

TheRide

2.0 Global Executive Constraint

Monitoring Report for the Period: June 1, 2017 to May 31, 2018

Date of Report: Thursday, June 14, 2018

Board Meeting: Thursday, June 21, 2018

TheRide board;

In accordance with the Board's Policy Manual; I present the June Monitoring report on **Executive Limitation Policy 2.0 Global Executive Constraint**. I certify that the information is true.

This report is an incomplete initial draft. Because it is incomplete, I will not be asking the Board to accept this initial Monitoring Report of policy 2.0 at this time. However, your feedback is desired.

In general, I have every reason to believe that TheRide is complying with its legal, ethical and moral obligations under this policy. However, I recognize that the interpretations and evidence in this initial Monitoring Report are only a step towards full transparency in these areas.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Executive Limitations Policy 2.0

The CEO shall not cause, allow or fail to address any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

Compliance: Likely in compliance, but evidence incomplete.

Current Interpretation & Rationale:

I interpret this policy to mean that we must ensure that the organization's actions comply with relevant laws, demonstrate forethought and care for the consequences of our actions, demonstrate good judgement, take only reasonable risks, and Furthermore,

- With respect to the requirement for **lawfulness**, I interpret this policy to mean that we must know ALL of the laws which apply to the AAATA, understand our obligations, and take proactive steps to ensure we are in compliance. When we enter new or rarely-used areas of business (i.e. real estate development, incorporating legislation, etc), we will need to take steps to understand unfamiliar legal requirements.
- I interpret the requirements for **prudence and common business practices** to be further outlined in subsequent Board policies (2.1-2.11). Compliance, or lack thereof, with those sub policies is demonstration of compliance with these requirements, and no addition evidence will be presented under policy 2.0.
- I interpret the requirement for professional **ethics** to mean that we must have clear, written ethical standards for staff, that staff are aware of these requirements, and standards are enforced.

This is the ideal state of the entire agency. As a practical matter, there will be moments where we identify gaps in our performance or new standards arise. In those instances, as soon as a deficiency is identified, the CEO is required to begin the process of resolving the matter and ensuring compliance.

Evidence:

Lawfulness

During the monitoring period neither the AAATA nor its staff have been formally charged with violating a law, nor found guilty of violating any laws (aside from minor traffic infractions). To my knowledge, we have fulfilled all of our legal obligations.

During the monitoring period we uncovered three incidents on inadvertent non-compliance:

- The Board Policy Manual policies regarding investments were updated to ensure compliance with Michigan PA 20 of 1943 (Investment of Surplus funds of Political Subdivisions).
- Budget Act of 1968 requires a public hearing before the board adopts a budget and specific language in the approval resolution. We will start doing this in the 2019 budget cycle.
- There have been numerous momentary incidents where routine traffic laws have not been followed. In such cases, AAATA management staff provide corrective action via coaching, discipline or terminal as per our negotiated collective agreement with our union.

The AAATA is required to comply with a wide variety of federal, state and local laws. Unfortunately, there is no comprehensive inventory of all of the legal requirements for the AAATA. Without this inventory it is difficult to demonstrate that the AAATA follows ALL legal requirements. In this respect we cannot demonstrate our degree of compliance. Over the next two years, we will work to establish a full list of requirements so as to provide more complete evidence of compliance.

However, we are aware of many, if not most, of our legal obligations, and are confident in our compliance with the most important and most common of them.

- Federal legal requirements are reviewed every three years by the Federal Transit Administration in a triennial audit. Federal laws reviewed in those regular audits include but are not limited to: Transit provision laws, Procurement, Buy America, Americans with Disabilities Act, Title VI, FOIA, auditing, labor law, workplace safety law, vehicles operations rules/regulations, etc. The 2016 Triennial Review found no incidents of non-compliance. The 2018 Triennial review will begin in the fall of 2018.
 - Employment laws retaining to the AATA include: Fair Labor Standards Act (FLSA), Family and Medical Leave Act (FLMA), Whistleblower Protection Act (WPA), False Claims Act, Equal Employment Opportunity Act, Title VII, Civil Rights Act, Equal Pay Act, Age Discrimination in Employment Act, OSHA, COBRA, HIPAA, and others.
- State of Michigan legal requirements are not well documented or communicated by the State. Monitoring and enforcing appears to be initiated based on complaints. As such, we are largely on our own to determine requirements and compliance. Common laws with obligations for us include: Act 55 (enabling legislation), Open Meetings Act, Incompatibilities of Public Offices Act, election laws, traffic laws, and Act 51 (regarding transportation funding). There is a need for a better understanding and documentation of Michigan laws.
- Local laws are primarily traffic rules, infrastructure rules, and zoning.

Ethics

Ethics requirements for AAATA staff are found throughout the 2012 Management Personnel Handbook. However, they are somewhat dated and not easy to understand. While, these existing rules meet the standard called for in my interpretation above, we will be updating them along with the Handbook in 2018/2019. These updates will need to review and incorporate more recent Board decisions regarding ethics contained in Executive Limitations policies.

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

Policy: 2.0 Global Executive Constraint

Date Submitted: June 14, 2018

Date of Board Response: June 21, 2018

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: