.

Figure 13: Employee Benefits Summary

			Change	
Type of Employee Benefit	FY2026	FY2027	$	%
FICA	$ 2,036,973	$ 2,199,293	$ 162,319	8.0%
Pension	2,413,234	2,664,918	251,684	10.4%
Healthcare	4,891,043	5,357,804	466,762	9.5%
Worker's Compensation	832,441	797,630	(34,810)	-4.2%
Dental/Vision	371,385	352,207	(19,178)	-5.2%
Disability (Short/Long Term)	288,131	334,705	46,574	16.2%
Life Insurance	133,217	92,000	(41,217)	-30.9%
Other*	705,722	774,719	68,997	9.8%
Total Employee Benefits	**$ 11,672,146**	**$ 12,573,277**	**$ 901,131**	**7.7%**



*Other includes Health Care Savings Plan, Post-Retirement, EAP, Unemployment expenses

- FICA (Federal Insurance Contributions Act) or U.S. federal payroll taxes are based on statutory rates. Social Security and Medicare rates are unchanged at 6.20% and 1.45% respectively. The budget is consistent with projected changes in the Social Security wage base ($184,500 in calendar year 2026 with an inflation adjustment assumption) and applied to approved headcount.
- Pension expenses are based on contractual (union) or established rates (non-union) for eligible employees. Consistent with that, 9% of eligible wages are assumed in the budget.
- Healthcare expenses are budgeted 9.5% above the FY2026 budget, based on employee benefits renewal information received.

- TheRide self-insures for workers compensation. The budget is 4.2% less than FY2026 budget to adjust for updated trends in claim reductions in the current fiscal year. The Workers Compensation Reserve remains fully intact, has not been needed to supplement costs, and the budget is sufficient to cover expenses for FY2027.

- *Purchased transportation* expenses are budgeted at $14.0 million for FY2027, up 0.6% from the FY2026 budget. While demand in aggregate is trending below anticipated FY2026 levels, the budget holds costs near the FY2026 level to allow for fluctuations in ridership during the upcoming fiscal year, up to contract limits.

  Additionally, sub-recipient purchased transportation for WAVE and People's Express is budgeted at current contracted levels. Revenues for these services are passed through and the overall impact of these expenses to TheRide nets to zero.

- *Fuel, materials, and supplies* expenses, shown in Figure 11, are increasing 27.1% over the FY2026 budget. Diesel fuel and gasoline are budgeted at $3.9 million, up 35.7%, priced at $4.05 per gallon (the average delivered price since the February spike). The August Short-Term Energy Outlook from the EIA revised wholesale diesel prices upward, supporting the assumption.

  Another major cost in this line item is for vehicle repair parts, which are budgeted at $2.4 million. Increases in vehicle repair parts (including remanufactured engines and transmissions) are causing expenses to rise. For FY2027 the agency will need more replacement engines and transmissions than in a typical year. This "maintenance bubble" is a one-time catch-up rather than a new ongoing cost level. Miles per active bus reached an all-time high in FY2025 as a fleet no larger than before the pandemic absorbed the millage service expansion, bringing forward a group of powertrains that will likely require replacement within the next year. Revenues are available to increase investment in replacement engines ensuring buses remain operational and can be efficiently maintained through their full useful life.

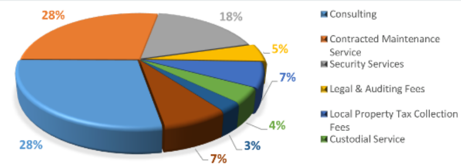
  The balance of the category covers materials, supplies, tires, and lubricants at levels consistent with FY2026.

- *Contractual services* expenses are budgeted at $7.0 million for FY2027, 19.7% above the FY2026 budget. The increase predominantly reflects higher contracted maintenance to support necessary repairs to TheRide's fleet. While much of the work on TheRide's fleet is completed in-house, it is supplemented by contracted vehicle maintenance, primarily for heavy maintenance. The ongoing base sits ten percent above the FY2026 budget to keep maintenance timely, and a one-time provision covers vendor engine and transmission installations if failures require them.

  Other notable contractual services include security services, legal services, and consulting for studies associated with the Corporate Business Plan. Security services are budgeted in accordance with the security services contract, which are primarily consistent year-over-year. All legal services for TheRide are paid through consulting contracts as there are no in-house counsel. The primary contracts are labor consulting and general counsel. Consulting contracts for initiatives in the budget include the fare study, and an update to the long-range plan to assess progress and maintain alignment with the Board's Ends. Figure 14 illustrates the different categories within this line item, and more detail is provided below.

Figure 14: Contractual Services Summary

Type of Contractual Service	FY2026	FY2027	Change $	Change %
Consulting	$ 1,506,500	$ 1,964,320	$ 457,820	30.4%
Contracted Maintenance Service	1,214,826	1,960,899	746,073	61.4%
Security Services	1,208,427	1,238,847	30,420	2.5%
Legal & Auditing Fees	346,650	354,516	7,866	2.3%
Local Property Tax Collection Fees	438,323	508,480	70,158	16.0%
Custodial Service	299,375	305,000	5,625	1.9%
Agency Fees	182,414	188,391	5,977	3.3%
Other	688,658	525,274	(163,384)	-23.7%
Total Contracted Services	**$ 5,885,173**	**$ 7,045,727**	**$ 1,160,553**	**19.7%**



- Security Services are budgeted 2.5% above FY2026. Guard coverage under the security services contract grows as the FY2026 security review is put into practice, while the one-time cost of that review does not recur. The FY2026 security review continues to guide operational improvements that keep riders and staff safe.

- "Other" contractual services are decreasing 23.7% from the FY2026 budget. The main budgetary reduction in this line item is due to planned reductions in temporary staffing support, which is being reduced by approximately $240,000 year over year. Temporary staff provide AAATA with operational assistance as needed to maintain service levels, address workload surges, and ensure continuity in essential functions. These costs fluctuate due to changes in operational efficiency and short-term needs for additional staff during periods of staff turnover. Improvements in both are reducing the need for planned temporary staff next year.

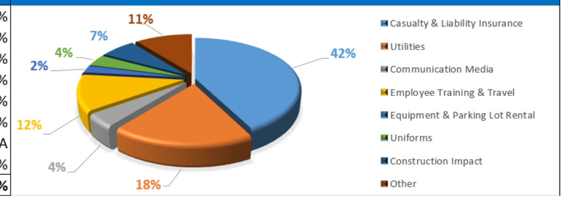
  Local property tax collection fees, a separate line in Figure 14, rise 16.0% to about $508,000, based on the county's collection fee rate verified against FY2025 and FY2026 actuals and applied to the growth in property tax revenue.

- *Other expenses* are budgeted at $5.4 million for FY2027, 7.9% above the FY2026 budget. The primary increase is from costs incurred due to construction at or near TheRide's transit centers, which cannot be capitalized into their respective expansion projects, or as general improvements to the current facilities. The Construction Impact line, new for FY2027, consolidates the temporary operating costs of relocating the BTC to accommodate construction in downtown Ann Arbor and additional expenses related to YTC construction in Summer 2027. Costs include security coverage, rentals, contracted maintenance, etc., with a provision of approximately $349,000 in FY2027.

  Employee training and travel are budgeted with reference to spending trends from the last two fiscal years, and the remaining lines hold near FY2026 levels. Figure 15 highlights the variances in other expenses, with additional details provided below.

Figure 15: Other Expenses Summary

Type of Other Expense	FY2026	FY2027	Change $	Change %
Casualty & Liability Insurance	$ 2,184,370	$ 2,269,744	$ 85,375	3.9%
Utilities	1,018,500	983,972	(34,528)	-3.4%
Communication Media	230,570	231,293	723	0.3%
Employee Training & Travel	658,045	625,105	(32,940)	-5.0%
Equipment & Parking Lot Rental	173,560	125,622	(47,938)	-27.6%
Uniforms	200,000	204,500	4,500	2.3%
Construction Impact	-	348,997	348,997	N/A
Other	498,634	565,655	67,021	13.4%
Total Other Expenses	**$ 4,963,679**	**$ 5,354,889**	**$ 391,210**	**7.9%**



**Other includes dues and subscriptions, employee appreciation, recruiting costs, and Board governance and training*

- Casualty and liability insurance costs increase 3.9% in the FY2027 budget. The budget carries the casualty line at the FY2026 base escalated to cover the renewed insurance program bound on August 1, 2026 in full. AAATA continues to self-insure for automobile physical damage.

- Utilities are budgeted at $984,000 for FY2027, 3.4% below the FY2026 budget due to efficiencies gained from the installation of a new roof at Dawn Gabay Operations Center. Usage is assumed to hold at current levels across the facilities, and the change is rate driven. Utilities remain an inelastic expense and are monitored through the year.

- Uniform expenses are projected to increase due to inflationary pressures affecting material and production costs. The budget accounts for scheduled replacement cycles to maintain consistent, professional standards of appearance and ensure employees have functional, weather-appropriate uniforms.

- The upward change in “Other” expenses reflects recruiting, employee appreciation, and uncollectible property tax, the last of which moves with the growth in property tax revenue for FY2027.

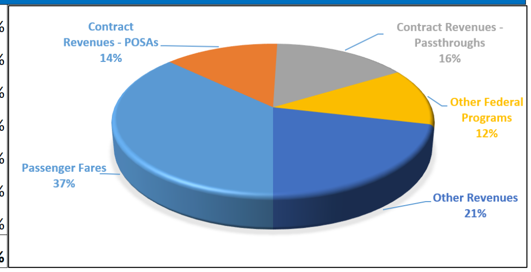
  Also note that per Board Policy 3.8, the costs of governance to support the Board's education and ability to govern effectively are required to be included in the annual budget. Costs of governance are budgeted within the Other Expenses category, at $35,000 for FY2027, held level with FY2026.

Operating Revenues

As illustrated in Figure 16, FY2027 Operating Revenues are budgeted at $78.2 million, a 9.4% increase from the FY2026 budget year.

Figure 16: Operating Revenues (with FY2026 Comparison)

Operating Revenues	FY2026	FY2027	Change $	Change %
Local Property Taxes	$ 41,647,533	$ 44,369,124	2,721,591	6.5%
State Operating Assistance	19,015,038	23,060,771	4,045,733	21.3%
Passenger Fares	4,138,392	3,995,030	$ (143,362)	-3.5%
Contract Revenues - POSAs	1,644,977	1,456,271	(188,706)	-11.5%
Contract Revenues - Passthroughs	1,415,159	1,716,814	301,655	21.3%
Other Federal Programs	1,970,057	1,322,057	(648,000)	-32.9%
Other Revenues	1,645,911	2,306,842	660,931	40.2%
Total Operating Revenues	**$ 71,477,067**	**$ 78,226,909**	**$ 6,749,842**	**9.4%**



Operating revenues are primarily generated by a combination of user fees, contractual service agreements and several sources of public funding. Descriptions of major revenue sources and key budget assumptions are as follows:

- *Passenger fares*: Fare pricing is unchanged from FY2026, and the FY2027 budget continues the current fare structure. Passenger fare revenue is budgeted at $4.0 million, a decrease of 3.5% from the FY2026 budget. The budget aligns revenue with recent ridership and collection trends across TheRide's services, in line with staff projections. The decrease reflects ridership leveling off as the millage-funded service expansion matures, along with short-term impacts from local construction.

  AAATA will continue to monitor ridership trends through the fiscal year and refine future projections as data develops.

- *Contract revenues*: TheRide has several types of service contracts in the budget which are described here.

  - *Purchase of Service Agreements (POSAs) contracts* are contracts where TheRide provides transportation services in adjacent municipalities, including fixed-route, paratransit (A-Ride) and FlexRide.

    TheRide has long-standing POSAs with Pittsfield, Scio, and Superior Townships. In recent years, public interest in transit has grown, creating new opportunities to coordinate with outlying municipalities and rural service providers.

    POSA contract rates increase 4% between contract years 2026 and 2027 due to inflationary impacts in direct operating costs, such as fuel, vehicle maintenance, and bus operator wages and benefits. Meanwhile, TheRide's overall operating expenses as shown in Figure 17 (page 40) reflect an increase of 9.4%.

Year-to-year comparisons for POSAs are not straightforward. The timing of budgets for TheRide, the State, local municipalities, and POSA contract dates do not necessarily align in a convenient way. In addition, the cessation of TheRide's FlexRide service in Pittsfield Township (replaced by People's Express) creates a scope change and reduces revenue in this section by about $200,000. For clarity, year-over-year contractual changes for each POSA municipality included in the FY2027 Budget are as follows:

PURCHASE OF SERVICE AGREEMENTS: CONTRACT CHANGES					
POSA	Contract Year	2026 Contract	2027 Contract	% Change	FY2027 Budget
Pittsfield Township	Calendar year (Jan 1 to Dec 31)	$ 683,525	$ 710,866	4.0%	$ 704,030
Scio Township	Oct 1 to Sep 30 (aligns with TheRide fiscal year)	544,019	565,780	4.0%	565,780
Superior Township	Oct 1 to Sep 30 (aligns with TheRide fiscal year)	132,173	137,460	4.0%	137,460
	Total	**$ 1,359,717**	**$ 1,414,105**	**4.0%**	**$ 1,407,270**

**Scio amounts reflect services provided by TheRide directly. WAVE services purchased by the township via TheRide are excluded.*

The year-to-year change in the budget for Pittsfield Township was not known until after TheRide's FY2026 Budget was approved.

- *Other Contract Revenues* are mostly sub-recipient pass-through revenues. TheRide receives federal and/or state funding that is passed through to nonurban service providers (i.e. sub-recipients) where funding is available for nonurban public transportation but relies on urban agencies to provide the funding and oversight of nonurban services. TheRide's sub-recipients are People's Express and WAVE. A portion of TheRide's contract with Scio Township includes pass-through revenues to WAVE. The service is provided by WAVE and not TheRide, and those revenues are reflected in pass-through revenues and listed as a separate item in the contract with Scio Township. All pass-through revenues are offset by operating expenses and have a zero net impact on TheRide's budget.

  Additionally, a small portion of Other Contract Revenues is revenue generated through a contract with the Ann Arbor Downtown Development Authority and supports getDowntown program operations.

- *Local property taxes*: Local property tax revenues are derived from property taxes collected from Ann Arbor, Ypsilanti, and Ypsilanti Township. The FY2027 budget projects $44.4 million in property tax revenue, an increase of 6.5% over the FY2026 budget, at both the voter-approved millage rate of 2.38 mills and the charter millage rates levied by the cities of Ann Arbor and Ypsilanti. The projection is anchored to the 2026 county tax rolls with the current voter-approved millage authorized through 2028. Property tax remains AAATA's largest single revenue source.

  Projections are based on prior year gross assessments and adjusted for changes in assessed property values. Data is compiled from Washtenaw County, Ann Arbor, Ypsilanti, and Ypsilanti Township. All relevant deductions, including the Headlee Amendment rollback, and tax captures, such as those from the Ann Arbor Downtown Development Authority, are factored into revenue assumptions.

The FY2027 increase reflects updated assessed value data from Washtenaw County, Ann Arbor, Ypsilanti, and Ypsilanti Township, applied against the same 2.38 mill rate voters approved in 2022. Property tax revenue has grown steadily since the millage took full effect in summer 2024, and the FY2027 projection factors in that trend, balanced with reasonably conservative assumptions on the rate of growth in taxable value and on the amount captured by local development authorities. AAATA expects property tax revenue to continue supporting service levels through the remainder of the millage's authorized term.

- _State Operating Assistance_: State Operating Assistance is provided as a percentage of total eligible operating expenses for public transit agencies by the Michigan Department of Transportation (MDOT). The FY2027 budget applies MDOT's preliminary FY2027 urban Local Bus Operating (LBO) distribution rate of 29.9393% and budgets $23.1 million in State Operating Assistance revenue, of which $21.1 million is the urban LBO funding. The LBO line is budgeted with deliberate conservatism below that calculation, since MDOT's final FY2027 rate is not yet published. The state and federal preventive maintenance and capital cost of contracting draws are not budgeted for FY2027 meaning every eligible expense dollar earns the LBO reimbursement instead. This allows federal funding capacity to stay available for capital projects.

  AAATA calculates its eligible operating expense base each year using MDOT's reporting methodology, applied against current budgeted operating expenses. MDOT's preliminary FY2027 rate, applied to the 9.4% increase in operating expenses, leads to the increase in State Operating Assistance revenue budgeted for FY2027. Critically, during the FY2026 budget cycle the state of Michigan had yet to pass its annual budget, which meant TheRide had to defer to MDOT's conservative estimate of the LBO percentage at budget passage. The percentage assumed in TheRide's FY2026 budget was 26.04%, but the actual rate was eventually set at 29.43%. The delta between the FY2026 and FY2027 rate assumptions accounts for a large portion of the 21.3% change in this line year on year.

  In summary, State Operating Assistance revenues are budgeted to increase for FY2027, reflecting MDOT's preliminary FY2027 rate and continued refinement of AAATA's eligible expense calculation. State funding remains a large share of AAATA's operating revenue, and the agency continues to track MDOT's guidance closely given the size of this revenue source.

  AAATA will continue monitoring the state budget process and any updates from MDOT, adjusting as needed to reduce financial risk. Dedicated local property tax support continues to put AAATA in a comparatively strong position among Michigan transit agencies to absorb changes in state funding.

- _Other federal programs:_ Federal funding revenues support seniors and people with disabilities programs, planning, and the Section 5311 nonurban program administered for MDOT. This category also includes passthrough funding to subrecipient organizations that receive federal dollars for their transportation services via TheRide, which nets against the expenses those agencies submit to AAATA. Budgeted revenue in this category is $1.3 million for FY2027, a decrease of 32.9% from the FY2026 budget. The decrease reflects the preventive maintenance and capital cost of contracting draws, which are not budgeted for FY2027. The Section 5310 passthrough is budgeted at its grant level with an equivalent passthrough expense, so it is also net zero to the budget.

- *Other revenues*: Advertising, interest, and other income are budgeted at $2.3 million for FY2027. Interest and investment income continue to make up the majority of this category. AAATA considers information from its banking and investment account managers, who provide expertise on interest rate trends, when making budget assumptions.

  Other revenues in FY2026 are tracking favorably against budget, and interest income has been the main contributor. The FY2027 budget still holds interest income to a conservative assumption, intentionally set higher than in prior years to reflect the current interest rate environment. This increase partially offsets higher budgeted fuel costs, providing a natural hedge against economic inflation. Staff will continue tracking interest rate developments and will adjust future projections if conditions shift materially.

  Other miscellaneous revenues remain a relatively small share of the overall budget and are budgeted in accordance with actual spending trends.

Contingencies

There is always some uncertainty regarding revenues and expenses, particularly the impact of expense assumptions due to inflationary factors and workforce challenges as well as impacts of state and local funding on revenues. The following are revenues and expenses that are monitored closely throughout the fiscal year due to either the magnitude of impact they have on the budget or based on indicators that are more volatile and less predictable in nature, or both. While assumptions are made with current information available, the following factors may affect actual performance throughout the fiscal year.

- The final State Operating Assistance reimbursement rate, as approved in the state budget, may differ from the rate assumed in this budget.
- Fuel prices remain volatile, and actual costs may vary with market conditions.
- Costs for the first year of the new union CBA are reflected in the salaries and wages budget.
- Additional expenses may be added to accommodate Corporate Business Plan initiatives or targeted adjustments from new information. The Executive Team completed its initiative review in August, and the funded items are reflected in this budget.

The assumptions in the FY2027 Recommended Budget represent staff's best estimates using the economic inputs available from industry, local, state, and federal leaders. State law allows adopted budgets to be amended, offering flexibility to accommodate changing budgetary needs as the year progresses.

Figure 17 shown on the following page illustrates the details of the FY2027 Recommended Budget along with comparisons to the prior year and to the August draft.

Figure 17: FY2027 Operating Budget Detail (with Prior Year and Prior Version Comparisons)

TheRide FY2027 Operating Budget					
	FY2026 Approved Budget	FY2027 Draft Budget	FY2027 Recommended Budget	2027 Recommended vs. 2026 Approved	
				$	%
OPERATING REVENUES					
Passenger Revenue	**$ 4,138,392**	**$ 3,995,030**	**$ 3,995,030**	$ (143,362)	-3.5%
Local Property Tax Revenue	**41,647,533**	**44,369,124**	**44,369,124**	2,721,591	6.5%
Contract Revenues - POSAs & Passthroughs	**3,060,136**	**3,173,085**	**3,173,085**	112,949	3.7%
State Operating Assistance	**19,015,038**	**23,672,320**	**23,060,771**	4,045,733	21.3%
Other Federal Programs	**1,970,057**	**1,322,057**	**1,322,057**	(648,000)	-32.9%
Advertising, Interest, and Other	**1,645,911**	**2,306,843**	**2,306,842**	660,931	40.2%
TOTAL REVENUES	**$ 71,477,067**	**$ 78,838,459**	**$ 78,226,909**	**$ 6,749,842**	**9.4%**
OPERATING EXPENSES					
Salaries, Wages and Benefits	**$ 39,656,741**	**$ 42,828,982**	**$ 42,859,863**	$ 3,203,122	8.1%
Purchased Transportation	**13,902,463**	**13,979,866**	**13,979,866**	77,403	0.6%
Diesel Fuel and Gasoline	**2,878,389**	**3,906,900**	**3,906,900**	1,028,511	35.7%
Materials and Supplies	**4,190,622**	**5,029,664**	**5,079,664**	889,043	21.2%
Contracted Services	**5,885,173**	**6,993,102**	**7,045,727**	1,160,553	19.7%
Utilities	**1,018,500**	**983,972**	**983,972**	(34,528)	-3.4%
Casualty & Liability Insurance	**2,184,370**	**2,269,744**	**2,269,744**	85,375	3.9%
Other Expenses	**1,760,809**	**2,091,173**	**2,101,173**	340,363	19.3%
TOTAL EXPENSES	**$ 71,477,067**	**$ 78,083,404**	**$ 78,226,909**	**$ 6,749,842**	**9.4%**
SURPLUS (DEFICIT)	**$ -**	**$ 755,055**	**$ -**	**$ -**	

Basis of Budgeting

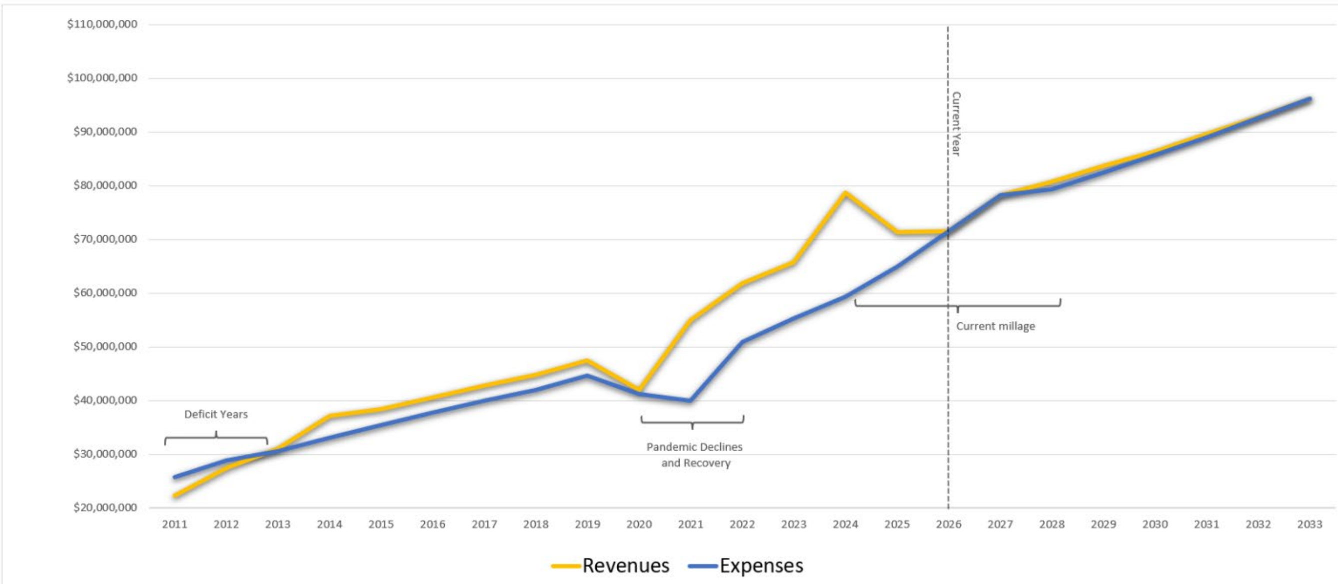
The 2027 operating and capital budget has been prepared on the full accrual basis of accounting, which is the same method used to account for the general fund and to produce the financial statements. The only difference between the financial statements and the budget is that depreciation expense is not included in the operating budget since it is a booked expense which does not affect the general fund balance, operating reserve, or capital budget. Depreciation expense is included in the annual audited financial statements. An annually selected Audit Task Force, comprised of volunteer members of the Board, has oversight of the financial statements and an independent audit at the end of each fiscal year. The fully audited Annual Comprehensive Financial Report (ACFR) is presented to the full Board for review and acceptance on an annual basis.

Long-Term Financial Context: 2011-2033

The Board's policies require the annual budget to be contextualized within a multi-year forecast of revenues and expenses (Policy 2.4). The FY2027 budget and six-year forecast for subsequent years are detailed in *Figure 19*, on page 42.

Figure 18, below, compares historic 13-year actuals, the approved FY2026 budget, and forecasted financials to provide context for the FY2027 budget. Historical operating deficits consumed much of TheRide's financial capacity before 2013 as the organization expanded. New funding helped restore fiscal strength until just before the pandemic outbreak. TheRide's reserves reached the policy target in late FY2019 after several years of low balances.

Figure 18: Financial Performance (Historic, Current, Forecast)

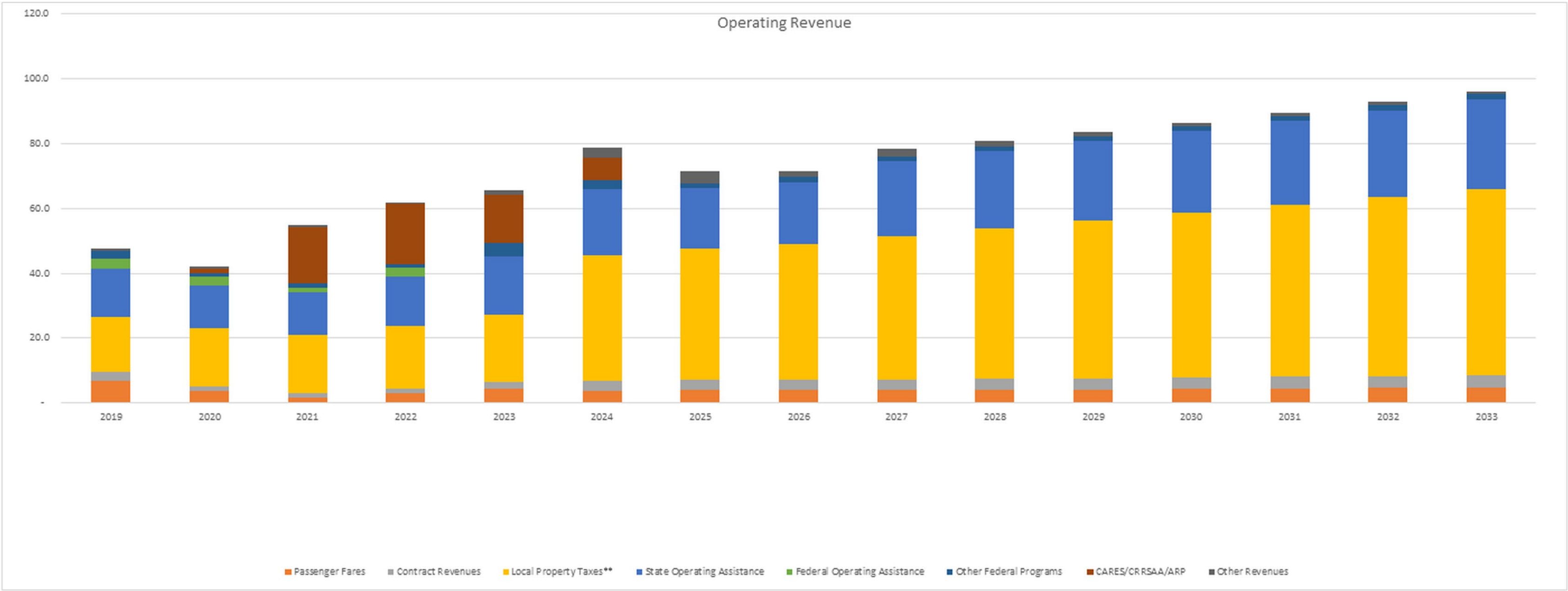


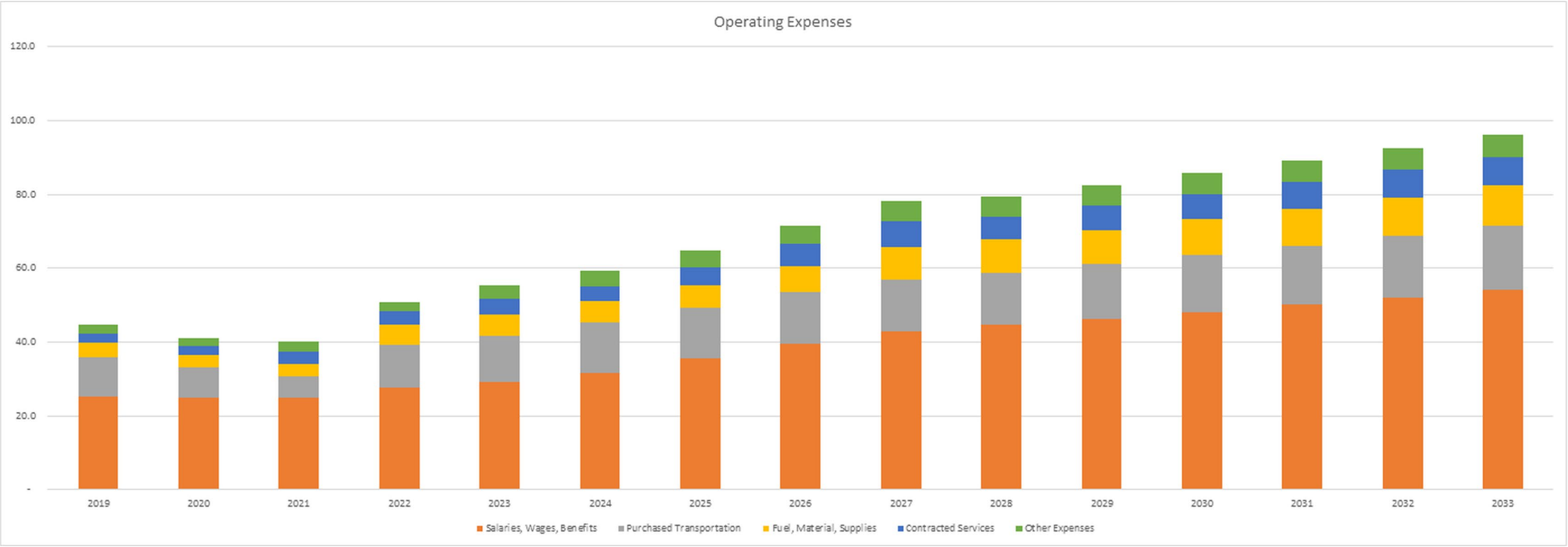
At the onset of the pandemic in 2020, revenues declined, and cost-cutting measures including staff reductions and suspended transit service were enacted in response. Federal pandemic relief funds helped to gradually restore service in late FY2020 continuing through FY2021 and helped assure mid-term financial sustainability. By 2022, with service restored to pre-pandemic levels and with support from pandemic relief funding, operating surpluses were realized from FY2021 to FY2023. The surplus local funds were designated to the established capital reserve in this time period. However, operating deficits were still predicted from FY2024 to 2029 until TheRide addressed the structural deficit with the 2022 millage proposal.

The millage, approved by voters in August 2022, began providing additional funding in summer 2024. This revenue expanded services and replaced the federal capital funds that had been temporarily bridging the structural deficit in prior years. For FY2027, State Operating Assistance is budgeted above the FY2026 level at MDOT's preliminary distribution rate, with deliberate conservatism applied to the line. Growth in local property tax revenue from the millage and rising assessed values continues to strengthen the underlying base. Operating revenues are projected to exceed expenses through FY2032, with the margin narrowing each year and the projection hitting roughly break-even by FY2033. The millage is in place through the summer of 2028, and continued funding for these service levels beyond that point will depend on voter approval of a renewal in the next millage cycle, which begins in 2029.

Figure 19 on the following page details historic actuals, the FY2027 budget, and the six-year forecast of operating revenues and expenses.

Figure 19: Detailed Operating Budget (with 6 Year Forecast)





10-Year Capital Plan

"Capital" expenditures are defined as assets purchased with an initial cost of more than $5,000 and an estimated useful life greater than one year. Such assets include land, buildings, vehicles, and equipment, which are recorded at historical cost. Improvements expected to extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital Planning Guiding Principles. Resources for capital projects are limited, and capital projects must be prioritized. To assist in prioritization, the Capital Plan is organized by the major categories of maintaining State of Good Repair, Value Added, and Expansion. State of Good Repair is further defined in Section 8.1.

- **Maintaining State of Good Repair** projects receive the highest priority for funding because maintaining current assets is required to provide transportation services and FTA regulations require that federally funded agencies maintain specific levels of state of good repair to continue to receive federal funding. Nearly all capital plan projects rely on federal formula funding for buses and facilities (See Figure 23). Failure to meet state of good repair standards would result in loss of eligibility for that funding.
- **Value Added** is the second highest priority for capital projects because enhancing current services and improving existing operations is necessary for maintaining existing ridership and increasing efficiencies to maintain fiscal responsibility. Value Added projects are typically a cost-effective way to improve services or operations with manageable costs and are high value for money propositions.
- **Expansion** is the third highest priority for capital projects because expanding or increasing services typically requires more funding than is available to the agency through traditional funding sources. In addition to project funding, expansion projects most often require future operating and capital resources that need to be planned for before the agency commits to the project.

Every year, TheRide produces a rolling 10-year plan to prioritize and plan for anticipated major capital expenses. While a 10-year perspective is helpful context, the Board only authorizes one year of expenditures at a time, in this case for FY2027. The remaining nine years are planning estimates and are subject to change.

The table on the following page summarizes the recommended capital program for FY2027 and beyond until FY2036. The FY2027 capital program totals $46,605,326. State of Good Repair projects account for 45.2% of the program, Expansion projects account for 47.7%, and Value Added projects account for 7.2%. While all projects advance Long-Range Plan priorities, their purpose is further organized by the State of Good Repair, Value Added, and Expansion categories defined above.

Figure 20: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2027 Budget	FY2028-FY2036
State of Good Repair	$21,042,670	$186,747,915
Value Added	3,335,930	20,312,535
Expansion	22,226,726	267,237,873
TOTAL EXPENSES	**$46,605,326**	**$474,298,323**
FUNDING SOURCES	**FY2027 Budget**	**FY2028-FY2036**
State & Federal Grants	36,542,826	$227,946,774
Congressionally Directed Spending	10,062,500	-
Local Capital Reserve	-	26,445,189
Unidentified Funding	-	219,906,360
TOTAL REVENUE	**46,605,326**	**$474,298,323**
UNIDENTIFIED FUNDING PORTION	**FY2027 Budget**	**FY2028-FY2036**
Unidentified Funding %	**0%**	**46%**

The detailed 10-year Capital Plan incorporates projects identified in the Board-approved Long-Range Plan. Detailed projects and funding are provided in Figure 21 on the following page.

Figure 21: 10-Year Capital Plan

($)

Category		Project Description	Ongoing Project Costs Thru FY26	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Project/CIP Total
STATE OF GOOD REPAIR		Vehicles	N/A	8,187,652	13,586,793	11,682,265	12,199,716	15,478,920	13,304,502	13,893,923	17,634,921	15,152,385	15,823,802	136,944,880
		Equipment	N/A	1,735,094	1,804,498	1,876,678	1,951,745	2,029,815	2,111,008	2,195,448	2,283,266	2,374,596	2,469,580	20,831,729
		Existing Facilities	N/A	2,467,880	1,925,955	2,002,993	2,083,113	2,166,438	2,253,095	2,343,219	2,436,948	2,534,426	2,635,803	22,849,870
		Information Technology	N/A	8,652,044	5,190,625	3,938,644	1,182,326	1,231,442	1,282,614	1,335,929	1,391,477	1,449,352	1,509,653	27,164,107
		Category Total	**-**	**21,042,670**	**22,507,872**	**19,500,580**	**17,416,900**	**20,906,615**	**18,951,219**	**19,768,519**	**23,746,612**	**21,510,760**	**22,438,838**	**207,790,585**
VALUE ADDED		Bus Stop Improvements	289,627	430,744	443,666	456,976	470,686	484,806	337,780	347,913	358,351	369,101	260,955	4,250,606
		Facilities and Technology	N/A	1,880,186	260,193	270,601	281,425	292,682	304,389	316,564	329,227	342,396	356,092	4,633,754
		Transit Priorities	564,578	1,025,000	1,541,000	2,481,800	2,210,454	2,276,018	1,184,274	1,219,052	1,008,899	1,038,416	1,068,819	15,618,310
		Category Total	**854,205**	**3,335,930**	**2,244,859**	**3,209,377**	**2,962,564**	**3,053,505**	**1,826,443**	**1,883,530**	**1,696,477**	**1,749,914**	**1,685,865**	**24,502,669**
EXPANSION	***Ypsilanti Transit Center***	YTC Planning, NEPA, Design, & Acquisition	2,092,220	1,655,000	-	-	-	-	-	-	-	-	-	3,747,220
		YTC Construction	N/A	13,750,000	5,893,000	-	-	-	-	-	-	-	-	19,643,000
		YTC Subtotal	***2,092,220***	***15,405,000***	***5,893,000***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***23,390,220***
	Blake Transit Center	BTC Planning, NEPA, & Design	282,640	350,000	-	-	-	-	-	-	-	-	-	632,640
		BTC Construction	N/A	-	5,300,000	570,000	-	-	-	-	-	-	-	5,870,000
		BTC Subtotal	***282,640***	***350,000***	***5,300,000***	***570,000***	***-***	***-***	***-***	***-***	***-***	***-***	***-***	***6,502,640***
	Bus Rapid Transit	BRT Planning, NEPA, & Design	N/A	3,300,053	3,320,659	5,700,465	1,304,773	-	207,635	1,211,897	2,202,801	3,781,474	3,583,325	24,613,082
		BRT Construction & Vehicles	N/A	-	-	7,426,300	13,047,732	43,694,018	41,180,958	2,388,105	-	-	6,523,866	114,260,978
		BRT Subtotal	***-***	***3,300,053***	***3,320,659***	***13,126,765***	***14,352,505***	***43,694,018***	***41,388,593***	***3,600,002***	***2,202,801***	***3,781,474***	***10,107,191***	***138,874,061***
	Bus Maintenance & Storage Garage	Garage Planning, NEPA, Design, & Acquisition	850,708	2,094,052	6,196,561	2,913,571	-	-	-	-	-	-	-	12,054,893
		Garage Construction	N/A	-	-	19,001,551	32,619,330	33,597,909	-	-	-	-	-	85,218,790
		Garage Subtotal	***850,708***	***2,094,052***	***6,196,561***	***21,915,122***	***32,619,330***	***33,597,909***	***-***	***-***	***-***	***-***	***-***	***97,273,683***
	Information Technology	Operational Innovations	N/A	600,000	824,000	424,360	601,000	619,030	637,601	656,729	676,431	696,724	717,625	6,453,499
		Information Technology Subtotal	***-***	***600,000***	***824,000***	***424,360***	***601,000***	***619,030***	***637,601***	***656,729***	***676,431***	***696,724***	***717,625***	***6,453,499***
		Transit Hubs	N/A	477,621	737,924	380,031	1,304,773	-	415,270	712,880	2,937,067	3,176,438	-	10,142,006
		Service Expansion Vehicles	N/A	-	-	2,459,166	1,634,720	182,332	2,543,447	119,405	-	2,984,510	130,477	10,054,058
		Category Total	**3,225,568**	**22,226,726**	**22,272,145**	**38,875,445**	**50,512,327**	**78,093,290**	**44,984,911**	**5,089,016**	**5,816,299**	**10,639,147**	**10,955,294**	**292,690,167**
EXPENSE TOTAL			**4,079,773**	**46,605,326**	**47,024,876**	**61,585,402**	**70,891,791**	**102,053,410**	**65,762,573**	**26,741,066**	**31,259,387**	**33,899,820**	**35,079,997**	**524,983,422**

Funding Sources	Ongoing Project Costs Thru FY26	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Project/CIP Total
FORECASTED:												
5307 Federal + State Match	3,784,094	26,693,734	25,767,487	12,615,319	11,688,242	14,805,382	21,365,820	20,073,871	18,916,356	14,693,835	15,003,911	185,408,051
5339 Federal + State Match	-	2,410,376	1,245,103	3,104,219	1,340,481	1,369,971	1,400,110	1,430,913	1,462,393	1,494,565	1,527,445	16,785,575
CMAQ Federal + State Match	-	1,665,472	-	-	1,265,440	8,068,503	1,349,869	1,375,516	1,401,651	1,428,283	1,455,420	18,010,154
Low and No Emissions Federal + State Match	-	-	12,000,000	10,032,000	9,218,000	-	-	-	-	-	-	31,250,000
Congressionally Directed Spending + State Match	-	10,062,500	-	-	-	-	-		-	-	-	10,062,500
5339 Discretionary (YTC) + State Match	-	5,342,500	3,682,619	-	-	-	-	-	-	-	-	9,025,119
STBG Flex Federal + State Match	-	430,744	443,666	456,976	407,794	517,627	258,182	260,764	263,371	266,005	268,665	3,573,795
State Initiatives	295,679	-	3,886,000	335,000	-	-	-	-	-	-	-	4,516,679
Local Capital Reserve	-	-	-	4,599,945	6,328,150	9,409,088	4,138,859	360,000	220,280	378,147	1,010,719	26,445,189
UNIDENTIFIED:												-
Other	-	-	-	30,441,943	40,643,685	67,882,839	37,249,733	3,240,002	8,995,336	15,638,985	15,813,837	219,906,361
REVENUE TOTAL	**4,079,773**	**46,605,326**	**47,024,876**	**61,585,402**	**70,891,791**	**102,053,410**	**65,762,573**	**26,741,066**	**31,259,387**	**33,899,820**	**35,079,997**	**524,983,422**

FY2027 Recommended Capital Budget

The table below lists the approved capital investments for FY2027 only, totaling $46,605,326. Details for each project can be found in Appendix 8.1.

Figure 22: FY2027 Capital Plan

Category	Project Description	FY2027
State of Good Repair	Vehicles	$8,187,652
	Equipment	$1,735,094
	Existing Facilities	$2,467,880
	Information Technology	$8,652,044
	Sub-total	***$21,042,670***
Value Added	Bus Stop Improvements	$430,744
	Facilities and Technology	$1,880,186
	Transit Priorities	$1,025,000
	Sub-total	***$3,335,930***
Expansion	Ypsilanti Transit Center	$15,405,000
	Blake Transit Center	$350,000
	Bus Rapid Transit	$3,300,053
	Bus Maintenance and Storage Facility	$2,094,052
	Information Technology	$600,000
	Transit Hubs	$477,621
	Sub-total	***$22,226,726***
Total Capital Costs		**$46,605,326**

Approved capital projects and funding sources for FY2027 and the 10-year plan are explained in more detail in Appendices 8.1 and 8.4.

Sources of Capital Funding

The capital program is funded through a combination of federal, state, and other dedicated funding sources for FY2027. Federal formula funding accounts for 53.6% of the program, state funding accounts for 20.0%, and other dedicated awards account for 26.4%. The YTC project's dedicated awards total $12,324,000 in federal funds: $8,050,000 of Congressionally Directed Spending and $4,274,000 of Section 5339 Discretionary funding. With the required 20 percent state match, carried in the State Capital Match line, the awards support $15,405,000 of project cost. Additional information is available in the State and Federal Grants Primer in the Appendix on page 58.

Figure 23: FY2027 Capital Funding Sources

Sources of Capital Funds	FY2027
Local Capital Reserve/Share TheRide's own cash and investments. A capital reserve was established in FY2021 with local funds. No capital reserve funds are budgeted for FY2027.	$0
Federal STBG Flex Federal Surface Transportation Block Grant (STBG) funding provided to states and localities for road projects. Washtenaw Area Transportation Study (WATS) has transferred a portion to FTA Section 5307 for pedestrian/bus stop improvements.	$344,595
Federal 5307 Formula Federal urbanized formula support for transit capital projects. Supports state of good repair projects, bus stop improvements, technology upgrades, and expansion efforts.	$21,354,987
Federal 5310 Formula Federal formula for mobility of seniors and people with disabilities. Supports capital purchases and operating activities designed to serve these populations.	$0
Federal 5339 Formula Federal formula for buses and bus facilities, will support state of good repair vehicle replacements and facility rehabilitations.	$1,928,301
Federal CMAQ Federal highway funding for Congestion Mitigation/Air Quality (CMAQ) improvement, transferred by the Southeast Michigan Council of Governments (SEMCOG) for transit projects in Washtenaw County. Supports large bus replacements.	$1,332,378
Congressionally Directed Spending Federal funds designated by Congress for a named project in the annual appropriations act, formerly known as earmarks, and administered by FTA as a capital grant.	$8,050,000
Federal 5339 Discretionary Federal Bus and Bus Facilities Competitive (5339b) award for the Ypsilanti Transit Center, in FTA review for obligation.	$4,274,000
State Capital Match State Comprehensive Transportation Fund (CTF) capital funding for 20% local share required by federally funded capital projects (STBG, 5307, 5310, 5339, CMAQ, Discretionary).	$9,321,065
Total	**$46,605,326**

7. Impacts of 2027 Budget

The budget provides for maintaining stable current and future reserves and cash flow that are consistent with the Board's Policies. Impacts on reserves and cash balances are provided in this section.

Projected Cash Balances

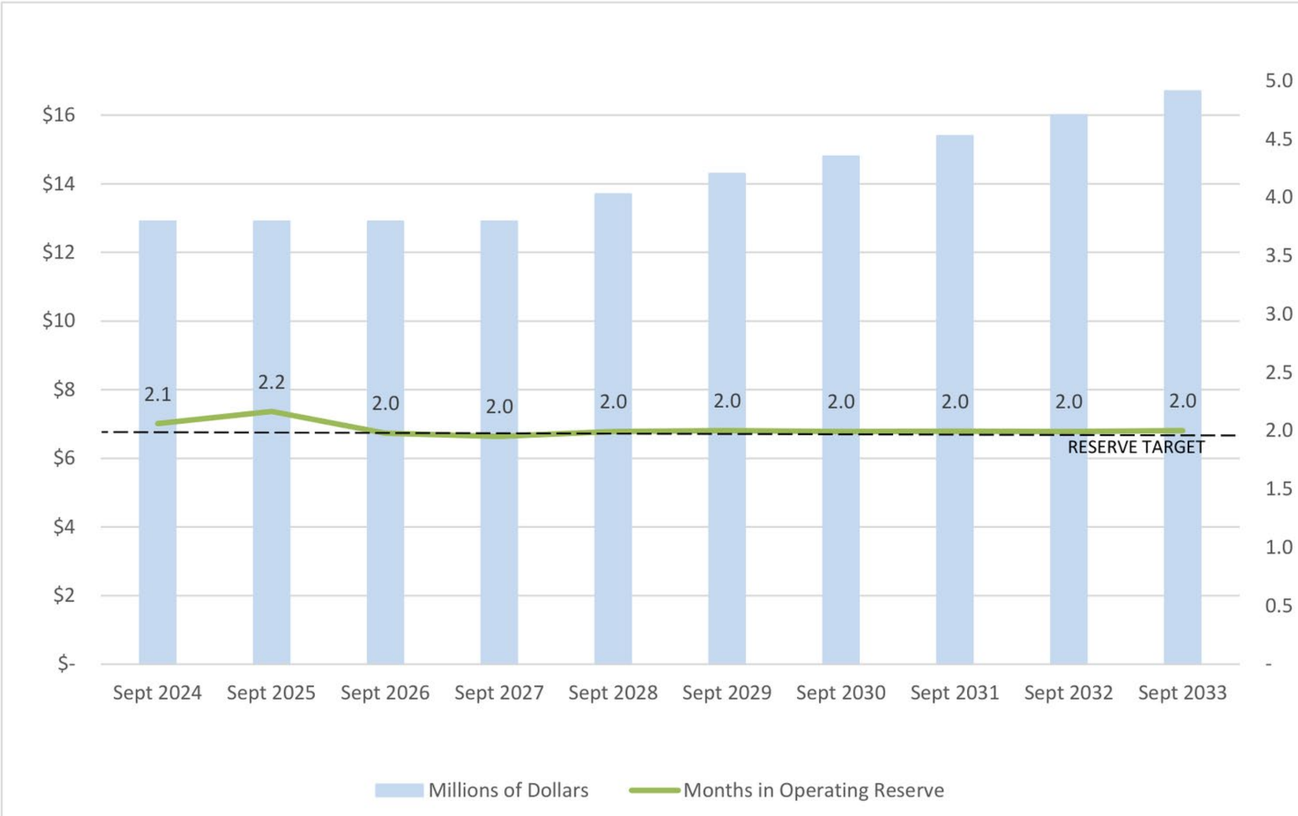
Figure 24 summarizes projected cash balances at each September from FY2024 through FY2033, with actual balances through September 2025. In addition to total projected cash, the stacked bar chart shows the projected capital reserve, operating reserve, and other cash balances. Cash For Operations consists almost entirely of unrestricted cash needed for daily operations. It also includes the insurance reserve of $500,000, vehicle damage reserve of $1,000,000, along with any other restricted cash. September balances are seasonally high because most property tax revenue arrives during the summer months.

Figure 24: Total Projected Cash Balances (*Millions*)

Projected Operating Reserve Balance

The projected operating reserve is the cash and investment balance of the unrestricted net position on the statement of net position (balance sheet) that has been committed to operational use. TheRide expresses the reserve in terms of a dollar amount (balance) and the number of months of operations it can support. The Government Finance Officers Association (GFOA) recommends that reserve balances in the public sector should be able to support at least 2 months of operations. The operating reserve balance at the end of each September must be enough to meet this requirement for the upcoming fiscal year beginning the following month in October. TheRide holds $12.9 million in its operating reserve. The FY2027 budget holds the reserve at its two-month floor but the required balance grows from $12.9 million to over $16.0 million by September 2033 as expenses increase. As this balance increases, cash for operations is always reduced first to ensure the reserve stays fully funded.

Figure 25: Projected Operating Reserve Balance in Months and Dollars (*Millions*)



Projected Capital Reserve Balance

The projected capital reserve is the cash and investment balance of the unrestricted net position that has been committed to capital use. The capital reserve was funded from local operating surplus dollars in FY2021 through FY2023, with federal pandemic relief funds used for operating purposes. The table below represents the capital reserve funding timing and use of funds from FY2021 through FY2036. See the 10-year Capital Plan for more details on the capital projects that may utilize these funds.

Figure 26: Projected Capital Reserve Activity

($ in thousands)	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Total
Capital Reserve Funding *(from Operating Surplus)*	$ 11,939	$ 10,876	$ 10,446	-	-	-	-	-	-	-	-	-	-	-	-	-	$ 33,260
Use of Current Capital Reserve	-	-	-	-	-	-	-	-	4,600	6,328	9,409	4,139	360	220	378	1,011	$ 26,445
Remaining Capital Reserve	**$ 11,939**	**$ 22,814**	**$ 33,260**	**$ 33,260**	**$ 33,260**	**$ 33,260**	**$ 33,260**	**$ 33,260**	**$ 28,660**	**$ 22,332**	**$ 12,923**	**$ 8,784**	**$ 8,424**	**$ 8,204**	**$ 7,826**	**$ 6,815**	**$ 6,815**

8. Appendices

8.1 FY2027 Capital Descriptions

This section provides further details on the projects included in the **10-Year Capital Plan.** The 10-Year Capital Plan aligns with the Board approved Long-Range Plan and includes projects identified in the Long-Range Plan that fall within the 10-year planning period. The capital plan is organized by the priorities of State of Good Repair, Value Added, and Expansion.

Expansion: Projects in this category add capacity to implement new services or add other capacities to the organization.

1. **Ypsilanti Transit Center and Blake Transit Center Planning:** The expansions of the two bus terminals have been highlighted in budget documents since FY2018. Construction at the Ypsilanti Transit Center begins in FY2027. The Blake Transit Center continues through design, with construction anticipated in FY2028. Construction phases are subject to formal Board approval. (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10, 2.11).
   - **Ypsilanti Transit Center (YTC):** TheRide is requesting $15,405,000 for the Ypsilanti Transit Center with $1,655,000 for planning, NEPA, design and acquisition, and $13,750,000 to begin construction of the modernized facility. The upgraded center will address longstanding safety, capacity, and operational issues, providing improved amenities for riders and staff while supporting regional transit growth and connectivity. The request is supported by congressionally directed spending and Section 5339 discretionary funding, with corresponding state matching funds.
   - **Blake Transit Center (BTC):** TheRide requests $350,000 as the Blake Transit Center continues through design, with construction anticipated in FY2028. TheRide is coordinating with the Ann Arbor Housing Commission and the City of Ann Arbor on the Y Lot next to BTC. The Housing Commission and the Downtown Development Authority (DDA) are leading the vision for the Y Lot site and 4th Avenue design.
2. **Bus Rapid Transit – Washtenaw Avenue:** TheRide requests $3,300,000 to advance alternatives analysis, planning, NEPA, and design for Bus Rapid Transit on Washtenaw Avenue and E Huron Street. TheRide 2045 recommends two BRT lines as major fixed-route improvements, including this east-west corridor. BRT planning and environmental review take multiple years, so future budgeted costs will need continued support.
3. **Bus Maintenance and Storage Facility:** TheRide requests $2,094,000 to advance planning, NEPA, and design for a new bus maintenance and storage facility. The work builds on the needs assessment, facility programming, and site selection completed in FY2026. The facility adds the storage and maintenance capacity needed to support TheRide 2045, including expanded service, bus rapid transit, and new vehicle types over the next 20 years.
4. **Transit Hubs:** TheRide requests $478,000 in FY2027 to advance transit hub planning. TheRide 2045 recommends four hubs outside the downtown cores to support the future high-frequency transit network and improve connections between outlying areas. Each hub would include

multiple stops serving multiple connecting routes, with better transfer conditions and rider amenities in higher-demand locations.

5. **Information Technology:** TheRide requests $600,000 for technology that supports service growth, including operational innovations like digital signs at the Blake Transit Center, augmenting the rider experience.

State of Good Repair: Board Policy 2.7 requires the CEO to ensure that the physical assets of TheRide are not put at risk or under-maintained. To meet this requirement and to comply with federal regulation, TheRide follows a comprehensive Transit Asset Management (TAM) Plan. Updated annually, this plan establishes performance targets to ensure a state of good repair for the fleet, equipment, and facilities operated by TheRide and grant subrecipients. FY2027 projects:

1. **Vehicle Replacement:**
    - **Large Bus Replacement**: TheRide will replace eight large transit buses that have reached the end of their useful life. The eight clean-diesel buses will maintain service levels and avoid additional maintenance costs. TheRide will purchase the eight buses under its bus procurement contract supported by federal formula funds. Budget: $6,662,000 (Policies 2.1, 2.4, 2.7).
    - **Small/Medium Bus Replacement:** TheRide will purchase small cutaway buses for A-Ride paratransit service in FY2027, in accordance with fleet replacement plans. Budget: $813,000 (Policies 2.1, 2.4, 2.7).
    - **Van Replacement:** TheRide will purchase replacement vans for A-Ride paratransit service in FY2027, in accordance with fleet replacement plans. Budget: $343,000 (Policies 2.1, 2.4, 2.7).
2. **Support Vehicles:** TheRide will purchase replacement support vehicles for facilities maintenance and non-revenue transportation services in FY2027, in accordance with fleet replacement plans. Budget: $369,000 (Policies 2.1, 2.4, 2.7).
3. **Equipment:**
    - **Bus Components:** TheRide will replace bus components on established vehicle refresh schedules. This work includes engines, transmissions, hybrid drives and batteries, seats, and other major parts needed to maintain the fleet in a state of good repair. Budget: $1,537,000 (Policies 2.1, 2.4, 2.7).
    - **Maintenance Tools and Equipment:** TheRide will replace shop tools and maintenance equipment supporting fleet and facility upkeep. Budget: $198,000 (Policies 2.1, 2.4, 2.7).
4. **Existing Facilities:**
    - **Facility Rehabilitation:** TheRide budgets $2,468,000 for priority maintenance at existing facilities, including the Dawn Gabay Operations Center (DGOC) and TheRide's park-and-ride lots. The funding covers general facility maintenance, administrative interior renovations, architecture and engineering capacity, and office equipment and furnishings. (Policies 2.1, 2.2, 2.4, 2.7).

5. **Information Technology:** The FY2027 budget includes $8,652,000 for information technology in a state of good repair. The largest component is $5,453,000 to replace TheRide's computer-aided dispatch and automatic vehicle location (CAD/AVL) Intelligent Transportation System hardware and software. The budget also begins work on the Next Generation Fare System. Other improvements cover onboard communication upgrades, disaster recovery improvements, storage area network and wireless access point replacements, network operations center upgrades, and routine replacement of laptops, monitors, and essential software implementation. (Policies 2.1, 2.4, 2.7).

Value Added: Projects in this category are focused on finding innovative ways to enhance services, or an existing part of TheRide's operations. Projects include:

1. **Bus Stop Improvements:** TheRide will improve bus stops across the service area. Work includes landing pads, safe pedestrian paths, shelters, and other amenities that support access for riders with disabilities. Staff are coordinating with WATS and Washtenaw County to prioritize improvements along Washtenaw Avenue and in other locations. Budget: $431,000 (Policies 2.1, 2.4, 2.7, 2.10).

2. **Facilities and Technology:** TheRide budgets for building and information technology improvements to existing assets as needs arise during the year, including fare validator equipment to modernize fare collection on the fixed-route fleet and a replacement emergency backup generator at the Dawn Gabay Operations Center, held at the FY2026 budget assumption of $775,000. Budget: $1,880,000 (Policies 2.1, 2.4, 2.7, 2.10).

3. **Transit Priorities:** TheRide will advance bus lanes and other transit priority improvements, including transit signal priority and exploratory projects that could advance the organization's Ends. These projects are intended to make bus service faster, more reliable, and more useful to riders. Budget: $1,025,000 (Policies 2.1, 2.4, 2.7, 2.10).

8.2 Contracts

This section identifies contracts that AAATA anticipates awarding in FY2027 with award values above the $250,000 threshold. The table that follows presents the contracts for Board acceptance as part of the FY2027 budget.

The Board's Executive Limitations Policy (Policy 2.5.6) authorizes the CEO to award contracts with a value up to $250,000. The policy also prohibits splitting purchases or contracts into smaller amounts to avoid this limit. Approval of this section constitutes Board approval of the listed contracts and authorizes the CEO to make the contract awards without additional Board approval. When adopting the budget, the Board may accept all listed contracts through the budget adoption or may call out specific contracts for deliberation before acceptance.

Table 8.2: Budgeted Contracts Summary

#	CONTRACT DESCRIPTION	CURRENT PROVIDER	RENEWAL DATE (ESTIMATED)	VALUE OF AWARD (ESTIMATED)	FY2027 BUDGETED EXPENSE
1	Asphalt Replacement	New	10/1/2026	$ 527,000	$ 527,000
2	Bus and Vehicle Towing Services	New	1/1/2027	$ 375,000	$ 75,000
3	Bus Lane Project	New	10/1/2026	$ 1,000,000	$ 1,000,000
4	Bus Stop Concrete Work (Rebid)	Saladino	6/20/2027	$ 1,875,000	$ 375,000
5	Bus Video systems	New	1/1/2027	$ 250,000	$ 50,000
6	CAD/AVL System	New	11/1/2026	$ 5,000,000	$ 5,000,000
7	Digital Signs for BTC and YTC	New	10/1/2026	$ 1,850,000	$ 600,000
8	Emergency Backup Generator for DGOC	New	10/1/2026	$ 775,000	$ 775,000
9	Employee Benefits Consulting and Insurance Brokerage Services	Gallagher	9/30/2027	$ 400,000	$ 80,000
10	Fare Study Consultant	New	10/1/2026	$ 250,000	$ 250,000
11	Fare Validators (Electronic Fare Validation Hardware)	New	10/1/2026	$ 300,000	$ 300,000
12	Finance Consulting Services	Rehmann	2/1/2027	$ 360,000	$ 300,000
13	Finance/Admin Work stations remodel	New	10/1/2026	$ 250,000	$ 250,000
14	Fleet Bulk Fluids (Coolant, Oil, Gear Oil, Transmission Fluid)	New	10/1/2026	$ 1,250,000	$ 250,000
15	Gasoline and Diesel Fuel	Multiple Providers	10/1/2026	$ 3,906,900	$ 3,906,900
16	ITS (CAD/AVL) Project Management - Part II	New	10/1/2026	$ 500,000	$ 300,000
17	Long Range Plan (LRP) Updates	New	10/1/2026	$ 250,000	$ 250,000
18	Natural Gas	Constellation	10/1/2026	$ 1,252,500	$ 347,500
19	Network Operations Center/Security Operations Center	New	10/1/2026	$ 774,800	$ 130,000
20	Non-Revenue Vehicles	New	10/1/2026	TBD	$ 369,200
21	Paratransit Vehicles - Vans	New	10/1/2026	TBD	$ 343,200
22	Public Transit Buses	Gillig	10/1/2026	$ 6,661,889	$ 6,661,889
23	Security Camera for YTC- live view	New	10/1/2026	$ 250,000	$ 35,000
24	Security Camera Upgrades	New	10/1/2026	$ 250,000	$ 50,000
25	Small/Medium Bus Replacements	New	10/1/2026	TBD	$ 813,363
26	Snow Removal Services	Margolis and RNA	10/26/2026	$ 1,030,000	$ 206,000
27	Transit Employee Uniforms	Superior Uniforms	7/31/2027	$ 1,000,000	$ 200,000
28	Transit Hub Development	New	10/1/2026	$ 478,000	$ 478,000
29	Virtual Storage Area Network (vSAN)	New	10/1/2026	$ 351,000	$ 351,000
30	Washtenaw BRT Planning	New	10/1/2026	$ 6,000,000	$ 3,000,000
31	Washtenaw BRT Program Management	New	10/1/2026	$ 600,000	$ 300,000
32	YTC Construction Management and GMP Agreement	Christman	10/1/2026	$ 18,820,000	$ 13,230,000
33	YTC Phase V Construction Administration Services	DLZ	10/1/2026	$ 823,000	$ 520,000

8.3 Fares

Table 8.3 presents current fares, as approved by the Board. Fares were most recently updated in August 2022. There have been no new fares or changes to existing fares proposed in FY2026 or in the FY2027 Recommended Budget. The FY2027 fares are the basis for budget assumptions.

Table 8.3 – FARES			
FIXED ROUTE FARES	**FY2025**	**FY2026**	**FY2027**
Single Ride Fares – Cash or Token			
Full Fare	$1.50	$1.50	$1.50
Transfer	Free	Free	Free
Discount Single Ride Fares – Cash or Token			
Youth (Grades K-12, ages 6-18)	$0.75	$0.75	$0.75
Children (Age 5 and under)	Free	Free	Free
Fare Deal Card	$0.75	$0.75	$0.75
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
Commuters with go!pass	Free	Free	Free
Passes			
Day Pass	$3.00	$3.00	$3.00
30 Day Flex Pass	$45.00	$45.00	$45.00
Discount Passes			
Half-Fare 1-Day Pass with Fare Deal	$1.50	$1.50	$1.50
30 Day Value Pass with Fare Deal	$22.50	$22.50	$22.50
30 Day Value Pass for Youth (K-12, ages 6-18)	$22.50	$22.50	$22.50
DEMAND RESPONSE FARES	**FY2025**	**FY2026**	**FY2027**
FlexRide			
Standard Adult One-Way	$1.00	$1.00	$1.00
Students (K-12, ages 6-18)	$0.50	$0.50	$0.50
Children (Age 5 & under)	Free	Free	Free
Fare Deal Card	$0.50	$0.50	$0.50
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
30 Day Value Pass with Fare Deal	Free	Free	Free
NightRide and HolidayRide			
Full Fare	$5.00	$5.00	$5.00
Commuters – go!Pass	$3.00	$3.00	$3.00
A-Ride I.D.	$2.50	$2.50	$2.50
GoldRide I.D.	$2.50	$2.50	$2.50
Children (Age 5 & under)	Free	Free	Free

DEMAND RESPONSE FARES (Continued)	FY2025	FY2026	FY2027
GoldRide			
One-Way	$20.00	$20.00	$20.00
Additional Passenger (Companion)	$5.00	$5.00	$5.00
Verified Low-Income Reduced Fare	$5.00	$5.00	$5.00
FootballRide			
One-Way	$1.50	$1.50	$1.50
One-Way Youth (K-12, ages 6-18)	$0.75	$0.75	$0.75
One-Way Fare Deal Card	$0.75	$0.75	$0.75
GroceryRide			
GroceryRide	$0.75	$0.75	$0.75
A-RIDE FARES	**FY2025**	**FY2026**	**FY2027**
Cash Fares			
Advance Reservation	$3.00	$3.00	$3.00
Will Call (Advance reservation for return trip)	$3.00	$3.00	$3.00
Companion Fare	$3.00	$3.00	$3.00
Companion Fare Students (K-12, ages 6-18)	$1.50	$1.50	$1.50
Companion Fare (Age 5 & under)	Free	Free	Free
Personal Care Attendant	Free	Free	Free
Scrip Coupons			
Booklet of 10	$30.00	$30.00	$30.00

Description of Fare Structure

Fixed Route Fares

- **Full Fares**: The current single ride fare for TheRide's local fixed-route service includes one free transfer to another local route upon request and is valid for 90 minutes from the time of issuance. The transfer cannot be used to complete a round trip.

  The 1-Day Pass is valid for unlimited rides on fixed-route service during the day of purchase ending at 11:59 pm and the 30-Day Pass (called Flex Pass) is valid for unlimited rides on fixed-route service for 30 days from first use.

- **Discount Fares**: Discounted fares on local fixed-route services are offered for several categories of passengers. Discounted fares are offered for single trip fares and 30-Day Passes.

  The 30-Day discount Pass for students is called Youth Pass, and the 30-Day discount Passes for the three Fare Deal rider categories are called Value Passes. Children ride for free on fixed-route services.

  Basic criteria for each type of discount fare are as follows:
    - A-Ride I.D. – Americans with Disabilities Act (ADA) eligible
    - GoldRide I.D. – Seniors 65 and over

- Value Passes (Fare Deal Cards):
    - Senior Fare Deal – Seniors ages 60-64
    - Income Eligible Fare Deal – Medicaid card holders and other verified individuals
    - Disability Fare Deal – Persons with disabilities who do not qualify for A-Ride
- Children – Ages 5 and under
- Personal Care Attendant (PCA) – Assist A-Ride customers as a companion and must be registered as a PCA
- Students – Grades K-12 with a valid student ID, ages 6-18
- Commuters with go!pass – Employees who work at registered companies located in the Ann Arbor Downtown Development Authority's boundaries are eligible to purchase a go!pass.

Demand Response Fares

TheRide offers several different options for demand response services. All services are explained and accessible on TheRide's web site and in TheRide Guides distributed throughout the service area. Definitions of discount fares for demand response services referenced in Table 8.3 are defined under the description of Fixed Route Fares above.

A-Ride Fares

A-Ride is a shared, reservation-based accessibility service. Definitions of discount fares referenced in Table 8.3 are defined under the description of Fixed Route Fares above. A-Ride is provided for passengers with a valid A-Ride I.D. and requires an advance reservation. Reservations can be made up to 3 days in advance.

Fare definitions for A-Ride are as follows:

- **Will Call:** When an advance reservation is made for a pickup, an open-ended time for a return reservation can be made at the same time. The price is the same for the return trip, but it will not require advance notice to use the return trip if it is originally reserved with the initial reservation.
- **Companion:** A-Ride passengers requiring assistance with their trip may bring a companion for assistance. A companion does not need an A-Ride I.D. A companion fare is charged, as indicated in Table 8.3.
- **Personal Care Attendant**: Personal Care Attendants (PCAs) are registered attendants that may travel with an A-Ride eligible passenger to assist with their trip. There is no fare charge for PCAs.

8.4 State and Federal Grants Primer

The following provides a brief description of federal and state funding sources.

Federal Funding

Requirements: To be eligible for federal funding, projects must be included in a long-range plan (20-years) and four-year Transportation Improvement Program (TIP) approved by the Federal Transit Administration (FTA). Each is first approved by the Washtenaw Area Transportation Study (WATS), the Southeast Michigan Council of Governments (SEMCOG), and the Michigan Department of Transportation (MDOT). There are many other federal requirements, particularly dealing with award management and procurement. FTA conducts a compliance audit every three years (Triennial Review) and the AAATA submits annual applications for grant awards for approval by the FTA.

Funding for Urban Service

Section 5307 and 5339 Formula Funds: Urbanized area formula funds are appropriated annually by Congress to the FTA, which apportions Sec. 5307/5339 funding to the Ann Arbor urbanized area. The Regional Transit Authority of Southeast Michigan (RTA) is the Designated Recipient of these formula funds and allocates the Ann Arbor urbanized area apportionment to AAATA through an annual split letter to FTA. AAATA is the Direct Recipient and applies to and receives its grants directly from FTA. By law, the funds can only be spent in the Ann Arbor urbanized area.

- Capital Funding: Section 5307 and 5339 funds are primarily available for capital asset procurement. The federal share is 80% for most capital projects. Funds apportioned in one year are available for three (Sec. 5339) or five (Sec. 5307) additional years, which provides the AAATA with some flexibility to manage its capital program (e.g., funds may be held and combined with other annual appropriations for a larger capital purchase).
- Operating Assistance: The amount of Sec. 5307 funding eligible for operating assistance is limited by law. Because AAATA operates between 76 and 100 buses in peak fixed-route service, it may use up to 50 percent of its share of the Ann Arbor urbanized area apportionment for operating assistance, at a 50 percent federal share. FTA publishes the exact cap each year. If the full amount of eligible funding is not utilized for operating budget, the remaining amount is able to be used for capital purposes. In addition, there are other limited categories of operating expenses which are eligible for grant funding at 80% federal funding: preventive maintenance, capital cost of contracting, and planning. The FY2027 budget does not draw these categories for operating. That capacity remains available for capital purposes.

Discretionary Funding: There are other discretionary federal grant programs from which AAATA can receive funding. Discretionary spending is subject to the appropriations process, whereby Congress sets a new funding level for each fiscal year. Typically, these funds are awarded on a competitive basis, in which recipients submit projects for consideration and award. These include:

- Capital Investment Grants (Section 5309): Discretionary funds awarded in a competitive application process to fund major transit investments for rail projects and bus rapid transit.
- Buses and Bus Facilities and Low or No Emission Grants (Section 5339 Discretionary): The Section 5339 program includes two competitive grant opportunities. 5339(b) funds are awarded for the purchase of buses and related equipment, and to rehabilitate or build bus-related facilities. 5339(c) grants support low and zero-emission vehicle projects.
- RAISE (Rebuilding American Infrastructure with Sustainability and Equity): This USDOT program, formerly known as BUILD and TIGER, awards funds on a competitive basis for investment in transportation infrastructure. Funding can support roads, bridges, transit, rail, ports, and intermodal transportation for projects that have significant local or regional impact.
- CMAQ (Congestion Mitigation and Air Quality Improvement): Southeast Michigan receives an annual allocation of CMAQ funds authorized by the Clean Air Act, for which SEMCOG conducts a competitive application process. AAATA is an eligible applicant. If successful, funds are transferred to FTA from the Federal Highway Administration (FHWA) for administration.
- JARC (Job Access/Reverse Commute) and New Freedom: These two programs provided formula funds for work transportation and transportation for people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) from 2006-2012. The programs have since expired. New Freedom has been incorporated into the Section 5310 formula program.
- *Planning:* Planning activities in the AAATA planning work program are eligible for grant funding. SEMCOG and WATS each pass through to AAATA about $50,000 per year. As access to regional planning funds increased, the use of formula grant funds (Section 5307) for planning was phased out in FY2020 to focus investment of these funds into capital assets.

Section 5310: Formula funds for "Enhanced Mobility for Seniors and People with Disabilities" are apportioned annually to the Ann Arbor urbanized area, which the RTA allocates through a competitive call for projects and AAATA is responsible for administering. Funds are eligible to be used for traditional purposes such as replacement of vans and buses, and for non-traditional purposes such as operating assistance and mobility management. AAATA works with the RTA, WATS, and local non-profit agencies through the Washtenaw Transportation Coordinating Council (TCC) to coordinate the use of funds.

Funding for Nonurban Service

Operating Assistance (Section 5311): AAATA passes through federal operating assistance funds for service outside of the urbanized area that are allocated by the Michigan Department of Transportation (MDOT). MDOT receives a single statewide federal grant and distributes it to eligible agencies. For the last several years, the Sec. 5311 rate has been about 18% of nonurban operating expenses, with an additional 18% provided from pandemic relief funding for FY2020-2022. AAATA passes these funds to Western Washtenaw Area Value Express (WAVE) and People's Express to fund their service in nonurban service areas.

Capital Assistance: Federal, nonurban capital assistance comes through MDOT which submits a single statewide application to the FTA. WAVE and People's Express are eligible to apply directly and have received and managed their own grants for buses and equipment. AAATA has not received federal nonurban capital assistance.

State Funding

Requirements: AAATA is required to submit an annual application for operating and capital assistance by February each year for the next fiscal year (beginning in October).

Statutory Operating Assistance – Urban: Each year, MDOT provides urban operating assistance equal to a fixed percent of eligible expenses. The maximum authorized level is 50% of eligible expenses. The actual amount is much lower, about 28-30%. The percentage depends first on the amount of funding appropriated by the legislature. It also depends on the eligible expenses of all the transit systems in the state because the funds are distributed among them at the same percentage of eligible operating expenses. These funds for all southeast Michigan, including Ann Arbor, may go to the RTA for distribution in the future, and they could change the distribution formula.

Statutory Operating Assistance – Nonurban: For service outside of the urban area, state operating assistance works the same way, but the percentage is different. The maximum authorized level is 60% of eligible expenses. The actual amount has been about 33-35%. The AAATA applies for and receives funds to pass through to WAVE and People's Express for their service in the nonurban area.

Matching Funds for Capital Grants: MDOT provides all or part of the match for federal capital grants (e.g., Sec. 5307, 5339, 5310, CMAQ, discretionary). Historically, MDOT has always provided the entire 20% local (non-federal) share for capital grants, so no local funds were required. By law, MDOT is only required to provide 2/3 of the non-federal share.

Specialized Service: MDOT provides limited funds for service for seniors and people with disabilities. The Washtenaw County allocation has remained at about $300,000 per year. About $150,000 per year pays a portion of the cost for eligible demand response trips in the AAATA service area. The AAATA also administers or passes these funds through to private, non-profit service providers in the County.

8.5 Detailed Operating Budget

Historical Operating Budget and Multi-Year Forecast

in million dollars

Operating Revenues	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Passenger Fares	6.8	3.6	1.6	3.0	4.3	3.8	4.0	4.1	4.0	4.1	4.2	4.4	4.5	4.6	4.8
Contract Revenues	2.7	1.6	1.3	1.3	2.3	3.2	3.2	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8
Local Property Taxes**	16.9	17.8	18.0	19.6	20.6	38.5	40.4	41.6	44.4	46.4	48.8	50.8	53.0	55.2	57.4
State Operating Assistance	15.0	13.2	13.3	15.3	18.0	20.3	18.6	19.0	23.1	23.8	24.6	25.3	26.1	26.8	27.6
Federal Operating Assistance	3.3	2.6	1.4	2.5	-	-	-	-	-	-	-	-	-	-	-
Other Federal Programs	2.2	1.2	1.3	1.3	4.1	2.9	1.7	2.0	1.3	1.4	1.4	1.4	1.5	1.5	1.6
CARES/CRRSAA/ARP	-	1.4	17.1	18.4	15.0	6.8	-	-	-	-	-	-	-	-	-
Other Revenues	0.6	0.5	1.0	0.4	1.4	3.2	3.6	1.6	2.3	1.7	1.3	1.0	1.0	1.0	1.0
Total Operating Revenues	**47.5**	**42.0**	**55.0**	**61.8**	**65.7**	**78.7**	**71.4**	**71.5**	**78.2**	**80.7**	**83.6**	**86.4**	**89.6**	**92.8**	**96.1**

Operating Expenses	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Salaries, Wages, Benefits	25.2	24.9	24.9	27.7	29.3	31.5	35.7	39.7	42.9	44.6	46.4	48.2	50.1	52.1	54.2
Purchased Transportation	10.7	8.4	5.9	11.6	12.5	13.9	13.4	13.9	14.0	14.2	14.8	15.4	16.0	16.6	17.3
Fuel, Material, Supplies	4.0	3.3	3.3	5.4	5.8	5.6	6.3	7.1	9.0	8.9	9.3	9.7	10.0	10.4	10.9
Contracted Services	2.6	2.3	3.1	3.5	4.1	4.1	4.7	5.9	7.0	6.3	6.6	6.8	7.1	7.4	7.7
Other Expenses	2.2	2.3	2.8	2.6	3.6	4.2	4.7	5.0	5.4	5.3	5.5	5.6	5.8	6.0	6.1
Total Operating Expenses	**44.6**	**41.1**	**40.0**	**50.9**	**55.3**	**59.3**	**64.9**	**71.5**	**78.2**	**79.3**	**82.4**	**85.7**	**89.1**	**92.6**	**96.2**
Surplus (Deficit)	3.0	1.0	15.0	11.0	10.0	19.0	6.0	-	-	1.0	1.0	1.0	1.0	-	-
Reserve Transfers (Capital/Operating)	(3.0)	(1.0)	(15.0)	(11.0)	(10.0)	(19.0)	(6.0)	-	-	(1.0)	(1.0)	(1.0)	(1.0)	-	-
Operating Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

TheRide

8.6 Adopting Resolution

Resolution xx/2026

APPROVAL OF FY2027 OPERATING AND CAPITAL BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2027 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2027 to the Federal Transit Administration (FTA) as part of the annual application for FY2027 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2027 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2027 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2027 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **$78,226,909 for operations, and**
- **$46,605,326 for capital investment.**

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2026-FY2029 Transportation Improvement Program, of which FY2027 and beyond are subject to amendment in future years.

______________________	______________________
Kathleen M. Mozak, Chair	Jesse Miller, Secretary
______________________	______________________
Date	Date

8.7 Glossary

A-Ride – A shared ride ADA paratransit service that supplements the fixed-route bus service operated by TheRide.
Accounting System – The total structure of records and procedures which identify, record, classify, summarize, and report information on the financial positions and results of operations of a government.
Accrual Basis of Accounting – The method of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.
ACFR – See Annual Comprehensive Financial Report.
ADA – See Americans with Disabilities Act.
AirRide – A commuter bus service operated as a public-private partnership with Michigan Flyer between Ann Arbor and the Detroit Metro Airport.
Americans with Disabilities Act (ADA) – This federal act gives civil rights protections to individuals with disabilities that ensure equal opportunity and access and prohibit discrimination.
Appropriation – An authorization made by the Board of Directors to make expenditures of resources for specific purposes within a specific time frame.
Assessed Value – The current market value of real estate as determined by city and township treasurers' offices.
BTC – An acronym for the Blake Transit Center, TheRide's passenger terminal in downtown Ann Arbor.
Balanced Budget – A budget in which revenues are equal to or greater than expenditures.
BikeShare – Public bike sharing service in which bicycles are made available for shared use to individuals on a short-term basis for a fee.
Budget – A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures to fund services in accordance with recommended policy.
Budget Year – The fiscal year for which the budget is being considered, that is, the fiscal year following the current year. TheRide's fiscal year is October 1 through September 30.
CAFR – See Annual Comprehensive Financial Report.
Capital – Wealth in the form of money or other assets owned by TheRide, or available or contributed for a particular purpose.
Capital Budget – The annual plan of appropriations for the amount necessary to carry out capital project expenditures during the year budgeted.
Capital Outlay – Expenditures which result in the acquisition of, or addition to, fixed assets. Any item with an expected useful life of more than one year and a value of more than $5,000 (such as a vehicle, equipment, or facility) is considered a capital outlay.
Capital Program – The annual updated plan or schedule of project expenditures with estimated project costs, source of funding, and timing of work over a ten-year period. For financial planning and general management, the capital program is a plan of work and expenditures and is the basis for annual appropriations.
Capital Project – A governmental effort involving expenditures and funding for the creation of usually permanent facilities and other public assets having a relatively long life. Certain planning studies, consultant fees, vehicles, major equipment, furniture, and fixtures necessary to operate facilities may also be considered part of capital projects.
CARES Act – Federal law enacted by Congress in April 2020 to provide economic relief in response to the COVID-19 pandemic. CARES is an acronym for the Coronavirus Aid, Relief, and Economic Security Act.
CEO – See Chief Executive Officer

Chart of Accounts – A uniform list of accounts that standardizes accounting and supports the preparation of standard external reports. It assists in providing control over all financial transactions and resource balance.
Chief Executive Officer – The highest-ranking staff member at TheRide, ultimately responsible for managerial decisions to carry out the Board's expectations for TheRide.
Constituents – This word means a "part of a whole." In the context of local governments like TheRide, constituents are the people who are legal or moral owners of TheRide.
Annual Comprehensive Financial Report (ACFR) – A set of U.S. government audited financial statements comprising the financial report of a governmental entity that complies with the accounting requirements endorsed by the Governmental Accounting Standards Board (GASB).
Costing Center – The smallest unit for which costs are collected and reported upon.
COVID-19 – A disease caused by a new strain of coronavirus which emerged in humans in 2019 and caused a global pandemic in 2020. 'CO' stands for corona, 'VI' for virus, and 'D' for disease.
COVID-19 Recovery Plan – A multi-year plan that establishes the strategic priorities for the budget in response to the coronavirus pandemic which emerged in 2020.
CRRSA – A secondary stimulus federal law enacted by Congress on December 27, 2020, to provide economic relief in response to the COVID-19 pandemic. CRRSA is an acronym for the Coronavirus Response and Relief Supplemental Appropriations Act.
Current Year – The fiscal year in progress, immediately preceding the budget year.
D2A2 – Shorthand for "Detroit to Ann Arbor," name for commuter bus service between the two cities jointly operated by TheRide and RTA.
Debt – Money that is owed or due to another party typically from borrowing or bonding activities. It does not include short term payables.
Deficit – The amount by which budget outlays exceed receipts for a given period, usually a fiscal year.
Demand Response – Public transit service in which passenger trips are generated by calls from passengers to schedule trips with a transit operator, who then dispatches a vehicle to perform the trip.
Department – A categorization of organizational unit, indicating management responsibility for an operation or a group of related operations within a functional area, subordinate to the division level of organizational unit.
Depreciation – An allocation made for the decrease in value of physical assets through wear, deterioration, or obsolescence.
Disbursement – The expenditure of monies from an account.
Distinguished Budget Presentation Award Program – A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.
Division – A major administrative unit which indicates overall management responsibility for an operation or a group of related operations within a functional area.
Ends – Board policies that define the results, outcomes, or benefits that the organization should achieve for specific beneficiaries at a certain cost or relative priority, from Policy Governance.
Executive Limitations – Board policies that put out-of-bounds operational means that are illegal, imprudent, unethical, or outside of the will of the Board of Directors, from Policy Governance.
Expenditure – The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate an obligation. Where accounts are kept on an accrual or modified accrual basis, expenditures are recognized whether or not cash payment has been made. Where accounts are kept on a cash basis, they are recognized only when cash payments have been made.
Expense – The outflow of assets or the incurring of liabilities (or both) during a period as a result of rendering services, delivering or producing goods, or carrying out other normal operating activities.

Fare – the money a passenger pays to use transit services.
Fare Media – The transit industry's term for the cards, passes, tickets, tokens, and mobile device applications used to pay for rides on transit services.
Fiscal Year – Any yearly accounting period, regardless of its relationship to a calendar year. The fiscal year for the AAATA begins on October 1 of each year and ends on September 30 of the following year. It is designated by the calendar year in which it ends. For example, the fiscal year 2022 begins on October 1, 2021, and ends on September 30, 2022.
Fixed Assets – Assets of a long-term character which are intended to continue to be held and used. Examples of fixed assets include items such as land, buildings, vehicles, computer hardware, furnishings, and equipment.
Fixed-Route Bus – A form of public transit bus service that does not regularly deviate from a defined course or schedule.
FlexRide – A shared-ride service operating on-demand in limited-service areas to connect passengers to their destinations or by transfer to the fixed-route bus system.
Fringe Benefits – For budgeting purposes, fringe benefits are employer payments for social security, retirement, group health, dental, disability, and life insurance.
FTE – See Full-Time Equivalent.
Full-Time Equivalent (FTE) – A measure of authorized personnel calculated by dividing hours of work per year by the number of hours worked per year by a full-time employee.
Fund – A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives. TheRide has one general fund.
Fund Balance – Used to describe the net position of governmental funds calculated with GAAP. Net position is calculated as assets minus liabilities.
FY – See Fiscal Year.
GAAP – See Generally Accepted Accounting Principles.
GASB – See Governmental Accounting Standards Board.
General Fund – The general operating fund that is used to account for all financial resources except for those required to be accounted for in another fund.
Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards for financial accounting and recording encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as promulgated by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard-setting bodies.
GFOA – An abbreviation for Government Finance Officers Association.
GoldRide – A service provided to non-disabled people age 65 and older which allows free travel on fixed-route buses and shared-ride trips in sedans and small buses.
Governmental Accounting Standards Board (GASB) – An organization established to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities.
Grant – A county, state or federal financial assistance award making payment in cash or in kind for a specified program.
HVAC – An abbreviation for heating, ventilation, and air conditioning equipment.
Infrastructure – The physical assets of AAATA (facilities, bus stops, shelters, bike racks, etc.) upon which the continuance and growth of service depend.
Intergovernmental Revenues – Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.
Investments – Capital held for the production of revenues in the form of interest, dividends, rentals, or lease payments.

Levy – (Verb) To impose taxes or special assessments for the support of governmental activities. (Noun) The total amount of taxes or special assessments imposed by a government.
Liabilities – Debts or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.
Long-Term Debt – Debt with a maturity of more than one year after the date of issuance.
MCO– See Motor Coach Operator.
Michigan Uniform Budgeting and Accounting Act – State law passed in 1968 known as Act 2, to establish uniform charts of accounts and reports in local units of government.
Millage – A millage rate is the tax rate used to calculate local property taxes and represents the amount per every $1,000 of a property's assessed value.
Mobility – The ability to move or be moved freely and easily. The ability to change one's social or socioeconomic position in a community and to improve it.
Modernizing or **Modernization** – A strategic initiative to bring systems, policies, procedures, and practices to an improved state of excellence.
Motor Coach Operator – A bus driver.
MyRide – A mobility management service that provides coordination of transportation services for individual riders within a network of services in Washtenaw County and select areas of Jackson, Lenawee, Livingston, Monroe, Oakland, and Wayne counties.
Obligations – Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities, but also un-liquidated encumbrances.
Operating Budget – See Budget.
Operating Expenditures – Costs other than capital outlays and depreciation. Examples of operating expenditures include salaries and fringes, office supplies, telephone expense, consulting or professional services, and travel expenses.
Other Expenses – In a summary analysis of expense types, this refers to all expenses not included within specifically defined categories. Within TheRide's operating budget this category consists of utilities, phone service, insurance premiums, postage, dues and subscriptions, conference travel and meetings expenses, media costs, employee development, employee appreciation, recruiting, Guaranteed Ride Home Program reimbursements, and equipment and parking lot lease payments.
PPE – Acronym for Personal Protective Equipment. Refers to protective clothing, helmets, gloves, face shields, goggles, masks, respirators, and other equipment designed to protect the wearer from injury or exposure to infection or illness.
Pandemic – A disease outbreak that spreads across countries or continents, as compared to an epidemic, which is a disease outbreak affecting a large number of people within a contained area.
Paratransit – A type of scheduled or on-demand transit service that supplements the fixed-route system by providing access for people with disabilities who are unable to use the fixed-route system.
Passenger – An individual on board, boarding, or alighting from a vehicle used in public transportation, not including the transit operator, employees, or contractors who are onboard to provide service.
Pension – A regular payment made during a person's retirement from an investment fund to which the individual or their employer has contributed during their work life.
Per Capita – Per unit of population, by or for each person.
Permanent Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of longer than one year, whose compensation is derived from administrative personnel position classifications.
Personnel (**Costs**) – Expenditures which include salary costs for full-time, part-time, hourly, and contract employees, overtime expenses, and all associated fringe benefits.

POFA – Acronym for "Purchase of Fare Agreement," a third-party contract with a party that purchases fares from TheRide, either through the sale of fare media or the use of third-party issued photo identification cards.
Policy Governance – An integrated board leadership paradigm created by Dr. John Carver designed to empower boards of directors to fulfill their obligation of accountability for governance.
POSA – Acronym for "Purchase of Service Agreement," a third-party contract with a township to provide public transportation services in the township funded by the general revenues of the township.
Prior Year(s) – The fiscal year(s) immediately preceding the current year.
Program Area – A group of activities and/or work programs based primarily upon measurable performance.
Projections – Estimates of budget authority, outlays, receipts, or other budget amounts extending several years into the future. Projections are generally intended to indicate the budgetary implications of existing or proposed programs.
Property Tax – A tax levied on all real and certain personal property, tangible and intangible, according to the property's assessed valuation.
Public Transportation – Regular and continuing general or special transportation provided to the public, not including school buses or charter, intercity bus, or rail service provided by the private sector.
Purchase Order – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of charges for them.
Purchased Transportation – Transportation service provided to TheRide from a public or private transportation provider based upon a written contract.
Reimbursement – A sum (1) that is received by the government as a repayment for commodities sold or services furnished either to the public or to another government account and (2) that is authorized by law to be credited directly to specific appropriation and fund accounts.
Reserve – The unrestricted net assets from TheRide's financial statements.
Resolution – A special or temporary order of a legislative body, or an order of a legislative body requiring less legal formality than an ordinance or statute.
Revenue – Monies received or collected by TheRide as income, including such items as tax payments, passenger fares, fees from specific services, receipts from other governments, and interest income.
Revenue Hours/Miles – The time (hours) or distance traveled (miles) when a vehicle is available to the general public for the carrying of passengers, a key measure of service provided by a transit agency.
Revision – Shifting of all or part of the budget authority in one appropriation or account to another, as specifically authorized by law.
Self-Insurance – Refers to participation in a self-insurance fund. Self-insurance allows an organization to closely realize its actual claim experience, as well as pool its insurance buying power with other participating agencies.
Surplus – The amount by which TheRide's budget receipts exceed its budget outlays for a given period, usually a fiscal year.
TIP – Acronym for Transportation Improvement Program, a federally-required 4-year program of projects for federal funding.
Tax Base – All forms of wealth under TheRide's jurisdiction that are taxable.
Tax Rate – The amount levied per $1,000 of assessed property value on property.
Temporary Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of less than one year.
Transfer – See Revision.
User Fees – Payments for direct receipt of a public service by the party benefiting from the service. Also known as user charges. Fares are an example.
YTC – An acronym for the Ypsilanti Transit Center, TheRide's passenger terminal in Ypsilanti.

AGREEMENT

Between

ANN ARBOR AREA TRANSPORTATION AUTHORITY

(Hereinafter referred to as the "Employer")

and

LOCAL 171 OF TRANSPORT WORKERS UNION

(Hereinafter referred to as the "Union")

September 17, 2026 through June 30, 2030

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ARTICLE I

GENERAL

SECTION 1 - PURPOSE AND INTENT

The general purpose of this Agreement is to set forth terms and conditions of employment and to promote orderly and peaceful labor relations for the mutual interest of the Employer, the employees, the Union and the Public. The parties recognize that provisions of high-quality service and maintenance of community support for public transportation are a shared responsibility and are dependent upon the success in providing service to the community which is met with public satisfaction. To these ends, the Employer and the Union encourage, to the fullest degree, friendly and cooperative relations between the respective representatives at all levels and among all employees.

SECTION 2 - RECOGNITION

Pursuant to and in accordance with all applicable provisions of Act 336 of the Public Acts of 1947, as amended, the Employer does hereby recognize the Union as the exclusive representative for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment and all other conditions of employment, in accordance with Section 2 of said Act, for the terms of this Agreement of all employees of the Employer included in the bargaining unit described below.

A. EMPLOYEES COVERED

All non-supervisory employees of the Ann Arbor Area Transportation Authority as set forth in Article 11, Section 1.

B. SCOPE OF AGREEMENT

The provisions of this Agreement will apply to the relationship between the Employer and employees of said bargaining unit and said Union.

SECTION 3 - NON-DISCRIMINATION

No persons employed by the Employer or applicants for employment will be discriminated against because of race, sex, creed, color, national origin, age, handicapped, sexual preference, educational status, over any characteristics, beliefs or activities which do not affect the employee's ability to perform her/his job. The Employer will ensure that employment assignments, transfers, leaves of absence and disciplinary policies are administered on a fair, non-discriminatory basis. No employee will be subjected to sexual harassment. The Employer and the Union agree that the Elliott-Larson Act will provide the basis of definitions for this Section.

SECTION 4 - RIGHTS OF MANAGEMENT

The management of the system and the direction of the working forces are vested exclusively in the Employer including but not limited to the right to hire, promote, suspend and discipline or discharge for proper cause; the right to relieve employees from duty because of reduction in work; the right to schedule hours and require overtime; the right to assign work to locations; the right to determine the number of classifications and staffing of classifications; the right to establish work rules; the right to contract or sub-contract work. The above-mentioned rights, powers, and interest of the Employer apply except as expressly abridged by the terms and conditions of this Agreement.

SECTION 5 - STRIKES AND LOCKOUTS

It is the intent of the parties of the Agreement that the grievance procedure herein shall serve as the means for the peaceable settlement of all disputes which may arise between them. Recognizing this fact, the Union agrees that during the life of this Agreement, neither the Union, its agents, nor its members will authorize, instigate, aid, condone or engage in a work stoppage, slow down or strike against the Employer, either on behalf of the bargaining unit covered by this Agreement or any other Authority employees. The Union is also obligated to make every effort possible to return to work any of its members who are engaged in a wildcat strike or other illegal work stoppage. It is understood that any employee engaging in any work action described herein is subject to discharge. The Employer agrees that during the same period, there will be no lockout.

SECTION 6 - SAFETY PRACTICES

A. COMMITMENT TO SAFETY

The personal safety and health of each employee and the prevention of occupational injuries and illnesses are of paramount importance to both the Employer and the Union. To this end, both parties mutually agree to uphold the concepts of, and responsibilities contained in all applicable safety statutes, included, but not limited to:

- M.I.O.S.H.A., Public Act 154, 1974
- O.S.H. Act, Public Law 91-596, 1970
- Michigan Vehicle Code

B. SAFETY PROGRAM

The Employer will establish and maintain a health and safety program with input from the Union, which will embody the proper attitudes toward injury and illness prevention on the part of both supervisors and employees.

C. SAFETY STEWARD

1. The Union will designate a Safety Steward who will identify and examine health and safety problems, periodically meet with the Employer's safety representative at mutually agreeable times to discuss health and safety matters, accompany inspectors on walk-around inspections and recommend the deadlining of vehicles to the Manager of Fleet Services. The appropriate Manager or his/her designee will respond within twenty-four (24) hours to such recommendations.
2. The designated Safety Steward will be relieved with pay to accompany inspectors and the Safety Officer on walk-around inspections. The designated Safety Steward may request reasonable unscheduled safety inspections with the Safety Officer at a mutually convenient time. The designated Safety Steward will have full access to all work areas and equipment utilized by unit employees. In the event the designated Safety Steward is unavailable, the designated alternate shall assume the rights and responsibilities. The designated Safety Steward will receive copies of summary accident reports prepared by management on a quarterly basis.

SECTION 7 - WORK RULES

A. Work rules are defined as standards of performance and conduct for employees in doing their job according to Employer policies and procedures. Whenever possible and practical, the Employer's work rules shall be codified into a Personnel Procedures Manual (hereinafter referred to as the "PPM"). The Employer reserves the right to establish and implement work rules, however, the Employer agrees to submit all changes to work rules in writing to the Union for input and approval. Work rule "changes" may include new work rules; deletions of existing rules; or changing or revising existing rules. The Employer retains the right to post work rules in preparation for implementation if the Union input, review, and approval process described in any of the following procedures exceeds thirty (30) calendar days. New work rules may be established and existing work rules revised or changed in accordance with any one of the following procedures:

1. **NORMAL CHANGES:** There may arise the need and desire of either party to this agreement to make work rule changes. Whenever possible, the Employer will discuss planned work rule changes at labor management meetings during the input process. Should the Union wish to

discuss work rule changes, it shall bring the proposed changes to the attention of the Employer at a labor management meeting. Either party may request non-binding mediation (as described and provided for in Article I, Section 7 B) should the parties fail to reach an agreement regarding such work rule changes. Notwithstanding discussions and non-binding mediation, the Employer retains the right to post new work rule changes for implementation. Implementation of such rules shall take place a minimum of twenty-one (21) days following their posting (unless emergency operation needs require a shorter notification period). All employees will receive individual notifications of work rule changes no less than seven (7) days before their implementation. In the event the Union does not agree to the proposed work rule changes, it may, at its option, request arbitration regarding the rules on the issue of reasonableness alone. Arbitration shall be in accordance with Article I, Section 7 C.

2. **AS REQUIRED BY LAW OR GOVERNMENTAL AGENCY DIRECTIVES:** The Union and the Employer agree that all their activities must be in compliance with laws and governmental administrative regulations. To this end, both parties agree that work rule changes shall be enacted as quickly as possible whenever necessary for the Employer's operations to comply with laws and regulations. Whenever possible and practical, the Employer will advise the Union in writing of work rule changes, along with the reasons for the changes, no less than twenty-one (21) days prior to their implementation. All employees will receive a copy of work rule changes no less than seven (7) days prior to their implementation (unless emergency operational needs require a shorter notification period). Work rule changes made to comply with laws or governmental agency directives may be the subject of non-binding mediation (as described and provided for in Article I, Section 7 B); however, such work rule changes may not be subject to binding arbitration. The reasonableness of discipline associated with any rule change enacted to comply with laws or governmental agency directives may be the subject of binding arbitration.

3. **BY LETTER OF UNDERSTANDING:** Work rule changes may be implemented by mutual consent of both parties through a "Letter of Understanding". Such Letter shall indicate the need or reason for work rule changes and shall be signed by both parties prior to implementation. Either the Employer or the Union may initiate work rule changes by presenting the other party with a proposed Letter of Understanding providing the nature of the changes and the reasons for them. The Letter of Understanding will be a subject of discussion between the two parties at a labor management meeting prior to the execution of any Letter of Understanding. Written notification of work rule changes resulting from a Letter of Agreement shall be provided to all employees no less than seven (7) days prior to their implementation (unless emergency operational needs require a shorter notification period). Neither non-binding mediation nor arbitration may be used to address the failure of either party to agree to or sign a Letter of Understanding aimed at establishing work rule changes. Letters of Understanding shall not extend beyond the labor contract agreement during which they have been negotiated without the express written consent of both parties.

4. **WHEN OPERATING NEEDS REQUIRE IMMEDIATE IMPLEMENTATION:** The Union and the Employer agree that emergency conditions may require the posting and implementation of work rules changes as expeditiously as possible. The Employer will make efforts to discuss such work rule changes with the Union and to post them as far in advance as possible and practical. Notwithstanding efforts to discuss and post work rule changes in advance, when operational needs require it, work rule changes may be posted and implemented by the Employer without prior discussion or posting. No employee shall be penalized for violation of new work rule changes unless he/she has been made aware of such changes. When new work rule changes are implemented immediately without prior posting or discussions with the Union, the Employer will discuss the rules with the Union (providing the reasons for the work rule changes and an explanation of the need for their expedited implementation). If the Union does not agree with the expeditiously implemented rules, the matter may be submitted to non-binding mediation in accordance with Article I, Section 7 B or to arbitration in accordance with Article I, Section 7 C.

5. **<u>FOR CONSISTENCY WITH NEGOTIATED AGREEMENTS:</u>** Work rule changes intended to render rules in effect at the time of this Agreement consistent with provisions of this Agreement will be discussed with the Union prior to implementation. All employees will be provided with written notification of such changes at least seven (7) days in advance of their implementation. Employees will not receive discipline for violation of such work rule changes without having first been advised of their revision. Work rule changes intended to render such rules consistent with this Agreement shall be subject to non-binding mediation in accordance with Article I, Section 7 B; or may be arbitrated in accordance with Article I, Section 7 C.

B. MEDIATION

If the Union does not agree to work rule changes, the matter may be submitted to non-binding mediation where otherwise allowed in Article I, Section 7. If mediation is requested by either of the parties, the matter shall be submitted to the Michigan Employment Relations Commission (MERC). When possible, expedited mediation will be utilized for purposes of resolving work rule changes. The cost of mediation, if any, will be shared equally by the parties.

C. ARBITRATION

1. In the event that the Union does not agree to the new, revised, or changed work rule, the matter may be submitted to arbitration where otherwise allowed in Article I, Section 7. The arbitrator shall limit his/her decision on the issue to the reasonableness of the rule change alone. If arbitration is requested, the matter shall be submitted to the Federal Mediation and Conciliation Service or other mutually agreed upon group of arbitrators. When possible expedited arbitration will be utilized for purposes of resolving work rule disputes.

2. The Arbitrator will not have jurisdiction to subtract from or modify any rule change (including any rule in question at the time), or to specify the terms of any new rule, or to substitute her/his discretion for that of the parties. Both parties will equally share the cost of the arbitrator.

3. Disciplinary penalties imposed as a result of the violation of work rule changes that have been implemented pending arbitration shall be rescinded upon the arbitrator's finding that the rule is unreasonable and any affected employees shall be fully restored to the status held prior to the imposition of such discipline.

4. If the Union fails to submit a written request for arbitration regarding work rule changes to the Human Resources office within thirty (30) calendar days of the date of its implementation, the Union's right to arbitrate the rule under Article I, Section 7 shall be deemed to be waived and the reasonableness of the rule may not be challenged in any subsequent grievance arbitration.

D. If any provision of the PPM is deemed to be invalid under Federal or State law by a court of proper jurisdiction, said provision shall be modified by the agreement of the Union and the Employer to comply with the requirements of said Federal or State law.

<u>SECTION 8 - ACCIDENTS AND INCIDENTS</u>

A. DEFINITIONS:

1. A vehicle accident is defined as any occurrence wherein an employer vehicle comes into contact with another vehicle, object or person, causing property damage or personal injury. All rear-end collisions, all collisions resulting from backing of vehicles, and all collisions with people will be considered as accidents regardless of the degree of resulting damage or injury. A passenger accident is defined as any occurrence wherein passengers onboard, boarding, or alighting from a vehicle, stumble or fall or are thrown by the movement of the vehicle. An industrial accident is defined as any unexpected event occurring in the Fleet Services and/or Facilities Services Departments that results in (or could potentially result in) damage to Employer vehicles, equipment, materials, or injury to a person requiring clinical treatment.

2. An Operations Incident is defined as any unexpected event or condition that causes a disruption of normal services or the normal operation of daily activities of vehicles or routes and does not involve a vehicle collision. An Operations Incident also includes a safety problem or a mechanical failure that threatens physical harm or affects the safe operations of a vehicle. An Industrial Incident is defined as an event occurring in the Fleet Services and/or Facilities Services Departments that requires instant action to avoid an accident or a situation when an accident is narrowly avoided by quick corrective actions. Industrial Incidents include occasions in the Fleet Services and/or Facilities Services Departments when a job or task must be unexpectedly interrupted or when a situation is recognized that requires a temporary interruption of a job or task in order to institute safety measures.

B. ACCIDENT REVIEW PROCEDURES

All vehicle, passenger, and industrial accidents will be reviewed by an Employer designated Safety Representative to determine the responsibility (whether preventable or non-preventable) for each accident. The Safety Representative will forward such determination in writing to the Employee's Department Manager. The Safety Representative will determine each accident as either preventable or non-preventable. The determination will also include in writing the reasoning for the decision. The Department Manager will notify the employee of the Safety Representative's decision and take appropriate disciplinary action as may be required. Notification to the involved employee will be within seven (7) calendar days of the Safety Representative receiving a properly completed accident/incident report. In the case of a serious accident the Employer may require additional time to complete a proper investigation. Notification of the need for additional time will be made in writing to the Union prior to the expiration of the initial seven (7) calendar day investigation period. Such notification will include an explanation for the additional time and an estimate of how much additional time will be required. Accidents not determined by the Employer as preventable within the initial investigation period (or any extension thereof) will not be considered for any progressive discipline.

C. APPEAL PROCEDURE

1. Vehicle Accident Appeals Vehicle Accident Review Board

An employee whose accident is judged preventable by the Safety Representative may appeal that decision to the Accident Review Board (ARB) by notifying the Safety Representative within seven (7) calendar days after being notified of the Safety Representative's decision. The Safety Representative will provide the permanent members of the Accident Review Board with a copy of the appeal as soon as possible. The Accident Review Board will consist of two (2) members appointed by the Union, two (2) members appointed by the Employer, and a neutral third party mutually chosen by the parties. The Accident Review Board will be chaired on a rotating basis by the Union and Employer members. Alternates or neutral parties will not chair any meetings. The Employer and the Union will designate alternate members. All members and alternates will serve three (3) year periods. The fees and expenses (if any) of the neutral board member shall be shared equally by the two parties. Meetings of the Accident Review Board will be scheduled quarterly if there are pending accident appeals. Such meetings may be postponed as necessary to provide for adequate investigation or to accommodate changing operational needs. All members of the ARB will be informed of postponed and/or rescheduled meetings as quickly as possible. Notices of scheduled ARB meetings and any postponement or rescheduling of such meetings will be posted on the Human Resources bulletin board. Each Union or Employer member may be responsible for investigating and presenting one case before the Board. ARB members will be provided with information related to accidents at least seven (7) calendar days before scheduled ARB meetings for the purpose of investigating and preparing related presentations. In the event the Accident Review Board finds an accident to be non-preventable, any disciplinary action which may have been taken will be removed from the affected employee's record. Decisions of the Accident Review board will be final and not subject to further appeal. Bargaining unit members serving on the Accident Review Board will be paid for all time spent at the Accident

Review Board Meetings. An ARB member may not have more than two preventable accidents on her/his record during the preceding twenty-four (24) months. The Employer will provide training for all permanent ARB members to assist them in their responsibilities pertaining to the judging of accidents.

2. **Industrial Accident/Industrial Accident Review Board**

   An employee whose accident is judged preventable by the Safety Representative may appeal that decision to the Industrial Accident Review Board (IARB) by notifying the Safety Representative within seven (7) calendar days after being notified of the Safety Representative's decision. The Safety Representative will provide the permanent members of the Industrial Accident Review Board with a copy of the appeal as soon as possible. The Industrial Accident Review Board will consist of two (2) members appointed by the Union, two (2) members appointed by the Employer, and a neutral third party mutually chosen by the parties. The Industrial Accident Review Board will be chaired on a rotating basis by the Union and Employer members. Alternates or neutral parties will not chair any meetings. The Employer and the Union will designate alternate members. All members and alternates will serve three (3) year periods. The fees and expenses (if any) of the neutral board member shall be shared equally by the two parties. Meetings of the Industrial Accident Review Board will be scheduled quarterly if there are pending accident appeals. Such meetings may be postponed as necessary to provide for adequate investigation or to accommodate changing operational needs. All members of the IARB will be informed of postponed and/or rescheduled meetings as quickly as possible. Notices of scheduled IARB meetings and any postponement or rescheduling of such meetings will be posted on the Human Resources bulletin board. Each Union or Employer member may be responsible for investigating and presenting one case before the Board. IARB members will be provided with information related to accidents at least seven (7) calendar days before scheduled IARB meetings for the purpose of investigating and preparing related presentations. In the event the Industrial Accident Review Board finds an accident to be non-preventable, any disciplinary action which may have been taken will be removed from the affected employee's record. Decisions of the Industrial Accident Review Board will be final and not subject to further appeal. Bargaining unit members serving on the Industrial Accident Review Board will be paid for all time spent at the Industrial Accident Review Board meetings. An IARB member may not have more than two preventable accidents on her/his record during the preceding twenty-four (24) months. The Employer will provide training for all permanent IARB members to assist them in their responsibilities pertaining to the judging of accidents.

D. ACCIDENT AND INCIDENT REPORT COMPLETION COMPENSATION

An employee who is involved in an accident/incident and is required to complete an accident/incident report before the end of the shift in which the accident/incident occurred, will be relieved from their work duties and will be paid for all time spent completing the report. Reports that are not required to be completed before the end of the shift will be completed within twenty-four (24) hours and will be paid an allowance as outlined in Article VI Section 1 G. Once a properly completed report has been submitted, any time spent for Employer requested information related to the investigation will be paid.

<u>SECTION 9 - COMPETITIVE BIDDING/CONTRACTUAL WORK</u>

GENERAL CONDITIONS

In order to provide both an efficient and effective transportation service, the Employer retains the right to competitively bid service under the following conditions:

A. TRANSPORTATION WORK

1. Fixed routes operating exclusively within the cities of Ann Arbor and Ypsilanti and Ypsilanti Township will not be subject to competitive bidding provisions for the life of this Agreement. In the event a regional millage is approved, fixed routes operating exclusively within the area

subject to such a millage that were staffed by Bargaining Unit members as of July 1, 2012, will not be subject to the competitive bidding provisions of this agreement.

2. With the exception of fixed routes operating exclusively within the cities of Ann Arbor and Ypsilanti, and Ypsilanti Township and subject to the provisions of Paragraph 1 above, the Employer reserves the right to competitively bid any other services.

3. Prior to subcontracting any services, the Employer will negotiate with the Union for the operation of the contemplated services. Based upon those negotiations and considerations of cost and service quality, the Employer will determine whether to operate the service "in house" or to proceed to competitive bidding on the service.

4. Subcontracted services will be limited to no more than ten (10) years before the services will be re-bid. Any re-bidding process shall incorporate negotiations with the Union as described in item #3 above.

B. MAINTENANCE WORK

The Employer will limit the contracting or subcontracting of vehicle maintenance as follows:

1. Work that requires facilities, equipment or specialized expertise that is not available in-house.

2. At times when the backlog of unit work or the availability of unit employees would cause excessive delay in completing the additional work.

3. At times when transit services would be interrupted due to a longer time required to perform work internally compared to the time required to contract or subcontract the same work.

4. At other times with the consent of the Union.

C. FACILITIES WORK

The Employer shall have the right to subcontract the grounds keeping, snow removal, and other maintenance external to the building and other work which is deemed to be beyond the expertise of the Facilities Maintenance Personnel, or which would require forces in excess of normal staffing levels.

SECTION 10 - AID TO OTHER UNIONS

The Employer will not aid, promote or finance any labor group or labor organization for the purposes of undermining the Union.

SECTION 11 - DUES DEDUCTIONS

A. Local 171 of the Transport Workers Union ("Union") represents all employees in the bargaining unit described in Article I, Section 2.

B. Every employee in the bargaining unit (each "bargaining unit member") can freely choose to become a member of the Union or to not become a member of the Union. Bargaining unit membership and Union membership are distinct.

C. An employee who becomes a Union member will be required by the Union to pay dues or fees. The amounts and regularity of those fees/dues payments will be decided by the Union. An employee choosing to become a Union member will be required by the Union to sign a payroll deduction authorization, in a form acceptable to the Employer, authorizing the Employer to deduct Union fees/dues from the employee's paychecks.

D. An employee wishing to have Union fees/dues deducted from their paycheck shall provide a signed/written payroll deduction authorization to the Employer. Annually the Union shall provide the Employer with information specifying how much must be deducted from the wages of each employee who has submitted a signed/written payroll deduction authorization approved by the

Employer. The Employer will thereafter make the appropriate deductions from each such employee's second monthly pay period/paycheck. The Employer will promptly remit the deductions (e.g. check, electronic transfer, etc.) to the Union.

E. The Employer shall use its best efforts to make authorized deductions in the manner set forth but assumes no responsibility for any errors in making such deductions other than to correct such errors. The Union agrees to hold the Employer harmless for any claims arising out of deductions made by the Employer under this Article. In the event of overpayment, the Union agrees to refund such monies within twenty (20) days upon presentation of evidence of error or mistake.

F. An employee's signed/written payroll deduction authorization may be revoked by the employee in a written notice of revocation signed by the employee and received by the Employer. A revocation shall become effective immediately upon receipt of the notice. Any such notice received by the Employer will be immediately forwarded to the Union.

G. Neither the Employer nor the Union will discriminate against any employee because the employee chooses to become, or chooses not to become, a member of the Union.

1. Joining the Union is not a condition of employment; an employee cannot and will not be terminated solely because the employee chooses to not join the Union.
2. Paying Union dues or fees is not a condition of employment; an employee cannot and will not be terminated solely because the employee chooses to not pay Union dues or fees.
3. The Employer will not tolerate harassment or discrimination against any employee who chooses to become a Union member or chooses not to become a Union member.

H. The Union agrees to indemnify, defend and hold the Employer harmless against any and all claims, suits and/or other forms of liability that may arise out of or by reason of the Employer complying with the provisions of this Article.

SECTION 12 - LABOR-MANAGEMENT MEETINGS

The Employer and the Union mutually agree to conduct periodic Labor-Management meetings. Meetings will be held at a mutually agreeable time. Meetings will be attended by the CEO or his/her designee, the Union President and Union Vice Presidents. Other attendees must be mutually agreed upon by the CEO and the Union President. The Union President and two (2) Vice-Presidents will be paid for attendance at all such meetings.

SECTION 13 - ZERO-EMISSION BUSES/AUTONOMOUS BUSES

A. The Employer and Union acknowledge that the federal government has established goals for public transit to move the nation's transit fleets to zero-emissions buses (ZEB). The Employer and Union also acknowledge that new technologies like autonomous vehicles are rapidly developing. Both parties agree that when either:

- ZEB technology; or
- Fully autonomous, self-driving buses without the need for an operator;

are adopted by the Employer, the parties will meet to negotiate the impact of these transitions on the current workforce at the time. The parties will identify job impacts, skill gaps, new jobs created, and training needs of existing employees to operate and maintain:

- ZEB and related infrastructure; and/or
- Fully autonomous, self-driving buses without the need for an operator.

B. The Employer will provide training to employees in the bargaining unit to ensure employees can perform jobs resulting from either of these transitions. If an employee is not able to complete training, they will be able to apply for any open position within the Employer. The Employer will make all reasonable efforts to train and/or retrain all existing employees.

C. The Employer will notify the Union as soon as practical of all:

- agreements to participate in pilot/test/experimental programs; or
- Employer-issued requests for proposals (RFP's) pertaining to the technologies listed above;or
- proposals of the annual budget including the technologies above.

SECTION 14 – BULLETIN BOARDS

The Employer will provide individual bulletin boards for maintenance, operational, and clerical employees to be used exclusively by the Union. The Union agrees not to post on its bulletin boards any material which is in violation of any person's constitutional or civil rights. All posting will be restricted to these bulletin boards.

ARTICLE II

EMPLOYMENT PROCEDURES

SECTION 1 – JOB DESCRIPTIONS

A. Each bargaining unit job will have a written job description. The Employer may change the existing job descriptions and establish new job descriptions. Prior to changing any job descriptions or establishing any new job descriptions, the Employer shall solicit input from the Union. Whenever possible, the Employer will discuss planned job description changes or planned new job descriptions at labor-management meetings during the input process. Updated versions of all job descriptions and copies of the same will be made available to Union employees through the Human Resources Office.

B. Job classifications recognized as of the effective date of this Agreement are:

Motor Coach Operator	MCO (including trainee, training specialist)
Information Specialist	**Lead Information Specialist, Information Specialist**
Parts Clerk	Parts Clerk
Service Crew	Lead Service Crew, Service Crew
Facilities Maintenance	Lead Facilities Maintenance, Facilities Maintenance
Fleet Services	Lead Fleet Services Technician, Fleet Services Technician
Paint and Body Repair	Paint and Body Repair
Tire Maintenance	**Tire Maintenance**

C. FLEET SERVICES / PAINT AND BODY REPAIR CERTIFICATION

1. **Lead Fleet and Fleet Services Technicians:** ASE testing will be conducted through the National Institute for Automotive Service Excellence authorized testing centers. Technicians will be paid an allowance of **$55.00** for each eligible certification test taken and successfully passed. Eligible certifications are **listed below**:

   a. **H2 Diesel Engines**

   b. **H3 Drive Train**

   c. **H4 Brakes**

   d. **H5 Suspension and Steering**

   e. **H6 Electrical and Electronic Systems**

   f. **H7 HVAC**

   g. **H8 PMI**

   h. **L2 Electronic Diesel Engine Diagnosis Specialist**

2. **Paint and Body Repair: ASE testing will be conducted through the National Institute for Automotive Service Excellence authorized testing centers. Paint and Body personnel will be paid an allowance of $55.00 for each eligible certification test taken and successfully passed. Eligible certifications are listed below:**

a. **B2 Painting and Refinishing**

b. **B3 Non-Structural Analysis and Damage Repair**

c. **B4 Structural Analysis and Damage Repair**

d. **B5 Mechanical and Electrical Components**

3. Upon submission of payment receipt and written documentation of a passing score, the Employer will reimburse employees the cost of each eligible ASE test as well as the CDL. Once the employee provides documentation of a passing score on an eligible ASE certification/recertification exam, the Employer will also reimburse the cost of associated registration fees upon submission of a paid receipt. All reimbursements will be paid to the employee in a separate accounts payable check and will not be subject to payroll taxes.

4. The employee will be paid an additional **forty cents ($.40)** per hour, per certification, **added to their base wage,** for each eligible, **active** ASE certification held. **Allowance** payment **as well as relevant hourly wage increase(s)** will be processed once required documentation is provided to the Manager of Fleet Services and will be effective the first day of the pay period following the day the test **is** passed. Employees must provide documentation within thirty (30) days of test date.

5. The Employer will provide training on an annual basis or as needed that is AAATA product specific in categories such as air systems, brakes, electrical, engines, HVAC systems, ramps, etc. This training **and testing, if provided,** will be provided during normal working hours and the employees will be paid accordingly for their attendance.

6. The Employer will provide referral information for employees requesting assistance related to the maintenance training and certification program.

7. All Fleet Services Technicians and Lead Fleet Services Technician must pass the AAATA specific preventative maintenance exam and practical skills test and the EPA required 609 Air Conditioning certification within **their probationary period. The cost of this testing will be paid by the Employer. Lead Fleet Services Technicians promoted internally will not be required to retake these tests upon promotion.**

8. Eligible ASE certifications are voluntary for Fleet Services Technicians. Lead Fleet Services Technicians will be required to hold and maintain ASE certifications as documented in the job description.

9. **Regardless of certifications held, every Technician will be required to perform maintenance and repairs on all AAATA vehicles, unless prohibited by law.**

SECTION 2 - SENIORITY

A. DEFINITIONS

1. Unit Seniority - The time an employee has been employed in the bargaining unit, subject to the provisions in Paragraph B below.

2. Classification Seniority - The time an employee has been in a particular job classification, subject to the provisions in Paragraph B below.

B. LOSS OF SENIORITY

An employee will lose her/his seniority for the following reasons only:

1. Unit Seniority:

a. She/he resigns.

b. She/he is terminated, and the termination is not reversed, either through procedures set forth in this Agreement or through other appropriate procedures.

c. She/he fails to return from a leave of absence.

d. She/he retires.

e. She/he completes the ninety (90) day trial period in a non-bargaining unit position under the Employer.

f. Employees on layoff for twenty-four (24) months.

g. Failure to return from vacation or following cessation of workers' compensation benefits unless approved by the Employer.

2. Classification Seniority:

a. For any of the reasons listed under Unit Seniority.

b. After the completion of the trial period in another bargaining unit classification, the employee will lose her/his classification seniority in the classification from which she/he transferred.

C. RETENTION OF SENIORITY

Seniority shall be retained for a ninety (90) day period for an employee who transfers to a position outside the bargaining unit. During the trial period, such employee may return to her/his former bargaining unit position provided the employee's former position is vacant. Following the ninety (90) day period, the employee will lose her/his seniority in the bargaining unit.

D. SENIORITY LIST

Every bid the Employer will provide the Union with a list of employees in each classification. The names will be listed in order of the amount of time spent in that classification. The list will also include the employee's date of hire and status (full-time or part-time, etc.) and address and telephone number.

E. DETERMINATION OF SENIORITY

In determining the unit seniority list, the date to be used is the day the employee started work. In cases where this date is the same for more than one (1) employee, the date of application will be used. In the case that the starting work date and the application date are the same for more than one (1) employee, the time of day the application is accepted as complete by the Employer will be used.

F. SENIORITY ADJUSTMENT

Seniority shall accumulate for all leaves of absences, and the employee will be entitled to resume her/his regular seniority status upon returning from a leave of absence.

SECTION 3 - PROBATIONARY EMPLOYEES

A. LENGTH OF PROBATION

1. New permanent employees hired in the unit shall be probationary employees for the first six (6) months of their employment during which they must actively work a minimum of 110 days.

2. During the probationary period the employee is observed to determine if she/he is qualified to continue as a permanent employee. The required days of work during the probationary period will be accumulated within not more than twelve (12) months.

3. The Employer will perform a "mid-term" probationary evaluation at the end of three months of employment for each probationary employee. Employees who continue their employment following this mid-term probationary review will qualify for Employer paid medical, dental, optical, and life insurance benefits.

4. Probationary employees will undergo a final probationary review at the end of their six (6) month probationary period prior to becoming permanent employees.

5. A probationary employee who serves her/his probationary period during a time in which her/his job is not operative, shall work additional days equal to the number of days which her/his job was not operative, and such employee shall not have completed her/his probationary period until these additional days have been worked.

6. The six (6) month probationary period may be extended by the Employer in cases where an employee's performance is not satisfactory but may improve up to a satisfactory level with additional time. Notice of the extension will be given to the employee and the Union no later than the time of the final probationary evaluation. In no instances, however, may an employee remain on probation longer than twelve (12) months.

B. PROBATIONARY EVALUATION

Each probationary employee will receive written evaluations from her/his immediate supervisor outlining job performance. Evaluations will be reviewed and discussed in a conference with the employee. Evaluations will be made approximately mid-way through the probationary period and prior to the completion of probation. At the final conference, the probationary employee may, at her/his option, be accompanied by a Union Representative serving as a non-participating observer. Determination of the employee's ability to become a permanent employee shall be at the sole discretion of the Employer.

C. PROBATIONARY COMPLAINT PROCEDURE

1. Probationary employees with complaints which would be the subject of the grievance procedure if the employee were not on probationary status may discuss her/his complaint with her/his immediate supervisor. The probationary employee may, at her/his option, be accompanied by a non-participating observer in any discussion with the supervisory staff. If a Union representative is chosen as an observer, her/his status will be that of an individual as opposed to that of a representative.

2. If the complaining employee's complaint is not resolved to her/his satisfaction after discussion with the immediate supervisor, then the complaining employee may file a written complaint with the Manager of Human Resources who will respond in writing within five (5) calendar days. If the complaint is not resolved to the satisfaction of the complaining employee at this step, the written complaint will then go to the CEO. The CEO's decision is final and binding. Before making her/his decision, the CEO will hold a meeting, to be attended by the complaining employee and the non-participating observer. The provisions of paragraph (1) above, relating to an observer will also apply with respect to the meeting with the CEO.

3. The probationary employee's and non-participating Union observer's time spent in meetings will be unpaid. Employees must be available without relief by the Employer from job duties to attend such meetings.

4. The Union will represent probationary employees for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment and other conditions of employment, as set forth in Article I, Section 2 of this Contract, except employees discharged and disciplined for other than Union activity.

D. RESTRICTIONS AGAINST TRANSFERS

1. New employees in the bargaining unit will be required to complete one (1) year in the position into which they were hired before becoming eligible for transfers as provided

elsewhere in this agreement. This restriction may be waived at the discretion of the Employer.

2. In addition, no more than one (1) employee in the Service Employee job classification may transfer to another bargaining unit position at any one time. Six (6) months must elapse between the effective dates of transfer before any additional transfer will be permitted.

SECTION 4 - OFFICERS AND STEWARDS

A. SENIORITY OF OFFICERS AND STEWARDS

Notwithstanding their position on the seniority list, the Executive Committee and Stewards of the Union will, in the event of a layoff only, be continued at all times, provided they can perform any of the work available. Officers and Stewards will be permanent employees and will have completed their initial probationary period.

B. STEWARD STRUCTURE

The Union will provide a Steward structure, including Senior Stewards and a Safety Steward, which will not consist of more than one (1) steward for every fifteen (15) employees. The Union will provide the Employer in writing with a current listing of stewards.

SECTION 5 - LAYOFFS

A. REASON FOR LAYOFF

The Employer may lay off employees when it deems it necessary by reason of shortage of work or funds, the abolition of a position, material change in the organization, or for other reasons. If requested, the Employer will provide financial and related information documenting the reason for layoff.

B. NOTICE AND ORDER OF LAYOFF

1. The Employer will furnish the affected employee or employees with a minimum of sixty (60) days written notice prior to the date that the scheduled layoff or layoffs are to become effective.

2. Employees shall be laid off in inverse order of seniority in their classification. An employee on scheduled layoff shall have the right to exercise her/his unit seniority and displace an employee with less unit seniority in another classification, provided the senior employee is qualified to hold the position held by the less senior employee. In the event the Employer finds the employee not qualified, the Employer will send written notification to the Union. Employees who exercise this option will be paid at the beginning rate for the position. Employees shall be recalled in inverse order of layoff in the affected classifications. Employees who have exercised their option to displace a less senior employee in a different classification will have the right to return to their previous position at the point in time they are eligible for recall based on their seniority in the former position from which they were laid off. Any employee laid off and not displacing a less senior employee shall have their work record frozen during the lay off period. Probationary employees who are laid off will continue their probationary period upon return to work, as outlined in Article II, Section 3 of this agreement.

   Notice of recall will be sent by registered mail to the employee at her/his last known address. If an employee fails to report for work within fourteen (14) days from receipt by the employee of the mailed notice of recall or the return of the registered recall letter to the Employer, she/he will be considered to have resigned.

3. No bargaining unit employee will be laid off from any job classification or position within a classification while any temporary employee is still employed in the same classification or

position. Temporary employees will be laid off without reference to the provisions of Article II, Section 5 B.

SECTION 6 - VACANCIES AND NEWLY CREATED POSITIONS

A. PERMANENT VACANCIES

Notice of all permanent vacancies and newly created positions shall be posted on the Employer's bulletin boards for fourteen (14) calendar days. Employees may make application to fill the vacancy or new position during the posting period. Postings will include job description and the current rate of pay. The applying employee with the best overall qualifications, ability, and performance record as measured by standard criteria established by the Employer shall be transferred to fill the vacancy or new position, provided the employee has the minimum qualifications to perform the duties of the job involved. In cases where overall qualifications, ability and performance records are equal between applying employees, the employee with more unit seniority will be transferred. In cases of inter-departmental transfers, such transfers may not become effective if transferring the employee will create a staff shortage in the position she/he is leaving until a replacement for the transferring employee can be arranged. Employees who transfer to a new position will not be eligible to transfer to another position for a one (1) year period.

B. TRIAL PERIOD FOR PERMANENT VACANCIES AND NEWLY CREATED POSITIONS

A transferred employee shall serve a trial period of one-hundred eighty (180) calendar days. During the trial period, the employee may request to be returned to her/his former position. Such request may be granted at the discretion of the Employer. A transferred employee in a new position may only apply for a transfer to another position after she/he has been in her/his position one (1) calendar year. This restriction may be waived at the discretion of the Employer. In the event that the employee's work performance is unsatisfactory to the Employer, the Employer shall have the right to return the employee to her/his former position. Prior to returning the employee to her/his former position, the Employer will notify the affected employee in writing of the reason(s) her/his job performance is found to be unsatisfactory. If the employee does not agree with the written reason or reasons, a grievance may be filed. During the employee's trial period, the Employer may fill any subsequent vacancies as specified in Article 11, Section 6, F, entitled "Temporary Vacancies".

C. TRIAL PERIOD EVALUATION

At the end of any full or partial trial period, a conference will be held with the affected employee and her/his Department Manager or her/his designee. A Union Representative may be present at the employee's option. Following the conference, a written evaluation will be prepared with a copy placed in the employee's personnel file and a copy forwarded to the employee and a copy forwarded to the Union.

D. DENIAL OF TRANSFER

When any applicant is denied a requested transfer, the appropriate Department Manager or her/his designee will place a written copy of the reasons for such denial in each affected applicant's personnel file, forward a copy to the employee and forward a copy to the Union.

E. NEWLY CREATED POSITIONS

1. The Employer shall notify the Union in writing when a new classification is created during the term of this Agreement. The Employer shall place into effect a rate of pay for the classification in question and shall designate the pay rate as temporary.

2. During the first thirty (30) calendar days following the date of written notification to the Union, but not thereafter during the life of this Agreement, the Union may request in writing to the Employer to negotiate the rate of pay assigned to the new classification. The negotiated rate, if different than the temporary rate for the new classification, will be applied to the date an

employee first began working in the new classification, except as otherwise mutually agreed. In a case where the parties are unable to agree on the rate of pay, the issue may be submitted to arbitration.

3. When a new classification has been assigned a permanent rate of pay, either as a result of the Union not requesting negotiations during the specified period of time, or as a result of final negotiations between the parties, or upon resolving the matter through arbitration, the new classification and pay rate shall be added to and become a part of this Agreement.

F. TEMPORARY VACANCIES

1. The Employer may fill a temporary vacancy of less than two (2) weeks duration as follows:

a. By utilizing volunteers within the classification where operational requirements permit;

b. At the Employer's option, assigning reserve employees to the vacancy or by temporarily transferring a consenting employee from one classification to another. An employee temporarily transferred from her/his classification to another classification within the bargaining unit will be paid either the rate of the position from which the employee is transferred or the rate of the position to which the employee is transferred whichever is higher; or,

c. Hiring a temporary employee or securing the services of an employment agency.

2. The Employer may fill temporary vacancies of greater than two (2) weeks duration as follows:

a. First by allowing permanent employees on medical-related leaves of absence to fill temporary vacancies provided they are physically capable and have the ability without training to perform the work. Such an employee filling a temporary vacancy will receive the rate of pay for which the job she/he is temporarily assigned. Employees on unpaid medical leaves of absence who have indicated in writing a desire to be considered for temporary vacancies will be notified by the Employer of such vacancies. Employees must apply for a temporary vacancy within seven (7) calendar days of the beginning of such vacancy. In the event there are more applicants than vacancies, selection will be made by seniority;

b. By utilizing volunteers within the classification where operational requirements permit;

c. At the Employer's option by assigning reserve employees or by temporarily transferring a consenting employee from one classification to another. Such an employee temporarily transferred from her/his classification to another classification within the bargaining unit will work the regularly scheduled shift associated with the position and be paid either the rate of the position from which the employee is transferred or the rate of the position to which the employee is transferred whichever is higher; or,

d. Hiring a temporary employee or securing the services of an employment agency.

Notwithstanding the above, the Employer will have the right to hire a temporary employee or secure the services of an employment agency during the application period.

3. If a temporary employee is hired, she/he will automatically retain temporary status for a period of up to sixty (60) calendar days. An extension of temporary status for an additional one hundred twenty (120) days may be made by the Employer if the temporary employee is replacing a permanent employee who is on a leave of absence.

4. Temporary Supervisors for the Bus Operations Department may be selected from the Bus Operations Department members of the Bargaining Unit. The number of Temporary Supervisors will be limited to five (5) per year in this position. It is recognized that employees in this position will perform supervisory functions including assisting regular operators perform their duties and assist regular supervisory staff during periods of special needs.

Temporary Supervisors will be selected from qualified volunteers and will be selected for one (1) year periods. Temporary Supervisors will not be permitted to serve consecutive terms unless a sufficient number of otherwise qualified volunteers is not received. Temporary Supervisors will be assigned supervisory responsibilities in the Control Center with a permanent Bus Operations Supervisor present. Temporary Supervisors will not be involved in the discipline process.

SECTION 7 - WORK OUTSIDE THE EMPLOYEE'S CLASSIFICATION

When requested, employees within the bargaining unit may perform non-bargaining unit work or work outside their job classification, in emergencies, when regular or reserve employees are not available, or to do experimental work on a new job.

SECTION 8 - PART-TIME EMPLOYEES

A. PART-TIME EMPLOYEES

1. The Employer may hire part-time employees who will be able to bid work as provided in Article IV, Section 2, Paragraph A. Such work will be provided in accordance with the operational needs of the Employer, subject to the provisions of Article IV, Section 1, Paragraph A.
2. Part-time employees shall be scheduled to work no more than 24 hours per week.
3. Part-time employees who wish to become Full-time employees and Full-time employees who wish to become Part-time employees may apply for such positions when posted as provided in Article II, Section 6, Paragraph A.
4. Part-time employees will receive only those benefits statutorily required by law (i.e. workers' compensation). Part-time employees shall not be eligible for any employment benefits otherwise provided for in this collective bargaining agreement.
5. Part-time employees may be laid off according to Article 11, Section 5, Paragraph B.

B. LIMITATIONS ON NUMBER OF PART-TIME EMPLOYEES

The total number of part-time employees will not be greater than fifteen percent (15%) of the total active employees in each job classification within the bargaining unit.

SECTION 9 - TRAINING

A. TRAINING PROGRAMS

All bargaining unit classifications and positions within classifications will have a standard training program. Bargaining unit employees may be selected to assist in providing training. Such trainers will be selected by the Employer from a list of volunteers obtained through periodic postings.

B. UNION ORIENTATION

All new bargaining unit employees will receive, as part of their regular training program a four (4) hour Union orientation by a representative of the Union. The Employer will provide time at the end of the training period which new hires will attend. The Union will compensate the new employees for time spent in orientation.

C. LENGTH OF TRAINING

The Employer will consult with the Union President or the designated member of the Executive Committee in determining the length of training of each job. By mutual agreement other parties may be involved. If an employee has previously had Ann Arbor Area Transportation Authority experience, or similar transit experience, the training period may be shortened to avoid repetition.

D. EXTENSION OF TRAINING

When extenuating circumstances prevent a new employee from completing the standard training program within the designated time, the designated training representatives may recommend an extension be granted.

E. CONTENT

1. All Bus Operations Department employee training materials will be on file with the department manager for review upon request.

2. All Fleet Services Department and Facilities Services Department employee training materials will be on file with the department managers for review upon request.

F. EVALUATION

During the training program new employees will receive periodic evaluation from the designated training representatives. At the time of the final evaluation, the designated training representatives will provide additional input toward the evaluation. These evaluations will be written and will indicate employee progress, areas for improvement and any special problems which may have arisen. A copy will be forwarded to the employee.

G. TRAINING OF TRANSFERRED EMPLOYEES

When an employee transfers from one job to another job within the bargaining unit, she/he will complete the standard training program of the new job, unless the Employer, in consultation with the designated training representatives, recommends a shortened training period to avoid repetition.

H. RESERVE EMPLOYEE TRAINING

1. The Employer will periodically train employees to do work outside their job classification to be used in cases of temporary staff shortages. When the Employer deems necessary, the Employer will post notice of such training for specific job classifications and/or positions for a period of seven (7) calendar days. Interested employees may sign up during the posting period, and selection will be made on the basis of qualifications, ability, performance record and seniority.

2. It is understood that employees who accept such training will be required to perform such work when the Employer deems necessary. Employees with regular bid runs who are assigned reserve work shall be scheduled, when operational needs permit, with hours similar to their regular shift. When more than one (1) employee is trained to do reserve work in a classification, assignments will be made based on operational needs. When all other things are equal, rotational seniority will be used.

ARTICLE III

DISCIPLINE AND GRIEVANCES

SECTION 1 - DISCIPLINE

A. BASIS AND MANNER OF DISCIPLINE

The Employer agrees that it will not discipline/ terminate an employee without just cause. Employer-administered discipline will be consistent with the Personnel Procedures Manual (PPM). The Employer will consider extenuating circumstances and may recommend counseling or retraining to minimize recurrences.

B. TIME LIMITS

When the Employer learns of information where disciplinary action may be warranted, such action must be initiated within seven (7) calendar days, **excluding Saturdays,** from the date on which the Employer learns of the information, and the Employer will inform the Union with a date-stamped written notice.

There shall be no time limit on disciplinary action stemming from driver's license status verifications, on matters arising from criminal actions or for falsification of employment application.

C. NOTIFICATION AND CONFERENCE

When an employee has engaged in conduct which could result in a written warning, time off without pay, or a termination, the Employer will notify **the employee and the Union** in writing **via a notification of infraction (NOI)** that a conference is required. Upon receiving such notification, the employee **or the Employer** will have four (4) calendar days to schedule a conference. **The employee must attend the conference.**

No employee, except in cases of investigatory suspension, will be given a written warning, time off without pay, or will be terminated until a conference is held to discuss the matter. However, in cases of possible suspension or termination, the employee may be suspended until a conference is held.

Upon receiving an NOI that does not include the possibility of suspension, time off without pay, or a termination (e.g. an NOI for a first "missout"), the Employee may choose to request a conference, but a conference is not required. Such a request must be made to their Department Manager within four (4) calendar days after issuance of the NOI.

If the employee wishes Union representation at the conference, the employee will make such arrangements beforehand. **All conferences involving discipline, or the possibility of discipline, will include a Union steward and the affected Employee**. If **either** the employee or steward fail to appear at the scheduled conference, disciplinary action will be administered in their absence.

Either the Employer, the Employee, or the Union may request that the conference be rescheduled. Such a request may be made once only by the Employer and once only by either the Employee and/or the Union and must include a valid reason. Conference rescheduling will be done at a mutually agreeable time. A re-scheduled conference must occur within seven (7) calendar days of the original conference date. The time spent in the conference by the employee and the steward will be paid.

D. WRITTEN NOTICE OF DISCIPLINARY ACTION

Discipline will be administered within five (5) calendar days of the conference. In the event the Employer takes disciplinary action, the Employer will furnish the affected employee and the Union a written copy of the action taken. Every employee will have the opportunity to view any disciplinary document that is placed in the employee's file.

E. USE OF PAST RECORD

In imposing discipline on a current charge, the Employer will not base the decision upon any prior infractions of rules or regulations which occurred more than twelve months previously not including any time spent on a leave of absence.

F. INVESTIGATORY SUSPENSIONS

An employee may be suspended pending investigation of charges. Within forty-eight (48) hours of the suspension, a conference will be held with the employee and/or a steward to discuss the matter (excluding weekends and holidays). If the investigation is not complete, an extension of the forty-eight (48) hours will be mutually agreed upon. If at the completion of the investigation the suspension is found to be without justification, the employee shall be reinstated with full back pay, full seniority rights and all fringe benefits which the employee would have earned during the suspension period. If the suspension is with justification, the time the employee has spent on the suspension will be counted toward any disciplinary action taken.

G. REVIEW OF PERSONNEL FILES

The Union, with specific written consent of the employee, shall have the right to review the contents of **non-confidential records contained in** the personnel file of an employee within the bargaining unit, upon making the request to the Human Resources Department. An employee, upon making request, shall have the right to review and receive copies of the contents of their personnel file through the Human Resources Department within a reasonable period of time. Such review of personnel files must be done in the Employer's offices under the supervision of a person designated by the Employer. When factual disputes arise, the employee may petition the CEO in writing to remove said information from the personnel file. The burden of proof shall be with the employee. If the CEO concludes that the information is in error, such information will be excised from the document or the document removed from the employee's file. The CEO's decision is final and binding upon the parties.

H. COMMERCIAL DRIVERS LICENSES/CHAUFFEURS LICENSES

1. All Transportation, Fleet Services and Facilities Services Department employees must have **and be in possession of** valid commercial driver's licenses (or other vehicle operating licenses), and the necessary endorsements, to allow them to perform the functions of their position in accordance with State and Federal law and regulations. **Failure to do so means the employee cannot be permitted to perform their job and, consequently, may be disciplined up to and including immediate termination. The termination will not be subject to the time restrictions contained in Article III, Section 1.**

2. Any Motor Coach Operator, Fleet Services, or Facilities Services employee who has their license suspended or revoked may be terminated. The termination will not be subject to the time restrictions contained in Article III, Section 1.

3. All Transportation, Fleet Services and Facilities Services Department employees whose job requires it must have a Medical Examiner's Certificate (MEC), also known as a DOT medical card or DOT physical card, to allow them to perform the functions of their position in accordance with State and Federal law and regulations. Failure to do so means the employee cannot be permitted to perform their job and, consequently, may be disciplined up to and including termination. The termination will not be subject to the time restrictions contained in Article III, Section 1.

If the Employer determines the Employee could, within seven (7) calendar days, resolve the suspension or revocation of the MEC and the Employer is provided

satisfactory evidence of immediate effort by the Employee to resolve such issues, the Employee may be placed on an unpaid discretionary leave of absence. The Employee is not entitled to retroactive pay for the time they are off work for this purpose. The Employer is not obliged to extend this leave beyond seven (7) calendar days.

4. **Exceptions** to the above rules will apply when:

i. An employee has received any violation as a result of faulty Ann Arbor Area Transportation Authority equipment, **or**

ii. **An Employee's commercial license is suspended or revoked due to the Employer's clinic's proven failure to submit required paperwork regarding their DOT medical certification to the State.**

In connection with these latter violations, the Employer will allow the employee to drive, if the individual is allowed by the State to drive and if the employee would otherwise have less than the accumulated points allowed. If an employee is not allowed to drive by the State, they may be permitted to perform other available work, at the Employer's discretion, for which they are qualified; if no such work is available, the employee may take an unpaid leave of absence. In all cases, if a violation occurs because of faulty equipment, the Employer will state so to the prosecuting attorney or court according to the circumstances of the case.

5. If a Motor Coach Operator who has accumulated the maximum points allowed to retain commercial vehicle driving privileges later has points removed from their records because of a court finding that the points were wrongfully assessed, they will be immediately reinstated with full seniority.

I. CONTESTING DISCIPLINARY ACTION

An employee contesting a dismissal, suspension or other disciplinary action must file a grievance within the time limits set forth in Article III, Section 2, B, 4.

SECTION 2 – GRIEVANCES

It is the goal of the Employer and Union to resolve issues without a formal process, and employees are encouraged to discuss issues with their supervisor and manager as an initial problem resolution attempt.

A. DEFINITIONS

A grievance shall be defined as an alleged violation, misinterpretation or misapplication of the expressed terms of this Agreement or the AAATA Personnel Procedures Manual; and a contested dismissal, suspension or other disciplinary action.

B. GRIEVANCE PARAMETERS

1. The grievance procedure described herein will be the sole mechanism for resolving the issues between the parties.

2. The time elements in the Steps may be shortened, extended, or waived upon written mutual agreement between the parties.

No decision in any one case shall require a retroactive wage adjustment in any other case, unless such case has been designated as a "class action" grievance; provided that at least one (1) member of the group of aggrieved employees in the affected class shall be designated in the grievance.

3. A grievance concerning unpaid suspensions in excess of four (4) days, or discharge may be processed directly to Step Three of the grievance procedure within 7 calendar days of the suspension or termination. A Step Three hearing will, insofar as possible, be held immediately for safety-related grievances involving circumstances posing an ongoing and immediate harm to persons, equipment, or property.

4. Any grievance not initiated at Step One of the grievance procedure (or at Step Three if the grievance contests an unpaid suspension in excess of four (4) days or a discharge) within seven (7) calendar days of the date of the alleged violation of the contract or PPM shall not thereafter be considered a grievance under this Agreement.

5. Any grievance which is not appealed within the specified time limits set forth in that Step level of the grievance procedure shall be considered to be settled on the basis of the decision rendered at the previous Step level of the grievance procedure. Time limits may be extended by mutual written agreement, in which case the new date shall prevail. On the first occasion an individual grievance is not answered in writing by the Employer within the applicable time period, the grievance shall be considered to be denied at that Step level and shall be automatically advanced to the next higher step in the grievance procedure. On any subsequent occasion when an individual grievance is not answered in writing by the Employer within the applicable time period, the relief requested by the Union shall be granted. Such relief will be limited to the expressed terms of this Agreement and shall not exceed what is necessary to make the employee(s) whole or to place them back in the state they would have been had the Employer not taken actions which had generated the grievance.

6. A grievance on behalf of the employee will be deemed to be withdrawn if the employee voluntarily resigns during the course of the grievance procedure, unless the parties mutually agree to preserve the grievance.

7. It is understood that the employee and/or steward will be paid for attendance at Step One and Step Two meetings. The Union President or her/his designee will be paid for Step Three grievance meetings.

C. GRIEVANCE PROCEDURES

1. Step One - Any employee having a grievance will file a written grievance with her/his department manager or designee within seven (7) calendar days of the date of the alleged contract or PPM violation. The Department Manager (or designee) will meet with the steward and the grievant, to discuss the grievance within seven (7) calendar days. The grieving employee must be present at the grievance meeting. Within seven (7) calendar days of the meeting, the Department Manager or designee shall give her/his written decision to the steward or other Union official who will sign and date the response indicating receipt.

2. Step Two - A grievance must be submitted by a Union officer in writing to the Human Resources Manager or designee within seven (7) calendar days of the Step One grievance answer. The written grievance must contain the name of the employee(s) involved, any known violations, misinterpretations, and misapplications of the express terms of this agreement or the AMTA Personnel Procedures Manual and any contested dismissals, suspension, or other disciplinary actions, a summary statement of the relief requested in the grievance, and the signatures of the aggrieved employee (when possible) and a steward. The Human Resources Manager or designee will sign and date the grievance indicating receipt. The Deputy CEO, Operations (or designee) will meet with the steward and the grievant, to discuss the grievance within seven (7) calendar days of its written receipt by the Human Resources Manager or designee. The grieving employee may be present at the grievance meeting, if desired. The Deputy CEO, Operations (or designee) shall give her/his written decision to the steward or other Union official who will sign and date the response indicating receipt, within seven (7) calendar days of the meeting.

3. Step Three - Any appeal of a decision rendered by the Deputy CEO, Operations (or designee) shall be presented in writing, to the Human Resources Manager or designee by the Union within seven (7) calendar days from the date of written receipt of the answer given by the Deputy CEO, Operations (or designee) stating why the Step Two response was unacceptable. The Human Resources Manager or designee will sign and date the grievance indicating receipt. The CEO (or designee) will meet with the Local Union President or her/his

designated representative and the grievant, if she/he chooses to attend, to discuss the grievance within seven (7) calendar days of its written receipt. The CEO (or designee) will render a written decision within seven (7) calendar days of the meeting.

4. Step Four - If desired by both the Union and the Employer, the Union will file for non-binding grievance mediation through MERC (Michigan Employment Relations Commission). The Union will file for mediation within thirty (30) calendar days of receipt of the Step Three response. Within thirty (30) calendar days following the conclusion of the mediation, the Union may submit a written request for arbitration to the Human Resources Manager.

5. Step Five - In the event that the Union is not satisfied with the disposition of the grievance by the CEO (or designee), or in the event that mediation was used and the grievance was not resolved at the mediation step, the Union must submit a written request for arbitration to the Human Resources Manager or designee and must file for arbitration with MERC within thirty (30) calendar days following receipt of the Step Three response, or the mediation if applicable. The Human Resources Manager or designee will sign and date the request indicating receipt. In the event that arbitration is requested, the grievance will be submitted to the MERC for resolution. If the Union fails to submit the demand for arbitration to both the Human Resources Manager and MERC within the time limit stated herein, the grievance will be considered to be withdrawn by the Union.

D. ARBITRATION AGREEMENTS

1. The Arbitrator, the Union or the Employer may call any person as a witness in any arbitration hearing. The Employer will be responsible for the payments of wages of only those employees it calls as witnesses, and only those wages which would otherwise have been earned by those Employer-witnesses while employed by the Employer.

2. The Arbitrator will not have jurisdiction to add to, subtract from, or modify any of the terms of this Agreement or any written amendments hereof, or to specify the terms of a new Agreement, or to substitute her/his discretion for that of the parties.

3. The fees, expenses and filing fees of the Arbitrator shall be paid solely by the non-prevailing party. In the event that the Arbitrator does grant an award in which one (1) party is not granted the total award, then the fees, expenses, and filing fees of the Arbitrator shall be shared equally by the parties. If the grievance is withdrawn by the Union after being filed for arbitration, the Union will pay the full filing fees plus the Arbitrator's fee, if any. If the grievance is settled by the parties, the filing fee plus the Arbitrator's fee, if any, will be shared equally by the parties. If the grievance is settled, prior to arbitration, and if the Employer grants the full relief requested, the Employer will pay the filing fees plus the Arbitrator's fee, if any.

4. The Arbitrator shall render her/his decision in writing relative to the grievance within thirty (30) calendar days from the date of the conclusion of the arbitration hearing or submission of briefs, whichever is later. The decision of the Arbitrator shall be final, conclusive and binding upon all employees, the Employer and the Union.

SECTION 3 - ELECTRONIC MONITORING

A. DEFINITION

Monitoring/surveillance for the purposes of this section refers to the use of instruments or machines including the collection of information concerning employee activities or communications by the use of a computer, telephone, wire, radio, video camera, audio recording devices, photo electronic or photo-optical system, proximity readers and other electronic sensing devices to observe, detect, or record activities occurring in or around all Employer owned or leased buildings, property and vehicles.

B. PURPOSE

The primary function of monitoring/surveillance by the Employer is to enhance the safety, security and protection of employees, visitors, customers and physical assets of the Employer and/or Employees. Monitoring/surveillance may also be utilized on a specific case-by-case basis for reasons including:

1. To protect the Employer and employees from false or frivolous claims and accusations.
2. Any incident or accident in an AAATA vehicle or at any AAATA facility.
3. Any complaint received by the Employer which is being investigated by the Employer.
4. To establish the existence of facts relevant to the Employer's business, such as to record conversations over the telephone.
5. At the request of a police agency or court system when an accident/incident or criminal activity may have been captured by AAATA monitoring/surveillance equipment.
6. To prevent or detect crimes.
7. To investigate or detect the unauthorized use or misuse of Employer assets.
8. To promote compliance with rules, policies, and procedures, provided the video will not be used in a random or discriminatory manner.

Any incident or situation arising that may not be covered by the language in B above will be addressed jointly by labor and management.

C. HOURS

The Employer reserves the right to monitor in and around all its buildings, properties, and vehicles at any and all times.

D. RESPECT FOR PRIVACY

Surveillance cameras and related equipment shall not be used in employee-occupied break rooms and in any other areas where employees have a reasonable expectation of privacy, e.g. washrooms.

E. DISCIPLINE AND TIME LIMITS

Any discipline administered as a result of monitoring/surveillance will be issued in a manner consistent with discipline and time limit practices as defined in Article III, Section 1 A and B. Review of electronic monitoring will be limited to 15 minutes before and after the incident under investigation. These time limits will not apply to Class A violations observed with electronic monitoring. All video obtained during this time period must be preserved for the purposes of investigating and discussing the incident.

F. DISCLOSURE

Any monitoring/surveillance documentation (such as recordings) used by the Employer to discipline an employee will be available for review by the employee and/or his/her Union representative during or following any disciplinary conference, upon request. Any non-monitoring evidence gathered in an investigation and used to corroborate monitored activities will be shared with the employee or Union representative.

G. STORAGE AND ARCHIVING

Information gathered in monitoring/surveillance activities shall normally be stored on hard drives and will be overwritten, unless the information has been downloaded and archived for use in ongoing investigations, open employee grievances, at the request of legal authorities, or is intended to be used for future training purposes. Audio and video recordings of active employees will not be used for training purposes without the employee's consent. The Employer will gather all information of relevance to the employee and/or the employer captured by the video (both before the incident and after the incident occurred) before the hard drive has been placed back in service. If the involved employee feels there is information that may have been captured on AAATA surveillance systems that is relevant to the matter being reviewed, he/she should advise the investigating supervisor as soon as possible. Storage and archiving of all information gathered in monitoring/surveillance shall be in a secure place with access limited to authorized personnel.

ARTICLE IV

SCHEDULING, BIDDING, AND EXTRA BOARD

SECTION 1 - HOURS

A. WORK SCHEDULE

Regular full-time work will consist of a minimum of thirty-eight (38) scheduled work hours per week. A minimum of eighty percent (80%) of scheduled work hours per week shall consist of between thirty-eight (38) and forty-five (45) hours. The Employer may make fifteen percent (15%) of full-time runs a maximum of 8 hours straight running time. Part-time work will consist of no more than twenty-four (24) scheduled and worked hours per week. Provided the Employer operates transit service seven (7) days per week, at least ninety percent (90%) of five (5) day full-time work weeks, and at least fifty (50%) percent of all four (4) day full-time work weeks, will have consecutive days off. It is recognized by the Employer that such scheduling must not be arbitrary or capricious. All run cutting and scheduling of Transportation bids will be made available to the Union for contract compliance review and suggestions not less than **thirty-five (35)** days prior to any bid.

B. OVERTIME

1. Only time worked in excess of eight (8) hours for employees working an eight (8) hour day or in excess of ten (10) hours for employees working a ten (10) hour day and any time worked in excess of forty (40) regular pay hours per week, will be considered overtime and compensated for at time and one-half (1 ½). Extra-board persons receiving the ten (10) hour straight shifts will be paid at time and one-half (1 ½) for time worked in excess of eight (8) hours. The appropriate supervisor will determine the necessity for overtime and will authorize overtime when required. For the purpose of computing overtime, only time worked will be considered. Time worked shall include only Report Time, Preparation Time, Platform Time, Deadheading Time and Paid Layover Time. All other paid time shall not be considered time worked. Employees will be required to work overtime when requested, if volunteers are not readily available or if service would otherwise be lost.

2. Full-time employees will be paid overtime at time and one-half (1 ½) for work on their regularly scheduled days off provided they have worked all their regular bid work assignment during the week. Scheduled days off shall be deemed to occur at the end of the work week.

C. EMERGENCY CALLOUT

When an employee in the Fleet Services, Facilities Services, Mobility Services or Bus Operations Departments who is scheduled for a regular shift or has been previously assigned eight (8) or more hours is either called to return to work or is called in to work early, she/he will receive credit for one (1) hour compensation in addition to the time worked that day. Emergency CALL OUT is defined as a call one-half (1/2) hour or less before the desired arrival time of the employee. With the specific approval of the Department Manager, a Facilities Services Fleet Services, or Mobility Services Department employee who is called in prior to his/her shift may leave after completing eight (8) hours of work.

D. CALL IN ON SCHEDULED DAY OFF

When an employee in the Facilities Services Department, Fleet Services Department, or Mobility Services Department is called in on his/her day off, he/she will be paid at least three (3) hours. All hours worked will be paid at applicable wage rates including fringes in accordance with this collective bargaining agreement.

E. VACATION INTERRUPTION

Any employee who is called in to work while on their vacation will be paid at the rate of one and half (1 ½) times the normal wage rate for all time worked. Any time worked will be credited back to the employee's vacation bank.

F. LAYOVERS, SPLIT SHIFTS, SPREAD, PREPARATION TIME AND SPECIAL EVENTS

1. All layovers between and within work shifts or work assignments, if less than thirty (30) minutes, will be paid and considered time worked.

