
ANN ARBOR AREA TRANSPORTATION AUTHORITY BOARD OF DIRECTORS

DATE: Thursday, April 19, 2018

TIME: 6:30pm

PLACE: Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor MI 48104

MEETING CHAIR: Eric Mahler

AGENDA

1) Opening Items	Detail
a. Approve Agenda	
b. Public Comment	
c. General Announcements	
2) Consent Items	
a. <i>Approval of Minutes of March 15, 2018 (p. 1-6)</i>	
3) Policy Monitoring and Development	
a. Board's Annual Plan of Work Item & Ends Policies (p. 7)	
b. Policy Monitoring and Committee Reports	
1. Governance Committee	Mahler
a. Millage Campaign	
2. Finance Committee (p. 8-9)	Allemang
3. Service Committee (p. 10-11)	Hewitt
c. Other Board Reports & Ownership Linkages	
1. LAC (p. 12-13), WATS, A2 Transportation Commission	Mozak-Betts, Krieg, Gururaja
4) Strategy and Operational Updates: CEO	Carpenter
a. <i>CEO Report (p. 14)</i>	
b. <i>Policy Monitoring: 2.8 Asset Protection (p. 15-34)</i>	
5) Board Development	Mahler
a. Board Education	
1. Bus Stop Program	Carpenter/Murphy
6) Emergent Business	
7) Closing Items	
a. Topics for Next Meeting	<i>Thursday, May 17, 2018 @ 6:30pm</i>
b. Public Comment	
c. Closed Session under the Michigan Open Meetings Act, MCLA 15.268 (c), (d), (e) and (h)	
d. Board Assessment of Meeting	
e. Adjournment	

Monitoring Reports

Sample Motions

Accepting: I move that:

- We affirm that Monitoring Report XYZ has been read by board members, and
- We accept this report as it provides
 - a reasonable interpretation of the policy and
 - evidence of compliance with that reasonable interpretation [or... while not in compliance, shows evidence of reasonable progress/commitment toward compliance]

Not Accepting: I move that:

- We affirm that Monitoring Report XYZ has been read by board members, and
- We do not accept this report
 - as the interpretation for XYZ.XYZ cannot be deemed reasonable by a rational person
 - A. OR
 - though it provides a reasonable interpretation, it does not adequately provide evidence of compliance for XYZ.XYZ.
- CEO will provide an updated Monitoring Report XYZ within ## months.

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 3.13 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?
-

Ann Arbor Area Transportation Authority Board of Directors
Meeting Minutes
Thursday, March 15, 2018
6:30 p.m.
Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan

Present: Mike Allemang, Eli Cooper, Gillian Gainsley, Prashanth Gururaja,
Roger Hewitt, Larry Krieg, Eric Mahler (Chair), Kyra Sims

Chairman Eric Mahler called the meeting to order at 6:32 p.m.

1) Opening Items

a. Approve Agenda

A motion was made by Mr. Hewitt to approve the agenda, seconded by Mr. Allemang. On a voice vote, Chairman Mahler declared the motion carried.

b. Public Comment

Jim Mogensen commented on adjusting to situations which are maladjusted. Mr. Mogensen commented on governing structures.

c. General Announcements

None.

2) Consent Items

Dr. Krieg moved approval of the Consent Items, seconded by Mr. Cooper. On a voice vote, Chairman Mahler declared the motion carried.

a. Approval of Minutes of February 15, 2018

b. Local Advisory Council Executive Committee Appointment

3) Policy Monitoring and Development

a. Board's Annual Plan of Work Item & Ends Policies

Chairman Mahler made a presentation on follow-up items from the Board Retreat. Board members commented and Chairman Mahler responded to questions. Board members volunteered to serve on subcommittees to move the follow-up work forward.

b. Policy Monitoring and Committee Reports

1. Governance Committee

No report.

2. Finance Committee

Mr. Allemang made a report on behalf of the Finance Committee; particularly: Monitoring Report 2.6 Investments; Millage Update, Draft Strategic Business Plan; Overall assessment of compliance to new board policy; RTA; Pilot Project for Staffing at the Ypsilanti Transit Center.

3. Service Committee

Mr. Hewitt made a report on behalf of the Service Committee; particularly: Tour of Ypsilanti; Strategic Vision; Millage Update; Draft Strategic Business Plan; Initial Assessment Compliance Report; RTA; Pilot Program for Staffing at the Ypsilanti Transit Center.

c. Other Board Reports & Ownership Linkages

1. Local Advisory Council

Kathleen Mozak-Betts made a report on behalf of the Local Advisory Council (LAC); particularly: LAC Code of Conduct; Attendance Policy for Executive Committee; Subcommittee to review Charge and Bylaws; Transportation Riders United; Paratransit Review; ARide Report Card; Complimentary Scrip Coupons for LAC Executive Council members; April 10 LAC meeting.

2. Washtenaw Area Transportation Study

Dr. Krieg reported that the WATS Policy Committee was scheduled to meet on March 21. Dr. Krieg commented on opportunities to provide input on the Nonmotorized Transportation Plan.

3. Ann Arbor Transportation Commission

No report.

4) Strategy and Operational Updates: CEO

a. CEO Report

CEO Matt Carpenter referred to the written CEO Report and reported verbally on: Timelines for major technical studies; Grant Submission for US-23 Express Bus Pilot Project; Roof Repairs at the Dawn Gabay Operations Center; Regional Transit Authority.

b. Policy Monitoring: 2.6 Investments

CFO John Metzinger presented Monitoring Report 2.6 Investments, indicating compliance, and noting areas for improvement. Board members commented on the report and Mr. Carpenter and Mr. Metzinger responded to questions.

Mr. Hewitt moved that the Board finds that the CEO is in compliance. Mr. Allemang seconded the motion. On a voice vote, Chairman Mahler declared the motion carried.

c. Millage Ballot Language

Mr. Carpenter presented Millage Ballot Language for the Board's consideration.

Resolution 8/2018
Millage to Maintain Public Transportation

WHEREAS, the electors of the City of Ann Arbor, the City of Ypsilanti, and the Charter Township of Ypsilanti adopted a proposal for the imposition of a tax of 0.7 mills for improved transportation services at the general election in May, 2014, and

WHEREAS, by renewing and restoring the same millage rate of 0.7, AAATA would be able to maintain the expanded levels of available public transit and paratransit services, and

WHEREAS, the Board of the Ann Arbor Area Transportation Authority has determined that it is appropriate under Act 55 of 1963 to submit to the electors of the City of Ann Arbor, the City of Ypsilanti, and the Charter Township of Ypsilanti a proposal at the general election on August 7, 2018 concerning the imposition of a tax within those municipalities for public transportation purposes,

NOW, THEREFORE, BE IT RESOLVED that the following proposition be certified to the Washtenaw County Clerk for inclusion on the ballot for that election:

PUBLIC TRANSPORTATION MILLAGE

To maintain the expanded levels of available public transit and paratransit services—including services for seniors and people who have disabilities—shall the Ann Arbor Area Transportation Authority (TheRide) renew and restore an annual tax of 0.7 mills (\$0.7000 per \$1000 of taxable value) on all taxable property within the City of Ann Arbor, the City of Ypsilanti, and the Charter Township of Ypsilanti for the years 2019-2023 inclusive? An annual tax of 0.7 mills was first approved in 2014. This millage has been reduced to 0.6860 mills under the Headlee Amendment. This proposal would renew the millage and restore it to the originally approved 0.7000 mill amount. The estimate of revenue if this millage is approved is \$4,849,066 for 2019. This revenue will be disbursed to TheRide and, as required by law, a portion may be subject to capture by the downtown development authorities of Ann Arbor and Ypsilanti, the Washtenaw County Brownfield Redevelopment Authority, and the local development finance authority of the Charter Township of Ypsilanti.

Dr. Krieg reported on input on the ballot language from the Charter Township of Ypsilanti. Board members commented on the proposed ballot language. Corporate legal counsel, Jerry Lax, responded to questions.

Dr. Krieg moved to add three zeros to the two citations of “0.7 mills”, seconded by Ms. Sims. On a voice vote, Chairman Mahler declared the amendment adopted.

Board members commented further on the proposed ballot language. Mr. Carpenter and Deputy CEO Forest Yang responded to questions.

Ms. Gainsley made a motion to strike “available”, seconded by Ms. Sims. On a voice vote, Chairman Mahler declared the amendment adopted.

Dr. Krieg moved that the Board approve Resolution 8/2018, as amended, seconded by Mr. Allemang. On a voice vote, Chairman Mahler declared the motion to adopt the resolution, as amended, carried.

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d. Preliminary Strategic Business Plan

Mr. Carpenter reviewed a Preliminary Strategic Business Plan and invited board and community members to share input. Board members commented and Mr. Carpenter responded to questions.

5) Board Development

a. Board Education

Chairman Mahler reported on a presentation on Ridership and Coverage scheduled for the May board meeting.

Dr. Krieg reported on “The Road Out of Poverty: A Transportation and Economic Mobility Symposium”. Dr. Krieg shared highlights from a presentation by keynote speaker Anthony Foxx, Former U.S. Transportation Secretary. Board members commented.

6) Emergent Business

None.

7) Closing Items

a. Topics for Next Meeting

- Monitoring Report 2.8 Asset Protection
- Presentation on Ridership and Coverage
- Bus Stop Program
- Millage Campaign Update
- Regional Transit Authority Update

b. Public Comment

Jim Mogensen commented on coverage vs. ridership metrics, creation of the Ann Arbor Transportation Authority, and the funding structure for transit in the urbanized area.

c. Board Assessment of Meeting

Ms. Gainsley noted public comment on the millage.

d. Adjournment

A motion was made by Mr. Hewitt, seconded by Mr. Gururaja, that the meeting adjourn. On a voice vote, Chairman Mahler declared the motion carried. The meeting adjourned at 8:56 p.m.

Gillian Gainsley
Secretary, AAATA Board of Directors

DRAFT

Annual Plan of Work

FY 2018	Annual Plan of Work and Ends Policies Development	Board Education
January	<ul style="list-style-type: none"> • Board Retreat • Finalize Annual Plan of Work • Ends: Development 	
February	<ul style="list-style-type: none"> • Ends: Development 	
March	<ul style="list-style-type: none"> • Ends: Finalize • Bylaw Update 	<ul style="list-style-type: none"> • Strategic Plan Process and Introduction
April	<ul style="list-style-type: none"> • Plan CEO Evaluation procedures (conduct in June) 	<ul style="list-style-type: none"> • Bus Stop Program
May	<ul style="list-style-type: none"> • Roles of Officers • Role of LAC 	<ul style="list-style-type: none"> • Speaker: Land Use and Transit Oriented Development
June	<ul style="list-style-type: none"> • CEO Evaluation 	
July	No meetings planned	
August	<ul style="list-style-type: none"> • Budget • Board Mechanics: Recruitment and Onboarding, Ongoing Training 	<ul style="list-style-type: none"> • Speaker: New Mobility ITS Trends
September	<ul style="list-style-type: none"> • Budget • Bylaw Update 	<ul style="list-style-type: none"> • Speaker: Ridership vs Coverage
October (FY19)	<ul style="list-style-type: none"> • Investment Policy: Development 	<ul style="list-style-type: none"> • Speaker: Owner Outreach strategies

This draft calendar addresses most topics of interest, though a few items have been left until FY2019

- Resource Allocation
- New municipalities joining the AAATA policy

Other Work items to consider:

- Exec. Limitation Policy “clean up” (from Monitoring process, Owner input, etc.)
 - e.g., 2.9 Ends Focus of Contracts language, etc.

Other Education items to consider:

- Various operational topics not covered in Monitoring/Strategic Planning

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Finance Committee
Tuesday, April 10, 2018

Present: Mike Allemang (Chair), Eli Cooper (telephone; left call 5:28), Prashanth Gururaja (telephone; left call 5:10), Kyra Sims (departed 5:19)

Staff: Geri Barnstable, Matt Carpenter, Sarah Gryniewicz, John Metzinger, Bryan Smith, Phil Webb

The meeting was called to order at 3:32 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the amended agenda by consensus.

b. Communications

Chairman Allemang welcomed Ms. Sims to the Finance Committee.

2) Strategy and Operational Updates

a. Customer Surveys

Hugh Clark of CJI Research made a presentation on a Survey of Users of TheRide; particularly:

- Rider Demographics
- How Customers Use TheRide
- How Riders Pay Fares
- Transportation Alternatives – Uber and Lyft
- Customer Satisfaction
- How Riders Get Information

Committee members commented on the presentation, and Mr. Clark responded to questions.

b. Millage Update

CEO Matt Carpenter provided an update on the Millage.

c. RTA Update

Mr. Carpenter provided an update on the RTA.

d. Bikeshare Update

Mr. Carpenter provided an update on the Bikeshare program. Committee members commented, and Mr. Carpenter and CFO John Metzinger responded to questions.

3) Policy Monitoring and Development

a. Monitoring Report 2.8 Asset Protection

Chairman Allemang opened the floor for discussion on Monitoring Report 2.8 Asset Protection noting that there had been some discussion around whether some of the language belongs in the Policy.

Mr. Carpenter reviewed highlights in the Monitoring Report noting that additional work is needed to provide evidence to determine compliance. Committee members commented, and Mr. Carpenter and Deputy CEO Bryan Smith responded to questions. Committee members, with input from Mr. Carpenter, discussed timing for completion of the report.

b. Policy Language Operating Accounts

Chairman Allemang commented on the absence of a Policy on Operating Cash. Mr. Metzinger reported on changes in the Policy Manual that led to the deletion of a policy on how operating cash is handled. Mr. Metzinger proposed that a few minor policy language changes could address Operating Cash, and offered to provide a draft. The Committee reached consensus on Mr. Metzinger presenting draft language at the May Finance Committee meeting.

4) Closing Items

a. Topics for Next Meeting

- Millage Update
- Second Quarter Financial Statement
- Proposed Policy Language on Operating Cash

b. Adjournment

Chairman Allemang adjourned the meeting at 5:45 p.m.

Respectfully Submitted,
Karen Wheeler

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Wednesday, April 11, 2018

Present: Gillian Gainsley, Roger Hewitt (Chair), Larry Krieg

Staff: Geri Barnstable, Matt Carpenter, Sarah Gryniewicz, Bryan Smith, Forest Yang

The meeting was called to order at 9:03 a.m. by Chairman Hewitt.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the amended agenda by consensus.

b. Communications

CEO Matt Carpenter reported that Kyra Sims transferred from the Service Committee to the Finance Committee.

Dr. Krieg reported that he would not be in attendance at the April Board meeting.

Dr. Krieg reported on the federal government awarding Opportunity Zone Status to a number of census tracts in Washtenaw County.

2) Strategy and Operational Updates

a. Customer Survey

Hugh Clark of CJI Research made a presentation on a Survey of Users of TheRide from 2017; particularly:

- Rider Demographics
- How Customers Use TheRide
- How Riders Pay Fares
- Transportation Alternatives – Uber and Lyft
- Customer Satisfaction
- How Riders Get Information

Committee members commented on the presentation, and Mr. Clark responded to questions.

Committee members suggested additional research on:

- Correlation between congestion and the number of work riders
- Increase in number of riders for work trips between 2013 and 2017
- Impact of parking fees on the decision to use public transit

b. Millage Update

Mr. Carpenter provided an update on preparations for the millage vote.

c. RTA Update

Mr. Carpenter provided an update on the Regional Transit Authority. Committee members commented, and Mr. Carpenter responded to questions.

d. Bikeshare Update

Mr. Carpenter provided an update on the Bikeshare Program. Committee members commented, and Mr. Carpenter responded to questions.

3) Policy Monitoring and Development

a. Strategic Vision/Plan

Chairman Hewitt reported on an Ends Report model that includes a vision statement above the Ends that articulates the Vision, and includes definition of what each of the Ends means.

Committee members commented; particularly:

- Ends should be visionary
- Ends should include statements on the positive impact TheRide has on:
 - Senior citizens
 - People who have disabilities
 - Economic development
 - Land use opportunities
 - The environment

4) Closing Items

a. Topics for Next Meeting

- Millage Update
- System to Handle Suggestions on Service Improvements

Mr. Carpenter requested clarification on the request to discuss “System to Handle Suggestions on Service Improvement”. Dr. Krieg provided an explanation.

b. Adjournment

Chairman Hewitt adjourned the meeting at 10:55 a.m.

Respectfully Submitted,
Karen Wheeler

April 10, 2018 AAATA Local Advisory Council DRAFT Meeting Minutes

1.0 CALL TO ORDER:

Chairperson Mozak-Betts called the meeting to order at 10:00 a.m.

2.0 INTRODUCTIONS:

LAC Committee Members in attendance: Kathleen Mozak-Betts (Chair), Larry Keeler (Co-Chair), Rebecca Burk, Clark Charnetski, Debra Poster, Stephen McNutt, Jody Slowins, Liz Aldridge, Andrea Henry (CIL)

LAC Committee Members not in attendance: John Kuchinski

AAATA Board Liaison: None Appointed

AAATA Staff Liaison: Bill DeGroot (Planning and Innovations)

LAC General Members: Janet Nutt, Mary Wells, Cheryl Weber

Guests: Tracy Byrd & Bill DeGroot (AAATA), Darryl Johnson (RideCorp), JP (BlueCab), Dr. Lori Lichtman, Curtis & Christy (Four Nines Technology)

3.0 REVIEW AND APPROVAL OF AGENDA:

The agenda was approved as submitted.

4.0 REVIEW AND APPROVAL OF MINUTES:

The March meeting minutes were accepted with one amendment; page 2 last line should read “to participating LAC Executive Committee members”.

5.0 COMMUNICATIONS AND ANNOUNCEMENT

Mr. Charnetski provided information on the next Ann Arbor Transportation Commission meeting. Mr. Charnetski noted that the SMART Advisory Council will include a representative from AAA and one person from each ward. He reported that DDOT is completing driver refresher training that will include disability sensitivity training.

6.0 PUBLIC COMMENT TIME

- Dr. Lori Lichtman from MAP requested that TheRide put labels at bus terminals and stops with information and telephone number for Human Trafficking.

April 10, 2018 AAATA Local Advisory Council DRAFT Meeting Minutes

7.0 BOARD REPORT

Ms. Mozak-Betts provided a report on the March Board meeting.

8.0 NEW BUSINESS

- **KFH PRESENTATION:** KFH presented information on their progress of the paratransit review. KFH gathered feedback and responded to questions from LAC attendees and LAC Executive members.
- **LAC APPOINTMENT:** Ms. Mozak-Betts announced the appointment of Ms. Henry to the LAC Executive Committee.
- **LAC ATTENDANCE POLICY:** No review
- **SUBCOMMITTEE REVIEW:** No report
- **FARE STUDY CONSULTANT REVIEW:** Four Nines presented on the Fare Study.

9.0 PUBLIC COMMENT TIME

- Debra Poster commented that she has not been able to get pick-up times on three separate occasions in a one-month period.

10.0 FUTURE NEW BUSINESS ITEMS

- A. Review of LAC Attendance Policy
- B. Sub Committee Report
- C. ARide Report Card

11.0 ADJOURNMENT

Chairperson Mozak-Betts adjourned the meeting at 12:00 p.m.

Respectfully Submitted by: Brian Clouse, LAC Liaison / AAATA Paratransit Coordinator

Next LAC Meeting: May 8, 2018 from 10:00am – 12 noon.

LAC meetings are held the second (2nd) Tuesday of every month except July, from 10am to 12 noon at the Dawn Gabay Operations Center located at 2700 S. Industrial Hwy. Ann Arbor MI. For more information on AAATA LAC meetings, or to request this or other documents in an alternative format, call **734-794-1702** or email LAC@theride.org.



CEO's Report

Board Meeting Date: April 19, 2018

Agenda Item #4a

Operational and Project Updates:

Ypsilanti Transit Center – The project is moving forward, we continue to work with the consultant to finalize the needs assessment and begin to identify criteria and preliminary site selection. It is our intention to have a more detailed update for the Board in May. There will be an opportunity in May or early June to comment on potential site locations and layouts. We will continue to keep the Board informed during this process.

Paratransit – The KFH, Group, (Paratransit Consultant) conducted a presentation with the LAC this past Tuesday. They presented the scope of the project and some of their preliminary analysis from their first visit. They described ADA service, Premium service (Non-ADA), and the service offerings by TheRide. They also gave a brief description of peer service offerings. KFH will be returning by early May to conduct public engagements with community groups and conducting round table discussions to gain more clarity on what services mean to the community and how they are being used today. They have and continue to interview riders of the service during ride-alongs when they are on-site. We are targeting the middle of May to finalize the initial assessment and move into peer review and recommendations with the target of having a final report completed in August.

Fare Study – The Four Nines Group, completed their first call for public comment by interviewing riders and non-riders at our transit centers (CCTC, BTC, YTC), and on-line. I would encourage all of the Board to take the on-line survey. We have collected over 400 surveys to date. Once this process is completed later this month, the team will finalize a peer review and work with staff to development preliminary fare structure and policy recommendations. The final report is proposed to be submitted by mid-August.

US-23 Express Bus Pilot – Staff did submit the grant application and continue to await feedback on decisions.

Regional Transit Authority – The RTA continues to solicit feedback on the latest Connect Southeast Michigan Plan. AAATA staff did provide technical feedback.

Bikeshare – The AAATA and its partners are firming up funding commitments and roles, and the AAATA will release an RFP for operations of the ArborBike system shortly. While it is still the goal to see the service running this year, a delay is likely and a fall start up may be the best that can be achieved.