2. A split run is a regularly scheduled day's work consisting of two pieces of work spread over a period of not more than thirteen (13) hours. Work shifts consisting of 4-10's will have no more than eleven and a half (11 ½) hours spread. Split runs when completed within a spread time of **eleven (11)** hours inclusive shall pay actual schedule time. All such runs not completed within a spread time of **eleven (11)** hours inclusive shall pay actual schedule time and a premium of one-half (½) time for all such time in excess of **eleven (11)** hours. This premium will be paid at a straight time rate and shall be paid in addition to all other straight time and overtime payments required by other provisions of this Agreement. No portion of a full-time split run shall have less than two (2) hours paid time. A regularly scheduled day's work consisting of three (3) pieces of work will, in addition to the regular compensation for the work, pay the time of the shortest period between pieces of work less any scheduled travel time contained in the period and/or any break ascribed to the day's work.

3. Each time a Motor Coach Operator is scheduled on a run sheet to pull out a vehicle from the AAATA facility, ten (10) minutes of paid preparation time will be provided on the run sheet in order for the employee to prepare and inspect the vehicle prior to the beginning of the run.

G. PERFECT ATTENDANCE BONUS

Beginning January 1, 2027, all full-time employees who have successfully completed probation will be eligible to earn Perfect Attendance Bonuses:

1. **If an employee has missed no regularly scheduled work assignments during any given quarter, the employee will earn a bonus of $500.00 for that quarter, up to a possible maximum of $2,000.00 per year.**
2. **If an employee has missed no regularly scheduled work assignments during an entire year (1/1 to 12/31), the employee will receive an additional $500.00, for a grand total of $2,500.00 (including the quarterly bonuses).**
3. **Perfect attendance means that an employee works all regularly scheduled shifts in full, including any additional shifts that they state they will work.**
4. **The following will not impact eligibility for perfect attendance bonuses:**
   - **i. Paid time off requested and approved at least seven (7) days in advance;**
   - **ii. Approved Bereavement Leave and approved Personal Days, even if not requested at least seven (7) days in advance; and**
   - **iii. Union Business Leave requested and approved at least seven (7) days in advance.**
5. **Employees must be employed on the bonus payout date in order to receive the bonus.**
6. **Bonuses will be paid in the month following completion of the period in which it was earned.**

SECTION 2 - SHIFT SCHEDULES - BUS OPERATIONS DEPARTMENT

A. BIDDING

1. All shifts will be open for bid at least four (4) times a year: once between the second Sunday in August and the second Sunday in September, once between the second Sunday in November and the last Sunday in November, once between the second Sunday in January and the second Sunday in February, and once between the second Sunday in April and the second Sunday in May, and at such other times as deemed necessary by the Employer. The Employer will seek input from the Union prior to holding bids that are not regularly scheduled. Except in cases of emergency, the Employer will post notice of a new bid at least six (6) weeks prior to the effective date of the new bid. Notification of bid will include the date for employee input, the date of the posting of the bid, the date of the beginning of bidding, and the date the bid will go into effect.

2. Except in cases of emergency, Management staff will be available for an eight (8) hour period to discuss and receive input from any interested employee prior to a Bus Operations bid cut. Notice of such meeting will be posted at least one (1) week in advance and will include hours and location.

3. Except in cases of emergency, the bid will be posted at least twenty-one (21) calendar days prior to its effective date and at least one (1) week before the bidding begins. The posting will show expected duration of the bid and will list the shifts by job classification and part-time, full-time status, and will show the report time, off-time, and pay hours for each. Shifts which contain work which will be temporarily suspended will be so designated.

4. The Union will designate two (2) bid monitors who will be relieved from their regular work assignment and paid for time worked monitoring. Work assignment bids will be held on a Sunday and Monday, one (1) week before the new bid will take effect. **Two (2)** bid monitor**s** on the first day and two (2) bid monitors on the second day will be relieved for the purpose of monitoring vacation bids. Vacation bids will take place over a period of two consecutive days.

5. Once the work assignment run cut is completed the Employer will relieve the Union's MCO designee as needed to check the bid for contractual compliance and errors.

6. The Employer will prepare and post a bidding schedule which will show the date and the time each employee is required to bid and will provide up to five (5) minutes' time for each employee to bid. The employer will post a bidding schedule for the vacation bid which will show the date and the time each employee is required to bid and provide up to five (5) minutes for each employee to bid. Bidding schedules will be prepared so the selection of shifts can proceed as efficiently as possible~~,~~ and may require an employee to bid outside their regular working hours and days. A day's bidding schedule will be posted at least one (1) week in advance. It will be the responsibility of each employee to be present, to call, or to have provided the bid monitor with a list of at least five (5) choices at their required bid time. In the event an employee fails to choose a regular shift or a shift on the extra board within the time allowed, or if they have failed to provide the bid monitor with their choices, the bid monitor will select a shift for them, and such selection will be final. In cases where an on-duty employee's five (5) choices are unavailable at their time of bid, an employee will be informed of the remaining assignments by the bid monitor and shall authorize the bid monitor to select one (1).

7. An employee on a leave of absence as of the date on which work is to be bid, and who is not expected to return to work within 30 calendar days of when the bid is scheduled to go into effect, will be unable to bid at the time on the posted bid schedule. **An employee returning from a medical leave of absence within thirty (30) days of the bid start date is required to submit all necessary return-to-work documentation to their department manager and Human Resources no later than seven (7) days prior to the scheduled bid date.** It

will be the responsibility of each employee to be present, to call, or to have provided the bid monitor with a list of five (5) choices at their required bid time.

8. An employee must bid a shift listed under their job classification.

9. Bidding will be as follows:

   a. All employees in order of classification seniority.

   b. All full-time employees may only bid work assignments listed as full-time work, and part-time employees may only bid work assignments listed as part-time work. Except for 4-10 work assignments prepared by the Employer, every employee must bid within a single availability period.

10. Following the effective date of a bid, should the changes in a regular shift exceed sixty (60) minutes, a rebid of shifts from the affected seniority position downward will be required before such changes are put Into effect.

B. EXTRA BOARD

1. GENERAL GUIDELINES AND DEFINITIONS

   a. There will be a number of full-time **Motor Coach Operators (MCOs)** on the regular seniority list who do not bid regular full-time shifts. These employees constitute the extra board.

   b. Part-time employees will not bid extra board slots. Part-time employees will be able to work extra board slots when training sessions end between work assignment bids.

   c. For the purpose of assigning extra work, the extra board will rotate based on the total amount of pay accumulated (excluding any hours worked on regularly scheduled days off), so that each employee will have an equal chance to accumulate pay If overtime/volunteer work assignment remains unfilled, assignments will be made based on inverse order of seniority.

   d. The pay period will be two (2) weeks long, beginning Sunday, A.M., and ending Saturday, P.M., of the second week. A summary of hours worked by each employee will be computed daily.

   e. Extra board assignments for a given day will be posted by 4:00 p.m. of the preceding day. Extra board assignments for Sunday and Monday will be posted by 4:00 p.m. of the preceding Friday. The extra board will be so regulated that there is not an excess of **MCOs** at any time.

   f. It is understood that no regular **MCO** will do extra work if any extra board **MCO** is available.

   g. Full-time extra board **MCOs** who work all scheduled workdays and hours in a pay period will be guaranteed a minimum of eighty (80) hours total pay for that period.

   h. **Unless exceptional business needs exist as determined by the Employer, an MCO may not work more than seventy-two (72) hours in their regular workweek.**

   i. There will be two (2) extra board availability shifts:

      Daytime …. 5:30 AM – 8:00 PM

      Nighttime ... **10:00 AM – 1:00 AM**

   No extra board **MCO** will be required to work outside their shift except in cases of emergency.

j. Extra board **MCOs** will select availability shifts as provided in Article IV, Section 2, A. During the bid period, the Employer will provide additional availability shifts when required by the entrance of new employees on the extra board. Any change of twenty percent (20%) or more of the total number of full-time extra board **MCOs** may require a re-bid of availability shifts and all other extra board work.

2. SCHEDULING

a. Long-Term Vacancies

A shift which is vacant for a known duration of thirty (30) days or more, will be classed as a long-term vacancy. Such shifts may be bid by an extra board employee in order of their seniority, provided the extra board employee's regularly scheduled days off coincide with the days off scheduled for the vacant shift (unless the Employer otherwise allows such bidding). Once bid, the extra board employee will hold such shift until such time that the employee who vacated that shift returns to work. Extra board MCOs who select long-term hold down assignments will continue to be considered members of the extra board for purposes of assigning overtime and will be placed at the bottom of the overtime list.

Newly created shifts or shifts that are known to be permanently vacant may be bid by an extra board employee in order of their seniority, provided the extra board employee's regularly scheduled days off scheduled for the permanently vacant shift (unless the Employer otherwise allows such bidding). Once bid, the extra board employee will hold such shift until the end of the bid and will no longer be considered members of the extra board.

b. Short-Term Vacancies

1. A vacancy of a known/expected duration of less than thirty (30) days will be classed as a short-term vacancy. A short-term vacancy of one (1) week or more may be selected as a hold-down and bid by an extra board employee, provided the extra board employee's regularly scheduled days off coincide with the days off scheduled for the vacant shift (unless the Employer otherwise allows such bidding),and be held for the duration of the short-term vacancy. Employees who select a short-term vacancy as a hold-down will be required to work that run for the duration of the short-term vacancy. Extra board MCOs who select short-term hold-down assignments will continue to be considered members of the extra board for purposes of assigning overtime and will be placed at the bottom of the overtime list.

Availability during this period is determined by the beginning report time and the ending time of the hold-down assignment. In cases where runs begin in nighttime availability (after **10:00 AM**), and end in daytime availability (before 8:00 PM), the prevailing availability will be that of the employee's original extra board availability bid.

At the end of the hold-down period, the employee working the hold-down will return to their extra board schedule. Full-time employees may not bid part-time hold-downs, nor may part-time employees bid full-time hold-downs.

2. Extra work is defined as all unbid regularly scheduled shifts and other special runs supplementing regular service.

3. All extra work will be offered to full-time extra board employees before being offered to employees with regular bid shifts except in the case of mid-day non-scheduled work of less than two (2) hours which may, if the Employer deems appropriate, be assigned to MCOs of specially designated split shifts. Up to four (4) runs may be designated to perform this work. Notice will be given to employees required to perform such work at least prior to the end of their previous day's shift.

4. The Employer will provide an extra board bulletin board located in the Motor Coach Operator sign-in area for the purpose of posting any extra board related matters.

c. Daily Open Work Assignments (On Report)

1. Full-time extra board **MCOs** will be guaranteed three (3) hours minimum pay for each scheduled report.

2. Full-time extra board **MCOs** shall make assigned call-ins no more than ten (10) minutes before, nor more than fifteen (15) minutes after their scheduled time. Except in cases of emergency, no extra board **MCO** will be assigned more than two (2) call-ins per availability shift.

3. **MCOs** who make miss-outs will be considered as extra board MCOs for the day of the miss-out. Their availability hours are determined by the time they report to work. The eight (8)-hour spread between the end of that work-day and the start of the next day's assignment will still apply. Late returns from lunch or late street reliefs, wherein MCOs perform their assignment, will be considered miss-outs but will not be considered extra board members.

4. MCOs performing late evening work will be guaranteed eight (8) hours break between the ending of one shift and the beginning of the next shift.

5. **Daily open** work assignments will be covered in the following order:

   a. For MCO work:

   1. Extra board MCOs scheduled to work that day who have not met guarantee pay status, without regard to volunteer status.

   2. MCOs who have signed up for extra work on the posted volunteer list.

   3. Runs are assigned to the extra board **MCOs** in the following order based on seniority/the requested needs of the **MCOs**:

      1) Early morning straight/Early morning reports

      2) Splits

      3) Midday straights

      4) Late straights

      5) Reports

      6) Call-ins

      Regular services must be covered first. After published services, including Senior Ride, have been covered the other services (football and art shuttles, backups, etc.) shall be covered.

   b. For non-MCO work, volunteers within the same classification will be utilized first if they are available. If volunteers are not available, Extra Board **MCOs** scheduled to work at straight time that day may be used. If no such Extra Board **MCO** is available, employees will be forced within classification before going outside the same classification.

   c. If assignments remain unfilled, assignments will be made using the categories in the same order **listed above** but based on inverse order of seniority.

   d. Regular **MCOs** who have midday runs (commencing between 9:00 AM and 1:00 PM) may be utilized within either day or night availability for the week. Once a regular midday **MCO** has been given extra work within a particular availability, all additional extra work assigned that week must also be within the same availability period unless the **MCO** volunteers for other times.

C. VOLUNTEER LIST

1. The Employer will post a volunteer assignment list for each classification each Wednesday for the following week.
2. All **MCOs** may sign up to work during specified time blocks for each day of the week. No **MCOs** will be required to work outside of the block for which they have signed up.
3. Extra board MCOs may sign up for extra work/ overtime in one or both availability shifts for each day of the week.
4. Part-time MCOs are not eligible to fill open work assignments that would cause them to work more than 24 hours in a week.
5. When work becomes available during the current workday and all extra board volunteers or non-volunteers and regular volunteers have been exhausted, regular MCOs working that day will be required to work overtime. The assignment will be determined based on lowest seniority working after the work becomes available, who completes their work assignment in time and location to receive the extra work.
6. If all extra board **MCOs** have been scheduled, then runs may be broken up in order to avoid forcing any employee into overtime when volunteers are readily available. It is understood that work assignments begun by an employee will be completed by the employee assigned unless otherwise determined by the Employer.
7. For MCO work, assignments will be made in the following order:
   - **a.** Extra board full-time MCOs scheduled to work that day regardless of accumulated work hours.
   - **b.** Extra board full-time MCOs on their scheduled day off.
   - **c.** Full-time MCOs with a bid run working that day.
   - **d.** Full-time MCOs with a bid run on their day off.
   - **e.** Part-time extra board MCOs on their day off.
   - **f.** Part-time MCOs on their day off.

Assignments in the aforementioned categories will be based on seniority from the top down.

D. DEADHEAD AND SHUTTLE TIME

Employees who are scheduled to deadhead or shuttle between the Ann Arbor Area Transportation Authority headquarters facility and the starting or ending point of their runs will be paid for such reasonably scheduled deadhead or shuttle time. Deadhead time and shuttle time shall be considered as time worked for purposes of computing overtime. In cases of dispute, the Safety Steward will accompany the Manager of Transportation or their designee to determine a reasonable deadhead time or shuttle time by time of day.

E. TRAVEL PAY

1. Reliefs made without deadhead or shuttles will be made only when fixed-route service is in operation between the BTC and the AAATA headquarters facility.
2. Employees who begin their shifts at the BTC may either report directly to the BTC or, at their option, report to the AAATA headquarters and use the bus system for the trip to work.

Likewise, employees who end their shifts at the BTC may either leave work from that location or, at their option, use the bus system to travel back to the AAATA headquarters. In each instance, the employee will receive travel pay to reimburse them for the reasonable traveling expenses of beginning or ending their shifts at the BTC (rather than the AAATA headquarters) according to the schedule outlined in Article VI Section 1 H.

3. Motor Coach Operators will also receive travel pay if they have breaks that exceed one and one half (1½) hours in scheduled work assignments occurring Monday through Saturday or breaks that exceed two (2) hours in scheduled work assignments occurring on Sunday.

4. If an employee is reporting to the AAATA headquarters and is using the bus system for the trip to work, provided the scheduled arrival time to the AAATA headquarters is the same as or earlier than the scheduled report time of the employee, and due to circumstances beyond the employee's control the bus is late arriving at AAATA headquarters, then the employee will not be charged with a miss-out. If the scheduled arrival time is later than the scheduled report time, then a miss-out will be charged.

F. SCHEDULING AND ROUTING INPUT

The Union and the Employer will establish a "Scheduling and Routing Input Committee" not to exceed two representatives from each side whose purpose shall be to meet three (3) times each year to review existing routes and schedules and to make recommendations to Management.

G. MOBILITY SERVICES OVERTIME / VOLUNTEER LIST

1. All Mobility Services employees may sign up to work during specified time blocks for each day of the week.

2. Mobility Services employees who volunteer for extra work shall be assigned extra work based upon seniority and availability. If overtime/volunteer work remains unfilled, assignments will be made based on inverse order of seniority.

SECTION 3 - SHIFT SCHEDULES - ALL OTHER EMPLOYEES (FLEET SERVICES, FACILITIES SERVICES, MOBILITY SERVICES)

Other employees in the bargaining unit will have a regular work schedule which will be established and posted by the Employer at least seven (7) days prior to the effective date. All shift schedules will be open to bid at least twice a year. The Union will designate a bid monitor from either the Fleet Services Department or the Facilities Service Department who will be relieved from her/his regular work assignment and paid at straight time rate for all time spent as bid monitor. The Union will designate a bid monitor from the Mobility Services Department who will be relieved from her/his regular work assignment and paid at straight time rate for all time spent as bid monitor. The Employer may modify employee work schedules from one (1) bid to the next when necessary based upon the operational needs of the Employer. Within a bid period, the employee's regular work schedule may be modified with her/his consent. Employees may bid such schedules in order of their seniority within their classification within their full-time or part-time status. Except in cases of emergency, Management staff will be available for an eight (8) hour period to discuss and receive input from any interested employee prior to a departmental bid cut. Notice of such meeting will be posted at least one (1) week in advance and will include hours and location. The Fleet Services Department and Facilities Services Department shift schedules will be established such that ninety (90%) percent of its employees will have consecutive days off and eighty (80%) percent at least one of the following: a Friday, a Saturday, or a Sunday.

SECTION 4 - FLEET SERVICES DEPARTMENT AND FACILITIES SERVICES DEPARTMENT OVERTIME

All Fleet Services Department and Facilities Services Department employees will be subject to the overtime provisions as specified below:

A. GENERAL PROVISIONS

1. One week notice of overtime assignments will be provided whenever possible in order to cover bid vacation blocks and scheduled training.

2. Employees will not be required to work in excess of twelve (12) hours during the course of a shift.

3. Employees will not be required to work in excess of eight (8) hours on a scheduled day off. Employees called in to work overtime on their day off will be guaranteed at least three (3) hours of overtime work as provided in Article IV, Section 1 D "Call in on Scheduled Day Off'.

4. The employer will not be required to allocate work assignments that are four (4) hours or less in length to the First Up employee on the Overtime Board.

5. Hours worked in four (4) hour or less blocks will still be added to the Accumulated Time for purposes of determining Equalization of Overtime Opportunities.

6. Emergencies and/or operational needs may occur which require the performance of overtime. The Department Manager will make good faith efforts to secure volunteers in such instances; however, if volunteers are not readily available, overtime will be assigned to available employees in order of inverse seniority.

B. EQUALIZATION OF OVERTIME

1. It is the intent of the Union and the Employer to Equalize to the greatest extent possible all Overtime Opportunities occurring within the Fleet Services and Facilities Services departments. To this end, the following Overtime Equalization Program will be used to equalize Overtime Opportunities for employees within the Fleet Services Technician, Service Crew and Facilities Technician classifications.

2. Any replacement program for the equalizing of Overtime Opportunities shall be with the understanding that such Opportunities shall be made in a fair and equitable fashion so as to equalize Overtime Opportunities as closely as possible during the course of each year.

3. The Employer shall make all good faith efforts to equalize Overtime Opportunities as closely as possible for all other Fleet Services and Facilities Services department employees who are not classified as Fleet Services Technicians, Service Crew or Facilities Technicians and who do not participate in the Overtime Equalization Program.

C. THE OVERTIME EQUALIZATION PROGRAM SHALL OPERATE AS FOLLOWS:

1. An Overtime Opportunity is that portion of an employee's work during which he/she would normally qualify for overtime pay for performing such work. An Overtime Opportunity may occur at any time during which an employee is not engaged in straight time work and may consist of any duration of time.

2. The Employer shall have the right to determine when an Overtime Opportunity exists, the nature of any overtime work associated with that Opportunity and where and when the overtime work shall occur, and what employee shall be offered such Opportunity.

3. The Employer shall maintain an Overtime List. On January 1 and July 1 of each year, the list will be reset in order of descending seniority, and shall begin with zero hours charged to each employee. As employees work an Overtime Opportunity, the hours worked will be charged to them on the Overtime List.

4. When an Overtime Opportunity exists, the Employer will first call the employee with the least number of overtime hours worked in the appropriate classification who is capable of satisfactorily performing the work. The Employer will continue calling employees in order

down the list until enough employees are reached to perform the needed work. The employee with the most number of hours worked will generally be called last.

5. Any employee who cannot be reached or who refuses the Overtime Opportunity shall be charged the amount of overtime hours worked by the person who actually worked it.

6. It is understood and agreed that in the event an insufficient number of employees are willing to work the Overtime Opportunity, the Employer shall have the right to require the least senior employee(s) who, in its judgment, are qualified to perform the work from the appropriate classification.

SECTION 5 - TEMPORARY SUSPENSION OF SERVICE

Whenever the Employer determines it necessary to temporarily suspend service or portions of service, the following will apply:

A. EMPLOYEES REPORTING PRIOR TO NOTIFICATION

Employees due to report, and having reported at their scheduled report time at the designated report point, will be paid for their normal shift assignment, or at the Employer's option, assigned work equivalent to the employee's scheduled shift assignment.

B. NOTIFICATION OF EMPLOYEES

Notification of each employee that service has been suspended or cancelled one (1) hour before an employee's report time will relieve the Employer of any obligation of payment of such employee. If the Employer has reasonably attempted to notify an employee that service has been suspended or cancelled at least one (1) hour before the employee's report time but without success, and the employee reports at her/his report time at the normal report point, she/he will receive three (3) hours pay. Employees without current telephone numbers on file with the Employer and/or without operational telephones are not entitled to any compensation due to the cancellation or suspension of service.

C. UTILIZATION OF FRINGE

Employees shall be able to use vacation leave as compensation for time missed as a result of the suspension of service.

ARTICLE V

FRINGE BENEFITS

SECTION 1 - ESTA PTO

A. PROVISION

1. **In accordance with the state of Michigan Earned Sick Time Act (ESTA), the Employer will provide paid leave time, herein referred to as ESTA PTO, which time may be used for any reason, including for reasons covered by the Act.**

2. **Beginning April 1, 2026, through December 31, 2026, full-time employees covered under this Agreement will accrue six (6) hours of ESTA PTO per month. These hours will be placed in their banks on the 1st of each month.**

3. **Effective January 1, 2027, the Employer has chosen to adopt a frontloading method for provision of this time, with a benefit year from January 1st to December 31st annually. Full-time employees covered under this Agreement shall receive 72 ESTA PTO hours annually, deposited to their bank on January 1st each year, beginning January 1, 2027.**

4. **Effective January 1, 2027, all existing Paid Leave Time banks will be closed. Any unused hours over 160 will be cashed out in the following payroll. Employees will then have the option to either cash out the remainder of their Paid Leave Time or convert those hours to vacation time on an hour for hour basis.**

5. **New employees hired after January 1st each year shall receive a prorated number of hours at hire, calculated at a rate of six (6) hours per month from their month of hire through the end of the calendar year.**

   Example: An employee hired in July will receive six (6) hours for the current month and for each month remaining in the year (six (6) months at six (6) hours per month = 36 hours total).

6. **Unused ESTA PTO hours shall be converted to vacation after December 31st each year.**

B. QUALIFYING CIRCUMSTANCES

1. **Through December 31, 2026,** Paid Leave Time benefits may be paid when an employee meets the qualifying circumstances associated with the following Leaves of Absence:

   a. **SICK LEAVE OF ABSENCE:** When an employee is unable to perform their regularly scheduled work assignment for up to seven (7) consecutive calendar days (due to a non-serious, non-work-related health condition or a non-serious health condition of a family member). Eligibility for Paid Leave Time benefits for a Sick Leave of Absence shall be in accordance with Article V, Section 2.

   b. **MEDICAL LEAVE OF ABSENCE:** When an employee is continuously unable to perform her/his regularly scheduled work assignment for more than seven (7) consecutive calendar days (due to a serious health condition that is not work related). Eligibility for Paid Leave Time benefits for a Medical Leave of Absence shall be in accordance with Article V, Section 2.

   c. **FAMILY LEAVE OF ABSENCE**: When an employee who is absent from his/her regularly scheduled work assignment for the purpose of caring for a seriously ill spouse, son or daughter, or parent (as defined by the Family and Medical Leave Act); for the birth or care of a newborn child; or for the placement of a child with the employee for adoption or foster care. Eligibility for Paid Leave Time benefits for a Family Leave of Absence shall be in accordance with Article V, Section 2.

d. **MATERNITY LEAVE OF ABSENCE:** An employee who is absent from her regularly scheduled work assignment for the purpose of pregnancy and Eligibility for Paid Leave Time benefits for Maternity Leave of Absence shall be in accordance with Article V, Section 2.

e. **BEREAVEMENT LEAVE OF ABSENCE:** An employee who attends a funeral or memorial service for a family member that is beyond the 45-day bereavement period or who serves as a pallbearer in a funeral or memorial service (that is not for a member of the employee's immediate family). Eligibility for Paid Leave Time benefits for a Bereavement Leave of Absence shall be in accordance with Article V, Section 2.

2. **If ESTA PTO is needed for a reason that is foreseeable seven (7) or more days in advance, employees must notify their supervisor of the need for ESTA PTO no later than seven (7) days before the date of absence. If the need for ESTA PTO is not foreseeable at least seven (7) days in advance, employees must notify their supervisor of the need for ESTA PTO as soon as practicable, but no later than forty-five (45) minutes before the start of the employee's workday unless providing such notice is impossible. Exceptions to this notification rule will apply when the supervisor is scheduled to go on duty less than forty-five (45) minutes prior to the beginning of an employee's shift. In such cases, employees must notify their supervisors within thirty (30) minutes of the time the supervisor is scheduled to go on duty. All notifications must be made personally by the employee unless impossible. If notice is not provided as required by this section, the absence will not qualify as ESTA PTO.**

   In the event that an absence extends beyond the first (1st) workday, the employee and the employee's immediate supervisor may make arrangements as to the frequency of continued notification by the employee.

3. **Employees may not use more ESTA PTO than they have banked at the time of an absence.**

4. **ESTA PTO may not be applied retroactively to absences except in circumstances required by law or as determined by the Employer.**

C. PAID LEAVE AND ESTA PTO INCREMENTS

Through December 31, 2026, accumulated Paid Leave Time will be paid on days or portions of days of qualifying absences up to an amount equivalent to an employee's regular daily scheduled pay hours or the maximum amount of Paid Leave Time available, whichever is less.

ESTA PTO may be used in full days or portions of days in one-hour increments, up to a maximum of eight (8) hours per day for employees who are scheduled to work eight (8) hour shifts, a maximum of ten (10) hours per day for employees who are scheduled to work ten (10) hour shifts, or the maximum amount of ESTA PTO available, whichever is less.

D. ACCOUNT REDUCTION WHILE ON LEAVE

During any portion of an employee's leave that runs concurrently with leave under the federal Family Medical Leave Act ("FMLA"), the employee will be required to use Paid Leave Time **(through 12/31/26), ESTA PTO**, and vacation benefits as stated herein unless the employee is also receiving worker's compensation or disability benefits, in which case the employee may choose to use Paid Leave Time **(through 12/31/26), ESTA PTO**, and vacation benefits to supplement those benefits and bring their pay to 100%. In all other situations, including while waiting for workers' compensation or short-term disability benefits, the employee will be required to use Paid Leave Time **(through 12/31/26) and ESTA PTO** first, and vacation benefits second, until those benefits are exhausted, **with the exception of any previously bid and/or pre-approved vacation time, unless the employee chooses to utilize that vacation time and cancel the previously scheduled vacation. If the employee chooses to cancel the vacation,**

the employee must notify Human Resources in writing in accordance with Article V, Section 8(D).

E. **PAYMENT OF UNUSED PAID LEAVE AND ESTA PTO AT RETIREMENT OR DEATH**

An employee who dies before retirement, who retires from service after 15 years of service and reaching the age of 59 ½, or who retires before the age of 55 and is permanently unable to perform their job duties as a result of a disability, injury or illness will be paid at their current **base pay** rate all of the unused Paid Leave Time **(through 12/31/26) and ESTA PTO** accumulated.

F. **PAYMENT OF UNUSED PAID LEAVE AND ESTA PTO AT RESIGNATION OR TERMINATION**

Employees who voluntarily resign their employment will be paid fifty percent (50%) of their accrued Paid Leave Time **(through 12/31/26) and ESTA PTO** at their current **base** pay rate, provided they have given the Employer at least two weeks' notice prior to their resignation and the employee works all scheduled assignments without absence prior to their resignation and does not have any absences that are not approved by the Employer after giving the Employer notice of their **resignation** and before the actual date of their **resignation**.

Employees who are terminated, or who resign without at least two weeks' notice are not eligible for payment of unused Paid Leave Time **or ESTA PTO**.

SECTION 2 - LEAVES OF ABSENCE

A. **GENERAL GUIDELINES**

1. **All leaves of absence must be requested by the Employee and approved by the Employer. Approval will be documented in writing by the Human Resources department. Any absence that is not approved by the Employer will be considered unapproved and is subject to discipline up to and including termination, according to the Employer's attendance and excessive absenteeism policies.**
2. All leaves of absence must be approved by the Employer and documented in writing. Whenever possible, employees wishing to have a leave of absence shall provide the Employer with a written request for the leave at least **thirty (30)** days in advance of the **anticipated start of the leave, or as soon as possible if the employee does not know that they will need leave at least thirty (30) days in advance.** Requests for leaves of absence shall **specify** the reason for and the **anticipated** length of the leave and shall be submitted to **Human Resources** for approval. The employee shall receive a written response to their leave request from the Employer within three (3) working days of submitting their request, **whenever possible**.
3. Unapproved absences from regularly scheduled work assignments (such as miss outs, no shows, AWOL's, or unapproved absences from work assignments for any other reasons) shall not be considered as "Leaves of Absence" and **will be subject to** discipline up to and including discharge from employment.
4. **Employees are required to maintain communication with the Human Resources department throughout their leave. Human Resources will utilize the Employee's AAATA-provided email address (xxx@theride.org) as well as the United States Postal Service sent to the employee's last known address for all official communications. It is the Employee's responsibility to regularly monitor this email address and the mail sent through the Postal Service and to timely respond as directed and/or take such action(s) as are appropriate. A claim not to have received an official email from AAATA, or not to have read and/or understood the email or mail, will not be an acceptable excuse for failing to act or respond. An employee's failure to monitor and respond to such email and/or mail may jeopardize their ability to qualify for, or to continue, a leave of absence. Failure to follow official directions contained in such emails and mail may constitute insubordination and become grounds for discipline.**

5. Unless otherwise **approved** by the Employer, an employee who is unable to return to work, or who chooses not to return to work, or who has not requested and been granted an extension of leave time at the end of any approved leave will be considered to have voluntarily resigned.

6. The Employer reserves the right in cases of suspected abuse of leaves of absence to require the submission of medical or other acceptable documentation to verify the **need for a leave of** absence **or continued leave of absence**.

7. The Employer will administer Family and Medical Leave Act (FMLA) in accordance with the law.

8. The Employer shall provide medical, optical, dental and life insurance coverage to the employee for up to 12 weeks of FMLA designated leave as long as the employee continues to pay their portion of the premiums.

9. Employees will be required to use Paid Leave Time **(through 12/31/2026) and ESTA PTO** while on any leave of absence, including during any waiting period for workers' compensation or short-term disability benefits, unless otherwise approved by the Employer. After Paid Leave Time**/ESTA PTO** is exhausted the Employer will require the use of vacation time with the exception of any previously bid and/or pre-approved vacation time unless the employee chooses to utilize that vacation time and cancel the previously scheduled vacation. If the employee chooses to cancel the vacation, the employee must notify Human Resources in writing in accordance with Article V, Section 8(D).

10. **During any portion of an employee's leave that runs concurrently with leave under the federal Family Medical Leave Act ("FMLA"), when the employee is also receiving worker's compensation or disability benefits, the employee may choose to use Paid Leave Time (through 12/31/2026), ESTA PTO, and vacation benefits to supplement those benefits and bring their pay to 100%.**

11. **If an Employee elects to supplement workers' compensation benefits with Paid Leave Time (through 12/31/2026), ESTA PTO, or vacation, the Employer will not issue payment for the first fourteen (14) days to account for the statutory waiting period and prevent overpayment. Once the Employer is notified of any workers' compensation disbursement, the Employer will retroactively calculate and distribute the supplemental payment, typically on the next scheduled pay.**

12. **Employees will not accrue additional vacation time while on a leave of absence that extends beyond thirty (30) days, with the exception of Jury and Military Leaves. The employee will not begin accruing vacation time again until the first of the month after the leave ends.**

13. **An employee returning from a leave of absence within thirty (30) days of a bid event is required to submit all necessary return-to-work documentation to their department manager and Human Resources no later than seven (7) days prior to the scheduled bid date in order to bid.**

14. **If an Employee does not return to work at the conclusion of their leave, any amounts that they owe to the Employer for their portion of the benefit premiums while on leave will be deducted from their available Paid Leave Time (through 12/31/26), ESTA PTO, vacation, or pay if all forms of paid time off have been exhausted.**

B. TYPES OF LEAVES. All Leaves of Absence shall be classified into one of the following paragraphs that best describe the reasons or purposes for the absence:

1. **SICK LEAVE OF ABSENCE (Through 12/31/2026)**

   a. An employee who is unable to perform their regularly scheduled work assignment for up to seven (7) consecutive calendar days due to a non-serious health condition (including illness, injury, surgery, or non-serious medical procedure) that is not work related shall be considered on a "Sick Leave of Absence". Such leave may run concurrently with FMLA leave.

   b. A Sick Leave of Absence shall also be granted to an employee when the employee's spouse, son or daughter, or parent (as defined by the FMLA) requires the care and attendance of the employee due to a temporary illness or injury of up to seven (7) consecutive calendar days.

   c. Employees with less than three (3) attendance credits on record at the time of reported illness or injury must submit documentation from a medical doctor following the first day of the illness or injury prior to returning to work.

   d. Employees with three (3) or more attendance credits on record at the time of reported illness or injury must submit documentation from a medical doctor prior to returning to work if absent five (5) or more consecutive workdays.

   e. An employee unable to perform her/his duties because of illness or disability shall notify his/her immediate supervisor of that fact at least forty-five (45) minutes before the start of the employee's workday. Exceptions to this notification rule will apply when the supervisor is scheduled to go on duty less than forty-five (45) minutes prior to the beginning of an employee's shift. In such cases, employees must notify their supervisors within thirty (30) minutes of the time the supervisor is scheduled to go on duty. All notifications of illness must be made personally by the employee on the day the employee will not be able to work, not more than four (4) hours before the start of the employee's work assignment.

   f. In the event that an illness or injury extends beyond the first (1st) workday, the employee and the employee's immediate supervisor may make arrangements as to the frequency of continued notification by the employee of the illness or disability.

   g. The Employer reserves the right in cases of suspected abuse of Sick Leave or Paid Leave Time associated with Sick Leave, to require the submission of medical documentation to verify the illness or injury of the employee or qualifying family member.

   h. **Effective 01/01/2027, this Sick Leave of Absence (including all subsections) will be eliminated.**

2. **MEDICAL LEAVE OF ABSENCE**

   a. **Through 12/31/2026,** an employee who is continuously unable to perform their regularly scheduled work assignment for more than seven (7) consecutive calendar days due to a serious health condition (including illness, injury, surgery, or serious medical procedure) that is not work related, shall be considered on a "Medical Leave of Absence."

   b. **Effective 01/01/2027,** an employee who is continuously unable to perform their regularly scheduled work assignment for more than **three (3)** consecutive calendar days due to a serious health condition (including illness, injury, surgery, or serious medical procedure) that is not work related, shall be considered on a "Medical Leave of Absence."

   c. A Medical Leave of Absence, for a qualifying reason, may be granted for up to twelve (12) consecutive months. Up to twelve (12) workweeks of such absence may run concurrently with leave under the FMLA.

   d. **To be eligible for an MLOA, employees must have been employed for a minimum of six (6) months, unless otherwise required by law.**

e. The employee will be required to submit documentation certifying the need for the leave and may be required to submit periodic medical documentation verifying the continued need for leave during the leave, or to verify their fitness to return to work at the end of such leave.

f. Except as otherwise provided in the FMLA, the Employer retains the right to require the employee to take an examination by a physician of the Employer's choice**, at the Employer's expense,** at any time while on a medical leave or prior to returning to work at the end of a medical leave. In cases where a dispute exists between the employee's physician and the Employer's physician, the decision of the Employer's physician shall be final.

g. The Employer shall provide medical, optical, dental and life insurance coverage to the employee for up to six (6) months of a Medical Leave of Absence as long as the employee continues to pay their portion of the premiums.

h. **Through 12/31/2026,** employees with less than three (3) attendance credits on record at the time of reported illness or injury must submit documentation from a medical doctor following the first day of the illness or injury prior to returning to work.

i. **Through 12/31/2026,** employees with three (3) or more attendance credits on record at the time of reported illness or injury must submit documentation from a medical doctor prior to returning to work if absent five (5) or more consecutive working days.

j. In certain situations, Medical Leave of Absence may be taken intermittently or on a reduced leave schedule basis. Intermittent or reduced schedule leave due to an employee's own serious health condition may be taken when medically necessary.

If the need for intermittent or reduced schedule leave is foreseeable based upon planned medical treatment, including recovery from a serious health condition, the employee must attempt to schedule the leave so as not to unduly disrupt the Employer's operations. The Employer may also require the employee to temporarily transfer to an available alternative position with equivalent pay and benefits that better accommodates recurring periods of leave.

k. Unless otherwise determined by the Employer, an employee who is unable to return to work following twelve (12) continuous months on a Medical Leave of Absence will be considered to have voluntarily resigned.

3. FAMILY ILLNESS AND INJURY LEAVE

a. An employee may take a Family Illness or Injury Leave of up to six (6) months to attend to the needs of a member of the employee's immediate family who has a prolonged physical or mental illness.

b. For purposes of this leave, an employee's immediate family is defined as the employee's spouse, children (including stepchildren), or parents (including stepparents).

c. The employee must provide the Employer with medical certification or documentation of the need for such leave.

d. A Family Illness or Injury Leave may run concurrently with a leave under the Family and Medical Leave Act.

e. Except as otherwise required by the Family and Medical Leave Act, the Employer shall not provide medical, optical, dental, or life insurance coverage to the employee while on a Family Illness or Injury Leave, however, the employee may continue such benefits by making payment for such insurance coverage to the Employer.

4. MATERNITY LEAVE

a. A female employee may take up to one (1) year's Maternity Leave of Absence, including the short-term disability benefits period, for the purpose of pregnancy and birth with up to twelve (12) weeks of such leave concurrently considered as leave under the Family and Medical Leave Act.

b. An employee desiring such leave will give written notice to her department manager four (4) weeks in advance of the date she will begin such leave, whenever possible.

c. The Employer shall provide medical, optical, dental and life insurance coverage to the employee for up to six (6) months for any employee on Maternity Leave.

5. PARENTAL LEAVE

An employee may take up to three (3) months of unpaid leave for bonding with a new child due to adoption or childbirth within the first twelve (12) months after the adoption/birth. FMLA and Maternity Leave will run concurrent with this leave. Parental Leave must be requested at least 30 days in advance, whenever possible, and may not be taken intermittently.

6. WORKERS COMPENSATION LEAVE OF ABSENCE

a. Employees shall be entitled to Workers Compensation Leave of Absence (referred to as "Comp Leave") when all three of the following conditions exist concurrently:

- **i.** The employee was injured on the job while in the course of their employment; and
- **ii.** The employee is receiving some form of Workers Compensation Benefits; and
- **iii.** The employee is unable to return to a position within the bargaining unit with or without a reasonable accommodation.

b. A Comp Leave may be granted for up to twenty-four (24) months of consecutive absence with up to twelve (12) weeks of such absence concurrently considered as leave under the FMLA.

c. Employees on Comp Leave shall keep the Employer regularly informed of their medical status and shall promptly provide the Employer with copies of medical and/or therapeutic reports and examinations as they are generated. Employees on Comp Leave will cooperate fully with the Employer in programs aimed at medical treatment and/or rehabilitation

d. The Employer will make reasonable efforts to rehabilitate and/or retrain an employee on Comp Leave to return, if possible, to their original position or a comparable position within their bargaining unit.

e. At the Employer's sole discretion, the Employer may temporarily assign an employee on Comp Leave to light or limited duty if there is available work which the employee can perform without displacing another employee. Such temporary placement must be approved by the Employer's physician. Any employee receiving such a temporary light or limited duty assignment shall be paid in accordance with the Workers Compensation Laws of the State of Michigan.

Employees on Comp Leave may remain on the seniority list for up to twenty-four (24) months following the beginning of their Leave. Such employees may request an extension of their seniority beyond twenty-four (24) months by applying for additional leave not later than 60 days prior to the scheduled termination of their seniority. The Employer shall examine the merits of each application for extended Comp leave and may grant extensions of seniority for up to six months at a time at its sole discretion.

f. Employees on Comp Leave will continue to be covered by Employer group medical, optical, dental, life and short-term disability insurance plans (appropriate to their pre-leave status) in accordance with the following schedule:

TIME PERIOD:	**BENEFIT PAID:**
Months 1 – 12	Employee contribution amount will be the same amount contributed while actively working
Months 13 – 24	50% paid by Employer 50% paid by Employee

Employees shall be granted a two-month grace period to make insurance premium payments while on a workers' compensation leave of absence. Employees who do not make contributory premium payments in a timely manner will be issued COBRA notices and may continue their appropriate benefit coverage only under COBRA guidelines and regulations.

7. BEREAVEMENT LEAVE OF ABSENCE

a. All employees covered by this Agreement shall be granted up to five (5) paid days off for Bereavement Leave in the event of a death in the employee's immediate family. Bereavement Leave will not be charged to the employee's **Paid Leave Time (through 12/31/2026) or ESTA PTO**.

For purposes of bereavement leave, members of an employee's immediate family shall be defined as the following individuals: **parents, children, siblings, grandparents, grandchildren, and corresponding in-laws and step-relations.**

b. Bereavement Leave shall be available for use by the employee in one of the following ways:

i. Commencing on the employee's next regularly scheduled workday following the knowledge of a death.

ii. In two distinct segments with the first segment consisting of at least two (2) consecutive days beginning with the employee's next regularly scheduled workday following their knowledge of a death; and the second segment consisting of consecutive remaining bereavement days for the purpose of observing the subsequent funeral or memorial service for the deceased.

c. All Bereavement Leave must be taken within forty-five (45) calendar days following the date of death. Employees must notify their supervisor within forty-eight (48) hours following their knowledge of a death as to their proposed schedule for taking bereavement leave. In the event an employee fails to notify their supervisor within forty-eight (48) hours following their knowledge of a death for the purpose of arranging a schedule for taking bereavement leave, all bereavement leave available to the employee under this benefit will be scheduled consecutively and immediately following the death.

d. An employee shall be granted a reasonable amount of additional time off (in addition to Bereavement Leave) to attend a funeral or memorial service, and such additional time off shall be charged to the employee's **ESTA PTO or vacation time.**

An employee utilizing either Bereavement Leave or additional time off to attend a funeral or memorial service must furnish satisfactory documentation of the death, funeral, or memorial service. Such documentation shall be furnished no later than fourteen (14) calendar days following a death, funeral or memorial service. Time off for the second segment of bereavement leave or for any additional time off to attend a funeral or memorial service must be requested and approved in writing. Such request shall be made as soon as possible following the death triggering such leave or time off.

e. **PALLBEARER** - Employees who have been asked to serve as a pallbearer in a funeral or memorial service that is not for a member of the employee's immediate family may take up to one (1) day of Bereavement Leave to perform this service. The employee may use their accumulated **ESTA PTO or vacation time** to pay for their day of absence, provided proper documentation is received by the Employer.

8. **MILITARY LEAVE OF ABSENCE**

a. The reinstatement rights of any employee who enters the military service of the United States by reason of an act or law enacted by the Congress of the United States, or who may voluntarily enlist during the effective period of such law, shall be determined in accordance with the provisions of the law granting such rights.

b. Military Leave of Absence will be granted to employees who are active in the National Guard or a branch of the Armed Forces Reserves for the purposes of fulfilling her/his annual field training obligations, or in the event that the employee is ordered to active duty for the purpose of handling civil disorders or other emergencies, provided such employee makes written requests for such leave of absence immediately upon receiving orders to report for such duty.

c. Employees on a Military Leave of Absence will be paid the difference between their military pay and their regular pay with the Employer when they are on full-time active duty in the Reserve or National Guard for up to three (3) months, provided proof of service and pay is submitted.

d. Medical, optical, dental and life insurance coverage for each employee and their eligible dependents according to their eligibility status will be extended for up to three months during such Military Leave of Absence, provided the employee or eligible dependents are not eligible to receive such benefits from another source and provided the employee continues to pay their portion of premiums.

At its sole discretion, the employer may extend the time limitations pertaining to pay and benefits when deemed appropriate.

9. **UNION LEAVE OF ABSENCE**

a. An employee in the bargaining unit who is either elected or appointed to an office or position in the Local or International Union, whose duties require her/his absence from work full-time for a period of no less than one (1) year, and who is considered an employee of the Union, will be granted an unpaid leave of absence for the term of such position or office in the Union. During this leave, the employee will not be permitted to perform any work ordinarily performed by members of the bargaining unit.

b. UNION BUSINESS LEAVE OF ABSENCE

i. Employees in the bargaining unit whom the Union requests be granted leave to attend Union business, related conferences or seminars will be granted such leave subject to the following conditions:

1. The Employer must be notified of the request to use such leave at least five (5) calendar days prior to the date of the leave, except in cases of emergency.

2. No more than four (4) employees will be granted such leave at any one time, provided no more than two (2) employees from the Fleet Services and Facilities Services Departments on such leave at any time unless approved otherwise by the Employer.

3. The Employer may deny the request if it cannot spare the employee due to operational needs. Such denial will not be arbitrary or capricious.

4. The leave will be granted with pay and fringe benefits if the employee utilizes available vacation leave.

5. The leave will be granted without pay if the employee does not have, or requests not to use vacation leave. Such employee must authorize a payroll deduction to pay the full cost on insurance coverage for leaves in excess of fourteen (14) calendar days. This authorization must be filed at the same time as the request for leave.

6. Such leaves will be limited to seventy-five (75) days in total per calendar year. Union business, for purposes of calculation under this section, will not include time spent by the Union for Local Executive Board meetings, Local Union meetings, Union Orientation meetings, or for time spent in preparing or participation in arbitration, nor for employees relieved to testify as witnesses at arbitration, **except that the Union Treasurer may take Union Business Leave for purposes of performing the Reporting and Recordkeeping duties of that position**. It is understood that no more than two (2) employees will be relieved at any one time for preparation and/or participation in arbitration. With the exception of the Union President, no more than thirty (30) consecutive days may be taken by any one employee within any twelve (12) month period. An additional exception will be made for attendance at the quadrennial International Union convention at which time up to four (4) officers may be relieved up to one (1) week (no more than one (1) employee from any department outside of Bus Operations).

10. JURY DUTY/WITNESS DUTY LEAVE OF ABSENCE

a. Upon receipt by the Employer of written documentation, an employee who is requested to appear for jury qualification or service shall receive his/her pay from the Employer for such time lost as a result of such appearance or service, less any compensation received for such jury service.

b. In the event that the employee is subpoenaed by the Employer as a witness in any case connected with the employee's employment, the employee will be paid for her/his lost time, less any compensation paid to the employee by the courts.

c. The above pay shall apply only for such time spent by the employee in fulfilling her/his jury duty/witness duty responsibilities, excluding travel time. An employee is expected to make her/himself available for work when attendance in court is not required.

11. PERSONAL LEAVE OF ABSENCE

a. The Employer may authorize an employee to be absent for personal reasons for a period not to exceed **thirty (30)** working days in any calendar year. Personal Leave of Absence requests must be submitted to **Human Resources** at least **fifteen (15)** calendar days in advance.

b. **Personal Leaves of Absence** may be denied based on operational need.

SECTION 3 - RESTRICTIONS AGAINST OTHER EMPLOYMENT

Any employee who is on an authorized leave of absence provided for in this Agreement, and who accepts other employment during such leave without the approval of the Employer, will be terminated from employment with the Employer effective with the date such information becomes known to the Employer.

SECTION 4 - CONTINUATION OF INSURANCE COVERAGE

During the course of any leave of absence in which the Employer is not providing payment toward insurance coverage, an employee may continue her/his coverage by full prepayment of monthly premiums. If elected insurance coverage is discontinued due to the failure of the employee to make the necessary prepayments or any other reasons during the course of the leave, such coverage will be canceled and cannot be reinstated until the next annual open enrollment period. The Employer will notify the employee that coverage is due to expire unless payment is made within ten (10) days.

SECTION 5 - PHYSICAL EXAMINATIONS

A. Employees required to hold a CDL license based on his/her position shall have a physical examination based upon U. S. Department of Transportation (DOT) driver standards. DOT-required physical examinations shall be conducted by the Employer-designated physician, and the full cost shall be paid by the Employer. If an employee whose position does not require a CDL volunteers to hold a CDL and this could be beneficial to the Authority, as determined by the department manager, DOT-required physical examinations shall be conducted by the Employer-designated physician, and the full cost shall be paid by the Employer.

B. DOT-required physical examinations will be conducted during employees' regular work shift and employees will be paid accordingly. The Employer will provide transportation to and from the required examination.

C. The Employer will pay the full cost of all other examinations required for employees and performed by the Employer-designated physician.

SECTION 6 - HOLIDAYS

A. PROVISION

1. Each eligible employee will receive eight (8) hours' pay for the following holidays:

New Year’s Day	Martin Luther King, Jr. Birthday (MLK) (FH)
Easter Sunday	Memorial Day
Fourth of July	Labor Day
Thanksgiving Day	Christmas Day
Juneteenth (FH)	Floating Holiday 1 (FH)
Floating Holiday 2 (FH)	

2. Through December 31, 2026:

a. Floating Holidays (FH) - Employees will receive two (2) floating holidays per calendar year (one on January 1 and one on July 1), in addition to the MLK and Juneteenth holidays being floating holidays. Employees will receive one (1) floating holiday upon completing ninety (90) days of continuous employment. Employees must be employed for six (6) months or more during the calendar year in order to receive the second floating holiday and employed on MLK and Juneteenth to receive those respective holidays.

b. Personal Day - All bargaining unit employees will receive one (1) personal day per calendar year. Employees must be employed for six (6) months or more during the calendar year in which they were hired in order to receive one (1) personal day in that same calendar year.

3. **Beginning January 1, 2027:**

   a. **Floating Holidays. Employees will receive two (2) floating holidays (FH) per calendar year (one on January 1 and one on July 1), in addition to the MLK and Juneteenth holidays being floating holidays. Employees must be employed for at least twelve (12) months on the dates that the floating holidays are granted in order to receive the two (2) floating holidays (other than MLK and Juneteenth). Employees will receive the MLK and Juneteenth holidays as long as they are employed on those respective holidays regardless of length of service.**

   b. **Personal Day. All bargaining unit employees will receive one (1) personal day per calendar year. Employees must be employed for twelve (12) months to receive one (1) personal day in that same calendar year.**

B. GUIDELINES

1. In the event an employee works on a holiday, they will receive straight time pay for the hours worked as well as eight (8) hours holiday pay at their base pay.

2. In the event service is scheduled on holidays, it will be posted and bid by seniority.

C. FLOATING HOLIDAYS & PERSONAL DAY

1. MLK and Juneteenth will be floating holidays (FH). An employee may request to take any day on or after the actual holiday within the calendar year as their MLK and Juneteenth holidays. If the employee's request cannot be granted or if the employee chooses not to request a specific date to take the holiday, they will receive eight (8) hours straight time pay in lieu of time off. Employees must request, through their department's documented procedure, to be paid for this day in lieu of time off. Employees must be employed on the federal recognized MLK and Juneteenth holidays in order to receive the MLK and Juneteenth floating holidays for that calendar year.

2. All floating holidays may be applied for no more than 30 days in advance. If the employee's request cannot be granted or if the employee chooses not to request a specific date to take the holiday, they will receive eight (8) hours straight time pay in lieu of time off. Employees must request, through their department's documented procedure, to be paid for Floating Holiday 1 and 2 in lieu of time off.

3. Requests for floating holidays, Juneteenth and the MLK holiday will be given preferential status for the purpose of time off requests.

4. All requests for any time off will be returned to the employee at least one week in advance of the requested leave day.

5. Personal Day Provisions - The personal day can be used in the following manner:

   a. The Facilities Services, Bus Operations, and Mobility Services departments shall each make one slot per day available for personal day use. The Fleet Services department will provide one slot per day each for service crew, fleet services technicians, parts clerks and body shop technicians.

   b. Requests will be processed on a first-come, first-serve basis.

   c. Employees may apply up to three (3) days in advance to use the personal day.

   d. Employees shall call in to use the personal day **according to their department's documented procedure.**

   e. At the end of the calendar year, employees whose request(s) for the personal day cannot be granted or who choose not to use the personal day will receive eight (8) hours straight time pay in lieu of time off. Employees must request, through their department's documented procedure, to be paid for this day in lieu of time off. Payment will be issued in the last paycheck of the calendar year. If an employee receives a cashout in lieu of time off in the last paycheck of the year, then requests and is granted the personal day before the end of the calendar year, they will not receive pay for that personal day in the next paycheck as they already were paid for the day through the cashout in lieu of time off.

D. ELIGIBILITY FOR PAYMENT

The employee must work their entire last regularly scheduled work shift prior to the holiday and their first scheduled workday after the holiday, including floating holidays, in order to be eligible for holiday pay, unless:

1. The employee is on vacation, **pre-approved FMLA, pre-approved personal day, pre-approved floating holiday, or pre-approved ESTA PTO**, or
2. When a missout has occurred, the offending employee reports within fifteen (15) minutes of their scheduled report time, or
3. The employee is otherwise legitimately excused. The determination of legitimacy is vested solely in the Employer.

Employees who call off for any reason (including FMLA) on the same day as their last regularly scheduled work day before the holiday or their first scheduled work day after the holiday (including floating holidays) will not receive holiday pay.

Other than pre-planned vacation, pre-approved FMLA, pre-approved personal day, pre-approved floating holiday, or pre-approved ESTA PTO, employees who perform no work during the week in which the holiday (including floating holidays) occurs are not eligible to receive holiday pay.

SECTION 7 - LUNCH AND BREAK PERIODS

A. MCOS

At least 85% of Motor Coach Operators working an eight (8) hour shift will be entitled to an unpaid lunch break of thirty (30) minutes, which will be scheduled between the third (3rd) and sixth (6th) hours. Motor Coach Operators working a run that has a scheduled run time of 8 straight hours must have a thirty (30) minute unpaid break before any additional work time may be assigned. All Motor Coach Operators working a ten (10) hour shift will be entitled to two (2) thirty (30) minute unpaid breaks or one (1), one (1) hour unpaid break. The first break will occur between the third (3rd) and fifth (5th) hours and the second break between the fifth (5th) and eighth (8th) hours, a one (1) hour break must begin during the fifth (5th) or sixth (6th) hour.

B. ALL OTHER EMPLOYEES

All other employees working an eight (8) hour or ten (10) hour shift will be entitled to one (1) thirty (30) minute unpaid lunch break per shift.

C. PART-TIME AND OVERTIME BREAKS

All employees working less than an eight (8) hour shift will be entitled to a fifteen (15) minute paid break for every complete three and three-quarters (3-3/4) hours worked. If an employee is working overtime, she/he will be entitled to a fifteen (15) minute paid break for every complete four (4) hours worked.

SECTION 8 - VACATIONS

A. ACCUMULATION

Through December 31, 2026, employees will accumulate vacation leave based upon years of service worked at the Authority based upon the schedule below:

Date of hire to end of 1st year	40 hours annually / 3.33 per month
Beginning of 2nd year to end of the 4th year	110 hours annually / 9.17 per month
Beginning of 5th year to end of 10th year	180 hours annually / 15.00 per month
Beginning of the 11th year to end of the 15th year	190 hours annually / 15.83 per month
Beginning of sixteenth year and over	215 hours annually / 17.92 per month

Vacation time will accrue each month **on the first of the month**. The first allowance will be placed in the employees' bank on the date of hire. Vacation time will be available to be used after ninety (90) days of employment.

Effective January 1, 2027, employees will accumulate vacation leave based upon years of service worked at the Authority based upon the schedule below: All eligible employees will receive vacation time based upon the employee's anniversary date, as follows:

Beginning of 2nd year to end of 2nd year	**78 hours annually / 6.50 per month**
Beginning of 3rd year to end of the 4th year	**103 hours annually / 8.58 per month**
Beginning of 5th year to end of 10th year	**173 hours annually / 14.42 per month**
Beginning of 11th year to end of the 15th year	**183 hours annually / 15.25 per month**
Beginning of 16h year and over	**208 hours annually / 17.33 per month**

Vacation time will accrue each month on the first of the month.

B. UTILIZATION

1. The Employer will keep records of accumulated vacation leaves and will approve vacation leave with particular regard to the seniority of employees, in accordance with operating requirements and insofar as possible with the written request of the employees.

2. With the exception of up to ten (10) vacation days per year, which may be used for periods of less than an entire week, vacation leave or the combination vacation and paid holiday must be taken in a minimum of forty (40) hour blocks unless otherwise approved by the Employer. Vacation time will not be taken in less than eight (8) hour increments unless approved by the Employer. In the case of approved FMLA leave, vacation time may be taken in 1-hour increments.

3. Selection of vacation blocks will be made twice a year. Employees may only bid vacation time that has been earned as of the date the vacation bid begins. Unfilled vacation blocks and/or blocks that subsequently become open, will be filled at the discretion of the Employer based on operational needs. If an employee does not have sufficient vacation leave to cover a bid vacation block, the vacation will be subject to cancellation by the Employer.

4. The maximum number of hours allowed in the employee's vacation time bank as of the last day of the pay period covered by the last paycheck of the calendar year shall be:

Date of hire to end of 1st year	**80 hours**
Beginning of 2nd year to end of the 4th year	**240 hours**
Beginning of 5th year to end of 10th year	**280 hours**
Beginning of 11th year and beyond	**320 hours**

During the December bid, the maximum amount of vacation time an Employee can bid is based on the schedule above. Any hours in the bank over the maximum as of the last day of the pay period covered by the last paycheck of the calendar year shall be cashed out. **Employees may cash out additional hours by request.** Cash out will occur in the last paycheck of the calendar year. In order to cash out any vacation, however, an employee must have taken at least **forty (40) hours of vacation time** prior to a cash out.

5. During the calendar year, once an employee has taken **a minimum of forty (40) hours of vacation**, the employee may request a cash-out of hours. Mid-year vacation cash outs will be paid as part of the first regular payday of the calendar year quarter. Employees wishing to receive a vacation cash out must provide the Employer with a written request no later than the fifteenth (15th) day of the month (**March, June, September**) preceding the calendar quarter (April, July, October) in which the cash out will be paid. Employees may only cash out vacation leave that is not bid.

6. **When multiple employees request the same single vacation day, approval shall be granted to the employee whose request was received first. In the event multiple requests are received on the same day, those requests shall then be granted by seniority.**

C. VACATION SLOTS BY DEPARTMENT

1. BUS OPERATIONS DEPARTMENT

a. The Employer will determine the total number of vacation slots available, however, at least **five (5%)** of all bargaining unit members in the department will be allowed to bid vacation slots during each week from September 1 through April 30 of each year; and at least seven percent (7%) of all bargaining unit members in the department will be allowed to bid vacation slots during each week from May 1 through August 31 each year. Department Managers may, in their discretion, add additional vacation slots.

b. One (1) slot will be created and used throughout the year for single day off requests. Requests for a single vacation day outside of the vacation bid must be submitted to the Employer no more than thirty (30) days in advance unless this requirement is waived by the Employer.

c. In order to apply for an open vacation block at any other time, an employee must submit a request to the employer at least twenty-one (21) days in advance (unless excused by the Employer).

2. FLEET SERVICES DEPARTMENT

a. A minimum of three (3) vacation slots per week will be made available for bid by **Lead and** Fleet Services Technicians from May 1 through August 31 (unless otherwise allowed by the employer) of each year of this agreement.

b. A minimum of two (2) vacation slots will be made available for bid by **Lead and** Fleet Services Technicians from September 1 through April 30 (unless otherwise allowed by the employer) of each year of this agreement.

c. One (1) slot each week per year will be allotted for Paint and Body Repair classification.

d. One (1) slot each week per year will be allotted for Parts Clerk.

e. A minimum of two (2) vacation slots per week will be made available for bid by Lead and Service Crew (unless otherwise allowed by the employer) of each year of this agreement.

3. FACILITIES SERVICES DEPARTMENT

One (1) slot each week per year will be allotted for Lead and Facilities Services Technicians.

4. MOBILITY SERVICES DEPARTMENT

No more than one (1) **Lead or** Information Specialist may be on vacation at any one time (unless otherwise approved by the Employer). However, during the months of May through August and the period from the third Sunday in December through the second Saturday in January, two (2) **Lead or** Information Specialists may bid available vacation slots.

D. VACATION CANCELLATION

Employees desiring to cancel a scheduled vacation must submit a request for cancellation to the Department Manager no less than twenty-one (21) calendar days prior to the scheduled vacation start period. The Department will post the vacation block opening on Friday of the week in which the request is made and the posting will remain **open** for seven (7) calendar days.

Employees desiring to take the week of desired cancellation will sign up for same and when the seven-day period is up, the senior employee desiring the week for which cancellation is requested will be advised that the vacation is approved. The vacation block will be filled based on seniority. If no employee signs up for the week for which cancellation has been requested, the posted week will be cancelled.

E. PAYMENT OF UNUSED VACATION UPON TERMINATION OR RESIGNATION

1. Employees who voluntarily resign their employment will be paid one hundred percent (100%) of their accumulated vacation time at their current rate of pay, provided they have given the Employer at least two weeks' notice prior to their resignation and the employee works all scheduled assignments without absence prior to their resignation and does not have any absences that are not approved by the Employer after giving the Employer notice of their resignation.

2. Employees who are terminated **for reasons other than a Class A infraction** or who resign without at least two weeks' notice will receive fifty percent (50%) of their accumulated vacation at their current rate of pay.

3. **Employees who are terminated for a Class A infraction are not eligible for payment of any unused vacation time.**

SECTION 9 - GROUP INSURANCE BENEFITS

A. EMPLOYEE ELIGIBILITY

The Employer will provide medical, dental, optical, **short-term disability**, and life insurance benefits plans for all eligible **full-time** permanent employees who have satisfactorily completed ninety (90) days of continuous employment and their dependents.