Issue Brief: Monitoring Report 2.8 Asset Protection

Meeting: Board

Date: April 19, 2018

Agenda Item #4b

Recommended Committee Action(s):

- That the Board receive the monitoring report for information and provide feedback.

Issue Summary:

The CEO feels the report is incomplete and will not be seeking Board acceptance at this time. However, he would appreciate feedback on the initial report.

Background:

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 and survey link to all board members
2. All board members complete survey on acceptability of Monitoring Report, looking particularly for two things in the Monitoring Report:
 - a. A reasonable interpretation of the policy
 - b. Evidence of compliance with the reasonable interpretation
3. Committee reviews survey results and develops recommendation to accept/not accept Monitoring Report
4. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)

Impacts of Recommended Action(s): Governance: perform key Policy Governance process

Attachments: Monitoring Report: 2.8 Asset Protection

Author: MC/SG/JM

Reviewed by: MC

Approved by: MC

Date: April 9, 2018

the AAATA

2.8 Asset Protection

Monitoring Report for the Period: March 1, 2017 to February 28, 2018

Date of Report: Friday, March 30, 2018

Board Survey due: NA

Finance Committee Review: Tuesday, April 10, 2018

Board Meeting: Thursday, April 19, 2018

the AAATA board;

In accordance with the Board's Policy Manual; I present the April Monitoring report on **Executive Limitation Policy 2.8: Asset Protection**. This report consists of internal report information from staff.

Though these policies were not all in affect during the previous year, I have assembled this report as if they were (where feasible).

I certify that the information is true and complete.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Policy being monitored:

POLICY TITLE: ASSET PROTECTION

Report p.

2.8 The CEO will not cause, allow or fail to address circumstances in which corporate assets are to be unprotected, inadequately maintained, or unnecessarily risked.

4

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.8.1 Allow board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses. 5
- 2.8.2 Operate without ensuring appropriate risk management. 7
 - A. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.
 - B. Fail to proactively anticipate the financial requirements needed to maintain assets.
 - C. Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud or malfeasance.
- 2.8.3 Unreasonably expose the organization, its Board or staff to claims of liability. 10
- 2.8.4 Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access. 12
- 2.8.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends by. 13
 - 2.8.5.1 Operating the organization in a manner that jeopardizes grantor relationships. 15
 - 2.8.5.2 Ignoring the social, environmental and economic implications of major decisions. 16
 - 2.8.5.3 Allowing third-party advertising that violates stated agency guidelines for community standards 17
 - 2.8.5.4 Hiring a former board member as an agency employee or supplier within one year of that member's departure from the Board. 18
 - 2.8.5.5 Hiring a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members to the AAATA Board. 18
 - 2.8.5.6 Ignoring exploration for innovation or opportunities that open capacity for the organization 19

Executive Limitations Policy 2.8

The CEO will not cause, allow or fail to address circumstances in which corporate assets are to be unprotected, inadequately maintained, or unnecessarily risked.

Compliance: Partial compliance

Current Interpretation & Rationale

The board has comprehensively interpreted this policy in its subsequent policy provisions

- unprotected: 2.8.1, 2.8.2, 2.8.3, 2.8.4
- inadequately maintained: 2.8.2
- unnecessarily risked: 2.8.1, 2.8.2, 2.8.5

No further interpretation is needed. Compliance with sub-policies constitutes compliance with 2.8.

Evidence:

The data to follow, taken cumulatively, demonstrates compliance with this global provision. My interpretations and data will be attached to those provisions, below.

Executive Limitations Policy 2.8.1

...the CEO shall not... Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.

Compliance: In compliance

Current Interpretation & Rationale

I interpret this policy to mean that AAATA will carry insurance coverage necessary to reduce and manage risks and ensure service continuity for customers. While many risks cannot be eliminated entirely, insurance can help to manage risks. Adequate coverage will mean that unexpected costs/losses will not jeopardize service for customers or the financial integrity of the agency, and that all infrastructure necessary to provide service to customers can be repaired or replaced in a reasonable period of time without financial hardship for the agency. For board members and staff, adequate insurance means that they will be indemnified and free of personal liability for decisions made when pursuing their duties in good faith.

Therefore, AAATA will hold private or self-insurance adequate to reduce financial risks and ensure service continuity that:

1. Provides full replacement costs for vehicles, buildings
2. Provides cost-effective coverage for liability, including casualty, theft/embezzlement
3. Indemnifies staff and Board members

Evidence:

During the monitoring period I have confirmed the insurance parameters, below, were in place or were put in place. We judge the level of coverage to be adequate based on advice from our broker and our professional experience.

Financial Risks	Coverage Limits	Claims on File (As of 2/21/2018)
1. Replacement of Vehicles and Buildings		
a. Automobile (Vehicles): full replacement for losses within 2700 facility (terminal fire and catastrophic loss)	\$55,758,330 (Adequate to replace all buses and support vehicles.)	\$0
b. Automobile (Vehicles): Collision	Replacement Cost Per Incident	\$0
c. Property: full replacement for building, business personal property, disasters (e.g. earthquake, flood, data systems, tools)	\$25,842,000 Building \$2,437,500 Bus. Personal Prop. \$360,000 Extra Expense \$25,000,000 Flood/Earthquake \$2,139,000 Data Systems \$644,950 Tools	\$0
2. Liabilities		
a. General Liability (Each Occurrence, General Aggregate)	\$2,000,000	\$0
b. General Liability (Personal & Advertising Injury, Products/Completed Operations Aggregate, Damage to Premises Rented)	\$1,000,000	\$0
c. Umbrella Lead Liability (General Aggregate, Products/Completed Operations Aggregate, Personal & Advertising Injury)	\$4,000,000	\$0
d. Employee Benefits Liability	\$300,000	\$0
e. Each Employee Limit	\$1,000,000	\$0
f. Umbrella Excess Liability	\$10,000,000	\$0
g. Automobile	\$1,000,000 per occurrence	\$714,277 total incurred/reserve 5 events
h. Crime	\$500,000	\$0
i. Fiduciary (Each Loss, Each Policy Period)	\$4,000,000	\$0
j. Premises Pollution Legal Liability (Per Pollution Condition Limit, Per Pollution Aggregate)	\$2,000,000	\$0
3. Worker's Compensation		
a. Worker's Compensation	Self-Insured	
b. Worker's Compensation Excess (Aggregate Limit)	\$5,000,000	\$0

Executive Limitations Policy 2.8.2 A

The CEO shall not...operate without ensuring appropriate risk management...

...Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.

Compliance: Partial Compliance. Although facility maintenance activities occur, the agency lacks a documented preventative maintained program for facilities. This will be resolved by March 2019.

Current Interpretation & Rationale:

I interpret this policy to mean that all facilities, vehicles, and durable equipment shall be managed in a manner that maximizes the value of the investment in the asset over its lifespan, ensures safety, and minimizes the risks of premature failure, premature replacement or excessively costly operation. Because they are the greatest potential expense, all vehicles and facilities will be managed with appropriate preventative maintenance practices.

Evidence:

Preventative maintenance practices and programs are in place for buses, support vehicles, maintenance equipment, and IT equipment.