B. FLEXIBLE BENEFITS PLAN

All insurances will be provided within a Flexible Benefits Plan **in which employees may elect to participate.**

1. **The Employer will provide two (2) Flexible Spending Accounts: (a) Medical Flex Spending, and (b) Dependent Care Flex Spending. Both accounts** are funded by voluntary salaryreductions. Salary reductions by the employee are not subject to FICA (Social Security) taxes, Federal taxes or State taxes. Participants may then be reimbursed, on a non-taxable basis, for eligible medical care expenses for themselves and dependents and eligible dependent care expenses.

2. Employees must complete an election form at the beginning of each plan year to indicate the amount of salary reduction allocated to each account. These elections are irrevocable for the plan year, except when an employee has a family status change as defined by the Internal Revenue Service. Reimbursement may be made only for eligible expenses.

3. Under the plan, employees will be entitled to waive medical insurance coverage offered by Employer, (except life and Sickness and Accident), provided the employee can document that she/he has coverage of core requirements through a spouse or other source that is not through the individual market. If cash out election is made for waived medical insurance, cash outs shall be paid biweekly based upon the amounts shown below (less applicable required employee tax withholdings):

<u>Through December 31, 2026</u>

Insurance Status	Bi-weekly Cashout
Single	$65
2 Person	$130
Family	$200

<u>Beginning January 1, 2027</u>

Insurance Status	**Bi-weekly Cashout**
Single	**$100**
2 Person	**$200**
Family	**$300**

4. Employees are not eligible to receive the payment in lieu of health insurance if they are also covered by AAATA health insurance through a family member.

C. MEDICAL COVERAGE

1. Medical and prescription coverage through the Blue Care Network BCN5, CO10, ER50, UR35 Plan (or substantially equivalent coverage from another provider) with $10/$40 copay for all prescription drugs, including a birth control rider will be the Core Medical Plan offered by the Employer. **The Core Medical Plan will be closed to employees hired after the effective date of this Agreement.**

The Employer shall pay 80% of the premium cost for all medical plans offered for full-time employees and each full-time employee shall pay the remaining 20% of the cost. Employees may voluntarily select alternate medical and prescription plans, if offered, with higher or lower premiums than that of the Core Medical Plan and shall pay 20% of the cost of that plan.

Beginning January 1, 2029, the Employer shall pay 77% of the premium cost for the Core Medical Plan and each full-time employee shall pay the remaining 23% of the cost.

2. Medical benefit coverage of the employee's family shall include the employee, employee's spouse, and eligible children until the end of the month of their 26th birthday.

3. Employees shall be granted a two-month grace period to make medical premium payments while on a short-term disability or a worker's compensation leave of absence before insurance coverage may lapse.

D. POST EMPLOYMENT MEDICAL BENEFITS

1. The Employer shall maintain a Health Care Savings Plan (HCSP) account for each active employee who has completed **ninety (90) days** of continuous employment. Vested funds accumulated in the plan shall become accessible to the employee in accordance with the terms of the plan (due to retirement, resignation, termination, or any other reason).

2. The funds accumulated in the HCSP accounts shall be used for tax-free reimbursement to employees in accordance with Internal Revenue Service guidelines for post-employment health care expenses, including dental services, hearing services, insurance premiums, medical services, physician services, prescription drugs, vision services, and Medicare supplemental coverage, for themselves, their spouse, and their eligible dependents.

3. The Employer will make a $175 pre-tax contribution each month into each eligible Full-time employee's HCSP account. In addition to the Employer's monthly contribution, all eligible Full-time employees shall make a mandatory ten dollars ($10) bi-weekly pre-tax contribution into their HCSP account.

4. Eligible Full-time employees may voluntarily elect to make additional post-tax contributions into their HCSP account to the extent allowable by the plan or by law.

5. Employees shall become fully vested in their personal contributions immediately; however, they shall not become vested in any portion of the Employer's contributions until completing five (5) continuous years of service with the Employer. Upon an employee's separation from employment, any unvested HCSP account funds shall revert to the Employer.

6. Employees may access their vested HCSP accounts **in accordance with the terms of the plan**.

7. Any one-time lump sum Employer contributions to the HCSP shall be subject to the same five (5) years of continuous vesting requirement as monthly contributions.

E. PAYROLL DEDUCTION

If an employee makes an election for medical insurance which will require the employee to pay any portion of the premiums, she/he will be required to execute a payroll deduction authorization to cover her/his share of the premiums at the time the election is made. An employee shall also be required to execute a payroll deduction authorization for the employee's mandatory bi-weekly pre-tax contribution into her/his HCSP account, any voluntary post-tax contributions the employee elects to make into her/his HCSP account and voluntary dependent life insurance they have elected. If an employee fails to enroll in medical insurance and/or the HCSP during the initial enrollment period, the employee will be automatically enrolled in the HCSP and in the lowest cost, single coverage medical plan. If an employee fails to enroll in medical insurance in a subsequent enrollment period, the employee will be automatically enrolled in the same medical plan as they previously elected or in which they were automatically enrolled, if they failed to previously elect specific coverage. All such employees shall be deemed to have authorized a payroll deduction to cover her/his share of the premiums and the mandatory HCSP contribution for the plan in which they are enrolled.

F. SELECTION OF CARRIERS

The Employer reserves the right to cancel any carrier or provider and to substitute another carrier or provider, provided substantially equivalent coverage is maintained. Input on alternative carriers or providers and substantially equivalent plans will be sought from the Union prior to any changes in the carrier or provider.

G. OPTICAL

The Employer will provide vision insurance for eligible employees and dependents. The benefits provided will include the following services once per calendar year:

Routine Exam Copay	$10
Standard Lenses Copay	$25
Frame Allowance	$210
Contact Lenses Allowance in lieu of frames	$210

The Employer will pay 90% of the premiums and the employees will pay 10% of the premiums on a pre-tax basis.

The Employer will decide which carrier or provider will provide vision benefits under this Agreement and reserves the right to provide vision benefits under a self-insured plan.

H. DENTAL

1. The Employer will provide the following dental benefits:

Preventative & Diagnostic	@ 100%
Basic	@ 80%
Major	@ 80%
Orthodontics	@ 50% (Maximum lifetime benefit to be **$5,000**)
Annual Maximum	**$2,500** per covered individual

2. The Employer will decide which carrier or provider will provide dental benefits under this Agreement and reserves the right to provide dental benefits under a self-insured plan.

I. LIFE

1. The Employer agrees to provide, at its cost, $50,000 of term life insurance for all full-time permanent employees who have satisfactorily completed **ninety (90)** days of continuous employment.

2. The Employer will **also** offer a voluntary term life insurance policy **up to $500,000, effective January 1, 2027,** that employees may purchase at each employee's individual cost. Coverage of this additional policy will be solely determined by the insurance carrier and the cost of this additional coverage will be paid entirely by the employee with after-tax payroll deductions.

3. The Employer further agrees to provide term life insurance for retiring full-time employees who have completed fifteen (15) or more years of continuous service with the employer and have reached the age of 59 ½. Life insurance benefits will be provided for retirees according to the following schedule:

AGE of RETIREE	COVERAGE
Less than 65	$30,000
65 but less than 70	$20,000
70 and over	$10,000

J. ADDITIONAL DEPENDENT COVERAGE

If the Employer's group life insurance carrier permits, employees are entitled to subscribe to group life insurance for their families as follows:

COVERAGE	AMOUNT
Spouse	Up to **$250,000**
Children (Age six months to the 25th birthday)	$10,000

Cost of the coverage will be paid entirely by the employee.

K. INSURANCE COVERAGE FOLLOWING CHANGE OF STATUS

Whenever an employee changes her/his status (from part-time to full-time or vice versa), the change in the level of employee contribution will go into effect the first day of the month following the change in status.

L. SHORT TERM DISABILITY BENEFITS

1. Full-time employees may be eligible to receive payment under a Short-Term Disability Policy (Sickness and Accident Policy), subject to the following provisions:

2. Payment under the Policy will commence on the thirty-first (31st) day of illness/injury, except in cases of immediate, overnight hospital confinement, when payment commences on the first day.

3. The Policy will pay a benefit of sixty percent (60%) of the employee's base wage rate multiplied by forty (40) hours per week for full-time employees, up to a maximum of **$1000.00** per week.

4. The duration of the coverage is for twenty-six (26) consecutive weeks.

5. Employees will be required to use **Paid Leave Time (through December 31, 2026) and accrued ESTA PTO** during the thirty (30) day waiting period, subject **to any restrictions provided by law.**

6. Employees will be required to use accumulated vacation time, as outlined in Article V Section 2 A, during the thirty (30) day waiting period if accumulated Paid Leave Time **and accrued ESTA PTO** are exhausted.

7. Employees will be required to use accumulated Paid Leave Time **(through December 31, 2026), ESTA PTO**, and vacation time following the exhaustion of Short-Term Disability benefits. In such cases, available Paid Leave Time **and ESTA PTO** must be completely exhausted before vacation time can be used.

M. ELIGIBILITY

Eligibility, coverage, and benefits under Employer provided medical, dental, optical, **short-term disability,** and life insurance benefit plans are subject to the availability of such plans and coverage and the terms and conditions, including any waiting period or other time limits, contained in the **plan documents or** contracts between the Employer and the carrier or provider. Any rebates or refunds on premiums paid by the Employer shall accrue to the Employer. The Employer reserves the right to select the carrier or provider, to change carriers or providers, and to become self-insured following discussion and input on such changes from the Union. The only liability assumed by the Employer under this Section is to pay the premiums as provided herein. No matter contained in this Section, except failure to pay premiums, shall be submitted to the Grievance Procedure. For purposes of determining eligibility for spouses and dependents, the definitions and guidelines utilized by the Internal Revenue Service shall be used.

N. Medical, dental, and optical benefits may be renegotiated if required to keep them in compliance with national health plan laws and regulations during the term of this agreement.

SECTION 10 - PENSION PLAN

A. All regular Full-time employees covered by this Agreement shall be provided with a pension plan, in which the Employer shall furnish such plan according to the following specifications:

1. TYPE OF PLAN

Defined contribution plan.

2. ELIGIBILITY

All regular full-time employees covered by this Agreement shall be required to enroll in the AAATA Employee Pension Plan, which is a 401(a) plan. There is a one-year waiting period, from the date of hire, before an employee is eligible to participate in the plan. The eligibility date is one year from the date of hire; the entry date in the plan is the first day of the pay period coinciding with or immediately following the eligibility date.

3. CONTRIBUTIONS

Each employee shall contribute a "mandatory" amount equal to five percent (5%) of their eligible compensation, as defined by the Pension Plan Adoption Agreement and the Plan Document. An employee may voluntarily contribute up to the maximum amount allowed by the U.S. Internal Revenue Service for this type of plan. Total mandatory and voluntary contributions shall not exceed legal limits imposed by laws and regulations.

The employer shall contribute nine percent (9%) of eligible compensation as defined by the Pension Plan Adoption Agreement and the Plan Document to each eligible participating employee's individual account.

Employees who do not complete the enrollment process upon eligibility will be automatically enrolled in the pension plan and shall be deemed to have authorized a payroll deduction for the mandatory employee contribution.

4. **VESTING**

   One hundred percent (100%) of the Employer's contribution will be fully vested after five (5) years of employment with the Employer. Regardless of the vesting schedule, a participant will become fully vested upon death, total and permanent disability and early retirement date, as defined by the Plan.

5. **BENEFITS AS A RESULT OF DISABILITY**

   If the employee qualifies for disability under the provision of the Social Security Act, the employee will be eligible for disability retirement. The Employee will become 100% vested and benefits will be made as if the employee retired.

6. **RETIREMENT AGE**

   Normal retirement age is seventy (70) years (first day of the month following).

7. **IN-SERVICE DISTRIBUTIONS**

   In-service distributions may be made to a participant who has not separated from service provided they have reached the age of 62.

8. **ROLLOVERS**

   Eligible rollovers from previous employer retirement plans are accepted from participants who are employees and distributions from these rollovers may be made at any time.

9. **PENSION LOANS**

   Loans from the Pension Plan shall be made available to all eligible participating employees in accordance with the Pension Plan Adoption Agreement and the Basic Plan Document (as amended), and applicable IRS regulations.

B. ADDITIONAL RETIREMENT PLANS

The Employer may sponsor alternative deferred compensation plans for the benefit of its employees other than the Pension Plan described in this Section. Such alternative plans shall be in accordance with IRS regulations.

SECTION 11 - EDUCATIONAL BENEFITS

The Employer will provide a maximum of one thousand five hundred ($1,500) per employee each year for the cost of tuition and books at any accredited learning institution for the successful completion of courses of study related to the Employee's current position or those necessary to complete requirements for a relevant degree that could reasonably have some utility to the Employer. Employees must secure the approval of the Employer at the start of their intended course work in order to be eligible for the benefits described herein.

Employees will be required to sign a reimbursement agreement prior to receiving approval for educational benefits. Employees who have utilized this benefit and have received reimbursement for educational expenses must remain employed with the Employer for 1 year from the date of reimbursement. If an employee terminates his/her employment prior to the end of 1 year, he/she will be required to repay the Employer the amount of reimbursement received within the past 1 year.

SECTION 12 - EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Employer and Union recognize that each employee is a valued asset to the AAATA and agree to promote participation in an employee assistance program. The goal of the program is to help those employees with problems that may affect their general well-being or job performance by providing avenues of assistance. The Employer and Union further agree that employee assistance program policy and procedures do not alter or supersede normal employment rules, policies, regulations, corrective discipline procedures, performance evaluation guidelines, management responsibilities, and/or union prerogatives. It is understood that participation in the employee assistance program is completely voluntary.

SECTION 13 - UNIFORMS

A. UNIFORM REQUIREMENTS

The Employer may require employees to wear uniforms as a condition of employment. Such uniforms will be furnished by the Employer at no cost to the employee. An initial complement of uniform items will be furnished by the Employer at no cost to a new employee within six (6) months of their date of hire. The Employer will solicit input from the Union and employees prior to deciding on the style, material, and fabrics of uniforms.

B. MAINTENANCE OF UNIFORMS

Each employee in the Bargaining Unit will be responsible for laundering and maintaining their uniforms. Upon termination of employment, all serviceable uniform items issued within the immediately preceding twelve (12) months must be returned clean (washed/dry-cleaned) and pressed. Failure to do so may result in the deduction of cleaning costs from the employee's final check. In addition, if any uniform items or other Employer issued equipment are not returned at the time of termination, the cost of the missing items may be deducted from the employee's final check.

C. UNIFORM ALLOWANCE

1. **Effective January 1, 2027,** all bargaining unit employees will receive a uniform allowance **of $750.00 per year** to be applied toward the purchase of an approved uniform or uniform parts. **The uniform allowance will be paid in bi-annual installments of $375.00 on January 1 and July 1. Employees will be eligible for their first bi-annual installment following the first six (6) months of continuous employment, upon the next installment date.**
2. Uniform allowance or unused parts thereof may be accumulated for a period not to exceed two (2) years. Excess accumulated allowances will be forfeited.
3. **Newly hired employees will be issued shoes/boots by the Employer.** Should a first-year employee not remain with the Employer beyond the first year, the cost of the shoes/boots may be returned to the Employer through withholding from the employee's final check.

D. FLEET SERVICES AND FACILITIES SERVICES SAFETY GLASSES

The Employer will reimburse non-probationary Fleet Services Department and Facilities Services Department employees up to **$175.00** every year for the purchase of prescription safety glasses. Only expenses for OSHA approved safety frames and lenses and scratch-resistant coatings are eligible for reimbursement. Charges in excess of the following amounts or for other non-covered items or services (such as examination fees/prescription costs, etc.) are not eligible for reimbursement. In the event of damage to safety glasses during the performance of the employee's job, the Employer will pay the reasonable cost for repair or replacement of the safety glasses.

SECTION 14 - FLEET SERVICES TECHNICIANS' TOOLS AND EQUIPMENT FURNISHED

A. TOOL ALLOWANCE

1. An employee covered by this Agreement who provides her/his own personal tools to the Employer in the performance of her/his job will have an annual tool allowance of five hundred ($500.00) dollars provided by the Employer beginning with the second year of employment.

2. New employees will be eligible for an annual tool allowance of two hundred fifty ($250.00) dollars during their first year. Such allowance may be used for the purchase or replacement of tools used by the employee on the job. Should a first-year employee not remain with the Employer beyond the first year, the tools purchased with the allowance will return to the Employer, or an amount equivalent to the allowance utilized may be withheld from the employee's final check.

3. Tool allowance will be provided to employees solely on a reimbursement basis. Employees will be responsible for submitting receipts for tools used in the course of their job duties in order to receive payment. Only one reimbursement check will be processed for each employee during a contract year.

B. SPECIAL TOOLS

The Employer agrees to provide all fleet services technicians' tools for hexhead fasteners, Allen wrenches, reamers and similar kinds of tools of size greater than one (1) inch and to provide any and all special bus tools which would not be a part of a fleet service technician's normal tool complement. Special tools are defined as those which the fleet service technician would not ordinarily have in a tool set and which the fleet service technician would not normally purchase or wish to take along with her/his own tools, in the event of termination of employment.

C. SERVICE TRUCK TOOLS

The Employer agrees to provide one (1) general set of regular hand tools for the shop which will be kept on a service truck. Fleet services technicians are expected to provide their own hand tools which are for their personal use only.

D. EMPLOYEE RESPONSIBILITY

Employees furnished equipment by the Employer will be responsible for all losses, if lost by the employee, or the return of such equipment to the Employer.

ARTICLE VI

COMPENSATION

SECTION 1 – WAGE RATES

A. HOURLY WAGE RATES — **Effective Date**

Pay Grade	07/01/2026	07/01/2027	07/01/2028	07/01/2029
Motor Coach Operator (MCO)	$ 34.37	$ 35.58	$ 36.82	$ 38.11
Lead Information Specialist	$ 32.97	$ 34.06	$ 35.18	$ 36.34
Information Specialist	$ 30.97	$ 32.06	$ 33.18	$ 34.34
Parts Clerk	$ 32.65	$ 33.79	$ 34.97	$ 36.19
Lead Service Crew	$ 32.97	$ 34.06	$ 35.18	$ 36.34
Service Crew	$ 30.97	$ 32.06	$ 33.18	$ 34.34
Lead Facilities Maintenance	$ 33.67	$ 34.78	$ 35.92	$ 37.11
Facilities Maintenance	$ 31.67	$ 32.78	$ 33.92	$ 35.11
Paint and Body	$ 36.22	$ 37.49	$ 38.80	$ 40.16
Lead Fleet Services Technician	$ 40.50	$ 41.85	$ 43.24	$ 44.69
Fleet Services Technician	$ 38.50	$ 39.85	$ 41.24	$ 42.69
Tire Maintenance	$ 35.70	$ 36.95	$ 38.25	$ 39.58

Lead positions will receive a $2.00 premium added to the base wage for the corresponding base position (Information Specialist, Service Crew, Facilities Maintenance, and Fleet Services Technician).

B. ONE-TIME RATIFICATION BONUS

1. **A one-time lump sum ratification bonus of $3,500 will be paid in the next payroll after complete ratification of the contract to all bargaining unit employees who have successfully completed probation at the time of ratification.**
2. **Bargaining unit employees who have completed at least 6 weeks of employment at the time of complete ratification will also receive the $3,500 bonus in the next payroll after they successfully complete probation. Such employees who do not successfully complete probation are not entitled to the bonus.**
3. **Bargaining unit employees on any Leave of Absence as of the date of complete ratification will receive their bonus on the next payroll following their duly authorized**

return to work. Such employees who do not return to work after the Leave of Absence are not entitled to the bonus.

4. **Ratification Bonus payments will not be subject to pension contributions and will be subject to applicable payroll and income taxes.**

C. INCREMENTS

Employees, while assigned as In-service Instructors or Temporary Bus Operations Supervisors, will receive an additional two dollars ($2.00) per hour for performing the duties of that capacity.

D. MIDNIGHT SHIFT DIFFERENTIAL

All fleet services and facilities services personnel will receive an additional fifty cents ($.50) per hour added to her/his appropriate hourly wage rate for each hour worked between 10:00 PM and 4:00 AM.

E. TRANSFERRING EMPLOYEE PAY

An employee transferring to a higher paying job classification from another will enter the new job classification at the applicable base rate of the new position as outlined in Article VI Section 1 of the collective bargaining agreement. In the event the employee transfers from a higher paying classification to a lower paying classification, the rate of pay will be the base rate of the lower classification.

F. TRAINING PERIOD WAGE RATE

The Training Period wage rate for Motor Coach Operators, Lead Service Employees, Service Employees, Parts Clerks, Information Specialist/Call-Takers, Lead Facilities Maintenance Persons and Facilities Maintenance Persons shall be eighty-five percent (85%) of the full base wage rate for their position.

G. MILESTONE ANNIVERSARY RECOGNITION

Bargaining union employees shall receive a lump-sum bonus in recognition of the following milestone anniversaries:

15 years	$635 cash award
20 years	$950 cash award
25 years	$1,265 cash award
30 years	$1,600 cash award
35 years	$1,900 cash award
40 years	$2,200 cash award
45 years	$2,530 cash award

These lump sum bonuses will not be subject to pension contributions by the Employee or Employer and will be subject to all applicable payroll and Federal and State income taxes.

In the event an employee has been re-hired by the Employer after a termination of employment, the re-hire date will serve as the anniversary date for purposes of the milestone anniversary recognition. The only exception to this is if the re-hire is due to an involuntary layoff and the employee is recalled within 2 years of layoff. In such cases, the anniversary date for the milestone anniversary recognition will be the employee's original hire date.

Bargaining unit members will receive a recognition plaque at 10 years of service.

H. Accident/Incident Report Stipend

$10.50	**per report**

I. Travel Time Allowance

$8.00	**per occurrence**

SECTION 2 - WAGE PROGRESSION FOR EMPLOYEES

A. There will be a wage progression for newly hired Motor Coach Operators as follows:

Time Period	Percentage of Base Wage
Training Period	85.0%

B. There will be a wage progression for newly hired Lead Service Employees, Service Employees, Parts Clerks, Information Specialist, Lead Facilities Services Person and Facilities Services Person as follows:

Time Period	Percentage of Base Wage
Training Period	85.0%

C. Employees hired in the positions of Fleet Services Technician, Tire Maintenance, Paint and Body Repair Person, and Lead Fleet Services Technician will not be subject to the wage progression.

ARTICLE VII

SUPPLEMENTS, TERM, MODIFICATION AND ENDORSEMENTS

SECTION 1 - SCOPE, WAIVER AND ALTERATION OF AGREEMENT

A. SUPPLEMENTAL AGREEMENT

Any agreements made by an employee or group of employees or the Union with the Employer which is supplemental to this Agreement must be ratified and signed by the Union and signed by the Employer's CEO or their designee. Any waiver or modification of any terms of this Agreement must be in writing and ratified and signed by the Union and signed by the Employer's CEO or their designee.

B. NON-PRECEDENT

The waiver of any provision of this Agreement by either party shall not constitute a precedent in the future enforcement of the terms and conditions herein.

C. SEPARABILITY

If any section, sub-section, sentence or phrase of this Agreement is found to be illegal, the remainder of the Agreement will remain in full force and effect.

D. WAIVER

The Employer and the Union acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties after the exercise of their rights and opportunities are set forth in this Agreement. For this reason, the Agreement supersedes any past practice or prior agreement, verbal or written, between the parties hereto, or between any of them and any employee(s) covered hereby, that are not now provided for or contained in this Agreement.

E. SUCCESSOR CLAUSE

This Agreement will be binding upon the successors and assigns of the parties hereto. No provisions, terms or obligations herein contained will be affected, modified, altered or changed in any respect whatsoever by the consolidation, merger, transfer or assignment of either party hereto or affected, modified, altered or changed in any respect whatsoever by any change of any kind in the legal status, ownership or management of either party hereto.

SECTION 2 - TERM OF AGREEMENT AND FUTURE NEGOTIATIONS

A. TERM OF AGREEMENT

This agreement shall become effective on **September 17, 2026**, and shall continue in full force and effect through **June 30, 2030**.

B. FUTURE NEGOTIATIONS

1. The Union and Employer will meet for the purpose of exchanging contract proposals **and beginning negotiations towards a new contract** no later than **January 15** of the year in which this agreement expires.
2. The Negotiating Committees of the Union and the Employer will not consist of more than a total of four (4) representatives each, plus legal counsel. The Union and the Employer will supply each other, in writing, the names of their representatives on the Negotiating Committees. Other persons associated with either party may attend the negotiating sessions by mutual agreement.

3. The Employer will relieve the Members of the Union Negotiating Committee to attend negotiating sessions. The Employer will pay all wages, applicable fringes and make pension contributions for the four (4) designated Union Negotiating Team Members. The Union will reimburse the Employer for 50% of wages, applicable fringes and pension contributions with the exception of insurance premiums payable at the Employer's contribution levels existing during the last month of the agreement.

4. Any negotiations of this or successor agreements between the parties will be held at a mutually agreed location with any rental or related costs to be shared equally between the parties.

5. Beginning January 1 of the year in which this agreement expires, the Employer will provide, when requested, unpaid relief time for the Union Negotiating Committee for the preparation for negotiations with the Employer as long as such relief time can be provided entirely at straight time and does not affect the operational needs of the Employer.

ENDORSEMENTS

In witness whereof, the parties hereto have caused this instrument to be executed on **September 17, 2026**.

ANN ARBOR AREA TRANSPORTATION AUTHORITY

BY: ______________________________

Kathleen Mozak, Chair of the Board

BY: ______________________________

Jesse Miller, Board Secretary

BY: ______________________________

Matthew Carpenter, Chief Executive Officer

TRANSPORT WORKERS UNION, LOCAL 171

BY: ______________________________

Delisa Brown, President

BY: ______________________________

Kenworth Brown, Vice President

BY: ______________________________

Aaron Zimmerman, Vice President

BY: ______________________________

Parnell Johnson, Treasurer

Recommended Budget

FY2027 Operating & Capital Budget

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

Our Budget Process is…

Policy Driven

Strategic

Collaborative

Transparent

- **May & June** – Staff Draft Budget Development and Reviews
- **June 17th** – Staff Draft Budget Preview
- **June 18th** – Budget Introduction with the Board of Directors
- **July** – Public Budget Preview and Public Comment
- **July 16th** – Budget Preview with the Board of Directors
- **August** – Draft Budget Reviews with Board Committees
- **August 20th** – Draft Budget Review with the Board and **Official Public Hearing**
- **September** – Recommended Budget Reviews with Board Committees
- **September 16th** – Staff Preview of Recommended Budget
- **September 17th** – **Recommended Budget Approval requested from the Board of Directors**

Highlights: FY2027 Key Budget Accomplishments

- Full Services Maintained
- Strong Income Growth, No Fare Changes
- Managed Cost Pressures, Balanced Budget
- Largest Capital Program in Recent History
- Provides Funding for Union Contract

Key Changes in the FY2027 Operating Budget

Revenues

$6.7M, 9.4%

- Higher Property Tax Revenues
- Higher State Operating Assistance
- Consistent Fare Revenues

Expenses

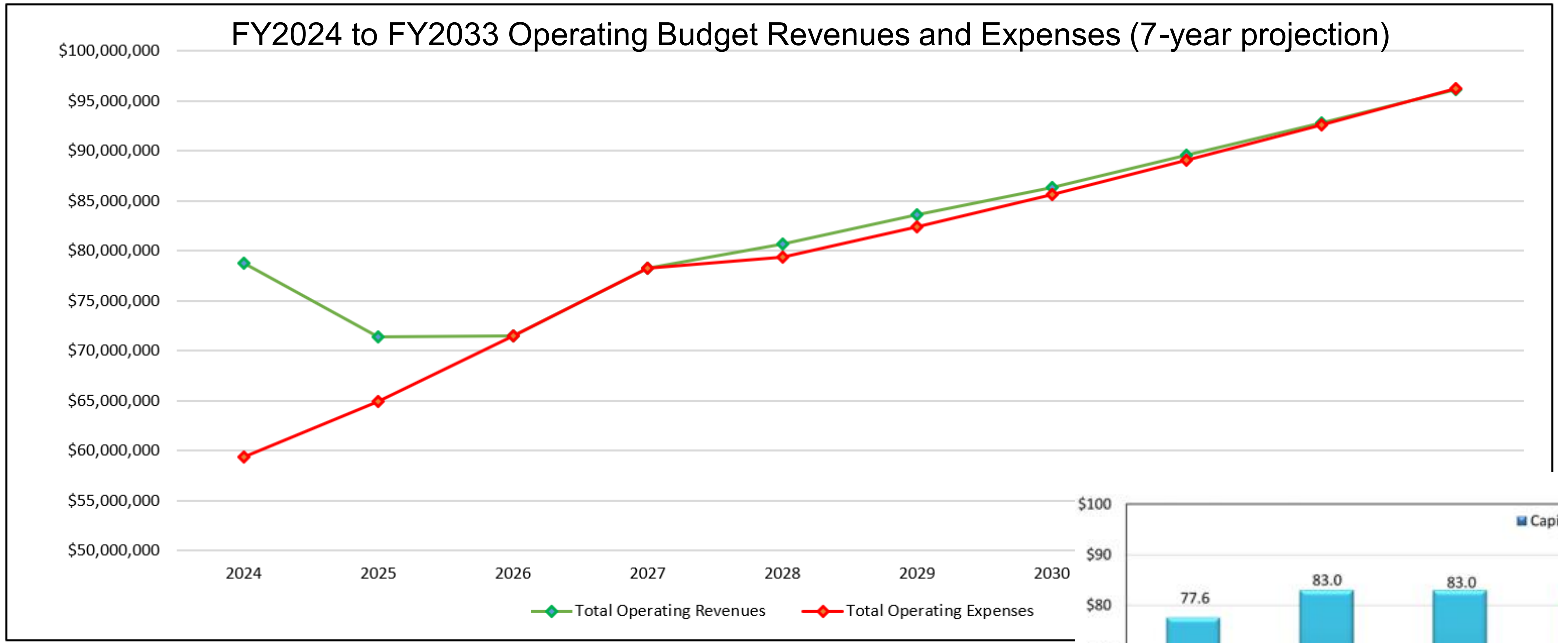
$6.7M, 9.4%

- Third year of millage service maintained
- 2026-2030 union agreement funded
- Cost pressures on fuel, repair parts and contracted maintenance

Balanced Budget

- Net change in revenues and expenses = Balanced Budget

Stable Financial Projection



- Positive fund balance
- Funded reserves
- No debt
- Current millage in place through summer 2028

FY2027 Operating and Capital Recommended Budget

- **Page 48** of the Board packet
  - **$78.2 million** for operations
  - **$46.6 million** in capital investment

8.6 Adopting Resolution

Resolution 2/2026

APPROVAL OF FY2027 OPERATING AND CAPITAL BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2027 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2027 to the Federal Transit Administration (FTA) as part of the annual application for FY2027 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2027 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2027 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2027 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **$78,226,909 for operations, and**
- **$46,605,326 for capital investment.**

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2026-FY2029 Transportation Improvement Program, of which FY2027 and beyond are subject to amendment in future years.

_____________________ Kathleen M. Mozak, Chair

_____________________ Jesse Miller, Secretary

_____________________ Date

_____________________ Date

Questions?

Thank You!

https://www.theride.org/about/performance/business-plan-budget