- Buses: All buses have received the preventative maintenance programs recommended by their manufacturers. Records are available for Board inspection update request.
- Facilities: Unclear. Contracts for preventative maintenance are in place and work is regularly done. However, documentation is unclear and there may not be a robust program in place. Ensuring adequate staffing oversight has been a challenge.

Costs for these programs can be seen in the 2018 Budget (p. 33) listed as “Maintenance: Bus Components, Tools and Equipment, Facilities Rehabilitations, and IT- Hardware and Software”.

Executive Limitations Policy 2.8.2 B

The CEO shall not...operate without ensuring appropriate risk management...

...Fail to proactively anticipate the financial requirements needed to maintain assets.

Compliance: In compliance

Current Interpretation & Rationale:

I interpret this policy to mean that the agency is required to develop a budgeting philosophy that

- Use comprehensive lifecycle costing when considering major purchasing/investment decision, so that total costs are understood in advance of decisions.
- Uses multi-year capital and operating projections to comprehensively forecast all costs associated with maintaining and replacing vehicles, facilities and equipment. In particular, this requires plans for replacing the bus fleet.
- Assets should be maintained in a “State-of-Good-Repair” which means able to fulfill their function, adequate for customer and operational needs, and in cost-effective manner.
- Manage the risk of over-extending the agency’s finances by prioritizing maintenance and state-of-good-repair ahead of expansion/growth projects, and avoiding the purchase of assets we cannot afford to maintain throughout their lifecycle, or in the context of other forecasted expenses.

Evidence:

Replacement costs for the bus fleet, support vehicles, and IT equipment are itemized in the 10-year capital plan in the 2018 Budget (p. 33). Also included in the capital plan are facility rehabilitation costs. This plan forecasts financial costs for maintaining the fleet until 2046 and include bus rehabilitation costs (operationalized).

Executive Limitations Policy 2.8.2 C

The CEO shall not...operate without ensuring appropriate risk management...

...Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud or malfeasance.

Compliance: In compliance.

Current Interpretation & Rationale:

I interpret this policy to mean that the AAATA must use appropriate loss-control practices to minimize the risk of intentional theft or misdirection of agency resources. Good systems help to keep people honest by eliminating temptation.

Consistent with federal law (2 CFR Part 200.303) the AAATA's internal controls will comply with *Standards for Internal Control for the Federal Government* issued by Comptroller of the US and the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Evidence:

While internal controls was not the focus of a recent auditor's report, the auditors did note that they did not notice any inadequacies, stating:

In planning and performing our audit of the basic financial statements, we considered Ann Arbor Area Transportation Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.... Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

- *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (p.43):*

In addition to the Auditor's report, the CFO reviewed the Internal Control system and judges that the Internal Control systems have been adequate to date and consistent with COSO and Federal law, and that there is no evidence of nor notable risk of malfeasance. However, he recommends that the clarity and staff understanding Internal Controls can be improved. A new document will be completed by the end of the fiscal year.

Executive Limitations Policy 2.8.3

The CEO shall not...

Unreasonably expose the organization, its Board or staff to claims of liability.

Compliance: (THIS SECTION IS INCOMPLETE)

Current Interpretation & Rationale

Evidence:

DRAFT

Executive Limitations Policy 2.8.4

The CEO shall not...

...Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access.

Compliance: Partial Compliance

Current Interpretation & Rationale

I interpret this policy to mean that the AAATA's information (e.g. "private personal information," electronic files, applicant/rider information, financial) will be kept in secure environments that minimize exposure to unauthorized access, theft, fire, or water damage.

Evidence:

An external Security Assessment conducted in January by Merit Network Incorporated identified the following:

- **Private Personal Information, Electronic files:** proper controls are in place: no one gets access without network credentials, access to corporate systems are granted only as required for the job, redundant back-ups of electronic data are conducted daily, firewalls/anti-virus/malware kept up-to-date.
- **Applicant/Rider Information.** While paper information is kept in locked, limited access file cabinets, and electronic information is in password protected, limited access systems; the Security Assessment raised areas questions with HIPPA-compliance. These questions are being reviewed.
- **Financial:** IT Controls audit verifies on annual basis access to financial systems.

Executive Limitations Policy 2.8.5

The CEO shall not...

...Endanger the organization's public image, credibility, or its ability to accomplish Ends

Compliance: In compliance

Current Interpretation & Rationale

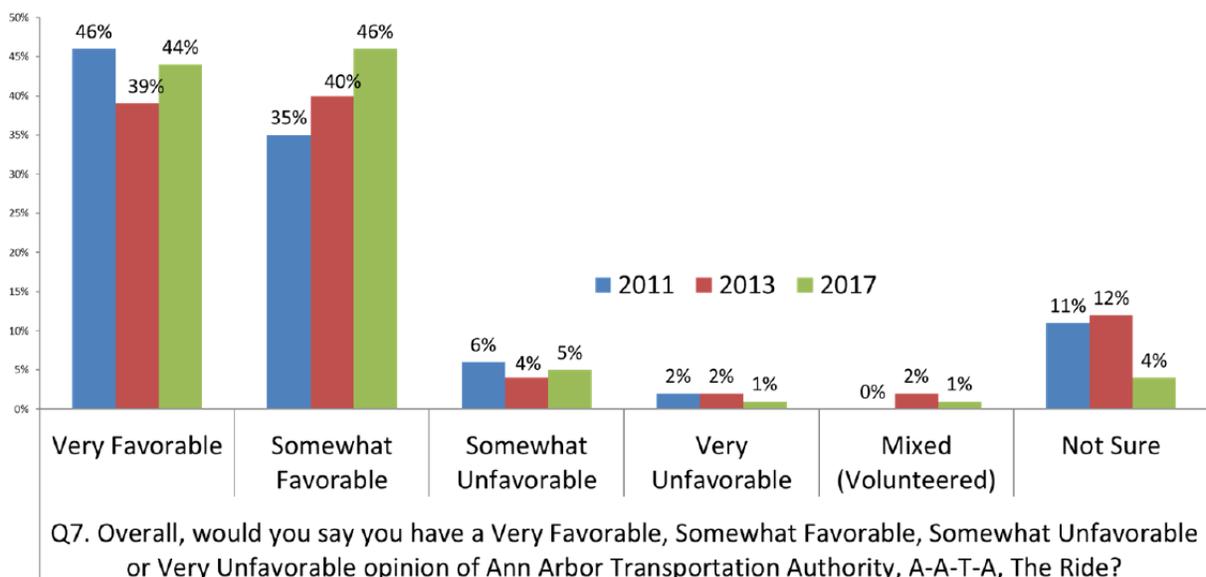
I interpret this policy to mean that the AAATA, its CEO and its staff must always act in a manner that continually earns and renews the public's overall trust and confidence in the agency. This must be done in an environment where many factors are beyond agency control, outside parties may question the agency's credibility, and isolated errors and crisis will occur.

Maintaining credibility does not mean avoiding risk or criticism. The AAATA cannot accomplish its Ends without taking calculated risks, making periodic changes or attracting public attention – some of which will always be critical. The agency should respond honestly when genuinely responsible for events; and should also respond appropriately to inaccurate information that could harm the perception of the agency.

Specifically, the AAATA must be, and be seen as, open, approachable and transparent; honest and trustworthy; and effective and reliable by: Owners (municipal governments & the public), stakeholders and passengers.

Evidence

Public: A community survey of voters in Ann Arbor, Ypsilanti, and Ypsilanti Township conducted in fall 2017 by CJI Research (sample error of +/-4%) found that AAATA is very well respected by the local community: 90% of respondents had somewhat or very favorable opinion of AAATA and its local bus service, TheRide. This is strong, and stronger than it was in 2015. It appears that unfavorability has remained consistent, and fewer people are "unsure."



Riders: An on-board survey of fixed-route riders conducted in fall 2017 by CJI Research (sample error of +/- 1.6%) found that riders scored TheRide’s service overall with fairly high satisfaction (5.92 out of 7). It appears that satisfaction has been high for many years, but is on a positive trajectory.

<u>Customer satisfaction, 2006 through 2015</u>						
Multi-year questions - All riders (excluding "don't know")	Mean					
	2017	2015	2013	2011	2009	2006
The Ride service overall	5.92	5.85	5.80	5.93	5.85	5.84

Institutional Partners Survey: not yet conducted. Similar evidence needed for Policy 2.10.3

DRAFT

Executive Limitations Policy 2.8.5.1

*The CEO shall not ...endanger the organization's public image, credibility, or its ability to accomplish Ends by...
...Operating the organization in a manner that jeopardizes grantor relationships*

Compliance: In compliance.

Current Interpretation & Rationale

I understand this policy to mean that the AAATA will operate in compliance with the expectations made by those outside bodies that routinely provide us with grant funding; in particular the federal and state governments. The AAATA will pro-actively seek to understand and comply with published regulations. The AAATA will not knowingly or through ignorance fail to follow these expectations.

Evidence

Evidence of compliance for this sub-policy is primarily provided via outside audits and assessments by the AAATA auditors, the Federal Transit Administration (FTA), and the Michigan Department of Transportation. The AAATA does not receive grant funding from any other body besides the federal and State governments.

Federal Compliance: In 2015 the FTA found no problems with the AAATA's internal control or business decisions that would jeopardize federal funding. The 2015 Review is available for inspection upon request. The 2018 Review is now in progress. In addition, the AAATA's 2017 audit assessed compliance with federal grant regulations (p. 46) and found that: *In our opinion, Ann Arbor Area Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.*

Since the 2015 Review, the FTA has not indicated any concerns with the AAATA's compliance with any regulations. All federal grants are intact and there are no known risks to these grants.

State Compliance: Grant agreements from the Michigan Department of Transportation are fully awarded and executed for FY2018. During the monitoring period the MDOT has not indicated any concern with the AAATA's compliance with State grants. All state grants are intact and there are no known risks to these grants.

Executive Limitations Policy 2.8.5.2

*The CEO shall not...endanger the organization's public image, credibility, or its ability to accomplish Ends...
...By ignoring the social, environmental and economic implications of major decisions.*

Compliance: (THIS SECTION IS INCOMPLETE)

Current Interpretation & Rationale

Evidence

DRAFT

Executive Limitations Policy 2.8.5.3

*The CEO shall not...endanger the organization's public image, credibility, or its ability to accomplish Ends by...
...Allowing third-party advertising that violates stated agency guidelines for community standards.*

Compliance: In compliance

Current Interpretation & Rationale

I interpret this policy to mean the AAATA must have and consistently enforce an administrative advertising policy that protects AAATA's image and reputation.

Evidence

the AAATA has an administrative Advertising Policy (see below). It was updated in 2014 with legal counsel to more explicitly preclude political advertisement after a legal challenge. It has not been changed since 2014.

This Policy is enforced: all third-party advertising permitted on the AAATA assets has met the Policy. In the monitoring period, 3 ads were flagged as in potential violation of the policy for promotion of alcohol. Another was flagged for being misleading. Those ads were changed or rejected. There were no legal challenges to the policy during the monitoring period.

AAATA Advertising Policy

A. The AAATA, by permitting commercial advertising in or on its vehicles, shelters, informational material, buildings, and benches, does not thereby intend to create a public forum. Further, AAATA requires that such advertising comply with specified standards to further the purposes of providing revenue for AAATA, increasing ridership, and assuring that AATA riders will be afforded a safe and pleasant environment. AAATA reserves the right to approve all advertising, exhibit material, announcements, or any other display and their manner of presentation.

B. In order to minimize the chances of abuse, the appearance of favoritism, and the risk of imposing upon a captive audience, advertising in or on AAATA vehicles, in AAATA shelters, buildings, benches or informational material which does any of the following shall be prohibited.

- 1. Contains false, misleading, or deceptive material.*
- 2. Promotes an illegal activity.*
- 3. Advocates violence or crime.*
- 4. Infringes copyright, service mark, title or slogan.*
- 5. Defames or is likely to hold up to scorn or ridicule a person or group of persons.*
- 6. States or implies the endorsement of a product or service by AATA.*
- 7. Contains political or political campaign advertising.*
- 8. Contains advertising that is obscene or pornographic, or in advocacy of imminent lawlessness or violent action.*
- 9. Promotes alcohol or tobacco products.*

Executive Limitations Policy 2.8.5.4 and 2.8.5.5

The CEO shall not...endanger the organization's public image, credibility, or its ability to accomplish Ends by...

...Hiring a former Board member as an agency employee or supplier within one year of that member's departure from the Board.

... Hiring a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members to the AAATA Board.

Compliance: In compliance

Current Interpretation & Rationale

This policy is unambiguous.

Evidence

I have verified with HR and Purchasing staff: during this period, no hires or suppliers have been former board members or elected officials from AAATA-board appointing jurisdictions. There are former or current AAATA board members or relevant elected officials on staff.

DRAFT

Executive Limitations Policy 2.8.5.6

*The CEO shall not...endanger the organization's public image, credibility, or its ability to accomplish Ends by...
...Ignoring exploration for innovation or opportunities that open capacity for the organization.*

Compliance: (THIS SECTION IS INCOMPLETE)

Current Interpretation & Rationale:

Evidence and data:

DRAFT

CEO Notes on Policies

The CEO would ask the Board if it could clarify its language in to following policies:

- 2.8.5.2 – Social, environmental, economic sustainability. This is somewhat ambiguous requirement. It's placement in this section also feels awkward (asset protection). It may have been put here during initial drafting as a placeholder.
- 2.8.5.6 – Innovation - This is an ambiguous term and feels awkward in this section (asset protection). It may have been put here during initial drafting as a placeholder.

I have asked our legal counsel to advise me on interpreting policy 2.8.3.

DRAFT

(To be filled in based on Board action after submission)

Policy: 2.8 Asset Protection

Date Submitted: TBD

Date of Board Response: TBD

The Board has received and reviewed the CEO's Monitoring Report references above. Following the Board's review and discussion with the CEO, the Board makes the following conclusions:

Executive Limitations Report (select one)

The Board finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is **not** in compliance or is **not** making reasonable progress toward compliance
- E. Cannot be determined.

Board notes:

The Bus Stop Improvement Program



Overview of Bus Stops

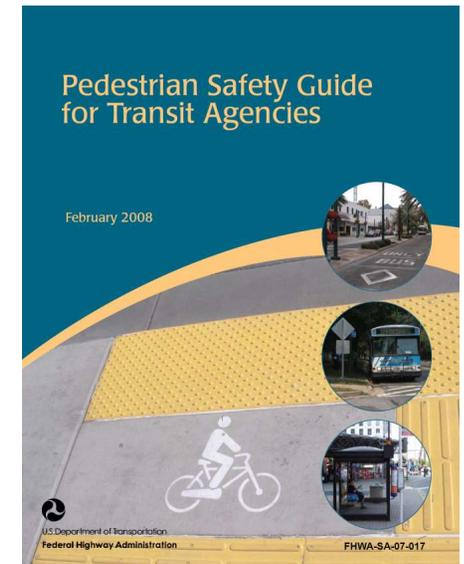
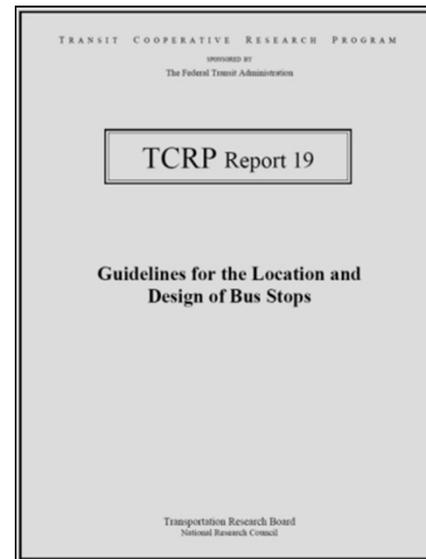


- Bus Stops 1,269
- 60% ridership occurs at 100 bus stops
- Over 500 bus stops have 10 riders or less

The bus stop is the first point-of-contact between the passenger and bus service.

Accessibility Guidelines

- Bus stop boarding and alighting areas shall be connected to streets, sidewalks, or pedestrian paths by an accessible route.
- The slope of the bus stop boarding and alighting area shall not be steeper than 2%.



Per Americans With Disabilities Act of 1990 (ADA)

Current Selection Process

TheRide installs concrete (bus stop pads) at bus stops with **30+ daily boardings / alightings.**



TheRide installs benches in all shelters. Additionally benches are installed at other bus stops with **40+ daily boardings.** *Adopt-a-stop locations where feasible.*

TheRide uses a service standard of **50+ daily boardings** when selecting shelter locations – a common transit industry benchmark used today.



Bus Stop Accessibility Improvement Challenges

Location without an existing sidewalk



Bus Stop Accessibility Improvement Challenges

Location without an existing sidewalk



Bus Stop Improvement Challenges



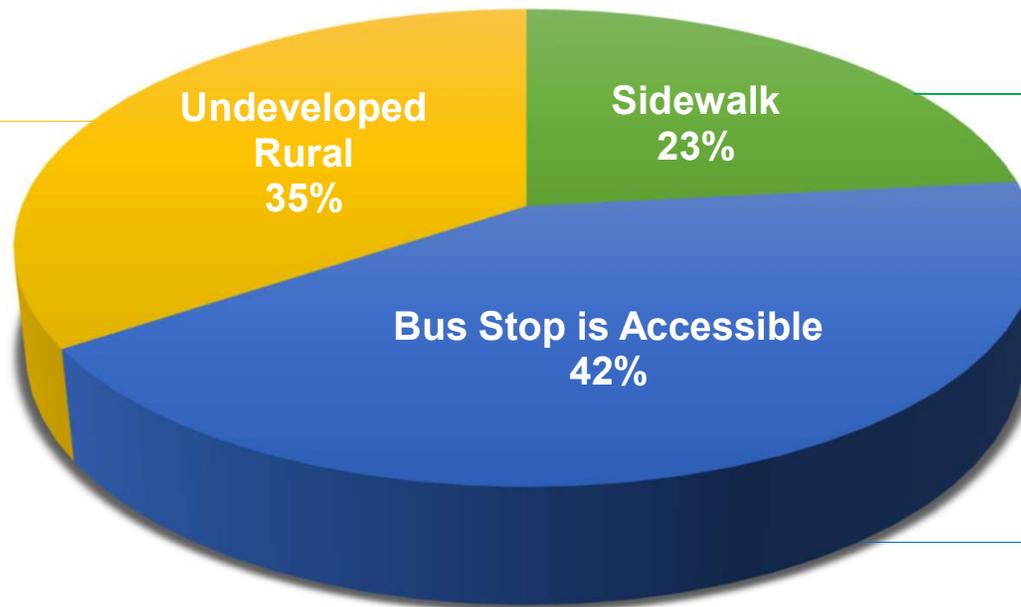
- ✓ Lack of infrastructure and footprint
- ✓ Elevated sidewalks
- ✓ Easement – permission from property owner
- ✓ Design standards must be followed
- ✓ Budget

Bus Stop Accessibility - System Review

436 locations have no existing sidewalks/infrastructure



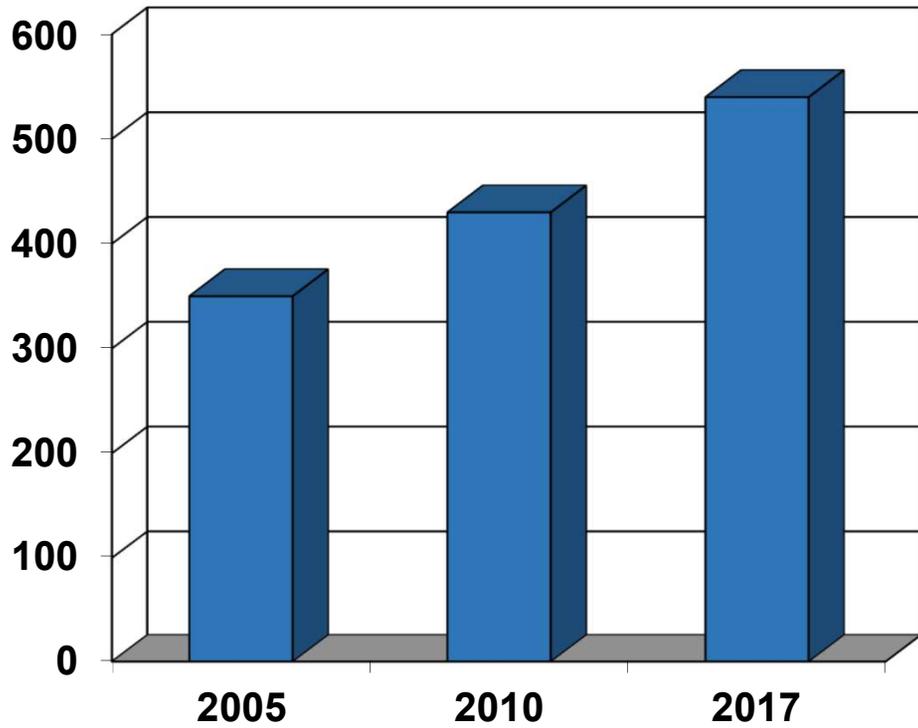
295 locations have sidewalks



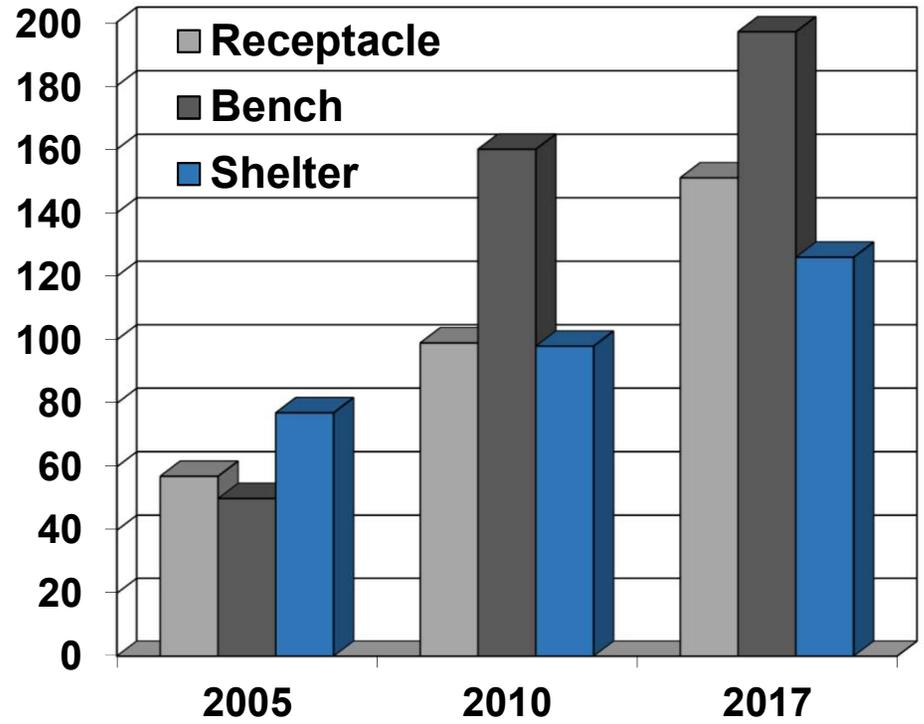
536 stops are accessible



Bus Stop Improvement History

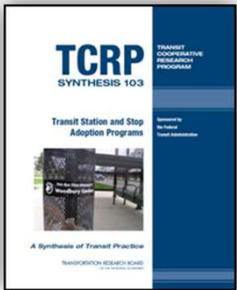


Accessibility

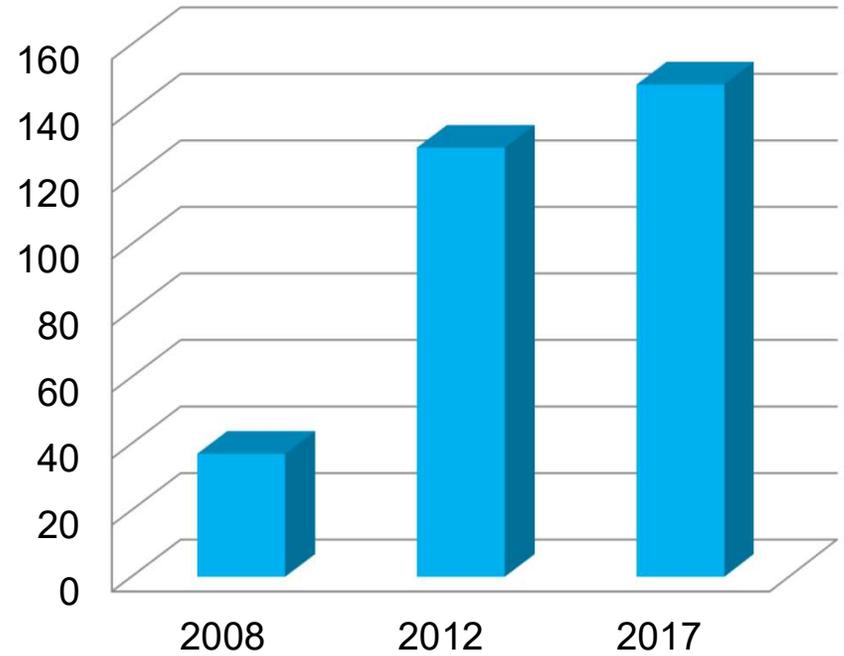


Amenities

Partnership: Adopt-A-Stop Program



Cover Photo: The Ride recognition plaque at a bus stop.
Credit: The Ride, Ann Arbor, Michigan.



State of Good Repair

- Regular shelter cleaning schedule
- Snow removal at major bus stops
- Sign installations
- Repair damaged shelters / sign posts



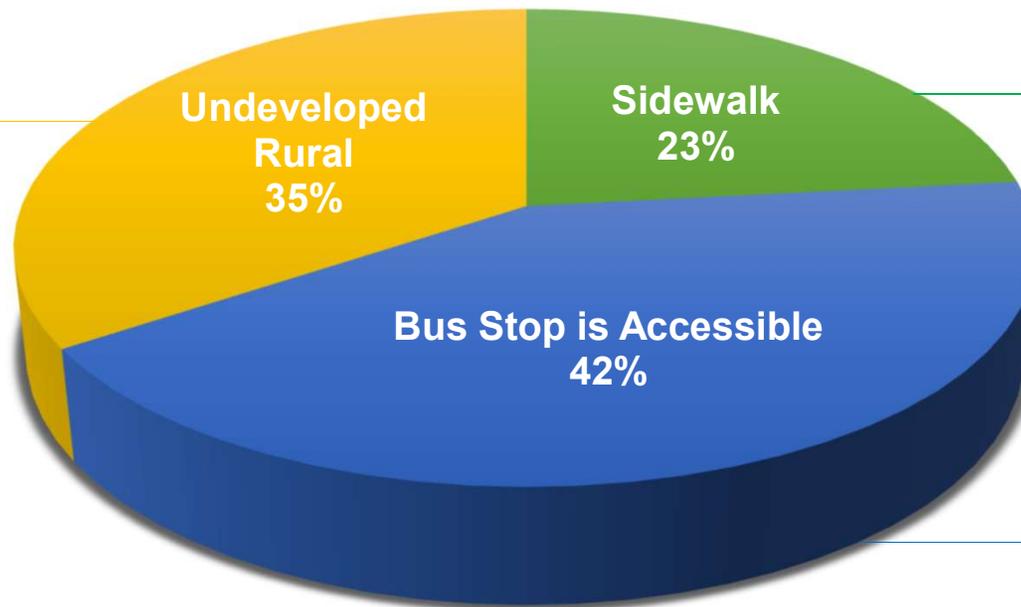
*2018 Customer Satisfaction Survey Indicates:
84% of riders are satisfied with existing condition of bus stops.*

Bus Stop Accessibility - System Review

436 locations have no existing sidewalks/infrastructure



295 locations have sidewalks



536 stops are accessible



Development / Collaboration Is Necessary

436 locations have no existing sidewalks/infrastructure



Opportunities Moving Forward

- Continued collaboration with partners
- Transit needs to be at the planning table
- Ongoing assessments to identify opportunities
- Monitor ridership data for changing trends



Collaboration with municipalities & developers is essential

Collaboration With Municipalities & Developers



Before



After

Comfortable waiting areas encourage greater transit use

Priority Work Plan



40 bus stops with existing sidewalks have been identified for accessibility improvements and as meeting the criteria of 30+ daily riders (on-off)

10 of those have elevated sidewalks and will be assessed.

Summary

- Review existing selection standards
- Continue collaborating with partners
- Seek grant opportunities
- Maximize benefits for most riders with limited resources



Questions?

